



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 1186

2017 Interim Report



Important Notice

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

II. Directors absent

Position of director absent	Name of director absent	Reasons for absence	Name of proxy
Independent non-executive director	Patrick SUN	Other business engagements	WANG Huacheng

III. The interim report was unaudited.

IV. 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.

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

Nil

VI. 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 2017, which have been reviewed by Deloitte Touche Tohmatsu LLP, and has also discussed issues such as the accounting policies and practices and internal control of the Company with its management.

VII. Disclaimer of forward-looking statement

Applicable Not applicable

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. Inform of important Risks

The main risks the Group may encounter are investment risk, safety and quality risk, overseas risk, project management risk and account receivables risk. Please refer to the contents of the potential risks and countermeasures in "II Other Disclosures" in "(II) Potential Risks" under "Section IV Discussion and Analysis on Business Operations", and investors should be reminded of such risks.

XI. Others

Applicable Not applicable

The 2017 interim financial report of the Company was prepared according to the Accounting Standards for Business Enterprises issued by the Ministry of Finance and the related provisions (hereinafter "PRC GAAP Standards"), which was reviewed and issued the relevant review report by Deloitte Touche Tohmatsu CPA LLP. The reporting currency of this interim report is RMB, unless otherwise specified.

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. 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

“The Company” or “CRCC”	China Railway Construction Corporation Limited
“Group”	China Railway Construction Corporation Limited and its wholly-owned and controlling subsidiaries
“Controlling Shareholder”, “CRCCG” or “the parent company”	China Railway Construction Corporation
“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 2017
“end of the Reporting Period”	30 June 2017
“corresponding period of last year”	the period from January to June 2016
“end of last year”	31 December 2016
“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
“PRC” or “Mainland China”	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
“Company Law”	the Company Law of the People’s Republic of China
“Securities Law”	the Securities Law of the People’s Republic of China

Section II Basic Corporate Information and Key Financial Indicators

I. CORPORATE INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Joint Company Secretaries	Representative of Security Affairs
Name	YU Xingxi	YU Xingxi, LAW Chun Biu	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.

Section II Basic Corporate Information and Key Financial Indicators (continued)

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

VI. OTHER RELEVANT INFORMATION

Applicable Not applicable

1. Auditor appointed by the Company

Name	Deloitte Touche Tohmatsu CPA LLP
Office address	8/F, Tower W2, Oriental Plaza, No.1 East Chang An Avenue, 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 the shares of the Company

Share registrar of A shares of the Company	Name	China Securities Depository and Clearing Corporation Limited (CSDC) Shanghai Branch
	Office address	F/36, China Insurance Building, No.166, Lujiazui East Road, Pudong New Area, Shanghai
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 II Basic Corporate Information and Key Financial Indicators (continued)

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

1. Key accounting data

Unit: '000 Currency: RMB

Key accounting data	Reporting Period (from January to June)	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
Revenue	288,960,909	266,727,199	8.34
Net profit attributable to shareholders of the Company	6,523,039	5,822,183	12.04
Net profit deducting non-recurring profit or loss attributable to shareholders of the Company	6,052,346	5,792,843	4.48
Net cash flows from operating activities	-25,456,858	-13,739,795	N/A

	As at the end of the Reporting Period	As at the end of last year	Change as compared with the end of last year (%)
Net assets attributable to shareholders of the Company	135,302,636	131,187,072	3.14
Total assets	805,563,099	759,345,034	6.09

2. Key financial indicators

Key financial indicators	Reporting Period (from January to June)	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
Basic earnings per share (RMB per share)	0.48	0.43	11.63
Diluted earnings per share (RMB per share)	0.46	0.42	9.52
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.45	0.43	4.65
Weighted average return on net assets (%)	5.16	5.09	Increased by 0.07 percentage point
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	4.79	5.06	Decreased by 0.27 percentage point

Section II Basic Corporate Information and Key Financial Indicators (continued)

Explanations on the key accounting data and financial indicators of the Company

Applicable Not applicable

VIII. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not applicable

IX. 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	5,058
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)	285,813
Gains/losses from debt restructuring	52,174
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	25,275
Reversal of impairment for accounts receivable that had impairment test separately	307,814
Other non-operating income and expenses other than the above items	-9,962
Investment income from disposal of long-term equity investment	4,812
Impact on minority interests	-59,044
Impact on income tax	-141,247
Total	470,693

X. OTHERS

Applicable Not applicable

Section III Summary of the Company's Businesses

I. MAJOR BUSINESSES, OPERATION MODEL AND INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

CRCC's businesses cover a variety of construction operations, survey, design and consultation, industrial manufacture, real estate development, logistics and materials trading, etc. with refined industry chain covering scientific research, planning, survey, design, construction, supervision and management, maintenance, operation, investment and financing, etc., which has equipped itself with capability of providing one-stop-shop comprehensive services for the users. CRCC has established its industry leadership in fields of engineering design and construction for plateau railways, high speed railways, expressways, bridges, tunnels and urban rail transits. The Group adopts the multiple integrated operation modes with combination of region, brand, credit and cooperation operations.

1. *Construction operations*

Construction operation is the core and traditional business of the Group, and covers multiple fields, such as railways, highways, urban rail transits, water conservancy and hydropower, house buildings, municipal engineering, bridges, tunnels, airports and wharfs. The Group provides services in 31 provinces, autonomous regions, municipalities as well as Hong Kong and Macau SARs, and also participates in infrastructure construction in a number of countries and regions in Africa, Asia, South America and Europe. Its construction operations mainly takes the forms of construction contract and financing contract.

In light of the active implementation of the three strategies including "One Belt and One Road", Beijing-Tianjin-Hebei Synergetic Development and Yangtze River Economic Zone, and the continuing advancement of urbanization and shantytowns transformation and the improvement of transporting facility in the middle west in China, the promotion of the construction of Xiong'an New District, as well as the constant deepening of innovation in reforming the construction sector including the promotion of PPP model and the development of prefabricated construction, the domestic market covering the Group operates domestic railway, highway, building, urban rail, municipal administration and water conservancy and hydropower, airport, is maintaining steady and rapid growth. The swift increase in the market of utility tunnel, sponge city, environment pollution control and prefabricated construction is promising. The market has further changes in structure, but the infrastructure market is in the stable and quick development overall. The second half of 2017 will be the period of opportunities for the development of the construction enterprises. The Group will surely seize such opportunities and adhere to the development philosophy of innovation, coordination, green, open and sharing, to proactively advance the structural reform, innovation and development, and layout optimization, with an aim to strengthen, improve and expand CRCC with combined efforts.

2. *Survey, design and consultancy operations*

Survey, design and consultancy operations mainly comprise four large survey design enterprises with comprehensive Grade A qualifications for engineering design, and cover civil engineering and infrastructure construction related to railway, urban rail transits, highways, municipal engineering, industrial and civil buildings, water transport engineering, water conservancy and hydropower and civil aviation whilst keeping expanding into the emerging industries and areas, such as magnetic suspension transport, travel rail transits, intelligent transport, modern tramcar, urban utility tunnel, ecological environment and energy conservation and environmental protection. 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 consultancy operations market.

Section III Summary of the Company's Businesses (continued)

The survey, design and consultancy service of the Company is at the front end of engineering construction industry chain, with railway and urban rail transit as the main market, and with highway, municipal engineering, industrial & civil construction and marine traffic engineering as the important market for diversified development. The basic business model is to complete the survey, design and consultancy and related services of engineering projects as contracted through market competition, and to operate general design contracting projects and general engineering contracting projects by fully leveraging on the business advantages of the Company.

The survey and design enterprises within the Group shall fully respond to the new normal state, and positively and proactively focus on the reform & innovation and transformation development. In particular, the enterprises shall innovate industry mode, optimize industry structure and develop a layout which integrates related industries in an all-round and in-depth manner. Meanwhile, the enterprises shall improve the technological level and the service ability, and highlight the utilization functions as guided by the principles of "practical, economical, green and artistic". According to the requirements on energy, water, land and materials conservation as well as environmental protection, the enterprises shall provide practical, economical, safe and environmentally friendly design products with advanced technologies as well as value-added services, to realize the value idea and service model transformation. During the "Thirteenth Five-Year" period, the development of the survey, design and consultancy industry is strongly supported by the macroeconomic development strategy and policy foundation. The "One Belt and One Road" construction, the development plan for the Yangtze River midstream city groups, the Beijing-Tianjin-Hebei Synergetic Development, and the construction of Xiong'an New District and other state strategies for economic development will bring about huge opportunities for the survey, design and consultancy industry.

3. Manufacturing operations

The Group is a manufacturer providing integrated services of R&D, manufacturing, sales and services with a leading position in domestic market and advanced position worldwide. Manufacturing operations mainly cultivate eight core technology industries including large railway track maintenance machinery, excavator machinery, rail equipment, special construction equipment, bridge construction equipment, railway electric construction equipment and materials, hoisting equipment manufacturing, and steel structure manufacturing mainly for railway and new construction of urban rail transit and existing renovation project. After the development for many years, the Company has formed the modernized industrial system with highlighted industrial characteristics, wide product coverage, advanced production facilities and solid R&D strength. The Company has a domestic market share of over 80% in terms of leading products of railway track maintenance machinery, and has moved to the No. 1 place in the industry in terms of the domestic market share of made-in-China excavator machinery. The Group successively completed the R&D and manufacture of shielding machinery of earth pressure balance series, mud-water balance series, TBM series, and multiple techniques have broken the long-term monopoly of foreign factories on tunneling, with the expressways contact wire and parts reaching the first class level in the domestic market.

Manufacturing operations keep strengthening structural reform, accelerate the transformation and upgrade of the enterprise, and centralize equipment manufacturing resources. Through optimizing internal resources allocation and innovating business model, manufacturing operations facilitate the scientific and rapid development of the manufacturing operation industry, and its operating mode adopts the soft production, planar network management, lean production and smart manufacture in order to develop from the simplification to diversity.

Section III Summary of the Company's Businesses (continued)

Through further strengthening the expansion of the manufacturing operation market, the Group has made breakthroughs in the expansion of emerging markets including urban rail transit and magnetic suspension rail transit as well as overseas market. In the first half of 2017, the Group entered into a strategic cooperation agreement on magnetic suspension rail transit with the Management Committee of Dianzhong New District of Yunnan, which was a leap-frog development for the Group's entering magnetic suspension rail transit market. In recent years, the excess capacity of traditional general project machine has been continuously compressing the traditional ordinary engineering machinery market, but the high-end equipment manufacturing industry will usher in golden growth. In the future five years, the further implementation of the "Made in China 2025" strategy, the powerful promotion of the "go-out" of high-speed rail and other equipment and the explosive increase in the advanced robot market demand will present broad opportunities and platform for the high-end equipment manufacturing industry in the PRC. The Group will closely focus on the policy and market development trend. Based on the current situation, the Group will promote the industrial transformation and upgrade and facilitate the manufacturing operation enterprises to shift from factors-driven development to innovation-driven development, and from traditional manufacturer to smart manufacturer and comprehensive solutions provider. Moreover, the Group will take full advantage of the whole industry chain of the Company to reinforce the overall profitability of the enterprise.

4. Real estate development operations

As one of the 16 enterprises directly under the central government taking real estate development as principal business, the Group adopts the business model of "giving priority to residential development supplemented by supporting commercial facilities" for the current real estate business. Sticking to its strategic direction of "based in Beijing, open to the whole country and moving overseas", the Group focuses on three core urban agglomeration including Yangtze River Delta, Pearl River Delta and Bohai Coastal Region, and steps up efforts to expand the new urban agglomeration and national new district covering Shandong peninsula, Liaodong peninsula, Western Coast of the Straits, Changzhutan, Wuhan, Chengdu and Chongqing. The region layout sticks to putting first and second-tier cities as the main points, and some the third- and fourth-tiers cities with good development potential as the supplementary. The real estate plate centers on Beijing, Shanghai and Guangzhou and is supported by performance in Bohai Coastal Region, Yangtze River Delta, Pearl River Delta and Southwest China.

During the Reporting Period, facing the continually tightening regulation policies on the market, the Company proactively responded to the market challenges, turned around fast, and adopted business strategies which gave priority to the development of ordinary residential properties with rigid demand and for first-time homebuyers looking for living condition improvement, thereby achieving a sound operating performance. In the first half of 2017, the Group recorded a sales volume of RMB35.095 billion from the real estate segment, representing a year-on-year increase of 68.62%, with sales area of 2.5013 million square meters, representing a year-on-year increase of 37.38%. As at the end of the Reporting Period, the Group has entered 54 cities and other regions in the PRC, with 172 projects under development and construction, and a gross floor area of approximately 16.09 million square meters and a planned gross floor area of approximately 51.90 million square meters.

Section III Summary of the Company's Businesses (continued)

Since the year 2017, following the deepened case-by-case strategy regulation, the transaction volume in cities of different tiers has tended to further differentiate. In the first half of the year, the average monthly transaction area in first-tier cities decreased as compared with the corresponding period of last year, and its decreasing degree was the most significant among cities of all tiers. The average monthly transaction area in Beijing, Shanghai, Guangzhou and Shenzhen all declined on a year-on-year basis. In particular, due to the apparently stringent regulation from March to April in Beijing, the transaction area thereof decreased by nearly 20% more than that in the first quarter. The differentiation in second-tier cities intensified. The transaction size in Chongqing, Shenyang, Xi'an and other cities hit a new high of single month, whereas the transaction size in a large number of hot second-tier cities including Nanjing, Tianjin and Wuhan dropped, which drove the decline of overall transaction size in representative second-tier cities. Due to the hedging between the tightening regulation policies in the core surrounding third-tier cities and the destocking policies in common third-tier cities, the transaction size in the third-tier cities remained relatively stable overall on a year-on-year basis. In the first half of 2017, against the backdrop of highlighting the residential nature of house, the local regulation policies obviously differentiated and the policies in hot cities continued to tighten. As China was frequently strengthening its efforts on purchase limitation and loan limitation, and implementing more strict regulatory measures, the "sales limitation" model has commenced and continued to expand its coverage. The simultaneous enhanced financial regulation on the real estate greatly depressed the speculative demands of investments. The central government introduced the regulations on the administration of housing and leasing market, accelerated the construction of a housing system with equal balance on purchase and rent of house, deepened the reform of land and population, and sped up the construction of a long-term mechanism, all of which created a sound environment for the stable and healthy development of the real estate market.

5. Logistics and material trading and others

The Group possesses over 70 regional business outlets in important cities and logistics node cities, 1.33 million square meters of logistics sites, over 40,000 meters of special railway line and 32,550 cubic meters of storage capacity of product oil, and provides the integrated supply chain service by means of the sound and efficient logistics-informatization, regional and market-oriented service system. China Railway Materials Group Co., Ltd, a subsidiary of the Company, will create the business plate combination with central purchasing agency service plate as the core, with material trading logistics plate as the foundation, and with the international business plate, emerging business and processing & manufacturing plate as the key cultivation during the "Thirteenth Five-Year" period. The original E-commerce business will be included into the material trading logistics plate as a new business development means to develop the new business development pattern of "Internet + Material Trading". Central purchasing agency service plate includes the central purchasing supply service, bidding agency service, material bidding agency service for the owner-supplied materials administrated by China Railway Corporation and foreign feeder service. Logistics and material trade plate includes the existing project logistics service, bulk material trading business and E-commerce business. International business plate includes the infrastructure material overseas supply and bulk material import-export self-operated business relying on the CRCC overseas engineering projects. Processing & manufacturing plate includes the fastener and turnout manufacturing and marketing, commercial concrete stirring, transportation and pouring one-stop service, pipe section manufacturing and processing as well as the steel and rebar rough processing business.

Section III Summary of the Company's Businesses (continued)

During the “Thirteenth Five-Year” period, China Railway Material Group Co., Ltd, a subsidiary of the Company, will centralize the resources of the Group, optimize the resource allocation and business structure, comprehensively promote the central purchasing agency service plate, continue to increase the market share of project logistics business, to realize the combination of bulk material spot business and project logistics, vigorously cultivate the collaborative capacity of international business plate and processing & manufacturing plate, broaden the E-commerce application field, promote the industrial structure upgrading, consolidate the development foundation, improve the enterprise competitiveness, implement the “three developments” strategic decision with “safe, benign and sharing” principle as the core, and urge the industry transformation and upgrading of the Group. It will adhere to the business selection of returning to the material trading, adhere to the business structure with central purchasing agency service as the core plate, adhere to the target market development strategy with the internal market to drive the external market and with domestic market to drive the international market, adhere to the preferred new field development selection of “Internet + Material Trading” pattern and supply chain financial service, and adhere to the new field development principle of “Internet + Material Trading” and prudent supply chain financial service to realize the long-term sustainable development of the enterprise.

II. EXPLANATION ON MATERIAL CHANGES IN THE COMPANY'S MAJOR ASSETS DURING THE REPORTING PERIOD

Applicable Not applicable

III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

1. *Prominent advantages in comprehensive competitive strength*

The Company has been ranking top 3 among the ENR global largest engineering contractors for many consecutive years, and ranked 58th in the Fortune Global 500 for 2017. The Company has powerful market management and expansion capacity, with obvious increase in each business indicator. The global operation landscape has taken shape and the overseas business revenue share has increased year by year. The Company has taken advantage of its financing platform of A+H listings and obtained sufficient bank credit and highest international rating in construction industry, created favorable brand effect in the field of infrastructure construction, and obtained stable customer base and abundant market resources.

2. *Continuing enhancement of technology leadership*

The Company has been in a world leading level in the plateau, alpine region and high-speed rail design and construction technologies. Products with proprietary intellectual property rights have been designed constantly, underground engineering facilities covering hard rock tunnel boring machine with major diameter and full face and hard rock tunnel boring machine with double shields fill the blank in China, large railway track maintenance machinery like narrow-gauge tamping machine and narrow-gauge ballasting have also reached the international leading level and have been exported. Technologies of underground and underwater engineering construction, magnetic suspension engineering construction and E&M system integration have stood on the industrial leading level.

Section III Summary of the Company's Businesses (continued)

3. Perfection of industrial structure and layout

The Company has completed the overall layout along the architectural industry chain, with the business covering the engineering contracting, survey, design and consultancy, industrial manufacturing, real estate development, capital operation, material logistics and finance industry which constitute integrated & one-stop industry chain covering scientific research, planning, survey, design, construction, supervision and management, maintenance, operation, investment and financing, etc., with capability of expansion and synergy along the whole industry chain.

4. Gradual optimization of organizational and management structure

The Company continues to optimize the organization management structure and standardize the organization management system of three-level legal person to strictly control the establishment of legal-person enterprises. Meanwhile, the Company shortens the management chain and fully arouses the business motivation of the entities at all levels. As a result, the number of companies at the 3rd and 4th level characterized by small size, low efficiency and deviation from development of main businesses has been reduced substantially. The Company has continuously strengthened the integrative merger and streamlining to effectively improve the management efficiency.

5. Constantly carrying forward the spirit of railway corps

The spirit of railway corps, centering on that “no way is impossible for railway corps by cutting paths through mountains and building bridges across rivers; there is no difficulties for the railway corps after eating and sleeping in the open air and toiling constantly under the exposure to the weather”, passes through development and growth of CRCC. Such spirit upon heritage and sublimation creates the corporate values of “perpetual sincerity and innovation, competitive products and co-existing with moral quality”, the corporate spirit of “being fearless of danger and bold in scaling heights, leading the industry and generating prestige home and abroad”, and the excellent working styles of “submitting to the whole situation, strictly enforcing orders and prohibitions, striving for victory without fear and being devoted to work”. Under the leadership of railway crops culture, CRCC has created large quantities of excellent projects by constantly overcoming the difficulties and making bold innovations to build the “efficient and honest” market image and the “industry leader image” to constantly carry forward the spirit of railway crops.

Section IV Discussion and Analysis on Business Operations

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

In the first half of 2017, the Group earnestly implemented each arrangement and deployment set at the beginning of the year, reformed and innovated, faced the difficulties bravely, made progress while ensuring stability, and carried out its work firmly, thereby maintaining the steady and healthy development momentum of the enterprise. In the first half of 2017, the value of newly-signed contracts by the Group amounted to RMB551.7006 billion, year-on-year up 46.85%, the revenue amounted to RMB288.9609 billion, year-on-year up 8.34%, and the net profit was RMB6.9196 billion, year-on-year up 11.62%.

1. Discussion and analysis of the overall operations during the Reporting Period

1. Value of newly-signed contracts

In the first half of 2017, the value of newly-signed contracts of the Group amounted to RMB551.7006 billion, accounting for 41.80% of the annual plan and representing a year-on-year increase of 46.85%. Among which, newly-signed contracts for domestic business amounted to RMB506.6225 billion, accounting for 91.83% of the total value of the newly-signed contracts, representing a year-on-year increase of 44.81%; and newly-signed contracts for overseas business amounted to RMB45.0781 billion, accounting for 8.17% of the total value of the newly-signed contracts, representing a year-on-year increase of 74.56%. As of 30 June 2017, outstanding contracts for the Group amounted to RMB2,052.1663 billion, representing a year-on-year increase of 12.00%. Of which, the value of outstanding domestic contracts amounted to RMB1,641.2122 billion, accounting for 79.97% of the total value of outstanding contracts; and the value of outstanding overseas contracts amounted to RMB410.9541 billion, accounting for 20.03% of the total value of outstanding contracts. The major indicators are as follows:

Unit: RMB'00 million

	Value of newly-signed contracts			Value of outstanding contracts		
	Reporting Period	Corresponding period of last year	Year-on-year growth	End of Reporting Period	Corresponding period of last year	Year-on-year growth
Construction operations	4,547.468	2,999.645	51.60%	18,388.475	16,821.735	9.31%
Survey, design and consultancy operations	96.494	90.612	6.49%	69.655	64.508	7.98%
Manufacturing operations	114.573	96.754	18.42%	163.156	102.653	58.94%
Logistics and materials trading operations	387.759	326.762	18.67%	1,249.196	914.858	36.55%
Real estate development operations	350.949	208.136	68.62%	643.849	418.413	53.88%
Other businesses	19.763	34.874	-43.33%	7.332	1.358	439.91%
Total	5,517.006	3,756.783	46.85%	20,521.663	18,323.526	12.00%

Section IV Discussion and Analysis on Business Operations (continued)

During the Reporting Period, the value of newly-signed contracts for construction operations amounted to RMB454.7468 billion, accounting for 82.43% of the total value of newly-signed contracts and representing an increase of 51.60% year-on-year. Of which, the value of newly-signed contracts for railway construction amounted to RMB56.7778 billion, accounting for 12.49% of the value of newly-signed contracts in the construction operations segment and representing a decrease of 41.91% year-on-year; the value of newly-signed contracts for road projects amounted to RMB136.7085 billion, accounting for 30.06% of the value of newly-signed contracts in the construction operations segment and representing an increase of 107.38% year-on-year; the value of newly-signed contracts for urban rail transit amounted to RMB72.9807 billion, accounting for 16.05% of the value of newly-signed contracts in the construction operations segment and representing an increase of 134.71% year-on-year; the value of newly-signed contracts for housing construction amounted to RMB80.6381 billion, accounting for 17.73% of the value of newly-signed contracts in the construction operations segment and representing an increase of 27.82% year-on-year; the value of newly-signed contracts for municipal engineering amounted to RMB80.3359 billion, accounting for 17.67% of the value of new contract in the construction operations segment and representing an increase of 142.81% year-on-year; the value of newly-signed contracts for hydraulic and electric engineering amounted to RMB17.0506 billion, accounting for 3.75% of the value of newly-signed contracts in the construction operations segment and representing an increase of 302.73% year-on-year; the value of newly-signed contracts for airport terminals amounted to RMB5.4479 billion, accounting for 1.20% of the value of the newly-signed contracts in the construction operations segment and representing an increase of 234.82% year-on-year. The newly-signed contract amount of water conservancy and electrical engineering, airports and wharfs increased sharply due to the relatively small scale, and such significant fluctuation was normal. The reasons for the great increase of the newly signed contracts in respect of highways, urban rail transits and municipal engineering were as follows: (1) the investment increase on rail transit in China's first-tier cities; (2) the changes in the investment and financing mechanism of the infrastructure market, serving as important drivers for the implementation of PPP projects. The value of newly-signed contracts for railway projects decreased due to a small number of bidding for large railway infrastructure projects in the first half year.

During the Reporting Period, the value of newly-signed contracts for non-construction operations segments of the Group amounted to RMB96.9538 billion, accounting for 17.57% of the total value of newly-signed contracts and representing an increase of 28.05% year-on-year. In particular, the value of newly-signed contracts for survey, design and consultancy operations amounted to RMB9.6494 billion, representing an increase of 6.49% year-on-year; the value of newly-signed contracts for manufacturing operations amounted to RMB11.4573 billion, representing an increase of 18.42% year-on-year; the value of newly-signed contracts for logistics and materials trading operations amounted to RMB38.7759 billion, representing an increase of 18.67% year-on-year; and the value of newly-signed contracts for real estate development operations amounted to RMB35.0949 billion, representing an increase of 68.62% year-on-year. The reason for the relatively substantial year-on-year growth in the amount of the newly-signed real estate contracts was that the Group actively launched new products for its real estate projects in response to market trend, seized the opportunity to secure clients in the market, and continuously strengthened the coordinated business operations and thus the sales performance achieved growth even against unfavorable situations.

Section IV Discussion and Analysis on Business Operations (continued)

2. Performance of main businesses by segment and region

In the first half of 2017, the Group recorded a revenue of RMB288.9609 billion, representing an increase of 8.34% period on period. As at the end of the Reporting Period, the Group had overseas operating business distributed in 112 countries all over the world as well as in Hong Kong, Macau and other regions, and had 705 projects under construction in total. The overseas operations recorded stable growth.

Unit: RMB'000

Main Businesses by Segment

By segment	Revenue	Operating costs	Gross profit margin (%)	Increase/decrease in revenue as compared to corresponding period of last year (%)	Increase/decrease in operating costs as compared to corresponding period of last year (%)	Increase/decrease in gross profit margin as compared to corresponding period of last year (%)
Construction operations	252,594,665	234,494,506	7.17	8.02	9.75	Decreased by 1.46 percentage points
Survey, design and consultancy operations	5,936,242	4,090,017	31.10	25.16	22.89	Increased by 1.27 percentage points
Manufacturing operations	6,421,686	4,666,400	27.33	-0.51	-2.39	Increased by 1.40 percentage points
Real estate development operations	9,022,665	7,291,855	19.18	19.68	27.92	Decreased by 5.20 percentage points
Other businesses	26,879,185	24,256,139	9.76	25.24	27.37	Decreased by 1.50 percentage points
Inter-segment elimination	-11,893,534	-11,388,790	/	/	/	/
Total	288,960,909	263,410,127	8.84	8.34	10.03	Decreased by 1.41 percentage points

Main Businesses by Region

By region	Revenue	Operating costs	Gross profit margin (%)	Increase/decrease in revenue as compared to corresponding period of last year (%)	Increase/decrease in operating costs as compared to corresponding period of last year (%)	Increase/decrease in gross profit margin as compared to corresponding period of last year (%)
Domestic	271,295,712	247,876,320	8.63	7.62	9.66	Decreased by 1.70 percentage points
Overseas	17,665,197	15,533,807	12.07	20.63	16.24	Increased by 3.33 percentage points
Total	288,960,909	263,410,127	8.84	8.34	10.03	Decreased by 1.41 percentage points

Section IV Discussion and Analysis on Business Operations (continued)

(1) Construction operations

Construction Operations (Before Elimination of Inter-segment Transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period of last year	Growth rate
Revenue	252,594,665	233,839,346	8.02%
Operating costs	234,494,506	213,666,168	9.75%
Gross profit	18,100,159	20,173,178	-10.28%
Gross profit margin	7.17%	8.63%	Decreased by 1.46 percentage points
Selling and distribution expenses	721,984	654,138	10.37%
General and administrative expenses	9,969,535	9,032,027	10.38%
Total profit	5,345,278	5,157,965	3.63%

(2) Survey, design and consultancy operations

Survey, Design and Consultancy Operations (Before Elimination of Inter-segment Transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period of last year	Growth rate
Revenue	5,936,242	4,742,931	25.16%
Operating costs	4,090,017	3,328,175	22.89%
Gross profit	1,846,225	1,414,756	30.50%
Gross profit margin	31.10%	29.83%	Increased by 1.27 percentage points
Selling and distribution expenses	368,635	377,558	-2.36%
General and administrative expenses	604,489	518,467	16.59%
Total profit	871,250	494,552	76.17%

Section IV Discussion and Analysis on Business Operations (continued)

(3) Manufacturing operations

Manufacturing Operations (Before Elimination of Inter-segment Transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period of last year	Growth rate
Revenue	6,421,686	6,454,621	-0.51%
Operating costs	4,666,400	4,780,636	-2.39%
Gross profit	1,755,286	1,673,985	4.86%
Gross profit margin	27.33%	25.93%	Increased by 1.40 percentage points
Selling and distribution expenses	154,297	153,925	0.24%
General and administrative expenses	621,043	579,958	7.08%
Total profit	875,749	894,661	-2.11%

(4) Real estate development operations

Real Estate Development Operations (Before Elimination of Inter-segment Transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period of last year	Growth rate
Revenue	9,022,665	7,538,682	19.68%
Operating costs	7,291,855	5,700,526	27.92%
Gross profit	1,730,810	1,838,156	-5.84%
Gross profit margin	19.18%	24.38%	Decreased by 5.20 percentage points
Selling and distribution expenses	234,586	221,822	5.75%
General and administrative expenses	299,021	234,479	27.53%
Total profit	816,574	658,396	24.02%

Section IV Discussion and Analysis on Business Operations (continued)

(5) Logistics and materials trading and other businesses

Logistics and Materials Trading and Other Businesses (Before Elimination of Inter-segment Transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period of last year	Growth rate
Revenue	26,879,185	21,461,344	25.24%
Operating costs	24,256,139	19,044,488	27.37%
Gross profit	2,623,046	2,416,856	8.53%
Gross profit margin	9.76%	11.26%	Decreased by 1.50 percentage points
Selling and distribution expenses	380,800	388,476	-1.98%
General and administrative expenses	637,753	565,588	12.76%
Total profit	1,004,845	749,596	34.05%

2. Analysis of main businesses

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

Unit: '000 Currency: RMB

Item	Amount for the Reporting period	Amount for the corresponding period of last year	Change (%)
Operating revenue	288,960,909	266,727,199	8.34
Operating costs	263,410,127	239,399,390	10.03
Selling and distribution expenses	1,860,302	1,795,919	3.58
General and administrative expenses	12,131,841	10,930,519	10.99
Finance costs	1,329,036	2,033,917	-34.66
Net cash flow generated from operating activities	-25,456,858	-13,739,795	N/A
Net cash flow generated from investing activities	-16,783,875	-10,050,957	N/A
Net cash flow generated from financing activities	24,001,908	20,096,950	19.43
R&D expenditures	4,944,278	4,395,854	12.48

Section IV Discussion and Analysis on Business Operations (continued)

The change in operating revenue was due to the expansion of the business scale of the Group and a large number of the existing orders.

The change in operating costs was due to the expansion of the business scale of the Group, resulting in an increase in the costs accordingly.

The change in general and administrative expenses was due to the increase in R&D expenditures of the Group during the Reporting Period and the further expansion of its business scale.

The change in finance costs was due to the year-on-year increase in the interest income and exchange gains of the Group during the Reporting Period.

The change in net cash flow generated from operating activities was due to the increase in cash paid for the purchase of goods and acceptance of labor services by the Group during the Reporting Period.

The change in net cash flow generated from investing activities was due to the increase in the restricted cash and bank balances for the construction operation projects of the Group during the Reporting Period.

The change in net cash flow generated from financing activities was due to the increased capital needs as a result of the investment and financial businesses of the Group.

The change in R&D expenditures was due to the expanded input of the Group in the research in the complex construction techniques.

2. Others

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

Applicable Not applicable

(2) *Others*

Applicable Not applicable

3. **Explanation on material changes in profit due to non-core businesses**

Applicable Not applicable

4. **Analysis of assets and liabilities**

Applicable Not applicable

Section IV Discussion and Analysis on Business Operations (continued)

1. Assets-Liabilities analysis table

Unit: RMB'000

Name of item	Amount at the end of the Reporting Period	Percentage of amount at the end of the Reporting Period to the total assets (%)	Amount at the end of last period	Percentage of amount at the end of last period to the total assets (%)	Percentage of the amount at the end of the Reporting Period as compared to that of last year (%)	Explanation
Total assets	805,563,099	100.00	759,345,034	100.00	6.09	
Major asset items						
Cash and bank balances	111,185,672	13.80	128,701,994	16.95	-13.61	
Accounts receivable and long-term receivables	177,581,987	22.04	163,040,724	21.47	8.92	
Advances to suppliers	24,315,226	3.02	19,955,611	2.63	21.85	Mainly due to the expansion of construction and production and the undelivered purchased goods.
Other receivables	53,642,375	6.66	45,626,287	6.01	17.57	
Inventories	295,215,696	36.65	265,780,672	35.00	11.07	
Fixed assets	43,450,806	5.39	42,151,559	5.55	3.08	
Intangible assets	50,547,483	6.27	45,679,534	6.02	10.66	
Total liabilities	652,114,812	80.95	610,629,048	80.42	6.79	
Major liability items						
Short-term loans	38,248,993	4.75	30,428,522	4.01	25.70	The production of the Group was expanded, thus the short-term capital need grew.
Other current liabilities	2,305,596	0.29	2,936,689	0.39	-21.49	Mainly due to the repayment made by the Group for short-term financing bonds of RMB500 million during the Reporting Period.
Accounts payable and long-term payables ^{Note 1}	262,816,691	32.63	264,960,172	34.89	-0.81	
Advances from customers	97,132,406	12.06	88,331,508	11.63	9.96	
Other payables	49,084,562	6.09	48,871,784	6.44	0.44	
Long-term loans ^{Note 2}	100,241,500	12.44	76,491,380	10.07	31.05	With the development of investment and financial businesses, the long-term capital need grew.
Bonds payable ^{Note 3}	46,736,455	5.80	47,922,037	6.31	-2.47	
Employee benefits payable ^{Note 4}	9,068,524	1.13	10,480,374	1.38	-13.47	

Section IV Discussion and Analysis on Business Operations (continued)

Note 1: “Accounts payable and long-term payables” includes “long-term payables due within one year”.

Note 2: “Long-term loans” includes “long-term loans due within one year”.

Note 3: “Bonds payable” includes the bonds payable as “non-current liabilities due within one year”.

Note 4: “Employee benefits payable” is the sum of the “employee benefits payable” in the current liabilities and the “long-term employee benefits payables” in the non-current liabilities plus the “post-employment benefits due within one year”.

2. Major assets restriction by the end of the Reporting Period

Applicable Not applicable

3. Other explanation

Applicable Not applicable

Section IV Discussion and Analysis on Business Operations (continued)

5. Liquidity and capital resources

1. Cash flow of the Group

Unit: RMB'000

Item	Reporting Period	Corresponding period of last year	Increase/ decrease for the Reporting Period as compared to the corresponding period of last year
Net cash flow used in operating activities	-25,456,858	-13,739,795	-11,717,063
Net cash flow used in investing activities	-16,783,875	-10,050,957	-6,732,918
Net cash flow generated from financing activities	24,001,908	20,096,950	3,904,958

The net cash flow used in operating activities for the six months ended 30 June 2017 amounted to RMB25,456,858 thousand, representing an increase of RMB11,717,063 thousand as compared to the corresponding period of last year,, mainly attributable to the increase in cash paid for the purchase of goods and acceptance of labor services by the Group during the Reporting Period.

The net cash flow used in investing activities for the six months ended 30 June 2017 amounted to RMB16,783,875 thousand, representing an increase of RMB6,732,918 thousand as compared to the corresponding period of last year,, mainly attributable to the increase in the restricted cash and bank balances for the construction operation projects of the Group during the Reporting Period.

The net cash flow generated from financing activities for the six months ended 30 June 2017 amounted to RMB24,001,908 thousand, representing an increase of RMB3,904,958 thousand as compared to the corresponding period of last year, mainly attributable to the increased capital needs as a result of the investment and financial businesses of the Group.

Section IV Discussion and Analysis on Business Operations (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 investment projects such as PPP, BOT projects. The Group's capital expenditures were RMB12.5392 billion and RMB13.2368 billion for the six months period ended 30 June 2016 and for the six months period ended 30 June 2017, respectively. Such increase was mainly due to the increase in new fixed assets acquired and constructed of the construction operations during the Reporting Period as compared to the corresponding period of last year.

Unit: RMB'000

Category	For the six months period ended 30 June 2017	For the six months period ended 30 June 2016
Construction operations	7,559,746	6,101,338
Survey, design and consultancy operations	153,089	288,946
Manufacturing operations	622,737	538,985
Real estate development operations	135,054	29,852
Other businesses	4,766,162	5,580,035
Total	13,236,788	12,539,156

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

Category	30 June 2017	31 December 2016
Contract costs incurred to date	3,136,254,752	2,934,844,426
Total recognized gross profits less recognized losses, net	310,919,028	295,186,533
Less: Provision for foreseeable contract losses	390,783	442,283
Less: Progress billings	3,332,091,922	3,120,715,098
Total	114,691,075	108,873,578

Section IV Discussion and Analysis on Business Operations (continued)

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

Unit: RMB'000

Category	30 June 2017	31 December 2016
Gross amount due from construction		
contract customers	132,059,102	126,112,530
Less: Gross amount due to construction		
contract customers	17,368,027	17,238,952
Total	114,691,075	108,873,578

The Group's construction contracts in progress increased to RMB114,691.1 million as at 30 June 2017 from RMB108,873.6 million as at 31 December 2016.

(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:

Category	30 June 2017	31 December 2016
Turnover days of accounts receivable ^{Note 1}	85	76
Turnover days of accounts payable ^{Note 2}	178	156

Note 1: The number of turnover days of accounts receivable is derived by dividing the arithmetic mean of the opening and closing net values of accounts receivable for the six months period ended 30 June 2017 by revenue multiplying 180 days (calculated by multiplying 365 days for the year ended 31 December 2016).

Note 2: The number of turnover days of accounts payable is derived by dividing the arithmetic mean of the opening and closing net values of accounts payable for the six months period ended 30 June 2017 by cost of sales multiplying 180 days (calculated by multiplying 365 days for the year ended 31 December 2016).

Section IV Discussion and Analysis on Business Operations (continued)

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

Unit: RMB'000

Category	30 June 2017	31 December 2016
Within 1 year	126,037,452	119,281,249
1 to 2 years	10,741,832	10,306,759
2 to 3 years	3,378,267	4,382,882
Over 3 years	2,860,440	2,621,564
Total	143,017,991	136,592,454
Less: Provision for bad debts	3,211,065	3,164,845
Total	139,806,926	133,427,609

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

Category	30 June 2017	31 December 2016
Within 1 year	254,395,178	255,418,769
1 to 2 years	4,022,187	4,215,331
2 to 3 years	993,174	1,291,274
Over 3 years	969,864	540,611
Total	260,380,403	261,465,985

Section IV Discussion and Analysis on Business Operations (continued)

4. Advances to suppliers and other receivables

The Group's advances to suppliers and other receivables increased from RMB65.5819 billion as at 31 December 2016 to RMB77.9576 billion as at 30 June 2017.

5. Other payables and accruals

Other payables and accruals included advances from customers, 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 2016 and 30 June 2017, the Group had other payables and accruals of RMB159.3659 billion and RMB154.1123 billion, respectively.

6. Indebtedness

(1) Loans

The short-term loans of the Group as at 31 December 2016 and 30 June 2017 were as follows:

Unit: RMB'000

Category	30 June 2017	31 December 2016
Pledged loans	–	901,810
Mortgaged loans	5,000	5,000
Guaranteed loans	4,988,012	4,299,236
Credit loans	33,255,981	25,222,476
Total	38,248,993	30,428,522

Section IV Discussion and Analysis on Business Operations (continued)

Short-term financing bonds in other current liabilities of the Group as at 31 December 2016 and 30 June 2017 were as follows:

Unit: RMB'000

Category	30 June 2017	31 December 2016
Other current liabilities – short-term financing bonds	–	510,480

The long-term loans of the Group due within one year as at 31 December 2016 and 30 June 2017 were as follows:

Unit: RMB'000

Category	30 June 2017	31 December 2016
Pledged loans	365,090	270,250
Mortgaged loans	3,210,950	1,836,000
Guaranteed loans	247,000	637,792
Credit loans	5,160,989	4,714,906
Total	8,984,029	7,458,948

The long-term loans of the Group as at 31 December 2016 and 30 June 2017 were as follows:

Unit: RMB'000

Category	30 June 2017	31 December 2016
Pledged loans	33,395,230	18,921,499
Mortgaged loans	4,432,137	4,147,928
Guaranteed loans	11,738,290	9,866,289
Credit loans	41,691,814	36,096,716
Total	91,257,471	69,032,432

Section IV Discussion and Analysis on Business Operations (continued)

The bonds payable of the Group as at 31 December 2016 and 30 June 2017 were as follows:

Unit: RMB'000

Category	30 June 2017	31 December 2016
Bonds payable	43,355,501	44,902,037
Bonds payable due within one year	3,380,954	3,020,000
Total	46,736,455	47,922,037

As at 31 December 2016 and 30 June 2017, the Group's gearing ratio was 72% and 74%, 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, financial liabilities at fair value through profit or loss, other current liabilities (excluding deferred income, output VAT to be transferred and others), bills payable, accounts payable, interests payable, dividends payable, other payables, bonds payable, long-term payables, non-current liabilities due within one year (excluding long-term employee benefits payable due within one year) and other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the company and non-controlling interest stated in the consolidated statement of financial position.

(2) *Commitments*

Unit: RMB'000

Category	30 June 2017	31 December 2016
Capital commitments	800,987	860,324
Investment commitments	513,212	3,507,371
Other commitments	977,500	7,080,179
Total	2,291,699	11,447,874

During the Reporting Period, the decrease of commitments made by the Group mainly due to that the relative commitments were carried out and completed during the Reporting Period.

(3) *Contingent liabilities*

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

Section IV Discussion and Analysis on Business Operations (continued)

7. Pledge of assets

Unit: RMB'000

Category	30 June 2017	31 December 2016
Cash and bank balances	9,306,574	8,574,340
Accounts receivable	80,000	901,810
Inventories	20,617,759	35,029,173
Fixed assets	656,317	225,402
Intangible assets	41,939,669	29,812,658
Long-term receivables	8,358,110	5,896,550
Total	80,958,429	80,439,933

Please see “65 Assets with title restrictions” in Note V to the Financial Statements of this report for details.

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 regards the 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, Euro, Algerian Dinar, Malaysian Ringgit, Saudi Riyal and so on) held by the Group as at 30 June 2017, please see “66 Foreign currency monetary items” in Note V to the Financial Statements of this report for details.

The management of the Group closely monitors 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 “3 Financial instruments risks” in Note VIII to the financial statements of this report for the exchange rate risks.

Section IV Discussion and Analysis on Business Operations (continued)

6. Analysis of investment

1. Overall analysis of investment in external equities

Applicable Not applicable

As at 30 June 2017, the carrying balance of the Group's long term equity investment was RMB8.9988 billion, representing an increase of RMB1.0624 billion, or 13.39%, as compared to RMB7.9364 billion at the beginning of the year.

(1) Major equity investment

Applicable Not applicable

(2) Major non-equity investment

Applicable Not applicable

(3) Financial assets measured at fair value

Applicable Not applicable

Unit: RMB'000

Item	Opening balance	Closing balance	Changes in the period	Effect on profit of current period
Financial assets at fair value through profit or loss	323,376	233,477	-89,899	225
Available-for-sale financial assets	2,046,056	2,716,846	670,790	23,736
Total	2,369,432	2,950,323	580,891	23,961

Section IV Discussion and Analysis on Business Operations (continued)

① Investment in securities

Unit: RMB'000

No.	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held (share)	Carrying value at the end of the period	Percentage over total securities investment at the end of the period (%)	Profit/loss during the Reporting Period
1	Stock	HK03969	CRSC	131,950	25,000,000	130,622	55.95	9,473
2	Stock	HK01258	CHINF Mining	64,863	36,363,000	38,482	16.49	-6,043
3	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,370	17,369,836	32,673	13.99	-1,129
4	Stock	601618	MCC	59,265	10,600,000	24,288	10.40	-3,549
5	Open-ended Fund	519606	Guotai Jinxin	3,908	3,908,303	6,660	2.85	1,356
6	Stock	600028	SINOPEC	533	135,000	634	0.27	117
Other investment in securities held at the end of the period				/	/	118	0.05	/
Profits/loss from disposal of investment in securities during the Reporting Period				/	/	/	/	/
Total				277,889	/	233,477	100	225

Section IV Discussion and Analysis on Business Operations (continued)

② Shareholdings in other listed companies

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 in equity of owners during the Reporting Period		Source of shares
			shareholding at the beginning of the period (%)	shareholding at the end of the period (%)			Accounting item		
601328	Bank of Communications	49,892	0.07	0.07	248,405	-	18,042	Available-for-sale financial assets	Original issue stock
HK3898	CRRC Times Electric	9,800	0.9	0.9	211,742	4,410	-12,472	Available-for-sale financial assets	Original issue stock
002159	Sante Cableway	3,000	0.99	0.99	28,642	-	-9,547	Available-for-sale financial assets	Original issue stock
600885	Hongfa	1,440	0.71	0.71	43,560	-	8,670	Available-for-sale financial assets	Original issue stock
600809	Shanxi Fenjiu	708	0.05	0.05	13,876	-	3,868	Available-for-sale financial assets	Original issue stock
000759	Zhongbai Group	1,058	0.14	0.14	8,413	-	-479	Available-for-sale financial assets	Original issue stock
601169	Bank of Beijing	2	-	-	1,533	-	-99	Available-for-sale financial assets	Original issue stock
600322	Tianjin Real Estate Development	160	0.03	0.03	505	-	-128	Available-for-sale financial assets	Original issue stock
601211	Guotai Jun'an	7,604	0.10	0.10	154,968	2,966	14,600	Available-for-sale financial assets	Original issue stock
600061	SDIC Essence Co., Ltd	268,452	1.66	1.66	955,747	4,302	-3,688	Available-for-sale financial assets	Original issue stock
834898	Zhuzhou Department Stores	360	0.31	0.31	1,450	-	-458	Available-for-sale financial assets	Original issue stock
HK00687	HKICIM Group	208,027	5.03	5.03	199,370	4,947	-60,154	Available-for-sale financial assets	Subscription
000630	Tongling Nonferrous	500,000	-	1.71	512,635	-	12,635	Available-for-sale financial assets	Subscription
Total		1,050,503	/	/	2,380,846	16,625	-29,210	/	/

Section IV Discussion and Analysis on Business Operations (continued)

③ Trust products held and others

Unit: RMB'000

Name of investees	Amount of initial investment	Percentage of shares held (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in equity of owners during the Reporting Period	Accounting item	Source of shares
CCB Trust – China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 7)	42,300	9.9	42,300	-	-	Available-for-sale financial assets	Subscription
CCB Trust – China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 9)	2,500	9.88	2,500	148	-	Available-for-sale financial assets	Subscription
BOC International – Phase-I receivables special project of China Railway Construction	67,200	6.4	67,200	-	-	Available-for-sale financial assets	Sponsorship
CCB Trust – China Railway Construction Corporation Limited Assembled Funds Trust Plan (No.11)	24,000	19.66	24,000	-	-	Available-for-sale financial assets	Subscription
Guiyang Qianyin Big Data Industrial Investment Management Center No. 1 (Limited partnership)	200,000	20	200,000	6,963	-	Available-for-sale financial assets	Subscription
Total	336,000	/	336,000	7,111	- /		/

④ Sale and purchase of shares of other listed companies during the Reporting Period

Unit: RMB'000

Stock code	Abbreviated stock name	Initial investment costs	Percentage of shareholding at the beginning of the period (%)	Percentage of shareholding at the end of the period (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in equity of owners during the Reporting Period	Accounting item	Source of shares
000630	Tongling Nonferrous	500,000	-	1.71	512,635	-	12,635	Available-for-sale financial assets	Subscription

Section IV Discussion and Analysis on Business Operations (continued)

7. Disposal of significant assets sale and equity interest

Applicable Not applicable

8. Analysis of major controlling and companies invested by the Company

Applicable Not applicable

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 2017			Principal operations	Industry
		Total assets	Net assets	Net profit		
China Civil Engineering Construction Corporation	3,000,000	28,173,735	6,062,939	551,383	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	5,030,000	47,587,341	11,028,549	613,975	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	5,060,677	43,588,787	8,115,002	608,599	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,000,000	36,573,005	4,960,416	167,211	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	37,214,553	3,906,259	307,912	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	1,117,210	27,920,356	2,821,390	76,998	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	3,000,000	36,473,948	4,429,144	277,171	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	3,000,470	34,387,502	4,166,277	288,670	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	3,000,000	35,806,778	4,005,196	326,335	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	33,441,728	5,585,586	131,563	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	34,073,540	3,102,228	239,325	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	1,880,000	22,582,234	2,580,983	126,605	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	1,057,000	24,102,157	5,173,923	185,320	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	1,185,000	21,557,042	1,259,718	257,594	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	2,000,000	17,720,433	2,470,010	166,672	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	2,000,000	16,255,861	2,255,289	46,045	Construction	Construction
China Railway Siyuan Survey and Design Group Co., Ltd.	150,000	16,578,746	4,711,795	587,575	Survey, design, supervision and management consultancy	Construction
China Railway Construction Group Co., Ltd.	3,000,000	38,364,627	6,339,683	304,417	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	710,000	23,551,502	5,604,363	525,385	Construction	Construction

Section IV Discussion and Analysis on Business Operations (continued)

Name of the Company	Registered capital	Major financial indicators as at 30 June 2017			Principal operations	Industry
		Total assets	Net assets	Net profit		
China Railway Material Group Co., Ltd.	3,000,000	19,881,190	912,766	133,300	Purchase and sales of goods and materials	Logistics
CRCC High-Tech Equipment Co., Ltd.	1,519,884	6,993,041	5,304,529	26,882	Industrial manufacturing	Manufacture
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	126,037,649	20,159,562	579,784	Real estate development and operations	Real estate
China Railway Construction Heavy Industry Co., Ltd.	3,850,000	13,432,995	7,435,624	631,131	Industrial manufacturing	Manufacture
China Railway Construction Investment Group Co., Ltd.	10,000,000	75,664,390	14,614,961	114,607	Project investment	Investment
CRCC Finance Company Limited	6,000,000	74,526,954	7,721,263	402,209	Financial Agency	Finance
CRCC International Group Co., Ltd.	3,000,000	10,726,214	3,279,955	12,077	Engineering contracting	Construction
CRCC Urban Construction Group Co., Ltd.	2,000,000	13,785,689	2,245,400	94,000	Construction	Construction
CRCC Kunlun Investment Group Co., Ltd.	3,000,000	12,824,114	3,578,618	205,478	Project investment	Investment

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 Group. For detailed information, please see "12 Investments in joint ventures and associates" in Note V to the Financial Statements of this report.

9. Status of the structured entity controlled by the Company

Applicable Not applicable

II. OTHER DISCLOSURE

1. 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

2. Potential risks

Applicable Not applicable

The Group has always attached great importance to the internal and external exposure to risks, consistently collecting and analyzing risk-related information, regulating the risk management process, strengthening major risk control measures, for the purpose of prudent and steady development. We identify the following categories of risks that the Group is likely to confront in 2017 through our annual systematic assessment of significant risks: investment risks, safety and quality risks, overseas risks, project management risks and risks related to accounts receivable.

Section IV Discussion and Analysis on Business Operations (continued)

1. Investment risks

The investment projects of the Group feature large scales, long construction periods, wide ranges of sectors, high complexity, strict construction deadlines and high quality requirements, which expose the operation of such projects to major risks. The Group will continue to promote its capital operation following its “active, prudent, flexible and effective” approach, actively adapt to the new national trend of investment and financing innovation, take hold of the development opportunities brought on by the PPP policy, rely on the innovation for further development and increase efforts to promote key projects. We will also strictly control investment risks, constantly improve the investment management system, further standardize the investment project decision-making, operation, exit and other processes and actively implement beforehand assessment, concurrent control and post-stage assessment. To be more specific, we will further work on and analyze projects under way with reference to the characteristics of risks inherent to financing projects, focusing on potential risks in terms of the current management, investment income and capital operations, and identify problems and risks related to individual projects and work out risk prevention strategy. On the other hand, considering the fact that the number of projects under our management is increasing, we will seek to maintain the financial balance during the early stages of the development and operation of our projects, with the view of achieving sustainable healthy development. While seeking to implement the foregoing tasks to our satisfaction, we will also continue to develop regulations and systems and train talents. We will further enhance our research on various investment models and vigorously promote the fundamental management work of capital operations, with the view of promoting the capital performance of the whole system.

2. Safety and quality risks

Contracted construction projects comprising of a large variety of building tasks account for a large share of the Group’s business. The production safety and quality of projects of the Group are exposed to major risks due to the nature of the industry and impacts of the construction environment, as our projects feature multiple sites, wide range and long construction periods, and are constantly faced with landslides, debris flows, floods, collapse, gas, gushing and other risks. We always place high priority on the safety and quality. In 2017, we will continue to conscientiously implement the requirements and plans of the CPC Central Committee, the State Council and relevant ministries, firmly establish the “red line awareness”, and implement the requirements of “one post for double responsibilities, the CPC Committee and the management sharing responsibilities and tracing responsibilities for dereliction of duty”. We will practically implement the safety accountability system and establish the production safety risk grading, management, control and prevention mechanism under the direction of “thought in advance, found in advance and eliminated the safety risks in advance”. We will further improve and perfect our production safety control system and promote the prevention capacity of the system. On the other hand, we will conduct in-depth investigation and management of safety-related risks, strengthen the safety-guaranteeing measures for seasonal work, key projects and key periods of our construction projects, further strengthen the emergency response and rescue team, with the view of promoting our emergency rescue capabilities. We will continue to implement the national quality development program, adopt the end responsibility system for project quality management, promote the fine standardized quality management and launch the quality excellence campaign and all-member quality management program, with the view of implementing the Group’s development strategy of driving development and taking greater market share with high quality and promoting the quality of all the work of the Group by developing projects of top quality.

3. Overseas risks

We have been actively implementing the “going-out” strategy. While we are continuously exploring the overseas market, the market environment is experiencing substantial changes. The increase and interconnection of various unfavorable factors have brought various impacts of different levels to our overseas businesses. In order to limit overseas risks within our control in 2017, the Group will further strengthen the overseas project risk management by standardizing the overseas business processes. We will continuously promote our awareness of risk management following the internal control and risk management philosophy of “achieving effective risk control by enhancing the internal control”. To address the national risks, legal risks, exchange rate risks, non-traditional safety risks, labor risks and environment risks within the scope of overseas risks, we will rationally allocate resources and develop and adopt various scientific and rational risk-addressing measures, including risk aversion, risk transfer, risk control and self-addressing measures. Specifically, we will emphasize on the comprehensive risk assessment and identification on the more detailed basis, the connection between the overseas first-line early warning information and the domestic risk control system, strictly implement the management system and procedures, standardize the management processes and emergency response procedures, strengthen process supervision and monitoring, and actively make pre-phase preparations, on-stage management and post-stage summarization and assessment of related major risks, with the view of comprehensively enhancing the management of overseas projects and risk prevention capacity and promoting the orderly rolling-out and development of our overseas businesses.

4. Project management risks

Project management risks are inherent to the industry in which the Group operates. The main business activity of the Group is construction, which features complicated product structure, frequently changing work sites, fast staff flows and wide range of sites. Many activities are conducted in the open, at high elevations, in water bodies or underground, subject to impacts of adverse work environment, climate and geological conditions and other natural environmental factors, dictating the inherent risks of our business. The Group will continue to enhance the first-line management, generalize and promote project management expertise, focus on basic education, improve and perfect the management system, comprehensively strengthen the control over the whole construction process and implement overall control of the key points of potential risks. In terms of the management strategy, we will attach due importance to the selection, training and management of project managers, constantly strengthen the development of our project teams, strengthen the organization and management of construction work, place high priority on steady production and control the construction progress, pay close attention to the “double pre-control” of projects, make detailed pre-stage plans, project plan and measures; enhance the monitoring and management efforts on full control, monitoring and management of key and difficult projects, identify problems arising with key and difficult projects in terms of project management, safety and quality, construction progress and energy saving and environmental protection, and fix problems on site in a timely manner, with the view of guaranteeing reasonable control of the construction progress, quality, safety and orderly implementation of the projects.

Section IV Discussion and Analysis on Business Operations (continued)

5. Risks related to accounts receivable

Risks related to accounts receivable increase in proportion to the scale of accounts receivable, the higher the sales volume of commercial credit, the higher the risk of receivable accounts receivable. The Group will comprehensively strengthen the management of accounts receivable to safeguard the quality and use efficiency of assets and improving of the status of our capital. At the level of first-line management, by establishing the shared financial center 2.0, the Group will gradually promote the IT-based management of our accounts receivable, establish and improve our ledges of accounts receivable, collecting detailed information of each account receivable, identify responsible persons for all accounts receivable and establish a grading and warning mechanism for overdue accounts receivable. Meanwhile, the Group will optimize the due account receivable clearance assessment mechanism, further break down the responsibility and enhance the assessment, supervision and monitoring. We will hold meetings for the above-mentioned purposes when applicable so as to promote our performance in terms of clearance of due accounts receivable. The Group will supervise the collection of overdue accounts receivable of large amounts and long account ages, formulate detailed collection plan and implement dynamic monitoring. The Group will attempt innovations and seek to promote the collection work by means of replacement of deposits with bank guarantees and land, asset mortgage or pledge, securitization of assets, accounts receivable factoring and introducing the creditors and financial institutions in the account collection procedures.

During the Reporting Period, to address the major and important risks assessed by our system, the Company issued the Notice on Strengthening the Management and Control of the Major and Important Risks for 2017 (Zhong Guo Tie Jian Fa Zhan (2017) No. 76) (《關於加強2017年度重大、重要風險管控的通知》(中國鐵建發展〔2017〕76號)) to present the major and important risks, to which the Company may expose, and clarify risk control measures and detailed work, and also propose relevant requirements on risk management. As required by the Notice, all competent departments of the Group and the entities under it have formulated and strictly implemented specific proposals for risk management, and enhanced supervision and check, striving to realize full-coverage of risk management and control.

3. Main projects in financing contract mode

No.	Project	Total investment (RMB0'000)	Investment share/ shareholding proportion	Investment during the Reporting Period (RMB0'000)	Accumulative investment in the projects (RMB0'000)	Project progress
1	BOT Project of Jiayang-Pujiang Expressway in Sichuan	1,567,850	100%	84,249	1,195,422	The working progress is normal.
2	Deyang-Jiayang Segment BOT Project of Ring Expressway in Chengdu Economic Zone	1,362,000	100%	76,599	200,566	The working progress is normal.
3	Deyang-Duijiangyan Segment BOT Project of G0511 Line	1,595,400	100%	574	1,160	At present, the preliminary design has been completed, with the construction drawing design under way.

Section IV Discussion and Analysis on Business Operations (continued)

No.	Project	Total investment (RMB0'000)	Investment share/ shareholding proportion	Investment during the Reporting Period (RMB0'000)	Accumulative investment in the projects (RMB0'000)	Project progress
4	Chongqing-Guizhou Expressway Capacity Expansion (in Chongqing) BOT Project	1,625,000	24%	-	-	Upon the external investor was introduced into the projects, the shareholding of the Company decreased from 80% to 24%. At present, the internal approval for the construction drawing, and the land requisition & demolition are under way.
5	Puijiang-Duijiangyan Segment BOT Project of Ring Expressway in Chengdu Economic Zone	3,555,900	50%	117,046	561,046	The working progress is normal.
6	Qingdao Blue Silicon Valley Intercity Rail Transit BT Project	1,678,226	100%	254,156	835,811	The working progress is normal.
7	Investment, Financing and Construction BT Project of Phase I and II of Metro Line 5 of Chengdu	1,719,899	100%	177,908	474,610	The working progress is normal.
8	PPP Project of Phase I of Line 2 of Rail Transit in Urumqi	1,620,000	17.85%	-	-	The land requisition & demolition, and pipeline relocation are under way.
9	PPP Project of Kunming Rail Transit Line 5	2,135,100	9.40%	-	-	The project company has been established with capital to be injected.
10	Beijing Metro New Airport Line Project	1,499,444	27%	-	-	At present, the construction drawing design and temporary building construction are under way.
11	Investment and Financing BT Project of Metro Line 6 of Chengdu	1,766,031	100%	68,166	68,166	The working progress is normal.
12	PPP Project of Kunming-Yiliang Expressway in Yunnan	1,725,700	To be determined	-	-	The feasibility study of the project is subject to approval, with the project company under preparation.
13	PPP Project of Heyang-Tongchuan, Wuqi-Huachi Expressways in Shaanxi	1,987,100	29.40%	-	-	The construction drawing design, and land requisition & demolition are under way.
14	Wutongdaqian-Mulei Segment PPP Project of Beijing-Urumqi G7 Expressway	1,787,200	29.62%	-	-	The construction drawing design, and land requisition & demolition are under way.
15	PPP Project of Phase I of Line 2 of Rail Transit in Hohhot	1,688,000	To be determined	64,504	64,504	The working progress is normal

Note: The above projects were those with a total investment exceeding 10% of the unaudited net assets of the Company at the end of the previous year.

4. Other disclosure

Applicable Not applicable

Section V Significant Events

I. BRIEF INTRODUCTION TO SHAREHOLDER'S GENERAL MEETING

Name of the meeting	Time of meeting	Websites for publication of the resolutions	Disclosure date of the publication of the resolutions
2016 Annual General Meeting	15 June 2017	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	16 June 2017

Explanation on Shareholder's General Meeting

Applicable Not applicable

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

1. *The proposed profit distribution plan or reserve-to-equity transfer plan for the half year*

Whether to distribute profit or transfer reserves No

2. *Details of the implementation or adjustment of the profit distribution plan during the Reporting Period*

It was resolved at the 39th meeting of the third session of the Board convened by the Company from 29 to 30 March 2017 that a cash dividend for the year 2016 of RMB0.16 (tax inclusive) per share based on the total share capital of 13,579,541,500 shares as at 31 December 2016 was declared, totaling RMB2,172,726,640.00. The profit distribution plan had been considered and approved at the 2016 annual general meeting of the Company convened on 15 June 2017. As of 3 August 2017, the distribution of the above cash dividend was completed.

III. THE PERFORMANCE OF UNDERTAKINGS

1. *Undertakings during or carried forward to the Reporting Period by ultimate controller, shareholders, related parties, acquirers of the Company and the Company and other related parties*

Applicable Not applicable

Section V Significant Events (continued)

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Is there timely and strict performance	If the undertaking fails to be fulfilled in due time, please explain the specific reasons for the failure	If the undertaking fails to be fulfilled in due time, please state the plan in the next step
Commitments associated with the share reform								
Commitments in acquisition report or report on changes in equity								
Commitments associated with major asset reorganization								
Commitments associated with IPO								
Commitments associated with refinancing	Others	CRCCG	If CRCC violates the laws and regulations such as failure in disclosing idle 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		
	Others	Directors and senior management	If CRCC violates laws and regulations such as failure in disclosing idle 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		
Commitments associated with share incentive								
Other commitments made to minority shareholders of the Company								
Other commitments	Resolving ownership defects of 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		

Note: For more details, please refer to relevant announcements published on 29 March 2014, 19 June 2014, 13 May 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 Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section V Significant Events (continued)

IV. APPOINTMENT AND REMOVAL OF AUDITORS

Explanation on appointment and removal of auditors

Applicable Not applicable

Ernst & Young Hua Ming LLP had been providing audit services for the Company for ten consecutive years since 2007. In order to ensure the objectivity and independence of external auditors, the Company proposed to change the external auditor in 2017. On 15 June 2017, the Proposal in Relation to Change of Auditors of the Company for the year 2017 was considered and approved at 2016 annual general meeting of the Company, agreeing to appoint Deloitte Touche Tohmatsu CPA LLP as the external auditor of the Company for the year 2017 to carry out auditing for the financial statements of the Company and to review its 2017 interim financial statements. In the meantime, Deloitte Touche Tohmatsu CPA LLP was proposed to be appointed as the internal control auditor of the Company for the year 2017. The fees in relation to the audit of the financial statements for the 2017 annual report of the Company and relevant services amount to RMB25.38 million, and the fees in relation to the internal control auditing and relevant services amount to RMB2.16 million.

For details, please refer to the relevant announcements dated 18 January 2017 and 16 June 2017 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.cn).

Explanation on change in the auditor during the auditing period

Applicable Not applicable

Explanation of the Company on issuance of a "Non-Standard Auditing Report" by the auditor

Applicable Not applicable

Explanation of the Company on issuance of a "Non-Standard Auditing Report" by the registered accountant in the financial statements of the last year's annual report.

Applicable Not applicable

V. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

VI. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigation and arbitration during the Reporting Period The Company had no material litigation or arbitration during the Reporting Period

VII. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER OR ACQUIRER

Applicable Not applicable

VIII. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

Applicable Not applicable

IX. INFORMATION ABOUT THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

1. Related share incentive events which were disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not applicable

2. Incentive events which were not disclosed in the temporary announcements or with subsequent progress

Information on share incentive

Applicable Not applicable

Other explanation

Applicable Not applicable

Information on employee stock ownership plan

Applicable Not applicable

Other incentive measures

Applicable Not applicable

Section V Significant Events (continued)

X. MATERIAL RELATED PARTY TRANSACTIONS

1. *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

Applicable Not applicable

Summary of the event

Document for inspection

The twenty-first meeting of the third session of the Board of the Company held on 28 December 2015 approved 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; the Company was approved to renew the Services Provision Framework Agreement with CRCCG and to determine the caps for relevant related party 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, it was proposed that each of the annual transaction caps of expenditures for 2016–2017 in respect of leasing of all properties and lands by the Company be set at RMB300 million, 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.

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.cn).

In 2016, the Company and CRCC Financial Leasing Co., Ltd. (hereinafter referred as “CRFL”) entered into the Services Mutual Provision Framework Agreement, pursuant to which the Company regulated the financial assistance, equipment procurement and leasing services between the CRFL and the Company and its subsidiaries, determined caps, and made an announcement thereon. The Proposal in Relation to the Renewal of the Services Mutual Provision Framework Agreement Between the Company and CRCC Financial Leasing Co., Ltd. was considered and approved at the 39th meeting of the third session of the Board of the Company held from 29 to 30 March 2017. Based on its own business development plan, the Company made adjustment to the transaction contents with CRFL, and re-determined annual caps, and renewed the Services Mutual Provision Framework Agreement with CRFL, with a term from 1 January 2017 to 31 December 2019. 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.

For details of disclosures, please refer to the relevant announcements dated respectively 31 December 2016 and 31 March 2017 as published on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on 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.cn).

Section V Significant Events (continued)

Summary of the event

The Company convened the 22nd meeting of the third session of the Board on 25th January 2016, which considered and approved the Proposal of Renewing the Financial Services Agreement between CRCC Finance Company Limited and CRCCG, agreeing CRCC Finance Company Limited, the controlling subsidiary of the Company, to renew the Financial Services Agreement with CRCCG. Pursuant to the agreement, CRCC Finance Company Limited should provide financial services such as deposit, loan, and clearing to CRCCG and its subsidiaries (excluding the Company). 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.

Document for inspection

For details of disclosures, please refer to the relevant announcements dated 26 January 2016 as published on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on 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.cn).

During the Reporting Period, the related party transactions in relation to the ordinary operations stated above were implemented according to the settled agreements with no change. The actual performance of related party transactions stated above was as follows:

- (1) Related party transactions in relation to the ordinary operations between the Company and CRCCG

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 Controlling Shareholder	Expenditure for labor services	Survey, design and consultancy	Agreement pricing	-	386,759	0.15	Cash	-	-
	Property leasing expense	Property Leasing	Agreement pricing	-	37,083	0.01	Cash	-	-

Section V Significant Events (continued)

- (2) Continuing connected transactions between the Company and CRCC Financial Leasing Co., Ltd.

Unit: RMB'000

Nature of transaction	Item	Annual cap of 2017	Consolidated amount of transaction during the Reporting Period
			Period
Revenue	With the comparable market price which is no less than that of the independent third party, CRFL will purchase tunnel boring machines and other mechanical equipment from the Company and its related subsidiaries, but the cumulative amount per year shall not exceed RMB9 billion.	9,000,000	720,951
	Under the pre-condition of complying with the relevant laws and regulations of the state, within its business scope, CRFL takes time deposits of over three month from China Railway Construction Heavy Industry Co., Ltd. (hereinafter refer as "CRCC Heavy Industry") and Beijing Zhongtie Tianrui Mechanical Equipment Co., Ltd. (hereinafter refer as "Zhongtie Tianrui") under the Company, and pays interest based on the agreed-upon rates. The loan rate paid by CRFL shall not be less than the applicable loan rate that domestic major commercial banks provide similar loan services within the same period. With the term of validity of the Agreement, the deposit balance (including accrued interest) that CRFL obtains from CRCC Heavy Industry and Zhongtie Tianrui shall not exceed RMB0.5 billion.	500,000	-
Expense	CRFL provides financial leasing services and operating leasing services for the Company or its related subsidiaries. With the term of validity of the agreement, the leasing services provided by CRFL for the Company shall charge the fees based on the charging standard which is not higher than that of the similar service item provided by the similar financial institution in China. The total amount of annual charge for leasing services shall not exceed RMB31.5 billion.	31,500,000	139,265

- (3) For details of the continuing related party transactions between CRCC Finance Company Limited, a controlled subsidiary of the Company, and CRCCG, please see X. (IV) Claims and liabilities between related parties in this section.

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

Applicable Not applicable

3. Events undisclosed in temporary announcements

Applicable Not applicable

2. Related party transactions from acquisition and disposal of assets or equity interests

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

Applicable Not applicable

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

Applicable Not applicable

Section V Significant Events (continued)

3. Events undisclosed in temporary announcements

Applicable Not applicable

4. If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed

Applicable Not applicable

3. Material related party transactions on the joint external investment

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

Applicable Not applicable

Summary of the event

Document for inspection

The Company convened the 40th meeting of the third session of the Board on 28th April 2017, which considered and approved the Proposal of Increasing Registered Capital to CRCC Finance Company Limited According to the Respective Shareholding Percentage, agreeing the Company and CRCCG to increase capital of RMB3 billion in cash to CRCC Finance Company Limited, the controlling subsidiary of the Company, by which its registered capital will reach RMB9 billion. Among which, the Company contributed RMB2.82 billion, while CRCCG contributed RMB0.18 billion. Upon the capital contribution, the shareholding structure of Finance Company remained unchanged, that is, 94% contributed by the Company and 6% by CRCCG. Up to the disclosure date of the report, the capital contribution stated above has been completed.

For details of disclosure, please refer to relevant announcement dated 29 April 2017 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.cn).

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

Applicable Not applicable

3. Events undisclosed in temporary announcements

Applicable Not applicable

4. Claims and liabilities between related parties

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

Applicable Not applicable

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

Applicable Not applicable

Section V Significant Events (continued)

Unit: RMB'000

Related party	Related party relationship	Provision of funds to related parties by the listed company			Provision of funds to the listed company by related parties		
		Balance at the beginning of the period	Accrual	Balance at the end of the period	Balance at the beginning of the period	Accrual	Balance at the end of the period
CRCCG ^{Note 1}	Controlling Shareholder	1,400,000	-	1,400,000	1,103,573	-307,244	796,329
CRCCG ^{Note 2}	Controlling Shareholder	-	-	-	250,978	-182,824	68,154
Jinli Assets Management Center ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	274,628	6,341	280,969
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Non-wholly owned subsidiary of the Controlling Shareholder	-	-	-	110,601	850	111,451
Railway Construction Technology Magazine ^{Note 2}	Non-wholly owned subsidiary of the Controlling Shareholder	-	-	-	1,064	1,202	2,266
Total		1,400,000	-	1,400,000	1,740,844	-481,675	1,259,169

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

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

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

Commitments related to claims and liabilities between the Company and related parties None.

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

Note 1: The capital provided by the listed company to the related party is the loan principle from CRCC Finance Company Limited to the Controlling Shareholder. The capital provided by the related party to the listed company was mainly the amount appropriated by Ministry of Finance to the Controlling Shareholder. Pursuant to the requirements under the Temporary Regulations on Enhancing the Management of Financial Information of Enterprise, the Controlling Shareholder lent out such amount to the Company by way of entrusted loan.

Note 2: The amount represents the deposits of the Controlling Shareholder and its subsidiaries, which is deposited in CRCC Finance Company Limited as a subsidiary of the Group.

Section V Significant Events (continued)

3. Issues undisclosed in temporary announcements

Applicable Not applicable

5. Other material related party transactions

Applicable Not applicable

6. Others

Applicable Not applicable

XI. MAJOR CONTRACTS AND PERFORMANCE THEREOF

1. Trusteeship, contracting and leasing matters

Applicable Not applicable

2. Guarantees

Applicable Not applicable

Unit:000 Currency: RMB

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

Guarantor	Relationship with the listed company		Amount of guarantees	Occurrence date (date of signing the agreement)			Type of guarantees	Performance completed or not		Overdue or not	Counter guaranteed amount or not		Guarantee by related party	Related-party relationship
	Party guaranteed			Starting date	Due date	or not		or not	or not		or not			
The Company	Within the Company	Chuantie (Luzhou) Railway Co., Ltd	67,200	28 December 2006	28 December 2006	28 December 2026	General guarantee	No	No	No	No	No		
The Company	Within the Company	Chuantie (Luzhou) Railway Co., Ltd	50,400	16 April 2008	16 April 2008	16 April 2028	General guarantee	No	No	No	No	No		
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd	1,016,160	17 March 2014	17 March 2014	30 December 2023	General guarantee	No	No	No	Yes	Associate		
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd	292,654	20 May 2015	20 May 2015	20 November 2023	General guarantee	No	No	No	Yes	Associate		

Total amount of guarantees during the Reporting Period (exclusive of the guarantees to subsidiaries) -31,414

Balance of guarantees at the end of the Reporting Period (A) (exclusive of the guarantees to subsidiaries) 1,426,414

Guarantees provided for its subsidiaries by the Company

Total amount of guarantees provided for subsidiaries during the Reporting Period 2,848,127

Balance of guarantees provided for subsidiaries at the end of the Reporting Period (B) 27,354,056

Section V Significant Events (continued)

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

Total guarantees (A+B)	28,780,470
The proportion of total guarantees in net assets of the Company (%)	18.76
Of which:	
The amount of guarantees provided for the shareholders, actual controllers and the related parties (C)	–
Debt guarantees direct or indirect to guaranteed objects with gearing ratio higher than 70% (D)	28,780,470
Of total guarantees, the portion in excess of 50% net assets (E)	–
Total of the above three categories of guarantees (C+D+E)	28,780,470
Explanation on the potential joint liability arising from the immature guarantees	N/A

Explanation on the guarantees

(1) Guarantees granted to wholly-owned subsidiaries by the Company

It was considered and approved at the 39th meeting of the third session of the Board held from 29 to 30 March 2017 and the 2016 annual general meeting of the Company held on 15 June 2017 that the total cap for internal guarantees of the Company in 2017 was determined to be RMB80 billion. During the Reporting Period, guarantee granted to wholly-owned subsidiaries by the Company was in strict compliance with the guarantee cap and did not exceed the approved cap of guarantee.

(2) External guarantees by the Company

- ① In 2006, CRCCG had provided the RMB400 million of loans of RMB67.2 million of guarantee, pursuant to 16.8% of capital contribution, to Sichuan Naxu Railway Co., Ltd., the joint stock company. Due to the reform of the Company in December 2007, it entered into a tripartite agreement with China Railway Construction Corporation Limited and the Luzhou Branch of China Construction Bank to revise the subject of the contract to China Railway Construction Corporation Limited. The resolutions in relation to provision of guarantee to the Sichuan Naxu Railway Company Limited (四川納叙鐵路有限責任公司) for loans were considered and approved at the tenth meeting of the first session of the Board in October 2008. In proportion to the capital contribution of 16.8%, RMB50.4 million of guarantee for RMB300 million of loans was agreed to be provided to Sichuan Naxu Railway Co., Ltd.,. In 2014, Sichuan Naxu Railway Co., Ltd. was renamed as “Chuantie (Luzhou) Tielu Co., Ltd.”, with the amount guaranteed unchanged. As at 30 June 2017, the balance of actual guarantee was 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 14th meeting of the second session of the Board in August 2012, pursuant to which the Company was agreed to provide guarantee of USD387 million, according to the shareholding proportion, for the loan applied by CRCC-Tongguan Investment Co., Ltd. As at 30 June 2017, the balance of actual guarantee amount was RMB1.0162 billion.

Section V Significant Events (continued)

The resolution in relation to provision of guarantee for the bank loans applied by CRCC-Tongguan Investment Co., Ltd. was considered and approved at the 32th meeting of the second session of the Board of the Company held on 29 April 2014, pursuant to which the Company was agreed to provide guarantee of USD43.2 million, according to the shareholding 30%, for the bank loan. As at 30 June 2017, the balance of actual guarantee amount was RMB292.7 million.

The sum of the two guarantee amounts was RMB1,308.9 million, decreased by RMB31.4 million as compared to the beginning of the Reporting Period. The decrease was due to the impact of exchange rate of RMB against USD.

3. Other Material Contracts

Applicable Not applicable

(1) Domestic operation contracts

Unit: '00 million Currency: RMB

No.	Date of the bid-winning	Name of the project	Bid-winning amount	Contracting party of the Company	Term of performance
1	5 January 2017	The Primary Land Development Projects of Xinshi and Jiangning Township, Jiangning District, Nanjing City	34.54	China Railway Construction Investment Group Corporation Limited and China Railway Construction Group Corporation Limited	A construction period of 5 years and an operating period of 5 years.
2	6 January 2017	The BOT project of Anxiang-Cili Expressway in Hunan Province	102.51	A consortium comprising China Railway Construction Investment Group Corporation Limited, China Railway 15th Bureau Group Co., Ltd. and China Railway 18th Bureau Group Co., Ltd.	A construction period of 3 years and a toll collection period of 29 years and 9 months.
3	11 January 2017	Shijiazhuang Urban Rail Transit No.1 and 3 Phase II Land Construction and Relevant Construction Investment and Construction Project	65	China Railway Construction Corporation Limited	No.1 Phase II Construction Period is tentatively to be 36 months; No. 3 Phase II Construction Period is tentatively to be 47 months.
4	17 January 2017	the PPP Project of Urban Rail Transit Line 2 (Phase I) in Hohhot	166.82	China Railway Construction Corporation Limited	A construction period of 55 months.
5	22 January 2017	the investment and financing project of the second phase construction of rail transit (Line 10) in Chengdu	62.49	China Railway Construction Corporation Limited	A construction term of 1,096 calendar days.

Section V Significant Events (continued)

No.	Date of the bid-winning	Name of the project	Bid-winning amount	Contracting party of the Company	Term of performance
6	16 February 2017	The PPP Project of the Huangshan-Qiandao Lake Section of G4012 Liyang-Ningde Expressway and the Wuwei-Yuexi Section of G42S Shanghai-Wuhan Expressway	83	A consortium comprising China Railway Construction Corporation Limited, Anhui Transportation Holding Group Co., Ltd. (安徽省交通控股集團有限公司) and China State Construction Engineering Corporation Limited (中國建築股份有限公司)	The construction periods for the projects of the Huangshan-Qiandao Lake Section of G4012 Liyang-Ningde Expressway and the Wuwei-Yuexi Section of G42S Shanghai-Wuhan Expressway are 4 years and 3 years, respectively, and the toll collection periods for both projects are 30 years.
7	27 February 2017	the Chengdu Airport southern line project	36.76	China Railway 24th Bureau Group Co., Ltd.	A construction period of 24 months.
8	28 February 2017	the PPP Project of Development and Construction of Integrated Transportation Hub in Guangzhou North Station	59.74	A consortium comprising China Railway 22nd Bureau Group Co., Ltd., China Railway Siyuan Survey and Design Group Co., Ltd. and Guangzhou Jinkong Huadu Finance Investment Co., Ltd.	A cooperation period of 12.5 years (including a construction period of 2.5 years and an operating period of 10 years).
9	2 March 2017	The bidding section JSJSD-1 of E&M system integration, disaster prevention and safety monitoring, information and related constructions for Beijing-Hebei Section of the newly-built Beijing-Shenyang Railway Passenger Dedicated Line	33.9257	A consortium comprising China Railway Construction Electrification Bureau Group Co., Ltd. and China Railway 21st Bureau Group Co., Ltd.	A construction period of 33.7 months.
10	7 March 2017	the PPP Project of Integrated Renovation Construction of River Course and Waterlogging Prevention Facilities in Qiaobei Area in Nanjing	52.41	A consortium comprising China Railway 12th Bureau Group Co., Ltd., and Guangde CRCC Lanhai Fengtie Investment Center (Limited Partnership) (廣德鐵建藍海豐鐵投資中心(有限合夥))	A construction period of 3 years and an operating period of 10 years.
11	20 April 2017	The Project of Gaotang-Dong'e highway	63.00	A consortium comprising China Railway Construction Investment Group Corporation Limited, China Railway Siyuan Survey and Design Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., and CRCC Real Estate Co., Ltd.	A construction period of 3 years and a toll collection period of 24 years and 9 months.

Section V Significant Events (continued)

No.	Date of the bid-winning	Name of the project	Bid-winning amount	Contracting party of the Company	Term of performance
12	1 June 2017	The PPP Projects of Heyang-Tongchuan and Wuqi-Huachi highway in Shaanxi Province	198.71	A consortium comprising China Railway Construction Corporation Limited and China Railway Construction Investment Group Co., Ltd., Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership) (廣德鐵建大秦投資合夥企業(有限合夥)), China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., Shaanxi Luqiao Group Co., Ltd.	A construction period of 3 years and 4 months, and an operating period of 29 years.
13	9 June 2017	the Public Private Partnership (PPP) Project of highway construction of G7 Beijing-Urumqi Expressway from Wutongdaqan to Mulei	178.72	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., Guangde CRCC Chuangxin Investment Partnership Enterprise (Limited Partnership) (廣德鐵建創信投資合夥企業)(有限合夥人) and China PPP Investment Funds Co., Ltd.	A construction period of 3 years and a toll collection period of 30 years.
14	30 June 2017	Construction project of a complex land lot comprising entertainment and commerce in the Forise International Resort in Jinan	33.16	China Railway 19th Bureau Group Co., Ltd.	A total construction period of 3 years.

(2) Overseas operation contracts

No.	Date of the contract	Name of the project	Contract amount	The Company's contracting entity	Time limit of performance
1	11 February 2017	Construction of Light Rail in Kano Metropolitan (Lots 1, 2, 3 & 4)	USD1.851 billion	A consortium comprising China Railway 18th Bureau Group Co., Ltd. and China Railway Construction Electrification Bureau Group Co., Ltd.	A construction period of 2 years both for Phase I and Phase II.
2	23 May 2017	The Abuja Rail Mass Transit Phase II Construction	USD1.473 billion	China Civil Engineering Construction Corporation	A Construction period of 54 months.
3	23 May 2017	Abuja Rail Mass Transit Agreement for Supply of Rolling Stocks and Depot Equipment for Phase I and Abuja Rail Mass Transit Agreement for Services for Operation of Phase I	USD0.194 billion and USD0.126 billion, respectively	China Civil Engineering Construction Corporation	The services for operation and management include a preparation period of five months and a formal operation period of 36 months.

Section V Significant Events (continued)

XII. THE WORK OF THE LISTED COMPANY ON POVERTY ALLEVIATION

Applicable Not applicable

1. *Targeted poverty alleviation plan*

Basic principle: Conscientiously implementing the decision of the CPC Central Committee and the State Council on strengthening targeted poverty alleviation work, and the instructions of the General Secretary Xi on the spirit of “targeted poverty reduction and elimination”, following the working policy of “sincerely making great efforts on poverty alleviation, taking targeted measures to help people lift themselves out of poverty, achieving win-win results on poverty alleviation and making innovations on poverty alleviation”, combining with the characteristics of the enterprise itself, adhering to the combination of government predominance and enterprise help, adhering to the combination of mutual benefit and poverty alleviation, adhering to the principle of combining whole advancement with key breakthroughs, promoting the work of taking targeted measures to help people lift themselves out of poverty, and resolutely winning the fight against poverty.

Overall objective: Working together with the local government to achieve “two ensuring”. By 2020, ensuring that the poor in the assisted areas will be out of poverty, and ensuring that the poor districts and counties in the assisted areas will be out of poverty.

Main tasks: Providing poverty alleviation aid to Wanquan District and Shangyi County in Zhangjiakou City, Hebei Province; Gande County and Sanqu County in Qinghai Province; Shahukou Village in Youyu County, Shanxi Province; Jiaojiahe Village in Zhajiasuo Township and Zhongchuan Village in Zhongchuan Town, Huining County, and Maye Village in Qinxu Township, Min County, Gansu Province; Songzha Village in Pangjia Township and Chenjiagou Village in Lichuan Town, Danychang County, Gansu Province; Chenjiaogou Village in Lichuan County, Chean Village, Wushan County, Gansu Province; Dalu Village in Dubu Town, Yangshan County, Guangdong Province; Wutai Village in Ningshan County, and Beiguan Village in Long County, Shannxi Province; Yinmenghu Village in Langhe Town, Danjiangkou City, Hubei Province; Qianshan Township in Yiwu County, Xinjiang; Xiadang School and Xiadang Village in Shouning County, Fujian Province; Teke Village in Ganluo County, Liangshan State, Sichuan Province; Hongguang Village in Luyuan Town, Yanling County, Zhuzhou City, Hunan Province.

Section V Significant Events (continued)

Safeguard measures: Firstly, strengthening the leadership and completing the organization. With a high degree of political responsibility, the Party Committee of China Railway Construction Corporation Limited conscientiously implemented the spirit of the series of speeches of General Secretary Xi, established leading groups of poverty alleviation and development work · strengthened the leadership responsibility system of poverty alleviation and development work to ensure that the poverty alleviation organization has been established, the system is complete, and the human, financial, and material resources are strongly guaranteed. The Company promoted the shift-down of the focus of the work, went deep into the realities of life, went deep into the grassroots, went deep into the masses, seriously studied the practical problems of poverty alleviation and development, and carried out creative work. The Company formulated poverty alleviation and development work plan, made echelon arrangement for poverty alleviation units, made great efforts in supervision and inspection, and strengthened financial supervision so as to ensure the substantial progress of poverty alleviation. Secondly, selecting excellent cadres, and strengthening the assessment. Selecting outstanding young cadres who have good political and ideological quality, strong sense of responsibility and dedication, strong working ability and development potential to the assisted areas to take a temporary post (or to hold a post). Adhering to the combination of strict management and positive incentives, and strengthening the application of the results of the assessment on term objectives and annual targets so as to stimulate the enthusiasm of the work of poverty alleviation cadres. Thirdly, acting according to circumstances and using various methods. Combined with the reality of the local area, through the export of labor services, cultivating a great number of contract workers who have rich experience in construction and first-rate technical level so that the government and the enterprises can achieve win-win results and the masses can gain immediate benefits; winning poverty alleviation through intellectual skills, teaching the poor how to fish so that they can learn the skills of getting rich; winning poverty alleviation through export sales, purchasing the agricultural and sideline products and tooling from the assisted areas so that the local people can get benefits; constructing special breeding and planting bases so that the people in the areas where the bases are located can increase their income; increasing financial donations to help develop education and strengthening “one-on-one” partner assistance so as to truly achieve the precise allocation of poverty alleviation resources and the precise support for the poor families; transforming emergency livelihood facilities, and solving the difficult problems of the assisted areas.

2. Summary of targeted poverty alleviation during the Reporting Period

In the first half of 2017, the Company sent a total of 21 cadres for fixed-point poverty alleviation, and paid the funds of RMB10.32295 million. The materials donated by the Company were equivalent to RMB8.35655 million. The Company helps 3,026 people who were on the records of the poor households to lift themselves out of poverty. The Company invested RMB12.493 million into 29 industrial poverty alleviation projects. The Company’s precision-poverty relief measures were steadily advanced. In the sent cadres of poverty alleviation, many received recognition · among which Chen Feng was rated as Excellent First Secretary by Hebei Organization Department, Excellent First Secretary in the village of Zhangjiakou city, Agricultural and Rural Advanced Worker of Wanquan district, National Award for Excellent Poverty Alleviation Cadre of Hebei Province; Kong Hao was rated as Excellent First Secretary by Hebei Organization Department, and Wang Bangchang as a poverty alleviation model of Excellent First Secretary in the village by Gande county and Poverty Alleviation Advanced Individual of Qinghai Province.

Section V Significant Events (continued)

- (1) Attached great importance to the work of targeted poverty alleviation and strengthened responsibility. Over the past six months, the Company has deeply implemented the spirit of the 18th National Congress of the Communist Party of China (CPC) and the previous plenary sessions of the 18th Central Committee and the important instructions put forward by General Secretary Xi Jinping on strengthening poverty alleviation and development. In accordance with the principle of “really helping the poor by keeping the bottom line and creating bright spots”, the Company actively help in the local poverty alleviation work. Party Secretary and Chairman, Meng Fengchao, led the team to the districts of targeted poverty alleviation – Wanquan District and Shangyi County, Zhangjiakou City, Hebei Province, to performed the work of research and poverty alleviation development, and put two new first secretaries in the village in place, and required poverty alleviation cadres to fulfill their mission with courage, and do more practical things to make contributions to help most people in poverty-stricken areas out of poverty. Party Standing Committee and Vice President Liu Ruchen and his team went to Gande County, Guoluo state, Qinghai Province, to perform the work of research and poverty alleviation development, and to deliver new first secretaries in the village. The China Railway 11th Bureau Group Co., Ltd., China Railway 12nd Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway Construction Business Management Co., Ltd. and other units, which are responsible for the task of poverty alleviation, have set up leading groups of targeted poverty alleviation comprising Party Secretary and Chairman and General Manager as Head of team, the members of the leadership as Deputy Head, relevant departments as members. The responsibilities and the specific working bodies and contact institutions of the leading group of poverty alleviation work were clarified to ensure that the work of poverty alleviation has responsible agencies, was implemented by personnel, and that the poverty alleviation work could be carried out smoothly.
- (2) Took all into account and paying close attention to the main things. In most of the regions where the Company undertakes poverty alleviation and assistance, the ecological environment is fragile; the living conditions are poor; natural disasters happen from time to time; infrastructure and social undertakings seriously lag behind; people’s education level is low; and the problem of poverty is regional, comprehensive and universal. These are “tough issues”, “deep-water zones” and “fighting areas”. According to the requirements of the central authorities and the spirit of relevant meetings, when studying and formulating the work on fixed-point poverty alleviation, the Company focuses on promoting the following work. Firstly, making efforts to implement the responsibilities. The Vice President of the Company, Liu Ruchen, convened the relevant departments to do research and develop such profiles as Evaluation System of Targeted Poverty Alleviation of China Railway Construction Corporation Limited (CRCC Party Office [2016] No.14), laying the institutional foundation for the implementation of poverty alleviation responsibilities. The Party Committee of every subsidiary which implement partner assistance shall fulfill the main responsibility for fixed-point poverty alleviation. The main leaders of the Party Committee and the management shall take the lead in making arrangements, residing in the assisted areas, conducting investigation and inspecting and supervising. For example, the Party Committee of China Railway Fifth Survey and Design Institute Group Co., Ltd. worked out the implementation plan of targeted poverty alleviation, and made clear the working guideline of “Internet plus” “design plus” “culture plus” and “industry plus” for targeted poverty alleviation. Secondly, making efforts to select cadres to take temporary posts. Through rigorous procedures, carefully select cadres with good political quality, innovation ability, working state and performance to give full play to their knowledge, technology, and resource advantages to really solve the problems in poor areas. According to the needs of poverty alleviation in the assisted areas, on the basis of sending one Party secretary to reside in the village in each county, the top three powerful group companies shall respectively send one temporary deputy Party secretary or vice governor of the county for poverty alleviation. Each

Section V Significant Events (continued)

responsible unit shall determine one liaison staff for poverty alleviation. The following way shall be adopted: the group company shall contact with the county, the engineering company shall contact with the township, and the project department shall contact with the village, and the rear shall establish leading group of poverty alleviation, so as to strengthen the forces for the work of fixed-point poverty alleviation. Thirdly, making efforts on performance evaluation. In accordance with the standards for lifting the poor out of poverty, the Company shall improve the evaluation system, detail the measures for implementing evaluation, and set reasonable assessment indicators and weight. On the basis of self-evaluation in the affiliated units, the Group gave awards to some of the advanced units and individuals under the addition and subtraction sub-items, and put poverty alleviation work performance as an important basis for the selection and appointment of cadres. The 14th Bureau and China Railway Fifth Survey and Design Institute Group Co., Ltd. were awarded as advanced units of poverty alleviation by China Railway Construction Corporation, the 11th Bureau, 20th Bureau were rated as excellent units of poverty alleviation, and Luo Dengqiao, Sun Jie, Wang Bangchang, Kong Hao and the others were rated as advanced individuals of poverty alleviation. Fourthly, making efforts to create atmosphere and to conduct publicity and interpretation. The Company shall clearly explain the facing situation, the basic principle as well as the policies and opportunities. The cadres of taking temporary posts who have made outstanding achievements shall be recognized, awarded and promoted so as to enhance morale, to promote fighting will and to form powerful joint efforts for poverty alleviation. Among which, Chen Feng was the first to do volunteer activities in the railway construction hospital, and was popular on such media platform as Houdewanquan, Wangxinwanquan, and the website of Hebei Communist Party members. Sun Jie was recommended to participate in the selection of national poverty alleviation contribution award in Hebei province by Zhangjiakou City.

- (3) Acted according to practice and adjusted to local circumstance. From solving the most direct and most realistic problems which the poor people are most concerned about, the Company identified the combination point of China Railway Construction Corporation Limited and local poverty alleviation, and combined the characteristics of the enterprise and local characteristics. The Company set up new labor service companies and housekeeping companies and supported for the existing construction companies. According to the principles of “strict management and good benefits, preferable employment of the poor, establishment of archives and cards as well as targeted persons”, the Company signed the labor subcontract of the project, enhanced the poor people’s ability of getting employed and increasing their income, and strove to achieve the working objective of “lifting one family out of poverty by employing one person”. The Company respected the wishes of the masses, and took the most effective measures to truly improve the effectiveness of poverty alleviation through the export of agricultural resources and preferred projects by using the “Internet plus” means to comprehensively complete the poverty alleviation work in a three-dimensional way. For example, China Railway 11th Bureau Group Co., Ltd. exported successively three labor services teams composed of more than 100 people for Wuhan-Shiyan passenger rail line, Yinchuan-Xi’an passenger rail line. By now, the Company has completed the construction output value of more than RMB20 million, and achieved labor income of more than 3 million. The 14th Bureau invested RMB200,000 to renovate some houses and doorways of Homes for the elderly, and entered into the first processing contract with Shangyilunbi clothing company for 11,700 sets of working uniforms, with a total amount of RMB2.13 million, which absorbed more than 50 poor people to get employed. Cooperating with the Vocational Education Center in Shangyi County and Zhangjiakou Vocational and Technical College, the Company set up a profession of “railway construction and conservation”, and offered assistance in terms of teacher exchange, job practice, training equipments.

Section V Significant Events (continued)

3. Statistical table of the listed company on targeted poverty alleviation during the Reporting Period

Unit: 0'000 Currency: RMB

Indicator	Quantity and implementation
I. Overall situation	
Including: 1. Funds	1,032.295
2. Amount of money converted from materials	835.655
3. Number of the people lifted out of poverty, who were on the records (<i>person</i>)	3,026
II. Itemized investments	
1. Lifting the poor out of poverty through industrial development	
Including: 1.1 Types of industrial poverty alleviation projects	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Poverty alleviation in agriculture and forestry industry <input type="checkbox"/> Poverty alleviation in tourism <input checked="" type="checkbox"/> Poverty alleviation in e-commerce <input type="checkbox"/> Poverty alleviation in assets profit <input checked="" type="checkbox"/> Poverty alleviation in science and technology <input checked="" type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects (<i>project</i>)	29
1.3 Amount invested in industrial poverty alleviation projects	1,249.3
1.4 Number of the people lifted out of poverty, who were on the records (<i>person</i>)	2,632
2. Lifting the poor out of poverty through finding jobs elsewhere	
Including: 2.1 Amount invested in vocational skills training	33.1
2.2 Number of the poor received vocational skills training (<i>person/time</i>)	888
2.3 Number of the poor on the records who are helped to get employed (<i>person</i>)	454
3. Lifting the poor out of poverty through relocation	
Including: 3.1 Number of the poor out of poverty through relocation who are helped to get employed (<i>person</i>)	214
4. Lifting the poor out of poverty through education	
Including: 4.1 Amount invested for helping the poor students (<i>person</i>)	48.82
4.2 Number of the poor students who are funded	520
4.3 Amount invested for improving educational resources in poor areas	31.62
5. Lifting the poor out of poverty through better health care	
Including: 5.1 Investment amount of medical and health resources in poverty – stricken areas	5

Section V Significant Events (continued)

Indicator	Quantity and implementation
6. Poverty alleviation through ecological protection Including: 6.1 Project title	<input type="checkbox"/> Ecological protection and construction <input type="checkbox"/> Establishing Compensation Mode of Ecological Protection <input type="checkbox"/> Establish ecological public welfare post <input checked="" type="checkbox"/> Others
6.2 Amount invested	80
7. Guaranteed basic living standard for people unable to work Including: 7.1 Investment in left-behind children, women and senior people	58.73
7.2 Number of left-behind children, women and senior people assisted (<i>person</i>)	311
7.3 Investment in assisting poor people with physical disabilities	37.22
7.4 Number of poor people with disabilities assisted (<i>person</i>)	146
8. Social poverty alleviation Including: 8.1 Investment in coordinated poverty alleviation in East and West China	-
8.2 Investment in targeted poverty alleviation programs	5
8.3 Charity funds for poverty alleviation	-
9. Other projects Including: 9.1. Number of projects (<i>projects</i>)	16
9.2. Amount invested	356.65
9.3. Number of registered poor people lifted out of poverty (<i>person</i>)	179
9.4. Explanation for other projects	Donation of materials, emergency relief, labor export, and procurement of agricultural and sideline products
<p>III. Honors (contents and levels)</p> <p>Comrade Wang Bangchang was rated as advanced individual of poverty alleviation of Qinghai province, and a poverty alleviation model of Excellent First Secretary in the village by the party committee of Gande county.</p> <p>Comrade Chen Feng was rated as Excellent First Secretary by Hebei Organization Department, Excellent First Secretary in the village of Zhangjiakou city, Agricultural and Rural Advanced Worker of Wanquan district, National Award for Excellent Poverty Alleviation Cadre of Hebei Province.</p> <p>Comrade Kong Hao was rated as Excellent First Secretary by Hebei Organization Department. China Railway First Hospital was rated as Shanxi provincial excellent unit of poverty alleviation. China Railway First Survey and Design Institute Group Co., Ltd. under the Group was accredited as the excellent provincial-level poverty-alleviation entity in Shaanxi Province</p>	

Section V Significant Events (continued)

4. *Subsequent targeted poverty alleviation plan*

In the second half of the year, we will increase project assistance, intellectual assistance and market assistance, and make our due contribution to the realization of the goals for poverty alleviation with more robust measures, more effective organization, greater perseverance and more practical work in accordance with the requirements of Poverty Alleviation Office of the State Council and those of the CPC Committee of the SASAC.

- (1) Improving the ideological understanding. Conscientiously understanding and profoundly grasping a series of new ideas, new opinions and new demands put forward by General Secretary Xi Jinping on poverty alleviation work, to fully understand the extreme importance, complexity and urgency of poverty alleviation work, and to constantly enhance the sense of responsibility and mission. With focus on the requirements of targeted poverty alleviation work, pushing forward the sound poverty alleviation work.
- (2) Playing an active role. We will make the best of the knowledge, skill and resource advantages of our selected cadres so that they can practically solve problems confronting the targeted poor areas. We will help the newly appointed cadres as soon as possible to convert the role, quickly into the role, to change work ideas and working methods, and to really go out from the office, deep into the village, group, and households. By communicating with poverty alleviation objects face-to-face, understanding production, living conditions, and discussing on production and the development of projects, which would help improve the living standards of poverty alleviation objects.
- (3) Innovating modes of assistance. We will continue to connect the advantages of enterprises and the reality of the targeted areas and optimize our work mechanism, focusing on the development of the independent poverty alleviation capacities. We will further improve the precision and efficiency of our targeted support work. For examples, we will train and recruit workers for our construction enterprises, place orders for the farming produces and work suits from the targeted areas and build breeding and planting bases. We will realize precise allocation of resources and precise assistance to poor families through educational donation and one-on-one support programs, and complete the task of poverty alleviation on schedule.

XIII. CONVERTIBLE BONDS

Applicable Not applicable

1. *Issuance of convertible bonds*

During the Reporting Period, the Company did not issue convertible corporate bonds. As of the end of the Reporting Period, the Company has issued two tranches of H share convertible bonds as follows.

(1) **Issuance of USD500,000,000 zero coupon convertible bonds due 2021 (hereinafter referred to as “USD H Share Convertible Bonds”)**

On 29 January 2016, the Company issued 5-year zero coupon convertible bonds overseas at an aggregate principal amount of US\$500,000,000, which will be convertible on or after 10 March 2016 to the close of business on the date falling 10 days prior to its maturity date. The initial conversion price, at which the shares are converted was determined to be HK\$10.30 per H share (converted at a fixed exchange rate of US\$1.00 = HK\$7.7944), which will be subject to adjustments in some cases.

Section V Significant Events (continued)

(2) Issuance of RMB3.450 billion US\$ settled 1.5% convertible bonds due 2021 (hereinafter referred to as “RMB H Share Convertible Bonds”)

On 21 December 2016, the Company issued 5-year 1.5% coupon convertible bonds overseas at an aggregate principal amount of RMB3.45 billion (US\$ settled), which will be convertible on or after 31 January 2017 to the close of business on the date falling 10 days prior to its maturity date. The initial conversion price, at which the shares are converted was determined to be HK\$13.775 per H share (converted at a fixed exchange rate of HK\$1 = RMB0.8898) · which will be subject to adjustments in some cases.

For details in relation to the terms and conditions and others of the above mentioned issuance of convertible bonds of the Company, please see relevant announcements published on 3 June 2015, 29 October 2015, 30 October 2015, 19 January 2016, 28 January 2016, 8 December 2016 and 21 December 2016, respectively, 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).

2. Holders of convertible bonds and guarantors during the Reporting Period

The USD H Share Convertible bonds of US\$500 million issued by the Company on 29 January 2016 and the RMB H Share Convertible Bonds of RMB3.45 billion issued by the Company on 21 December 2016 were held by The Hong Kong and Shanghai Banking Corporation Limited, as the trustee with no guarantee provided. Pursuant to the relevant provisions of terms of the H share 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.

3. Changes in convertible bonds during the Reporting Period

Not Applicable

4. Accumulated conversion of convertible bonds during the Reporting Period

Not Applicable

5. Previous adjustments to conversion price

Currency: HKD

Date of adjustment to conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Note to adjustments to conversion price
19 July 2016	10.15	18 July 2016	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and our corporate website (www.crcc.cn)	Adjustment to conversion price according to the Implementation plan of dividend Distribution for the year 2015
The latest conversion price as of the end of Reporting Period				10.15

Section V Significant Events (continued)

As at the end of the Reporting Period, among the two tranches of H Shares Convertible Bonds issued by the Company, an adjustment was made the conversion price only in respect of the USD H share Convertible Bonds of US\$500 million, details of which are set out in the table above.

As at the date of disclosure of this report, according to the Implementation Plan for Dividend Distribution for the year 2016, on 19 July 2017, an adjustment was made to the conversion prices in respect of the two tranches of H Shares Convertible Bonds issued by the Company. In particular, as for the US\$500 million H Shares Convertible Bonds issued by the Company, the adjusted conversion price was HK\$10.02; as for the RMB3,450 million H Shares Convertible Bonds issued by the Company, the adjusted conversion price was HK\$13.59. For details, please refer to the announcements published by the Company on the 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 company's website (www.crcc.cn) on 18 July 2017.

6. The Company's liabilities, changes in creditworthiness and arrangement of cash for repayment of debts in future years

During the Reporting Period, there was no significant change in the Company's liabilities and creditworthiness. Credit rating granted by each of credit rating agencies to the Company remained unchanged. The initial conversion price of the USD H Share Convertible Bonds of the Company was HK\$10.30 (adjusted conversion price at the end of the Reporting Period: HK\$10.15) and there were several trading days the closing price of which exceeding the initial conversion price during the Reporting Period, and no investor has demanded for conversion, which illustrated the high value of the conversion price of the Company's convertible bonds and the strong will of the investors to hold the Company's convertible bonds. The USD H Share Convertible Bonds of US\$500 million issued by Company bore zero coupons, while the RMB H Share Convertible Bonds of RMB3.45 billion, which are settled in USD, bore a coupon of 1.5%, which is far lower than that of the U.S. dollar bond with the same ratings in the market, both of which were mainly due to the investors' confidence in the Company's share appreciation, who can convert the shares when at a favorable price. Hence, the investors are unlikely to hold the H share convertible bonds issued by the Company for principal to maturity. Even where the holders hold such bonds to maturity, the Company is fully capable of redeeming in full with cash due to the sufficient cash flow and the plenty of credit granted by the banks.

7. Other description of convertible bonds

1. Dilution impact of H Share Convertible Bonds on shares

(1) Dilution impact of USD H Share Convertible Bonds on shares

As at the end of the Reporting Period, the outstanding principal amount of the USD H Share Convertible Bonds was US\$500 million. If all outstanding USD H Share Convertible Bonds were converted based on the adjusted conversion price (HK\$10.15 per H share) as at the end of the Reporting Period, the maximum total number of H shares to be issued by the Company would be 383,960,591 H shares (converted at a fixed exchange rate of US\$1.00 = HK\$7.7944). The Company would have sufficient general mandate to issue the shares upon full conversion to the maximum number of H shares.

Section V Significant Events (continued)

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

Shareholders	Class of shares	Number of shares (share)	Approximate percentage of the issued share capital (%)	If USD H Shares Convertible Bonds were fully converted based on the adjusted conversion price of	
				No conversion of any USD H Share Convertible Bonds	HK\$10.15 per H share at the end of the Reporting Period
				Number of shares (share)	Approximate percentage of the enlarged issued share capital (%)
CRCCG	A share	7,567,395,500	55.73	7,567,395,500	54.19
Public holders of A shares	A share	3,935,850,000	28.98	3,935,850,000	28.19
Public holders of H shares	H share ^{note}	2,076,296,000	15.29	2,460,256,591	17.62
Total	-	13,579,541,500	100.00	13,963,502,091	100.00

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

(2) Dilution impact of RMB H Share Convertible Bonds on shares

As at the end of the Reporting Period, the outstanding principal amount of the RMB H Share Convertible Bonds was RMB3.45 billion. If all outstanding RMB H Share Convertible Bonds were converted based on the initial conversion price (HK\$13.7750 per H share), the maximum total number of H shares to be issued by the Company would be 281,471,927 H shares (based on the fixed exchange rate of RMB0.8898 = HK\$1.00). The Company would have sufficient general mandate to issue the shares upon full conversion to the maximum number of H shares.

Shareholders	Class of shares	Number of shares (share)	Approximate percentage of the issued share capital (%)	If RMB H Shares Convertible Bonds were fully converted based on the adjusted conversion price of	
				No conversion of any RMB H Share Convertible Bonds	HK\$13.7750 per H share at the end of the Reporting Period
				Number of shares (share)	Approximate percentage of the enlarged issued share capital (%)
CRCCG	A share	7,567,395,500	55.73	7,567,395,500	54.59
Public holders of A shares	A share	3,935,850,000	28.98	3,935,850,000	28.40
Public holders of H shares	H share ^{note}	2,076,296,000	15.29	2,357,767,927	17.01
Total	-	13,579,541,500	100.00	13,861,013,427	100.00

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

Section V Significant Events (continued)

As integrated above, diluted earnings per share calculated accordingly are RMB0.46 per share. For analysis of the impact of dilution of earnings per share, please refer to Note V 62. Earnings per share to the Financial Statements of this report.

2. Accounting treatment for H Share Convertible Bonds

(1) Accounting treatment for USD H Share Convertible Bonds

The Group evaluated the fair value of such bonds as at the date of issuance and separated the liability component and financial derivative component for 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 will be proportionally allocated to the liability component and the derivative component based on their respective fair values.

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 2017, the Group revaluated the fair value of the derivatives. The decrease of US\$9,908,000 in derivatives was recognized through profit or loss.

(2) Accounting treatment for RMB H Share Convertible Bonds

The RMB H Share Convertible Bonds issued by the Company contain a liability and an equity component according to their terms. On initial recognition, the liability component and the equity component were separated and treated respectively.

The Group evaluated the fair value of such bonds as at the date of issuance and separated the liability component and equity instruments component for the convertible bonds. In the separation, the initial recognition of liability component is made at the fair value, whereas the total issuance amount shall deduct the initially recognized amount of the portion of liability component recognized as equity; the transaction fees will be allocated on a pro rata basis based on the fair price of the allotment of liability component and equity component at the initial recognition. Transaction fees associated with liability component will be recognized as liability whereas transaction fees associated with equity component will be recognized as other equity instruments. See details in the Note V. 43. Other equity instruments to the Financial Statements of this report.

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. The equity component is not remeasured in subsequent years.

XIV. EXPLANATION ON ENVIRONMENTAL PROTECTION OF COMPANIES AND THEIR SUBSIDIARIES WHICH ARE THE KEY POLLUTERS ANNOUNCED BY THE ENVIRONMENTAL PROTECTION DEPARTMENT

Applicable Not applicable

XV. EXPLANATION ON OTHER SIGNIFICANT EVENTS

1. ***Compared with the last accounting period, the change of accounting policies, accounting estimates and calculation methods and their reasons and impact***

Applicable Not applicable

On 28 April 2017, the Ministry of Finance promulgated the Accounting Standards for Business Enterprises No. 42 – Non-current Assets Held for Sale and Discontinued Operations, which shall be implemented in all enterprises that adopted the Accounting Standards for Business Enterprises since 28 May 2017. The new standard regulated the classification, measurement and presentation of non-current assets held for sale, as well as the presentation of discontinued operations.

On 10 May 2017, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 16 – Government Grant (Revised), which shall be implemented since 12 June 2017. The Accounting Standards for Business Enterprises No. 16 – Government Grant (Revised) further clarified its application scope and clarified the principle for distinguishing government grant from revenue. As for government grant related to assets, it is allowed to write down the carrying amount of related assets; as for government grant related to daily activities of enterprises, it shall be recognized in other income or write down related cost expenses, according to the nature of economic business. Meanwhile, the revised standard added accounting treatment government loans at below-market rate of interest, and specified new requirements on presentation thereof.

Since 2017, the Group has adopted the Accounting Standards for Business Enterprises No. 42 – Non-current Assets and Disposal Groups Held for Sale and Discontinued Operation promulgated by the Ministry of Finance and the Accounting Standards for Business Enterprises No. 16 – Government Grant (Revised) revised by the Ministry of Finance. Such changes in accounting policies did not cause any material impact on the financial position, operating performance, cash flow and future operating results of the Company, nor required the Company to adopt these policies retrospectively. For details, please refer to "34 Changes in significant accounting policies" as set out in Note III to the Financial Statements of this report.

2. ***The correction on significant accounting errors required to be restated, its amount after correction, reasons and impact during the Reporting Period***

Applicable Not applicable

3. ***Others***

Applicable Not applicable

Section V Significant Events (continued)

XVI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company strictly complied with all code provisions of the Company Law, the Securities Law, relevant laws and regulations of Hong Kong and all the code provisions of the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules. In the meantime, in accordance with relevant laws and regulations issued by the supervision department, the Company conducted corporate governance activities, and constantly improved corporate governance structure.

XVII. SUBSEQUENT EVENTS

Not applicable.

Section VI Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

1. 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

Applicable Not applicable

3. Effect of changes in shares on 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 (if any)

Applicable Not applicable

4. Other contents that the Company deemed necessary or security regulatory authorities require to disclose

Applicable Not applicable

2. Changes in shares subject to trading moratorium

Applicable Not applicable

3. 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.

II. PARTICULARS OF SHAREHOLDERS

1. Structure of shareholders

As at 30 June 2017, 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.

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

2. Total number of shareholders

As at 30 June 2017, the total number of shareholders of the Company was 318,967, of which 301,454 were holders of A shares and 17,513 were holders of H shares.

Total number of shareholders as at the end of the Reporting Period (<i>holder</i>)	318,967
Number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period (<i>holder</i>)	N/A

3. 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	536,200	2,060,572,281	15.17	0	Unknown		Overseas legal person
China Securities Finance Corporation Limited	232,437,915	611,079,308	4.50	0	Nil	0	Other
Anbang Asset Management China Merchants Bank - Anbang Asset - Win-Win No.3 Collective Asset Management Product (安邦資管-招商銀行-安邦資產-共贏3號集合資產管理產品)	0	275,253,346	2.03	0	Nil	0	Other
Central Huijin Asset Management Corporation Limited (中央匯金資產管理有限責任公司)	0	141,519,100	1.04	0	Nil	0	Other
Hexie Health Insurance Co., Ltd. - Traditional - General Insurance Product (和諧健康保險股份有限公司-傳統-普通保險產品)	-82,514,342	115,954,126	0.85	0	Nil	0	Other
Anbang Asset - Minsheng Bank - Anbang Asset - Shengshi Selected No.2 Collective Asset Management Product (安邦資產-民生銀行-安邦資產-盛世精選2號集合資產管理產品)	0	86,409,412	0.64	0	Nil	0	Other
Anbang Annuity Insurance Co., Ltd. - Group All Around Products Account (安邦養老保險股份有限公司-團體萬能產品)	-8,409,194	77,539,029	0.57	0	Nil	0	Other
Everbright Pramerica - Bank of Ningbo - Shanghai Chengtuo Holding Co., Ltd. (光大保德信-寧波銀行-上海城投控股股份有限公司)	-5,000,000	57,500,000	0.42	0	Nil	0	Other
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	5,352,851	55,632,217	0.41	0	Nil	0	Overseas legal person

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	2,060,572,281	Overseas listed foreign share	2,060,572,281
China Securities Finance Corporation Limited	611,079,308	RMB ordinary share	611,079,308
Anbang Asset Management China Merchants Bank – Anbang Asset – Win-Win No.3 Collective Asset Management Product (安邦資管 – 招商銀行 – 安邦資產 – 共贏3號集合資產管理產品)	275,253,346	RMB ordinary share	275,253,346
Central Huijin Asset Management Corporation Limited (中央匯金資產管理有限責任公司)	141,519,100	RMB ordinary share	141,519,100
Hexie Health Insurance Co., Ltd. – Traditional – General Insurance Product (和諧健康保險股份有限公司 – 傳統 – 普通保險產品)	115,954,126	RMB ordinary share	115,954,126
Anbang Asset – Minsheng Bank – Anbang Asset – Shengshi Selected No.2 Collective Asset Management Product (安邦資產 – 民生銀行 – 安邦資產 – 盛世精選2號集合資產管理產品)	86,409,412	RMB ordinary share	86,409,412
Anbang Annuity Insurance Co., Ltd. – Group All Around Products Account (安邦養老保險股份有限公司 – 團體萬能產品)	77,539,029	RMB ordinary share	77,539,029
Everbright Pramerica – Bank of Ningbo – Shanghai Chengtuo Holding Co., Ltd. (光大保德信 – 寧波銀行 – 上海城投控股股份有限公司)	57,500,000	RMB ordinary share	57,500,000
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	55,632,217	RMB ordinary share	55,632,217
Explanation on the related-party relationship or concerted action among the above shareholders	HKSCC Nominees Limited and Hong Kong Securities Clearing Company Ltd. (HKSCC) are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Ltd. (HKEx). In addition to the disclosures above, the Company has no information on whether there exists any related-party relationship between the top ten shareholders not subject to trading moratorium and the top ten shareholders and whether the both shareholders belong to the persons acting in concert as specified in the Measures for the Administration of the Acquisition of Listed Companies.		
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 2,060,572,281 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

Applicable Not applicable

4. Top ten shareholders from strategic investors or general legal persons participating in the placing of the new shares

Applicable Not applicable

5. 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 2017, 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:

Unit: Share

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	176,156,421(L)	8.48%	1.30%
		Beneficial owner	13,910,594(S)	0.66%	0.10%
		Custodian/corporation/approved lending agent	98,078,268(P)	4.72%	0.72%
BlackRock, Inc. ^{Note 3}	H share	Interest of corporation controlled by the substantial shareholder	136,969,579(L) 1,448,500(S)	6.60% 0.07%	1.01% 0.01%
The Bank of New York Mellon Corporation ^{Note 4}	H share	Interest of corporation controlled by the substantial shareholder	104,427,363(L) 101,336,201(P)	5.03% 4.88%	0.77% 0.75%

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

Note 2: As at 30 June 2017, JPMorgan Chase & Co. (including certain corporations under its control) held long positions in 176,156,421 H shares and short position in 13,910,594 H shares of the Company.

Note 3: As at 30 June 2017, BlackRock, Inc. held long positions in 136,969,579 H shares and short position in 1,448,500 H shares of the Company through certain corporations under its control.

Note 4: As at 30 June 2017, The Bank of New York Mellon Corporation held long positions in 104,427,363 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 and Senior Management

I. CHANGES IN SHAREHOLDING

1. Changes in shareholding of current and resigned directors, supervisors and senior management during the Reporting Period

Applicable Not applicable

2. Share incentives granted to the directors, supervisors and senior management during the Reporting Period

Applicable Not applicable

3. 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 to the Hong Kong Listing Rules.

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

Applicable Not applicable

Name	Position held	Information on the change
LU Bin	Vice President	Appointed
LI Ning	Vice President	Appointed
WANG Wenzhong	Vice President	Appointed

Explanation on the changes in directors, supervisors and senior management of the Company

Applicable Not applicable

The 42nd meeting of the third session of the Board of the Company considered and approved the Proposal in Relation to the Appointment of Three Persons Including LU Bin as Vice Presidents of the Company on 15 June 2017. Mr. LU Bin, Mr. LI Ning and Mr. WANG Wenzhong were appointed as vice presidents of the Company for a term of office from 15 June 2017 to 28 October 2017 (same term as the existing senior management).

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 to the Hong Kong Listing Rules. After specific enquiries with all directors and supervisors of the Company, the Company confirmed that the Required Standard had been complied with during the Reporting Period.

IV. OTHER EXPLANATION

Applicable Not applicable

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

During the Reporting Period, GE Fuxing, the non-executive director of the Company was appointed as the external director of China International Intellectualtech Corporation since June 2017. There were no changes in biographical details of other directors, supervisors and president of the Company.

2. *Particulars of CSRC waiver on the part-time restriction of senior management of the Company*

During the Reporting Period, the Company received the reply from CSRC, which agreed the waiver on the part-time restriction of Mr. ZHUANG Shangbiao, the executive director, president and the deputy secretary to the Party Committee of the Company and also the general manager of the Controlling Shareholder CRCCG.

3. *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 2016 annual report.

Section IX Particulars of Corporate Bonds

Applicable Not applicable

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

Particulars of interest payment of corporate bonds

Applicable Not applicable

The Company paid the interest of CRCC 2016 renewable corporate bonds (first tranche) from 29 June 2016 to 28 June 2017 on 29 June 2017. The Registration Date is 28 June 2017.

Explanation on other corporate bonds

Applicable Not applicable

II. CONTACT PERSON, CONTACT INFORMATION OF CORPORATE BONDS TRUSTEE MANAGER AND CONTACT INFORMATION OF CREDIT RATING ORGANIZATION

Corporate Bond trustee manager	Name	CITIC Securities Co., Ltd
	Office address	22nd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Contact person	WANG Yanyan, HE Jiarui
Credit rating organization	Contact number	010-60833551, 60833626
	Name	China Chengxin Securities Rating Co., Ltd (中誠信證券評估有限公司)
	Office address	8th floor, Anji Mansion, 760 Xizangnan Road, Huangpu District, Shanghai

Section IX Particulars of Corporate Bonds (continued)

Other explanation

Applicable Not applicable

III. UTILIZATION OF PROCEEDS FROM CORPORATE BONDS

Applicable Not applicable

The application, performance procedure, and the operation of the special account of the proceeds raised from CRCC 2016 renewable corporate bonds (first tranche) were in strict compliance the prospectus and Administrative Measures of the Proceeds Raised by CRCC. Upon the deduction of the issuance fees, all of the proceeds were used for the replenishment of the working capital. At the end of the Reporting Period, the proceeds have been fully utilized.

IV. RATING OF CORPORATE BONDS

Applicable Not applicable

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.

China Cheng Xin Securities Rating Co., Ltd. issued the Report on 24 May 2017 on the Ongoing Credit Rating of the 2016 Renewable Corporate Bonds (First Tranche) of China Railway Construction Corporation Limited (2017), pursuant to which the ongoing credit rating of the subject is maintained at AAA, the credit rating outlook is stable; the credit rating of the Current Bonds is maintained at AAA.

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

Applicable Not applicable

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. CONVENING OF THE MEETING OF BONDHOLDERS

Applicable Not applicable

During the Reporting Period, no meeting of bondholders was held by the Company.

Section IX Particulars of Corporate Bonds (continued)

VII. PERFORMANCE OF CORPORATE BONDS TRUSTEE MANAGER

Applicable Not applicable

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)

Applicable Not applicable

Unit: yuan Currency: RMB

Principal indicators	At the end of Reporting Period	At the end of last year	Increase or decrease of the end of the Reporting Period as compared with the end of last year (%)	Reasons of change
Liquidity ratio	1.25	1.25	-	-
Quick ratio	0.67	0.70	-4.28	-
Gearing ratio	80.95%	80.42%	Increased by 0.53 percentage point	-
Loan repayment ratio	1	1	-	-

Principal indicators	At the end of Reporting Period (January to June)	The corresponding period last year	Increase or decrease of the Reporting Period as compared with the corresponding period of last year (%)	Reasons of change
EBITDA interest coverage multiples	3.82	3.62	5.25	-
Interest repayment ratio	1	1	-	-

Section IX Particulars of Corporate Bonds (continued)

IX. EXPLANATION ON THE INDEBTEDNESS THAT HAS FALLEN DUE

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

The Group has already obtained banking facilities from several PRC banks of up to RMB1,046.2017 billion as at 30 June 2017, of which an amount of approximately RMB369.9140 billion has been utilized.

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

Applicable Not applicable

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

Applicable Not applicable

Section X Financial Report

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

De Shi Bao (Yue) Zi (17) No R00059

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 Company's and consolidated balance sheets as at 30 June 2017, and the Company's and consolidated statements of profit or loss and other comprehensive income, the Company's and consolidated statements of changes in equity and the Company's and consolidated statements of cash flows for the six months then ended, and the notes to the financial statements. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to deliver a report on review of these financial statements based on our review.

We conducted our review in accordance with China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statements. This Standard requires us to plan and perform the review to obtain limited assurance about whether these financial statements are free from material misstatements. A review is limited primarily to procedures as enquiry of entity's 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 accompanying financial statements are not prepared in accordance with the requirement of Accounting Standards for Business Enterprises and can not present fairly, in all material respects, the Company's and consolidated financial position as at 30 June 2017, and operating performance and cash flows for the six months ended 30 June 2017.

Deloitte Touche Tohmatsu CPA LLP

Chinese Certified Public Accountant : **Ma Yanmei**

Chinese Certified Public Accountant: **Xie Yanfeng**

Shanghai, China
29 August 2017

The report on review of interim financial statements and the accompanying financial statements are English translations of the Chinese report on review of interim financial statements and the interim financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and operating performance and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. Where the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Balance Sheet

As at 30 June 2017

RMB '000

ASSETS	Note V	30 June 2017 (unaudited)	31 December 2016
Current assets			
Cash and bank balances	1	111,185,672	128,701,994
Financial assets at fair value through profit or loss	2	233,477	323,376
Bills receivable	3	2,605,878	4,350,580
Accounts receivable	4	139,806,926	133,427,609
Advances to suppliers	5	24,315,226	19,955,611
Interest receivables		184,761	239,390
Dividends receivable		20,452	55,436
Other receivables	6	53,642,375	45,626,287
Inventories	7	295,215,696	265,780,672
Current portion of non-current assets	11	9,216,228	9,618,385
Other current assets	8	4,675,903	3,220,972
Total current assets		641,102,594	611,300,312
Non-current assets			
Loans and advances to customers	9	2,442,250	3,966,000
Available-for-sale financial assets	10	7,839,886	6,554,829
Held-to-maturity investments		41	41
Long-term receivables	11	37,775,061	29,613,115
Long-term equity investments	13	8,998,800	7,936,426
Investment properties	14	3,329,546	3,340,049
Fixed assets	15	43,450,806	42,151,559
Construction in progress	16	3,796,877	3,083,431
Intangible assets	17	50,547,483	45,679,534
Goodwill	18	194,651	194,662
Long-term prepayments		318,799	407,722
Deferred tax assets	19	3,106,601	2,811,397
Other non-current assets	20	2,659,704	2,305,957
Total non-current assets		164,460,505	148,044,722
TOTAL ASSETS		805,563,099	759,345,034

The accompanying notes form part of the financial statements.

The financial statements from page 79 to page 280 are signed by:

Legal Representative:
Meng Fengchao

CFO:
Wang Xiuming

Finance Controller
Cao Xirui

Consolidated Balance Sheet (continued)

As at 30 June 2017

		<i>RMB '000</i>	
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note V</i>	30 June 2017 (unaudited)	31 December 2016
Current liabilities			
Financial liabilities at fair value through profit or loss	21	40,958	–
Short-term loans	22	38,248,993	30,428,522
Due to customers	23	565,155	1,480,764
Due to banks	24	1,900,000	–
Bills payable	25	34,204,206	28,511,489
Accounts payable	26	260,380,403	261,465,985
Advances from customers	27	97,132,406	88,331,508
Employee benefits payable	28	7,922,617	9,069,339
Taxes payable	29	3,456,047	5,577,780
Interest payable	30	1,018,816	1,140,984
Dividends payable	31	2,414,743	612,510
Other payables	32	49,084,562	48,871,784
Current portion of non-current liabilities	33	13,988,971	12,571,980
Other current liabilities	34	2,305,596	2,936,689
Total current liabilities		512,663,473	490,999,334
Non-current liabilities			
Long-term loans	35	91,257,471	69,032,432
Bonds payable	36	43,355,501	44,902,037
Long-term payables	37	1,217,025	1,843,183
Long-term employee benefits payable	38	741,182	969,007
Special payables	39	834,387	723,113
Deferred income	40	596,754	659,569
Deferred tax liabilities	19	306,393	276,491
Other non-current liabilities	41	1,142,626	1,223,882
Total non-current liabilities		139,451,339	119,629,714
Total liabilities		652,114,812	610,629,048
Shareholders' equity			
Share capital	42	13,579,542	13,579,542
Other equity instruments	43	8,400,233	8,400,233
Capital reserve	44	40,427,452	40,430,370
Other comprehensive income	45	333,514	282,944
Special reserve		–	–
Surplus reserve	47	2,394,128	2,394,128
Retained earnings	48	70,167,767	66,099,855
Total equity attributable to shareholders of the Company		135,302,636	131,187,072
Non-controlling interests		18,145,651	17,528,914
Total shareholders' equity		153,448,287	148,715,986
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		805,563,099	759,345,034

Consolidated Statement of profit or loss and other comprehensive income

For the six months ended 30 June 2017

RMB '000

ITEM	Note V	For the six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
Revenue	49	288,960,909	266,727,199
Less: Cost of sales	49	263,410,127	239,399,390
Taxes and surcharges	50	1,595,134	4,397,415
Selling and distribution expenses	51	1,860,302	1,795,919
General and administrative expenses	52	12,131,841	10,930,519
Finance costs	53	1,329,036	2,033,917
Losses from impairment of assets	54	279,296	274,473
Add: Losses on fair value changes	55	(31,333)	(264,514)
Investment income	56	106,739	87,196
Including: Share of profits of associates and joint ventures		8,633	31,223
Other income	57	9,041	–
Operating profit		8,439,620	7,718,248
Add: Non-operating income	58	537,108	258,908
Including: Gains on disposal of non-current assets		56,553	45,005
Less: Non-operating expenses	59	212,066	211,107
Including: Losses on disposal of non-current assets		51,495	132,612
Profit before tax	60	8,764,662	7,766,049
Less: Income tax expenses	61	1,845,025	1,566,860
Net profit		6,919,637	6,199,189
Net profit attributable to shareholders of the Company		6,523,039	5,822,183
Profit or loss attributable to non-controlling interests		396,598	377,006

Consolidated Statement of profit or loss and other comprehensive income (continued)

For the six months ended 30 June 2017

RMB '000

ITEM	Note V	For the six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
Other comprehensive income, net of tax		48,027	(397,792)
Other comprehensive income/(loss) attributable to shareholders of the Company, net of tax	45	50,570	(395,266)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement of defined benefit obligation, net of tax		15,913	2,677
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Shares of other comprehensive income that will be reclassified subsequently into profit or loss by the investee under equity method		50,828	87,715
Losses from changes in fair value of available-for-sale financial assets		(28,854)	(448,678)
Exchange differences on translation of foreign operations		12,683	(36,980)
Other comprehensive loss attributable to non-controlling interests, net of tax		(2,543)	(2,526)
Total comprehensive income		6,967,664	5,801,397
Total comprehensive income attributable to shareholders of the Company		6,573,609	5,426,917
Total comprehensive income attributable to non-controlling interests		394,055	374,480
Earnings per share:			
Basic earnings per share (RMB/share)	62	0.48	0.43
Diluted earnings per share (RMB/share)	62	0.46	0.42

Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

RMB '000

ITEM	Note V	For the six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from the sale of goods or rendering of services		299,003,026	269,200,586
Refunds of tax		134,885	258,784
Net decrease in loans and advances to customers		1,523,750	–
Net increase in due to customers and due to banks		984,391	–
Cash received from other operating activities	63(1)	3,714,017	3,823,848
Subtotal of cash inflows from operating activities		305,360,069	273,283,218
Cash paid for goods and services		283,227,927	234,682,436
Net increase in loans and advances to customers		–	400,000
Net decrease in due to customers and due to banks		–	10,907,365
Net increase in balances with the central bank		302,024	97,935
Cash paid to and on behalf of employees		24,088,312	21,323,153
Cash paid for all taxes		17,083,617	16,246,277
Cash paid for other operating activities	63(2)	6,115,047	3,365,847
Subtotal of cash outflows from operating activities		330,816,927	287,023,013
Net cash flows used in operating activities	64(1)	(25,456,858)	(13,739,795)
2. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		50,000	499,428
Cash received from investment income		133,903	54,064
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		431,905	978,450
Net decrease in cash and bank balances with title restrictions		–	2,772,455
Cash received from other investing activities		135,124	672,979
Subtotal of cash inflows from investing activities		750,932	4,977,376
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		12,842,025	13,006,380
Cash paid for acquisition of investments		2,411,096	2,021,953
Net increase in cash and bank balances with title restrictions		669,426	–
Cash paid for other investing activities		1,612,260	–
Subtotal of cash outflows from investing activities		17,534,807	15,028,333
Net cash flows used in investing activities		(16,783,875)	(10,050,957)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2017

RMB '000

ITEM	Note V	For the six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		601,431	9,058,001
Including: Cash received from non-controlling shareholders of subsidiaries		601,431	1,065,897
Cash received from issuing bonds		–	13,021,105
Cash received from borrowings		59,122,769	49,548,033
Subtotal of cash inflows from financing activities		59,724,200	71,627,139
Cash repayments for borrowings		30,034,098	47,205,028
Cash paid for distribution of dividends or profits and for interest expenses		5,688,194	4,325,161
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		315,266	271,533
Subtotal of cash outflows from financing activities		35,722,292	51,530,189
Net cash flows generated from financing activities		24,001,908	20,096,950
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(248,947)	70,372
5. NET DECREASE IN CASH AND CASH EQUIVALENTS		(18,487,772)	(3,623,430)
Add: Cash and cash equivalents at beginning of the period	64(2)	117,534,022	108,470,553
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	64(2)	99,046,250	104,847,123

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

RMB '000

ITEM	For the six months ended 30 June 2017 (unaudited)									
	Equity attributable to owners of the Company									
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
1. As at 1 January 2017	13,579,542	8,400,233	40,430,370	282,944	-	2,394,128	66,099,855	131,187,072	17,528,914	148,715,986
2. Increase(decrease) during the period	-	-	(2,918)	50,570	-	-	4,067,912	4,115,564	616,737	4,732,301
(a) Total comprehensive income	-	-	-	50,570	-	-	6,523,039	6,573,609	394,055	6,967,664
(b) Capital contributions and withdrawals by shareholders	-	-	-	-	-	-	-	-	601,431	601,431
(1) Capital contributions by shareholders	-	-	-	-	-	-	-	-	601,431	601,431
(c) Profit distribution	-	-	-	-	-	-	(2,455,127)	(2,455,127)	(431,218)	(2,886,345)
(1) Distribution to shareholders (Note V.48)	-	-	-	-	-	-	(2,455,127)	(2,455,127)	(431,218)	(2,886,345)
(d) Special reserve (Note V.46)	-	-	-	-	-	-	-	-	-	-
(1) Appropriated in current period	-	-	-	-	3,433,650	-	-	3,433,650	-	3,433,650
(2) Used in current period	-	-	-	-	(3,433,650)	-	-	(3,433,650)	-	(3,433,650)
(e) Others	-	-	(2,918)	-	-	-	-	(2,918)	52,469	49,551
1. Others	-	-	(2,918)	-	-	-	-	(2,918)	52,469	49,551
3. As at 30 June 2017	13,579,542	8,400,233	40,427,452	333,514	-	2,394,128	70,167,767	135,302,636	18,145,651	153,448,287

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2017

RMB '000

ITEM	For the six months ended 30 June 2016 (unaudited)									
	Equity attributable to owners of the Company									Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	
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	-	7,992,104	(667)	(395,266)	-	-	3,785,252	11,381,423	1,168,844	12,550,267
(a) Total comprehensive income	-	-	-	(395,266)	-	-	5,822,183	5,426,917	374,480	5,801,397
(b) Capital contributions and withdrawals by shareholders	-	7,992,104	-	-	-	-	-	7,992,104	1,065,897	9,058,001
(1) Capital contributions by shareholders (Note)	-	7,992,104	-	-	-	-	-	7,992,104	1,065,897	9,058,001
(c) Profit distribution	-	-	-	-	-	-	(2,036,931)	(2,036,931)	(271,533)	(2,308,464)
(1) Distribution to shareholders	-	-	-	-	-	-	(2,036,931)	(2,036,931)	(271,533)	(2,308,464)
(d) Special reserve (Note V.46)	-	-	-	-	-	-	-	-	-	-
(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	-	-	(667)	-	-	-	-	(667)	-	(667)
(1) Others	-	-	(667)	-	-	-	-	(667)	-	(667)
3. As at 30 June 2016	13,579,542	7,992,104	764,478	40,393,734	-	2,120,232	58,196,324	123,046,414	18,323,018	141,369,432

Note: On 29 June 2016, the Company issued 2016 renewable corporate bonds (first tranche) in an aggregate principal amount of RMB8,000,000,000. The net proceeds amounting to RMB7,992,104,000, net of expenses of issuance, were included in other equity instruments. Refer to Note V.43 for details.

The Company's Balance Sheet

As at 30 June 2017

RMB '000

ASSET	Note XIV	30 June 2017 (unaudited)	31 December 2016
Current assets			
Cash and bank balances		20,497,184	16,061,169
Financial assets at fair value through profit or loss		39,332	39,105
Accounts receivable	1	3,682,573	4,412,636
Advances to suppliers		581,002	506,637
Dividends receivable		545,758	–
Other receivables	2	35,352,583	41,774,347
Inventories		1,549,424	5,019,420
Other current assets		38,107	17,439
Total current assets		62,285,963	67,830,753
Non-current assets			
Available-for-sale financial assets		321,454	297,013
Long-term receivables		3,980,000	–
Long-term equity investments	3	86,318,299	85,173,817
Fixed assets		24,467	29,658
Construction in progress		23,645	22,964
Intangible assets		15,440	15,235
Long-term prepayments		4,435	–
Deferred tax assets		60,150	83,643
Total non-current assets		90,747,890	85,622,330
TOTAL ASSETS		153,033,853	153,453,083

The Company's Balance Sheet (continued)

As at 30 June 2017

		<i>RMB '000</i>	
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note XIV</i>	30 June 2017 (unaudited)	31 December 2016
Current liabilities			
Accounts payable		5,253,059	5,382,841
Advances from customers		1,210,797	5,971,120
Employee benefits payable		91,174	83,044
Taxes payable		16,371	66,466
Interest payable		344,277	366,461
Dividends payable		2,172,727	–
Other payables	4	24,254,805	24,430,686
Current portion of non-current liabilities		2,282,713	281,625
Other current liabilities		442,100	30,830
Total current liabilities		36,068,023	36,613,073
Non-current liabilities			
Long-term loans	5	10,499,639	12,570,981
Bonds payable		23,238,541	23,167,894
Long-term payables		10,000	31,250
Long-term employee benefits payable		16,840	16,840
Deferred tax liabilities		50,349	44,182
Other non-current liabilities		1,051,683	1,145,654
Total non-current liabilities		34,867,052	36,976,801
Total liabilities		70,935,075	73,589,874
Shareholders' equity			
Share capital		13,579,542	13,579,542
Capital reserve		46,493,552	46,493,552
Other comprehensive income		124,879	106,548
Other equity instruments		8,400,233	8,400,233
Surplus reserve		2,394,128	2,394,128
Retained earnings		11,106,444	8,889,206
Total shareholders' equity		82,098,778	79,863,209
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		153,033,853	153,453,083

The Company's Statement of profit or loss and other comprehensive income

For the six months ended 30 June 2017

RMB '000

ITEM	Note XIV	For the six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
Revenue	6	6,894,535	3,523,422
Less: Cost of sales		6,602,418	3,314,523
Taxes and surcharges		1,644	7,665
Selling and distribution expenses		3,404	6,161
General and administrative expenses		183,114	168,907
Finance costs	7	31,754	483,738
Add: Gains(losses) on fair value changes		94,199	(241,977)
Investment income	8	4,529,310	3,679,293
Including: Share of losses of joint ventures		(1,731)	(77)
Operating profit		4,695,710	2,979,744
Add: Non-operating income		901	1,105
Including: Gains on disposal of non-current assets		19	–
Less: Non-operating expenses		699	660
Including: Losses on disposal of non-current assets		94	150
Profit before tax		4,695,912	2,980,189
Less: Income tax expenses(income)		23,547	(60,493)
Net profit		4,672,365	3,040,682
Other comprehensive income, net of tax		18,331	(50,175)
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gains(losses) from changes in fair value of available-for-sale financial assets		18,331	(50,175)
Total comprehensive income		4,690,696	2,990,507

The Company's Statement of Cash Flows

For the six months ended 30 June 2017

RMB '000

ITEM	Note XIV	For the six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from the sale of goods or rendering of services		6,724,411	2,850,106
Cash received from other operating activities		8,537,424	2,488,705
Subtotal of cash inflows from operating activities		15,261,835	5,338,811
Cash paid for goods and services		7,195,643	3,911,507
Cash paid to and on behalf of employees		93,132	99,434
Cash paid for all taxes		34,653	43,179
Cash paid for other operating activities		6,127,512	1,044,330
Subtotal of cash outflows from operating activities		13,450,940	5,098,450
Net cash flows generated from operating activities	9(1)	1,810,895	240,361
2. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from investment income		4,945,753	3,520,642
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,123	431
Cash received from other investing activities		838,872	957,797
Subtotal of cash inflows from investing activities		5,790,748	4,478,870
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		9,144	13,422
Cash paid for acquisition of investments		1,146,213	4,160,000
Net increase in cash and bank balances with title restrictions		–	1,500,000
Cash paid for other investing activities		692,660	92,500
Subtotal of cash outflows from investing activities		1,848,017	5,765,922
Net cash flows generated from/(used in) investing activities		3,942,731	(1,287,052)

The Company's Statement of Cash Flows (continued)

For the six months ended 30 June 2017

RMB '000

ITEM	Note XIV	For the six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		–	7,992,104
Cash received from borrowings		2,000,000	2,800,000
Cash received from issuing bonds		–	3,275,800
Subtotal of cash inflows from financing activities		2,000,000	14,067,904
Cash repayments for borrowings		2,077,500	8,099,289
Cash paid for distribution of dividends or profits and for interest expenses		1,097,587	1,119,538
Subtotal of cash outflows from financing activities		3,175,087	9,218,827
Net cash flows (used in)/generated from financing activities		(1,175,087)	4,849,077
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS			
		(142,523)	6,210
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at beginning of the period	9(2)	13,198,369	7,819,754
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
	9(2)	17,634,385	11,628,350

The Company's Statement of Changes in Equity

For the six months ended 30 June 2017

RMB '000

ITEM	For the six months ended 30 June 2017 (unaudited)						
	Share capital	Capital reserve	Other comprehensive income	Other equity instruments	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2017	13,579,542	46,493,552	106,548	8,400,233	2,394,128	8,889,206	79,863,209
2. Increase(decrease) during the period	-	-	18,331	-	-	2,217,238	2,235,569
(a) Total comprehensive income	-	-	18,331	-	-	4,672,365	4,690,696
(b) Profit distribution	-	-	-	-	-	(2,455,127)	(2,455,127)
1. Distribution to shareholders (Note V.48)	-	-	-	-	-	(2,455,127)	(2,455,127)
3. As at 30 June 2017	13,579,542	46,493,552	124,879	8,400,233	2,394,128	11,106,444	82,098,778

RMB '000

ITEM	For the six months ended 30 June 2016 (unaudited)						
	Share capital	Capital reserve	Other comprehensive income	Other equity instruments	Surplus reserve	Retained earnings	Total equity
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 year	-	-	(50,175)	7,992,104	-	1,003,751	8,945,680
(a) Total comprehensive income	-	-	(50,175)	-	-	3,040,682	2,990,507
(b) Capital contributions by shareholders	-	-	-	7,992,104	-	-	7,992,104
1. Capital contributions by shareholders	-	-	-	7,992,104	-	-	7,992,104
(c) Profit distribution	-	-	-	-	-	(2,036,931)	(2,036,931)
1. Distribution to shareholders (Note V.48)	-	-	-	-	-	(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

Notes to the Financial Statements

For the six months ended 30 June 2017

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”) on 5 November 2007. The Company’s shares have been listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The registered address 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 Company’s parent and ultimate holding company is China Railway Construction Corporation (“CRCCG”), a company registered in PRC.

These financial statements were approved and authorised for issue by the board of directors of the Company on 29 August 2017.

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

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared by the Group on a going-concern basis in accordance with Accounting Standards for Business Enterprises and other relevant provisions issued and revised subsequently by the Ministry of Finance (collectively referred to as “Accounting Standards for Business Enterprises”).

The Group has adopted accrual basis for accounting measurement. The financial statements have been presented under the historical cost, except for certain financial assets which have been measured at fair value. If the assets are impaired, the corresponding provisions for impairment shall be made according to relevant requirements.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING 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 decline in value of inventories, the depreciation methods and the depreciation rates of the fixed assets, the amortisation methods of the intangible assets, the method of impairment testing, and the policy for 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 2017 and the company’s and consolidated financial performance and cash flows for the six months ended 30 June 2017 in accordance with Accounting Standards for Business Enterprises.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

2. *Accounting period*

The accounting year of the Group is from 1 January to 31 December of each calendar year. The reporting period for this financial statements starts from 1 January to 30 June 2017.

3. *Functional currency*

The Company and its domestic subsidiaries' reporting and presentation currency is Renminbi ("RMB").

The overseas subsidiaries of the Company may determine their own functional currencies based on their specific economic environments. In preparation of the financial statements, their functional currencies shall be translated into RMB.

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.

4.1 **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 and liabilities (including the goodwill recognised by the ultimate controlling party in acquisition of the acquiree) 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4. *Business combinations (Continued)*

4.2 **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.

4.3 **Acquire assets through the acquisition of subsidiaries**

For the acquisition of subsidiaries not constituting a business, the acquisition cost is allocated to each single identifiable asset and liability at fair value, and no goodwill or bargain purchase gain will be recognized.

5. *Consolidated financial statements*

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Consolidated financial statements (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "non-controlling interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "profit or loss attributable to non-controlling interests" in the consolidated statement of profit or loss and other comprehensive income below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against non-controlling interests.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Consolidated financial statements (Continued)

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

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 measured its joint operations under equity method, please refer to Note III. 13.3.2.

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 into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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 spot exchange rate ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currencies at the spot exchange rate ruling at the balance sheet date. All differences are recognized in profit or loss, except those related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization 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 spot exchange rates at the transaction dates.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange spot rate at the date the fair value is determined; the exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates functional currencies of overseas financial statements into RMB financial statements. All assets and liabilities are translated at the spot exchange rates ruling at the balance sheet date; the shareholders' equity, with the exception of retained earnings, is translated at the spot exchange rates ruling at the transaction dates; all income and expense items in the statement of profit or loss and other comprehensive income are translated at the spot exchange rates at the transaction dates. Exchange fluctuations arising from the translations 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 profit or loss in the same period.

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

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.1 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 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.

9.2 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.2 Classification and measurement of financial assets (Continued)

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 subsequently 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.3 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 consist of financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition. 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 financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

9.4 Offsetting financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. *Financial instruments (Continued)*

9.5 **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.

9.6 **Convertible bonds**

The Group evaluates the terms of the convertible bonds to determine whether it contains both the liability and equity components. If the convertible bond contains both the liability and equity components, 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 equity component 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 separately as derivative financial instruments. On initial recognition, the derivative financial component and liability component are measured at fair value. 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 profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.7 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

9.8 Impairment of financial assets

Except for financial assets at fair value through profit or loss, the Group assesses at each 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 accordingly.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.8 Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of 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 reversed amortised cost would have been had the impairment loss not been recognised at the date the impairment.

Available-for-sale financial assets

When an available-for-sale financial asset at fair value is impaired, the cumulative loss arising from decline in fair value previously recognised directly in other comprehensive income is reclassified from other comprehensive income to profit or loss. The amount of the cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. *Financial instruments (Continued)*

9.9 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

10. *Receivables*

The Group's receivables comprise accounts receivable, 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.

10.1 **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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Receivables (Continued)

10.2 Receivables for which provision for impairment is assessed collectively in a group

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 unless the Group has no accounts receivable with similar credit risk characteristics. 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 receivables
	%	%
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.

10.3 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 receivables' 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 the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. *Inventories*

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

Inventories are initially carried at 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 using the weighted average method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortized using immediate write off, 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 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 gross profits (less: recognised losses), less progress billings and provision for foreseeable contract losses.

Construction contract costs are measured 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 gross profits (losses) exceed progress billings, the gross amount due from customers for contract work in inventories is presented as a current asset. For an individual contract whose progress billings exceed costs incurred to date plus recognised gross profits (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 the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term equity investments

13.1 Basis for determining joint control and significant influence

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require 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 determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

13.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree on the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition on the date of combination. For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not under common control, this should be dealt with for whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as transaction to acquire control. If it does not belong to 'package deal', the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. When the equity held was accounted for under equity method, relevant other comprehensive income is not accounted temporarily; when the equity held was accounted for available-for-sale financial assets, the difference between the fair value and carrying amount, together with the cumulative changes in fair value recognized in other comprehensive income are included in profit or loss for the current period.

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fee, etc. and other related administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term equity investments (Continued)

13.2 Determination of initial investment cost (Continued)

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with *Accounting Standard for Business Enterprises No.22-Financial Instruments; Recognition and Measurement* (ASBE No. 22) and the additional investment cost.

13.3 Subsequent measurement and recognition of profit or loss

13.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

13.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term equity investments (Continued)

13.3 Subsequent measurement and recognition of profit or loss (Continued)

13.3.2 Long-term equity investment accounted for using the equity method (Continued)

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or other comprehensive income respectively for the period. Meanwhile, the carrying amount of long-term equity investments will be adjusted accordingly; for the share of the investee's profit or cash dividends declared by the investee, the carrying amount of long-term equity should be decreased accordingly; for changes in owner's equity rather than the investee's net profit or loss, other comprehensive income and profit distribution, carrying amount of long-term equity investments should be adjusted and included in capital reserve. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investee adopts different accounting policies and accounting period with the Company's, the financial statements are adjusted in accordance with the Company's accounting policies and accounting period, and then investment income and other comprehensive income are recognized. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized profit or loss resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term equity investments (Continued)

13.4 Disposal of long-term equity investments

For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted on the basis of directly disposed related assets and liabilities of investee and carried forward proportionately; Other owners' equity recognised from changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognized in profit or loss of current period and carried forward proportionately. For a long-term equity investment accounted for using the cost method, if remaining shares after the disposal are still accounted for using the cost method, other comprehensive income recognised before controlling the investee according to equity method or recognition and measurement of financial instruments, accounted for on the basis of directly disposed related assets and liabilities of the investee, and recognized in profit or loss for the period and carried forward proportionately; changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution are carried forward and recognized in profit or loss for the current period.

The Group loses control on investee due to disposal of part of shares, during preparing separate financial statement, remaining shares after disposal can make joint control or significant influence on investee, are accounted under equity method, and adjust them as they are accounted under equity method from acquisition date; if remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instrument, and the difference between fair value on date of losing control and carrying amount is recognized in profit or loss for the current period.

14. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. *Investment properties (Continued)*

When the Group has evidence indicating the self-occupied houses and buildings are converted to leasing or leasing out its properties held for sale under operating leases, the carrying amount of such fixed asset, intangible assets or inventories before the conversion are transferred to investment properties.

When the Group has evidence indicating the property held to earn rentals or for capital appreciation are converted to self-occupation or the property intended for operating lease purpose are open for sale, the carrying amount of such properties before the conversion are transferred to fixed assets, intangible asset or inventories.

15. *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, the cost of the fixed asset shall be determined based on the present value of the instalment payments. 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*.

The accelerated depreciation method is adopted for depreciation of the fixed assets specifically used for research and development. The units of production method is adopted for the depreciation of the large-scaled construction equipment. For other fixed assets, the straight-line method is adopted.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Fixed assets (Continued)

For fixed assets depreciated with the straight-line method, The estimated useful lives, estimated residual values rates and annual depreciation rates by category are as follows:

Category	Estimated residual value rate	Useful life	Annual depreciation rate
Buildings	5%	20–35 years	2.71%–4.75%
Construction 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 estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year end, and adjustments are made when necessary.

16. 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 when the asset is ready for its intended use.

17. 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 the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. *Borrowing costs (Continued)*

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

- (1) expenditures for the asset have incurred;
- (2) borrowing costs have 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.

18. *Intangible assets*

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Intangible assets (Continued)

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 unit 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 year end.

18.1 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 of self-developed buildings including plants are measured as intangible assets and buildings are 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.

18.2 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 in the "concession rights" under intangible assets included in the balance sheet. 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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Intangible assets (Continued)

18.3 Mining rights

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

18.4 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.

19. 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.

20. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Provisions (Continued)

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 each 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.

21. 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.

21.1 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 the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Revenue (Continued)

21.1 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 probably to be 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.

21.2 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 probably will be recovered, 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Revenue (Continued)

21.2 Revenue from the rendering of services (Continued)

When the Group has entered into a contract or agreement with other enterprises on both the sale of goods and the rendering of services, if the portions of the sale of goods and the rendering of services can be separately identified and measured, they are accounted for separately; if the portions of the sale 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.

21.3 Revenue from 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 sale 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 sale of goods is measured at the fair value of the consideration receivable stipulated in the contract or agreement.

21.4 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.

21.5 Royalty income

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

21.6 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. Based on the nature of the recipient stipulated in the government documents, Government grants are classified as government grants related to income and government grants related to assets.

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. 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 non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

22.1 Judgement basis and accounting treatments for government grants related to assets

Government grants related to assets refer to those acquired by enterprises for the purpose of purchasing or constructing or forming other long-term assets.

Government grants related to assets are charged against carrying amount in related assets.

22.2 Judgement basis and accounting treatments for government grants related to income

Government grants related to income refer to those other than grants related to assets.

For a government grant related to income, 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. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

Government grants related to enterprise's daily activities are included in other income in accordance with its economic substance. Otherwise, government grants are included in non-operating income or expense.

For repayment of a government grant already recognised, adjust the carrying amount of assets when government grants were charged against carrying amount of the related assets at initial recognition; if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. Otherwise, the grant is recognised immediately in profit or loss for the period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Government grants (Continued)

22.3 Relocation compensation received due to public interests

The Group receives relocation compensation directly from the government for the benefit of public interests such as urban overall planning, reservoir construction, and renovation of shantytowns and subsidence area control. The relocation compensation is paid out of financial budgets by the government and is recognised as special payable when received. Therein 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 recognised as government grants relating to assets and government grants related to income accordingly. Excess of the relocation compensation over the amount transferred to deferred income should be recorded in capital reserve.

23. Income tax

Income tax comprises current and deferred tax. Income tax is recognised as income or expense in 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 temporary 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;
- (2) taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not 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:

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. *Income tax (Continued)*

- (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;
- (2) deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, 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.

24. *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.

24.1 **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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Leases (Continued)

24.2 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.

24.3 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.

24.4 Leaseback transaction

When the lease back transactions are recognized as finance leases, the difference between the selling price and the carrying amount of the assets are deferred and allocated based on the depreciation progress of such leased asset, which provide a basis for adjustment on depreciation.

25. 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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. *Impairment of assets (Continued)*

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.

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.

26. *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' spouses, children, dependent, and families of deceased employees and other beneficiaries also belong to employee benefits.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. *Employee benefits (Continued)*

26.1 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.

26.2 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.

26.3 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 reversed to 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.

26.4 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 the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. *Employee benefits (Continued)*

26.5 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.

26.6 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.

27. *Debt restructuring*

27.1 Recording of debt restructuring obligation as the debtor

When a debt is settled by cash in a debt restructuring, the difference between the carrying amount of the debt and the cash actually paid is recognised in profit or loss for the period. When a debt is satisfied by a transfer of non-cash asset(s), the difference between the carrying amount of the debt and the fair value of the non-cash asset(s) transferred is recognised in profit or loss for the period. The difference between the fair value of the non-cash asset(s) transferred and its (their) carrying amount(s) is recognised in profit or loss for the period.

When a debt is converted into capital in a debt restructuring, the difference between the carrying amount of the debt and the fair value of the capital issued to the creditor is recognised in profit or loss for the period.

When a debt restructuring involves the modification of other terms of a debt, the restructured debt is recorded at the fair value of the debt with the modified terms. The difference between the carrying amount of the original debt and the recorded amount of the restructured debt is recognised in profit or loss for the period.

When a debt restructuring adopts a combination of various methods, the carrying amount of the debt is reduced by, and in the sequence of, the cash payment, the fair value of the non-cash asset(s) transferred and the fair value of the capital issued to the creditor, and is then accounted for using the same treatment as the above debt restructuring involving the modification of other terms of a debt.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Debt restructuring (Continued)

27.2 Recording of debt restructuring obligation as the creditor

When a debt is settled by cash in a debt restructuring, the difference between the carrying amount of the debt receivable and the cash received is recognised in profit or loss for the period. When a debt is satisfied by a transfer of non-cash asset(s), the difference between the carrying amount of the debt receivable and the fair value of the non-cash asset(s) received is recognised in profit or loss for the period.

When a debt is converted into capital in a debt restructuring, the difference between the carrying amount of the debt receivable and the fair value of the equity interest in the debtor received is recognised in profit or loss for the period.

When a debt restructuring involves the modification of other terms of a debt, the restructured debt receivable is recorded at the fair value of the debt receivable with the modified terms. The difference between the carrying amount of the original debt receivable and the carrying amount of the restructured debt receivable is recognised in profit or loss for the period.

When a debt restructuring adopts a combination of various methods, the carrying amount of the debt receivable is reduced by, and in sequence of, the cash received, the fair value of the non-cash asset(s) obtained and the fair value of the equity interest in the debtor received, and is then accounted for using the same treatment as the above debt restructuring involving the modification of other terms of a debt.

If a provision has been made for impairment loss on the debt receivable, the above difference first reduces the impairment provision and any excess is then recognised in profit or loss for the period.

28. Exchange of non-monetary assets

When the non-monetary assets are of commercial substance and the fair value of assets received or the assets given up can be measured reliably, the fair value of the assets given up (except where there is clear evidence indicating the fair value of received assets are more reliable) and related taxes payable are recognized as the cost of the received assets, and the difference between the fair value and the carrying amount of assets given up are recognized in profit or loss for the current period. When the non-monetary assets fail to meet criteria above, the carrying amount the assets given up and relevant taxes payable are recognized as the cost of the assets received with no profit or loss being recognized.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. *Exchange of non-monetary assets (Continued)*

Where several assets are received at the same time in an exchange of non-monetary assets and if the exchange transaction has commercial substance and the fair values of the assets received can be measured reliably, the cost of each asset received is determined by apportioning the total cost of all assets received based on the proportion of the fair value of each asset received to the total fair value of all assets received. If the exchange transaction has no commercial substance, or although the transaction has commercial substance, the fair values of the assets received cannot be measured reliably, the cost of each asset received is determined by apportioning the total cost of all assets received based on the proportion of the original carrying amount of each asset received to the total carrying amount of all assets received.

29. *Distribution of profit*

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

30. *Other financial instruments including 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.

31. *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* (Cai Qi [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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. *Fair value measurement*

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. Regardless of whether that price is directly observable or estimated using another valuation technique, fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that they can access at the measurement date;

Level 2: Inputs are inputs, other than quoted process included within level, that are observable for the asset or liability, either directly or in directly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

33. *Significant accounting judgements and estimates*

The preparation of the financial statements requires management to make judgements, 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 may result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

At the balance sheet date, key assumptions and uncertainties that are probably lead to significant future adjustments on the carrying amount of assets and liabilities are as follows:

Impairment of available-for-sale financial assets

The Group determines if available-for-sale investments are not temporarily impaired in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. The determination requires significant judgement. In making this judgement, 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 judgements.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Significant accounting judgements and estimates (Continued)

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 judgement 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 size and dispersion of other shareholders' interests.

Determination of control over structured entities

The Group invests in several structured entities which are mainly engaged in infrastructure construction. Based on the assessment in accordance with the Accounting Standard for Business Enterprise No. 33 – Consolidated Financial Statements (Revised), the Group consolidates certain structured entities over which it has control and accounts for as joint ventures when it has joint control over the structured entities. For those that the Group has neither control nor joint control over, the Group accounts for as available-for-sale financial assets.

When the Group acts as a manager in a structured entity, the Group should determine whether the Group is a key responsible party or an agent in order to assess whether the Group controls and consolidates the structured entity. In assessing and applying its judgement, the Group considers and reassesses the factors comprehensively, such as the scope of decision-making rights of the manager, substantial rights held by other parties, the level of compensation received in relation to the management services rendered by the manager and the exposures of variable returns arising from any other arrangements.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Significant accounting judgements and estimates (Continued)

Amortization of concession rights of highways

If the assets under the concession arrangement acquired by the "Build-Operate-Transfer" (BOT) participating in the construction of the expressway is applicable to intangible asset model, the concession rights is amortized at the early stage of operation period based on expected realization approach of associated economic benefits using traffic volume method or straight-line method. In the case of traffic volume method amortization (namely, calculating the total annual amortization amount based on the percentage of actual traffic volume in certain years in the estimated total traffic volumes), amortization calculation is initiated since the operation of the relevant turnpike highways.

The Group's management made judgements on the proportion of actual traffic volume in the total estimated traffic volume. Where the difference between the actual amount and the estimation is great, the management will re-estimate the total estimated traffic volume based on the actual traffic volume and adjust the amortization of annual provisions for standard traffic volumes in subsequent years.

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. In cases where the actual future profits generated are less than the estimation, such difference will influence on or change the deferred tax assets and income tax recognized in the relevant period.

Completion percentage of construction contracts

The Group recognises revenue according to the percentage of completion of individual contracts for construction work. The stage of completion is estimated by the management with 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, a foreseeable loss may arise.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Significant accounting judgements and estimates (Continued)

Impairment of receivables

The Group provides 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 receivable balances, customers' credit ratings, and historical write-off experience.

Provision for properties under development and impairment of completed properties held for sale

The Group makes a provision for properties under development and completed properties held for sale when their net realisable values 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 prevailing market prices for similar properties in the same location and condition, estimated costs to be incurred to completion of the properties and discount rates.

The Group estimated the net realizable value for completed properties held for sale based on the selling price, sales projections, sales expenses to be incurred and relevant tax expenses.

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 a liability. The amounts of employee benefit expenses and liabilities are determined using various assumptions, estimated using 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 in other comprehensive income in the period in which such differences arise. While management believes that its assumptions are reasonable, 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 the Financial Statements (continued)

For the six months ended 30 June 2017

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Changes in significant accounting policies

The Group has adopted the amended *Accounting Standards for Business Enterprises No.16- Government Grants (Revised)* and *Accounting Standards for Business Enterprises No. 42- Non-current Assets Held for Sale and Discontinued Operations* since 2017.

The Group accounted for government grants existing prior to 1 January 2017 retrospectively in accordance with the *Accounting Standards for Business Enterprises No.16- Government Grants (Revised)*. Government grants received after 1 January 2017 are accounted using the accounting policies described in Note III. 22.

The issue of *Accounting Standards for Business Enterprises No. 42- Non-current Assets Held for Sale and Discontinued Operations* has no significant influence on these financial statements.

IV. TAXES

1. Major categories of taxes and respective tax rates

Category	Tax basis	Tax rate
Value-added tax ("VAT")	Sales revenue and construction installation income in accordance with relevant tax law	3%, 6%, 11%, 17%
Enterprise income tax ("EIT")	Taxable income	All enterprises are subject to EIT at 25% except for some domestic subsidiaries qualified for tax preferential (Note IV, 2) and overseas subsidiaries that are subject to EIT in accordance with the local tax laws applicable to the jurisdiction where the company was registered.
City maintenance and construction tax ("CCT")	Based on the actual VAT payment	1%, 5%, 7%
Educational surcharge	Based on the actual VAT payment	3%
Local educational surcharge	Based on the actual VAT payment	2%
Land appreciation tax ("LAT")	calculate LAT based on the appreciation amount arising from the transfer of properties and the extra progressive tax rate	Extra progressive tax rate: 30%, 40%, 50%, 60%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

IV. TAXES (Continued)

2. Tax preferential

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

Pursuant to Chapter IV, Item 1 of Article 30 of the Law of the PRC on Enterprise Income Tax Law (the “New EIT 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), the Company and its subsidiaries complying with the relevant provisions can make a super deduction on their research and development expenditures when calculating the taxable income.

Tax preferential 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 preference for the Western Region Development are valid until 2020. According to the Circular, “from 1 January 2011 to 31 December 2020, enterprise 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 from 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 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 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 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 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 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),

IV. TAXES (Continued)

2. Tax preferential (Continued)

Tax preferential for the Western Region Development (Continued)

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同), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公同), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公同), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公同), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公同), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公同), China Railway 23rd Bureau Group Chengdu Engineering Co., Ltd. (中鐵二十三局集團成都工程有限公同), China Railway Electrification Bureau Group Xi'an Electrical Product Co., Ltd. (中鐵建電氣化局集團西安電氣化製品有限公同), China Railway Chongqing Urban Rail Transit Engineering Co., Ltd. (中鐵建重慶軌道環線建設有限公同), China Railway First Survey and Design Institute Group Ltd. (中鐵第一勘察設計院集團有限公同), Shaanxi Runtong Electric Engineering Co., Ltd. (陝西潤通電氣化工程有限公同), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通通信與自動化控制工程有限公同), Lanzhou Railway Survey and Design Institute Co., Ltd. (蘭州鐵道設計院有限公同), Xi'an China Railway No.1 Airport Investment Development Co., Ltd. (西安中鐵一院空港投資發展有限公同), China Railway Construction Heavy Industry Xinjiang Co., Ltd. (鐵建重工新疆有限公同), Lanzhou Tunnel Equipment Co., Ltd. of China Railway Heavy Industry Group (中國鐵建重工集團蘭州隧道裝備有限公同), China Railway Longchang Materials Co., Ltd. (中鐵隆昌鐵路器材有限公同), Chengdu China Railway Project Management Co., Ltd. (成都中鐵建項目建設管理有限公同), Sichuan CRCC Subway Investment Management Co., Ltd. (四川中鐵建地鐵投資管理有限公同), Chongqing Zhongyou Tiefa Suiyu Industrial Co., Ltd. (重慶中油鐵發渝遂實業有限公同), Chongqing Tiefa Suiyu Highway Co., Ltd. (重慶鐵發遂渝高速公路有限公同) CRCC High-tech Equipment Co., Ltd. (中國鐵建高新裝備股份有限公同) and Kunming Guangweitong Machinery Co., Ltd. (昆明廣維通機械設備有限公同) were approved and entitled to enjoy the preferential enterprise income tax at 15% in 2016 for the Western Region Development temporarily after confirmation by the local tax authorities; And above companies will carry on the preferential enterprise income tax rate at 15% in 2017 if they are qualified as "enterprises' 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" and such qualifications are approved by local tax authorities.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries

China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司): (1) its subsidiaries including China Railway 11th Bureau Group 1st Engineering Co., Ltd (中鐵十一局集團第一工程有限公司), China Railway 11th Bureau Group 2nd Engineering Co., Ltd (中鐵十一局集團第二工程有限公司), China Railway 11th Bureau Group 3rd Engineering Co., Ltd (中鐵十一局集團第三工程有限公司), China Railway 11th Bureau Group 4th Engineering Co., Ltd (中鐵十一局集團第四工程有限公司) and China Railway 11th Bureau Group City Rail Engineering Co., Ltd. (中鐵十一局集團城市軌道工程有限公司) have been recognized as High-tech enterprises by Science and Technology Department of Hubei Province, Hubei Provincial Finance Service, Hubei Provincial Office, SAT, and Hubei Local Taxation Bureau since 2016, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018; (2) its subsidiary China Railway 11th Bureau Group Bridge Engineering Co., Ltd (中鐵十一局集團橋樑有限公司) has been recognized as a High-tech Enterprise by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Finance Department, Jiangxi Provincial Office, SAT and Jiangxi Local Taxation Bureau since 2016, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018; (3) its subsidiaries including China Railway 11th Bureau Group Electrical Engineering Co., Ltd. (中鐵十一局集團電務工程有限公司) and Hanjiang Heavy Industry Co., Ltd. of China Railway 11th Bureau Group (中鐵十一局集團江漢重工有限公司) have been recognized as High-tech enterprises by Science and Technology Department of Hubei Province, Hubei Provincial Finance Service, Hubei Provincial Office, SAT, and Hubei Local Taxation Bureau since 2015, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017.

China Railway 12th Bureau Group Co., Ltd (中鐵十二局集團有限公司): (1) its subsidiaries China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團第二工程有限公司) and China Railway 12th Bureau Group 3rd Engineering Co., Ltd (中鐵十二局集團第三工程有限公司) have been recognized as High-tech enterprises by The Shanxi Science and Technology Department, Shanxi Provincial Finance Department, Shanxi Provincial Office, SAT and Shanxi Local Taxation Bureau since 2015, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (2) its subsidiary Electrical Engineering Co., Ltd. of China Railway 12th Bureau Group (中鐵十二局集團電氣化工程有限公司) has been recognized as a High-tech enterprise in 2015 by Tianjin Municipal Science and Technology Commission, Tianjin Municipal Finance Department, Tianjin Municipal Office, SAT and Tianjin Local Taxation Bureau since 2015, and is entitled to enjoy the preferential income tax rate at 15% since 1 January 2015 till 31 December 2017; (3) its subsidiary China Railway 12th Bureau Group 7th Engineering Co., Ltd. (中鐵十二局集團第七工程有限公司) has been recognized as a High-tech enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Finance Department, Hunan Provincial Office, SAT, and Hunan Local Taxation Bureau since 2016, and is entitled to enjoy the preferential income tax rate at 15% since 1 January 2016 till 31 December 2018.

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax 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): (1) China Railway Construction Bridge Engineering Bureau Group Co., Ltd. has been recognized as a High-tech enterprise by Tianjin Municipal Science and Technology Commission, Tianjin Municipal Finance Department, Tianjin Municipal Office, SAT and Tianjin Local Taxation Bureau since 2016, and is entitled to enjoy the preferential income tax rate at 15% since 1 January 2016 till 31 December 2018; (2) its subsidiary 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-tech 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 Income Tax rate of 15% from 1 January 2015 till 31 December 2017; (3) China Railway Construction Bridge Engineering Bureau Group 4th Engineering Co., Ltd. (中鐵建大橋工程局集團有限公司第四工程有限公司) has been recognised as a High-tech Enterprise by the Science and Technology Department of Heilongjiang Province, Heilongjiang Provincial Department of Finance, Heilongjiang State Administration of Taxation and the Heilongjiang Local Taxation Bureau since 2016, and is entitled to enjoy a preferential Income Tax rate of 15% from 1 January 2016 till 31 December 2018; (4) China Railway Zhuzhou Bridge Co., Ltd. (中鐵株洲橋樑有限公司) has been recognized as a High-tech enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Finance Department, Hunan Provincial Office, SAT, and Hunan Local Taxation Bureau since 2016, and is entitled to enjoy a preferential income tax rate at 15% from 1 January 2016 till 31 December 2018.

China Railway 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司): (1) its subsidiary Beijing China Railway Fangshan Bridge Co., Ltd (北京中鐵房山橋樑有限公司) has been recognized as a High-tech enterprise by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Department, Beijing Municipal Office, SAT, and Beijing Local Taxation Bureau since 2015 and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2015 till 31 December 2017. (2) its subsidiary China Railway 14th Bureau Group Electrification Engineering Co., Ltd.(中鐵十四局集團電氣化工程有限公司) and 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) have been recognized as a High-tech enterprise by China Shandong Provincial Science & Technology Department, Shandong Provincial Finance Department, Shandong Provincial Office, SAT, and Shandong Local Taxation Bureau since 2015, and is entitled to enjoy a preferential income tax rate at 15% from 1 January 2015 till 31 December 2017.

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司) has been recognized as a High-tech enterprise by Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Department, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation since 2015, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2015 till 31 December 2017.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司): (1) China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) and its subsidiary China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) have been recognised as High-tech Enterprises 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 are entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (2) its subsidiary 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-tech 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 enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (3) its subsidiary 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-tech 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 enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (4) its subsidiaries including China Railway 16th Bureau Group 4th Engineering Co., Ltd. (中鐵十六局集團第四工程有限公司), China Railway 16th Bureau Group Beijing Metro Engineering Co., Ltd. (中鐵十六局集團北京軌道交通工程建設有限公司), China Railway 16th Bureau Group Metro Engineering Co., Ltd. (中鐵十六局集團地鐵工程有限公司) and China Railway 16th Bureau Group Electrical Engineering Co., Ltd. (中鐵十六局集團電務工程有限公司) have been recognised as High-tech Enterprises 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 2016, and are entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018; (5) China Railway 16th Bureau Group 5th Engineering Co., Ltd. (中鐵十六局集團第五工程有限公司) has been recognised as a High-tech Enterprise by the Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, Hebei Provincial Office, SAT and Hebei Local Taxation Bureau since 2015, and is entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018.

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司)'s subsidiaries including China Railway 17th Bureau Group 1st Engineering Co., Ltd. (中鐵十七局集團第一工程有限公司), China Railway 17th Bureau Group Construction Engineering Co., Ltd. (中鐵十七局集團建築工程有限公司) and China Railway 17th Bureau Group Electrification Engineering Co., Ltd. (中鐵十七局集團電氣化工程有限公司) have been recognized as High-tech enterprises by The Shanxi Science and Technology Department, Shanxi Provincial Finance Department, Shanxi Provincial Office, SAT and Shanxi Local Taxation Bureau since 2016, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018.

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司): (1) its subsidiary 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-tech 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 enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (2) its subsidiary China Railway 19th Bureau Group 5th Engineering Co., Ltd. (中鐵十九局集團有限公司第五工程有限公司) has been recognised as a High-tech Enterprise by the Dalian Municipal Science and Technology Commission, Dalian Municipal Bureau of Finance, Dalian Municipal Office of the State Administration of Taxation and the Dalian Local Taxation Bureau since 2016, and is entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018; (3) its subsidiary 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-tech 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 enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (4) 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-tech 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 enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017;

China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司)'s subsidiary China Railway 20th Bureau Group 4th Engineering Co., Ltd. (中鐵二十局集團有限公司第四工程有限公司) has been recognised as a High-tech Enterprise by the Qingdao Municipal Science and Technology Commission, Qingdao Municipal Bureau of Finance, Qingdao Municipal Office of the State Administration of Taxation and the Qingdao Local Taxation Bureau since 2016, and is entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2016 to 31 December 2018.

China Railway 22nd Bureau Group Co., Ltd. (中鐵二十二局集團有限公司): China Railway 22nd Bureau Group Co., Ltd. (中鐵二十二局集團有限公司) and its subsidiary China Railway 22nd Bureau Group 1st Engineering Co., Ltd. (中鐵二十二局集團有限公司第一工程有限公司) have been recognised as High-tech Enterprises 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 2016, and are entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018.

China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司)'s subsidiaries including Beijing CRCC Decoration Engineering Co., Ltd. (北京中鐵裝飾工程有限公司) and China Railway Construction Group Equipment Co., Ltd. (中鐵建設集團設備安裝有限公司) have been recognised as High-tech Enterprises 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 2016, and are entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax 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): (1) China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司) and its subsidiary 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) have been recognised as High-tech Enterprises 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 are entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (2) 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-tech 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 enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (3) 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-tech 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 enterprise income tax rate at 15% from 1 January 2015 to 31 December 2017; (4) 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-tech 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 enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (5) China Railway Construction Electrification Bureau Group 1st Engineering Co., Ltd. (中鐵建電氣化局集團第一工程有限公司) has been recognised as a High-tech Enterprise by the Henan Provincial Science and Technology Department, Henan Provincial Department of Finance, Henan State Administration of Taxation and the Henan Local Taxation Bureau since 2016, and is entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2016 to 31 December 2018; (6) China Railway Construction Electrification Bureau Group 2nd Engineering Co., Ltd. (中鐵建電氣化局集團第二工程有限公司) has been recognised as a High-tech 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 2016, and is entitled to enjoy a preferential enterprise income rate at 15% from 1 January 2016 till 31 December 2018; (7) China Railway Construction Electrification Bureau Group 3rd Engineering Co., Ltd. (中鐵建電氣化局集團第三工程有限公司) has been recognised as a High-tech 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 2016, and is entitled to enjoy a preferential enterprise income rate at 15% from 1 January 2016 till 31 December 2018; (8) China Railway Construction Electrification Bureau Group 5th Engineering Co., Ltd. (中鐵建電氣化局集團第五工程有限公司) has been recognised as a High-tech Enterprise by the Sichuan Provincial Science and Technology Department, Sichuan Provincial Department of Finance, Sichuan State Administration of Taxation and the Sichuan Local Taxation Bureau since 2016, and is entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018.

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司)'s subsidiary CRCC Harbour & Channel Engineering Bureau Group Survey & Design Institute Co., Ltd. (中鐵建港航局集團勘察設計院有限公司) has been recognised as a High-tech Enterprise by the Guangdong Provincial Science and Technology Department, Guangdong Provincial Department of Finance, Guangdong State Administration of Taxation and the Guangdong Local Taxation Bureau since 2016, and is entitled to enjoy a preferential enterprise income tax rate of 15% from 1 January 2016 to 31 December 2018.

CRCC Urban Construction Group Co., Ltd. (中鐵城建集團有限公司): (1) CRCC Urban Construction Group Co., Ltd. (中鐵城建集團有限公司) has been recognized as a High-tech enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Finance Department, Hunan Provincial Office, SAT, and Hunan Local Taxation Bureau since 2015, and is entitled to enjoy the preferential income tax rate at 15% since 1 January 2015 till 31 December 2017; (2) CRCC Urban Construction Group 1st Engineering Co., Ltd. (中鐵城建集團第一工程有限公司) has been recognized as a High-tech enterprise by The Shanxi Science and Technology Department, Shanxi Provincial Finance Department, Shanxi Provincial Office, SAT and Shanxi Local Taxation Bureau since 2015, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (3) CRCC Urban Construction Group 2nd Engineering Co., Ltd. (中鐵城建集團第二工程有限公司) has been recognised as a High-tech 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 enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (4) 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-tech 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.

China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團有限公司)'s subsidiary Wuhan Railway No.4 Institute Engineering Consulting Co., Ltd. (武漢鐵四院工程諮詢有限公司) has been recognized as a High-tech enterprise by Science and Technology Department of Hubei Province, Hubei Provincial Finance Service, Hubei Provincial Office, SAT, and Hubei Local Taxation Bureau since 2016, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2016 till 31 December 2018.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

CRCC High-tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司):(1) its subsidiaries including Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) and Beijing Kunweitong Railway Engineering Machinery Co., Ltd. (北京昆維通鐵路機械化工程有限公司) have been recognised as High-tech Enterprises 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 are entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017; (2) its subsidiary 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-tech Enterprise by the Science and Technology Department of Yunnan Province, Yunnan Provincial Department of Finance, Yunnan State Administration of Taxation and the Yunnan Local Taxation Bureau since 2015, and is entitled to enjoy a preferential enterprise income tax rate at 15% from 1 January 2015 till 31 December 2017.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Cash on hand	139,487	132,932
Cash at banks	101,554,694	119,450,551
Other cash and bank balances	5,306,498	5,235,542
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	4,184,993	3,882,969
Total	111,185,672	128,701,994

Cash and bank balances with title restrictions were stated in Note V.65.

As at 30 June 2017, the Group held foreign cash and bank balances amounting to RMB10,886,065,000 (31 December 2016: RMB11,098,429,000), and held no restricted deposits (31 December 2016: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Cash and bank balances (Continued)

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.

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Cash and bank balances at the end of the period/year	111,185,672	128,701,994
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	4,184,993	3,882,969
Less: Non-pledged time deposits with original maturity of three months or more when acquired	2,832,848	2,593,632
Less: other restricted cash and bank balances	5,121,581	4,691,371
Cash and cash equivalents at end of the period/year	99,046,250	117,534,022
Less: cash and cash equivalents at beginning of the period/year	117,534,022	108,470,553
Net (decrease) increase in cash and cash equivalents	(18,487,772)	9,063,469

2. Financial assets at fair value through profit or loss

RMB '000

	30 June 2017 (unaudited)	31 December 2016
Equity instruments	233,477	238,803
Derivative financial assets	-	84,573
Total	233,477	323,376

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Bills receivable

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Commercial acceptance bills	1,020,879	2,079,419
Bank acceptance bills	1,584,999	2,271,161
Total	2,605,878	4,350,580

As at 30 June 2017, there were no bills receivable pledged in external entities (31 December 2016: Nil).

As at 30 June 2017, the Group had RMB1,425,166,000 (31 December 2016: RMB403,731,000) non-matured bills receivable which had right of recourse and had been discounted or endorsed to other parties, in which the Group derecognized bills receivable of RMB1,425,166,000 (31 December 2016: RMB403,731,000) as the Group considered that all risks and rewards of the ownership has been transferred from the discounted or endorsed bills receivables since there is extremely low risk of the acceptor's inability to cash the bills upon expiry due to the acceptor's good reputation.

As at 30 June 2017, there were no bills receivable transferred to accounts receivable due to non-compliance of drawer of a bill (31 December 2016: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable

The majority of the Group's revenue 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, credit periods ranging from 30 to 90 days are 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 receivable. Accounts receivable are non-interest-bearing.

An ageing analysis of accounts receivable is presented as follows:

RMB '000

Aging	30 June 2017 (unaudited)	31 December 2016
Within 1 year	126,037,452	119,281,249
1 to 2 years	10,741,832	10,306,759
2 to 3 years	3,378,267	4,382,882
Over 3 years	2,860,440	2,621,564
Sub-total	143,017,991	136,592,454
Less: Provision for bad debts	3,211,065	3,164,845
Total	139,806,926	133,427,609

Movements in the provision for bad debts are listed as below:

RMB '000

Item	For the six months ended 30 June 2017 (unaudited)	2016
Opening balance	3,164,845	2,778,311
Provision for the period/year	246,156	813,770
Decrease for the period/year -Reversal	175,444	418,843
Decrease for the period/year- Write-off	24,492	7,173
Transfer out	-	1,220
Closing balance	3,211,065	3,164,845

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

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

RMB '000

Category	30 June 2017 (unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Individually significant and subject to separate provision for bad debts	27,782,944	19.43	2,175,755	7.83
Bad debt provision assessed by credit risk portfolio	109,054,537	76.25	224,729	0.21
Individually not significant but subject to separate provision for bad debts	6,180,510	4.32	810,581	13.12
Total	143,017,991	100.00	3,211,065	2.25

RMB '000

Category	31 December 2016			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Individually significant and subject to separate provision for bad debts	21,901,342	16.03	2,219,605	10.13
Bad debt provision assessed by credit risk portfolio	110,683,396	81.04	204,633	0.18
Individually not significant but subject to separate provision for bad debts	4,007,716	2.93	740,607	18.48
Total	136,592,454	100.00	3,164,845	2.32

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

As at 30 June 2017, accounts receivable which were individually significant and subject to separate provision for bad debts were listed as below (unaudited):

RMB '000

Due from	Gross carrying amount	Provision for bad debts	Percentage%	Reason
Company 1	241,519	202,449	83.82	Note
Company 2	161,567	129,253	80.00	Note
Company 3	142,279	135,165	95.00	Note
Company 4	96,705	96,705	100.00	Note
Company 5	91,601	91,601	100.00	Note
Others	27,049,273	1,520,582	5.62	–
Total	27,782,944	2,175,755	7.83	–

As at 31 December 2016, Accounts receivable which were individually significant and subject to separate provision for bad debts were listed as below:

RMB '000

Due from	Gross carrying amount	Provision for bad debts	Percentage %	Reason
Company 1	241,519	173,146	71.69	Note
Company 2	161,567	105,018	65.00	Note
Company 3	142,279	135,165	95.00	Note
Company 4	96,705	96,705	100.00	Note
Company 5	91,601	91,601	100.00	Note
Others	21,167,671	1,617,970	7.64	–
Total	21,901,342	2,219,605	10.13	–

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

Accounts receivable whose bad debt provision are assessed by credit risk portfolio are listed as below:

RMB '000

Aging	30 June 2017 (unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Within 6 months	107,676,998	98.74	–	–
6 months to 1 year	471,101	0.43	2,356	0.50
1 to 2 years	232,447	0.21	11,622	5.00
2 to 3 years	302,019	0.28	30,202	10.00
Over 3 years	371,972	0.34	180,549	48.54
Total	109,054,537	100.00	224,729	0.21

RMB '000

Aging	31 December 2016			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Within 6 months	109,718,254	99.13	–	–
6 months to 1 year	181,439	0.16	907	0.50
1 to 2 years	270,629	0.25	13,531	5.00
2 to 3 years	209,503	0.19	20,950	10.00
Over 3 years	303,571	0.27	169,245	55.75
Total	110,683,396	100.00	204,633	0.18

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

As at 30 June 2017, accounts receivable from the five largest customers were listed as below (unaudited):

RMB '000

Due from	Relationship with the Group	Amount	Aging	Percentage of total accounts receivable (%)
Company 1	Third party	1,116,772	Within 1 year	0.78
Company 2	Third party	1,095,401	Within 2 years	0.77
Company 3	Third party	976,284	Within 1 year	0.68
Company 4	Third party	938,085	Within 1 year	0.66
Company 5	Third party	904,988	Within 1 year	0.63
Total	–	5,031,530	–	3.52

As at 31 December 2016, accounts receivable from the five largest customers were listed as below:

RMB '000

Due from	Relationship with the Group	Amount	Aging	Percentage of total accounts receivable (%)
Company 1	Third party	1,200,473	Within 1 year	0.88
Company 2	Third party	1,189,329	Within 1 year	0.87
Company 3	Third party	1,178,921	Within 1 year	0.86
Company 4	Third party	1,042,654	Within 1 year	0.76
Company 5	Third party	1,015,759	Within 1 year	0.74
Total	–	5,627,136	–	4.11

For the six months ended 30 June 2017, the write-off of accounts receivable amounted to RMB24,492,000 (For the six months ended 30 June 2016: RMB4,335,000).

The restricted accounts receivable of the Group are stated in Note V.65.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Advances to suppliers

An ageing analysis of the advances to suppliers is listed as below:

RMB '000

Aging	30 June 2017 (unaudited)		31 December 2016	
	Gross carrying amount	Percentage %	Gross carrying amount	Percentage %
Within 1 year	23,696,253	97.45	19,476,042	97.60
1 to 2 years	381,198	1.57	233,135	1.17
2 to 3 years	147,776	0.61	152,095	0.76
Over 3 years	89,999	0.37	94,339	0.47
Total	24,315,226	100.00	19,955,611	100.00

As at the balance sheet date, significant advances to suppliers aged over one year were listed as below:

RMB '000

Company name	30 June 2017 (unaudited)	Business nature
Company 1	90,000	Prepayment for materials
Company 2	71,932	Prepayment for materials
Company 3	30,001	Prepayment for materials
Company 4	30,000	Prepayment for materials
Company 5	29,519	Prepayment for materials
Total	251,452	–

RMB '000

Company name	31 December 2016	Business nature
Company 1	30,001	Prepayment for materials
Company 2	30,000	Prepayment for materials
Company 3	29,519	Prepayment for materials
Company 4	16,010	Prepayment for materials
Company 5	90,000	Prepayment for materials
Total	195,530	–

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Advances to suppliers (Continued)

As at 30 June 2017, advances to the five largest suppliers were listed as below (unaudited):

RMB '000

Company name	Relationship with the Group	Amount	Time for prepayment	Percentage of total advances to suppliers (%)
Company 1	Third party	805,000	Within 1 year	3.31
Company 2	Third party	240,000	Within 3 years	0.99
Company 3	Third party	182,474	Within 1 year	0.75
Company 4	Third party	162,245	Within 1 year	0.67
Company 5	Third party	131,250	Within 1 year	0.54
Total	–	1,520,969	–	6.26

As at 31 December 2016, advances to the five largest suppliers were listed as below:

RMB '000

Company name	Relationship with the Group	Amount	Time for prepayment	Percentage of total advances to suppliers (%)
Company 1	Third party	153,992	Within 1 year	0.77
Company 2	Third party	150,580	Within 1 year	0.75
Company 3	Third party	138,568	Within 1 year	0.70
Company 4	Third party	131,885	Within 1 year	0.66
Company 5	Third party	129,357	Within 1 year	0.65
Total	–	704,382	–	3.53

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables

An ageing analysis of other receivables is listed as below:

RMB '000

Aging	30 June 2017 (unaudited)	31 December 2016
Within 1 year	50,279,301	42,998,903
1 to 2 years	2,746,559	2,590,252
2 to 3 years	2,100,960	1,580,055
Over 3 years	1,916,192	1,786,787
Sub-total	57,043,012	48,955,997
Less: Provision for bad debts	3,400,637	3,329,710
Total	53,642,375	45,626,287

Movements in the provision for bad debts are listed as below:

RMB '000

Item	For the six months ended 30 June 2017 (unaudited)	2016
Opening balance	3,329,710	3,061,871
Provision for the period/year	206,781	357,181
Transfer in for the period/year	–	182,894
Decrease for the period/year -Reversal	131,782	278,782
Decrease for the period/year- write-off	4,072	12,071
Others	–	18,617
Closing balance	3,400,637	3,329,710

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

Other receivables whose bad debt provision are assessed by credit risk portfolio are listed as below:

RMB '000

Category	30 June 2017 (unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Individually significant and subject to separate provision for bad debts	9,273,643	16.26	3,080,552	33.22
Bad debt provision assessed by credit risk portfolio	43,034,372	75.44	71,034	0.17
Individually not significant but subject to separate provision for bad debts	4,734,997	8.30	249,051	5.26
Total	57,043,012	100.00	3,400,637	5.96

RMB '000

Category	31 December 2016			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Individually significant and subject to separate provision for bad debts	5,133,310	10.49	2,951,943	57.51
Bad debt provision assessed by credit risk portfolio	38,740,956	79.13	84,473	0.22
Individually not significant but subject to separate provision for bad debts	5,081,731	10.38	293,294	5.77
Total	48,955,997	100.00	3,329,710	6.80

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

As at 30 June 2017, other receivables which are individually significant and subject to separate provision for bad debts were listed as below (unaudited):

RMB '000

Company name	Gross carrying amount	Provision for bad debts	Percentage %	Reason
Company 1	218,172	218,172	100.00	Note
Company 2	138,003	138,003	100.00	Note
Company 3	97,372	97,372	100.00	Note
Company 4	73,640	73,640	100.00	Note
Company 5	60,631	60,631	100.00	Note
Others	8,685,825	2,492,734	28.70	–
Total	9,273,643	3,080,552	33.22	–

As at 31 December 2016, other receivables which were individually significant and subject to separate provision for bad debts were listed as below:

RMB '000

Company name	Gross carrying amount	Provision for bad debts	Percentage %	Reason
Company 1	218,172	218,172	100.00	Note
Company 2	138,003	138,003	100.00	Note
Company 3	97,372	97,372	100.00	Note
Company 4	73,640	73,640	100.00	Note
Company 5	65,421	65,421	100.00	Note
Others	4,540,702	2,359,335	51.96	–
Total	5,133,310	2,951,943	57.51	–

Note: According to the ageing analysis of the other receivables and operation of the companies, the Group recorded all provision for bad debts.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

Other receivables whose bad debt provision are assessed by credit risk portfolio are listed as below:

RMB '000

Aging	30 June 2017 (unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Within 6 months	42,630,442	99.06	–	–
6 months to 1 year	38,357	0.09	192	0.50
1 to 2 years	190,193	0.44	9,509	5.00
2 to 3 years	112,817	0.26	11,282	10.00
Over 3 years	62,563	0.15	50,051	80.00
Total	43,034,372	100.00	71,034	0.17

RMB '000

Aging	31 December 2016			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Within 6 months	38,352,931	99.00	–	–
6 months to 1 year	74,364	0.19	372	0.50
1 to 2 years	131,147	0.34	6,557	5.00
2 to 3 years	97,810	0.25	9,781	10.00
Over 3 years	84,704	0.22	67,763	80.00
Total	38,740,956	100.00	84,473	0.22

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

For the six months ended 30 June 2017, the write-off of other receivables amounted to RMB4,072,000 (for the six months ended 30 June 2016: RMB1,470,000).

Other receivables are analyzed by nature as below:

RMB '000

Nature	30 June 2017 (unaudited)	31 December 2016
Security deposit/cash pledged	26,666,170	26,106,086
Loans for cooperative development project	16,066,886	10,019,965
Advance payments	4,266,558	3,595,945
Others	10,043,398	9,234,001
Total	57,043,012	48,955,997

As at 30 June 2017, other receivables from the five largest customers were listed as below (unaudited):

RMB '000

Company name	Amount	Percentage of total other receivables (%)	Nature	Aging	Provision for bad debts
Company 1	3,000,000	5.26	Loans for cooperative development project	Within 1 year	-
Company 2	2,933,377	5.14	Loans for cooperative development project	Within 1 year	-
Company 3	2,592,282	4.54	Loans for cooperative development project	Within 1 year	-
Company 4	1,910,570	3.35	Loans for cooperative development project	Within 1 year	-
Company 5	1,827,313	3.20	Loans for cooperative development project	Within 1 year	-
Total	12,263,542	21.49	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

As at 31 December 2016, other receivables from the five largest customers were listed as below:

RMB '000

Company name	Amount	Percentage of total other receivables (%)	Nature	Aging	Provision for bad debts
Company 1	2,407,923	4.92	Loans for cooperative development project	Within 1 year	–
Company 2	1,804,231	3.68	Loans for cooperative development project	Within 1 year	–
Company 3	1,184,241	2.42	Loans for cooperative development project	Within 1 year	–
Company 4	1,035,420	2.12	Loans for cooperative development project	Within 1 year	–
Company 5	1,020,039	2.08	Bid bond	Within 1 year	–
Total	7,451,854	15.22	–	–	–

As at 30 June 2017, the Group's main government grants receivable was listed as below (unaudited):

RMB '000

Subsidy	Amount	Aging	Estimated time of receipt	Basis
Preferential subsidy for Xiusong Project	97,000	Within 1 year	June 2018	Preferential Subsidy Agreement for Project Investment

7. Inventories

RMB '000

Item	30 June 2017 (unaudited)		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	23,091,550	19,560	23,071,990
Work in progress	1,857,592	–	1,857,592
Finished goods	5,579,158	259,687	5,319,471
Turnover materials	10,719,190	–	10,719,190
Properties under development (1)	106,099,233	–	106,099,233
Completed properties held for sale (2)	16,188,611	99,493	16,089,118
Gross amount due from contract customers (3)	132,449,885	390,783	132,059,102
Total	295,985,219	769,523	295,215,696

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories (Continued)

RMB '000

Item	31 December 2016		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	20,107,132	19,410	20,087,722
Work in progress	1,244,417	–	1,244,417
Finished goods	4,781,079	159,658	4,621,421
Turnover materials	7,830,423	–	7,830,423
Properties under development (1)	87,632,598	–	87,632,598
Completed properties held for sale (2)	18,351,998	100,437	18,251,561
Gross amount due from contract customers (3)	126,554,813	442,283	126,112,530
Total	266,502,460	721,788	265,780,672

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

RMB '000

For the six months ended 30 June 2017 (unaudited)	1 January 2017	Additions	Reductions		30 June 2017
		Provision	Reversal	Write-off and others	
Raw materials	19,410	307	–	157	19,560
Finished goods	159,658	104,305	4,255	21	259,687
Completed properties held for sale	100,437	–	–	944	99,493
Provision for foreseeable contract losses	442,283	9,340	33,918	26,922	390,783
Total	721,788	113,952	38,173	28,044	769,523

RMB '000

2016	1 January 2016	Additions	Reductions		31 December 2016
		Provision	Reversal	Write-off and others	
Raw materials	24,484	4,228	8,228	1,074	19,410
Finished good	161,446	16,384	1,898	16,274	159,658
Completed properties held for sale	72,335	28,102	–	–	100,437
Provision for foreseeable contract losses	533,862	67,409	39,445	119,543	442,283
Total	792,127	116,123	49,571	136,891	721,788

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories (Continued)

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

RMB '000

Project name	Construction commencement date	Estimated latest completion date	Estimated aggregate investment amount	30 June	31 December
				2017 (unaudited)	2016
CRCC Suyuan Tugua Project	October 2017	November 2019	13,086,170	7,879,325	3,221,450
Chongqing Cuntanzongdi Project	December 2016	June 2020	9,403,210	4,418,887	2,337,805
Tianjin CRCC International City Project	November 2011	December 2017	13,488,300	4,354,126	4,147,603
Xiangxie International Project	December 2015	December 2018	6,723,010	4,237,457	3,950,945
Chengdu Beihu Xinqu Project	August 2013	December 2017	7,891,826	4,149,214	3,856,186
CRCC Ideologist Project	October 2017	December 2019	7,706,558	3,847,617	-
Jiangnan International City Project	December 2014	December 2017	4,435,050	3,503,000	3,218,924
Nananhuayu Project	December 2014	December 2017	4,685,086	3,137,365	4,043,529
Xi'an CRCC International City Project	August 2011	December 2017	9,773,964	3,089,207	3,048,816
Jiangsu Qingxiu City Project	June 2014	April 2018	6,600,000	2,794,350	2,578,358
Chengdu CRCC Wu Hou Tie Fo Project	December 2015	March 2018	4,291,377	2,506,536	2,259,609
Chengdu CRCC Wu Hou Tie Fo Zone 7 Project	May 2016	November 2020	4,679,074	2,256,236	2,131,115
Chengdu CRCC Xipai Lan'an Project	November 2013	December 2018	5,194,937	2,232,449	2,105,489
CRCC Guiyang International City Project	September 2007	December 2017	11,752,000	1,953,194	2,480,948
Jiucheng Yihao Project	September 2014	October 2017	2,146,890	1,941,638	1,880,771
CRCC Yangchun Hupan	April 2014	December 2019	2,855,090	1,640,222	1,660,614
Hangzhou West Lake International City Project	December 2015	August 2018	2,674,690	1,735,666	1,652,233
Hangzhou CRCC International City Project	March 2011	August 2018	6,257,800	1,617,675	2,088,875
Guangzhou Zengcheng International City Project	December 2014	November 2017	2,236,060	1,607,510	1,530,145
Changsha Meixi Lake Project	May 2013	December 2017	4,080,940	1,584,403	1,381,577
Chongqing Chayuanxinqu Project	September 2014	May 2018	1,211,837	1,557,837	1,426,371
Qingyangpeng Project	October 2017	October 2019	3,000,000	1,522,473	-
Hefei CRCC Qingxiucheng Project	March 2014	December 2017	4,050,568	1,504,883	1,442,031
CRCC Southern Headquarter Base Project	June 2016	December 2018	3,650,000	1,489,905	837,940
Others	-	-	184,830,718	39,538,058	34,351,264
Total	-	-	326,705,155	106,099,233	87,632,598

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories (Continued)

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

As at 30 June 2017, the aggregate carrying amount of borrowing costs capitalized in properties under development was RMB9,721,139,000 (31 December 2016: RMB8,568,860,000). Borrowing costs capitalized for the six-month period ended 30 June 2017 amounted to RMB1,532,523,000 (for the six-month period ended 30 June 2016: RMB1,807,990,000). The capitalization rates of borrowing costs ranged from 3.5% to 7.66% (for the six-month period ended 30 June 2016: 4.1% to 7.34%).

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

RMB '000

Project name	Latest completion date	1 January 2017	Additions (unaudited)	Deductions (unaudited)	30 June 2017
					(unaudited)
Chengdu CRCC Xipai Lan'an Project	June 2016	971,392	-	215,895	755,497
Beijing Tongzhou Yongshun Town No.51 Lot Project	June 2017	23,649	716,631	15,882	724,398
CRCC Guiyang International City Project	June 2017	513,677	696,207	531,333	678,551
Dalian Qingxiu Lanwan Project	December 2016	715,234	-	86,609	628,625
Shanghai Qingxiucheng 2 Project	December 2016	747,564	-	119,452	628,112
CRCC Guobinyuan Project	December 2016	853,721	-	228,365	625,356
Jinjiang International City Project	February 2016	671,890	-	49,333	622,557
Hangzhou CRCC International City Project	June 2017	105,560	464,740	44,252	526,048
CRCC Puhe Xinyuan Project	December 2016	630,411	21,208	162,117	489,502
Chongqing CRCC Shanyu City Project	January 2017	455,234	86,684	61,635	480,283
Wuhan CRCC International Garden Project	November 2016	529,930	7,561	106,026	431,465
Foshan International Gongguan Project	December 2016	823,788	8,493	435,446	396,835
Shunxin Jiayuan Project	October 2016	920,340	24,838	565,708	379,470
China Railway New City Project	December 2014	401,004	-	22,401	378,603
Beijing CRCC Qingxiu Shangcheng Project	June 2017	370,510	1,650	25,624	346,536
Hangzhou CRCC Qingxiu City Project	October 2015	525,123	15,413	226,897	313,639
Hefei CRCC International City Project	November 2016	398,585	-	105,629	292,956
Beijing Yuanxiang Mangu Project	November 2016	402,254	8,182	129,288	281,148
CRCC-Yanghuyan Project	June 2017	-	332,584	82,732	249,852
CRCC-International City Project	June 2017	129,321	118,277	-	247,598
Zhuzhou CRCC Hetangxing City Project	June 2016	376,272	-	136,113	240,159
CRCC Bei Cheng Hua Fu Project	November 2013	234,309	-	4,155	230,154
Changsha Shanyu City Project	October 2015	250,519	-	36,524	213,995
CRCC International Garden I Project	December 2016	293,650	8,471	100,167	201,954
CRCC Linyi Donglai Shangcheng Project	October 2015	234,092	-	38,205	195,887
Nananhuayu Project	March 2017	-	1,034,446	1,034,446	-
Others	-	6,773,969	1,003,335	2,147,873	5,629,431
Total	-	18,351,998	4,548,720	6,712,107	16,188,611

Details of the Group's inventories title restriction are stated in Note V.65.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories (Continued)

(3) Gross amount due from/to contract customers

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Contract costs incurred to date	3,136,254,752	2,934,844,426
Net balance between accumulated recognized gross profit and recognized loss	310,919,028	295,186,533
Less: Provision for foreseeable contract losses	390,783	442,283
Less: progress billings	3,332,091,922	3,120,715,098
Total	114,691,075	108,873,578

At the end of the period/year:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Gross amount due from contract customers	132,059,102	126,112,530
Gross amount due to contract customers (Note V.27)	(17,368,027)	(17,238,952)
Total	114,691,075	108,873,578

8. Other current assets

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Prepaid taxes and VAT input to be deducted	4,619,275	3,164,745
Short-term trust products	–	50,000
Others	56,628	6,227
Total	4,675,903	3,220,972

9. Loans and advances to customers

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Loans to customers	2,442,250	3,966,000

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Available-for-sale financial assets

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Available-for-sale equity instruments		
Investments in listed companies	2,380,846	1,910,056
– Hong Kong	411,112	483,739
– Other areas	1,969,734	1,426,317
Equity investment in unlisted companies	5,123,040	4,508,773
Investment in unlisted trust products	336,000	136,000
Total	7,839,886	6,554,829

RMB '000

Item	30 June 2017 (unaudited)			31 December 2016		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Available-for-sale equity instruments	7,585,368	81,482	7,503,886	6,500,311	81,482	6,418,829
Measured at fair value (Note 1)	2,380,846	–	2,380,846	1,910,056	–	1,910,056
Measured at cost (Note 2)	5,204,522	81,482	5,123,040	4,590,255	81,482	4,508,773
Investment in unlisted trust products	336,000	–	336,000	136,000	–	136,000
Total	7,921,368	81,482	7,839,886	6,636,311	81,482	6,554,829

Note 1: Available-for-sale equity instruments measured at fair value:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Cost of equity instrument	1,174,028	674,028
Accumulated changes in fair value recognized in other comprehensive income	1,206,818	1,236,028
Fair value	2,380,846	1,910,056

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Available-for-sale financial assets (Continued)

Note 2: Available-for-sale equity instruments measured at cost:

For the six months ended 30 June 2017: (unaudited)

RMB '000

	Gross carrying amount			Provision for impairment				Percentage of ownership of equity (%)	Cash dividend
	1 January	Increase	Decrease	1 January	Increase	Decrease	30 June		
	2017			2017			2017		
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
Beijing-Guangzhou Passenger Railway Henan Co., Ltd.	2,500,000	-	-	2,500,000	-	-	-	6.21	-
Xinjiang Bank Co., Ltd.	500,000	-	-	500,000	-	-	-	10.00	-
Lunan High-speed Railway Co., Ltd.	-	303,040	-	303,040	-	-	-	8.00	-
Djibouti Paid Port & Doraleh Port-Galle Railway Project	355,254	-	-	355,254	-	-	-	10.00	-
XinDa Property Insurance Co., Ltd.	188,556	113,603	-	302,159	-	-	-	6.67	-
Bank of Lanzhou Co., Ltd.	201,688	-	-	201,688	-	-	-	1.43	-
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	200,000	-	-	200,000	-	-	-	3.65	-
Beijing Urban Railway Construction Rail Transit Investment Development Co., Ltd. (Note)	-	161,400	-	161,400	-	-	-	21.85	-
Chuantie (Luzhou) Railway Co., Ltd.	122,150	-	-	122,150	65,463	-	65,463	8.84	-
Vossloh Fastening Systems (China) Co., Ltd.	56,969	-	-	56,969	-	-	-	16.20	-
Hangzhou Chengtuo Haichao Construction and Development Co., Ltd.	31,420	-	-	31,420	-	-	-	2.00	995
Wuhan Johnson Pearl Plaza	60,000	-	-	60,000	-	-	-	12.00	-
Kweichow Moutai Health Industry Co., Ltd.	30,000	-	-	30,000	-	-	-	10.00	-
Inner Mongolia Jitong Railway (Group) Co., Ltd.	13,082	-	-	13,082	-	-	-	0.43	-
Beijing Railway Hotel Company Limited	15,000	-	-	15,000	-	-	-	8.10	-
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	-	-	10,000	7,659	-	7,659	16.00	-
China Resources Land (Beijing) Co., Ltd.	5,485	-	-	5,485	-	-	-	0.24	-
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	-	-	3,085	-	-	-	15.00	-
Head Falcon (Beijing) Electric Appliance Co., Ltd.	1,600	-	-	1,600	-	-	-	10.00	-
Others	295,966	47,163	10,939	332,190	8,360	-	8,360	-	1,733
Total	4,590,255	625,206	10,939	5,204,522	81,482	-	81,482	-	2,728

Note: In accordance with articles of association of Beijing Urban Railway Construction Rail Transit Investment Development Co., Ltd. ("Beijing Urban Rail") and relevant agreements signed by and between the Group and other investors of Beijing Urban Railway, the Group has no control, joint control or significant influence on Beijing Urban Railway, hence it is accounted as available-for-sale financial assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Available-for-sale financial assets (Continued)

Note 2: Available-for-sale equity instruments measured at cost: (Continued)

2016:

Item	RMB '000								Percentage of ownership of equity (%)	Cash dividends of the year
	Gross carrying amount				Provision for impairment					
	1 January 2016	Increase	Decrease	31 December 2016	1 January 2016	Increase	Decrease	31 December 2016		
Beijing-Guangzhou Passenger Railway										
Henan Company Limited	2,500,000	-	-	2,500,000	-	-	-	-	6.21	-
Xinjiang Bank Co., Ltd.	-	500,000	-	500,000	-	-	-	-	10.00	-
Djibouti Paid Port & Doraleh Port-Galle										
Railway Project	355,254	-	-	355,254	-	-	-	-	10.00	-
Bank of Lanzhou Co., Ltd.	201,654	34	-	201,688	-	-	-	-	1.43	-
Shijiazhuang-Taiyuan Passenger										
Railway Co., Ltd.	200,000	-	-	200,000	-	-	-	-	3.65	-
XinDa Property Insurance Co., Ltd.	-	188,556	-	188,556	-	-	-	-	6.67	-
Chuantie (Luzhou) Railway Co., Ltd.	122,150	-	-	122,150	58,720	6,744	-	65,464	8.84	-
Wuhan Johnson Pearl Plaza	60,000	-	-	60,000	-	-	-	-	12.00	-
Vossloh Fastening Systems (China) Co., Ltd.	56,969	-	-	56,969	-	-	-	-	16.20	18,924
Hangzhou Chengtou Haichao										
Construction and Development Co., Ltd.	-	31,420	-	31,420	-	-	-	-	2.00	-
Kweichow Moutai Health Industry Co., Ltd.	30,000	-	-	30,000	-	-	-	-	10.00	-
Beijing Railway Hotel Company Limited	15,000	-	-	15,000	-	-	-	-	8.10	-
Inner Mongolia Jitong Railway (Group) Co., Ltd.	13,082	-	-	13,082	-	-	-	-	0.43	-
Zuhai Baiyi Science and Technology-Yunnan										
Huaxing Resource Development Company	10,000	-	-	10,000	7,215	444	-	7,659	16.00	-
Railtech Zhuzhou Bridge Railway										
Fastening (Wuhan) Co., Ltd.	3,085	-	-	3,085	-	-	-	-	15.00	-
Head Falcon (Beijing) Electric										
Appliance Co., Ltd.	1,600	-	-	1,600	-	-	-	-	10.00	-
China Resources Land (Beijing) Co., Ltd.	5,485	-	-	5,485	-	-	-	-	0.24	-
Others	183,011	112,955	-	295,966	6,652	1,707	-	8,359	-	8,250
Total	3,757,290	832,965	-	4,590,255	72,587	8,895	-	81,482	-	27,174

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Available-for-sale financial assets (Continued)

Movement in provision for impairment of available-for-sale financial assets were as follows:

RMB '000

Item	For the six months ended 30 June 2017 (unaudited) Available-for-sale equity instruments	2016 Available-for-sale equity instruments
Opening balance	81,482	72,587
Provision	–	8,895
Decrease	–	–
Closing balance	81,482	81,482

11. Long-term receivables

RMB '000

Item	30 June 2017 (unaudited)		
	Gross carrying amount	Provision for impairment	Carrying amount
Retention money receivables	2,907,785	18,339	2,889,446
“Build-Transfer” project receivables	24,585,323	319,901	24,265,422
A-land development	5,334,104	22,958	5,311,146
Others	14,525,275	–	14,525,275
Total	47,352,487	361,198	46,991,289
Less: Current portion of long-term receivables:	9,254,112	37,884	9,216,228
Retention money receivables	1,042,199	14,926	1,027,273
“Build-Transfer” project receivables	6,387,633	–	6,387,633
A-land development	1,814,679	22,958	1,791,721
Others	9,601	–	9,601
Long-term receivables due after one year	38,098,375	323,314	37,775,061

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Long-term receivables (Continued)

RMB '000

Item	31 December 2016		
	Gross carrying amount	Provision for impairment	Carrying amount
Retention money receivables	2,166,971	16,735	2,150,236
“Build-Transfer” project receivables	21,453,273	319,901	21,133,372
A-land development	4,515,269	14,000	4,501,269
Others	11,446,623	–	11,446,623
Total	39,582,136	350,636	39,231,500
Less: Current portion of long-term receivables:			
Retention money receivables	9,644,831	26,446	9,618,385
“Build-Transfer” project receivables	1,104,613	12,446	1,092,167
A-land development	6,454,089	–	6,454,089
Others	1,971,733	14,000	1,957,733
	114,396	–	114,396
Long-term receivables due after one year	29,937,305	324,190	29,613,115

As at 30 June 2017, long-term receivables were presented in accordance with the net amount after discount. The discount rates ranged from 4.75% and 6.17% (31 December 2016: from 4.75% to 4.90%).

Movements in the provision for bad debts of long-term receivables were as follows:

RMB '000

	For the six months ended 30 June 2017 (unaudited)	2016
Opening balance	350,636	344,757
Provision	10,583	17,648
Reversal	21	12,989
Others	–	1,220
Closing balance	361,198	350,636

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Long-term receivables (Continued)

The Group takes separate impairment testing for long-term receivables that are individually significant. If there is an objective evidence that the long-term receivables has been impaired (e.g: serious financial difficulties, bankruptcy, breach of contract, default of payment and no transactions for a long time incurred to the debtor) and it is estimated that only part of the receivables can be recovered, the impairment losses of the long-term receivables will be recognized in profit or loss. As at 30 June 2017, the gross carrying amount of long-term receivables that had been tested for impairment individually was RMB1,900,323,000 (31 December 2016: 2,169,819,000), for which the amount of provision for bad debt after impairment test was RMB361,198,000 (31 December 2016: RMB350,636,000).

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

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Neither past due nor impaired	45,425,064	37,378,417
Past due but not impaired		
– Within 3 months	10,707	321
– 3 to 6 months	4,762	4,128
– More than 6 months	11,631	29,451
Total	45,452,164	37,412,317

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.

Refer to Note V.65 for the Group's long-term receivables with title restriction.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Investments in joint ventures and associates

RMB '000

	Principal place of business	Place of registration	Business nature	Registered capital	Percentage of ownership of equity (%)	Accounting treatment
Joint ventures						
Sichuan Tianfu Airport Expressway Co., Ltd. (Note 1)	Chengdu, Sichuan	Chengdu, Sichuan	Construction of highway project investment	3,000,000	50.00	Equity method
China-Africa Lekkil Investment Co., Ltd. (Note 2)	Beijing	Beijing	Investment management	1,143,380	74.47	Equity method
Chongqing Tiefa Jianxin Highway Co., Ltd. (Note 3)	Chongqing	Chongqing	Construction, operation and management of highway project	809,220	24.00	Equity method
Xuzhou Metro Line 2 Investment & Development Co., Ltd. (Note 4)	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Railway construction and investment	5,200,000	32.69	Equity method
Alashanmeng Jianxin Bridge Construction Co., Ltd.	Inner Mongolia	Inner Mongolia	Infrastructure construction and investment	50,000	40.00	Equity method
Associates						
CRCC-Tongguan Investment Co., Ltd.	Tongling, Anhui	Tongling, Anhui	Mining investment	3,340,000	30.00	Equity method
CRCC Financial Leasing Co., Ltd. (Note 5)	Tianjin	Tianjin	Finance lease	2,400,000	50.00	Equity method
Ningxia Intercity Railway Co., Ltd.	Yinchuan, Ningxia	Yinchuan, Ningxia	Construction of railway project investment	100,000	30.00	Equity method
Chongqing Yurong Highway Co., Ltd.	Chongqing	Chongqing	Construction of highway project investment	97,975	40.00	Equity method
CRCC Real Estate Co., Ltd.	Beijing	Beijing	A land development	235,000	43.00	Equity method
Guizhou Wengma Railway Co., Ltd.	Fuquan, Guizhou	Fuquan, Guizhou	Construction of railway project investment	500,000	22.00	Equity method
Hunan Maglev Transportation Development Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Railway construction and investment	1,280,000	22.18	Equity method
China Oversea Infrastructure Development and Investment Co., Ltd. (Note 6)	Hong Kong	Hong Kong	Overseas infrastructure investment	-	19.23	Equity method
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	Ningxia Hui Autonomous Region	Ningxia Hui Autonomous Region	Infrastructure construction and investment	346,000	32.87	Equity method
Hubei Jiaotou Ziyun Railway Co., Ltd.	Zhijiang, Hubei	Zhijiang, Hubei	Construction of railway project investment	500,000	20.00	Equity method
Chongqing Monorail Transit Engineering Co., Ltd.	Chongqing	Chongqing	Construction	100,000	37.50	Equity method
Inner Mongolia BERUN New Energy Co., Ltd.	Inner Mongolia	Inner Mongolia	Mining investment	300,000	24.00	Equity method
Taiyuan Jinyuan East District Utility Tunnel Construction Management Co., Ltd. (Note 7)	Taiyuan, Shanxi	Taiyuan, Shanxi	Infrastructure construction and investment	287,732	18.00	Equity method

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Investments in joint ventures and associates (Continued)

Note 1: According to the articles of association of Sichuan Tianfu Airport Expressway Co., Ltd. ("Tianfu airport"), all the decisions made in the shareholders' meeting shall be subject to 100% of voting rights of shareholders. As the Group holds 50.00% shares in the entity, it can jointly control the entity with other shareholders but not control it. Therefore, it is accounted for a joint venture of the Group.

Note 2: According to the articles of association of China-Africa Lekkil Investment Co., Ltd. ("China-Africa Lekkil"), the major decisions made in shareholders' meeting shall be subject to more than three-quarters of voting rights of shareholders. As the Group holds 74.47% shares in the entity, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Note 3: According to the articles of association of Chongqing Tiefa Jianxin Highway Co., Ltd. ("Tiefa Jianxin"), all the decisions made in the shareholders' meeting shall be subject to 100% of voting rights of shareholders. As the Group holds 24.00% shares in Tiefa Jianxin, it can jointly control the entity with other shareholders but not control it. Therefore, it is accounted for a joint venture of the Group.

Note 4: According to the articles of association of Xuzhou Metro Line 2 Investment & Development Co., Ltd. ("Xuzhou Railway"), the major decisions made in shareholders' meeting 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 entity with other shareholders but not control it. Therefore, it is accounted for a joint venture of the Group.

Note 5: According to the articles of association of CRCC 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 neither control nor jointly control the entity with other shareholders. Therefore, it is accounted for an associate of the Group.

Note 6: According to the articles of association of China Oversea Infrastructure Development and Investment Co., Ltd. ("COIDI"), the board of directors, as the main decision organization of the Company, is entitled to make decisions on all matters except those made in the general shareholder meetings. All resolutions shall not be passed until they are agreed by members of board of directors with more than a half of voting rights. COIDI has four directors, one of which can be designated by the Group, so the Group can neither control nor jointly control the entity with other shareholders. Therefore, it is accounted for an associate of the Group.

Note 7: According to the articles of association of Taiyuan Jinyuan East District Utility Tunnel Construction and Management Co., Ltd. ("Taiyuan Utility Tunnel"), except for the decisions of operation, investment and redundancy, which shall be subject to 100% of voting rights of shareholders, other decisions shall be subject to more than half of the voting rights of shareholders. Major decisions on investment, financing or any forms of borrowings, provision of loans or guarantees to a third-party shall be subject to the consensus of all the directors of Taiyuan Utility Tunnel. As the Group holds 18.00% shares in the entity, it can neither control nor jointly control the entity with other shareholders, but can exercise significant influence. Therefore, it is accounted for an associate of the Group.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Investments in joint ventures and associates (Continued)

The Group has no significant joint ventures. The aggregate financial information of the individually insignificant joint ventures is as follows:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Share of net losses of joint ventures attributable to the Group	(15,533)	(19,360)
Share of total comprehensive losses of joint ventures attributable to the Group	(15,533)	(19,360)
Carrying amount of investments in joint ventures attributable to the Group	2,953,360	2,577,905

The Group has no significant associates. The aggregate financial information of the individually insignificant associates is as follows:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Share of net profits (losses) of associates attributable to the Group	24,166	(9,952)
Share of other comprehensive income of associates attributable to the Group	50,828	144,834
Share of total comprehensive income of associates attributable to the Group	74,994	134,882
Carrying amount of investments in associates attributable to the Group	6,045,440	5,369,099

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments

RMB '000

Item		30 June 2017 (unaudited)	31 December 2016
Investments in unlisted companies – equity method			
Joint ventures	(1)	2,953,360	2,577,905
Associates	(2)	6,045,440	5,369,099
Less: Provision for impairment of long-term equity investments		–	10,578
Total		8,998,800	7,936,426

(1) Investment in joint ventures

For the six months ended 30 June 2017 (unaudited):

RMB '000

Investee	Investment cost	1 January 2017	Changes for the period				30 June 2017 (unaudited)	Provision for impairment at the end of period (unaudited)
			Increase in investment (unaudited)	Decrease in investment (unaudited)	Investment profits or losses under equity method (unaudited)	Declaration of cash dividends (unaudited)		
Sichuan Tianfu Airport Expressway Co., Ltd.	1,000,000	1,000,000	–	–	–	–	1,000,000	–
China-Africa Lekkill Investment Co., Ltd.	851,410	857,223	–	–	(1,731)	–	855,492	–
Chongqing Tiefa Jianxin Highway Co., Ltd.	194,213	48,000	146,213	–	–	–	194,213	–
Xuzhou Metro Line 2 Investment & Development Co., Ltd.	114,000	114,000	–	–	–	–	114,000	–
Alashanmeng Jianxin Bridge Construction Co., Ltd.	92,130	92,130	–	–	–	–	92,130	–
Others	–	466,552	299,354	(54,579)	(13,802)	–	697,525	–
Total	–	2,577,905	445,567	(54,579)	(15,533)	–	2,953,360	–

31 December 2016:

RMB '000

Investee	Investment cost	1 January 2016	Changes for the year				31 December 2016	Provision for impairment at the end of year
			Increase in investment	Decrease in investment	Investment profits or losses under equity method	Declaration of cash dividends		
Sichuan Tianfu Airport Expressway Co., Ltd.	1,000,000	–	1,000,000	–	–	–	1,000,000	–
China-Africa Lekkill Investment Co., Ltd.	851,410	858,504	–	–	208	(1,489)	857,223	–
Xuzhou Metro Line 2 Investment & Development Co., Ltd.	114,000	–	114,000	–	–	–	114,000	–
Alashanmeng Jianxin Bridge Construction Co., Ltd.	92,130	–	92,130	–	–	–	92,130	–
Others	–	242,883	291,751	–	(19,568)	(514)	514,552	10,578
Total	–	1,101,387	1,497,881	–	(19,360)	(2,003)	2,577,905	10,578

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investments in associates

For the six months ended 30 June 2017 (unaudited):

RMB '000

Investee	Investment cost	1 January 2017	Changes for the period					30 June 2017 (unaudited)
			Increase in investment (unaudited)	Decrease in investment (unaudited)	Investment profits or losses under equity method (unaudited)	Other comprehensive income (unaudited)	Distribution of cash dividends (unaudited)	
CROC-Tongguan Investment Co., Ltd.	1,237,914	971,994	118,767	-	47,984	50,828	-	1,189,573
CROC Financial Leasing Co., Ltd.	1,200,000	1,127,224	-	-	(40,828)	-	-	1,086,396
Ningxia Intercity Railway Co., Ltd.	983,700	930,000	53,700	-	-	-	-	983,700
Chongqing Yurong Highway Co., Ltd.	853,960	587,654	-	-	(10,682)	-	-	576,972
CROC Real Estate Co., Ltd.	298,900	373,313	-	-	43,873	-	-	417,186
Guizhou Wengma Railway Co., Ltd.	245,000	110,000	135,000	-	-	-	-	245,000
Hunan Maglev Transportation Development Co., Ltd.	280,000	258,332	-	-	(22,347)	-	-	235,985
China Oversea Infrastructure Development and Investment Co., Ltd.	206,883	-	206,883	-	-	-	-	206,883
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	118,660	-	-	-	-	-	118,660
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	-	-	-	-	-	100,000
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	73,202	-	-	(451)	-	-	72,751
Inner Mongolia BERUN New Energy Co., Ltd.	60,000	59,230	-	-	(4,974)	-	-	54,256
Taiyuan Jinyuan East District Utility Tunnel Construction Management Co., Ltd.	51,792	51,792	-	-	-	-	-	51,792
Others	-	607,698	117,957	(25,335)	11,591	-	(5,625)	706,286
Total	-	5,369,099	632,307	(25,335)	24,166	50,828	(5,625)	6,045,440

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investments in associates (Continued)

31 December 2016:

RMB '000

Investee	Investment cost	1 January 2016	Increase in investment	Changes for the year			Other comprehensive income	Distribution of cash dividends	31 December 2016
				Decrease in investment	Investment profits or losses	under equity method			
Chongqing Yurong Highway Co., Ltd.	853,960	718,514	-	-	(130,860)	-	-	587,654	
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	-	-	-	-	-	100,000	
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	64,143	-	-	9,059	-	-	73,202	
CRCC-Tongguan Investment Co., Ltd.	720,000	678,608	172,133	-	(23,581)	144,834	-	971,994	
Inner Mongolia BERUN New Energy Co., Ltd.	60,000	59,487	-	-	(257)	-	-	59,230	
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	151,830	-	(33,006)	(164)	-	-	118,660	
Hunan Maglev Transportation Development Co., Ltd.	280,000	280,000	-	-	(21,668)	-	-	258,332	
CRCC Real Estate Co., Ltd.	298,900	319,985	-	-	78,214	-	(24,886)	373,313	
Guizhou Wengma Railway Co., Ltd.	110,000	110,000	-	-	-	-	-	110,000	
CRCC Financial Leasing Co., Ltd.	1,200,000	-	1,107,053	-	20,171	-	-	1,127,224	
Ningxia Intercity Railway Co., Ltd.	930,000	-	930,000	-	-	-	-	930,000	
Taiyuan Jinyuan East District Utility Tunnel Construction Management Co., Ltd.	51,792	-	51,792	-	-	-	-	51,792	
Others	-	584,420	45,855	-	59,134	-	(81,711)	607,698	
Total	-	3,066,987	2,306,833	(33,006)	(9,952)	144,834	(106,597)	5,369,099	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Investment properties

Subsequent measurement under cost method:

For the six months ended 30 June 2017 (unaudited):

RMB '000

	Buildings	Total
I. Original costs		
1 January 2017	3,626,122	3,626,122
Additions	7,691	7,691
Transferred from inventories	34,782	34,782
Disposal or retirement	4,419	4,419
30 June 2017	3,664,176	3,664,176
II. Accumulated depreciation and amortization		
1 January 2017	286,073	286,073
Provision	48,825	48,825
Disposal or retirement	268	268
30 June 2017	334,630	334,630
III. Net book value		
Closing balance	3,329,546	3,329,546
Opening balance	3,340,049	3,340,049

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Investment properties (Continued)

Subsequent measurement under cost method: (Continued)

2016:

	<i>RMB '000</i>	
	Buildings	Total
I. Original costs		
1 January 2016	–	–
Additions	242,882	242,882
Transferred from inventories/fixed assets	1,977,435	1,977,435
Transferred from others	1,411,876	1,411,876
Disposal or retirement	6,071	6,071
31 December 2016	3,626,122	3,626,122
II. Accumulated depreciation and amortization		
1 January 2016	–	–
Provision	84,311	84,311
Transferred from others	203,141	203,141
Disposal or retirement	1,379	1,379
31 December 2016	286,073	286,073
III. Net book value		
Closing balance	3,340,049	3,340,049
Opening balance	–	–

As at 30 June 2017, the Group had no investment properties whose title rights certificates had not been obtained. (31 December 2016: RMB151,005,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Fixed assets

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2017	16,479,665	41,813,988	14,214,664	33,428,897	105,937,214
Additions	949,053	1,712,831	579,811	3,253,031	6,494,726
Transferred from construction in progress	324,664	510,994	5,124	50,755	891,537
Disposal or retirement	118,646	877,972	369,517	1,301,742	2,667,877
30 June 2017	17,634,736	43,159,841	14,430,082	35,430,941	110,655,600
II. Accumulated depreciation					
1 January 2017	3,772,765	23,958,492	11,428,653	23,815,293	62,975,203
Provision	320,612	1,733,842	589,691	2,881,730	5,525,875
Disposal or retirement	91,914	532,343	346,915	1,120,154	2,091,326
30 June 2017	4,001,463	25,159,991	11,671,429	25,576,869	66,409,752
III. Provision for impairment					
1 January 2017	218,507	346,082	88,306	157,557	810,452
Disposal or retirement	12,452	469	–	96	13,017
Others	(2,393)	–	–	–	(2,393)
30 June 2017	203,662	345,613	88,306	157,461	795,042
IV. Net book value					
Closing balance	13,429,611	17,654,237	2,670,347	9,696,611	43,450,806
Opening balance	12,488,393	17,509,414	2,697,705	9,456,047	42,151,559

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Fixed assets (Continued)

2016:

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2016	15,810,543	40,317,795	14,466,331	30,402,659	100,997,328
Additions	597,006	3,960,270	1,080,189	6,685,456	12,322,921
Transferred from construction in progress	1,760,870	382,587	33,129	180,504	2,357,090
Transferred to others	1,411,876	–	–	–	1,411,876
Disposal or retirement	276,878	2,846,664	1,364,985	3,839,722	8,328,249
31 December 2016	16,479,665	41,813,988	14,214,664	33,428,897	105,937,214
II. Accumulated depreciation					
1 January 2016	3,635,055	22,620,213	11,342,736	20,786,253	58,384,257
Provision	471,894	3,420,667	1,313,242	6,520,388	11,726,191
Transferred to others	203,141	–	–	–	203,141
Disposal or retirement	131,043	2,082,388	1,227,325	3,491,348	6,932,104
31 December 2016	3,772,765	23,958,492	11,428,653	23,815,293	62,975,203
III. Provision for impairment					
1 January 2016	216,672	329,591	88,301	157,827	792,391
Provision	–	19,642	370	–	20,012
Disposal or retirement	4,950	3,151	365	270	8,736
Others	6,785	–	–	–	6,785
31 December 2016	218,507	346,082	88,306	157,557	810,452
IV. Net book value					
Closing balance	12,488,393	17,509,414	2,697,705	9,456,047	42,151,559
Opening balance	11,958,816	17,367,991	3,035,294	9,458,579	41,820,680

Please refer to Note V.65 for the Group's fixed assets with title restriction.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Fixed assets (Continued)

As at 30 June 2017, the amount of interest expenses capitalized in the balance of fixed assets was RMB24,676,000 (31 December 2016: RMB14,097,000). For the six-month period ended 30 June 2017, the amount of interest expenses capitalized transferred from construction in progress has been RMB10,579,000 (2016: Nil).

As at 30 June 2017, the Group had no significant fixed assets that were temporarily in idle. (31 December 2016: Nil)

Fixed assets held under finance lease are as below:

Item	<i>RMB '000</i>	
	30 June 2017 (unaudited)	31 December 2016
Original costs	4,800,022	5,051,069
Accumulated depreciation	2,195,812	2,351,574
Net book value	2,604,210	2,699,495

As at 30 June 2017 and 31 December 2016, the Group's fixed assets held under finance leases were all construction machinery.

As at 30 June 2017, the Group was in the process of applying for and handling registration or transfer of the title certificates of certain buildings with an aggregate carrying amount of RMB1,002,328,000 (31 December 2016: RMB1,108,888,000). 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 adverse significant impact on the Group's financial position as at 30 June 2017.

As at 30 June 2017, fixed assets whose title rights certificates had not been obtained were listed as below: (unaudited)

Buildings	Carrying amount	Reasons
Design Building of China Railway Siyuan Survey and Design Group Co., Ltd. (No.2)	445,620	In progress
Office Building of China Railway 21st Bureau Group Co., Ltd.	358,510	In progress
Construction Technology Building of China Railway 17th Bureau Group Co., Ltd.	82,686	In progress
Others	115,512	In progress
Total	1,002,328	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Construction in progress

RMB '000

Item	30 June 2017 (unaudited)			31 December 2016		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Research & Development Building of China Railway Fifth Survey and Design Institute Group Co., Ltd.	342,906	-	342,906	314,918	-	314,918
Special Large Truck of Excavator and Mines of China Railway 19th Bureau Group Co., Ltd.	237,303	-	237,303	209,295	-	209,295
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	159,340	-	159,340	121,903	-	121,903
Jian'an International Apartment of China Railway 18th Bureau Group Co., Ltd.	152,560	-	152,560	150,129	-	150,129
CRCC Heavy Industry High-tech Underground Equipment Manufacture Project	124,003	-	124,003	17,374	-	17,374
Office Building of China Railway 20th Bureau Group Shaanxi Co., Ltd.	121,338	-	121,338	112,294	-	112,294
Decoration of Wantong of China Railway Construction Real Estate Group Co., Ltd.	112,749	-	112,749	81,003	-	81,003
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau Group Co., Ltd.	110,537	-	110,537	94,237	-	94,237
Western Engineering Material Technology Base of China Railway 21st Bureau Group Co., Ltd.	104,606	-	104,606	56,273	-	56,273
China Railway Construction Bridge Engineering Bureau Group Hanjia Hotel Project	92,150	-	92,150	-	-	-
Huadong Huaqiao Base of China Railway Construction Group Co., Ltd.	84,755	-	84,755	48,107	-	48,107
Others	2,178,478	23,848	2,154,630	1,901,746	23,848	1,877,898
Total	3,820,725	23,848	3,796,877	3,107,279	23,848	3,083,431

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Construction in progress (Continued)

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	Budget	1 January 2017	Additions	Transfer out	Disposals	30 June 2017	Source of funds	Proportion of investment to budget (%)
Research & Development Building of China Railway Fifth Survey and Design Institute Group Co., Ltd.	558,879	314,918	27,988	-	-	342,906	Self-funding	61
Special Large Truck of Excavator and Mines of China Railway 19th Bureau Group Co., Ltd.	750,000	209,295	28,530	522	-	237,303	Loan	80
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	170,000	121,903	37,437	-	-	159,340	Self-funding and loan	94
Jian'an International Apartment of China Railway 18th Bureau Group Co., Ltd.	480,000	150,129	2,431	-	-	152,560	Self-funding and loan	32
CRCC Heavy Industry High-tech Underground Equipment Manufacture Project	720,000	17,374	106,629	-	-	124,003	Self-funding	17
Office Building of China Railway 20th Bureau Group Shaanxi Co., Ltd.	130,000	112,294	9,044	-	-	121,338	Self-funding	93
Decoration of Wantong of China Railway Construction Real Estate Group Co., Ltd.	142,500	81,003	31,746	-	-	112,749	Self-funding and loan	79
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau Group Co., Ltd.	200,000	94,237	16,300	-	-	110,537	Self-funding	55
Western Engineering Material Technology Base of China Railway 21st Bureau Group Co., Ltd.	167,371	56,273	48,333	-	-	104,606	Self-funding	62
China Railway Construction Bridge Engineering Bureau Group Hanjia Hotel Project	145,000	-	92,150	-	-	92,150	Self-funding	64
Huadong Huaqiao Base of China Railway Construction Group Ltd.	133,790	48,107	36,648	-	-	84,755	Self-funding	63
Others	-	1,901,746	1,187,973	896,244	14,997	2,178,478	-	-
Total	-	3,107,279	1,625,209	896,766	14,997	3,820,725	-	-
Provision for impairment	-	(23,848)	-	-	-	(23,848)	-	-
Net value at the end of the period	-	3,083,431	1,625,209	896,766	14,997	3,796,877	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Construction in progress (Continued)

2016:

Item	Budget					31 December 2016	Source of funds	Proportion of investment to budget (%)
		1 January 2016	Additions	Transfer out	Disposals			
Research & Development Building of China Railway Fifth Survey and Design Institute Group Co., Ltd.	558,879	136,350	178,568	-	-	314,918	Self-funding	56
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	500,000	301,213	55,991	61,962	-	295,242	Self-funding and loan	71
Special Large Truck of Excavator and Mines of China Railway 19th Bureau Group Co., Ltd.	750,000	199,624	9,671	-	-	209,295	Loan	77
Jingji Binhe Times Building of China Railway Southern Investment Group Co., Ltd.	200,000	-	182,783	-	-	182,783	Self-funding	91
Jian'an International Apartment of China Railway 18th Bureau Group Co., Ltd.	480,000	128,381	21,748	-	-	150,129	Self-funding and loan	31
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	170,000	41,094	80,809	-	-	121,903	Self-funding and loan	72
Office Building of China Railway 20th Bureau Group Shaanxi Co., Ltd.	130,000	48,756	63,538	-	-	112,294	Self-funding	86
Office Building of Hangzhou Branch of China Railway Siyuan Survey and Design Group, Ltd.	241,000	160,080	53,414	112,696	-	100,798	Self-funding	89
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau Group Co., Ltd.	200,000	93,010	1,227	-	-	94,237	Self-funding	47
Decoration of Wantong of China Railway Construction Real Estate Group Co., Ltd.	142,500	97	80,906	-	-	81,003	Self-funding	57
Western Engineering Material Technology Base of China Railway 21st Bureau Group Co., Ltd.	167,371	-	56,273	-	-	56,273	Self-funding	34
Others	-	2,098,659	1,885,185	2,420,190	175,250	1,388,404	-	-
Total	-	3,207,264	2,670,113	2,594,848	175,250	3,107,279	-	-
Provision for impairment	-	(23,848)	-	-	-	(23,848)	-	-
Net value at the end of the year	-	3,183,416	2,670,113	2,594,848	175,250	3,083,431	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Construction in progress (Continued)

For the six-month period ended 30 June 2017, construction in progress with a carrying amount of RMB891,537,000 (2016: RMB2,357,090,000) and RMB5,229,000 (2016: RMB237,758,000) are transferred to fixed assets and intangible assets, respectively, and no construction in progress are transferred to properties under development (2016: Nil).

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

For the six months ended 30 June 2017 (unaudited):

Item	Progress %	Accumulated amount of interest capitalized	RMB '000	
			Interest capitalized during the period	Capitalization rate during the period %
Jian'an International Apartment of China Railway 18th Bureau Group Co., Ltd.	32	9,015	331	6.06
Special Large Truck of Excavator and Mines of China Railway 19th Bureau Group Co., Ltd.	80	17,168	–	–
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	94	7,730	2,850	4.79
Decoration of Wantong of China Railway Construction Real Estate Group Co., Ltd.	79	1,674	1,674	5.05
Others	–	8,696	2,014	–
Total	–	44,283	6,869	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Construction in progress (Continued)

2016:

<i>RMB '000</i>				
Item	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Jian'an International Apartment of China Railway 18th Bureau Group Co., Ltd.	31	8,684	2,132	4.35
Special Large Truck of Excavator and Mines of China Railway 19th Bureau Group Co., Ltd.	77	17,168	5,213	6.80
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	72	4,880	3,159	3.97
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	71	10,579	–	–
Others	–	6,682	2,680	–
Total	–	47,993	13,184	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Intangible assets

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	Land use rights	Concession assets	Mining rights	Others	Total
I . Original costs					
1 January 2017	6,634,559	41,151,058	172,511	424,105	48,382,233
Additions	446,892	4,620,007	2,236	40,027	5,109,162
Transferred from construction in progress	4,733	–	–	496	5,229
Disposal or retirement	7,398	–	–	2,400	9,798
30 June 2017	7,078,786	45,771,065	174,747	462,228	53,486,826
II . Accumulated amortization					
1 January 2017	1,080,616	1,361,960	24,604	191,662	2,658,842
Provision	71,642	136,939	–	32,603	241,184
Disposal or retirement	2,799	–	–	1,741	4,540
30 June 2017	1,149,459	1,498,899	24,604	222,524	2,895,486
III . Provision for impairment					
1 January 2017	42,979	–	878	–	43,857
30 June 2017	42,979	–	878	–	43,857
IV . Net book value					
Closing balance	5,886,348	44,272,166	149,265	239,704	50,547,483
Opening balance	5,510,964	39,789,098	147,029	232,443	45,679,534

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Intangible assets (Continued)

2016:

RMB '000

Item	Land use rights	Concession assets	Mining rights	Others	Total
I. Original costs					
1 January 2016	6,082,615	31,667,838	172,511	310,683	38,233,647
Additions	401,147	11,556,851	–	147,256	12,105,254
Transferred from construction in progress	235,437	–	–	2,321	237,758
Disposal or retirement	84,640	2,073,631	–	36,155	2,194,426
31 December 2016	6,634,559	41,151,058	172,511	424,105	48,382,233
II. Accumulated amortization					
1 January 2016	932,101	1,210,905	23,931	158,581	2,325,518
Provision	175,942	151,055	673	61,332	389,002
Disposal or retirement	27,427	–	–	28,251	55,678
31 December 2016	1,080,616	1,361,960	24,604	191,662	2,658,842
III. Provision for impairment					
1 January 2016	42,979	–	–	–	42,979
Provision	–	–	878	–	878
31 December 2016	42,979	–	878	–	43,857
IV. Net book value					
Closing balance	5,510,964	39,789,098	147,029	232,443	45,679,534
Opening balance	5,107,535	30,456,933	148,580	152,102	35,865,150

As at 30 June 2017, there were no intangible assets added through internal research and development (31 December 2016: Nil).

Refer to Note V.65 for the Group's intangible assets with title restriction.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Intangible assets (Continued)

As at 30 June 2017, 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 RMB174,410,000 (31 December 2016: RMB134,546,000). 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 adverse impact on the Group's financial position as at 30 June 2017.

As at 30 June 2017, intangible assets (unaudited) whose title rights certificates had not been obtained were listed as below:

RMB '000

Land	Carrying amount	Reasons
State-owned Construction Land of Taiyuan Economic Zone of China Railway 12th Bureau Group Co., Ltd.	50,213	In progress
Xinjiang High-Tec Equipment Manufacture Base of China Railway Heavy Industry Co., Ltd.	48,482	In progress
Yanliang New Production Base of CRCC 20th Bureau Group Co., Ltd.	31,057	In progress
Others	44,658	In progress
Total	174,410	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Intangible assets (Continued)

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

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	Progress (%)	Accumulated amount of interest capitalised	Interest capitalized during the period	Capitalization rate during the period (%)
Sichuan JianPu Highway Project concession rights	88	907,986	207,201	4.86
Ji'nan to Leling Highway Project concession rights	100	424,801	–	–
Guangxi Ziyuan (meixi) to Xing'an Highway BOT project concession rights	78	407,947	105,560	4.10
Shandong Jiyu Highway Project concession rights	93	250,393	5,929	4.34
Deshang Highway Project Xiajing to Liucheng concession rights	93	204,524	1,227	4.35
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	64	94,643	39,263	4.48
Chongqing Xiushan to Guizhou Songtao Highway Project concession rights	100	78,914	–	–
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
Sichuan Dejian Highway Project concession rights	15	30,052	26,601	4.28
Beijing Xingyan Highway Project concession rights	38	1,112	174	3.68
Others	–	8,138	7,385	–
Total	–	2,625,045	393,340	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Intangible assets (Continued)

2016:

Item	Progress (%)	Accumulated amount of interest capitalised	RMB '000	
			Interest capitalized during the year	Capitalization rate during the year (%)
Sichuan JianPu Highway Project concession rights	73	700,785	330,143	4.87
Ji'nan to Leling Highway Project concession rights	100	424,801	–	–
Guangxi Ziyuan (meixi) to Xing'an Highway BOT project concession rights	63	302,387	174,296	4.85
Shandong Jiyu Highway Project concession rights	86	244,464	123,780	4.96
Deshang Highway Project Xiajing to Liucheng concession rights	91	203,297	59,765	5.60
Yusui Highway Project concession rights	100	192,971	–	–
Chongqing Xiushan to Guizhou Songtao Highway Project concession rights	100	78,914	41,306	5.50
Guizhou Anshun to Ziyun Highway Project concession rights	62	55,380	38,133	5.16
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
Sichuan Dejian Highway Project concession rights	9	3,451	3,451	5.01
Beijing Xingyan Highway Project concession rights	33	938	938	4.70
Others	–	753	753	–
Total	–	2,231,705	772,565	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Goodwill

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	1 January 2017	Increase (unaudited)	Decrease (unaudited)	30 June 2017 (unaudited)
Acquisition of Hangsheng Company (Note1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note2)	91,369	–	–	91,369
Others	3,158	–	11	3,147
Total	194,662	–	11	194,651

2016:

RMB '000

Item	1 January 2016	Increase	Decrease	31 December 2016
Acquisition of Hangsheng Company (Note1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note2)	–	91,369	–	91,369
Others	3,158	–	–	3,158
Total	103,293	91,369	–	194,662

Note 1: The goodwill of RMB100,135,000 was acquired in the business combination involving entities not under common control of Guangdong Hangsheng Group Construction Co., Ltd. ("Hangsheng Company") in 2012.

Note 2: On 29 February 2016, the Group purchased CIDEON Engineering GmbH&Co.KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG (collectively referred to as "CIDEON Company"), which is a business combination not involving entities under common control and resulted in the increase in goodwill by RMB91,369,000.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred tax assets/liabilities

RMB '000

Item	30 June 2017 (unaudited)		31 December 2016	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	1,145,907	274,094	1,411,035	292,620
Provision for impairment of assets	2,309,636	521,227	2,104,496	490,724
Deductible tax losses	495,211	119,808	460,176	102,941
Revaluation surplus from restructuring	1,712,935	417,035	1,768,988	427,114
Convertible bonds	220,689	55,172	314,662	78,665
Unrealized profits of intra-group transactions	3,688,528	912,655	3,123,502	780,875
Others	4,001,058	806,610	2,573,558	638,458
Total	13,573,964	3,106,601	11,756,417	2,811,397
Item	30 June 2017 (unaudited)		31 December 2016	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in fair value of available-for-sale financial assets	1,155,373	259,856	1,124,299	250,317
Others	186,150	46,537	104,698	26,174
Total	1,341,523	306,393	1,228,997	276,491

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred tax assets/liabilities (Continued)

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognized are listed as below:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Deductible temporary differences	5,591,849	5,517,693
Deductible tax losses	5,178,174	4,669,178
Total	10,770,023	10,186,871

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

RMB '000

Year	30 June 2017 (unaudited)	31 December 2016
2017	64,405	71,304
2018	90,308	97,310
2019	290,809	470,334
2020	1,294,627	1,441,173
2021	2,529,757	2,589,057
2022	908,268	–
Total	5,178,174	4,669,178

20. Other non-current assets

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Prepayment for investment	603,345	500,000
Prepayment for land	19,152	19,152
Prepayment for long-term assets	1,691,453	1,514,010
Others	345,754	272,795
Total	2,659,704	2,305,957

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Financial liabilities at fair value through profit or loss

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Derivative financial liabilities	40,958	–
Total	40,958	–

22. Short-term loans

RMB '000

Item		30 June 2017 (unaudited)	31 December 2016
Pledged loans	<i>Note 1</i>	–	901,810
Mortgaged loans	<i>Note 2</i>	5,000	5,000
Guaranteed loans	<i>Note 3</i>	4,988,012	4,299,236
Credit loans		33,255,981	25,222,476
Total		38,248,993	30,428,522

Note 1: As at 30 June 2017, the Group had no short-term loans secured by the pledge of the Group's accounts receivable. (As at 31 December 2016, the Group's short-term loans with a carrying amount of RMB901,810,000 were secured by the pledge of the Group's accounts receivable in the amount of RMB901,810,000.)

Note 2: As at 30 June 2017, certain short-term loans with a carrying amount of RMB1,430,000 (31 December 2016: RMB1,560,000) were secured by the mortgages of the Group's buildings in the amount of RMB5,000,000 (31 December 2016: 5,000,000).

Note 3: As at 30 June 2017, all guaranteed loans were guaranteed by the entities comprising the Group. (31 December 2016: all guaranteed loans were guaranteed by the entities comprising the Group.)

As at 30 June 2017, interest rates of above short-term loans ranged from 2.35% to 6.60% (31 December 2016: 1.99% to 6.00%) per annum.

As at 30 June 2017, the Group had no overdue short-term loans (31 December 2016: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Due to customers

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Due to customers	565,155	1,480,764

24. Due to banks

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Domestic banks	1,900,000	–

25. Bills payable

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Commercial acceptance bills	3,476,543	2,499,264
Bank acceptance bills	30,727,663	26,012,225
Total	34,204,206	28,511,489

As at 30 June 2017, the Group had no unpaid overdue bills payable (31 December 2016: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Accounts payable

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

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Within 1 year	254,395,178	255,418,769
1 to 2 years	4,022,187	4,215,331
2 to 3 years	993,174	1,291,274
Over 3 years	969,864	540,611
Total	260,380,403	261,465,985

As at 30 June 2017, significant accounts payable aged over one year were listed as below:

RMB '000

Company name	Relationship with the Group	30 June 2017 (unaudited)	Reason for payables not being settled
Company 1	Third party	104,171	Material procurement costs unsettled
Company 2	Third party	84,519	Construction costs unsettled
Company 3	Third party	66,533	Material procurement costs unsettled
Company 4	Third party	52,380	Material procurement costs unsettled
Company 5	Third party	51,531	Material procurement costs unsettled
Total	–	359,134	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Advances from customers

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Advances for construction contracts	32,682,279	34,738,741
Advances for the sale of properties (Note)	39,620,417	29,598,729
Gross amount due to contract customers (Note V.7(3))	17,368,027	17,238,952
Advances for the sale of materials	5,919,561	5,051,470
Advances for the sale of goods	288,317	168,902
Others	1,253,805	1,534,714
Total	97,132,406	88,331,508

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

RMB '000

Property	30 June 2017 (unaudited)	31 December 2016	Percentage of accumulated pre-sales as at 30 June 2017 %	Estimated latest completion date
Jiangnan International City Project	4,102,294	3,354,588	82	December 2017
Taiyuan Zijun Project	2,241,903	1,346,030	80	April 2018
Tianjin CRCC International City Project	1,985,751	984,845	53	December 2017
Nananhuayu Project	1,713,170	1,580,717	84	December 2017
Chengdu CRCC Wu Hou Tie Fo Project	1,648,552	371,327	32	March 2018
Chengdu Beihu Xinqu Project	1,576,542	905,250	33	September 2018
Guangzhou Zengcheng International City Project	1,544,248	1,306,008	75	November 2017
Hefei International Gongguan Project	1,158,854	866,185	90	October 2018
Changsha Meixi Lake Project	1,107,148	727,067	47	December 2017
Xi'an CRCC International City II Project	1,077,008	18,924	16	August 2018
Jiucheng Yihao Project	1,011,472	890,650	80	October 2017
Hefei CRCC Qingxiucheng Project	998,669	751,770	32	December 2017
Foshan International Gongguan Project	973,175	1,309,775	59	December 2017
Jiangsu Qingxiu City Project	933,198	929,043	59	April 2018
Jiangwan Shanyu City II Project	900,018	413,133	80	December 2017
Hefei CRCC International City Project	891,926	947,423	89	December 2017

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Advances from customers (Continued)

Note: Details of advances for the sale of properties are listed as below: (Continued)

Property	30 June 2017 (unaudited)	31 December 2016	Percentage of accumulated pre-sales as at 30 June 2017 %	Estimated latest completion date
Xi'an Xipai International Project	820,736	160,341	40	December 2018
CRCC Yangchun Hupan	788,386	762,309	30	December 2019
CRCC Lingxiu City Project	756,438	517,746	87	August 2018
Xi'an CRCC International City I Project	670,625	642,872	97	September 2017
Nanjing Yuanxiangsong Project	650,645	634,893	85	December 2017
Beijing CRCC Qingxiu Shangcheng Project	647,321	503,049	62	September 2017
Guian Shanyu City Project	625,629	212,036	91	October 2018
Changsha Shanyu City Project	582,538	317,605	24	November 2017
Xi'an CRCC International City III Project	508,257	374,740	83	December 2017
Others	9,705,914	8,770,403	–	–
Total	39,620,417	29,598,729	–	–

As at the balance sheet date, significant advances from customers aged over one year were listed as below:

RMB '000

Company name	Relationship with the Group	30 June 2017 (unaudited)	Reasons
Company 1	Third party	282,406	Work performed but not billed
Company 2	Third party	225,585	Work performed but not billed
Company 3	Third party	148,779	Work performed but not billed
Company 4	Third party	145,784	Work performed but not billed
Company 5	Third party	145,677	Work performed but not billed
Total	–	948,231	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	1 January 2017	Accrued (unaudited)	Paid (unaudited)	30 June 2017 (unaudited)
Short-term benefits	7,549,343	20,332,760	21,257,275	6,624,828
Post-employment benefits (defined contribution plans)	1,519,996	2,348,574	2,570,781	1,297,789
Total	9,069,339	22,681,334	23,828,056	7,922,617

2016:

RMB '000

Item	1 January 2016	Accrued	Paid	31 December 2016
Short-term benefits	7,113,779	40,632,386	40,196,822	7,549,343
Post-employment benefits (defined contribution plans)	1,482,489	4,690,012	4,652,505	1,519,996
Total	8,596,268	45,322,398	44,849,327	9,069,339

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable (Continued)

Short-term benefits:

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	1 January 2017	Accrued (unaudited)	Paid (unaudited)	30 June 2017 (unaudited)
Salaries, bonuses, allowances and subsidies	4,955,532	15,944,709	16,796,094	4,104,147
Staff welfare	–	971,584	971,584	–
Social insurance	1,093,588	1,171,612	1,272,990	992,210
Including: Medical insurance	942,102	1,012,666	1,087,221	867,547
Work injury insurance	101,972	97,769	119,635	80,106
Maternity insurance	49,514	61,177	66,134	44,557
Housing funds	712,985	1,056,874	1,099,106	670,753
Union fund and employee education fund	499,430	362,209	324,176	537,463
Other	287,808	825,772	793,325	320,255
Total	7,549,343	20,332,760	21,257,275	6,624,828

2016:

RMB '000

Item	1 January 2016	Accrued	Paid	31 December 2016
Salaries, bonuses, allowances and subsidies	4,543,854	31,693,852	31,282,174	4,955,532
Staff welfare	–	1,928,165	1,928,165	–
Social insurance	1,014,436	2,460,641	2,381,489	1,093,588
Including: Medical insurance	871,189	2,144,897	2,073,984	942,102
Work injury insurance	91,851	195,049	184,928	101,972
Maternity insurance	51,396	120,695	122,577	49,514
Housing funds	717,822	2,150,122	2,154,959	712,985
Union fund and employee education fund	458,927	799,175	758,672	499,430
Others	378,740	1,600,431	1,691,363	287,808
Total	7,113,779	40,632,386	40,196,822	7,549,343

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable (Continued)

Defined contribution plan:

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	1 January 2017	Accrued (unaudited)	Paid (unaudited)	30 June 2017 (unaudited)
Basic pension	1,122,981	1,973,101	2,118,159	977,923
Unemployment insurance	118,066	78,701	92,055	104,712
Supplementary pension insurance	278,949	296,772	360,567	215,154
Total	1,519,996	2,348,574	2,570,781	1,297,789

2016:

RMB '000

Item	1 January 2016	Accrued	Paid	31 December 2016
Basic pension	1,112,025	4,017,457	4,006,501	1,122,981
Unemployment insurance	111,301	191,337	184,572	118,066
Supplementary pension insurance	259,163	481,218	461,432	278,949
Total	1,482,489	4,690,012	4,652,505	1,519,996

29. Taxes payable

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
VAT	1,804,134	2,161,264
Enterprise Income tax	1,267,277	2,357,370
Others	384,636	1,059,146
Total	3,456,047	5,577,780

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Interest payables

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Interest payables for corporate bonds	655,444	955,795
Interest payables for short-term loans	348,964	169,057
Interest payables for long-term loans	14,408	16,132
Total	1,018,816	1,140,984

31. Dividends payable

RMB '000

Company name	30 June 2017 (unaudited)	31 December 2016
CRCCG	1,210,783	–
Other shareholders of the Company	961,944	–
PICC Asset Management Co., Ltd.	–	367,500
Others	242,016	245,010
Total	2,414,743	612,510

32. Other payables

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Guarantees and deposits	13,505,909	15,851,967
Payables for advances	13,058,163	12,153,116
Others	22,520,490	20,866,701
Total	49,084,562	48,871,784

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Other payables (Continued)

As at 30 June 2017, significant other payables aged over one year were listed as below (unaudited):

RMB '000

Company name	Relationship with the Group	30 June 2017	Reasons
Company 1	Third party	650,420	Unpaid accrued tax expense
Company 2	Joint venture	299,362	Payables not settled
Company 3	Third party	251,950	Demolition not settled
Company 4	Third party	251,616	Payables not settled
Company 5	Third party	40,000	Deposit not due
Total	-	1,493,348	-

33. Current portion of non-current liabilities

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Current portion of long-term loans (Note V.35)	8,984,029	7,458,948
Current portion of bonds payable	3,380,954	3,020,000
Current portion of long-term payables (Note V.37)	1,219,263	1,651,004
Current portion of post-employment benefits payable (Note V.38)	404,725	442,028
Total	13,988,971	12,571,980

The current portion of long-term loans is presented as below:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Pledged loans (Note V.35 (Note 2, Note 4))	365,090	270,250
Mortgaged loans (Note V.35 (Note 1, Note 3))	3,210,950	1,836,000
Guaranteed loans (Note V.35 (Note 5))	247,000	637,792
Credit loans	5,160,989	4,714,906
Total	8,984,029	7,458,948

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Current portion of non-current liabilities (Continued)

As at 30 June 2017, the current portion of bonds payable was listed as below (unaudited):

RMB '000

Bond name	Par value	Issue date	Maturity	Amount issued	Annual interest rate	1 January 2017	Interest accrued in the period	Discount or premium amortization	Interest paid in the period	30 June 2017
China Railway 20th Bureau Group Co., Ltd. – 2015 first issue of private placement note	700,000	13 March 2015	3 years	700,000	6.50%	700,000	21,700	-	43,400	700,000
China Railway 14th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	27 August 2012	5 years	400,000	6.70%	400,000	13,474	-	-	400,000
China Railway 25th Bureau Group Co., Ltd. – 2014 first issue of private placement note	400,000	28 October 2014	3 years	400,000	6.50%	400,000	12,822	-	13,000	400,000
China Railway 25th Bureau Group Co., Ltd. – 2015 first issue of private placement note	400,000	30 January 2015	3 years	400,000	6.50%	400,000	12,964	-	13,000	400,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 third issue of private placement note	300,000	31 October 2014	3 years	300,000	6.70%	300,000	10,050	-	-	310,050
China Railway 15th Bureau Group Co., Ltd. – 2014 first issue of private placement note	300,000	4 September 2014	3 years	300,000	6.80%	300,000	10,061	-	-	300,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 second issue of private placement note	200,000	31 July 2014	3 years	200,000	7.20%	200,000	7,200	-	-	207,200
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 fifth issue of private placement note	200,000	18 December 2014	3 years	200,000	6.50%	200,000	6,300	-	-	206,300
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2015 first issue of private placement note	200,000	11 February 2015	3 years	200,000	6.00%	200,000	6,000	-	-	206,000
China Railway 23rd Bureau Group Co., Ltd. – 2015 first issue of private placement note	100,000	11 February 2015	3 years	100,000	6.30%	99,659	2,275	162	5,495	99,821
China Railway 23rd Bureau Group Co., Ltd. – 2015 second issue of private placement note	100,000	12 February 2015	3 years	100,000	6.30%	99,658	2,258	162	5,478	99,820
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 fourth issue of private placement note	50,000	1 October 2014	3 years	50,000	7.05%	50,000	1,763	-	-	51,763
China Railway 17th Bureau Group Co., Ltd. – 2014 first issue of private placement note	500,000	25 June 2014	3 years	500,000	7.30%	500,000	16,315	-	516,315	-
Chongqing Tiefu Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2014	470,000	23 April 2014	3 years	470,000	6.38%	470,000	9,329	-	479,329	-
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. – 2014 first issue of private placement note	200,000	30 April 2014	3 years	200,000	7.98%	200,000	5,542	-	205,542	-
Total	4,520,000	-	-	4,520,000	-	4,519,317	138,053	324	1,281,559	3,380,954

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Current portion of non-current liabilities (Continued)

As at 31 December 2016, the current portion of bonds payable was listed as below:

<i>RMB '000</i>										
Bond name	Par value	Issue date	Maturity	Amount issued	Annual interest rate	1 January 2016	Interest accrued in the year	Discount or premium amortization	Interest paid in the year	31 December 2016
China Railway 17th Bureau Group Co., Ltd. – 2014 first issue of private placement note	500,000	25 June 2014	3 years	500,000	7.30%	500,000	36,500	-	36,500	500,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2014	470,000	23 April 2014	3 years	470,000	6.38%	470,000	28,653	-	38,562	470,000
China Railway 14th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	27 August 2012	5 years	400,000	6.70%	400,000	27,174	-	26,800	400,000
China Railway 25th Bureau Group Co., Ltd. – 2014 first issue of private placement note	400,000	28 October 2014	3 years	400,000	6.50%	400,000	26,000	-	26,000	400,000
China Railway 15th Bureau Group Co., Ltd. – 2014 first issue of private placement note	300,000	4 September 2014	3 years	300,000	6.80%	300,000	20,400	-	20,400	300,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 third issue of private placement note	300,000	31 October 2014	3 years	300,000	6.70%	300,000	18,760	-	20,100	300,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. – 2014 first issue of private placement note	200,000	30 April 2014	3 years	200,000	7.98%	200,000	15,960	-	15,960	200,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 second issue of private placement note	200,000	31 July 2014	3 years	200,000	7.20%	200,000	10,833	-	14,400	200,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 fifth issue of private placement note	200,000	18 December 2014	3 years	200,000	6.50%	200,000	10,080	-	12,600	200,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 fourth issue of private placement note	50,000	1 October 2014	3 years	50,000	7.05%	50,000	3,584	-	3,525	50,000
China Railway 15th Bureau Group Co., Ltd. – 2013 first issue of private placement note	400,000	28 March 2013	3 years	400,000	5.90%	400,000	5,302	-	423,600	-
China Railway 17th Bureau Group Co., Ltd. – 2013 first issue of private placement note	500,000	21 March 2013	3 years	500,000	5.88%	500,000	7,350	-	529,400	-
China Railway 23rd Bureau Group Co., Ltd. – 2014 first issue of private placement note	150,000	14 March 2014	2 years	150,000	7.50%	150,000	2,438	-	161,250	-
China Railway 24th Bureau Group Co., Ltd. – 2013 first issue of private placement note	600,000	11 April 2013	3 years	600,000	5.40%	600,000	8,910	-	632,400	-
Chongqing Tiesha Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2013	300,000	17 July 2013	3 years	300,000	5.36%	300,000	8,129	-	316,080	-
Total	4,970,000	-	-	4,970,000	-	4,970,000	230,073	-	2,277,577	3,020,000

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Other current liabilities

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Output VAT to be transferred	2,270,373	2,225,825
Deferred income (Note V.40)	27,584	191,292
Short-term unsecured financing bonds (Note)	–	510,480
Others	7,639	9,092
Total	2,305,596	2,936,689

Note: Short-term unsecured financing bonds bear a fixed interest rate. The principal and the interest will be repaid in a lump sum at the end of the term. The movement is listed as below:

For the six months ended 30 June 2017 (unaudited):

RMB '000

Item	1 January 2017	Increase (unaudited)	Decrease (unaudited)	30 June 2017 (unaudited)
Short-term unsecured financing bonds	510,480	–	510,480	–

31 December 2016:

RMB '000

Item	1 January 2016	Increase	Decrease	31 December 2016
Short-term unsecured financing bonds	3,595,179	518,247	3,602,946	510,480

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Other current liabilities (Continued)

As at 31 December 2016, balances of short-term unsecured financing bonds were listed as below:

RMB '000

Bonds	Par value	Issue date	Annual interest date	Maturity	Total interest payable at the end of the period	31 December 2016
Chongqing Tiefa Suiyu Highway Co., Ltd. - 2016 first issue of short-term private placement note	300,000	22 April 2016	3.89%	365 days	8,234	308,234
Chongqing Tiefa Suiyu Highway Co., Ltd. - 2016 first issue of super short-term private placement note	200,000	25 August 2016	2.93%	270 days	2,246	202,246
Total	500,000	-	-	-	10,480	510,480

35. Long-term loans

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Pledged loans (Note 2, Note 4)	33,395,230	18,921,499
Mortgaged loans (Note 1, Note 3)	4,432,137	4,147,928
Guaranteed loans (Note 5)	11,738,290	9,866,289
Credit loans	41,691,814	36,096,716
Total	91,257,471	69,032,432

Note 1: As at 30 June 2017, long-term loans with a carrying amount of RMB216,045,000 (31 December 2016: RMB30,248,000) including long-term loans due within one year of RMB21,300,000 (31 December 2016: Nil) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB654,887,000 (31 December 2016: RMB223,842,000).

Note 2: As at 30 June 2017, long-term loans with a carrying amount of RMB27,906,320,000 (31 December 2016: RMB17,240,910,000) including long-term loans due within one year of RMB285,090,000 (31 December 2016: 190,250,000) were secured by mortgages of the Group's concession assets with a carrying amount of RMB41,939,669,000 (31 December 2016: RMB29,812,658,000).

Note 3: As at 30 June 2017, long-term loans with a carrying amount of RMB7,427,042,000 (31 December 2016: RMB5,953,680,000) including long-term loans due within one year of RMB3,189,650,000 (31 December 2016: 1,836,000,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB20,617,759,000 (31 December 2016: RMB35,029,173,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Long-term loans (Continued)

Note 4: As at 30 June 2017, long-term loans with a carrying amount of RMB5,854,000,000 (31 December 2016: RMB1,950,839,000) including long-term loans due within one year of RMB80,000,000 (31 December 2016: 80,000,000) were secured by mortgages of the Group's accounts receivables with a carrying amount of RMB8,438,110,000 (31 December 2016: RMB5,896,550,000).

Note 5: As at 30 June 2017, the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group (31 December 2016: the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group).

As at 30 June 2017, the Group had no overdue long-term loans (31 December 2016: Nil).

The maturity profile of the long-term loans as at the end of the reporting period is listed as below:

Item	RMB '000	
	30 June 2017 (unaudited)	31 December 2016
Within one year or paid on demand (<i>Note V.33</i>)	8,984,029	7,458,948
In the second year (inclusive)	15,344,472	19,497,662
In the third to fifth year (inclusive)	35,259,110	18,381,741
Over five years	40,653,889	31,153,029
Total	100,241,500	76,491,380

36. Bonds payable

Bonds payable include: 1) unsecured medium-term notes and private placement notes with a fixed interest rate issued by the Company and its subsidiaries in the National Inter Bank Bond Market. The bonds' interest is paid annually whereas the principal is paid at the maturity date; 2) the 5-year zero-interest US dollar and 5-year RMB Convertible Bond issued by the Company in the international market with a fixed interest rate with interest repayable semi-annually and the principal repayable upon maturity; and 3) the 10-year US dollar bond with a fixed interest rate issued by its overseas subsidiaries and guaranteed by the Company. The bonds' interest is repayable semi-annually whereas the principal is repayable upon maturity.

Item	RMB '000	
	30 June 2017 (unaudited)	31 December 2016
Bonds payable	43,355,501	44,902,037

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Bonds payable (Continued)

As at 30 June 2017, balances of bonds payable were listed as below: (unaudited)

RMB '000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2017	Amount issued in the period	Interest accrued in the period	Discount or premium amortization	Interest paid in the period	30 June 2017
China Railway Construction Co., Ltd. – First issue of medium-term notes in 2011	7,500,000	14 October 2011	7 years	7,500,000	6.28%	7,474,690	-	233,564	5,324	-	7,480,014
China Railway Construction Co., Ltd. – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,959,200	-	252,904	7,698	510,000	9,966,898
China Railway Construction Co., Ltd. – USD500 million Zero Coupon Convertible Bond due 2021 (Note 1)	USD500,000	29 January 2016	5 years	USD500,000	0.00%	2,718,571	-	-	18,170	-	2,736,741
China Railway Construction Co., Ltd. – RMB3.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 2)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	3,015,432	-	27,222	39,455	25,875	3,054,887
China Railway 15th Bureau Group Co., Ltd. – 2016 first issue of private placement note	400,000	4 March 2016	3 years	400,000	6.80%	400,000	-	10,061	-	18,000	400,000
China Railway 16th Bureau Group Co., Ltd. – 2016 first issue of private placement Corporate bond	1,000,000	6 September 2016	5 years	1,000,000	4.00%	1,000,000	-	20,000	-	-	1,000,000
China Railway 24th Bureau Group Co., Ltd. – 2016 second issue of private placement note	600,000	24 March 2016	3 years	600,000	4.13%	600,000	-	24,780	-	24,780	600,000
China Railway Construction Investment Group Co., Ltd. – 2015 first issue of private placement note	1,000,000	28 July 2015	3 years	1,000,000	4.85%	1,000,000	-	24,250	-	-	1,000,000
China Railway Construction Real Estate Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.02%	2,980,022	-	60,300	2,552	-	2,982,574
China Railway Construction Real Estate Co., Ltd. – 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,780,066	-	51,800	2,266	103,600	2,782,332
China Railway Construction Real Estate Co., Ltd. – 2016 second issue of Corporate bond	3,000,000	20 January 2016	5 years	3,000,000	4.58%	2,982,248	-	68,700	1,971	137,400	2,984,219
China Railway Construction Real Estate Co., Ltd. – 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.80%	1,490,722	-	36,000	954	72,000	1,491,676
China Railway Construction Real Estate Co., Ltd. – 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	5.10%	1,490,547	-	38,250	931	76,500	1,491,478
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5%	USD800,000	16 May 2013	10 years	USD800,000	3.50%	5,511,222	-	98,718	(126,540)	96,672	5,384,682
Total	-	-	-	-	-	43,402,720	-	946,549	(47,219)	1,064,827	43,355,501

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Bonds payable (Continued)

As at 31 December 2016, balances of bonds payable were listed as below:

RMB '000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2016	Amount issued in the year	Interest accrued in the year	Discount or premium amortization	Interest paid in the period	31 December 2016
China Railway Construction Co., Ltd. – First issue of medium-term notes in 2011	7,500,000	14 October 2011	7 years	7,500,000	6.28%	7,461,968	–	483,986	12,722	471,264	7,474,690
China Railway Construction Co., Ltd. – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,949,184	–	520,761	10,016	510,745	9,959,200
China Railway Construction Co., Ltd. – USD500 million Zero Coupon Convertible Bond due 2021 (Note 1)	USD500,000	29 January 2016	5 years	USD500,000	0.00%	–	2,426,269	–	292,302	–	2,718,571
China Railway Construction Co., Ltd. – RMB3.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 2)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	–	3,015,432	–	–	–	3,015,432
China Railway 15th Bureau Group Co., Ltd. – 2016 first issue of private placement note	400,000	4 March 2016	3 years	400,000	6.80%	–	400,000	14,943	–	–	400,000
China Railway 16th Bureau Group Co., Ltd. – 2016 first issue of private placement Corporate bond	1,000,000	6 September 2016	5 years	1,000,000	4.00%	–	1,000,000	12,890	–	–	1,000,000
China Railway 20th Bureau Group Co., Ltd. – 2015 first issue of private placement note	700,000	13 March 2015	3 years	700,000	6.50%	700,000	–	44,153	–	43,400	700,000
China Railway 23rd Bureau Group Co., Ltd. – 2015 first issue of private placement note	100,000	11 February 2015	3 years	100,000	6.30%	99,347	–	6,612	312	6,300	99,659
China Railway 23rd Bureau Group Co., Ltd. – 2015 second issue of private placement note	100,000	12 February 2015	3 years	100,000	6.30%	99,346	–	6,612	312	6,300	99,658
China Railway 24th Bureau Group Co., Ltd. – 2016 second issue of private placement note	600,000	24 March 2016	3 years	600,000	4.13%	–	600,000	18,585	–	–	600,000
China Railway 25th Bureau Group Co., Ltd. – 2015 first issue of private placement note	400,000	30 January 2015	3 years	400,000	6.50%	400,000	–	26,000	–	26,000	400,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2015 first issue of private placement note	200,000	11 February 2015	3 years	200,000	6.00%	200,000	–	13,440	–	12,033	200,000
China Railway Construction Investment Group Co., Ltd. – 2015 first issue of private placement note	1,000,000	28 July 2015	3 years	1,000,000	4.85%	1,000,000	–	41,723	–	45,112	1,000,000
China Railway Construction Real Estate Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.02%	2,975,074	–	125,548	4,948	120,600	2,980,022

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Bonds payable (Continued)

As at 31 December 2016, balances of bonds payable were listed as below: (Continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2016	Amount issued in the year	Interest accrued in the year	Discount or premium amortization	Interest paid in the period	31 December 2016
China Railway Construction Real Estate Co., Ltd. – 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	-	2,776,044	94,967	4,022	-	2,780,066
China Railway Construction Real Estate Co., Ltd. – 2016 second issue of Corporate bond	3,000,000	20 January 2016	5 years	3,000,000	4.58%	-	2,978,770	125,950	3,478	-	2,982,248
China Railway Construction Real Estate Co., Ltd. – 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.80%	-	1,489,500	48,000	1,222	-	1,490,722
China Railway Construction 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	44,625	1,047	-	1,490,547
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5%	USD800,000	16 May 2013	10 years	USD800,000	3.50%	5,154,029	-	191,229	357,193	187,354	5,511,222
Total	-	-	-	-	-	28,038,948	16,175,515	1,820,024	687,574	1,429,108	44,902,037

Note 1: The Company issued a five-year Convertible Bond at zero interest rate with the principal of USD500 million on 29 January 2016. The conversion period is from 10 March 2016 or later to the close of business of the tenth operation day before expiration. The initial conversion price, at which the shares will be issued if conversion rights are executed, was set to be HK\$10.30 per H share, and will be subject to adjustments under certain circumstances. The embedded derivatives of the convertible bond is initially recognized at fair value at the issue date, and the issue price in excess of the fair value of derivative financial instruments is recognized as debt instruments.

Note 2: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion on 21 December 2016 (settled by US Dollar). The conversion period is from 31 January 2017 or later to the close of business of the tenth operation day before expiration. The initial conversion price, at which the shares will be issued if conversion rights are executed, is set to be HK\$13.7750 per H share (calculated in a fixed exchange rate By HKD1 to RMB0.8898), and will be subject to adjustments under certain circumstances. The debt component of the convertible bond is initially recognized at fair value at the issue date, and the issue price in excess of the initially recognized liability is recognized as equity.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Long-term payables

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Finance lease payables	765,567	886,574
Retention money payables	17,637	9,394
Others	433,821	947,215
Total	1,217,025	1,843,183

The maturity profile of long-term payables as at the end of the reporting period is as follows:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Within one year or paid on demand (Note V.33)	1,219,263	1,651,004
In the second year (inclusive)	888,969	997,495
In the third to fifth year (inclusive)	320,812	355,823
Over five years	7,244	489,865
Total	2,436,288	3,494,187

38. Long-term employee benefits payable

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Defined benefit plans – post-employment benefits	741,182	969,007

Certain employees of the Group had completely dealt with their respective long-term post-leaving. Post-employment benefits 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 employees have 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 employees are located.

The plan has no defined benefit plan asset.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Long-term employee benefits payable (Continued)

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 listed as below:

Item	30 June 2017 (unaudited)	31 December 2016
Discount rate (%)	3.50	2.75
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

Movements in the present value of defined benefit plan obligations are listed as below:

RMB '000

Item	For the six months ended 30 June 2017 (unaudited)	2016
Opening balance	1,411,035	1,952,938
Defined benefit cost recognized in profit or loss		
Past service cost	–	(2,190)
Net interest	16,370	42,019
Defined benefit cost recognized in other comprehensive income		
Actuarial gains	(21,123)	(49,874)
Other changes		
Benefit payments	(260,375)	(531,858)
Closing balance	1,145,907	1,411,035
Including: current portion of post-employment benefits payable (Note V.33)	(404,725)	(442,028)
Total	741,182	969,007

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Special payables

For the six-month period ended 30 June 2017 (unaudited):

RMB '000

Item	1 January 2017	Additions (unaudited)	Deductions (unaudited)	30 June 2017 (unaudited)
Specific project funds	672,286	217,450	98,906	790,830
Research and development funds	50,387	–	7,270	43,117
Others	440	–	–	440
Total	723,113	217,450	106,176	834,387

2016:

RMB '000

Item	1 January 2016	Additions	Deductions	31 December 2016
Specific project funds	489,680	320,440	137,834	672,286
Research and development funds	62,017	5,790	17,420	50,387
Others	351	300	211	440
Total	552,048	326,530	155,465	723,113

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Deferred income

For the six-month period ended 30 June 2017 (unaudited):

RMB '000

Item	1 January 2017	Additions (unaudited)	Deductions (unaudited)	30 June 2017 (unaudited)
Government grants related to assets	722,144	210,756	733,293	199,607
Government grants related to income	91,228	8,152	69,254	30,126
Others	37,489	358,252	1,136	394,605
Sub-total	850,861	577,160	803,683	624,338
Less: current portion of deferred income (Note V.34)	191,292	–	163,708	27,584
Total	659,569	577,160	639,975	596,754

2016:

RMB '000

Item	1 January 2016	Additions	Deductions	31 December 2016
Government grants related to assets	421,377	327,122	26,355	722,144
Government grants related to income	4,856	142,154	55,782	91,228
Others	23,424	14,065	–	37,489
Sub-total	449,657	483,341	82,137	850,861
Less: current portion of deferred income (Note V.34)	116,788	74,504	–	191,292
Total	332,869	408,837	82,137	659,569

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Deferred income (Continued)

As at 30 June 2017, projects related to governments grants were listed as below (unaudited):

RMB '000

Project	1 January 2017	Additions (unaudited)	Included in non-operating income/ other income in the period (unaudited)	Other changes (note) (unaudited)	30 June 2017 (unaudited)	Related to assets/income
Equipment appropriation from Ministry of Railway	1,000	-	1,000	-	-	Related to assets
Enterprise Development and Support Fund	50,178	-	8,228	(15,356)	26,594	Related to assets/ income
Subsidy for underground utility tunnel PPP Project of Xiamen Xiang'an Airport Area	94,895	75,172	-	(58,602)	111,465	Related to assets
Relocation compensation to China Railway 18th Bureau Group Co., Ltd.	-	88,142	-	-	88,142	Related to assets
Others	667,299	55,594	43,106	(676,255)	3,532	-
Total	813,372	218,908	52,334	(750,213)	229,733	-

Note: As stated in Note III 34, in accordance with Accounting Standard for Business Enterprise No.16-Government Grants (Revision) (hereinafter referred to as the "Standard"), the Group has implemented the Standard since June 2017. In accordance with the regulations of this standard, government grants that are available as at 1 January 2017 will be accounted prospectively by the Group, in which government grants related to assets are used to offset against the carrying amount of relevant assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Deferred income (Continued)

As at 31 December 2016, projects related to governments grants were listed as below:

RMB '000

Item	1 January 2016	Additions	Included in non-operating income in the year	Other changes	31 December 2016	Related to assets/income
Equipment appropriation from Ministry of Railway	21,000	-	20,000	-	1,000	Related to assets
Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuangju Apartment and Utility Project Demolition Fund	51,555	-	-	-	51,555	Related to assets
Enterprise Development and Support Fund	23,448	32,124	5,394	-	50,178	Related to assets/ income
Jiyu Highway Project Government Grants	90,000	10,000	-	-	100,000	Related to assets
Anzi Highway Project Government Grants	95,000	-	-	-	95,000	Related to assets
Xiusong Highway Project Government Grants	91,380	107,000	-	-	198,380	Related to assets
Zixing Highway Project Government Grants	32,867	43,756	-	-	76,623	Related to assets
Jianpu Highway Project Government Grants	9,032	35,454	-	-	44,486	Related to assets
Xiangnan Airport Project Government Grants	-	94,895	-	-	94,895	Related to assets
Relocation compensation	-	96,858	54,778	-	42,080	Related to income
Others	11,951	49,189	1,965	-	59,175	-
Total	426,233	469,276	82,137	-	813,372	-

41. Other non-current liabilities

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Derivatives - convertible bonds (Note V.36)	1,051,683	1,145,656
Others	90,943	78,226
Total	1,142,626	1,223,882

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Share capital

For the six months ended 30 June 2017:

RMB '000

Item	1 January 2017	Increase (Unaudited)	Decrease (Unaudited)	30 June 2017 (Unaudited)
Unrestricted shares				
– RMB ordinary shares	11,258,246	–	–	11,258,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
Total	13,579,542	–	–	13,579,542

2016:

RMB '000

Item	1 January 2016	Increase	Decrease	31 December 2016
Restricted shares				
– CRCCG (Note 1)	1,150	–	1,150	–
– RMB ordinary shares (Note 2)	1,242,000	–	1,242,000	–
Unrestricted shares				
– RMB ordinary shares (Note 1, Note 2)	10,015,096	1,243,150	–	11,258,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
Total	13,579,542	1,243,150	1,243,150	13,579,542

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Share capital (Continued)

Note 1: 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. As at 31 December 2016, the restriction has been removed.

Note 2: 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. As at 31 December 2016, the restriction of all these A shares has been removed.

43. Other equity instruments

RMB '000

		30 June 2017 (Unaudited)	31 December 2016
2016 renewable corporate bonds (First tranche)	<i>Note 1</i>	7,992,104	7,992,104
Convertible bond for the year of 2016	<i>Note 2</i>	408,129	408,129
Total		8,400,233	8,400,233

Note 1: 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, were included in other equity instruments.

Note 2: On 21 December 2016, the Company issued a five-year 1.5% Coupon Convertible Bond of RMB3,450,000,000, of which RMB408,129,000 was included in equity.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Capital reserve

For the six months ended 30 June 2017:

RMB '000

Item	1 January 2017	Increase (Unaudited)	Decrease (Unaudited)	30 June 2017 (Unaudited)
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Acquisition of non-controlling interests	(465,778)	–	2,918	(468,696)
Others	(506,626)	–	–	(506,626)
Total	40,430,370	–	2,918	40,427,452

31 December 2016 :

RMB '000

Item	1 January 2016	Increase	Decrease	31 December 2016
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	124,992	35,969	–	160,961
Acquisition of non-controlling interests	(465,778)	–	–	(465,778)
Others	(506,626)	–	–	(506,626)
Total	40,394,401	35,969	–	40,430,370

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Other comprehensive income

Accumulated balances of other comprehensive income attributable to owners of the Company from the balance sheet:

					<i>RMB '000</i>
Item	1 January 2016	Increase/ (decrease)	31 December 2016	Increase/ (decrease) (Unaudited)	30 June 2017 (Unaudited)
Remeasurement of net defined benefit obligations	(191,470)	49,874	(141,596)	21,123	(120,473)
Effect of deferred tax from changes in remeasurement of net defined benefit obligations	(12,164)	(9,300)	(21,464)	(5,210)	(26,674)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of associates, under the equity method	(205,021)	144,834	(60,187)	50,828	(9,359)
Changes in fair value of available-for-sale financial assets	1,658,125	(662,203)	995,922	(18,660)	977,262
Effect of deferred tax from changes in fair value of available-for-sale financial assets	(385,334)	178,686	(206,648)	(10,194)	(216,842)
Exchange differences on translation of foreign operation	295,608	(578,691)	(283,083)	12,683	(270,400)
Total	1,159,744	(876,800)	282,944	50,570	333,514

Accumulated balances of other comprehensive income attributable to non-controlling interests from the balance sheet:

					<i>RMB '000</i>
Item	1 January 2016	Increase/ (decrease)	31 December 2016	Increase/ (decrease) (Unaudited)	30 June 2017 (Unaudited)
Changes in fair value of available-for-sale financial assets	–	(4,789)	(4,789)	(3,710)	(8,499)
Exchange differences on translation of foreign operation	–	–	–	1,167	1,167
Total	–	(4,789)	(4,789)	(2,543)	(7,332)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Other comprehensive income (Continued)

Other comprehensive income from the statement of profit or loss:

For the six months ended 30 June 2017 (unaudited) :

RMB '000

Item	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	21,123	5,210	15,913	–
Remeasurement of net defined benefit obligations	21,123	5,210	15,913	–
Other comprehensive income to be reclassified to profit or loss in subsequent periods	41,653	9,539	34,657	(2,543)
Share of other comprehensive income of the investee under the equity method	50,828	–	50,828	–
Changes in fair value of available-for-sale financial assets	(23,025)	9,539	(28,854)	(3,710)
Exchange differences on translation of foreign operation	13,850	–	12,683	1,167
Total	62,776	14,749	50,570	(2,543)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Other comprehensive income (Continued)

Other comprehensive income from the statement of profit or loss: (Continued)

For the six months ended 30 June 2016 (unaudited):

	<i>RMB '000</i>			
Item	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	340	(2,337)	2,677	-
Remeasurement of defined benefit obligations	340	(2,337)	2,677	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(548,188)	(147,719)	(397,943)	(2,526)
Share of other comprehensive income of the investee 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)	-
Total	(547,848)	(150,056)	(395,266)	(2,526)

46. Special reserve

The Group provided for the safety production expenses at 1.5% and 2% of the cost of construction projects, and utilised them according to the Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilisation (Cai Qi [2012v No.16] issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note III. 31.

47. Surplus reserve

For the six months ended 30 June 2017 (unaudited) :

	<i>RMB '000</i>		
Item	1 January 2017	Increase (Unaudited)	30 June 2017 (Unaudited)
Statutory surplus reserve	2,394,128	-	2,394,128

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Surplus reserve (Continued)

2016:

		<i>RMB '000</i>		
Item		1 January 2016	Increase	31 December 2016
Statutory surplus reserve	<i>Note</i>	2,120,232	273,896	2,394,128

Note: In accordance with the Company Law and the Company's articles of association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of the surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorised to allocate the discretionary surplus reserve from profit after tax after the allocation of the statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

48. Retained earnings

		<i>RMB '000</i>	
Item		For the six months ended 30 June 2017 (Unaudited)	2016
Retained earnings at the beginning of the period/year		66,099,855	54,411,072
Net profit attributable to the owners		6,523,039	13,999,610
Less: Appropriation to statutory surplus reserve		–	273,896
Cash dividend declared for ordinary shares	<i>Note 1</i>	2,172,727	2,036,931
Interest distributed to other equity instrument holders	<i>Note 2</i>	282,400	–
Retained earnings at the end of the period/year		70,167,767	66,099,855

Note 1: In accordance with the resolution at the 2016 annual general meeting of shareholders on 15 June 2017, the Company declared a cash dividend for the year ended 31 December 2016 of RMB0.16 per share (2016: RMB0.15 per share), which amounted to RMB2,172,727,000 (2016: RMB2,036,931,000) based on 13,579,541,500 ordinary shares in issue. The above dividends have been paid on 3 August 2017.

Note 2: As dividends (Note 1) are declared by Group in the period, the event of mandatory interest payment resulted in distributing a total interest of RMB282,400,000 of renewable corporate bonds for the year 2016 (first tranche) (Note V, 43). As at 30 June 2017, the above interest has been paid in full.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Revenue and cost of sales

RMB '000

Item	For the six months ended 30 June			
	2017		2016	
	Revenue (Unaudited)	Cost of sales (Unaudited)	Revenue (Unaudited)	Cost of sales (Unaudited)
Revenue from principal operations	287,499,403	262,367,074	265,587,930	238,529,600
Other operating revenue	1,461,506	1,043,053	1,139,269	869,790
Total	288,960,909	263,410,127	266,727,199	239,399,390

An analysis of the Group's operating revenue by sector is as follows:

RMB '000

Sector	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Construction operations	250,014,400	232,171,525
Real estate operations	9,022,665	7,504,768
Manufacturing operations	5,843,455	6,258,818
Survey, design and consultancy operations	5,933,947	4,741,063
Other business operations	18,146,442	16,051,025
Total	288,960,909	266,727,199

50. Taxes and surcharges

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
City maintenance and construction tax	359,008	218,653
Stamp duty	194,813	–
Property tax	99,444	–
Business tax	70,827	3,762,479
Others	871,042	416,283
Total	1,595,134	4,397,415

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Selling and distribution expenses

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Employee compensation costs	970,813	875,455
Advertising and publicity expenses	443,691	447,469
Transportation expenses	217,350	281,910
Others	228,448	191,085
Total	1,860,302	1,795,919

52. General and administrative expenses

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Employee compensation costs	5,259,613	4,464,018
Research and development expenses	4,944,278	4,395,854
Depreciation expenses	394,914	394,591
Office, traveling and transportation expenses	464,219	410,041
Others	1,068,817	1,266,015
Total	12,131,841	10,930,519

53. Finance costs

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Interest expenses	4,482,948	4,437,202
Less: Interest income	1,420,380	815,133
Interest capitalised	1,932,732	2,199,174
Exchange (gains)/losses	(152,047)	230,752
Bank charges and others	351,247	380,270
Total	1,329,036	2,033,917

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

53. Finance costs (Continued)

The Group's interest expenses are as follows:

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Interest on bank loans and other loans	3,217,599	3,281,418
Interest on finance leases	65,036	44,874
Interest on discounted bills	115,711	108,108
Interest on corporate bonds	1,084,602	1,002,802
Total	4,482,948	4,437,202

The amount of capitalised interest has been included in the balances of construction in progress (Note V.16), intangible assets (Note V.17) and properties under development (Note V.7(1)).

54. Losses from impairment of assets

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Provisions for bad debts	179,767	267,302
Provisions for decline in value of inventories	75,779	7,171
Provision for impairment of loans	23,750	–
Total	279,296	274,473

55. Losses on fair value changes

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Financial assets and liabilities at fair value through profit or loss	(31,333)	(264,514)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Investment income

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Share of profits of long-term equity investments under the equity method	8,633	31,223
Investment income from disposal of long-term equity investments under the equity method	4,812	2,982
Investment income gained during the period in which the Group held available-for-sale financial assets	26,464	46,166
Investment income from disposal of financial assets at fair value through profit or loss	56,608	1,096
Investment income from disposal of available-for-sale financial assets	–	5,578
Others	10,222	151
Total	106,739	87,196

57. Other income

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Government grants relating to operations (<i>Note</i>)	9,041	–

Note: As described in Note V, 40, in accordance with Accounting Standard for Business Enterprise No.16-Government Grants (Revision) (hereinafter referred to as the "Standard"), the Group has implemented the Standard since June 2017. In accordance with the regulations of this standard, government grants that are available as at 1 January 2017 will be accounted prospectively by the Group. Therein, government grants relating to daily operations of the Group shall be included in other income according to the substance of business transactions.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Non-operating income

RMB '000

Item	For the six months ended 30 June		Non-recurring profit or loss of the period (Unaudited)
	2017 (Unaudited)	2016 (Unaudited)	
Government grants	277,772	107,232	277,772
Gains on disposal of non-current assets	56,553	45,005	56,553
Including: Gains on disposal of fixed assets	49,656	41,055	49,656
Gains on disposal of intangible assets	6,897	3,950	6,897
Gains on compensation, penalties and fines	43,249	40,587	43,249
Gains on debt restructuring	52,253	6,926	52,253
Others	107,281	59,158	107,281
Total	537,108	258,908	537,108

Government grants credited to profit or loss for the period are as follows:

RMB '000

Item	For the six months ended 30 June		Related to assets/income
	2017 (Unaudited)	2016 (Unaudited)	
Enterprise development funds	122,864	23,636	Related to income
Relocation compensation	57,946	34,673	Related to income
Refund of taxes	4,156	19,227	Related to income
Economic and technological cooperation special funds	–	5,469	Related to income
Equipment funds from the Ministry of Finance	–	150	Related to assets
Others	101,847	24,077	Related to income
Total	286,813	107,232	–
Including: Other income	9,041	–	–
Non-operating income	277,772	107,232	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Non-operating expenses

RMB '000

Item	For the six months ended 30 June		Non-recurring profit or loss of the period (Unaudited)
	2017 (Unaudited)	2016 (Unaudited)	
Loss on disposal of non-current assets	51,495	132,612	51,495
Including: Loss on disposal of fixed assets	50,334	132,612	50,334
Loss on disposal of intangible assets	1,161	–	1,161
Loss on compensation, penalties and fines	120,626	49,782	120,626
Donations	4,512	2,217	4,512
Others	35,433	26,496	35,433
Total	212,066	211,107	212,066

60. Costs and expenses classified by nature

The Group's costs and expenses classified by nature are listed below:

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Cost of services rendered	238,242,537	215,354,105
Cost of goods sold	25,167,590	24,045,285
Employee compensation costs (Note V, 51, 52)	6,230,426	5,339,473
Research and development expenses	4,944,278	4,395,854
Depreciation expenses on fixed assets	422,578	421,842
Amortisation expenses on intangible assets	85,211	80,760

Note 1: For the six months ended 30 June 2017, depreciation of fixed assets included in the Cost of services rendered and Cost of goods sold is RMB5,103,297,000 (For the six months ended 30 June 2016: RMB5,458,855,000).

Note 2: For the six months ended 30 June 2017, amortization of intangible assets included in the Cost of services rendered and Cost of goods sold is RMB155,973,000 (For the six months ended 30 June 2016: RMB97,831,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Income tax expenses

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Current tax expenses – Mainland China	1,821,993	1,709,823
Current tax expenses – Others	303,083	1,267
Deferred tax expenses	(280,051)	(144,230)
Total	1,845,025	1,566,860

A reconciliation of the income tax expense applicable to profit before tax is as follows:

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Profit before tax	8,764,662	7,766,049
Income tax at the statutory income tax rate of 25% (Note)	2,191,166	1,941,512
Tax effect of preferential tax rates for some subsidiaries	(136,901)	(604,649)
Tax effect of share of profits and losses of joint ventures and associates	(2,158)	(7,806)
Non-taxable income	(191,534)	(122,721)
Non-deductible expenses	42,733	40,345
Utilisation of tax losses from previous years	(99,818)	(26,858)
Income tax benefits on research and development expenses	(233,292)	(234,467)
Tax losses not recognised as deferred tax assets	227,067	308,512
Deductible temporary differences not recognised as deferred tax assets	18,539	97,187
Adjustments in respect of current income tax of previous periods	31,402	12,437
Others	(2,179)	163,368
Income tax expense at the Group's effective tax rate	1,845,025	1,566,860

Note: 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 or jurisdiction in which the Group operates.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

62. Earnings per share

The basic earnings per share is calculated based on the net profit for the period attributable to ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the period.

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Earnings		
Net profit attributable to ordinary shareholders of the Company	6,523,039	5,822,183
Shares		
Weighted average number of the outstanding ordinary shares of the Company (Note 1)	13,579,541,500	13,579,541,500
Basic earnings per share (RMB/share)	0.48	0.43
Diluted earnings per share (RMB/share) (Note 2)	0.46	0.42

Note 1: 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 2: On 29 January 2016, the Company issued a five-year Zero Coupon Convertible Bond at USD500 million with the expiration date on 29 January 2021. Based on the adjusted conversion price of HK\$10.15 per H share, the bonds are convertible to 383,960,590 H shares. On 21 December 2016, the Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion with the expiration date on 21 December 2021. Based on the initial conversion price of HK\$13.775 per H share, the bonds are convertible to 281,471,927 H shares.

63. Notes to items in the statement of cash flows

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
(1) Cash received relating to other operating activities:		
Sale of raw materials	630,230	837,091
Rental income of fixed assets	379,691	401,538
Government grants	184,672	107,232
Others	2,519,424	2,477,987
Total	3,714,017	3,823,848

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

63. Notes to items in the statement of cash flows (Continued)

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
(2) Cash paid relating to other operating activities:		
Office and traveling expenses	803,811	697,236
Repair and maintenance costs	222,514	301,653
Business development expenses	210,109	250,606
Others	4,878,613	2,116,352
Total	6,115,047	3,365,847

64. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Reconciliation of net profit to cash flows used in operating activities:		
Net profit	6,919,637	6,199,189
Plus: Provision for impairment of assets	279,296	274,473
Depreciation of fixed assets	5,525,875	5,880,697
Amortisation of intangible assets	241,184	178,591
Amortisation of investment properties	48,825	–
(Gains)/losses from disposal of fixed assets, intangible assets and other long-term assets	(5,058)	87,607
Losses from changes in fair value	31,333	264,514
Finance costs	2,358,472	1,653,647
Investment income	(106,739)	(87,196)
Increase in deferred tax assets	(300,414)	(143,767)
Increase (decrease) in deferred tax liabilities	20,363	(464)
Increase in inventories	(28,792,901)	(24,031,605)
Increase in operating receivables	(21,125,094)	(9,566,271)
Increase in operating payables	9,750,387	5,648,725
Increase in the deposits with the central bank	(302,024)	(97,935)
Net Cash Flows Used in Operating Activities	(25,456,858)	(13,739,795)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

64. Supplementary information to the consolidated statement of cash flows (Continued)

(1) Supplementary information to the statement of cash flows (Continued)

Major non-cash investing and financing activities:

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Fixed assets held under finance leases	276,998	267,655

Changes in cash and cash equivalents:

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Cash at the end of the period	98,742,601	101,797,163
Less: opening balance of cash	113,584,200	106,259,831
Plus: closing balance of cash equivalents	303,649	3,049,960
Less: opening balance of cash equivalents	3,949,822	2,210,722
Net decrease in cash and cash equivalents	(18,487,772)	(3,623,430)

(2) Cash and cash equivalents

RMB '000

Item	30 June 2017 (Unaudited)	31 December 2016
Cash	98,742,601	113,584,200
Including: Cash on hand	139,487	132,932
Cash with banks/financial institutions without restriction	98,603,114	113,451,268
Cash equivalents	303,649	3,949,822
Closing balance of cash and cash equivalents	99,046,250	117,534,022

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

65. Assets with title restrictions

RMB '000

Item	30 June 2017 (Unaudited)	31 December 2016	Reason
Cash and bank balances	9,306,574	8,574,340	Note
Accounts receivable	80,000	901,810	Pledged for loans
Long-term receivables	8,358,110	5,896,550	Pledged for loans
Inventories	20,617,759	35,029,173	Mortgaged for loans
Fixed assets	656,317	225,402	Mortgaged for loans
Intangible assets	41,939,669	29,812,658	Pledged for loans
Total	80,958,429	80,439,933	–

Note: As at 30 June 2017, the Group held frozen deposits of RMB24,263,000 (31 December 2016: RMB222,448,000), the residual amount of RMB5,097,318,000 (31 December 2016: RMB4,468,923,000) was a deposit. CRCC Finance Company Limited placed RMB4,184,993,000 (31 December 2016: RMB3,882,969,000) in the central bank as statutory reserves.

66. Foreign currency monetary items

RMB '000

Item	Closing balance of foreign currencies (‘000)	Exchange rate	Closing balance in RMB
Cash and bank balances			12,810,808
Including: U.S. Dollar	1,689,241	6.7744	11,443,595
Euro	59,286	7.7496	459,441
Others			907,772
Accounts receivable			765,600
Including: U.S. Dollar	67,320	6.7744	456,050
Others			309,550
Other receivables			193,805
Including: U.S. Dollar	13,599	6.7744	92,125
Others			101,680
Accounts payable			1,271,259
Including: Algerian Dinar	15,284,465	0.0629	960,629
Malaysian Ringgit	81,838	1.5779	129,130
U.S. Dollar	10,777	6.7744	73,010
Others			108,490

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

66. Foreign currency monetary items (Continued)

Item	Closing balance of foreign currencies (‘000)	Exchange rate	Closing balance in RMB
Other payables			332,575
Including: Algerian Dinar	1,696,906	0.0629	106,652
Saudi Riyal	58,014	1.8065	104,802
Others			121,121
Short-term loans			1,957,503
Including: U.S. Dollar	265,450	6.7744	1,798,262
Others			159,241
Long-term loans			1,254,519
Including: U.S. Dollar	166,000	6.7744	1,124,550
Euro	15,941	7.7496	123,539
Others			6,430
Bonds payable			8,121,423
Including: U.S. Dollar	1,198,840	6.7744	8,121,423

VI. CHANGES OF CONSOLIDATION SCOPE

In the current period, the Company invested to establish a wholly-owned subsidiary, CRCC Huanan Construction Co., Ltd. Other than that, the consolidation scope of the Group’s consolidated financial statements has no significant change by comparing to that of the last year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

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	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion	
					Direct	Indirect
					RMB '000	
China Civil Engineering Construction Ltd.	Beijing	Beijing	Construction	3,000,000	100	-
China Railway 11th Bureau Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Construction	5,030,000	100	-
China Railway 12th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	5,060,677	100	-
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,000,000	100	-
China Railway 14th Bureau Group Co., Ltd.	Jinan, Shandong	Jinan, 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	3,000,000	100	-
China Railway 17th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	3,000,470	100	-
China Railway 18th Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,000,000	100	-
China Railway 19th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	5,080,000	100	-
China Railway 20th Bureau Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	3,130,000	100	-
China Railway 21st Bureau Group Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	Construction	1,880,000	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	2,000,000	100	-
China Railway 25th Bureau Group Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction	2,000,000	100	-
China Railway Siyuan Survey and Design Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Survey and design	150,000	100	-
China Railway Construction Group Co., Ltd.	Beijing	Beijing	Construction	3,000,000	100	-
China Railway Electrification Bureau Group Co., Ltd.	Beijing	Beijing	Construction	710,000	100	-
China Railway Materials Group Co., Ltd.	Beijing	Beijing	Purchase and sales of goods and materials	3,000,000	100	-
CRCC High-tech Equipment Co., Ltd.	Kunming, Yunnan	Kunming, Yunnan	Manufacturing operations	1,519,884	63.7	1.3
China Railway Construction Real Estate Group Co., Ltd.	Beijing	Beijing	Real estate development and operation	7,000,000	100	-
China Railway Construction Heavy Industry Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Manufacturing operations	3,850,000	100	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion	
					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 agency service	6,000,000	94	-
CRCC International Group Co., Ltd.	Beijing	Beijing	Engineering contracting	3,000,000	100	-
CRCC Assets Management Co., Ltd.	Beijing	Beijing	Asset management	520,000	100	-
CRCC Urban Construction Group Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Construction	2,000,000	100	-
CRCC Kunlun Investment Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Project investment	3,000,000	100	-
CRCC Chongqing Investment Co., Ltd.	Chongqing	Chongqing	Project investment	3,000,000	100	-
China Railway Maglev Transportation Investment Construction Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Project investment	2,000,000	70	30

The subsidiary with non-controlling interests is as follows:

30 June 2017:

Subsidiary	Shareholding proportion of non-controlling interests	Net profit attributable to non-controlling interests	Dividends distribute to non-controlling shareholders	RMB '000
				Accumulated balances of non-controlling interests at the reporting date
CRCC High-tech Equipment Co., Ltd.	35%	9,409	85,113	1,856,585

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

The subsidiary with non-controlling interests is as follows: (Continued)

RMB '000

	30 June 2017 (Unaudited)	31 December 2016 (Restated) (Note)
Current assets	5,075,788	5,358,166
Non-current assets	1,917,252	1,744,842
Total assets	6,993,040	7,103,008
Current liabilities	1,652,252	1,529,147
Non-current liabilities	36,259	40,593
Total liabilities	1,688,511	1,569,740

RMB '000

For the six months ended 30 June

	2017 (Unaudited)	2016 (Unaudited, restated) (Note)
Operating revenue	930,897	1,684,903
Net profit	26,882	214,200
Total comprehensive income	19,613	207,533
Net cash flows generated from operating activities	930,268	254,998

Note: In April 2017, CRCC High-tech Equipment Co., Ltd. (hereinafter referred to as "CRCC High-tech") entered into an equity transfer agreement with another wholly-owned indirect subsidiary of the Group to acquire its 100% of equity in CRCC Yukun Co., Ltd. (hereinafter referred to as "CRCC Yukun"). As at 30 June 2017, related equity transfer was completed. Since CRCC Yukun is under common control of the Group before and after the business combination and the control is not transitory, CRCC High-tech takes this transaction as a business combination involving entities under common control and restates corresponding information in the consolidated financial statements.

2. Equity in joint ventures and associates

The Group did not have an individually significant joint venture or associate. Please refer to Note V.12.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED 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 2017 (unaudited):

Financial assets

RMB '000

Item	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	-	-	-	7,839,886	7,839,886
Bills receivable	-	-	2,605,878	-	2,605,878
Accounts receivable	-	-	139,806,926	-	139,806,926
Loans and advances to customers	-	-	2,442,250	-	2,442,250
Interest receivables	-	-	184,761	-	184,761
Dividends receivable	-	-	20,452	-	20,452
Other receivables (excluding petty cash)	-	-	53,244,589	-	53,244,589
Long-term receivables	-	-	37,775,061	-	37,775,061
Current portion of non-current assets	-	-	9,216,228	-	9,216,228
Financial assets at fair value through profit or loss	233,477	-	-	-	233,477
Cash and bank balances	-	-	111,185,672	-	111,185,672
Total	233,477	41	356,481,817	7,839,886	364,555,221

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

1. Financial instruments by category (Continued)

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: (Continued)

30 June 2017 (Continued):

Financial liabilities

RMB '000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Financial liabilities at fair value through profit or loss	40,958	–	40,958
Short-term loans	–	38,248,993	38,248,993
Due to customers	–	565,155	565,155
Due to banks	–	1,900,000	1,900,000
Bills payable	–	34,204,206	34,204,206
Accounts payable	–	260,380,403	260,380,403
Interest payables	–	1,018,816	1,018,816
Dividends payable	–	2,414,743	2,414,743
Other payables	–	49,084,562	49,084,562
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	–	13,584,246	13,584,246
Long-term loans	–	91,257,471	91,257,471
Bonds payable	–	43,355,501	43,355,501
Long-term payables	–	1,217,025	1,217,025
Other non-current liabilities	1,118,883	–	1,118,883
Total	1,159,841	537,231,121	538,390,962

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: (Continued)

31 December 2016:

Financial assets

RMB '000

Item	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	–	–	–	6,554,829	6,554,829
Bills receivable	–	–	4,350,580	–	4,350,580
Accounts receivable	–	–	133,427,609	–	133,427,609
Loans and advances to customers	–	–	3,966,000	–	3,966,000
Interest receivables	–	–	239,390	–	239,390
Dividends receivable	–	–	55,436	–	55,436
Other receivables	–	–	45,626,287	–	45,626,287
Other current assets (excluding paid tax and others)	–	–	–	50,000	50,000
Long-term receivables	–	–	29,613,115	–	29,613,115
Current portion of non-current assets	–	–	9,618,385	–	9,618,385
Financial assets at fair value through profit or loss	323,376	–	–	–	323,376
Cash and bank balances	–	–	128,701,994	–	128,701,994
Total	323,376	41	355,598,796	6,604,829	362,527,042

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: (Continued)

31 December 2016: (Continued)

Financial liabilities

RMB '000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	–	30,428,522	30,428,522
Due to customers	–	1,480,764	1,480,764
Bills payable	–	28,511,489	28,511,489
Accounts payable	–	261,465,985	261,465,985
Interest payables	–	1,140,984	1,140,984
Dividends payable	–	612,510	612,510
Other payables	–	48,871,784	48,871,784
Current portion of non-current liabilities (excluding current portion of long- term employee benefits payable)	–	12,129,952	12,129,952
Other current liabilities (excluding deferred income, output VAT to be transferred and others)	–	510,480	510,480
Long-term loans	–	69,032,432	69,032,432
Bonds payable	–	44,902,037	44,902,037
Long-term payables	–	1,843,183	1,843,183
Other non-current liabilities	1,212,856	–	1,212,856
Total	1,212,856	500,930,122	502,142,978

2. Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

As at 30 June 2017, the subsidiaries of the Group have endorsed and discounted the bills receivable amounting to RMB1,425,166,000 (31 December 2016: RMB403,731,000) to settle the accounts payable. As at 30 June 2017, 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 risks and rewards of the bills have been transferred. Therefore, the Group has terminated the bills receivable and related accounts payable that have been settled by the bills. The undiscounted cash flows and maximum losses 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 2017, the Group did not recognise any profit or loss at the date of transfer. The Group had no current or accumulated gains or expenses related to continuing involvement of financial assets which had been terminated. The endorsement happens evenly throughout the year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. *Financial instrument risks*

The Group's major financial instruments include loans, due to customers, due to banks, bonds, convertible bonds and finance lease liabilities. The purpose of these financial instruments is to support daily operations of the Group. The Group also has various financial assets and liabilities caused from operation, such as accounts receivable, other receivables, long-term receivables, accounts payable, bills receivable, bill payable, long-term payables and other payables.

The major risks from the Group's financial instruments are interest risk, foreign currency risk, credit risk and liquidity risk. As a common practice, 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 management. Generally, the Group introduces conservative strategies in risk management. As these risks for the Group are kept at a low level, the Group does not use any derivative instrument and other instruments to hedge these risks in the entire period.

Credit risk

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets, and other receivables, arises from 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.

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. *Financial instrument risks (Continued)*

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 utilising 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 RMB1,007.5 billion as at 30 June 2017, of which an amount of approximately RMB369.9 billion has been utilised.

The Group's policy is that not more than 75% of the borrowings shall mature in the following 12 months based on the carrying amount of borrowings reflected in the financial statements. As at 30 June 2017, 27.5% (31 December 2016: 26.7%) of the Group's borrowings would mature in less than one year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's financial assets and liabilities as at the balance sheet date, based on the undiscounted contractual cash flows:

RMB '000

Item	30 June 2017 (unaudited)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Financial liabilities at fair value through profit or loss	-	40,958	-	-	-	40,958
Short-term loans	-	38,690,618	-	-	-	38,690,618
Due to customers	565,155	-	-	-	-	565,155
Due to banks	1,900,000	-	-	-	-	1,900,000
Bills payable	-	34,204,206	-	-	-	34,204,206
Accounts payable	-	260,380,403	-	-	-	260,380,403
Interest payables	-	1,018,816	-	-	-	1,018,816
Dividends payable	-	2,414,743	-	-	-	2,414,743
Other payables	-	49,084,562	-	-	-	49,084,562
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	-	14,004,980	-	-	-	14,004,980
Long-term loans	-	3,386,064	18,272,758	40,877,342	68,393,588	130,929,752
Bonds payable	-	1,216,350	10,977,351	31,063,179	5,549,911	48,806,791
Long-term payables	-	77,293	931,816	348,910	7,243	1,365,262
Other non-current liabilities	-	-	67,200	1,051,683	-	1,118,883
Guarantees provided for associates and other investees (excluding the real estate mortgage guarantee)	1,426,414	-	-	-	-	1,426,414
Total	3,891,569	404,518,993	30,249,125	73,341,114	73,950,742	585,951,543

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk (Continued)

RMB '000

Item	31 December 2016					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	-	30,428,522	-	-	-	30,428,522
Due to customers	1,480,764	-	-	-	-	1,480,764
Bills payable	-	28,511,489	-	-	-	28,511,489
Accounts payable	-	261,465,985	-	-	-	261,465,985
Interest payables	-	1,140,984	-	-	-	1,140,984
Dividends payable	-	612,510	-	-	-	612,510
Other payables	-	48,871,784	-	-	-	48,871,784
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	-	12,129,952	-	-	-	12,129,952
Other current liabilities (excluding deferred income, output VAT to be transferred and others)	-	510,480	-	-	-	510,480
Long-term loans	-	10,881,770	22,591,685	24,316,614	51,066,219	108,856,288
Bonds payable	-	4,791,867	11,358,066	33,223,099	5,622,978	54,996,010
Long-term payables	-	74,683	997,495	355,823	489,865	1,917,866
Other non-current liabilities	-	-	67,200	1,145,656	-	1,212,856
Guarantees provided for associates and other investees (excluding the real estate mortgage guarantee)	1,457,828	-	-	-	-	1,457,828
Total	2,938,592	399,420,026	35,014,446	59,041,192	57,179,062	553,593,318

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 amortised cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the profit or loss as earned/incurred.

As at 30 June 2017, floating interest rate loans and fixed interest rate loans accounted for approximately 86.06% and 13.94% of the Group's borrowings respectively. Management would adjust the proportion of floating rate assets based on changes in the market interest rates to reduce the significant impact arising from interest rate risk.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk (Continued)

Interest rate risk (Continued)

If there was a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by 0.25% (for the six months ended 30 June 2016: 1%), with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB117,616,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: RMB525,863,000), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 30 June 2017 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 0.25% of 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 for the periods ended 30 June 2017 and 31 December 2016 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 and Algerian dinar, with all other variables held constant, of the Group's net profit and other comprehensive income net of tax.

For the six months ended 30 June 2017 (unaudited) :

RMB '000

Item	Exchange	Net profit or	Other	Total equity
	Rate Increase/ (Decrease)	loss Increase/ (Decrease)	comprehensive income, net of tax Increase/ (Decrease)	Increase/ (Decrease)
Increase in the United States dollar rate	3%	(11,126)	-	(11,126)
Decrease in the United States dollar rate	(3%)	11,126	-	11,126
Increase in the Euro rate	8%	21,683	-	21,683
Decrease in the Euro rate	(8%)	(21,683)	-	(21,683)
Increase in the Algerian dinar rate	7%	(35,288)	-	(35,288)
Decrease in the Algerian dinar rate	(7%)	35,288	-	35,288

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

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

Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	RMB '000	
			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 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

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 30 June 2017 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.

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 for the six months ended 30 June 2017 and 30 June 2016.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

4. Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes all loans, amounts due to customers, amounts due to banks, financial liabilities at fair value through profit or loss, other current liabilities (excluding deferred income, output VAT to be transferred and others), bills payable, accounts payable, interest payables, dividends payable, other payables, bonds payable, long-term payables, the 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 are as follows:

RMB '000

Item	30 June 2017 (Unaudited)	31 December 2016
Financial liabilities at fair value through profit or loss	40,958	–
Short-term loans	38,248,993	30,428,522
Long-term loans	91,257,471	69,032,432
Due to customers	565,155	1,480,764
Due to banks	1,900,000	–
Bills payable	34,204,206	28,511,489
Accounts payable	260,380,403	261,465,985
Interest payables	1,018,816	1,140,984
Dividends payable	2,414,743	612,510
Other payables	49,084,562	48,871,784
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	13,584,246	12,129,952
Other current liabilities (excluding deferred income, output VAT to be transferred and others)	–	510,480
Bonds payable	43,355,501	44,902,037
Long-term payables	1,217,025	1,843,183
Other non-current liabilities	1,118,883	1,212,856
Less: cash and bank balances	111,185,672	128,701,994
Net debt	427,205,290	373,440,984
Owners of the Company	135,302,636	131,187,072
Non-controlling interests	18,145,651	17,528,914
Total equity	153,448,287	148,715,986
Total equity and net debt	580,653,577	522,156,970
Gearing ratio	74%	72%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

30 June 2017

RMB '000

	Inputs of fair value measurement (Unaudited)			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Financial assets at fair value through profit or loss	233,477	–	–	233,477
Available-for-sale financial assets	1,969,734	411,112	336,000	2,716,846
Financial liabilities at fair value through profit or loss	–	40,958	–	40,958
Other non-current liabilities	–	–	1,118,883	1,118,883
Total	2,203,211	452,070	1,454,883	4,110,164

31 December 2016

RMB'000

	Inputs of fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Financial assets at fair value through profit or loss	238,803	84,573	–	323,376
Available-for-sale financial assets	1,426,317	483,739	136,000	2,046,056
Other non-current liabilities	–	–	1,212,856	1,212,856
Total	1,665,120	568,312	1,348,856	3,582,288

Binomial tree option pricing model is adopted for valuation of derivative financial instruments, including embedded derivative of convertible bonds. This model comprises several observable inputs, including stock price, volatility of stock price and risk-free interest rate.

Fair value of listed equity instruments is determined based on a quoted market price.

For the six months ended 30 June 2017 and the year of 2016, there were no transfer 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

IX. DISCLOSURE OF FAIR VALUE (Continued)

2. Fair value of assets and liabilities that are not measured at fair values

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the financial statements approximate to their fair values except the following items.

RMB '000

Item	Carrying amount		Fair value	
	30 June 2017 (Unaudited)	31 December 2016	30 June 2017 (Unaudited)	31 December 2016
Long-term loans	91,257,471	69,032,432	90,070,010	63,096,020
Bonds payable	43,355,501	44,902,037	47,394,982	48,421,420
– Convertible bonds (Note)	7,251,440	7,287,788	7,307,564	7,458,580
– Other	37,563,873	39,168,034	41,547,231	42,566,768

Note: The carrying amounts of convertible bonds include the carrying amounts of corresponding embedded derivative instruments and equity components.

Fair value of the convertible bonds is determined based on the market price of bonds.

Fair value of long-term loans and bonds payable (excluding the convertible bonds) is determined by discounted future cash flow method, with market yield of other financial instruments with similar contractual terms, credit risk and remaining period, which used as the discount rate. As at 30 June 2017, its own default risk of long-term and short-term loans is evaluated as insignificant.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

RMB '000

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	6,652,000	55.73	55.73

2. Subsidiaries

Refer to Note XIV – 3(i) “Subsidiaries”.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint ventures and associates

Company name	Related party relationship
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Joint venture
CRCC-HC-CR15G Joint Venture	Joint venture
Tianjin China Railway Yuhua Real Estate Co., Ltd.	Joint venture
Chengdu Tiecheng Real Estate Co., Ltd.	Joint venture
Beijing Jiehai Real Estate Co., Ltd.	Joint venture
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Joint venture
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	Joint venture
Tianjin Wanhe Real Estate Co., Ltd.	Joint venture
Beijing Liuzhuang Real Estate Co., Ltd.	Joint venture
Greenland Group Chengdu Shenlong Real Estate Co., Ltd.	Joint venture
Chengdu China Railway Huafu Real Estate Co., Ltd.	Joint venture
Guangzhou Jingyue Bay Industry Development Co., Ltd.	Joint venture
Hangzhou Jingping Real Estate Co., Ltd.	Joint venture
Hangzhou Jingbin Real Estate Co., Ltd.	Joint venture
Hangzhou Jianshen Real Estate Co., Ltd.	Joint venture
Shanghai Hongjun Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
PetroChina & CRCC Petroleum Marketing Co., Ltd.	Joint venture
Lin'an Changxi Investment and Construction Management Co., Ltd.	Joint venture
Sichuan Tianfu Airport Expressway Co., Ltd.	Joint venture
Groupment Citic – CRCC Joint Venture	Joint venture
Dalian Jingcheng Real Estate Co., Ltd.	Joint venture
Chongqing Tiefa Jianxin Highway Co., Ltd.	Joint venture
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Huhhot Jiantong Railway Engineering Co. Ltd.	Associate
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	Associate
Shenzhen China Railway Daweijun Storage & Transportation Co., Ltd.	Associate
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
Changzhou China Railway Blue Flame Component Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
Tianjin China Railway Guancheng Real Estate Co., Ltd.	Associate
Heilongjiang CRCC Longxing Investment & Development Co., Ltd.	Associate
Changchun Chengyue Ecological Management Construction & Investment Co., Ltd.	Associate
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint ventures and associates (Continued)

Company name	Related party relationship
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Hunan Maglev Transportation Development Co., Ltd.	Associate
Chongqing Yurong Highway Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
Nanchang Xinlong Real Estate Co., Ltd.	Associate
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Associate
Jiangxi Jingcheng Real Estate Co., Ltd.	Associate
Inner Mongolia BERUN New Energy Co., Ltd.	Associate

4. Other related parties

Company name	Related party relationship
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary
Railway Construction Technology Magazine	Fellow subsidiary
Jinli Assets Management Center	Fellow subsidiary

5. Related party transactions

Item		RMB '000	
		For the six months ended 30 June 2017 (Unaudited)	2016 (Unaudited)
(1) Revenue from construction operations	<i>Note 1</i>		
Chongqing Tiefsa Jianxin Highway Co., Ltd.		514,673	–
Yuxi China Railway Infrastructure Construction Co., Ltd.		220,934	–
Ningxia Inter-City Railway Co., Ltd.		215,757	–
Chongqing Monorail Transit Engineering Co., Ltd.		89,226	94,225
CRCC-HC-CR15G Joint Venture		60,443	85,034
Tianjin China Railway Yuhua Real Estate Co., Ltd.		48,377	–
Lin'an Changxi Investment and Construction Management Co., Ltd.		44,213	–
Hunan Maglev Transportation Development Co., Ltd.		43,456	–
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		37,908	–
Hubei Provincial Communications Investment ZIYun Railway Co., Ltd.		31,333	65,698
Chongqing Yurong Highway Co., Ltd.		23,271	112,975
CRCC-Tongguan Investment Co., Ltd.		–	53,159
Groupment Citic – CRCC Joint Venture		–	40,041
Total		1,329,591	451,132

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

Item		For the six months ended 30 June	
		2017 (Unaudited)	2016 (Unaudited)
(2) Revenue from sales of goods	<i>Note 2</i>		
CRCC Financial Leasing Co., Ltd.		720,951	–
Chongqing Tiefa Jianxin Highway Co., Ltd.		302,488	–
Total		1,023,439	–
(3) Other income	<i>Note 3</i>		
Shanghai Hongjun Real Estate Co., Ltd.		58,791	–
Chengdu China Railway Huafu Real Estate Co., Ltd.		52,841	–
Beijing Liuzhuang Real Estate Co., Ltd.		37,568	–
Beijing Jiehai Real Estate Co., Ltd.		36,802	–
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		33,545	–
CRCC Financial Leasing Co., Ltd.		–	124,325
Total		219,547	124,325
(4) Purchase of goods and receipt of services	<i>Note 5</i>		
PetroChina & CRCC Petroleum Marketing Co., Ltd.		96,997	–
Changzhou China Railway Blue Flame Component Co., Ltd.		11,130	42,697
Total		108,127	42,697
(5) Other expenses	<i>Note 5</i>		
Jinli Assets Management Center	<i>Note 4</i>	2,910	2,485
CRCCG	<i>Note 4</i>	845	21,987
Total		3,755	24,472

(6) Related party leasing

As the lessee (Unaudited):

RMB '000

Lessor	Leasing asset types	Amount recognized in the period	Amount recognized in the prior period
CRCC Financial Leasing Co., Ltd.	Machinery	139,265	–
CRCCG	Buildings	37,083	32,285
Total	–	176,348	32,285

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(7) Guarantees granted to a related party

30 June 2017 (Unaudited):

RMB '000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	292,654	20 May 2015	20 November 2023	No
CRCC-Tongguan Investment Co., Ltd.	1,016,160	17 March 2014	30 December 2023	No
Total	1,308,814	-	-	-

31 December 2016:

RMB '000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	299,678	20 May 2015	20 November 2023	No
CRCC-Tongguan Investment Co., Ltd.	1,040,550	17 March 2014	30 December 2023	No
Total	1,340,228	-	-	-

Note 1: The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.

Note 2: The terms of the sales agreements of goods entered into by the Group and related parties were mutually agreed by the parties.

Note 3: The terms of the agreements relating to rendering of or receiving other services entered into by the Group and related parties were mutually agreed by the parties. The other income from related parties was mainly interest income from loans receivable.

Note 4: The above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

Note 5: The terms of the purchase agreements of goods and services entered into by the Group and related parties were mutually agreed by the parties.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties

RMB '000

		30 June 2017 (unaudited)		31 December 2016	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable	<i>Note 1</i>				
CRCC Financial Leasing Co., Ltd.		650,565	389	331,743	–
Chongqing Tiefa Jianxin Highway Co., Ltd.		251,377	–	–	–
Chongqing Monorail Transit Engineering Co., Ltd.		210,617	–	245,949	–
Yuxi China Railway Infrastructure Construction Co., Ltd.		162,336	–	–	–
Chongqing Yurong Highway Co., Ltd.		144,598	–	120,941	–
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.		133,484	–	173,729	–
Changchun Chengyue Ecological Management Construction & Investment Co., Ltd.		105,608	–	105,608	–
Hunan Maglev Transportation Development Co., Ltd.		67,862	–	256,255	–
Ningxia Inter-City Railway Co., Ltd.		50,083	–	–	–
Inner Mongolia BERUN New Energy Co., Ltd.		36,767	–	44,767	–
Hubei Provincial Communications Investment ZIYun Railway Co., Ltd.		30,039	–	85,915	–
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		33,972	–	–	–
CRCC-HC-CR15G Joint Venture		30,219	–	10,253	–
Hangzhou Jianshen Real Estate Co., Ltd.		–	–	8,367	–
Total		1,907,527	389	1,383,527	–
Bills receivable	<i>Note 1</i>				
Chongqing Monorail Transit Engineering Co., Ltd.		2,000	–	5,500	–
Total		2,000	–	5,500	–
Dividends receivable	<i>Note 1</i>				
Chongqing Monorail Transit Engineering Co., Ltd.		15,592	–	15,592	–
Total		15,592	–	15,592	–
Loans and advances to related parties	<i>Note 3</i>				
CRCCG		1,400,000	14,000	1,400,000	–
CRCC Financial Leasing Co., Ltd.		1,066,000	9,750	2,566,000	–
Total		2,466,000	23,750	3,966,000	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

RMB '000

	30 June 2017 (unaudited)		31 December 2016	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Other receivables				
Chengdu China Railway Huafu Real Estate Co., Ltd. <i>Note 2</i>	2,933,377	–	–	–
Tianjin Wanhe Real Estate Co., Ltd. <i>Note 2</i>	2,592,282	–	–	–
Beijing Liuzhuang Real Estate Co., Ltd. <i>Note 2</i>	1,910,570	–	1,804,231	–
Shanghai Hongjun Real Estate Co., Ltd. <i>Note 2</i>	1,827,313	–	2,407,923	–
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd. <i>Note 2</i>	1,280,704	–	1,184,241	–
Dalian Wancheng Zhiguang Real Estate Co., Ltd. <i>Note 2</i>	641,747	–	604,103	–
Guangzhou Baorui Real Estate Co., Ltd. <i>Note 2</i>	516,162	–	422,368	–
CRCC-Tongguan Investment Co., Ltd. <i>Note 2</i>	422,449	–	380,201	–
Beijing Jiehai Real Estate Co., Ltd. <i>Note 2</i>	365,490	–	641,266	–
Yuxi China Railway Infrastructure Construction Co., Ltd. <i>Note 2</i>	261,198	–	–	–
Chengdu Tiecheng Real Estate Co., Ltd. <i>Note 2</i>	230,000	–	180,000	–
Guangzhou Hongjia Real Estate Co., Ltd. <i>Note 2</i>	181,705	–	177,539	–
Guangzhou Jingyue Bay Industry Development Co., Ltd. <i>Note 2</i>	140,506	–	235,438	–
Guangzhou Hongxuan Real Estate Co., Ltd. <i>Note 2</i>	114,158	–	112,982	–
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd. <i>Note 2</i>	104,476	–	1,035,420	–
Tianjin China Railway Guancheng Real Estate Co., Ltd. <i>Note 2</i>	82,260	–	–	–
Guangzhou Jingye Real Estate Co., Ltd. <i>Note 2</i>	45,951	–	45,477	–
Nanchang Xinlong Real Estate Co., Ltd. <i>Note 2</i>	26,599	475	26,599	475
Tianjin China Railway Yuhua Real Estate Co., Ltd. <i>Note 2</i>	12,130	–	3,588	–
Dalian Jingcheng Real Estate Co., Ltd. <i>Note 2</i>	8,372	–	38,465	–
CRCC Financial Leasing Co., Ltd. <i>Note 2</i>	2,811	–	37	–
Chongqing Monorail Transit Engineering Co., Ltd. <i>Note 2</i>	60	–	60	–
Hangzhou Jingbin Real Estate Co., Ltd. <i>Note 2</i>	–	–	662,592	–
Hangzhou Jingke Real Estate Co., Ltd. <i>Note 2</i>	–	–	319,892	–
Hangzhou Jianshen Real Estate Co., Ltd. <i>Note 2</i>	–	–	148,028	–
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd. <i>Note 2</i>	–	–	8,928	–
Shenzhen China Railway Daweijun Storage & Transportation Co., Ltd. <i>Note 2</i>	–	–	1,378	–
Hunan Yuntong Rail Traffic Equipment Co., Ltd. <i>Note 2</i>	–	–	561	–
Heilongjiang CRCC Longxing Investment & Development Co., Ltd. <i>Note 2</i>	–	–	23	–
Total	13,700,320	475	10,441,340	475

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

RMB '000

		30 June 2017 (Unaudited)	31 December 2016
Accounts payable	<i>Note 1</i>		
PetroChina & CRCC Petroleum Marketing Co., Ltd.		58,716	22,718
Changzhou China Railway Blue Flame Component Co., Ltd.		20,085	9,685
Total		78,801	32,403
Advances from customers	<i>Note 1</i>		
Chongqing Tiefa Jianxin Highway Co., Ltd.		627,953	301,985
CRCC-HC-CR15G Joint Venture		60,894	–
Chongqing Monorail Transit Engineering Co., Ltd.		55,105	–
PetroChina & CRCC Petroleum Marketing Co., Ltd.		–	13,936
Total		743,952	315,921
Other payables	<i>Note 1</i>		
Sichuan Tianfu Airport Expressway Co., Ltd.		603,786	–
Nanjing Xincheng Guanghong Real Estate Co., Ltd.		380,000	–
Groupment Citic – CRCC Joint Venture		372,442	291,643
Hangzhou Jingbin Real Estate Co., Ltd.		335,348	–
Hangzhou Jingping Real Estate Co., Ltd.		322,000	252,000
Greenland Group Chengdu Shenlong Real Estate Co., Ltd.		299,362	175,829
Hangzhou Jianshen Real Estate Co., Ltd.		150,000	–
Hangzhou Jingke Real Estate Co., Ltd.		122,400	–
Chongqing Yurong Highway Co., Ltd.		88,844	63,427
CRCC-HC-CR15G Joint Venture		84,292	72,713
CRCCG	<i>Note 4</i>	24,559	331,803
Jinli Assets Management Center		898	395
Jiangxi Jingcheng Real Estate Co., Ltd.		–	122,403
PetroChina & CRCC Petroleum Marketing Co., Ltd.		–	1,591
Total		2,783,931	1,311,804

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

RMB '000

		30 June 2017 (Unaudited)	31 December 2016
Advances to suppliers			
CRCC Financial Leasing Co., Ltd.		23,573	–
Total		23,573	–
Due to customers			
	<i>Note 5</i>		
Jinli Assets Management Center		280,071	274,233
Beijing Tongda Jingcheng Highway Co., Ltd.		111,451	110,601
Chongqing Tiefa Jianxin Highway Co., Ltd.		103,213	34,949
CRCCG		68,154	250,978
Railway Construction Technology Magazine		2,266	1,064
CRCC Financial Leasing Co., Ltd.		–	808,939
Total		565,155	1,480,764
Long-term loans			
	<i>Note 6</i>		
CRCCG		582,110	771,770
Total		582,110	771,770
Current portion of non-current liabilities			
CRCCG		189,660	–
Total		189,660	–
Long-term payables			
	<i>Note 7</i>		
CRCC Financial Leasing Co., Ltd.		160,284	36,769
Total		160,284	36,769

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

Note 1: The amounts due from/to related parties were interest-free, unsecured, and had no fixed terms of repayment.

Note 2: The amounts due from related parties were loans for cooperative development project from the Group's real estate development segments, with the interest rate agreed in the contracts.

Note 3: The amounts due from CRCCG and CRCC Financial Leasing Co., Ltd. were borrowings from CRCC Finance Company Limited.

Note 4: The amounts due to CRCCG were mainly the funds contributed by CRCCG in the Funds Center of the Group

Note 5: The amounts due to CRCCG and other companies under its control and CRCC Financial Leasing Co., Ltd. were deposits in CRCC Finance Company Limited.

Note 6: The amounts are appropriations from the Ministry of Finance to CRCCG and they also considered as the entrusted loans granted to the Group by CRCCG.

Note 7: The amounts due to CRCC Financial Leasing Co., Ltd. are rental expenses on financial leasing.

7. Major related party transactions of the Company

RMB '000

	30 June 2017 (Unaudited)	31 December 2016
Long-term equity investments in subsidiaries	85,458,327	84,458,327
Other receivables-subidiaries	34,578,457	41,263,814
Total	120,036,784	125,722,141

As at 30 June 2017, the dividends receivable due from a subsidiary in the current assets of the Company amounted to RMB545,758,000 (31 December 2016: Nil) and the carrying amount of the current debt due to subsidiaries in the current liabilities was RMB28,075,834,000 (31 December 2016: RMB28,191,523,000). 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.

Other receivables from subsidiaries are interest-bearing at the prevailing interest rate in the market stipulated by financial institutions, unsecured and have no fixed terms of repayment.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

RMB '000

	30 June 2017 (Unaudited)	31 December 2016
Contracted, but not provided for:		
Capital commitments	800,987	860,324
Investment commitments	513,212	3,507,371
Other commitments	977,500	7,080,179
Total	2,291,699	11,447,874

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.

3. Guarantees

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB '000

The Group	30 June 2017 (Unaudited)	31 December 2016
Associate	1,308,814	1,340,228
Other entities	117,600	117,600
Total	1,426,414	1,457,828

As at 30 June 2017, the Group provided guarantees in respect of the banking facilities other than mortgages with an aggregate carrying amount of RMB1,426,414,000 (31 December 2016: RMB1,457,828,000), and provided guarantees in respect of mortgages with an aggregate carrying amount of RMB25,752,036,000 (31 December 2016: RMB24,882,246,000). Until 30 June 2017, the purchasers of the underlying properties rarely defaulted payments to the banks, thus the Group considered the risks related to the guarantees were low and the fair value was immaterial.

The above guarantees in respect of mortgages are granted to the purchasers of the Group's properties and secured by the mortgages.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XI. COMMITMENTS AND CONTINGENCIES (Continued)

3. Guarantees (Continued)

The Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB '000

The Company	30 June 2017 (Unaudited)	31 December 2016
Subsidiaries	27,354,056	24,505,929
Associate	1,308,814	1,340,228
Other companies invested by the Group	117,600	117,600
Total	28,780,470	25,963,757

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 30 June 2017 (31 December 2016: Nil).

XII. EVENTS AFTER THE BALANCE SHEET DATE

As at the approval date of these financial statements, the Group has no significant subsequent events to be disclosed.

XIII. OTHER SIGNIFICANT EVENTS

1. Leases

As the lessee

Finance leases: As at 30 June 2017, the balance of unrecognised financing charges was RMB148,238,000 (31 December 2016: RMB117,184,000), which was amortised using the effective interest rate method over the lease terms. The future minimum lease payments under non-cancellable finance leases are as follows:

RMB '000

	30 June 2017 (Unaudited)	31 December 2016
Less than 1 year (including 1 year)	775,306	1,189,007
1 to 2 years (including 2 years)	513,539	621,788
2 to 5 years (including 5 years)	322,963	321,241
Total	1,611,808	2,132,036

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Leases (Continued)

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 2017 (Unaudited)	31 December 2016
Less than 1 year (including 1 year)	306,035	231,752
1 to 2 years (including 2 years)	268,658	217,670
2 to 3 years (including 3 years)	188,326	191,714
Over 3 years	105,214	108,257
Total	868,233	749,393

RMB '000

For the six months ended 30 June 2017, payments under operating leases recognised in profit or loss for the year amounted to RMB141,586,000 (2016: RMB194,782,000).

2. Segment reporting

Operating segments

For management purposes, the Group is organised 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 residential properties and commercial properties; and
- (5) The other business operations segment mainly comprises logistics, finance and insurance.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Segment reporting (Continued)

Operating segments (continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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.

RMB '000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
For the six months ended 30 June 2017 (unaudited):							
Revenue from external customers	250,014,400	5,933,947	5,843,455	9,022,665	18,146,442	-	288,960,909
Inter-segment sales	2,580,265	2,295	578,231	-	8,732,743	(11,893,534)	-
Total	252,594,665	5,936,242	6,421,686	9,022,665	26,879,185	(11,893,534)	288,960,909
Share of profits/(losses) of joint ventures and associates	9,133	(22,470)	(40,828)	(20,402)	83,200	-	8,633
Impairment losses recognised	(36,354)	2,437	25,004	372	287,837	-	279,296
Depreciation and amortisation	5,272,991	96,516	169,823	30,746	245,808	-	5,815,884
Profit before tax	5,345,278	871,250	875,749	816,574	1,004,845	(149,034)	8,764,662
Other disclosures:							
Increase in non-current assets other than long-term equity investments	7,559,746	153,089	622,737	135,054	4,766,162	-	13,236,788
30 June 2017							
Segment assets (Note 1)	523,571,956	19,120,279	26,885,481	165,345,857	199,835,550	(129,196,024)	805,563,099
Segment liabilities (Note 2)	445,299,300	14,264,167	13,426,057	138,331,988	168,458,287	(127,664,987)	652,114,812
Other disclosures:							
Long-term equity investments in joint ventures and associates	4,848,531	270,290	1,093,396	422,654	2,363,929	-	8,998,800

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Segment reporting (Continued)

Operating segments (continued)

RMB '000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
For the six months ended 30 June 2016 (Unaudited):							
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)	-
Total	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 joint ventures and associates							
	8,866	(3,695)	-	(11,148)	37,200	-	31,223
Impairment losses recognised							
	(14,649)	3,964	(7,083)	681	291,560	-	274,473
Depreciation and amortisation							
	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
Other disclosures:							
Increase in non-current liabilities other than long-term equity investments							
	6,101,338	288,946	538,985	29,852	5,580,035	-	12,539,156
31 December 2016							
Segment assets (Note 1)	529,048,219	19,336,193	27,778,988	160,297,025	145,207,428	(122,322,819)	759,345,034
Segment liabilities (Note 2)	451,635,018	14,078,375	14,266,040	138,222,220	101,288,523	(108,861,128)	610,629,048
Other disclosures:							
Long-term equity investments in joint ventures and associates							
	2,589,249	392,473	1,124,224	774,574	3,055,906	-	7,936,426

Note 1: Segment assets do not include deferred tax assets of RMB3,106,601,000 (31 December 2016: RMB2,811,397,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB132,302,625,000 (31 December 2016: RMB125,134,216,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB306,393,000 (31 December 2016: RMB276,491,000) and corporate income tax payable of RMB1,267,277,000 (31 December 2016: RMB2,357,370,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB129,238,657,000 (31 December 2016: RMB111,494,989,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Segment reporting (Continued)

Group information

Geographical information

Revenue from external customers

RMB '000

	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Mainland China	271,295,712	252,083,543
Outside Mainland China	17,665,197	14,643,656
Total	288,960,909	266,727,199

Total non-current assets (Note)

RMB '000

	30 June 2017 (Unaudited)	31 December 2016
	Mainland China	107,879,885
Outside Mainland China	2,562,426	2,628,077
Total	110,442,311	102,598,721

In the geographical information above, revenue from external customers is based on the locations of the customers. Non-current asset information above is based on the locations of the non-current assets.

Note: Non-current assets consisted of investment properties, fixed assets, construction in progress, intangible assets, long-term prepayments and investments in joint ventures 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 2017 (during the six months ended 30 June 2016: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIII. OTHER SIGNIFICANT EVENTS (Continued)

3. Other financial information

(1) Pension scheme contributions

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Pension scheme contributions (defined contribution plans)	2,269,873	1,999,894
Pension scheme costs (defined benefit plans)	16,370	20,282

As at 30 June 2017, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2016: Nil).

(2) Directors', supervisors' and key management's remuneration

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Directors', supervisors' and key management's remuneration	1,857	2,038

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

An aging analysis of accounts receivables is listed as below:

RMB '000

Aging	30 June 2017 (unaudited)	31 December 2016
Within 1 year	3,468,398	4,145,134
1 to 2 years	214,175	267,502
Total	3,682,573	4,412,636

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

Accounts receivable are disclosed by category as below:

RMB '000

Category	30 June 2017 (unaudited)			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	3,682,573	100.00	–	–

RMB '000

Category	31 December 2016			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	4,412,636	100.00	–	–

As at 30 June 2017, 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 2016: Nil).

As at 30 June 2017, accounts receivable from the five largest customers were listed as below (unaudited):

RMB '000

Due from	Relationship with the Company	Amount	Aging	Percentage of total accounts receivable (%)
Company 1	Third party	976,284	Within 1 year	26.51
Company 2	Third party	790,407	Within 1 year	21.46
Company 3	Third party	575,239	Within 1 year	15.62
Company 4	Third party	385,961	0 to 2 years	10.48
Company 5	Third party	316,993	Within 1 year	8.61
Total	–	3,044,884	–	82.68

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

As at 31 December 2016, accounts receivable from the five largest customers were listed as below

RMB '000

Company name	Relationship with the Company	Amount	Aging	Percentage of total accounts receivable (%)
Company 1	Third party	966,727	Within 1 year	21.91
Company 2	Third party	852,031	Within 1 year	19.31
Company 3	Third party	626,857	Within 1 year	14.21
Company 4	Third party	529,123	Within 1 year	11.99
Company 5	Third party	439,289	Within 1 year	9.95
Total	–	3,414,027	–	77.37

2. Other receivables

An ageing analysis of other receivables is listed as below:

RMB '000

Aging	30 June 2017 (unaudited)	31 December 2016
Within 1 year	35,173,867	41,593,684
1 to 2 years	5,463	7,412
2 to 3 years	1,641	1,639
Over 3 years	171,612	171,612
Total	35,352,583	41,774,347

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

Other receivables are disclosed by category as below:

RMB '000

Category	30 June 2017 (unaudited)			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	33,332,522	94.29	–	–
Individually not significant but subject to separate provision for bad debts	2,020,061	5.71	–	–
Total	35,352,583	100.00	–	–

RMB '000

Category	31 December 2016			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	41,683,007	99.78	–	–
Individually not significant but subject to separate provision for bad debts	91,340	0.22	–	–
Total	41,774,347	100.00	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

As at 30 June 2017, other receivables from the five largest customers were listed as below (unaudited):

RMB '000

Company name	Relationship with the Company	Amount	Aging	Percentage of total other receivables %
Company 1	Subsidiary	19,737,990	Within 1 year	55.83
Company 2	Subsidiary	5,326,231	Within 1 year	15.07
Company 3	Subsidiary	3,142,263	Within 1 year	8.89
Company 4	Subsidiary	1,218,630	Within 1 year	3.45
Company 5	Subsidiary	929,981	Within 1 year	2.63
Total	–	30,355,095	–	85.87

As at 31 December 2016, other receivables from the five largest customers were listed as below:

RMB '000

Company name	Relationship with the Company	Amount	Aging	Percentage of total other receivables %
Company 1	Subsidiary	22,515,599	Within 1 year	53.90
Company 2	Subsidiary	5,613,404	Within 1 year	13.44
Company 3	Subsidiary	3,059,472	Within 1 year	7.32
Company 4	Subsidiary	1,123,750	Within 1 year	2.69
Company 5	Subsidiary	1,072,200	Within 1 year	2.57
Total	–	33,384,425	–	79.92

As at 30 June 2017, 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 2016: Nil).

As at 30 June 2017, the amount due from related parties was listed as below:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Amount due from subsidiaries	34,578,457	41,263,814

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments

RMB '000

Item		30 June 2017 (unaudited)	31 December 2016
Equity investment accounting for cost method			
– Subsidiaries	(i)	85,458,327	84,458,327
Equity investment accounting for equity method			
– Interests in joint ventures	(ii)	859,972	715,490
Total		86,318,299	85,173,817

Note: All the long-term equity investments are investments in unlisted companies, expect of CRCC High-Tech.

(1) Subsidiaries

RMB '000

Investee	Percentage of the investee's registered capital directly attributable to the Company as at 30 June 2017 (unaudited) %	Carrying	Carrying
		amount as at 30 June 2017 (unaudited)	amount as at 31 December 2016
China Civil Engineering Construction Corporation	100	2,946,507	2,946,507
China Railway 11th Bureau Group Co., Ltd.	100	1,893,912	1,893,912
China Railway 12th Bureau Group Co., Ltd.	100	1,957,277	1,957,277
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	100	2,460,480	2,460,480
China Railway 14th Bureau Group Co., Ltd.	100	2,130,105	2,130,105
China Railway 15th Bureau Group Co., Ltd.	100	1,585,152	1,585,152
China Railway 16th Bureau Group Co., Ltd.	100	1,482,412	1,482,412
China Railway 17th Bureau Group Co., Ltd.	100	1,714,582	1,714,582
China Railway 18th Bureau Group Co., Ltd.	100	1,103,234	1,103,234
China Railway 19th Bureau Group Co., Ltd.	100	3,954,638	3,954,638
China Railway 20th Bureau Group Co., Ltd.	100	1,615,144	1,615,144
China Railway 21st Bureau Group Co., Ltd.	100	1,557,251	1,557,251
China Railway 22nd Bureau Group Co., Ltd.	100	1,295,286	1,295,286
China Railway 23rd Bureau Group Co., Ltd.	100	1,545,004	1,545,004
China Railway 24th Bureau Group Co., Ltd.	100	1,346,917	1,346,917

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(1) Subsidiaries (Continued)

Investee	Percentage of the investee's registered capital directly attributable to the Company	Carrying amount as at	Carrying amount as at 31
	as at 30 June 2017 (unaudited) %	30 June 2017 (unaudited)	December 2016
China Railway 25th Bureau Group Co., Ltd.	100	1,078,597	1,078,597
China Railway Construction Group Co., Ltd.	100	2,868,346	2,868,346
China Railway Construction Electrification Bureau Group Co., Ltd.	100	1,105,530	1,105,530
China Railway Construction Real Estate Group Co., Ltd.	100	7,233,191	7,233,191
China Railway First Survey and Design Institute Group Co., Ltd.	100	623,730	623,730
China Railway Siyuan Survey and Design Group Co., Ltd.	100	1,015,309	1,015,309
China Railway Fifth Survey and Design Institute Group Co., Ltd.	100	318,196	318,196
China Railway Shanghai Design Institute Group Co., Ltd.	100	267,624	267,624
China Railway Materials Group Co., Ltd.	100	3,314,805	3,314,805
CRCC High-tech Equipment Co., Ltd.	63.70	1,714,797	1,714,797
China Railway Construction Heavy Industry Co., Ltd.	100	4,042,705	4,042,705
Chenghe Insurance Broker Co., Ltd.	100	113,290	113,290
China Railway Construction (Beijing) Business Management Co., Ltd.	100	28,313	28,313
China Railway Construction Investment Group Co., Ltd.	100	10,000,000	10,000,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	100	1,385,891	1,385,891
CRCC Finance Company Limited	94	5,640,000	5,640,000
CRCC International Group Co., Ltd.	100	3,000,102	3,000,102
CRCC Assets Management Co., Ltd.	100	520,000	520,000
CRCC Urban Construction Group Co., Ltd.	100	2,000,000	2,000,000
Beijing CRCC Tianrui Machinery Equipment Co., Ltd.	98.04	2,000,000	2,000,000
China Railway Strait Construction Group Co., Ltd.	50	500,000	500,000
CRCC Kunlun Investment Group Co., Ltd.	100	3,000,000	3,000,000
CRCC Huabei Investment & Development Co., Ltd.	100	1,000,000	200,000
CRCC Nanfang Construction and Investment Co., Ltd.	100	200,000	200,000
CRCC Chongqing Investment Co., Ltd.	100	3,000,000	3,000,000
China Railway Maglev Transportation Investment Construction Co., Ltd.	70	700,000	700,000
CRCC Huanan Construction Co., Ltd. (Note VI)	100	200,000	–
Total	–	85,458,327	84,458,327

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(2) Interests in joint ventures

For the six-month period ended 30 June 2017 (unaudited):

RMB '000

Investee	Investment Cost (unaudited)	1 January 2017	Increase in investment (unaudited)	Share of profits		30 June 2017 (unaudited)	Percentage of ownership of equity (%)	Percentage of voting rights (%)
				under equity method (unaudited)	Distribution of dividends (unaudited)			
China-Africa Lekkil Investment Co., Ltd. (Note)	654,930	667,490	-	(1,731)	-	665,759	57.29	57.29
Chongqing Tiefa Jianxin Highway Co., Ltd. (Note)	194,213	48,000	146,213	-	-	194,213	24.00	24.00
Total	849,143	715,490	146,213	(1,731)	-	859,972	-	-

2016 :

RMB '000

Investee	Investment Cost	1 January 2016	Increase in investment	Share of profits		31 December 2016	Percentage of ownership of equity (%)	Percentage of voting rights (%)
				under equity method	Distribution of dividends			
China-Africa Lekkil Investment Co., Ltd. (Note)	654,930	667,282	-	208	-	667,490	57.29	57.29
Chongqing Tiefa Jianxin Highway Co., Ltd. (Note)	48,000	-	48,000	-	-	48,000	24.00	24.00
Total	702,930	667,282	48,000	208	-	715,490	-	-

Note: China-Africa Lekkil and Tiefa Jianxin are accounted for as joint ventures by the Group with more details are included in Note V 12.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Other payables

Other payables are disclosed by category:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Guarantees and deposits	146,984	181,507
Payables for advances	21,985,376	22,689,555
Others	2,122,445	1,559,624
Total	24,254,805	24,430,686

5. Long-term loans

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Credit Loans	10,499,639	12,570,981
Total	10,499,639	12,570,981

The maturity profile of the long-term loans as at the end of the reporting period is listed as below:

RMB '000

Item	30 June 2017 (unaudited)	31 December 2016
Within one year or paid on demand (Note V.33)	2,261,464	260,375
In the second year (inclusive)	6,760,000	7,029,589
In the third to fifth year (inclusive)	1,759,639	3,561,392
Over five years	1,980,000	1,980,000
Total	12,761,103	12,831,356

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Revenue

Revenue is presented as below:

RMB '000

Item	For the six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Operating revenue from principal operations	6,864,370	3,523,176
Other operating revenue	30,165	246
Total	6,894,535	3,523,422

7. Finance costs

RMB '000

Item	For the six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Interest expenses	1,082,286	1,019,208
Less: interest income	960,470	865,293
Exchange (income)/losses	(131,215)	277,774
Bank charges and others	41,153	52,049
Total	31,754	483,738

The Company's interest expenses are as follows:

RMB '000

Item	For the six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Interest on bank loans and other loans	433,481	448,010
Interest on corporate bonds	648,805	571,198
Total	1,082,286	1,019,208

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

8. Investment income

RMB '000

Item	For the six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Share of net losses of the joint ventures	(1,731)	(77)
Investment income received from long-term equity investments under cost method	4,528,075	3,675,416
Other	2,966	3,954
Total	4,529,310	3,679,293

For six-month period ended 30 June 2017, the investment income mentioned above was composed of investment income of RMB157,882,000 (for six-month period ended 30 June 2016: RMB64,749,000) from listed companies and RMB4,371,428,000 from unlisted companies (for six-month period ended 30 June 2016: RMB3,614,544,000).

As at 30 June 2017, the remittance of the Company's investment income was not subject to significant restriction.

9. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Reconciliation of net profit to cash flows from operating activities:		
Net profit	4,672,365	3,040,682
Plus: Depreciation of fixed assets	6,221	9,685
Amortisation of intangible assets	1,030	876
Amortisation of long-term prepaid expenses	549	–
Loss from disposal of fixed assets	75	150
(Gains)/losses from changes in fair value	(94,199)	241,977
Finance costs	264,338	431,689
Investment income	(4,529,310)	(3,679,293)
Decrease/(increase) in deferred tax assets	23,493	(43,306)
Increase/(decrease) in deferred tax liabilities	57	(17,189)
Decrease in inventories	3,469,996	278,641
Decrease/(increase) in operating receivables	3,071,811	(1,132,516)
(Decrease)/increase in operating payables	(5,075,531)	1,108,965
Net cash flows from operating activities	1,810,895	240,361

Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Supplementary information to the statement of cash flows (Continued)

(2) Cash and cash equivalents

RMB '000

Item	30 June 2017 (Unaudited)	31 December 2016
Cash	17,634,385	13,198,369
Including: Cash on hand	139	67
Cash with banks/financial institutions without restrictions	17,634,246	13,198,302
Closing balance of cash and cash equivalents	17,634,385	13,198,369

Supplementary Information

1. SUMMARY OF NON-RECURRING PROFIT OR LOSS

RMB '000

Item	For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Gains/(losses) from disposal of non-current assets	5,058	(87,607)
Gains from disposal of long-term equity investments	4,812	2,982
Government grants recognised 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 a fixed quantity)	285,813	99,082
Net gains from debt restructuring	52,174	6,871
Investment income from disposal of financial instruments at fair value through profit or loss	56,608	1,096
Investment income from disposal of available-for-sale financial assets	–	5,578
Losses from changes in fair value of financial instruments at fair value through profit or loss	(31,333)	(264,514)
Reversal of impairment of accounts receivable	307,814	257,803
Other non-operating income and expenses other than the above items	(9,962)	21,305
Impact on income tax	(141,247)	(8,596)
Impact on non-controlling interests (after tax)	(59,044)	(4,660)
Non-recurring profit or loss	470,693	29,340

Government grants recognised 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:

RMB '000

Item	For the six months ended 30 June		Reason for being recognised in profit or loss
	2017 (Unaudited)	2016 (Unaudited)	
Special equipment appropriation from the Ministry of Railway	1,000	8,000	Related to normal operating activities
Special equipment appropriation from the Ministry of Finance	–	150	Related to normal operating activities
Total	1,000	8,150	–

Supplementary Information (continued)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE (“EPS”)

For the six months ended 30 June 2017 (unaudited):

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.16	0.48	0.46
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	4.79	0.45	0.43

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

On 29 January 2016, the Company issued a five-year Zero Coupon Convertible Bond at USD500 million, of which the conversion rights will expire on 29 January 2021. Based on the adjusted conversion price of HK\$10.15 per H share, the bonds are convertible to 383,960,590 H shares. On 21 December 2016, the Company issued a five-year Coupon Convertible Bond at RMB3.45 billion, of which the conversion rights will expire on 29 December 2021. Based on the initial conversion price of HK\$13.775 per H share, the bonds are convertible to 281,471,927 H shares.

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 XI 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: 29 August 2017

REVISION HISTORY

Applicable Not applicable



中国铁建

中國鐵建股份有限公司
China Railway Construction Corporation Limited