



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 People's Republic of China with limited liability)

Stock Code: 1186

2019

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. Absent Directors

Position of the absent director	Name of the absent director	Reason for the absence of the director	Name of the proxy
Executive Director	LIU Ruchen	Absent from this meeting for other official business	CHEN Dayang
Non-executive Director	GE Fuxing	Absent from this meeting for other official business	WANG Huacheng
Independent non-executive Director	Amanda Xiao Qiang LU	Absent from this meeting for other official business	CHENG Wen

III. The interim report was unaudited.

IV. CHEN Fenjian, chairman of the Company, WANG Xiuming, CFO, and QIAO Guoying, Head of the Finance Department (person in charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report contained in this interim report.

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 2019, which have been reviewed by Deloitte Touche Tohmatsu CPA LLP, and has also discussed with the management of the Company on the adopted accounting policies and practices, internal control and other matters.

VII. Disclaimer of forward-looking statements

Applicable Not applicable

Forward-looking statements, including future business plan, 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 Company may encounter are overseas risk, safety and quality risk, investment risk, trade receivables risk and cash flow risk. Please refer to "(II) Potential Risks" in "II Other Disclosure" under "Section IV Discussion and Analysis on Business Operations (Report of Directors)", and investors should be reminded of such risks.

XI. Others

Applicable Not applicable

The 2019 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 TERM

“The Company”, “Company” or “CRCC”	China Railway Construction Corporation Limited
“Group”	China Railway Construction Corporation Limited and its wholly-owned and controlled subsidiaries
“CRCG” or “Controlling Shareholder”	China Railway Construction Group Co., Ltd., which was restructured from China Railway Construction Corporation to China Railway Construction Co., Ltd. on 11 December 2017, and renamed China Railway Construction Group Co., Ltd. in January 2019
“General Meeting”	A general meeting of China Railway Construction Corporation Limited
“Board”	The board of directors of China Railway Construction Corporation Limited
“independent director”	A person who assumes no duties in the Company except the duty of director, and has no relation with the Company and its substantial shareholders which could hinder his independent and objective judgments
“Supervisory Committee”	The supervisory committee of China Railway Construction Corporation Limited
“Articles of Association”	The articles of association of China Railway Construction Corporation Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

Section I Definitions (continued)

“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
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“Company Law”	The Company Law of the People’s Republic of China
“Securities Law”	The Securities Law of the People’s Republic of China
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“Reporting Period”	The period from January to June 2019
“end of the Reporting Period”	30 June 2019
“corresponding period of last year”	The period from January to June 2018
“end of last year”	31 December 2018

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	CHEN Fenjian

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Joint Company Secretaries	Representative of Security Affairs
Name	ZHAO Dengshan	ZHAO Dengshan, LAW Chun Biu	XIE Huagang
Correspondence address	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing	CRCC Bureau Building, 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	Stock abbreviation before change
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	30th Floor, Bund Center 222, Yan An Road East, Shanghai

2. Legal advisers appointed by the Company

As to Hong Kong law	Name	Baker & McKenzie
	Office address	14th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, 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

(I) Key accounting data

Unit: '000 Currency: RMB

Key accounting data	Reporting Period	Corresponding period of last year	Change as
	(from January to June)		compared to the corresponding period of last year (%)
Revenue	352,934,879	308,980,930	14.23
Net profit attributable to shareholders of the Company	9,284,178	8,008,700	15.93
Net profit deducting non-recurring profit or loss attributable to shareholders of the Company	8,526,919	7,143,950	19.36
Net cash flows from operating activities	-32,471,913	-45,888,144	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	172,677,478	169,889,912	1.64
Total assets	999,747,999	917,670,582	8.94

(II) Key financial indicators

Key financial indicators	Reporting Period	Corresponding period of last year	Change as
	(from January to June)		compared to the corresponding period of last year (%)
Basic earnings per share (RMB per share)	0.65	0.56	16.07
Diluted earnings per share (RMB per share)	0.61	0.53	15.09
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.59	0.50	18.00
Weighted average return on net assets (%)	5.71	5.53	Increasing by 0.18 percentage point
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	5.22	4.90	Increasing by 0.32 percentage point

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

Applicable Not applicable

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

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 from disposal of non-current assets	56,886
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 a fixed quantity)	208,535
Gains/(losses) from debt restructuring	53,715
Gains/(losses) from change in the fair value of the held-for- trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities held by the Company and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the valid hedging services related to the normal operating activities of the Company	52,110
Investment income from holding other equity instruments	125,312
Gains on fair value changes	311,343
Reversal of impairment of trade receivables and contract assets that had impairment test separately	120,590
Other non-operating income and expenses other than the above items	20,979
Impact on non-controlling interests	-1,475
Impact on income tax	-190,736
Total	757,259

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, survey, design and consultation, manufacturing, real estate development, logistics and materials trading and other business with refined industry chain covering scientific research, planning, survey, design, construction, supervision and management, maintenance, operation, investment and financing, etc., which have equipped itself with capability of providing one-stop comprehensive services for the proprietors. 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, focusing on market and capital operations simultaneously, adopts the multiple integrated operation modes with a combination of regional, brand, credit and synergetic operations.

(I) Construction operations

Construction operations are the core and traditional business of the Group, which cover multiple fields, such as railways, highways, urban rail transits, water conservancy and hydropower, housing construction, municipal engineering, bridges, tunnels, airports and wharfs. The construction operations of the Group offer project contracting services in 32 provinces (including Taiwan), autonomous regions, municipalities of the PRC, Hong Kong and Macau Special Administrative Region, and the Group participates in infrastructure construction in countries and regions of Africa, Asia, South America and Europe. The engineering contracting business mainly adopts the construction contract model and the financing contract model.

In light of the active construction of "Belt and Road Initiative", Coordinated Development for the Beijing-Tianjin-Hebei Region, the Yangtze Economic Belt, Xiong'an New Area and Guangdong-Hong Kong-Macau Greater Bay Area, and the continuing in-depth advancement of new-type urbanization, revitalization strategy of rural areas and shantytowns transformation, as well as the strengthening of the improvement of transporting facility in Midwest China, the domestic markets where the Group operates in, including domestic railway, highway, housing construction, urban rail, municipal engineering and water conservancy and hydropower, airport, will maintain steady growth. Emerging markets, including countryside construction, utility tunnel, sponge city, environmental protection and pollution control, are expected to grow rapidly, and the infrastructure market is in the stable and healthy development overall. In the first half of 2019, the Group, as required by "consolidating advantages, developing emerging markets, improving weakness, and improving efficiency", continued to optimize and develop construction operations. In the second half of the year, the Group will, in the light of the established work arrangements for the year, closely follow national development strategy, take a more significant issue-oriented and goal-oriented approach, focus on the building of "High-Quality CRCC", continue to implement the guideline of "prioritising overseas businesses", refine operational measures, fulfill work responsibilities and improve market operations, in order to secure the fulfillment of the operation objectives for the year.

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

(II) Survey, design and consultancy operations

Survey, design and consultancy operations of the Group mainly comprise 4 large survey design enterprises with comprehensive Grade A qualifications for engineering design and design institutes of engineering bureaus, and cover civil engineering and infrastructure construction related to railway, urban rail transits, highways, municipal engineering, industrial and civil buildings, water transport, 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, urban underground space, ecological environment and energy conservation and environmental protection. Survey, design and consultancy operations take railway and urban rail transit as the main markets, with highway, municipal engineering, industrial and civil construction and water transport engineering serving as the important markets for diversified development. The basic business model is to complete the survey, design and consultation 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.

Currently, survey and design companies meet opportunities to realise “go-out” strategy and build the “Designed in China” brand, as the country makes greater efforts to improve weak links of infrastructure and advance “Belt and Road Initiative”. Putting the concept that “development should be innovation-driven, coordinated, green, oriented toward global progress and beneficial to all” into practice, the Group deepens technology innovation and management innovation, develops the layout of all-around and in-depth integration with relevant industries, and promotes traditional survey, design and consultancy operations to upgrade to integrated consultancy services that cover multiple industries, whole process and whole lifecycle. The Company ranked No. 15 among the “Global Top 150 Engineering Design Companies” in 2019 of Engineering News-Record (ENR), the USA.



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

(III) Manufacturing operations

The Group is a manufacturer of materials and professional equipment providing integrated services of R&D, manufacturing, sales and services with a leading position in domestic market and advanced position worldwide. After years of development, manufacturing operations formed three core businesses: equipment manufacturing, material production and precast concrete production. The principal business scope covers large railway track maintenance machinery, underground construction equipment, rail construction equipment, concrete equipment, lifting equipment, bridge construction equipment, compacting equipment, concrete products, bridge steel structures, turnout and spring bar fastener, and electric contact wire and parts. The Group has an international leading excavating machinery manufacturing base, with an annual output of 200 units, accounting for half of the domestic market. In particular, the TBM takes up more than 85% of domestic market and provides domestic underground construction projects with intelligent and integrated solutions and high-end equipment; many achievements in this field are unprecedented and fill in the blank in the nation. Major products of large rail track maintenance machinery take up more than 80% of domestic market. The industrial manufacturing industry is shifting its business mode from fighting alone to coordinated business unit and industry chain development. Leveraging its whole chain advantage, the Group actively promotes operating synergy and industry synergy and builds an integrated operation mode that incorporates multiple industries, so as to improve the competitiveness of the Company, expand the brand influence, and enhance overall profitability. The Group strives to improve businesses of less advantage, makes greater achievements in bridge steel structure manufacturing and installation technologies, and fosters new growth engines.

During the 13th Five-Year Plan period, the country will continue to invest in transport infrastructure construction, and traditional general engineering machinery will still be affected by overcapacity and fiercer market competition. However, the high-end equipment manufacturing will embrace golden growth opportunities, and intelligent manufacturing development will be promoted in an all-round manner. The continuously improved core equipment supply capacity and the accelerated major technology and equipment localization will offer great opportunity and platform to high-end equipment manufacturing. The Company will closely follow policy and market trends, enhance top-level planning, advance transformation and upgrade, therefore promote manufacturing operations to shift from factor-driven stage to innovation-driven development. The Company actively participates in application of key national projects, focuses on equipment of which core technologies must be imported and equipment for which the country is at a disadvantage in technology development and the industry is in urgent need, and strives to secure an advantage position in development of cutting-edge equipment. While ensuring that manufacturing operations are in progress, the Company continues to invest in technology research and development, and promote the integration of advanced technology and new approach and process to improve independent innovation capability.

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

(IV) 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. The Group focuses on three core city clusters including Yangtze River Delta, Pearl River Delta and Bohai Coastal Region, and steps up efforts to expand business in new city clusters and national new areas, such as Shandong Peninsula, Liaodong Peninsula, Western Coast of the Straits, Changsha-Zhuzhou-Xiangtan, Wuhan, Chengdu and Chongqing. The region layout sticks to the development roadmap that first- and second-tier cities are the focus and third- and fourth-tier cities with great potential serve as the supplement.

In the first half of 2019, with the implementation of “city-specific policies, and one policy for one city”, real estate sales momentum waned to some extent. The Group continued to pay close attention to changes in policy and market, precisely kept abreast of market situation and development trend, resolutely established the position of “Houses are for Living in other than Speculation”, and maintained the sustainable and sound development of real estate operations. Meanwhile, the Group continued to adhere to the “Four Winnings” principle in terms of strategy for the development of real estate operations: first, winning by high efficiency. The Group accelerated asset turnover and fund recovery, accelerated development pace, operational efficiency and sales pace, and increased efforts in destocking. Second, winning by synergy. The Group continued to promote cooperation with well-renowned real estate developers in all aspects, improved internal industrial synergy and business synergy, further revitalized internal planning, information and land resources, and gave a full play to its overall advantage. Third, winning by excellence. The Group significantly improved customer satisfaction, brand value and added value of product, laid emphasis on the improvement of property service quality, actively and properly developed “Real Estate +” health care, culture, tourism, smart, green and environmental protection, and improved product lines and built “Lifehome”. Fourth, winning by prudence. The Group continued to operate on a rational basis, paid equal attention to asset-heavy and asset-light business models, shared responsibilities through cooperation, developed production plan based on sales prospects, and enhanced analysis and research and risk early-warning, in order to ensure long-term and stable operation.

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

(V) Logistics and materials trading and others

The Group possesses over 70 regional business outlets in important cities and logistics node cities, 1.33 million sq. m of logistics sites, over 40,000 meters of special railway lines and 32,550 cubic meters of storage capacity of product oil. The Group provided integrated supply chain service through improvement of an efficient logistics-informatisation, regional and market-oriented service system.

The deepening of structural reform on the supply side provided a benign environment for the development of materials and logistics industry. In the first half of the year, by taking root in "Maintaining Supply, Assuring Quality and Reducing Cost", first, the Group improved its resource access and materials supply capacity, and in particular, strived to "have an edge over peers" in supplying materials and products in tight supply focusing on the primary target of "Serving Major Business, and Securing Construction and Production"; second, the Group actively and orderly developed independent development business of sand aggregate, strived to open up initiating explosive devices supply channels and played a vital role in controlling and stabilising price of materials; third, the Group strived for coordinated development among emerging businesses including overseas business, ecological management and landscape, improved its level of qualification and developed new fields of materials and logistics; fourth, the Group optimised and integrated network material trading platforms by fully utilizing network information technology, and improved the level of informationisation of materials and logistics operations.

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

(I) Prominent competitive strength in the industry

The Company has been ranking top 3 among the ENR global largest engineering contractors for many consecutive years, ranking top 59 in the Global 500 in 2019. 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 has continued to improve. The Company has its financing platform of A+H listings, sufficient bank credit and the highest international rating in construction industry. The Company has created favorable brand effect in the field of infrastructure construction, and obtained stable customer base and abundant market resources.

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

(II) Continuing enhancement of advantage in technology

The Company has been in a world leading position in the plateau, alpine region and high-speed railway design and construction technologies. Increasing number of products are designed with independent intellectual property rights. Underground engineering facilities including major-diameter earth pressure balance shield/TBM dual-mode excavator, 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 including narrow-gauge tamping machines and narrow-gauge ballasting machines have also achieved the international leading level and have been exported to overseas markets. Technologies of underground and underwater engineering construction, magnetic suspension engineering construction and E&M system integration have achieved a leading level in the industry.

(III) Perfection of industrial structure and layout

The Company has completed the overall layout along the construction industry chain, with the business covering the construction operations, survey, design and consultancy operations, manufacturing, real estate development, logistics and materials trading, and others. The Company realized the transition from a construction enterprise to a one-stop solution provider with an integration of scientific research, planning, survey, design, construction, supervision, maintenance, operation, investment and financing, with the capability of expansion and synergy along the whole industry chain. The Company conducted patent layout with focus on synergy of three major business segments, namely survey and design, engineering construction and manufacturing operations. At present, it has established a preliminary patent protection network of the underwater tunnel design and construction and large-diameter shield equipment. Based on its research and analysis in the mid-to-low speed maglev field, the Company has applied for more than 100 domestic and overseas patents in 15 technology branches, such as F-type guide rails, track beams and contact system, which has established a patent portfolio for the mid-to-low speed magnetic levitation technology and has enhanced the capability to protect independent intellectual property rights and the Company's core competitiveness.

(IV) Gradual optimization of organizational and management structure

Based on headquarter organization structure optimisation and adjustment, the Company further optimised management structure of the Company, enhanced the governance of the loss-making enterprises, disposal of zombie enterprises, strictly controlled newly-established business entities, and vigorously reduced the number of subsidiaries with small scale, poor efficiency, limited prospects and weak synergy with the core business. In accordance with the principle of being scientific, reasonable, capable and efficient, the Company also optimized the organizational structure, reduced the overlapping of departments and functions, and strictly controlled department and staff composition. The Company established a management system and operation mechanism with strong control, clear responsibility and smooth operation.

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

(V) Refreshing and carrying forward the culture of railway corps

The culture 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 working very hard regardless of weather”, passes through development and growth of CRCC. Based on carrying forward such culture of railway corps, CRCC kept enriching and improving corporate culture connotation, developed the corporate values of “perpetual sincerity and innovation, competitive products and co-existing with moral quality” and the CRCC culture for the new era “Being Proud of Our Nation, Being Morality-oriented, Regarding Enterprise as Home and Being People-oriented”. Under the leadership of the culture of excellence, CRCC has created large quantities of excellent projects by constantly overcoming the difficulties and making bold innovations to build the “efficient, honest, innovative and responsible” industry leader image.

Section IV Discussion and Analysis on Business Operations (Report of Directors)

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

In the first half of 2019, faced with tough market situation and heavy tasks, the Group, by closely focusing on the central task of “High Quality CRCC” and the theme of “Steady Growth, High Quality”, accelerated the promotion of “switching from stagnant traditional products to competitive products, transforming from industrial to commercial, and transferring from regions with weak demand to regions with strong demand”. The Group steadily improved its business scale by taking a number of measures simultaneously, such as creating a good business environment, implementing new concepts, improving its business capacity, earnestly planning market development, defining management responsibility, changing business models, implementing regional business deployment and the strategy of prioritising overseas business, making every effort to promote the development of emerging industries, and improving brand building. In the first half of 2019, the Group newly signed contract at an aggregate amount of RMB718,697.3 million, representing a year-on-year increase of 18.01%; and recorded revenue of RMB352,934.9 million, representing a year-on-year increase of 14.23%, and net profit of RMB10,316.5 million, representing a year-on-year increase of 16.00%.

(I) Value of newly-signed contracts for the Reporting Period

In the first half of 2019, the value of newly-signed contracts of the Group amounted to RMB718.6973 billion, accounting for 43.30% of the annual plan and representing a year-on-year increase of 18.01%. Among which, the value of newly-signed contracts for domestic business amounted to RMB646.0241 billion, accounting for 89.89% of the total value of the newly-signed contracts, representing a year-on-year increase of 19.59%; and the value of newly-signed contracts for overseas business amounted to RMB72.6732 billion, accounting for 10.11% of the total value of the newly-signed contracts, representing a year-on-year increase of 5.55%. As of the end of the Reporting Period, the value of outstanding contracts for the Group amounted to RMB2,942.1645 billion, representing a year-on-year increase of 12.59%. Of which, the value of outstanding domestic contracts amounted to RMB2,375.4421 billion, accounting for 80.74% of the total value of outstanding contracts; and the value of outstanding overseas contracts amounted to RMB566.7224 billion, accounting for 19.26% of the total value of outstanding contracts. The major indicators are as follows:

Unit: RMB'00 million

Business type	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	6,118.924	4,969.076	23.14	25,500.422	23,143.842	10.18
Survey, design and consultancy operations	77.757	119.308	-34.83	116.530	85.860	35.72
Manufacturing operations	98.538	105.826	-6.89	323.774	271.682	19.17
Logistics and materials trading operations	432.940	430.249	0.63	1,950.434	1,649.273	18.26
Real estate development operations	398.315	410.201	-2.90	1,493.679	981.154	52.24
Other businesses	60.499	55.634	8.74	36.806	0.241	-
Total	7,186.973	6,090.294	18.01	29,421.645	26,132.052	12.59

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

During the Reporting Period, the value of newly-signed contracts for construction operations amounted to RMB611.8924 billion, accounting for 85.14% of the total value of newly-signed contracts and representing an increase of 23.14% year-on-year. Of which, the value of newly-signed contracts for railway construction amounted to RMB98.1032 billion, accounting for 16.03% of the value of newly-signed contracts in the construction operations segment and representing an increase of 18.58% year-on-year; the value of newly-signed contracts for road projects amounted to RMB116.5102 billion, accounting for 19.04% of the value of newly-signed contracts in the construction operations segment and representing an increase of 0.79% year-on-year; the value of newly-signed contracts for urban rail transit amounted to RMB65.8711 billion, accounting for 10.77% of the value of newly-signed contracts in the construction operations segment and representing an increase of 27.53% year-on-year; the value of newly-signed contracts for housing construction amounted to RMB191.0249 billion, accounting for 31.22% of the value of newly-signed contracts in the construction operations segment and representing an increase of 60.62% year-on-year; the value of newly-signed contracts for municipal engineering amounted to RMB99.6333 billion, accounting for 16.28% of the value of newly-signed contract in the construction operations segment and representing an increase of 14.32% year-on-year; the value of newly-signed contracts for hydraulic and electric engineering amounted to RMB8.0180 billion, accounting for 1.31% of the value of newly-signed contracts in the construction operations segment and representing a decrease of 56.17% year-on-year; the value of newly-signed contracts for airports and terminals and navigation projects amounted to RMB21.5263 billion, accounting for 3.52% of the value of the newly-signed contracts in the construction operations segment and representing an increase of 199.92% year-on-year; the reason for significant increase in the newly-signed contract amount of urban rail transit was the approval of several urban transit planning programs with the accelerated pace of urbanisation; the reason for significant increase in the newly-signed contract amount of housing construction was increased efforts and certain achievements of the Group in business development of shantytowns transformation and reconstruction of old communities in urban and rural areas by closely following national development strategy; fluctuations in the newly-signed contract amount of hydraulic and electric engineering, airports and terminals, and navigation projects were normal due to relatively small overall scale.

During the Reporting Period, the value of newly-signed contracts for non-construction operations segments of the Group amounted to RMB106.8049 billion, accounting for 14.86% of the total value of newly-signed contracts and representing a decrease of 4.74% year-on-year. In particular, the value of newly-signed contracts for survey, design and consultancy operations amounted to RMB7.7757 billion, representing a decrease of 34.83% year-on-year; the value of newly-signed contracts for manufacturing operations amounted to RMB9.8538 billion, representing a decrease of 6.89% year-on-year; the value of newly-signed contracts for logistics and materials trading operations amounted to RMB43.2940 billion, representing an increase of 0.63% year-on-year; and the value of newly-signed contracts for real estate development operations amounted to RMB39.8315 billion, representing a decrease of 2.90% year-on-year. Fluctuation in the value of newly-signed contracts for survey, design and consultancy operations was normal since such operations were subject to market situation and fall within the early development stage of project with a small volume.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(II) Performance of main businesses by segment and region

In the first half of 2019, the Group recorded a revenue of RMB352.9349 billion, representing a year-on-year increase of 14.23%. Main businesses of the Group cover construction, survey, design and consultancy, manufacturing, real estate development, logistics and materials trading and other businesses. As at the end of the Reporting Period, the Group had overseas operating business distributed in 124 countries all over the world as well as in Hong Kong, Macau and other regions, and had 873 projects under construction in total. The overseas operations recorded stable growth.

Main Businesses by Segment and by Region

Unit: '000 Currency: RMB

By segment	Revenue	Cost of sales	Gross profit margin (%)	Main Businesses by Segment		
				Increase/decrease in revenue as compared to corresponding period of last year (%)	Increase/decrease in cost of sales as compared to corresponding period of last year (%)	Increase/decrease in gross profit margin as compared to corresponding period of last year (%)
Construction operations	310,968,505	287,318,868	7.61	16.39	16.51	Decreasing by 0.09 percentage point
Survey, design and consultancy operations	7,684,428	5,228,896	31.95	9.37	12.29	Decreasing by 1.77 percentage points
Manufacturing operations	8,987,309	6,925,809	22.94	21.48	22.97	Decreasing by 0.93 percentage point
Real estate development operations	9,834,548	7,037,652	28.44	-0.78	-8.17	Increasing by 5.76 percentage points
Other businesses	34,401,601	30,205,102	12.20	8.78	7.21	Increasing by 1.29 percentage points
Inter-segment elimination	-18,941,512	-18,351,869	/	/	/	/
Total	352,934,879	318,364,458	9.80	14.23	14.10	Increasing by 0.10 percentage point

By region	Revenue	Cost of sales	Gross profit margin (%)	Main Businesses by Region		
				Increase/decrease in revenue as compared to corresponding period of last year (%)	Increase/decrease in cost of sales as compared to corresponding period of last year (%)	Increase/decrease in gross profit margin as compared to corresponding period of last year (%)
Mainland China	337,125,210	304,260,736	9.75	15.74	15.42	Increasing by 0.25 percentage point
Overseas	15,809,669	14,103,722	10.79	-10.64	-8.54	Decreasing by 2.05 percentage points
Total	352,934,879	318,364,458	9.80	14.23	14.10	Increasing by 0.10 percentage point

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

Main Businesses by Sector and by Product

(1) Construction operations

Construction Operations (Before Elimination of Inter-segment Transactions)

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	310,968,505	267,185,371	16.39
Cost of sales	287,318,868	246,605,115	16.51
Gross profit	23,649,637	20,580,256	14.91
Gross profit margin (%)	7.61	7.70	Decreasing by 0.09 percentage point
Selling and distribution expense	874,887	812,309	7.70
General and administrative expenses	6,326,653	6,182,326	2.33
Profit before tax	5,547,302	6,142,529	-9.69

(2) Survey, design and consultancy operations

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

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	7,684,428	7,025,792	9.37
Cost of sales	5,228,896	4,656,730	12.29
Gross profit	2,455,532	2,369,062	3.65
Gross profit margin (%)	31.95	33.72	Decreasing by 1.77 percentage points
Selling and distribution expense	404,846	419,018	-3.38
General and administrative expenses	452,100	409,168	10.49
Profit before tax	1,398,095	1,529,038	-8.56

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(3) *Manufacturing operations*

Manufacturing Operations (Before Elimination of Inter-segment Transactions)

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	8,987,309	7,398,082	21.48
Cost of sales	6,925,809	5,631,891	22.97
Gross profit	2,061,500	1,766,191	16.72
Gross profit margin (%)	22.94	23.87	Decreasing by 0.93 percentage point
Selling and distribution expense	217,819	187,151	16.39
General and administrative expenses	400,265	400,234	0.01
Profit before tax ^{Note}	1,162,553	888,096	30.90

Note: The profit before tax of manufacturing operations for the Reporting Period increased by 30.90% as compared to that for the corresponding period of last year, which was mainly attributable to increase in business scale and slowdown in increase in expenditure.

(4) *Real estate development operations*

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

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	9,834,548	9,911,413	-0.78
Cost of sales	7,037,652	7,663,769	-8.17
Gross profit ^{Note 1}	2,796,896	2,247,644	24.44
Gross profit margin (%)	28.44	22.68	Increasing by 5.76 percentage points
Selling and distribution expense	292,438	258,465	13.14
General and administrative expenses	397,206	396,317	0.22
Profit before tax ^{Note 2}	2,453,332	1,044,442	134.89

Note 1: Gross profit of the real estate development operations for the Reporting Period increased by 24.44% as compared to that for the corresponding period of last year, which was mainly attributable to the increase in sales amount of properties of high gross profit.

Note 2: Profit before tax of the real estate development operations for the Reporting Period increased by 134.89% as compared to that for the corresponding period of last year, which was mainly attributable to the increase in gross profit margin and the increase in returns on investment recognized on cooperative real estate development projects.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(5) Logistics and materials trading and other businesses

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

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	34,401,601	31,626,103	8.78
Cost of sales	30,205,102	28,174,416	7.21
Gross profit	4,196,499	3,451,687	21.58
Gross profit margin (%)	12.20	10.91	Increasing by 1.29 percentage points
Selling and distribution expense	370,377	309,814	19.55
General and administrative expenses ^{Note}	699,046	516,170	35.43
Profit before tax	2,306,167	1,941,971	18.75

Note: General and administrative expenses of logistics and materials trading and other businesses for the Reporting Period increased by 35.43% as compared to that for the corresponding period of last year, which was mainly attributable to the increase in expenditure as a result of expanded finance and investment business scale, etc.

(III) 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 (%)
Revenue	352,934,879	308,980,930	14.23
Cost of sales	318,364,458	279,024,711	14.10
Selling and distribution expenses	2,160,367	1,986,757	8.74
General and administrative expenses	8,275,270	7,904,215	4.69
Finance costs	2,094,611	1,534,471	36.50
R&D expenses	7,002,021	5,437,638	28.77
Net cash flows generated from operating activities	-32,471,913	-45,888,144	N/A
Net cash flows generated from investing activities	-15,025,676	-18,239,765	N/A
Net cash flows generated from financing activities	26,085,619	35,419,204	-26.35

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

The change in revenue was mainly due to the steady expansion of the business scale of construction operations during the Reporting Period.

The change in cost of sales was mainly due to the corresponding increase in cost of sales as a result of the expansion of the business scale during the Reporting Period.

The change in selling and distribution expenses was mainly due to the increase in advertising and business promotion expenses during the Reporting Period.

The change in general and administrative expenses was mainly due to the increase in staff salaries, office, travel and transport expenses during the Reporting Period.

The change in finance costs was mainly due to the increase in the interest expenditure as a result of expansion of business scale, increase in demand for capital and increase in long-term and short-term borrowings during the Reporting Period.

The change in R&D expenses was mainly due to the increase in R&D staff salaries and corresponding material costs as a results of increased efforts in technology research in the fields of perspectiveness, fundament, new industry, new materials and new equipment, and the implementation of "Belt and Road Initiative" during the Reporting Period.

The change in net cash flows generated from operating activities was due to the increase in cash received from sales of goods and provision of labour services during the Reporting Period.

The change in net cash flows generated from investing activities was due to the increase in cash received from recovery of investment during the Reporting Period.

The change in net cash flows generated from financing activities was due to the increase in cash paid for repayment of debts during the Reporting Period.

2. Others

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

Applicable Not applicable

(2) *Others*

Applicable Not applicable

(IV) **Explanation on material changes in profit due to non-core businesses**

Applicable Not applicable

(V) **Analysis of assets and liabilities**

Applicable Not applicable

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

1. Assets-Liabilities analysis table

Unit: '000 Currency: RMB

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 change in the amount at the end of the Reporting Period as compared to that of last year (%)	Explanation
Cash and bank balances	121,877,280	12.19	143,801,598	15.67	-15.25	
Held-for-trading financial assets	2,458,088	0.25	3,344,458	0.36	-26.50	It is mainly due to the decrease in monetary fund products held during the Reporting Period.
Bills receivable	5,542,096	0.55	7,636,443	0.83	-27.43	It is mainly due to the increase in cash settlement from sales of goods and provision of labour services during the Reporting Period.
Receivables at FVTOCI	1,972,640	0.20	2,143,802	0.23	-7.98	
Trade receivables	112,896,006	11.29	99,382,305	10.83	13.60	
Advances to suppliers	22,745,546	2.28	18,591,945	2.03	22.34	It is mainly due to related construction projects which have not been billed and materials which have not been received during the Reporting Period.
Other receivables	65,438,768	6.55	63,474,288	6.92	3.09	
Inventories	191,148,183	19.12	159,891,368	17.42	19.55	
Contract assets	156,154,680	15.62	123,938,151	13.51	25.99	It is mainly due to that certain construction operations that did not reach settlement nodes during the Reporting Period.
Other current assets	17,936,022	1.79	17,236,252	1.88	4.06	
Long-term receivables	55,875,181	5.59	54,442,045	5.93	2.63	
Long-term equity investments	34,942,063	3.50	28,978,555	3.16	20.58	It is mainly due to the increase in investment in joint ventures and associates during the Reporting Period.
Other non-current financial assets	890,389	0.09	779,049	0.08	14.29	
Other equity instrument investments	9,775,249	0.98	8,268,378	0.90	18.22	
Fixed assets	48,945,391	4.90	50,300,597	5.48	-2.69	
Right-of-use assets	6,334,205	0.63	-	-	-	It is mainly due to the application of new lease standard during the Reporting Period.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

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 change in the amount at the end of the Reporting Period as compared to that of last year (%)	Explanation
Intangible assets	54,797,175	5.48	50,667,006	5.52	8.15	
Short-term loans	70,561,209	7.06	61,781,084	6.73	14.21	
Bills payable	60,469,068	6.05	51,036,428	5.56	18.48	
Trade payables	292,157,506	29.22	274,354,876	29.90	6.49	
Contract liabilities	97,469,987	9.75	89,276,585	9.73	9.18	
Other payables	66,337,973	6.64	55,429,042	6.04	19.68	
Other current liabilities	19,937,333	1.99	12,434,964	1.36	60.33	It is mainly due to the increase in the issuance of ultra-short-term financing bonds during the Reporting Period.
Long-term loans ^{Note 1}	97,626,653	9.77	87,674,061	9.55	11.35	
Bonds payable ^{Note 2}	40,981,382	4.10	38,458,422	4.19	6.56	
Lease liabilities ^{Note 3}	5,955,561	0.60	-	-	-	It is mainly due to the application of new lease standard during the Reporting Period.
Long-term payables ^{Note 4}	9,717,056	0.97	11,418,670	1.24	-14.90	
Employee benefits payable ^{Note 5}	10,783,965	1.08	11,852,014	1.29	-9.01	
Other non-current liabilities	718,213	0.07	1,082,465	0.12	-33.65	It is mainly due to change in fair value of derivatives (convertible bonds) during the Reporting Period.

Note 1: "Long-term loans" includes long-term loans in "current portion of non-current liabilities".

Note 2: "Bonds payables" includes bonds payable in "current portion of non-current liabilities".

Note 3: "Lease liabilities" includes lease liabilities in "current portion of non-current liabilities".

Note 4: "Long-term payables" includes long-term payables in "current portion of non-current liabilities".

Note 5: "Employee benefits payable" includes "employee benefits payable" in the current liabilities, "current portion of long-term employee benefits payable" in "current portion of non-current liabilities" and the "long-term employee benefits payables" in the non-current liabilities.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

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

Applicable Not applicable

3. Other explanation

Applicable Not applicable

(VI) Liquidity and capital resources

1. Cash flow of the Group

Unit: '000 Currency: RMB

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 flows generated from operating activities	-32,471,913	-45,888,144	13,416,231
Net cash flows generated from investing activities	-15,025,676	-18,239,765	3,214,089
Net cash flows generated from financing activities	26,085,619	35,419,204	-9,333,585

During the Reporting Period, the net cash flows generated from operating activities of the Group were net cash outflow, amounting to RMB32.4719 billion and representing a decrease of RMB13.4162 billion in cash outflow as compared to the corresponding period of last year, mainly attributable to the increase in cash received from the sale of goods and the provision of labor services during the Reporting Period.

During the Reporting Period, the net cash flows generated from investing activities of the Group were net cash outflow amounting to RMB15.0257 billion and representing a decrease of RMB3.2141 billion in cash outflow as compared to the corresponding period of last year, mainly attributable to the increase in cash received from disposal of investments during the Reporting Period.

During the Reporting Period, the net cash flows generated from financing activities of the Group were net cash inflow amounting to RMB26.0856 billion and representing a decrease of RMB9.3336 billion in cash inflow as compared to the corresponding period of last year, mainly attributable to the increase in cash repayments for borrowings during the Reporting Period.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

2. Capital expenditures

The Group incurred capital expenditures mainly for the construction of contracting projects, purchase of equipment, expansion and technology upgrade of facilities, and construction of investment projects such as PPP, BOT projects. During the Reporting Period, the Group's capital expenditures were RMB12.4278 billion, representing a year-on-year decrease of RMB0.1687 billion or 1.34%, mainly due to the decrease in investment in construction in progress and intangible assets during the Reporting Period.

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year
Construction operations	7,960,809	7,097,066
Survey, design and consultancy operations	95,782	111,119
Manufacturing operations	419,403	654,636
Real estate development operations	18,233	10,882
Other businesses	3,933,600	4,722,761
Total	12,427,827	12,596,464

3. Working capital

(1) Trade receivables

As at the end of the Reporting Period, trade receivables of the Group amounted to RMB112.8960 billion, representing an increase of RMB13.5137 billion or 13.60% as compared to the end of last year, mainly due to the further expansion in business scale. The Board of the Company considered that adequate provisions for credit losses have been made.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

The following table sets forth the aging analysis of trade receivables as at the balance sheet date indicated:

Unit: '000 Currency: RMB

Item	30 June 2019	31 December 2018
Within 1 year	90,179,632	80,446,020
1–2 years	15,315,902	13,580,936
2–3 years	6,397,029	4,509,348
Over 3 years	5,825,094	5,551,846
Subtotal	117,717,657	104,088,150
Less: Provision for bad debts	4,821,651	4,705,845
Total	112,896,006	99,382,305

The following table sets forth the turnover days of the trade receivables and trade payables as at the balance sheet dates indicated:

Item	30 June 2019	31 December 2018
Turnover days of trade receivables ^{Note 1}	57	64
Turnover days of trade payables ^{Note 2}	160	157

Note 1: The number of turnover days of trade receivables is derived by dividing the arithmetic mean of the closing balance of the Reporting Period and the closing balance of last year by revenue multiplying 180 days (calculated by multiplying 365 days as at 31 December 2018).

Note 2: The number of turnover days of trade payables is derived by dividing the arithmetic mean of the closing balance of the Reporting Period and the closing balance of last year by cost of sales multiplying 180 days (calculated by multiplying 365 days as at 31 December 2018).

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Trade payables

As at the end of the Reporting Period, trade payables of the Group amounted to RMB292.1575 billion, representing an increase of RMB17.8026 billion or 6.49% as compared to the end of last year. The following table sets forth the aging analysis of trade payables as at the balance sheet date indicated:

Unit: '000 Currency: RMB

Item	30 June 2019	31 December 2018
Within 1 year	284,695,802	267,308,664
1–2 years	5,249,692	5,067,436
2–3 years	1,021,671	914,250
Over 3 years	1,190,341	1,064,526
Total	292,157,506	274,354,876

4. Advances to suppliers and other receivables

During the Reporting Period, advances to suppliers and other receivables of the Group amounted to RMB88.1843 billion, representing an increase of RMB6.1181 billion or 7.46% as compared to the end of last year, mainly due to related construction projects which have not been billed and materials which have not been received, and the increase in various guarantees and deposits paid during the Reporting Period.

5. Other payables and accruals

As at the end of the Reporting Period, other payables and accruals of the Group including advances from customers, contract liabilities, other payables, employee benefits payables (including long-term employee benefits payable), taxes payable and deferred income amounted to RMB181.5011 billion, representing an increase of RMB15.6671 billion or 9.45% as compared to the end of last year, mainly due to the increase in advances for the sale of properties and guarantees and deposits payable.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

6. Indebtedness

(1) Loans

The short-term loans of the Group as at the end of the Reporting Period and the end of last year were as follows:

Unit: '000 Currency: RMB

Item	30 June 2019	31 December 2018
Pledged loans	1,314,485	380,000
Mortgaged loans	397,966	205,000
Guaranteed loans	5,513,572	4,358,930
Credit loans	63,335,186	56,837,154
Total	70,561,209	61,781,084

The long-term loans of the Group due within one year as at the end of the Reporting Period and the end of last year were as follows:

Unit: '000 Currency: RMB

Item	30 June 2019	31 December 2018
Pledged loans	80,000	–
Mortgaged loans	1,516,598	1,035,880
Guaranteed loans	5,574,000	2,331,640
Credit loans	13,593,766	14,466,064
Total	20,764,364	17,833,584

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

The long-term loans of the Group as at the end of the Reporting Period and the end of last year were as follows:

Unit: '000 Currency: RMB

Item	30 June 2019	31 December 2018
Pledged loans	32,162,563	26,840,000
Mortgaged loans	5,656,106	4,725,841
Guaranteed loans	13,449,882	13,529,940
Credit loans	25,593,738	24,744,696
Total	76,862,289	69,840,477

The bonds payable of the Group as at the end of the Reporting Period and the end of last year were as follows:

Unit: '000 Currency: RMB

Item	30 June 2019	31 December 2018
Bonds payable	30,993,765	37,458,422
Bonds payable due within one year	9,987,617	1,000,000
Total	40,981,382	38,458,422

As at the end of the Reporting Period and the end of last year, the Group's gearing ratio was 71% and 68%, 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, due to customers, due to banks, bills payable, trade payables, other payables, current portion of non-current liabilities (excluding current portion of long-term employee benefits payable), the financial liabilities of other current liabilities, bonds payable, lease liabilities, long-term payables (exclude special payables), and the financial liabilities of other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the company and non-controlling interest.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Commitments

As at the end of the Reporting Period, the commitments made by the Group amounted to RMB11.2600 billion, representing a decrease of RMB3.5871 billion or 24.16% as compared to the end of last year, which was mainly due to the relative commitments carried out and completed during the Reporting Period.

Unit: '000 Currency: RMB

Item	30 June 2019	31 December 2018
Contracted but not provided for		
Capital commitments	339,217	290,993
Investment commitments	9,075,994	8,974,629
Other commitments	1,844,770	5,581,502
Total	11,259,981	14,847,124

(3) Contingent liabilities

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

7. Pledge of assets

As at the end of the Reporting Period, the pledge of assets made by the Group amounted to RMB77.0772 billion, representing an increase of RMB7.6208 billion or 10.97% as compared to the end of last year, which was mainly due to the increase in borrowings arising from mortgage of inventories and pledge of concession loans of intangible assets during the Reporting Period. The following table sets forth the mortgage and pledge of assets as of the balance sheet date:

Unit: '000 Currency: RMB

Category	30 June 2019	31 December 2018
Intangible assets	43,855,930	41,455,348
Inventories	17,382,016	14,401,283
Cash and bank balances	11,421,529	11,062,511
Other non-current assets	2,603,080	1,888,875
Trade receivables	1,338,078	389,222
Bills receivable	227,986	–
Long-term receivables	183,553	149,599
Fixed assets	65,045	60,969
Construction in progress	–	48,600
Total	77,077,217	69,456,407

Please see “66 Assets with title restrictions” in Note V to the financial report of this report for details of mortgage and pledge.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

8. Foreign Exchange Risks and Profit or Loss on Exchange

The major production and operation activities of the Group are located in the PRC and the principal operations are settled in RMB. The assets and liabilities in foreign currency recognized by the Group and the transactions to be denominated in foreign currencies in the future are subject to foreign exchange risks. As regards the cash and bank balances, trade receivables, other receivables, short-term loans, trade payables, other payables, long-term loans and bonds payable denominated in foreign currencies (primarily in US dollar, Euro, HK dollar, Algerian Dinar and so on) held by the Group as at the end of the Reporting Period, please see “67 Foreign currency monetary items” in Note V to the financial report of this report for details.

The management of the Company closely monitors the impact of changes in exchange rate on the exchange risks. Although no significant forward exchange contracts have been entered into, the finance department of the Company 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 report of this report for the exchange rate risks.

(VII) Analysis of investment

1. Overall analysis of investment in external equities

Applicable Not applicable

As at the end of the Reporting Period, the Group’s long-term equity investment was RMB34.9421 billion, representing an increase of RMB5.9635 billion or 20.58%, which was mainly due to the increase in the joint ventures and associates during the Reporting Period.

(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: '000 Currency: RMB

Item	Opening balance	Closing balance	Profit/loss during the Reporting Period	Change of owner's equity during the Reporting Period
Securities investment	3,201,059	2,311,382	72,767	-
Equities of other listed companies	1,704,079	2,089,564	88,013	385,485
Trust products and others	912,626	1,047,128	9,620	-183
Total	5,817,764	5,448,074	170,400	385,302

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

① Investment in securities

Unit: '000 Currency: RMB

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	Profit/loss during the Reporting Period	Presentation item	Source of shares
							at the end of the period (%)			
1	Stock	HK03969	China CRSC	131,950	25,000,000	124,912	5.41	9,003	Held-for-trading financial assets	Original issue stock
2	Stock	HK01258	CHINF Mining	64,863	36,363,000	47,874	2.07	-13,154	Held-for-trading financial assets	Original issue stock
3	Stock	601618	MCC	59,265	10,600,000	19,488	0.84	1,954	Held-for-trading financial assets	Original issue stock
4	Stock	600028	SINOPEC	533	135,000	531	0.02	95	Other non-current financial assets	Original issue stock
5	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,370	17,369,836	40,020	1.73	8,372	Held-for-trading financial assets	Subscription
6	Open-ended Fund	519606	Guotai Jinxin	3,908	3,908,303	5,327	0.23	1,266	Held-for-trading financial assets	Subscription
7	Open-ended Fund	003473	China Southern Tiantianli Money Market Fund	400,000	400,000,000	420,721	18.20	6,473	Held-for-trading financial assets	Subscription
8	Open-ended Fund	000620	E Funds Cash Money Market Fund	300,000	300,000,000	317,268	13.73	4,846	Held-for-trading financial assets	Subscription
9	Open-ended Fund	002758	CCB Cash Increase Money Market Fund	500,000	500,000,000	522,909	22.62	7,717	Held-for-trading financial assets	Subscription
10	Open-ended Fund	000716	ICBC-Credit Suisse Salary B Fund	100,000	100,000,000	102,528	4.44	1,612	Held-for-trading financial assets	Subscription
11	Open-ended Fund	070088	Harvest Money Market B Fund	100,000	100,000,000	102,296	4.43	1,438	Held-for-trading financial assets	Subscription
12	Open-ended Fund	000759	Ping An Dahua Caifubao Money Market Fund	200,000	300,000,000	305,008	13.20	4,227	Held-for-trading financial assets	Subscription
13	Open-ended Fund	000330	China Universal Cash Pot Money	100,000	100,000,000	101,292	4.38	1,292	Held-for-trading financial assets	Subscription
14	Open-ended Fund	003465	Ping An Jin Guan Jia Money	100,000	100,000,000	100,612	4.35	612	Held-for-trading financial assets	Subscription
15	Open-ended Fund	003022	CCB Cash Increase Money	100,000	100,000,000	100,596	4.35	596	Held-for-trading financial assets	Subscription
Other investment in securities held at the end of the period				/	/	/	/	/	/	/
Profits/loss from disposal of investment in securities during the Reporting Period				/	/	-	-	36,418	/	/
Total				2,177,889	/	2,311,382	100.00	72,767	/	/

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

② Shareholdings in other listed companies

Unit: '000 Currency: RMB

Stock code	Abbreviated stock name	Amount of initial investment	Shareholding ratio at the beginning of the period (%)	Shareholding ratio at the end of the period (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Presentation item	Source of shares
601328	Bank of Communications	49,892	0.07	0.07	247,346	-	13,861	Other equity instrument investments	Original issue stock
601211	Guotai Jun'an	7,604	0.10	0.10	138,543	-	23,040	Other equity instrument investments	Original issue stock
600809	Shanxi Fenjiu	708	0.05	0.05	27,620	-	13,600	Other equity instrument investments	Original issue stock
600322	Tianjin Real Estate Development	160	0.03	0.03	363	-	38	Other equity instrument investments	Original issue stock
600061	SDIC Capital	268,452	1.45	1.45	856,961	-	307,062	Other equity instrument investments	Original issue stock
600657	Cinda Real Estate	236	-	-	9,540	370	-	Other equity instrument investments	Original issue stock
601169	Bank of Beijing	2	-	-	1,195	-	82	Other equity instrument investments	Original issue stock
HK00687	Tysan Holdings	208,027	5.03	5.03	68,191	74,208	-52,173	Other equity instrument investments	Subscription
000630	Tongling Nonferrous	500,000	1.71	1.71	444,043	9,025	88,447	Other equity instrument investments	Subscription
600885	Hongfa	1,440	0.71	0.71	37,150	-	2,660	Other equity instrument investments	Original issue stock
000759	Zhongbai Holdings Group	1,058	0.14	0.14	6,727	-	1,668	Other equity instrument investments	Original issue stock
002159	Sante Cableway	3,000	0.99	0.99	19,525	-	-1,456	Other equity instrument investments	Original issue stock
834898	Zhuzhou Department Stores	360	0.31	0.31	1,768	-	294	Other equity instrument investments	Original issue stock
HK3898	CRRC Times Electric	9,800	0.90	0.90	230,592	4,410	-11,638	Other equity instrument investments	Original issue stock
Total		1,050,739	/	/	2,089,564	88,013	385,485	/	/

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

③ Trust products held and others

Unit: '000 Currency: RMB

Name of investees	Initial cost of investment	Percentage of shares held (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Presentation item	Source of shares
CCB Trust – CRCC Collective Fund Trust Scheme (No. 9)	2,500	9.88	2,500	-	-	Held-for-trading financial assets	Subscription
BOC International – CRCC Factoring Phase I Asset-backed Scheme	29,000	1.46	29,000	-	-	Held-for-trading financial assets	Sponsorship
CCB Trust – CRCC Collective Fund Trust Scheme (No. 7)	54,816	9.90	54,884	68	-	Other non-current financial assets	Subscription
Xinhengyintong Private Investment Fund	31,357	/	31,357	-	-	Other non-current financial assets	Subscription
Haitong Securities Investment Fund	19,000	/	19,000	-	-	Other non-current financial assets	Subscription
CCB Trust – CRCC Collective Fund Trust Scheme (No. 11)	24,000	19.66	24,000	-	-	Other non-current financial assets	Subscription
CCB Trust – CRCC Collective Fund Trust Scheme (No. 20)	47,900	20.00	47,900	-	-	Other non-current financial assets	Subscription
CCB Capital – China Railway 18th Bureau Group Phase I Trade receivables Asset-backed Scheme	88,000	8.52	88,000	1,449	-	Other non-current financial assets	Sponsorship
China PPP Fund	110,390	/	110,390	-	-	Other non-current financial assets	Subscription
Ping An Securities – China Railway Construction Asset Management Phase I Trade receivables Asset-backed Scheme	26,000	1.45	26,000	-	-	Held-for-trading financial assets	Sponsorship
2017 Tranche I non-public placed asset-backed notes of China Railway Construction (Beijing) Property Management Co., Ltd.	30,000	3.13	30,000	1,327	-	Other non-current financial assets	Sponsorship
2017 REG MBEC Phase I Trade receivables Asset-backed Scheme	11,000	0.99	11,000	-	-	Other non-current financial assets	Sponsorship
Haitong Securities – China Railway Construction Asset Management Phase I Trade receivables Asset-backed Scheme	31,000	1.47	31,000	-	-	Held-for-trading financial assets	Sponsorship
Ping An Securities – China Railway Construction Asset Management Trade Receivables Asset-backed Scheme (No. 1)	25,000	1.47	25,000	952	-	Held-for-trading financial assets	Sponsorship
CRCC PPP Tianfu Private Investment Fund	32,080	/	32,080	-	-	Other non-current financial assets	Subscription
CRCC-China PPP Fund Private Investment Fund No. 1 Highway Construction Fund	33,590	/	33,590	1,193	-	Other non-current financial assets	Subscription
Mutual Infrastructure FOF Phase I Private Fund	67,180	/	67,180	87	-	Held-for-trading financial assets and other non-current financial assets	Subscription

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of investees	Initial cost of investment	Percentage of shares held (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Presentation item	Source of shares
Industrial Securities Asset Management – China Railway Construction Asset Management Phase I Trade Receivables Asset-backed Scheme	20,000	1.39	20,000	504	–	Held-for-trading financial assets	Sponsorship
Guojun – CRCC Phase I Asset-backed Scheme	39,000	1.19	39,000	978	–	Other non-current financial assets	Sponsorship
2018 Huaxia – CRCC Factoring Phase I Trade Receivables Debt Financing Scheme	7,600	1.38	7,600	253	–	Held-for-trading financial assets	Sponsorship
Ping An Securities – China Railway Asset Management Trade Receivables Asset-backed Scheme (No. 2)	40,000	1.21	40,000	1,059	–	Other non-current financial assets	Sponsorship
Guojun – CRCC Phase II Trade Receivables Asset-backed Scheme	14,000	1.27	14,000	–	–	Other non-current financial assets	Sponsorship
Guojun – China Railway 16th Bureau Group Trade Receivables Asset-backed Scheme	13,000	1.35	13,000	–	–	Other non-current financial assets	Sponsorship
CCB Trust – CRCC Collective Fund Trust Scheme (No. 18)	12,600	9.80	12,600	–	–	Other non-current financial assets	Sponsorship
China Railway Municipal Infrastructure Construction Fund in Xilinhot	4,137	/	4,137	–	–	Held-for-trading financial assets	Subscription
CRCC Ji Cai Hong Ao Private Equity Investment Fund	34,480	46.67	34,480	1,739	–	Other non-current financial assets	Subscription
Ping An Securities –No.1 CRCC Factoring Supply Chain of Small and Micro Enterprises Asset-backed Scheme	2,000	/	2,000	11	–	Other non-current financial assets	Sponsorship
Ping An Securities –No.2 CRCC Factoring Supply Chain of Small and Micro Enterprises Asset-backed Scheme	1,000	/	1,000	–	–	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase I	33,000	1.22	33,000	–	–	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase II	38,000	1.27	38,000	–	–	Other non-current financial assets	Sponsorship
AVIC Trust–2019 CRCC Commercial Factoring Trade Receivables and Property Rights Trust Phase I	22,000	1.00	22,000	–	–	Other non-current financial assets	Subscription
18 Coupon-bearing Treasury Bond (Tranche 22)	100,000	/	100,330	–	-183	Other debt investments	Subscription
Others	3,100	/	3,100	–	–	Other non-current financial assets	Subscription
Total	1,046,730	/	1,047,128	9,620	-183	/	/

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(VIII) Disposal of significant assets and equity interest

Applicable Not applicable

(IX) Analysis of major companies controlled and invested in by the Company

Applicable Not applicable

1. Major Subsidiaries

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

Unit: '000 Currency: RMB

Name of the Company	Registered capital	Major financial indicators as at 30 June 2019			Principal operations	Industry
		Total assets	Net assets	Net profit		
China Civil Engineering Construction Corporation	3,000,000	24,823,003	7,542,997	538,443	Construction	Construction
China Railway 11 th Bureau Group Co., Ltd.	5,030,000	54,922,677	13,117,258	674,958	Construction	Construction
China Railway 12 th Bureau Group Co., Ltd.	5,060,677	46,433,477	10,288,952	512,245	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,000,000	44,691,577	5,944,957	134,010	Construction	Construction
China Railway 14 th Bureau Group Co., Ltd.	3,110,000	41,347,845	6,509,897	368,967	Construction	Construction
China Railway 15 th Bureau Group Co., Ltd.	3,000,000	28,404,004	3,981,377	90,452	Construction	Construction
China Railway 16 th Bureau Group Co., Ltd.	3,000,000	48,320,642	6,136,248	106,874	Construction	Construction
China Railway 17 th Bureau Group Co., Ltd.	3,003,724	55,543,553	5,618,606	13,792	Construction	Construction
China Railway 18 th Bureau Group Co., Ltd.	3,000,000	39,539,563	6,044,212	334,234	Construction	Construction
China Railway 19 th Bureau Group Co., Ltd.	5,080,000	43,013,870	5,814,874	28,255	Construction	Construction
China Railway 20 th Bureau Group Co., Ltd.	3,130,000	39,176,642	5,493,258	123,000	Construction	Construction
China Railway 21 st Bureau Group Co., Ltd.	1,880,000	31,899,805	4,183,691	6,894	Construction	Construction
China Railway 22 nd Bureau Group Co., Ltd.	2,000,000	29,383,267	5,323,818	104,440	Construction	Construction
China Railway 23 rd Bureau Group Co., Ltd.	2,000,000	24,958,109	3,778,614	57,658	Construction	Construction
China Railway 24 th Bureau Group Co., Ltd.	2,000,000	20,627,380	3,110,058	207,495	Construction	Construction
China Railway 25 th Bureau Group Co., Ltd.	2,000,000	18,294,521	2,871,101	69,179	Construction	Construction
China Railway Construction Group Ltd.	3,000,000	57,859,942	8,178,815	375,515	Construction	Construction
China Railway Electrification Bureau Group Co., Ltd.	710,000	28,291,254	8,519,213	753,361	Construction	Construction
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	156,396,405	24,942,199	1,703,430	Real estate development and operations	Real estate
China Railway Siyuan Survey and Design Group Co., Ltd.	1,000,000	20,132,657	7,724,027	912,133	Survey and design operation	Construction
China Railway Material Group Co., Ltd.	3,000,000	22,472,820	3,033,522	259,912	Purchase and sales of goods and materials	Logistics
China Railway Construction Investment Group Co., Ltd.	12,000,000	109,285,150	23,248,084	640,962	Project investment	Investment
CRCC Finance Company Limited	9,000,000	90,151,177	11,017,128	537,677	Financial service	Finance

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of the Company	Registered capital	Major financial indicators as at 30 June 2019			Principal operations	Industry
		Total assets	Net assets	Net profit		
China Railway Urban Construction Group Co., Ltd.	2,000,000	17,495,310	2,768,384	175,264	Construction	Construction
CRCC High-Tech Equipment Corporation Limited	1,519,884	7,560,248	5,503,954	94,321	Industrial manufacturing	Industry
China Railway Construction Heavy Industry Co., Ltd.	3,855,540	15,551,411	6,600,341	710,250	Industrial manufacturing	Industry
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	10,498,440	4,556,190	319,536	Project investment	Investment
CRCC Kunlun Investment Group Co., Ltd.	5,000,000	27,128,971	6,341,086	949,242	Project investment	Investment
CRCC Assets Management Co., Ltd.	3,000,000	50,984,186	4,957,116	250,776	Asset management	Finance

During the Reporting Period, China Railway Construction Real Estate Group Co., Ltd., a subsidiary of the Company, accounted for larger proportion in the consolidated operating results of the Group. During the Reporting Period, the revenue of China Railway Construction Real Estate Group Co., Ltd. was RMB7.2331 billion, and operating profit amounted to RMB2.0286 billion. The net profit amounted to RMB1.7034 billion, accounting for 16.51% of the net profit in the consolidated statements 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 “13. Long-term equity investments” in the Note V and “2. Equity in joint ventures and associates” in Note VII to the financial report of this report.

(X) Status of the structured entity controlled by the Company

Applicable Not Applicable

II. OTHER DISCLOSURE

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

Applicable Not Applicable

(II) Potential risks

Applicable Not Applicable

The Group has always attached great importance to the internal and external exposure to risks, consistently collected and analyzed risk-related information, constantly regulated the risk management process, strengthened major risk control measures, for the purpose of prudent and steady development. Through carrying out material risk assessment, the Company identifies the following risks as the material risks it may be subject to in 2019: overseas risks, safety and quality risks, investment risks, risks related to trade receivables and cash flow risks.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

1. Overseas risks: The overseas environment will get complicated as the global economy may see a gloomy prospect in the future, the international trade will grow at a slower pace, trade protectionism will prevail and geopolitical risk will be higher. Adhering to the guideline of “prioritising overseas businesses”, the Company expands to over 100 countries and regions around the globe and is exposed to tough and complicated environment in the course of overseas market expansion, for these countries and regions differ significantly from each other in political system, market, economic and legal environment, manners and customs, natural environment and other aspects. Overseas businesses will be subject to certain risks if the Company does not have comprehensive and thorough risk analysis and adopt effective risk control, or some countries and regions experience political instability and social unrest, and involve in diplomatic and economic frictions or disputes with China. By comprehensive analysis, the Company determines that risk management related to overseas operation will focus on country risk, legal risk, non-traditional security risk, foreign exchange risk, labour risk and environment risk, comprehensively analyses the background and reasons of such risks and the possible impact on the Company, puts forward major countermeasures and conducts follow-up and control in the whole process to ensure a healthy and orderly development of overseas market.
2. Safety and quality risks: Contracted construction projects comprising of a large variety of building tasks account for a large share of the Company’s business. The work safety and quality management are exposed to high pressure and certain risks due to the nature of the industry and the impact of the construction environment, as the Company’s projects feature multiple sites, wide range and long construction periods, and are likely to be faced with natural disasters including floods, debris flows, landslides, gas, typhoon and fire, other emergent public incidents and other risk factors. While strictly implementing national laws and regulations and requirements of relevant departments in relation to safety and quality management and conducting operation in accordance with laws and regulations, the Company continuously improves safety and quality policies and regulations, promotes standardisation of safety and quality management, strengthens safety and quality education and training, earnestly fulfils work safety and quality management responsibilities, and adheres to the policies of “people-oriented and safe development” and “high-quality development”, therefore to prevent any work safety accidents.
3. Investment risks: Investments of the Company are concentrated in property and PPP projects, which feature large scales, long construction periods, a wide range of sectors, high complexity, strict construction deadlines, high quality requirements and exposure to policy influence. In the internal and external environment characterized by greater policy control by the central and local governments, standardized management, stricter financial regulation, greater debt pressure and fiercer competition, the execution and operation of investment projects above may subject the Company to certain risks if feasibility analysis received is not comprehensive, or if policy interpretation is not accurate, funds are not available, the process is not managed in a standard way, which may affect the expected benefit and the realisation of strategic goals. To effectively control investment risks, the Company makes greater efforts in national and local economic policy analysis, sticks to the guidance of strategic goals, conducts pre-investment risk identification, strictly controls investments in non-core businesses, improves feasibility analysis standards, strictly performs investment project analysis and decision-making procedures, manages investment costs, enhances risk control in the whole process of investment projects, and develops targeted risk control plans and mitigation measures by taking account of specific characteristics of different projects with an aim to minimise investment risks.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

4. Risks related to trade receivables: The domestic market is now experiencing the conversion of new and old economic growth drivers. Restricted by new liquidity rules, the construction industry is seeing overall tightening financing availability; collection of trade receivables is in a slower progress; it is difficult to realise trade receivables settlement and debt reduction. To prevent risks brought by trade receivables, the Company controls the scale and quality of trade receivables from the source, strictly reviews the tendering and the contract signing, sticks to the “six not undertake” principle, and closely monitors the quality and benefit of new contracts. The Company also enhances management of project cost and fund allocation, carefully chooses projects with ultra-low progress payment ratios, and prohibits any excessive allocation and payments. In addition, the Company conducts daily control on trade receivables, holds the red line regarding to total amount, makes deployments to each level, and specifies responsibilities and objectives to ensure that collection of trade receivables and debt is realised.
5. Cash flow risks: On top of overall economy and tightening financing availability, the continuous development and expanding business scale of the Company result in high level of trade receivables and inventory, and the slower fund collection leads to less cash flows, which brings great pressure to business operation. Regarding capital as the blood of a company, the Company adheres to the concept that “the one with cash in hand is likely to stand out in the market, and ample resources provide certain guarantee”, actively expands financing channels, optimises financing structure and enhances centralised capital management to ensure capital chain security.

During the Reporting Period, the Company issued the Notice on Improving Precise Control over Material Risks for the Year 2019 (《關於強化2019年度重大風險精準管控的通知》) (CRCC Development Letter [2019] No. 120), which listed latent material risks and defined overall strategy and division of work, and set out related requirements including improving the awareness of precise control and strictly implementing process control. Competent departments and subordinate units of the Company, as required by the Notice, developed specific risk control plans and strictly implemented such plans and improved supervision and inspection in specific work, in an effort to achieve full coverage of risk control.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(III) Other discloseable matter

Applicable Not Applicable

1. Main projects in financing contract mode

Unit: 0'000 Currency: RMB

No.	Project	Total investment	Investment share/ proportion (%)	Investment during the Reporting Period	Accumulative investment in the projects	Project progress
1	Deyang-Duijiangyan Segment BOT Project of G0511	1,595,400	100	163,235	598,608	Normal progress
2	Investment, Financing and Construction BT Project of Phase I and II of Metro Line 5 of Chengdu	1,719,899	100	271,948	1,621,004	Normal progress
3	The Investment and Financing BT Project of Line 6 of Chengdu Subway	1,766,031	100	230,031	877,474	Normal progress

Note: The above projects were those with a total investment exceeding RMB15,000 million within the scope of consolidated statements.

Section V Significant Events

I. BRIEF INTRODUCTION TO SHAREHOLDERS' GENERAL MEETING

Name of the meeting	Date of meeting	Website for publication of the resolutions	Disclosure date of the publication of the resolutions
2018 Annual General Meeting	18 June 2019	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	19 June 2019

Explanation on Shareholder's General Meeting

Applicable Not applicable

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

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

Whether to distribute profit or transfer reserves No

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

The 2018 profit distribution plan had been considered and approved at the 2018 Annual General Meeting of the Company convened on 18 June 2019, at which a cash dividend of RMB0.21 (tax inclusive) per share based on the total share capital of 13,579,541,500 shares as at 31 December 2018 was declared, totaling RMB2,851,703,715.00. As of 9 August 2019, the distribution of the above cash dividend had been completed.

Section V Significant Events (continued)

III. THE PERFORMANCE OF UNDERTAKINGS

(I) **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

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	CRCC	If CRCC violates the laws and regulations due to failure in disclosing idle land or other reasons, causing loss to CRCC and its investors, CRCC shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws.	Long-term	No	Yes		

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 share incentive	Others	Directors and senior management	If CRCC violates the laws and regulations due to failure in disclosing idle land or other reasons, causing loss to CRCC and its investors, directors and senior management shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws.	Long-term	No	Yes		
Other commitments made to minority shareholders of the Company	Resolving ownership defects of lands and other properties	CRCG	Obtaining land certificate and property ownership certificate, covering the costs of obtaining 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 Hong Kong Stock Exchange (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

This year, the Company continued to appoint Deloitte Touche Tohmatsu CPA LLP as the external auditor of the Company for the year 2019 to carry out auditing for the financial statements of the Company and to review its 2019 interim financial statements. The Company has appointed Deloitte Touche Tohmatsu CPA LLP to provide auditing services for three consecutive years. The related auditing fees are still under negotiation.

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

(I) Related share incentive events which were disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not applicable

(II) 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

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

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

Applicable Not applicable

Summary of the event

Document for inspection

The 49th meeting of the third session of the Board of the Company was held on 30 October 2017. At the meeting, the Renewal of the Property Leasing Framework Agreement and the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2018–2019 was considered and approved; the Company agreed to renew the Property Leasing Framework Agreement with the Controlling Shareholder and to determine caps of the relevant connected transactions. According to the Property Leasing Framework Agreement entered into between the Company and the Controlling Shareholder, the annual transaction caps of expenditures in respect of leasing of all properties and lands by the Controlling Shareholder shall not exceed RMB300 million. Prior to submission to the Board for review, the proposal had been approved by independent non-executive directors of the Company. During the Board review process, independent non-executive directors also gave independent opinions in favor of the proposal.

For details, please refer to the announcement of the Company Dated 31 October 2017 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

The Company convened the 12th meeting of the fourth session of the Board on 30 October 2018, which considered and approved the Resolution on Adjustment to Annual Cap for Daily Connected Transactions for 2018, and agreed to adjust the cap for daily connected transactions under the Service Provision Framework Agreement entered into with the Controlling Shareholder. The Company convened the 14th meeting of the fourth session of the Board on 13 December 2018, which considered and approved the Resolution on Renewal of Service Provision Framework Agreement and Proposed Caps for Continuing Connected Transactions for 2019–2021. Pursuant to the Service Provision Framework Agreement entered into between the Company and the Controlling Shareholder, the annual transaction amount for 2019–2021 shall not exceed RMB2,000,000,000. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the proposal.

For details, please refer to the announcements of the Company dated 31 October 2018 and 14 December 2018 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section V Significant Events (continued)

Summary of the event

Document for inspection

The Company and CRCC Financial Leasing Co., Ltd. ("CRFL") signed the Services Mutual Provision Framework Agreement in 2016, which standardized the financial assistance, equipment procurement and leasing services provided by CRFL to the Company and its subsidiaries and set up caps. The Company issued an announcement in relation to the Services Mutual Provision Framework Agreement. The 39th meeting of the third session of the Board of the Company was held on 29 to 30 March 2017. At the meeting, the Resolution on Renewal of the Services Mutual Provision Framework Agreement entered into between the Company and CRFL were considered and approved. The Company adjusted the details for the business transactions with CRFL and reset the annual caps based on its own planning on business development. The Company reentered into the Services Mutual Provision Framework Agreement with CRFL for a term from 1 January 2017 to 31 December 2019. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the proposal.

For details, please refer to the announcements of the Company dated 31 December 2016 and 31 March 2017 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

The 14th meeting of the fourth session of the Board of the Company was held on 13 December 2018. At the meeting, the Resolution on Renewal of the Financial Services Agreement and Determination of Caps of Continuing Connected Transactions from 2019 to 2021 was considered and approved; CRCC Finance Company Limited, being a subsidiary controlled by the Company, was approved to renew the Financial Services Agreement with the Controlling Shareholder, and provide deposit, loan, clearing and other financial services to the Controlling Shareholder and its subsidiaries (excluding the Company) based on the agreement. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the proposal.

For details, please refer to the announcement of the Company dated 14 December 2018 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).



Section V Significant Events (continued)

During the Reporting Period, the abovementioned related-party transactions in relation to ordinary operations have been conducted in accordance with provisions of the agreements, and no change has been made. During the Reporting Period, actual execution of the abovementioned related party transactions is as follows:

- (1) Related-party transactions with the Controlling Shareholder in relation to ordinary operations

Unit: '000 Currency: RMB

Related party	Related party transactions type	Related party transactions content	Pricing principle of related party transactions	Related party transactions price	Related party transactions amount	Proportion in similar transactions (%)	Settlement method of related party transactions	Market price	Reason for the difference Between transaction price and market price
11 companies including Shaanxi Railway Engineering Investigation Co., Ltd	Expenditure for labor service	Survey, design and consultation operations	Agreement pricing	/	381,728	0.12	Cash	/	/
Controlling Shareholder	Property leasing expense	Property leasing	Agreement pricing	/	17,302	0.01	Cash	/	/

- (2) Continuing connected transactions between the Company and CRFL

Unit: '000 Currency: RMB

Nature of transaction	Project	Annual cap for 2019	Consolidated amount of transaction during the Reporting Period
Revenue	With the comparable market price which is no less than that of the 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	815,049
	Under the pre-condition of complying with the relevant laws and regulations of the state, according to its scope of operation, CRFL may take term deposits of 3 months or more (both days inclusive) from China Railway Construction Heavy Industry Group Co., Ltd. ("Railway Construction Heavy Industry") and Beijing CRCC Tianrui Machinery Equipment Co., Ltd. ("CRCC Tianrui"), both of which are subsidiaries of the Company, and pay interest based on the agreed interest rate. The interest rate paid by CRFL shall be no less than the applicable loan rate that domestic major commercial banks provide for similar loan services within the same period. Within the validity term of the agreement, the deposit balance (including accrued interest) that CRFL obtains from Railway Construction Heavy Industry and CRCC Tianrui shall not exceed RMB500 million.	500,000	-
Expense	CRFL provides financial leasing services and operating leasing services for the Company or its related subsidiaries. Within the validity term of the agreement, CRFL shall charge the fees in relation to the leasing services provided by CRFL for the Company based on the charging standard which is not higher than that of the similar service items provided by the similar financial institutions in China. The total amount of annual charge for leasing services shall not exceed RMB31.5 billion.	31,500,000	1,067,271

Section V Significant Events (continued)

- (3) Continuing connected transaction between GRCC Finance Company Limited, a subsidiary controlled by the Company, and the Controlling Shareholder

See “(IV) Claims and liabilities between related parties” in “X. Material Related-Party Transactions” of this section.

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

Applicable Not applicable

3. Events not disclosed in the temporary announcements

Applicable Not applicable

(II) Related-party transactions from acquisition and disposal of assets, 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

3. Events not disclosed 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

(III) Significant 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

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

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

Section V Significant Events (continued)

(IV) 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

Unit: '000 Currency: RMB

Related party	Related party relationship	Provision of funds to related party by the listed company			Provision of funds to the listed company by related party		
		Beginning balance	Accrual	Ending balance	Beginning balance	Accrual	Ending balance
China Railway Construction Group Co., Ltd. ^{Note 1}	Controlling Shareholder	2,200,000	700,000	2,900,000	804,740	91,405	896,145
China Railway Construction Group Co., Ltd. ^{Note 2}	Controlling Shareholder	-	-	-	580,401	-447,016	133,385
China Railway Jinli Assets Management Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	615,334	60,959	676,293
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Non-wholly owned subsidiary of the Controlling Shareholder	-	-	-	270,673	23,808	294,481
Beijing Railway Construction Technology Magazine Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	3,517	-574	2,943
Total		2,200,000	700,000	2,900,000	2,274,665	-271,418	2,003,247

Section V Significant Events (continued)

During the Reporting Period, the amount of funds provided to the Controlling Shareholder and its subsidiaries by the Company	700,000
Cause to claims and liabilities between 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 related parties	Settlement by normal progress.
Commitments related to claims and liabilities between related parties	None.
Impact of such claims and liabilities between related parties on the Company's operating result and financial position	No significant impact.

Note 1: The capital provided by the Company to the related party is the principal of the loan provided from CRCC Finance Company Limited to the Controlling Shareholders. The capital provided by the related parties to the Company was mainly the amount granted by the Ministry of Finance to the Controlling Shareholder. The Controlling Shareholder lent out such amount to the Company by way of entrusted loans. The interest rate of such entrusted loans was determined by RMB loan benchmark rate of the financial institutions for the same period.

Note 2: The amount includes deposits of the Controlling Shareholder of the Company and its subsidiaries placed with CRCC Finance Company Limited, and other amount payable to the Controlling Shareholder of the Company and its subsidiaries.

3. Events not disclosed in temporary announcements

Applicable Not applicable

(V) Other material related party transactions

Applicable Not applicable

(VI) Other

Applicable Not applicable

Section V Significant Events (continued)

XI. MAJOR CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

Applicable Not applicable

(II) Related guarantee

Applicable Not applicable

Unit: '000 Currency: RMB

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

Guarantor	Relationship with the listed company	Party guaranteed	Guarantee amount	Date of guarantee occurrence (date of signing the agreement)	Guarantee starting date	Guarantee due date	Guarantee type	Performance completed or not	Overdue or not	Overdue amount	Counter guaranteed or not	Guarantee guaranteed by related party	Connected relationship
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	67,200	28 December 2006	28 December 2006	28 December 2026	General guarantee	No	No		No	No	
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	50,400	16 April 2008	16 April 2008	16 April 2028	General guarantee	No	No		No	No	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	1,898,139	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.	190,903	20 May 2015	20 May 2015	20 November 2023	General guarantee	No	No		No	Yes	Associate
China Railway Construction Investment Group Co., Ltd.	Wholly-owned subsidiary	CRCC-Shandong Jinghu Highway Jite Co., Ltd.	195,000	8 December 2016	8 December 2016	7 December 2025	General guarantee	No	No		No	Yes	Associate
China Railway 23rd Bureau Group Co., Ltd.	Wholly-owned subsidiary	Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	28 April 2018	23 December 2022	Joint and several liability guarantee	No	No		Yes	Yes	Associate
China Railway Construction Investment Group Co., Ltd.	Wholly-owned subsidiary	CRCC-Tongguan Investment Co., Ltd.	175,305	13 June 2019	13 June 2019	30 June 2022	Joint and several liability guarantee	No	No		Yes	Yes	Associate

Total amount of guarantees for the Reporting Period (exclusive of the guarantees for subsidiaries) 942,877

Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees for subsidiaries) 2,591,947

Guarantees for subsidiaries by the Company together with its subsidiaries

Total amount of guarantees for subsidiaries for the Reporting Period 6,832,310

Ending balance of guarantees for subsidiaries for the Reporting Period (B) 24,842,308

Section V Significant Events (continued)

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

Total guarantees (A+B)	27,434,255
The proportion of total guarantees in net assets of the Company (%)	12.73
Among which:	
The amount of guarantees provided for the shareholders, actual controllers and their related parties (C)	–
Debt guarantees directly or indirectly to guaranteed objects with the gearing ratio higher than 70% (D)	27,434,255
Of total guarantees, the portion in excess of 50% net assets of the Company (E)	–
Total of the above three categories of guarantees (C+D+E)	27,434,255
Explanation on the potential joint liability arising from the immature guarantees	N/A

Explanation on the guarantees

1. Company's Guarantee for Wholly-Owned Subsidiaries

It was considered and approved at the 18th meeting of the fourth session of the Board held from 28 to 29 March 2019 and the 2018 Annual General Meeting of the Company held on 18 June 2019 that the total cap for the guarantees of the Company to wholly-owned subsidiaries in 2019 was determined to be RMB80 billion. Within the guarantee cap, the Company may revise the guarantee caps among different segments in light of actual business needs. During the Reporting Period, guarantees 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. Company's External Guarantee

- (1) In 2006, China Railway Construction Group Co., Ltd. (formerly known as "China Railway Construction Corporation") had provided RMB67.2 million of guarantee for Sichuan Naxu Railway Co., Ltd.'s RMB400 million of loans pursuant to its 16.8% of capital contribution. Due to the reform in December 2007, it entered into a tripartite agreement with the Company and the Luzhou Branch of China Construction Bank to revise the subject of the contract to the Company. The Resolutions in relation to Provision of Guarantee to the Sichuan Naxu Railway Co., Ltd. for Loans were considered and approved at the 10th meeting of the first session of the Board in October 2008. In proportion to the capital contribution of 16.8%, a guarantee of RMB50.4 million was agreed to be provided to Sichuan Naxu Railway Co., Ltd. for its loans of RMB300 million. In 2014, Sichuan Naxu Railway Co., Ltd. was renamed as "Chuantie (Luzhou) Tielu Co., Ltd.", with the amount guaranteed unchanged. As at 30 June 2019, the actual effective balance of such guarantee amount was RMB117.6 million.

Section V Significant Events (continued)

- (2) The Resolution in relation to the Investment in 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 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 2019, the actual effective balance of such guarantee was RMB1,898.1 million, increasing by RMB868.6 million as compared to the end of last year. The Resolution in relation to the Provision of Guarantee for the Loan Advanced to CRCC Tongguan Investment Co., Ltd. by the Export-Import Bank of China was considered and approved in the 32nd meeting of the second session of the Board of the Company on 29 April 2014, pursuant to which it was agreed that in proportion to its shareholding of 30%, a guarantee of USD43.2 million would be provided to CRCC-Tongguan Investment Co., Ltd. As at 30 June 2019, the actual effective balance of such guarantee was RMB190.9 million, decreasing by RMB105.6 million as compared to the end of last year. On 30 May 2019, the 21st meeting of the fourth session of the Board of the Company considered and approved the Resolution in relation to Provision of Guarantee by China Railway Construction Investment Group Co., Ltd. for Loans of its Joint Stock Company, pursuant to which, it is agreed that China Railway Construction Investment Group Co., Ltd., a wholly-owned subsidiary of the Company, as the guarantor, will provide a guarantee of US\$90 million in proportion to its shareholding ratio of 30% for the loans of US\$300 million granted by Huishang Bank to CRCC-Tongguan Investment Co., Ltd. As at 30 June 2019, the actual effective balance of such guarantee was RMB175.3 million.
- (3) CRCC Shandong Jinghu Highway Jile Co., Ltd. was originally a subsidiary of the Company. In 2017, the Company lost control of such company due to the disposal of its equity interests in CRCC Shandong Jinghu Highway Jile Co., Ltd., which was no longer included in the scope of consolidation. As the Company can still exert a significant influence over such company, the Company accounts it as an associate. The original guarantee of RMB195 million for such company remained with effect after consideration of the Company, hence it was changed to a guarantee for an associate.
- (4) In April 2018, the fifth meeting of the fourth session of Board of the Company considered and approved the Resolution on the Provision of Guarantee by China Railway 23rd Bureau Group Co., Ltd. to its Joint Stock Company, and agreed the provision of guarantee of RMB22.5 million by China Railway 23rd Bureau Group Co., Ltd. to the borrowings of RMB150 million of Chengdu Rongcheng Pipeline Investment Co., Ltd., a subsidiary of Chengdu Urban Construction & Investment Management Group Co., Ltd., one of the shareholders of Chengdu Urban Investment & Construction Technology Co., Ltd. for Chengdu Urban Investment & Construction Technology Co., Ltd. according to a 15% equity ratio. As at 30 June 2019, the actual effective balance of the guarantee amount was RMB15 million, increasing by RMB4.5 million as compared to the end of last year.

Section V Significant Events (continued)

(III) Other Material Contracts

Applicable Not applicable

1. Domestic business contract

Unit: '00 million Currency: RMB

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
1	January 2019 ^{Note 1}	Survey, Design, Construction and General Contracting Project in relation to Phase I of the Major Project for Improvement in Urban Communications and Traffic Construction in Tongnan District (潼南區城市提升交通建設重點項目一期工程勘察設計施工總承包項目)	30.2027	CRCC Chongqing Investment Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., CRCC Harbor & Channel Engineering Bureau Group Co., Ltd. and China Railway Siyuan Survey and Design Group Co., Ltd.	A construction period of 900 calendar days.
2	January 2019 ^{Note 1}	PPP Project of Changchun – Taipingchuan Expressway (長春至太平川高速公路PPP項目)	97.996	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., Guangde Railway Construction Lanhai Hualan Investment Center (廣德鐵建藍海華瀾投資中心) and China Railway Fifth Survey and Design Institute Group Co., Ltd.	A construction period of 3 years and an operating period of 30 years.
3	February 2019 ^{Note 1}	EPC General Contracting (Section 01 and Section 02) of the Construction Project of Buildings (Structures) (Phase II and Phase III) for the 12-inch Integrated Circuit Chip Production Line of Dehuai Semiconductor Co., Ltd. (德淮半導體有限公司) (德淮半導體有限公司12英寸集成電路晶片生產線二、三期建(構)築物建設項目EPC總承包工程(01標、02標))	62.8	China Railway 18th Bureau Group Co., Ltd.	A construction period of 480 calendar days.
4	February 2019	Project of Tianjin Metro Line 6 (Meilin Road Station – Xianshuigu West Station) (天津地鐵6號線工程(梅林路站-咸水沽西站))	49.256	A consortium comprising China Railway Construction Corporation Limited (leader of the consortium), China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., and China Railway 18th Bureau Group Co., Ltd.	A construction period of 1,419 calendar days.

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
5	March 2019	PPP Project of the Newly-built Hangzhou-Quzhou Railway (Jiande-Quzhou Section) (新建杭衢鐵路(建衢段)PPP項目)	217.6	A consortium comprising China Railway Siyuan Survey and Design Group Co., Ltd. and China Railway 11th Bureau Group Co., Ltd.	A construction period of 42 months and an operation period of 360 months.
6	March 2019	PPP Project for Guizhou Jianhe-Liping Expressway (貴州省劍河至黎平高速公路PPP項目)	129.68	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., and China Railway Siyuan Survey and Design Group Co., Ltd.	A construction period of 3 years and a tentative toll operation period of 30 years.
7	March 2019 ^{Note 1}	General Contracting Contract for Integration of Design and Construction of 30,000 tonnes Jiang-flavoured Chinese Spirit (醬香系列酒) Technological Renovation Construction and its Ancillary Facilities Project of Kweichow Moutai Co., Ltd. (貴州茅台酒股份有限公司) (貴州茅台酒股份有限公司3萬噸醬香系列酒技改工程及其配套設施項目設計-施工一體化總承包)	49.87	China Railway 22nd Bureau Group Co., Ltd.	A construction period of 3 years.
8	March 2019	EPC Project of the Base for the Headquarters of Hengyang National High-tech Industrial Development Zone (衡陽國家級高新技術產業開發區總部基地項目工程總承包(EPC))	32.083	China Railway Urban Construction Group Co., Ltd.	A construction period of 960 calendar days.

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
9	April 2019 ^{Note 2}	Comprehensive Development Project of the Qingsheng Hub Cluster (Qingsheng Artificial Intelligence Industry Park and Placement Ancillary Construction) (慶盛樞紐區塊綜合開發項目(慶盛人工智能產業園及安置配套工程))	91.073	A consortium comprising China Railway Construction Corporation Limited, China Railway Siyuan Survey and Design Group Co., Ltd., CRCC Nansha Investment Development Co., Ltd., China Railway 12th Bureau Group Municipal Engineering Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway Construction Group Southern Engineering Co., Ltd., and China Railway Urban Construction Group 2nd Engineering Co., Ltd.	A construction period of 60 months for EPC part; A construction period of 60 months and an operation and maintenance period of 20 years for PPP part.
10	April 2019	Lump Sum Contracting of the Pre-construction Work for the Newly-built Guangzhou (Xintang)-Shanwei Railway Project (Section GSSG6) (新建廣州(新塘)至汕尾鐵路工程站前工程施工總價承包(GSSG6標段))	29.960	China Railway 11th Bureau Group Co., Ltd.	A construction period of 48 months.
11	April 2019 ^{Note 1}	Project of Highway of Line G7611 from Zhaotong (Sichuan Yunnan Border) to Xichang Section (G7611 線昭通(川滇界)至西昌段高速公路項目)	300.12	China Railway Construction Corporation Limited	A construction period of 5 years and an operation period of 28 years, 10 months and 23 days.
12	April 2019	PPP Project of Mei Xian-Tai Bai Highway in Shaanxi Province (陝西省眉縣至太白公路PPP項目)	118.94	A consortium comprising China Railway Construction Corporation Limited, China Railway Northwest Investment & Construction Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., and China Railway 21st Bureau Group Co., Ltd.	A construction period of 4 years and an operation period of 29 years and 11 months.

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
13	May 2019	NYJZQ-6 Pre-construction Work for the Newly-built Intercity Railway along the South Yangtze River in Jiangsu Province and All Construction Project Supervision (excluding the Construction and Supervision of the Pre-Construction Work of the Preliminary Construction Section) (新建江蘇南沿江城際鐵路站前工程施工和全部工程監理 (不含先期開工段站前施工和監理) NYJZQ-6標)	30.191	China Railway 12th Bureau Group Co., Ltd.	A construction period of 1,461 days.
14	May 2019	PPP Project of Chongqing Railway Transportation Line 5A (Fuhua Road – Tiaodeng South) (重慶軌道交通5A線(富華路-跳蹬南)PPP項目)	180.62	China Railway Construction Corporation Limited, and CRCC Investment Fund Management Co., Ltd.,	A construction period of 4 years and an operation period of 30 years.
15	May 2019	Project of Beijing-Kunming Expressway (Mianyang to Chengdu Section) Expansion, Expressway from Mianyang to Cangxi and Expressway from Cangxi to Bazhong (京昆高速公路綿陽至成都段擴容、綿陽至蒼溪高速公路、蒼溪至巴中高速公路項目)	594.58	China Railway Construction Corporation Limited	A construction period of 3 years and a term of toll of 29 years, 11 months and 5 days.
16	May 2019	Land Consolidation Project of Central Northern Area in Yinchuan City (銀川市中北部片區土地整理項目)	42.29	A consortium comprising China Railway Northwest Investment & Construction Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd. and China Railway 23rd Bureau Group Co., Ltd.	A construction period of 5 years and 3 months.
17	May 2019	PPP Project of Navigation Resumption of the Xiaoqing River (小清河複航工程PPP項目)	133.02	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., and CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	A construction period of 3 years and an operation period of 27 years.
18	May 2019 ^{Note 1}	EPC General Contracting of the Development and Construction Project for the Economic Belt along the Tao River in Dongxiang County (東鄉縣沿洮河經濟帶開發建設項目 EPC總承包項目)	71.91	China Railway 21st Bureau Group Co., Ltd.	A construction period of 1,218 calendar days.

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
19	June 2019 ^{Note 1}	Phase I EPC General Contracting of the Construction Project (Land Parcel I) for the Shanty Town Renovation Resettlement Housing in Long'an District of Anyang City (安陽市龍安區棚戶區改造安置房建設項目(地塊一)一期(EPC)總承包項目)	32.7415	China Railway 15th Bureau Group Co., Ltd.	A construction period of 3 years.
20	June 2019 ^{Note 3}	Renovation Project for the Shanty Area in Fengrun District, Tangshan City (唐山市豐潤區棚戶區改造項目)	59.89	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 16th Bureau Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	A development cycle of 4 years.

Note 1: The date represents the date winning the bid for the project, and the contract has not been entered into thereon as of the end of the Reporting Period.

Note 2: The bid for Comprehensive Development Project of the Qingsheng Hub Cluster (Qingsheng Artificial Intelligence Industry Park and Placement Ancillary Construction) (慶盛樞紐區塊綜合開發項目(慶盛人工智能產業園及安置配套工程)) was won in April 2019. The project was implemented by way of open tender in EPC+PPP mode. As of the end of the Reporting Period, contract has been entered into on EPC part in May 2019 and the contract has not been entered into on PPP part.

Note 3: The bid for Renovation Project for the Shanty Area in Fengrun District, Tangshan City (唐山市豐潤區棚戶區改造項目) was won in June 2019 and the contract was entered into thereon in July 2019.

Section V Significant Events (continued)

2. Overseas operation contracts

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
1	April 2019	Engineering, Procurement and Construction (EPC) Contract for the Kumasi to Bechem Section of the Central Spine Railway Project in Ghana (100KM more or less) (迦納中線鐵路項目庫馬西至貝歇姆段(約100KM)設計採購施工(EPC)合同)	USD0.5 billion	China Civil Engineering Construction Corporation	A construction period of 24 months (The contract is conditional upon, among others, the separate entering into of financing agreements between the owner and the financing institutions).
2	April 2019	Design and Construction General Contracting Contract for Marine Facilities Project of Biazuo Liquefied Natural Gas Plant in Timor Leste (東帝汶比亞佐液化天然氣廠港口設施項目設計施工總承包合同)	Approximately USD0.943 billion	China Civil Engineering Construction Corporation	A construction period of 48 months (The contract is conditional upon, among others, the separate entering into of financing agreements between the owner and the financing institutions).
3	June 2019	Business Contract for the New City Project with the Construction and Real Estate Management Company of Côte d'Ivoire (科特迪瓦阿比讓 Port Bouet 新城5萬套住房項目 EPC+F(分期融資)商務合同)	About 2,350 billion CFA francs (tax exclusive)	CRCC International Group Co., Ltd.	To be determined.

XII. THE WORK OF THE LISTED COMPANY ON POVERTY ALLEVIATION

Applicable Not applicable

(I) Targeted poverty alleviation plan

Applicable Not applicable

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 Jinping about 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, making innovations on poverty alleviation and fighting against corruption during the poverty alleviation process”, 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 in Guoluo Prefecture, Qinghai Province; Qianshan Kazakh Nationality Township, Yiwu County, Hami Region, Xinjiang Uygur Autonomous Region; Tangchang Village and Jincang Village in Fuxing Town, Wangqing County, Jilin Province; Liangshan Village in Liangwangzhuang Township, Jinghai District, and Fulizhuang Village in Xiacang Town, Jizhou District, and Xiaohujiazhuang Village in Yangjinzhuang Town, and Dongwanhe Village in Xiaowangzhuang Town, Binhai New District, Tianjin; Shahukou Village in Youyu County, Xingjiayao Township and Qingxiang Village in Fenxi County, Shanxi Province; Liulijing Village in Quanpu Town, Liangshan County, Shandong Province; Lama Village and Balang Village in Lujing Township, Dingxi City, Gansu Province; Dagou Town in Huining County, Wutai Village at Guanghuo Street in Ningshan County, and Beiguan Village in Longxian County, Baoji City, Shaanxi Province; Yinmenghu Village in Langhe Town, Danjiangkou, and Youzhuping Village in Baiguo Township, Enshi City, Hubei Province; Yanluozhai Village in Shiyangshao Township, and Daimaopo Village in Yanmen Town, Mayang County, Huaihua City, Hunan Province; Yingtan City, Jiangxi Province; Teke Village in Xinshiba Town, Ganluo County in Sichuan Province; Meibai Village in Yunyang County, Chongqing; Xiadang Village in Shouning County, Ningde City, Fujian Province; Longna Village in Mashan County, and Hongyang Village in Long’an County, Nanning City, Guangxi Province; Dalu Village in Dubu Town, Yangshan County, Qingyuan, Guangdong Province.

Section V Significant Events (continued)

Safeguard measures: Firstly, improve mechanism and strengthen the leadership. The leading teams are in charge of planning and decision-making, the guarantee teams are in charge of linking up and operating, the relevant departments are in charge of supporting and coordinating and the titular cadres are responsible for undertaking tasks. All these linkages form a working mechanism of “unified management and graded responsibility”, making the targeted poverty alleviation work promoted from top level to primary level of the Company, coordinated well from the front to back and rooted in the Company. Secondly, select excellent cadres and strengthen assessment, so as to stimulate the enthusiasm of the work of poverty alleviation cadres. Thirdly, strictly carry out disciplines and enhance supervision, ensuring projects and funds are operated in transparency.

(II) **Summary of targeted poverty alleviation during the Reporting Period**

Applicable Not applicable

In the first half of 2019, the Company sent additional 10 cadres for targeted poverty alleviation, paid the funds of RMB26.4053 million directly and donated materials equivalent to RMB1.4484 million.

1. Following organisational leadership, and producing “construction drawing” in a scientific way

First, aiming at the target and improving deployment. CRCC has always put poverty alleviation work on the important agenda by holding a total of 4 meetings for considering poverty alleviation work. In particular, during the video conference on poverty alleviation work, the Company summarised the achievements of targeted poverty alleviation work in 2018, defined the priorities and specific measures for the poverty alleviation work in 2019, and explained in detail how to practically implement such tasks and measures. Second, selecting excellent cadres and implementing stricter assessment. A total of 10 excellent cadres in the Group have been selected and sent to work in pair-up assistance regions. In addition, by insisting on the combination of strict management with positive incentive, and improving the application of assessment results of objectives for the term of office and annual objectives, benefits for temporary cadres in work and life were strictly implemented and sufficient care and support were provided to them, to stimulate their enthusiasm for work. Third, organising donation activity and improving security. In order to achieve the work objective of “Taking Targeted Measures to Help People Lift Themselves out of Poverty” in all aspects, CRCC organised “Making Donations for Poverty Alleviation” activity in the Group, and a total of more than RMB13 million were raised and will be used for supporting the projects in regions under the targeted assistance of CRCC, including poverty alleviation through industrial development, infrastructure construction, poverty alleviation through health care, “having enough food and enough clothes, and enjoying compulsory education, basic health care, and housing security” and poverty alleviation through Party building.

2. Providing guidance and supervision, and expressly defining “chain of responsibility”

Executive managers and division managers of CRCC investigated and inspected in pair-up assistance regions for 2 times and 1 time, respectively. By debriefing, reviewing materials, visiting villagers, etc., they gained understanding of work and life style of cadres for poverty alleviation, and checked use of funds for poverty alleviation, in order to ensure transparent operation of projects and funds for poverty alleviation. In addition, in the light of the issues identified during investigation, including difficulty in export of labour services, lagging infrastructure construction in villages, ineffective driving effect of industries and further improvement required for long-term mechanism for poverty alleviation work, innovative production and operation models were proposed, in order to accelerate infrastructure construction, improve supporting policy for assistance and poverty alleviation mechanism, which provided a clear roadmap for pair-up assistance work.

3. Adhering to targeted measures and elaborately developing “appropriate measures”

First, focusing on poverty alleviation through industrial development, for lifting people out of poverty and increasing income. CRCC called for joint efforts to provide continuous and strong support for development of local enterprises, such as Hebei Wanquan Mine Machinery Factory (河北萬礦機械廠), Hebei Zhangjiakou Yuebei Shenshui Development Co., Ltd. (河北省張家口粵北神水發展有限責任公司), Zhangjiakou Lunbi Clothing Co., Ltd. (張家口倫比服飾有限公司), Guzhichan Zhangjiakou Food Co., Ltd. (穀之禪張家口食品有限公司) and Zhangjiakou Wantie Trading Co., Ltd. (張家口萬鐵商貿有限公司), Qinghai Gande County Sanjiangyuan Ecological Animal Husbandry Development Technology Co., Ltd. (青海甘德縣三江源生態畜牧業發展科技有限責任公司), Gande County Jiayuan Eco-Technology Co., Ltd. (甘德縣佳源生態科技有限責任公司). CRCC also supported the development of village collective enterprises, agricultural cooperatives, and special farming cooperatives in poverty-stricken areas, and improved employment of local people by greatly developing industries and increasing product sales. In the first half of 2019, the Company invested RMB15.1493 million in industrial projects for poverty alleviation, and helped 3,428 registered poverty-stricken people lift themselves out of poverty. Second, focusing on poverty alleviation through employment, for diversifying channels for poverty alleviation. As one of the world’s largest contractors with great labour demands, CRCC launched the initiative of stimulating employment by labour output and realised “helping the whole family out of poverty through one employed member”. By optimising organization of labour dispatch and subcontracting, CRCC hired over 1,100 people to work for the Company during the year. Third, focusing on poverty alleviation through education, for lifting people out of poverty fundamentally. CRCC continued to increase its support to education of poverty-stricken people and poverty-stricken areas, and considered the development of education as the fundamental measure to eradicate poverty, in order to expand the coverage of compulsory education at all aspects. All subordinate units actively organised volunteer service, donation and other activities, made donations for the building of “CRCC Sunshine” Kindergarten, organised “CRCC Sunshine” Parents Lecture, and provided pair-up assistance to children from registered poverty-stricken households. A total of nearly RMB0.4 million were donated to local primary and secondary schools, over RMB0.3 million were provided to 499 students from poverty-stricken families and materials equivalent to over RMB0.1 million including computers, desks, books, clothes, school uniforms and articles for daily use were donated. Fourth, focusing on poverty alleviation through technology, for improving people’s capability to lift themselves out of poverty. CRCC comprehensively improved the degree of specialisation of transfer and employment of poverty-stricken population by extensively

Section V Significant Events (continued)

organising training programs on skills and career, and training programs were attended by 540 people-times in total. CRCC offered two sessions of special training to some mid-level governmental officials, township party secretaries, chief executive of township government, section chiefs and director generals in Wanquan District, Zhangjiakou, on the topics of rural revitalization, all-for-one tourism, pastoral complex and characteristic towns by joining hands with Wuhan University and Wanquan District; university professors were invited to give lectures on preservation and storage of agricultural products, cold damage prevention, pruning technique, green and organic certification, e-commerce sales marketing models, in order to increase planting expertise of people; the “Advisory Group of Experts for Construction of Poverty Alleviation Project” was formed to provide free technical support, technical guidance and on-site training in the fields of regional planning, rural revitalization, geologic hazard control, engineering consulting, etc., and provide decision advisory service to local government on development planning. Fifth, focusing on the needs of people’s livelihood, for improving living conditions. CRCC, by focusing on the aspects most concerned and needed by poverty-stricken people including medical treatment and safe housing, took appropriate and comprehensive measures to address people’s immediate difficulties. CRCC invested more than RMB1.7 million in reconstruction of schools, construction of plazas, construction of asphalt or concrete roads, renovation of dilapidated houses, improvement of public health, improvement of village appearance, and protection of ecological environment in poverty-stricken areas. CRCC joined hands with the First Affiliated Hospital of Guangdong Pharmaceutical University and Chinese Medicine Hospital of Wanquan District, Zhangjiakou to provide various medical services to more than 350 local villagers; CRCC invested RMB140,000 in establishing Catastrophic Illness in Youth Relief Fund, to help the youth suffering from catastrophic illness not lose the opportunity for treatment due to poverty; CRCC invested RMB220,000 in temporary assistance to households with family members suffering from catastrophic and serious illness, and assisted relevant department to offer basic living allowance to qualified poverty-stricken people.

Section V Significant Events (continued)

(III) Achievements of Targeted Poverty Alleviation

Applicable Not applicable

Unit: '0,000 Currency: RMB

Indicator	Quantity and implementation
I. Overall situation	
Including: 1. Funds	2,640.53
2. Amount of money converted from materials	144.84
3. Number of the people lifted out of poverty, who were on the records (<i>person</i>)	3,826
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 checked="" 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	50
1.3 Amount invested in industrial poverty alleviation projects	1,514.93
1.4 Number of the people lifted out of poverty, who were on the records (<i>person</i>)	3,428
2. Lifting the poor out of poverty through finding jobs elsewhere	
Including: 2.1 Amount invested in vocational skills training	120.12
2.2 Number of the poor who have received vocational skills training (<i>person-time</i>)	540
2.3 Number of the poor on the records who are helped to get employed (<i>person</i>)	1,158
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>)	-

Section V Significant Events (continued)

Indicator	Quantity and implementation
4. Lifting the poor out of poverty through education	
Including: 4.1 Amount invested for helping the poor students	31.83
4.2 Number of the poor students who are funded (<i>person</i>)	499
4.3 Amount invested for improving educational resources in poor areas	49.84
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	2.40
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	1.20
7. Guaranteed basic living standard for people unable to work	
Including: 7.1 Investment in left-behind children, women and senior people	25.03
7.2 Number of left-behind children, women and senior people assisted (<i>person</i>)	203
7.3 Investment in assisting poor people with physical disabilities	1.29
7.4 Number of poor people with disabilities assisted (<i>person</i>)	28
8. Social poverty alleviation	
Including: 8.1 Investment in coordinated poverty alleviation in East and West China	102.21
8.2 Investment in targeted poverty alleviation programs	416.23
8.3 Charity funds for poverty alleviation	6.02

Section V Significant Events (continued)

Indicator	Quantity and implementation
9. Other project	
Including: 9.1 Number of projects	18
9.2 Amount invested	159.79
9.3 Number of registered poor people lifted out of poverty (<i>person</i>)	398
9.4 Explanation for other projects	Construction of roads connecting each household, activity centres, Party activity centres, village clinics and rehabilitation centres for the disabled, purchase in lieu of donation, village culture construction, e-reading rooms, winter greeting activities, "visiting people and sending support"
III. Honors (contents and levels)	
CRCC was honoured "Poverty Alleviation Model Company of Qinghai Province" ("青海省脫貧攻堅先進單位") (Provincial level)	
China Railway First Survey and Design Institute Group Co., Ltd., a subsidiary of the Group, was awarded with 2018 Poverty Alleviation Model Unit of Shaanxi Province (Provincial level)	
China Railway Siyuan Survey and Design Group Co., Ltd., a subsidiary of the Group, was awarded with "Excellent" in 2018 assessment on targeted poverty alleviation work of units under provincial jurisdiction of Hubei (Provincial level)	
Poverty Alleviation Work Team of China Railway Siyuan Survey and Design Group Co., Ltd., a subsidiary of the Group, was awarded with the title of "2018 Excellent Resident Poverty Alleviation Work Team of Danjiangkou City" (Municipal level)	
China Railway 22nd Bureau Group Co., Ltd., a subsidiary of the Group, was honoured 2019 Love and Devotion Award of Guangdong Poverty Alleviation Day and Generous Donations for Poverty Alleviation and Disaster Relief in Heyuan Floods (Municipal level)	
Zhu Hao was honoured "2018 Cadre of Outstanding Performance of Hubei Province" (Provincial level)	
Liu Yinzhou was honoured "2018 Excellent First Secretary of Hebei Province (Municipal level)"	
Li Huayi was honoured Pioneering Individual of "Poverty Alleviation Pioneers List" of Zhangjiakou City (Municipal level)	
Wang Jianbin was honoured "2018 Excellent Dispatched Team Member of Danjiangkou City" (Municipal level)	

Section V Significant Events (continued)

(IV) Phased progress in performance of social responsibility for targeted poverty alleviation

Applicable Not applicable

Currently, all poverty alleviation projects in the districts and counties, towns and villages under targeted poverty alleviation are being performed and advanced as scheduled. People in Shangyi County, Zhangjiakou City, Hebei Province and in Gande County, Guoluo Prefecture, Qinghai Province are expected to be lifted out of poverty by the end of 2019.

(V) Subsequent targeted poverty alleviation plan

Applicable Not applicable

1. Take targeted measures and offer stronger support to lift poverty through industrial development. In the future, CRCC will expand purchase from industrial projects it currently supports to help improve their profit margin, which include Hebei Wanquan Mine Machinery Factory (河北萬礦機械廠), Hebei Zhangjiakou Yuebei Shenshui Development Co., Ltd. (河北省張家口粵北神水發展有限責任公司), Zhangjiakou Lunbi Clothing Co., Ltd. (張家口倫比服飾有限公司), Guzhichan Zhangjiakou Food Co., Ltd. (穀之禪張家口食品有限公司), Zhangjiakou Wantie Trading Co., Ltd. (張家口萬鐵商貿有限公司), Qinghai Gande County Sanjiangyuan Ecological Animal Husbandry Development Technology Co., Ltd., (青海甘德縣三江源生態畜牧業發展科技有限公司) and Gande County Jiayuan Eco-Technology Co., Ltd.(甘德縣佳源生態科技有限公司). The poverty alleviation project in Gande County, Qinghai Province is an ecological forage grass base, and CRCC will expand the scale on basis of current development by exploring new cooperation model.
2. Develop strengths and promote poverty alleviation through employment and labour dispatch. CRCC will bring in more college graduates from poor families, and prefer qualified college graduates from recorded poor families in accordance with position requirements. It will offer more trainings to dispatched labours to improve the professionalism of people who are about to take jobs in other regions. The Company will enhance the organisation of labour dispatch, hire more people from targeted assistance regions to work in framework building teams and employ more people from recorded poor families to work as toll collector and logistics service personnel in road projects in operation. It will offer migrant workers long-term and stable job opportunities that will bring more income.

Section V Significant Events (continued)

3. Expand channels for lifting poverty through education by various approaches. Firstly, CRCC will facilitate joint education programmes and training of selected talents, and provide talents in poverty-stricken areas with employment channels. Secondly, CRCC will promote “Internet + Education” collaboration and expand service scope to improve the education digitalization of poverty-stricken regions and to expand the coverage of high-quality digital education resources in poverty-stricken regions. Thirdly, CRCC will strictly execute financial assistance policies for students from recorded poor families, ensure that subsidies will be fully allocated in a timely manner, improve the subsidy mode that combines “inclusiveness, assistance to those in need, reward to outstanding ones, guidance”, so that all students from poverty-stricken families are supported and their needs are fully satisfied. Fourthly, CRCC will promote “Support to Pre-Schooling Development” initiative, help poverty-stricken regions to address issues that “pre-school education is not available” and “schools are far away from home”, offer greater assistance to infrastructure construction in primary and middle schools of poverty-stricken regions, participate in local education resource allocation, communicate actively to contribute to construction of pre-school facilities and buy students more sports equipment, outdoor recreation facilities and educational tools. Fifthly, CRCC will enhance promotion activities and call for social parties to make contribution. It will participate in poverty alleviation through education and attract more people to care about and support local education development by donations, volunteer services and other ways.
4. Create new model for poverty alleviation through healthcare. In the future, CRCC will improve the construction of healthcare system and the services for poverty alleviation through healthcare. Firstly, CRCC will communicate with local hospitals and hospitals within its system to offer more free medical consultation to caretakers and provide essential drugs for free. Secondly, CRCC will build medical records, equip paralyzed seniors with auto saving alarm, care about and continuously monitor the health conditions of left-behind seniors and seniors without family. Thirdly, CRCC will communicate with insurance companies to seek favourable insurance policies, thereby offering health guarantee to people of poverty-stricken regions. Fourthly, CRCC will offer stronger support to those in urgent needs and extreme poverty and build a normalised mechanism that is upgraded from one-sided assistance to comprehensive solutions. Fifthly, CRCC will offer more basic guarantee related to medical care. It will improve medical care assistance policies related to major and serious diseases, develop detailed assistance plans to people of poverty-stricken regions by classification and grade, and reasonably increase annual financial support year on year. Based on the above, CRCC will provide stronger support to individuals and families heavily burdened by medical expenses and appropriately expand the assistance scope.
5. Select qualified and competent cadres and engage more talents to help poverty alleviation. CRCC will appoint outstanding cadres with high level of political consciousness, strong ambition and responsibility, great capabilities and development potential to serve pair-up assistance regions. Meanwhile, CRCC will lay emphasis on improving assessment on management of temporary cadres, guiding temporary cadres on identifying appropriate poverty alleviation projects according to actual local conditions, reasonably using funds introduced, and will help addressing actual problems in work and life in a timely fashion, in order to ensure the “competence, hard work, adaptation and good performance” of temporary cadres.

Section V Significant Events (continued)

XIII. CONVERTIBLE BONDS

Applicable Not applicable

(I) Issuance of convertible bonds

1. Issuance of A share convertible corporate bonds

As of the disclosure date of this report, the Company did not issue A share convertible corporate bonds

2. Matters in relation to the issuance of H share convertible corporate bonds by the Company

During the Reporting Period, the Company did not issue H share convertible corporate bonds. As of the end of the Reporting Period, the Company issued two tranches of H share convertible bonds in total, details of which are set out as follows:

(1) Issuance of US\$500,000,000 zero coupon convertible bonds due 2021

On 29 January 2016, the Company issued the H share convertible bonds at an aggregate principal amount of US\$500,000,000 (hereinafter referred to as "US\$ H Share Convertible Bonds"), which will due on 29 January 2021, with a par value of US\$250,000 each and were issued at 100% of its par value with zero coupon. The initial conversion price of the US\$ H Share Convertible Bonds is HK\$10.30 per H share, which was adjusted to HK\$10.15 per H share on 19 July 2016. The conversion price was adjusted to HK\$10.02 per H Share on 19 July 2017, and to HK\$9.83 per H Share on 18 July 2018. The subscribers of the US\$ H Share Convertible Bonds are not less than six independent placees (each of whom is independent individual, enterprise and/or institutional investor). Calculated based on the net proceeds from the issuance of the US\$ H Share Convertible Bonds of approximately US\$496 million after the deduction of fees, commissions and expenses payable, the net price for each share to be converted will be approximately HK\$9.75 (at the pre-determined exchange rate of US\$1.00 = HK\$7.7944). The last closing price of H shares of the Company as quoted on the Hong Kong Stock Exchange on 18 January 2016 (being the trading day on which the subscription agreement of the US\$ H Share Convertible Bonds was signed) is HK\$7.49 per H share, and the closing price as quoted on the Hong Kong Stock Exchange on 19 July 2016 (being the effective date of the first adjustment of the conversion price) is HK\$9.39 per H share. The closing price as quoted on the Hong Kong Stock Exchange on 19 July 2017 (being the effective date of the second adjustment of the conversion price) was HK\$10.96 per H share. The closing price as quoted on the Hong Kong Stock Exchange on 18 July 2018 (being the effective date of the third adjustment of conversion price) was HK\$7.72 per H Share.

Section V Significant Events (continued)

(2) *Issuance of RMB3.450 billion US\$ settled 1.5% convertible bonds due 2021*

On 21 December 2016, the Company issued the RMB3.450 billion US\$ settled 1.5% convertible bonds (hereinafter referred to as “RMB H Share Convertible Bonds”), which will due in 2021 and can be converted into H shares of the Company. The RMB H Share Convertible Bonds were issued in registered form in minimum denominations of RMB2,000,000 each and integral multiples of RMB1,000,000 in excess thereof. The aggregate issuance price represented 100% of the principal amount of the bonds. The subscribers are not less than six independent placees (each of whom is independent individual, enterprise and/or institutional investor). The initial conversion price of the RMB H Share Convertible Bonds is HK\$13.7750 per H share, and the adjusted conversion price on 19 July 2017 was HK\$13.59 per H share, and the conversion price was adjusted to HK\$13.34 per H Share on 18 July 2018. Calculated based on the net proceeds from the issuance of the RMB H Share Convertible Bonds of approximately US\$496 million after the deduction of fees, commissions and expenses payable, the net price for each share to be converted will be approximately HK\$13.16 (for reference purpose only, at the exchange rate of US\$1.00 = HK\$7.71). The closing price of H shares of the Company as quoted on the Hong Kong Stock Exchange on 7 December 2016 (being the trading day on which the subscription agreement of the RMB H Share Convertible Bonds was signed) is HK\$11.02 per H share. On 19 July 2017 (being the effective date of the first adjustment of conversion price), the closing price as quoted on the Hong Kong Stock Exchange was HK\$10.96 per H share. On 18 July 2018 (being the effective date of the second adjustment of conversion price), the closing price as quoted on the Hong Kong Stock Exchange was HK\$7.72 per H Share.

For more details, please see relevant announcements published on 3 June 2015, 29 October 2015, 30 October 2015, 19 January 2016, 28 January 2016, 18 July 2016, 8 December 2016, 21 December 2016, 18 July 2017 and 17 July 2018, 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), respectively.

(II) Holders and guarantors of convertible bonds during the Reporting Period

The US\$ H Share Convertible Bonds of an amount of US\$500,000,000 issued by the Company on 29 January 2016 and the RMB H Share Convertible Bonds of an amount of RMB3.45 billion issued by the Company on 21 December 2016 were held by The Hong Kong and Shanghai Banking Corporation Limited, the trustee on behalf of the Company with no guarantee provided. Pursuant to the relevant requirements of the above 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.

(III) Changes in convertible bonds during the Reporting Period

Not applicable.

Section V Significant Events (continued)

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

Not applicable.

(V) Previous adjustments to conversion price

1. Previous adjustments to the conversion price of US\$ H Share Convertible Bonds

Unit: yuan Currency: HKD

Effective date of adjusted 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 the Company's website (www.crcc.cn)	Adjust the conversion price according to the implementation plan of dividend distribution for the year 2015
19 July 2017	10.02	18 July 2017	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)	Adjust the conversion price according to the implementation plan of dividend distribution for the year 2016
18 July 2018	9.83	17 July 2018	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)	Adjust the conversion price according to the implementation plan of dividend distribution for the year 2017
The latest conversion price as of the end of Reporting Period				9.83

Section V Significant Events (continued)

2. Previous adjustments to the conversion price of RMB H Share Convertible Bonds

Unit: yuan Currency: HKD

Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Note to adjustments to conversion price
19 July 2017	13.59	18 July 2017	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)	Adjust the conversion price according to the implementation plan of dividend distribution for the year 2016
18 July 2018	13.34	17 July 2018	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)	Adjust the conversion price according to the implementation plan of dividend distribution for the year 2017
The latest conversion price as of the end of Reporting Period				13.34

As at the disclosure date of the report, according to the implementation plan of dividend distribution for the year 2018, the conversion prices of two tranches of H share convertible bonds issued by the Company were adjusted on 25 July 2019. In particular, the adjusted conversion price of the US\$ H Share Convertible Bonds with an amount of US\$500,000,000 million issued by the Company is HK\$9.65, and the adjusted conversion price of the RMB H Share Convertible Bonds with an amount of RMB3.450 billion issued by the Company is HK\$13.10. For details, please refer to relevant announcement published on 24 July 2019 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 Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section V Significant Events (continued)

(VI) The Company's liabilities, creditworthiness and availability 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 all credit rating agencies to the Company remained unchanged. The initial conversion price of the US\$ H Share Convertible Bonds issued by the Company was HK\$10.30 (adjusted conversion price as at the end of the Reporting Period: HK\$9.83). During the Reporting Period, the closing price on several trading days exceeded such conversion price, but no investor has demanded for conversion, which illustrated the high value of the conversion price of the bonds issued by the Company and the investors were strongly willing to hold the Company's convertible bonds. The US\$ H Share Convertible Bonds with an amount of US\$500,000,000 issued by Company bore zero coupons, while the RMB H Share Convertible Bonds with an amount of RMB3.45 billion, which are settled in US\$, bore a coupon of 1.5%, which is far lower than that of the US\$ bonds with the same rating in the market. Hence, the investors are possibly not to hold the bonds for principal to maturity. The Company has abundant cash flow and in the meanwhile, banks granted sufficient credit to the Company. Even though the holders hold such bonds to maturity, the Company is fully capable of redeeming in cash.

(VII) Other description of convertible bonds

1. Utilization of proceeds from issuance of convertible bonds as at the end of the Reporting Periods and future plans of unutilized proceeds and expected timeline

(1) US\$ H Share Convertible Bonds

The proceeds from issuance of the US\$ H Share Convertible Bonds were intended to be used for investment in both domestic and overseas projects, merger and acquisition, capital contribution and working capital replenishment for domestic and overseas construction projects, replenishment of the Company's working capital and repayment of bank loans. As at 31 December 2016, all proceeds from the issuance of the US\$ H Share Convertible Bonds stated above had been used for replenishing working capital of the Company and repaying domestic and overseas bank loans. For details, please refer to the 2016 annual report of the Company.

(2) RMB H Share Convertible Bonds

The proceeds from the issuance of the RMB H Share Convertible Bonds by the Company were intended to be used for, among others, domestic and overseas project investment, merger and acquisition, capital contribution and replenishment of working capital for domestic and overseas construction projects, replenishment of working capital of the Company and repayment of bank loans. As of 31 December 2018, US\$385 million (equivalent to approximately 78% of the net proceed) of US\$496 million of proceeds from the issuance of the RMB H Share Convertible Bonds has been utilised, all of which were used for replenishing general working capital of overseas projects. The Company intended to use the then unutilized proceeds for replenishing general working capital of overseas projects by December 2019. During the period between 1 January 2019 and 30 June 2019, the Company used the proceeds in such manner accordingly. As of 30 June 2019, US\$430 million (equivalent to approximately 87% of the net proceed) of proceeds from the issuance of the RMB H Share Convertible Bonds has been utilised, all of which were used for replenishing general working capital of overseas projects. The Company intends to use the unutilized proceeds of RMB H Share Convertible Bonds for replenishing general working capital of overseas projects by December 2019, consistent with the intentions previously disclosed in the announcement of the Company dated 8 December 2016.

Section V Significant Events (continued)

2. Dilution impact of conversion of H share convertible bonds on the shareholding

(1) Dilution impact of US\$ H Share Convertible Bonds on the shareholding

As at the end of the Reporting Period, the outstanding principal amount of US\$ H Share Convertible Bonds was US\$500 million. If all outstanding US\$ H Share Convertible Bonds were converted based on the adjusted conversion price (HK\$9.83 per H share), the maximum total number of H shares to be issued by the Company will be 396,459,817 H shares (based on the pre-determined exchange rate of US\$1.00 to HK\$7.7944). The Company has sufficient general mandate to issue the H shares upon full conversion of the US\$ H Share Convertible Bonds.

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

Shareholders	Class of shares	No conversion of any US\$ H Share Convertible Bonds		If the US\$ H Share Convertible Bonds were fully converted based on the adjusted conversion price of HK\$9.83 per H share at the end of the Reporting Period	
		Number of shares (share)	Approximate percentage of the issued share capital (%)	Number of shares (share)	Approximate percentage of the issued extended share capital (%)
The Controlling Shareholder	A share	6,942,736,590	51.13	6,942,736,590	49.68
Public holders of A shares	A share	4,560,508,910	33.58	4,560,508,910	32.63
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29	2,472,755,817	17.69
Total	/	13,579,541,500	100.00	13,976,001,317	100.00

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

Section V Significant Events (continued)

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

As at the end of the Reporting Period, the outstanding principal amount of RMB H Share Convertible Bonds was RMB3.45 billion. If all outstanding RMB H Share Convertible Bonds were converted based on the adjusted conversion price (HK\$13.34 per H share), the maximum total number of H shares to be issued by the Company will be 290,650,359 H shares (at the fixed exchange rate of RMB0.8898 to HK\$1.00). The Company will have sufficient general mandate to issue the H shares upon full conversion of the US\$ H Share Convertible Bonds.

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

Shareholders	Class of shares	No conversion of any RMB H Share Convertible Bonds		If the RMB H Share Convertible Bonds were fully converted based on the adjusted conversion price of HK\$13.34 per H share at the end of the Reporting Period	
		Number of shares (share)	Approximate percentage of the issued share capital (%)	Number of shares (share)	Approximate percentage of the issued share capital (%)
The Controlling Shareholder	A share	6,942,736,590	51.13	6,942,736,590	50.06
Public holders of A shares	A share	4,560,508,910	33.58	4,560,508,910	32.88
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29	2,366,946,359	17.06
Total	/	13,579,541,500	100.00	13,870,191,859	100.00

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

Section V Significant Events (continued)

(3) *Combined dilution impact of US\$ H Share Convertible Bonds and RMB H Share Convertible Bonds on the shareholding*

The table below sets forth the changes in shareholding structure of the Company if the US\$ H Share Convertible Bonds and RMB H Share Convertible Bonds were fully converted as at the end of the Reporting Period:

Shareholders	Class of shares	No conversion of any US\$ H Share Convertible Bonds or RMB H Share Convertible Bonds		If the US\$ H Share Convertible Bonds and the RMB H Share Convertible Bonds were fully converted based on their respective adjusted conversion prices at the end of the Reporting Period	
		Number of shares (share)	Approximate percentage of the issued share capital (%)	Number of shares (share)	Approximate percentage of the issued extended share capital (%)
The Controlling Shareholder	A share	6,942,736,590	51.13	6,942,736,590	48.66
Public holders of A shares	A share	4,560,508,910	33.58	4,560,508,910	31.97
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29	2,763,406,176	19.37
Total	/	13,579,541,500	100.00	14,266,651,676	100.00

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

As integrated above, diluted earnings per share as calculated were RMB0.61 per share. For analysis of the impact of dilution of earnings per share, please refer to Note V “63 Earnings per share” to the financial report in this report.

Section V Significant Events (continued)

3. Accounting Treatment for the H share convertible bonds

(1) Accounting Treatment for the US\$ H Share Convertible Bonds

The Company evaluated the fair value of such bonds as at the date of issuance and separated the liability component and financial derivative component in the convertible bonds based on the evaluation result. In the separation, the initial recognition of financial derivatives is made at the fair value, whereas the initial recognition amount of liability component equals to the total issuance amount less the financial derivative component. The transaction fee of the issuance of such bonds will be allocated to the liability component and the derivative component based on their respective fair values.

For the liability component, the Company 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 2019, the Company revaluated the fair value of the derivatives. The decrease of US\$46.995 million in the fair value of derivatives will be recognized through profit or loss.

(2) Accounting Treatment for the RMB H Share Convertible Bonds

The RMB H Share Convertible Bonds issued by the Company contain a liability component and an equity component according to their terms. On initial recognition, the liability component is separated from the equity component, and different measurements are adopted.

The Company 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 initially recognized amount of the equity component equals to the total issuance amount less the initial recognized amount of the liability component. The transaction fees will be allocated on a pro rata basis based on the fair price of the liability component and the equity component in the separation. 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. "42. Other equity instruments" of the Financial Reports attached to this Report.

For the liability component, the Company 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. ENVIRONMENTAL INFORMATION

(I) Explanation on environmental protection of companies and their significant subsidiaries classified as the key pollutant discharging units announced by the environmental protection department

Applicable Not applicable

(II) Environmental issues of companies other than those classified as the key pollutant discharging units

Applicable Not applicable

In the course of business, the Group strictly abides by the national environmental protection related policies, as well as laws and regulations, resolutely implements the Environmental Protection Law, and administrative regulations, such as Action Plan for Prevention and Treatment of Air, Water and Soil Pollution, issued by the State Council. The Group has always practiced the environmental management concept of “reasonable energy use and green construction”, made continuous innovations in environmental protection work with the help of science and technology, and consciously fulfilled and assumed the social responsibility of environmental protection, striving to become a “resource-saving and environmentally-friendly” enterprise, and contributing to the construction of ecological civilization of the state by fighting for an environment with blue sky, clear water and rich soil.

The major emissions of the Group in the course of business include CO₂ generated from the use of oil, gas and coal, as well as solid wastes such as construction waste generated during construction of engineering projects.

To reduce the emission of carbon dioxide, the Group has taken the following measures: firstly, controlling the total energy consumption; secondly, adjusting the energy utilization structure to cut down the consumption of energy with high carbon dioxide content; thirdly, adopting clean energy and promoting the clean production strategy; fourthly, discarding obsolete capacity and process and purchasing energy-saving and advanced equipment; fifthly, optimizing the construction plan to accelerate construction and shorten construction period, thus reducing energy consumption; sixthly, applying advanced technologies to help with energy conservation.

For the purpose of utilizing construction waste in an efficient manner to reduce the total discharge, the Group has taken the following measures: firstly, recycling and treating construction waste for reutilization purposes; secondly, having comprehensive treatment on construction waste in accordance with environmental standards and requirements and discharging the waste only when it met such standards; thirdly, initiating the energy substitution project, using steel over timber, adopting convertible materials and expanding the cycle of convertible materials, thus reducing the production of waste.

Section V Significant Events (continued)

(III) Explanation of reasons for non-disclosure of environmental information by companies other than those classified as the key pollutant discharging units

Applicable Not applicable

(IV) Explanation of the follow-up progress of or changes in the disclosure of environmental information during the Reporting Period

Applicable Not applicable

XV. EXPLANATION ON OTHER SIGNIFICANT EVENTS

(I) Compared with the last accounting period, the change of accounting policies, accounting estimates and calculation methods and their reasons and impact

Applicable Not applicable

The Group has implemented the “ASBE No. 21 – Lease” (hereafter referred to as the “New Lease Standards”), “ASBE No. 12 – Debt Restructuring” and “ASBE No. 7 – Swap of Non-monetary Assets” revised by the Ministry of Finance (the “MoF”) since 1 January 2019. In accordance with the requirements from the MoF, for companies listed in domestic markets as well as oversea markets, or listed in oversea markets and adopting IFRS or ASBE to prepare financial statements, the New Lease Standard shall be adopted from 1 January 2019.

The New Lease Standards supplemented the definition of lease by adding contents of lease identification, split, and consolidation; cancelled the differentiation of a lessee’s operating lease and finance lease, requiring recognition of right-of-use assets and lease liabilities at the lease commencement date, on all leases (except short-term leases and that of low value); improved lessee’s subsequent measurement and added accounting treatment methods on leases under the scenarios of option revaluation and lease change and relevant disclosure requirements. For contracts entered into before the date of initial application, the Group has elected not to reassess whether the contract is, or contains, a lease. For contracts entered into on or after the date of initial application, the Group reassesses whether the contract is, or contains, a lease in accordance with the definition of lease under the New Lease Standards. The New Lease Standards determine whether the contract is, or contains, a lease in accordance with the method of whether assigns its right of use during a certain period with respect to one or more identified assets under its control for consideration.

In addition, the financial statements of the Group have been prepared based on Notice of the 2019 Revised Format of Financial Statements for General Business Enterprise (Cai Kuai [2019] No.6, hereinafter as “Cai Kuai No. 6 Document”) issued by MoF on 30 April 2019. The comparative financial information is presented according to Cai Kuai No. 6 Document.

Such changes in accounting policies and the adjustment to the format of financial statements of enterprises did not cause any material impact on the financial position, operating performance, cash flow and future operating results of the Group. For details in relation to the impact of changes in accounting policies on the Group, please refer to “33 Changes in significant accounting policies” as set out in Note III to the financial report of this report.

Section V Significant Events (continued)

(II) The correction on significant accounting errors required to be restated, its amount after correction, reasons and impact during the Reporting Period

Applicable Not applicable

(III) Others

Applicable Not applicable

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 Ordinary Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

2. Particulars of changes in shares

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

(II) Changes in shares subject to trading moratorium

Applicable Not applicable

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

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

II. PARTICULARS OF SHAREHOLDERS

(I) Structure of shareholders

As at 30 June 2019, 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 (%)
China Railway Construction Co., Ltd.	A share	6,942,736,590	51.13
Public holders of A shares	A share	4,560,508,910	33.58
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 Ordinary Shares and Particulars of Shareholders (continued)

(II) Total number of shareholders

As at 30 June 2019, the total number of shareholders of the Company was 324,330, of which 308,409 were holders of A shares and 15,921 were holders of H shares.

Total number of shareholders as at the end of the Reporting Period (<i>holder</i>)	324,330
Number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period (<i>holder</i>)	N/A

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

Unit: share

Particulars of shareholdings of the top ten shareholders

Name of shareholder (full name)	Change of shareholding during the Reporting Period	Number of Shares held as 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 Group Co., Ltd.	0	6,942,736,590	51.13	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	193,913	2,061,634,506	15.18	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited	0	407,098,054	3.00	0	Nil	0	Other
Guoxin Investment Co., Ltd.	-7,971,443	147,241,812	1.08	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
Hong Kong Securities Clearing Company Limited	42,042,916	140,218,603	1.03	0	Nil	0	Overseas legal person
Beijing Chengtong Financial Investment Co., Ltd.	0	136,266,155	1.00	0	Nil	0	Other
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
E Fund – Agricultural Bank of China – E Fund CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other

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

Name of shareholder (full name)	Change of shareholding during the Reporting Period	Number of Shares held as the end of the Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen Condition of shares	Number	Nature of shareholder
GF Fund –Agricultural Bank of China – GF CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other

Section VI Changes in Ordinary 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	Class and number of share Number
China Railway Construction Group Co., Ltd.	6,942,736,590	RMB ordinary share	6,942,736,590
HKSCC NOMINEES LIMITED	2,061,634,506	Overseas listed foreign share	2,061,634,506
China Securities Finance Corporation Limited	407,098,054	RMB ordinary share	407,098,054
Guoxin Investment Co., Ltd.	147,241,812	RMB ordinary share	147,241,812
Central Huijin Asset Management Corporation Limited	141,519,100	RMB ordinary share	141,519,100
Hong Kong Securities Clearing Company Limited	140,218,603	RMB ordinary share	140,218,603
Beijing Chengtong Financial Investment Co., Ltd.	136,266,155	RMB ordinary share	136,266,155
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
E Fund – Agricultural Bank of China – E Fund CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
GF Fund – Agricultural Bank of China – GF CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500

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

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of share	
		Class	Number
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500

Explanations on the connected or concerted action among the above shareholders HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited (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 shareholders are 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 Not Applicable.

Note: The H shares held by HKSCC Nominees Limited were held for and on behalf of several clients. The A shares held by Hong Kong Securities Clearing Company Limited were held for and on behalf of several clients. As at the end of the Reporting Period, HKSCC Nominees Limited held 2,061,634,506 shares of the Company. However, details regarding whether the shares were pledged or frozen were unknown.

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

The Top Ten Shareholders Subject to Trading Moratorium and Conditions of Such Trading Moratorium

Applicable Not applicable

(IV) Top 10 shareholders from strategic investors or general legal persons participating in the placing of the new shares

Applicable Not applicable

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

So far as the directors of the Company are aware, as at 30 June 2019, the persons other than 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 share	Capacity	Number of shares interested ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capita
China Railway Construction Group Co., Ltd.	A share	Beneficial owner	6,942,736,590	60.35%	51.13%
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	Interest of corporation controlled by the substantial shareholder, investment manager, person having a security interest in shares, approved lending agent	171,676,380(L)	8.27%	1.26%
		Interest of corporation controlled by the substantial shareholder, investment manager	33,739,999(S)	1.63%	0.25%
		Approved lending agent	57,783,973(P)	2.78%	0.43%
BlackRock, Inc. ^{Note 3}	H share	Interest of corporation controlled by the substantial shareholder	158,682,934(L)	7.64%	1.17%
			486,500(S)	0.02%	0.00%
The Bank of New York Mellon Corporation ^{Note 4}	H share	Interest of corporation controlled by the substantial shareholder	153,731,874(L)	7.40%	1.13%
			150,874,552(P)	7.27%	1.11%
Citigroup Inc. ^{Note 5}	H share	Person having a security interest in shares, interest of corporation controlled by the substantial shareholder, approved lending agent	120,811,950(L)	5.82%	0.89%
		Interest of corporation controlled by the substantial shareholder	20,682,105(S)	1.00%	0.15%
		Approved lending agent	85,972,910(P)	4.14%	0.63%

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

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

Note 2: As at 30 June 2019, JPMorgan Chase & Co. (including certain corporations under its control) held long positions in 171,676,380 H shares and short positions in 33,739,999 H shares of the Company in total.

Note 3: As at 30 June 2019, BlackRock, Inc. held long positions in 158,682,934 H shares and short positions in 486,500 H shares of the Company in total through certain corporations under its control.

Note 4: As at 30 June 2019, The Bank of New York Mellon Corporation held long positions in 153,731,874 H shares of the Company in total through a corporation under its control.

Note 5: As at 30 June 2019, Citigroup Inc. held long positions in 120,811,950 H shares and short positions in 20,682,105 H shares of the Company in total through certain corporations under its control.

III. CHANGES IN THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

Applicable Not applicable

On 11 January 2019, China Railway Construction Co., Ltd., the Controlling Shareholder, changed its name to China Railway Construction Group Co., Ltd. There was no change in the actual controller.

Section VII Particulars of Preference Shares

Applicable Not applicable



Section VIII Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDING

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

Applicable Not applicable

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

Applicable Not applicable

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

As at the end of the Reporting Period, none of the directors, supervisors or members of senior management of the Company 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
CHEN Dayang	Executive director and deputy secretary of the communist party committee	Elected

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

Applicable Not applicable

On 18 June 2019, as considered and approved at the 2018 annual general meeting of the Company, Mr. CHEN Dayang was appointed as the executive director of the Company. On 18 June 2019, as considered and approved at the 22nd meeting of the fourth session of the Board of the Company, Mr. CHEN Dayang was appointed as the member of Nomination Committee of the Board, for a term of office from the date of election to the expiry of the term of office of the fourth session of the Board.

III. OTHER EXPLANATION

Applicable Not applicable

(I) 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.

(II) Changes in biographical details of directors, supervisors and president of the Company during the Reporting Period

During the Reporting Period, there were no changes in biographical details of directors, supervisors and president of the Company.

(III) 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 2018 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 interests have been paid on time on 29 June 2019 and the bond principal for this tranche has been repaid	–	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
CRCC 2018 publicly issued renewable corporate bonds (first tranche)	18 CRCC Y1	143502	16 March 2018	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.	2,996,935	5.56	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Section IX Particulars of Corporate Bonds (continued)

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 2018 publicly issued renewable corporate bonds (second tranche)	18 CRCC Y2	143961	16 April 2018	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.	1,997,877	5.23	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2018 publicly issued renewable corporate bonds (third tranche)	18 CRCC Y3	143978	30 May 2018	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.	1,997,877	5.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Interest payment status of corporate bonds

Applicable Not applicable

The Company paid the interest of CRCC 2016 renewable corporate bonds (first tranche) from 29 June 2018 to 28 June 2019, and repaid the bond principal on 1 July 2019. In accordance with the Announcements on the Nominal Interest Rate of CRCC 2016 Renewable Corporate Bonds (First Tranche), nominal interest rate of “16 CRCC Y1” was 3.53%. Interest of RMB35.30 (tax inclusive) was distributed for each lot of “16 CRCC Y1” with a nominal value of RMB1,000.

Section IX Particulars of Corporate Bonds (continued)

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (first tranche) from 19 March 2018 to 18 March 2019 on 19 March 2019. In accordance with the Announcements on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (First Tranche), nominal interest rate of “18 CRCC Y1” was 5.56%. Interest of RMB55.60 (tax inclusive) was distributed for each lot of “18 CRCC Y1” with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (second tranche) from 17 April 2018 to 16 April 2019 on 17 April 2019. In accordance with the Announcements on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Second Tranche), nominal interest rate of “18 CRCC Y2” was 5.23%. Interest of RMB52.30 (tax inclusive) was distributed for each lot of “18 CRCC Y2” with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (third tranche) from 31 May 2018 to 30 May 2019 on 31 May 2019. In accordance with the Announcements on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Third Tranche), nominal interest rate of “18 CRCC Y3” was 5.30%. Interest of RMB53.00 (tax inclusive) was distributed for each lot of “18 CRCC Y3” with a nominal value of RMB1,000.

Additional situation statement of 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, ZHU Jun
	Contact number	010-60833551, 60833585
Credit rating organization	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

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 the CRCC 2016 renewable corporate bonds (first tranche) and the CRCC 2018 publicly issued renewable corporate bonds (first, second and third tranche) were in strict compliance with 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.

Section IX Particulars of Corporate Bonds (continued)

IV. RATING OF CORPORATE BONDS

Applicable Not applicable

China Chengxin Securities Rating Co., Ltd. issued a credit rating report for the issuance of the CRCC 2016 renewable corporate bonds (first tranche) and the CRCC 2018 publicly issued renewable corporate bonds (first, second and third tranche), assigning an AAA rating to the issuer of the bonds and an AAA rating to the bonds. China Chengxin Securities Rating Co., Ltd. issued the report in May 2019 on the ongoing credit rating of the 2016 renewable corporate bonds (first tranche) and 2018 publicly issued renewable corporate bonds (first, second and third tranche) of the Company, 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. For details, please refer to the announcements of the Company dated 23 May 2019 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

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) and the CRCC 2018 publicly issued renewable corporate bonds (first, second and third 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. As at the end of the Reporting Period, the payments of the principal and interest of the CRCC 2016 renewable corporate bonds (first tranche) were made.

VI. CONVENING OF THE MEETING OF BONDHOLDERS

Applicable Not applicable

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", "18 CRCC Y1", "18 CRCC Y2" and "18 CRCC Y3", 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 (《債券受托管理人協議》).

Section IX Particulars of Corporate Bonds (continued)

In June 2017, CITIC Securities Co., Ltd. issued the Report on Trustee Manager for 2016 Corporate Bonds of CRCC (2016); in November 2017, CITIC Securities Co., Ltd. issued the Interim Report on Trusted Management Affairs for the Public Issuance of 2016 Renewable Corporate Bonds of CRCC; in June 2018, CITIC Securities Co., Ltd. issued the Report on Trustee Manager for 2016 and 2018 Corporate Bonds of CRCC (2017); in October 2018, CITIC Securities Co., Ltd. issued the Interim Report on Trusted Management Affairs for the Public Issuance of 2016 and 2018 Renewable Corporate Bonds of CRCC; in June 2019, CITIC Securities Co., Ltd. issued the Report on Trustee Manager for 2016 and 2018 Corporate Bonds of CRCC (2018). For details, please refer to the announcements of the Company dated 3 June 2017, 3 November 2017, 29 June 2018, 1 November 2018 and 29 June 2019 respectively published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

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: '000 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	1.08	1.09	-0.92	
Quick ratio	0.55	0.61	-9.84	
Gearing ratio (%)	78.44	77.41	Increased by 1.03 percentage point	
Loan repayment ratio (%)	100.00	100.00	-	

Principal indicators	The Reporting Period (January to June)	The corresponding period last year	Increase or decrease in the Reporting Period as compared with the corresponding period of last year (%)	Reasons of change
EBITDA interest coverage multiples	4.65	4.36	6.65	
Interest repayment ratio (%)	100.00	100.00	-	

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 RMB1,266,029.7 million as at the end of the Reporting Period, of which an amount of approximately RMB493,042.8 million 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), 2018 publicly issued renewable corporate bonds (first, second and third tranches) 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 (19) No. R00047

To the shareholders of China Railway Construction Corporation Limited

We have reviewed the accompanying financial statements of China Railway Construction Corporation Limited (“the Company”), which comprise the consolidated and company statements of financial position as at 30 June 2019, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company 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 express 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 requirements of Accounting Standards for Business Enterprises and cannot present fairly, in all material respects, the consolidated and company financial position as at 30 June 2019, and operating performance and cash flows for the six months ended 30 June 2019.

Deloitte Touche Tohmatsu CPA LLP

Shanghai, China

Chinese Certified Public Accountant: **Ma Yanmei**

Chinese Certified Public Accountant: **Xie Yanfeng**

30 August 2019

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 Statement of Financial Position

As at 30 June 2019

RMB'000

ASSETS	Note V	30 June 2019 (unaudited)	31 December 2018
Current assets			
Cash and bank balances	1	121,877,280	143,801,598
Held-for-trading financial assets	2	2,458,088	3,344,458
Bills receivable	3	5,542,096	7,636,443
Receivables at FVTOCI	4	1,972,640	2,143,802
Trade receivables	5	112,896,006	99,382,305
Advances to suppliers	6	22,745,546	18,591,945
Other receivables	7	65,438,768	63,474,288
Inventories	8	191,148,183	159,891,368
Contract assets	9	156,154,680	123,938,151
Current portion of non-current assets	12 · 22	13,852,546	10,836,740
Other current assets	10	17,936,022	17,236,252
Total current assets		712,021,855	650,277,350
Non-current assets			
Loans and advances to customers	11	2,827,500	2,145,000
Long-term receivables	12	55,875,181	54,442,045
Long-term equity investments	13	34,942,063	28,978,555
Debt investments		41	41
Other debt investments		100,330	100,513
Other non-current financial assets		890,389	779,049
Other equity instrument investments	14	9,775,249	8,268,378
Investment properties	15	5,489,186	5,644,080
Fixed assets	16	48,945,391	50,300,597
Construction in progress	17	4,394,690	4,428,384
Right-of-use assets	18	6,334,205	/
Intangible assets	19	54,797,175	50,667,006
Goodwill	20	228,713	228,713
Long-term prepayments		375,341	384,745
Deferred tax assets	21	5,121,385	4,916,848
Other non-current assets	22	57,629,305	56,109,278
Total non-current assets		287,726,144	267,393,232
TOTAL ASSETS		999,747,999	917,670,582

The accompanying notes form part of the financial statements.

The financial statements have been signed by:

Chairman of the Company:
Chen Fenjian

CFO:
Wang Xiuming

Head of the Finance Department:
Qiao Guoying

Consolidated Statement of Financial Position (continued)

As at 30 June 2019

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2019 (unaudited)	31 December 2018
Current liabilities			
Short-term loans	23	70,561,209	61,781,084
Due to customers	24	2,061,146	5,881,497
Due to banks	25	2,000,000	–
Bills payable	26	60,469,068	51,036,428
Trade payables	27	292,157,506	274,354,876
Advances from customers		63,989	64,390
Contract liabilities	28	97,469,987	89,276,585
Employee benefits payable	29	10,291,853	11,280,571
Taxes payable	30	3,955,222	6,948,114
Other payables	31	66,337,973	55,429,042
Current portion of non-current liabilities	32	34,549,643	23,218,971
Other current liabilities	33	19,937,333	12,434,964
Total current liabilities		659,854,929	591,706,522
Non-current liabilities			
Long-term loans	34	76,862,289	69,840,477
Bonds payable	35	30,993,765	37,458,422
Lease liabilities	36	4,161,984	/
Long-term payables	37	7,830,624	7,197,581
Long-term employee benefits payable	38	374,459	407,145
Provisions		174,259	145,810
Deferred income	39	2,889,919	2,263,783
Deferred tax liabilities	21	368,557	233,522
Other non-current liabilities	40	718,213	1,082,465
Total non-current liabilities		124,374,069	118,629,205
Total liabilities		784,228,998	710,335,727
Shareholders' equity			
Share capital	41	13,579,542	13,579,542
Other equity instruments	42	17,000,818	20,392,922
Capital reserve	43	40,431,356	40,434,270
Other comprehensive income	44	(134,910)	(515,059)
Special reserve	45	–	–
Surplus reserve	46	3,229,881	3,229,881
Retained earnings	47	98,570,791	92,768,356
Total equity attributable to owners of the Company		172,677,478	169,889,912
Non-controlling interests		42,841,523	37,444,943
Total shareholders' equity		215,519,001	207,334,855
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		999,747,999	917,670,582

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

RMB'000

ITEM	Note V	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Revenue	48	352,934,879	308,980,930
Less: Cost of sales	48	318,364,458	279,024,711
Taxes and surcharges	49	1,527,212	1,461,615
Selling and distribution expenses	50	2,160,367	1,986,757
General and administrative expenses	51	8,275,270	7,904,215
Research and development expenses	52	7,002,021	5,437,638
Finance costs	53	2,094,611	1,534,471
Including: Interest expenses		3,312,223	2,478,150
Interest income		1,942,181	1,506,852
Add: Other income	56	171,108	117,567
Investment income/(losses)	57	52,799	(477,387)
Including: Share of profits of associates and joint ventures		982,341	124,364
Losses from derecognition of financial assets measured at amortised cost		(1,120,028)	(558,965)
Gains on fair value changes	58	311,343	334,370
Impairment losses on assets	54	960	19,507
Impairment of credit losses	55	(1,313,740)	(529,404)
Gains on disposal of assets		56,886	24,821
Operating profit		12,790,296	11,120,997
Add: Non-operating income	59	367,101	462,781
Less: Non-operating expenses	60	247,510	200,355
Profit before tax		12,909,887	11,383,423
Less: Income tax expenses	62	2,593,425	2,489,542
Net profit		10,316,462	8,893,881
Classified by the continuity of operation			
Net profit from continuing operations		10,316,462	8,893,881
Net profit from discontinued operations		-	-
Classified by the ownership			
Net profit attributable to owners of the Company		9,284,178	8,008,700
Net profit attributable to non-controlling interests		1,032,284	885,181

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

For the six months ended 30 June 2019

		<i>RMB'000</i>	
ITEM	Note V	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Other comprehensive income/(expense), net of tax	44	377,612	(650,320)
Other comprehensive income/(expense) attributable to owners of the Company, net of tax		381,046	(629,290)
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Re-measurement of defined benefit, net of tax		(97)	(6,945)
Changes in fair value of other equity instrument investments		308,683	(385,773)
Other comprehensive income/(expense) to be reclassified to profit or loss			
Shares of other comprehensive income/(expense) that will be reclassified subsequently into profit or loss by the investee under equity method		144,985	(7,664)
Changes in fair value of other debt investments		(183)	-
Exchange differences on translation of foreign operations		(72,342)	(228,908)
Other comprehensive income/(expense) attributable to non-controlling interests, net of tax		(3,434)	(21,030)
Total comprehensive income		10,694,074	8,243,561
Including:			
Total comprehensive income attributable to owners of the Company		9,665,224	7,379,410
Total comprehensive income attributable to non-controlling interests		1,028,850	864,151
Earnings per share:			
Basic earnings per share (<i>RMB/share</i>)	63	0.65	0.56
Diluted earnings per share (<i>RMB/share</i>)	63	0.61	0.53

Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

RMB'000

ITEM	Note V	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		349,116,689	316,671,854
Refunds of tax		159,274	269,248
Net decrease in balances with the central bank		685,912	–
Net increase in due to customers and due to banks		–	1,095,301
Cash received from other operating activities	64(1)	5,833,394	6,221,986
Subtotal of cash inflows from operating activities		355,795,269	324,258,389
Cash paid for goods and services		336,207,612	321,822,806
Net increase in loans and advances to customers		700,000	300,000
Net decrease in due to customers and due to banks		1,820,351	–
Net increase in balances with the central bank		–	377,783
Cash paid to and on behalf of employees		29,840,160	27,032,232
Cash paid for all taxes		15,629,048	15,380,568
Cash paid for other operating activities	64(2)	4,070,011	5,233,144
Subtotal of cash outflows from operating activities		388,267,182	370,146,533
Net cash flows generated from/(used in) operating activities	65(1)	(32,471,913)	(45,888,144)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		5,032,705	1,019,645
Cash received from investment income		118,878	73,089
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		633,910	508,553
Net decrease in cash and bank balances with title restrictions		–	672,744
Cash received from other investing activities		78,220	89,382
Subtotal of cash inflows from investing activities		5,863,713	2,363,413
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		13,117,148	12,532,230
Cash paid for acquisition of investments		7,413,441	7,181,315
Net increase in cash and bank balances with title restrictions		153,775	–
Net cash paid for acquisitions of subsidiaries		–	39,633
Cash paid for other investing activities		205,025	850,000
Subtotal of cash outflows from investing activities		20,889,389	20,603,178
Net cash flows generated from/(used in) investing activities		(15,025,676)	(18,239,765)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2019

		<i>RMB'000</i>	
ITEM	Note V	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		10,774,727	10,232,413
Including: Cash received from non-controlling shareholders of subsidiaries		6,174,727	3,239,724
Cash received from issuing bonds		17,178,647	2,200,000
Cash received from borrowings		77,873,553	61,010,901
Cash received from other financing activities	64(3)	3,505,000	–
Subtotal of cash inflows from financing activities		109,331,927	73,443,314
Cash repayments for borrowings		66,963,821	32,026,106
Cash paid for distribution of dividends or profits and for interest expenses		7,380,097	5,998,004
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		258,137	890,416
Cash paid for other financing activities	64(4)	8,902,390	–
Subtotal of cash outflows from financing activities		83,246,308	38,024,110
Net cash flows generated from/(used in) financing activities		26,085,619	35,419,204
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS			
		19,789	107,315
5. NET DECREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at beginning of the period	65(2)	130,087,717	129,392,720
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
	65(2)	108,695,536	100,791,330

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

RMB'000

ITEM	For the six months ended 30 June 2019 (unaudited)										
	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal			
I. As at 1 January 2019	13,579,542	20,392,922	40,434,270	(515,059)	-	3,229,881	92,768,356	169,889,912	37,444,943	207,334,855	
II. Increase/(decrease) during the period	-	(3,392,104)	(2,914)	380,149	-	-	5,802,435	2,787,566	5,396,580	8,184,146	
(I) Total comprehensive income	-	-	-	381,046	-	-	9,284,178	9,665,224	1,028,850	10,694,074	
(II) Capital contributions and withdrawals by shareholders	-	(3,392,104)	(2,914)	-	-	-	-	(3,395,018)	5,699,745	2,304,727	
1. Capital contributions by shareholders	-	-	-	-	-	-	-	-	102,115	102,115	
2. Capital contributions by other equity instrument holders <i>(Note V. 42)</i>	-	(3,392,104)	(7,896)	-	-	-	-	(3,400,000)	6,072,612	2,672,612	
3. Others <i>(Note V. 43)</i>	-	-	4,982	-	-	-	-	4,982	(474,982)	(470,000)	
(III) Profit distribution	-	-	-	-	-	-	(3,482,640)	(3,482,640)	(1,332,015)	(4,814,655)	
1. Distribution to shareholders <i>(Note V. 47)</i>	-	-	-	-	-	-	(3,482,640)	(3,482,640)	(1,332,015)	(4,814,655)	
(IV) Special reserve <i>(Note V. 45)</i>	-	-	-	-	-	-	-	-	-	-	
1. Appropriated in current period	-	-	-	-	4,618,047	-	-	4,618,047	-	4,618,047	
2. Used in current period	-	-	-	-	(4,618,047)	-	-	(4,618,047)	-	(4,618,047)	
(V) Others	-	-	-	(897)	-	-	897	-	-	-	
1. Others	-	-	-	(897)	-	-	897	-	-	-	
III. As at 30 June 2019	13,579,542	17,000,818	40,431,356	(134,910)	-	3,229,881	98,570,791	172,677,478	42,841,523	215,519,001	

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2019

RMB'000

ITEM	For the six months ended 30 June 2018 (unaudited)										
	Equity attributable to owners of the Company								Subtotal	Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings				
I. As at 31 December 2017	13,579,542	13,400,233	40,428,564	(92,447)	-	2,891,462	79,204,629	149,411,983	29,236,862	178,648,845	
(I) Changes in accounting policies	-	-	-	(83,432)	-	(1,025)	(721,313)	(805,770)	-	(805,770)	
II. As at 1 January 2018	13,579,542	13,400,233	40,428,564	(175,879)	-	2,890,437	78,483,316	148,606,213	29,236,862	177,843,075	
III. Increase/(decrease) during the period	-	6,992,689	(6,459)	(629,290)	-	-	5,047,876	11,404,816	3,048,311	14,453,127	
(I) Total comprehensive income	-	-	-	(629,290)	-	-	8,008,700	7,379,410	864,151	8,243,561	
(II) Capital contributions and withdrawals by shareholders	-	6,992,689	(3,471)	-	-	-	-	6,989,218	3,239,724	10,228,942	
1. Capital contributions by shareholders	-	-	-	-	-	-	-	-	3,736,253	3,736,253	
2. Capital contributions by other equity instrument holders	-	6,992,689	-	-	-	-	-	6,992,689	-	6,992,689	
3. Others	-	-	(3,471)	-	-	-	-	(3,471)	(496,529)	(500,000)	
(III) Profit distribution	-	-	-	-	-	-	(2,960,824)	(2,960,824)	(1,055,564)	(4,016,388)	
1. Distribution to shareholders	-	-	-	-	-	-	(2,960,824)	(2,960,824)	(1,055,564)	(4,016,388)	
(IV) Special reserve (Note V. 45)	-	-	-	-	-	-	-	-	-	-	
1. Appropriated in current period	-	-	-	-	3,938,861	-	-	3,938,861	-	3,938,861	
2. Used in current period	-	-	-	-	(3,938,861)	-	-	(3,938,861)	-	(3,938,861)	
(V) Others	-	-	(2,988)	-	-	-	-	(2,988)	-	(2,988)	
1. Others	-	-	(2,988)	-	-	-	-	(2,988)	-	(2,988)	
IV. As at 30 June 2018	13,579,542	20,392,922	40,422,105	(805,169)	-	2,890,437	83,531,192	160,011,029	32,285,173	192,296,202	

The Company's Statement of Financial Position

At 30 June 2019

RMB'000

ASSETS	Note XIV	30 June 2019 (unaudited)	31 December 2018
Current assets			
Cash and bank balances		22,736,906	13,407,775
Held-for-trading financial assets		45,347	35,709
Trade receivables	1	3,519,629	3,151,936
Advances to suppliers		626,338	374,028
Other receivables	2	23,705,604	26,285,916
Contract assets		1,213,635	675,348
Current portion of non-current assets		15,821,000	8,165,000
Other current assets		99,608	85,773
Total current assets		67,768,067	52,181,485
Non-current assets			
Long-term receivables		10,118,000	17,776,000
Long-term equity investments	3	94,489,507	94,487,290
Other equity instrument investments		294,020	262,652
Fixed assets		30,124	25,731
Construction in progress		48,085	46,364
Right-of-use assets		75,625	/
Intangible assets		34,590	29,516
Long-term prepayments		892	1,445
Deferred tax assets		-	380
Other non-current assets		1,916,607	1,959,816
Total non-current assets		107,007,450	114,589,194
TOTAL ASSETS		174,775,517	166,770,679

The Company's Statement of Financial Position (continued)

At 30 June 2019

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIV	30 June 2019 (unaudited)	31 December 2018
Current liabilities			
Short-term loans	4	5,500,000	11,000,000
Trade payables		6,452,056	6,109,090
Contract liabilities		174,343	123,861
Employee benefits payable		96,181	82,161
Taxes payable		43,171	41,951
Other payables	5	33,013,800	25,333,933
Current portion of non-current liabilities		11,203,648	2,644,627
Other current liabilities		7,196,728	3,000,000
Total current liabilities		63,679,927	48,335,623
Non-current liabilities			
Long-term loans	6	5,704,458	5,750,439
Bonds payable	Note V. 35	6,340,743	16,192,972
Lease liabilities		61,353	/
Long-term payables		1,555,427	1,168,740
Long-term employee benefits payable		14,290	14,290
Deferred tax liabilities		118,639	28,355
Deferred income		7,586	3,646
Other non-current liabilities		529,211	850,865
Total non-current liabilities		14,331,707	24,009,307
Total liabilities		78,011,634	72,344,930
Shareholders' equity			
Share capital	Note V. 41	13,579,542	13,579,542
Capital reserve		46,485,656	46,493,552
Other comprehensive income		108,818	85,292
Other equity instruments	Note V. 42	17,000,818	20,392,922
Special reserve		-	-
Surplus reserve	Note V. 46	3,229,881	3,229,881
Retained earnings		16,359,168	10,644,560
Total shareholders' equity		96,763,883	94,425,749
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		174,775,517	166,770,679

The Company's Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

RMB'000

ITEM	Note XIV	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Revenue	7	6,084,923	4,719,036
Less: Cost of sales	7	6,015,087	4,620,009
Taxes and surcharges		1,128	4,379
Selling and distribution expenses		21,926	9,928
General and administrative expenses		183,489	188,198
Research and development expenses		1,794	377
Finance costs	8	(222,867)	131,309
Including: Interest expenses		1,090,564	1,114,642
Interest income		1,313,508	1,103,188
Add: Investment income	9	8,884,552	3,784,231
Including: Share of profits of joint ventures		2,217	3,251
Gains on fair value changes		331,292	331,607
Impairment of credit losses		(27,279)	(9,360)
Gains/(losses) on disposal of assets		-	(143)
Operating profit		9,272,931	3,871,171
Add: Non-operating income		8,438	8
Less: Non-operating expenses		1,087	30
Profit before tax		9,280,282	3,871,149
Less: Income tax expenses		83,034	82,902
Net profit		9,197,248	3,788,247
Classified by the continuity of operation			
Net profit from continuing operations		9,197,248	3,788,247
Net profit from discontinued operations		-	-
Other comprehensive income/(expense), net of tax		23,526	(30,452)
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		23,526	(30,452)
Total comprehensive income		9,220,774	3,757,795

The Company's Statement of Cash Flows

For the six months ended 30 June 2019

		<i>RMB'000</i>	
ITEM	<i>Note XIV</i>	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		5,603,384	6,290,026
Cash received from other operating activities		15,353,042	7,855,487
Subtotal of cash inflows from operating activities		20,956,426	14,145,513
Cash paid for goods and services		5,880,110	6,786,919
Cash paid to and on behalf of employees		114,514	115,431
Cash paid for all taxes		8,775	25,161
Cash paid for other operating activities		6,223,380	14,249,337
Subtotal of cash outflows from operating activities		12,226,779	21,176,848
Net cash flows generated from/(used in) operating activities	10(1)	8,729,647	(7,031,335)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		–	10,000
Cash received from investment income		7,533,924	3,771,297
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		–	616
Net decrease in cash and bank balances with title restrictions		2,400	–
Cash received from other investing activities		1,279,756	1,057,116
Subtotal of cash inflows from investing activities		8,816,080	4,839,029
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		18,909	14,731
Cash paid for acquisition of investments		–	2,100,000
Net increase in cash and bank balances with title restrictions		–	5,000
Subtotal of cash outflows from investing activities		18,909	2,119,731
Net cash flows generated from/(used in) investing activities		8,797,171	2,719,298

The Company's Statement of Cash Flows (continued)

For the six months ended 30 June 2019

RMB'000

ITEM	Note XIV	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		4,600,000	6,992,689
Cash received from borrowings		–	2,000,000
Cash received from issuing bonds		7,000,000	–
Subtotal of cash inflows from financing activities		11,600,000	8,992,689
Cash repayments for borrowings		9,994,961	2,055,125
Cash paid for distribution of dividends or profits and for interest expenses		1,811,736	1,235,367
Cash paid for other financing activities	Note V.64(4)	8,010,000	–
Subtotal of cash outflows from financing activities		19,816,697	3,290,492
Net cash flows generated from/(used in) financing activities		(8,216,697)	5,702,197
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS			
		21,409	57,617
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at beginning of the period	10(2)	13,393,575	12,318,553
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
	10(2)	22,725,105	13,766,330

The Company's Statement of Changes in Equity

For the six months ended 30 June 2019

RMB'000

ITEM	For the six months ended 30 June 2019 (unaudited)							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. As at 1 January 2019	13,579,542	20,392,922	46,493,552	85,292	-	3,229,881	10,644,560	94,425,749
II. Increase/(decrease) during the period	-	(3,392,104)	(7,896)	23,526	-	-	5,714,608	2,338,134
(I) Total comprehensive income	-	-	-	23,526	-	-	9,197,248	9,220,774
(II) Capital contributions and withdrawals by shareholders	-	(3,392,104)	(7,896)	-	-	-	-	(3,400,000)
1. Capital contributions by other equity instrument holders (Note V. 42)	-	(3,392,104)	(7,896)	-	-	-	-	(3,400,000)
(III) Profit distribution	-	-	-	-	-	-	(3,482,640)	(3,482,640)
1. Distribution to shareholders (Note V. 47)	-	-	-	-	-	-	(3,482,640)	(3,482,640)
(IV) Special reserve	-	-	-	-	-	-	-	-
1. Appropriated in current period	-	-	-	-	120,404	-	-	120,404
2. Used in current period	-	-	-	-	(120,404)	-	-	(120,404)
III. As at 30 June 2019	13,579,542	17,000,818	46,485,656	108,818	-	3,229,881	16,359,168	96,763,883

The Company's Statement of Changes in Equity (continued)

For the six months ended 30 June 2019

RMB'000

ITEM	For the six months ended 30 June 2018 (unaudited)							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. As at 31 December 2017	13,579,542	13,400,233	46,493,552	114,213	-	2,891,462	10,910,084	87,389,086
(I) Changes in accounting policies	-	-	-	-	-	-	-	-
II. As at 1 January 2018	13,579,542	13,400,233	46,493,552	114,213	-	2,891,462	10,910,084	87,389,086
III. Increase/(decrease) during the period	-	6,992,689	-	(30,452)	-	-	827,423	7,789,660
(I) Total comprehensive income	-	-	-	(30,452)	-	-	3,788,247	3,757,795
(II) Capital contributions and withdrawals by shareholders	-	6,992,689	-	-	-	-	-	6,992,689
1. Capital contributions by other equity instrument holders	-	6,992,689	-	-	-	-	-	6,992,689
(III) Profit distribution	-	-	-	-	-	-	(2,960,824)	(2,960,824)
1. Distribution to shareholders	-	-	-	-	-	-	(2,960,824)	(2,960,824)
(IV) Special reserve	-	-	-	-	-	-	-	-
1. Appropriated in current period	-	-	-	-	28,653	-	-	28,653
2. Used in current period	-	-	-	-	(28,653)	-	-	(28,653)
IV. As at 30 June 2018	13,579,542	20,392,922	46,493,552	83,761	-	2,891,462	11,737,507	95,178,746

Notes to the Financial Statements

For the six months ended 30 June 2019

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 construction operations, survey, design and consultancy operations, trade and logistics, manufacturing operations and real estate development operations.

The Company’s parent and ultimate holding company is China Railway Construction Group Co., Ltd. (CRCG), a company registered in PRC.

These financial statements were approved and authorized for issue by the board of directors of the Company on 30 August 2019.

The scope of consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the changes of consolidation 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”). In addition, the financial statements are also disclosed in accordance with *Information Disclosure and Presentation Rules for Companies Public offering Securities No. 15 – General Provisions on Financial Reporting* (revised by China Securities Regulatory Commission in 2014).

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 impairment of receivables and contract assets, 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 long-term assets 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 2019 and the consolidated and company financial performance and cash flows for the six months ended 30 June 2019 in accordance with Accounting Standards for Business Enterprises.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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 the financial statements starts from 1 January to 30 June 2019.

3. *Functional currency*

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The overseas subsidiaries of the Company may determine their own functional currencies based on their specific economic environments. The Group adopts RMB to prepare its financial statements.

4. *Business combinations*

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.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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 cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the purchase 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. Goodwill is subsequently measured at cost deducted by accumulated provision. 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 purchase gain will be recognised.

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 2019

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 statement of financial position within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "net profit 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 shareholders' equity of the subsidiary, the excess amount are still allocated against non-controlling interests.

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 shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Consolidated financial statements (continued)

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 (1) the aggregate of the consideration received on disposal and the fair value of any retained interest and (2) 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.

In respect of joint operations, the Group as a party of joint operation recognises its interest in a joint operation: (1) its assets held individually and its share of assets held jointly; (2) its liabilities assumed individually and its share of liabilities assumed jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its expenses incurred individually and its share of expenses incurred jointly.

The Group measures its joint ventures under equity method, please refer to Note III. 11.3.2.

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.

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 recognised in profit or loss, except those related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation 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 and do not change the amounts of functional currency.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. *Foreign currency transactions and foreign currency translations (continued)*

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 items in the statement of profit or loss and other comprehensive income and items reflect amounts of profit distribution are translated at the spot exchange rates at the transaction dates. The undistributed profit at the beginning of the year/period equals the translated undistributed profit of the previous year; The undistributed profit at the end of the year/period is calculated according to the translated profit distribution items. 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 and cash equivalents are presented as a reconciled item separately in the statement of cash flows.

9. *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. On initial recognition, financial assets and financial liabilities are recognised at fair value. For financial assets and financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss; transaction costs relating to other categories of financial assets and financial liabilities are included in the value initially recognised. For trade receivables recognised that do not contain a significant financing component or a financing component included in the contracts less than one year which are not considered, which are within the scope of *Accounting Standard for Business Enterprises No. 14 – Revenue* (ASBE No. 14), transaction prices shall be adopted on initial recognition.

The effective interest method is a method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation of the interest income or interest expense in profit or loss over the relevant period.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

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 to the carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates future cash flows by considering all the contractual terms of the financial asset or financial liability (for example, prepayment, extension, call option or similar options) but shall not consider the expected credit losses.

The amortised cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognised net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the amount initially recognised and the amount at the maturity date using the effective interest method, net of cumulative credit loss allowance (only applicable to financial assets).

9.1 **Classification and measurement of financial assets**

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

9.1.1 *Financial assets measured as at amortised cost*

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial assets measured at amortised cost. The Group's financial assets measured at amortised cost including cash and bank balances, bills receivable, trade receivables, other receivables, loans and advances to customers, long-term receivables and debt investments.

The above financial assets are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognised in profit or loss.

Interest income from financial assets at amortised cost and at fair value through other comprehensive income is recognised based on the effective interest method. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial asset, except:

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.1 Classification and measurement of financial assets (continued)

9.1.1 Financial assets measured as at amortised cost (continued)

- (1) For the purchased or internally generated credit-impaired financial assets, the Group recognises interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- (2) For the purchased or internally generated financial assets without credit-impairment but subsequently becoming credit-impaired, the Group subsequently recognises their interest income based on amortised costs and effective interest rate of such financial assets. If there exists no credit impairment due to improvement in credit risk of the financial instruments subsequently, the Group recognises interest income based on applying effective interest rate to gross carrying amount of the financial assets.

9.1.2 Financial assets classified as at fair value through other comprehensive income (FVTOCI)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets classified as at FVTOCI are presented by the Group as other debt investments and receivables at FVTOCI in financial statements.

Financial assets classified as at FVTOCI's relevant loss/gain on impairment and interest income based on effective interest rate are recognised in profit or loss. Except for the above circumstances, changes in fair value of such financial assets are all recognised in other comprehensive income. Such financial assets' changes that are recognised in profit or loss in each period equal to their changes that are recognised in profit or loss in each period as they are measured at amortised cost from acquisition date. Upon derecognition of the financial assets, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in profit or loss.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.1 Classification and measurement of financial assets (continued)

9.1.3 Financial assets designated as at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate non-trading equity instruments as financial assets at fair value through other comprehensive income on an individual basis. Financial assets designated as at fair value through other comprehensive income are presented by the Group as other equity instrument investments in financial statements.

The fair value changes of such financial asset is recognised in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in equity instruments, dividend income is recognised in profit or loss for the period when the Group has right to collect dividend, the economic benefits associated with dividend will probably flow into the Group and the amount of dividend can be reliably measured.

9.1.4 Financial assets measured at fair value through profit or loss (FVTPL)

Any financial assets that does not qualify for amortised cost measurement or measurement at FVTOCI or designated at FVTOCI are classified into financial assets at FVTPL. FVTPL are presented by the Group as held-for-trading financial assets and other non-current financial assets items in the statement of financial position, based on its liquidity.

The above financial assets are subsequently measured at fair value. Gains or losses arising from fair value changes and dividends and interest income in relation to such financial assets are recognised in profit or loss for the period.

9.2 Impairment of financial assets and other items

The Group recognises loss allowance for financial assets measured as at amortised cost, financial assets classified as at FVTOCI, lease receivables, contract assets and financial guarantee contracts based on expected credit losses ("ECL").

The Group measures loss allowance for contract assets, trade receivables and lease receivables based on the amount of full lifetime ECL.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.2 **Impairment of financial assets and other items (continued)**

For other financial instruments, except for the purchased or internally generated credit-impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has not increased significantly since initial recognition, the financial instruments are at Phase I. The Group recognises loss allowance based on 12-month ECL of the financial instrument. If the credit risk of the above financial instruments has increased significantly but the impairment of credit has not incurred, the financial instruments are at Phase II. The Group measures loss allowance based on the amount of full lifetime. If the impairment of credit has incurred since initial recognition, the financial instruments are at Phase III. The Group measures loss allowance based on the amount of full lifetime. The increase or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. Except for financial assets classified as at FVTOCI, impairment of credit losses decreases the gross carrying amount of financial assets. For financial assets classified as at FVTOCI, the Group recognises credit loss allowance in other comprehensive income and does not decrease the carrying amount of such financial assets in the statement of financial position.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, at each balance sheet date, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at each balance sheet date. Relevant reversal of loss allowance is included in profit or loss for the current period as gain on impairment.

9.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group uses available, reasonable and supportable forward-looking information, to compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly: Whether the actual or expected operating results of the debtor have changed significantly; Whether supervisory, economic or technical environment for the debtor has significant detrimental changes; Whether value of collateral against debt mortgage or guarantee/credit enhancement provided by a third party has changed significantly. It is expected that the aforesaid changes are economic motives that will lower the debtor's repayment based on contractual stipulation or have an impact on probability of default; Whether the debtor's expected performance and repayment activities have changed significantly; Whether the Group's financial instrument management measures have changed, etc.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.2 Impairment of financial assets and other items (continued)

9.2.1 Significant increase in credit risk (continued)

At the balance sheet date, the Group assumes that credit risk of the financial instrument has not increased significantly since initial recognition when the Group determines that the financial instrument is only exposed to low credit risk. A financial instrument is determined to have low credit risk if i) it has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

9.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or overdue in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) Other objective evidences indicating the impairment of financial assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.2 Impairment of financial assets and other items (continued)

9.2.3 Measurement and recognition of ECL

The Group recognises credit losses for lease receivables and financial guarantee contracts on an individual basis. For trade receivables and contract assets, the Group individually assesses credit losses for those individually significant and credit-impaired and uses provision matrix to assess credit losses for the remaining. For other financial assets measured as at amortised cost and financial assets measured at fair value through other comprehensive income, the Group individually assesses credit losses for those individually significant and uses provision matrix to assess credit losses for the remaining. The Group classifies financial instruments into different groups based on similar credit risk characteristics. Similar credit risk characteristics include: type of financial instruments, credit risk rating, contractual billing period and industry of debtor etc.

ECL of relevant financial instruments is recognised based on the following methods:

- (1) For a financial asset, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- (2) For a lease receivable, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- (3) For a financial guarantee contract, credit loss is the present value of difference between the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.
- (4) For credit-impaired financial assets other than the purchased or internally generated of credit-impaired financial assets at the balance sheet date, credit loss is the difference between the gross carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognised by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.2 Impairment of financial assets and other items (continued)

9.2.4 Reduction in financial assets

The Group directly reduces the carrying amount of financial assets when ceasing to reasonably expect that the contractual cash flow of such financial assets may be fully or partially recoverable. Such reduction comprises derecognition of relevant financial assets.

9.3 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 have been transferred to the transferee; or (3) although the financial asset has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group 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, 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. Relevant liabilities are measured using the following methods:

- (1) For transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortised cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- (2) For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.3 **Transfer of financial assets (continued)**

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 the consideration received from the transfer; and (2) the accumulated changes in fair value initially recorded in other comprehensive income is recognised in profit or loss. While regarding non-trading equity instruments designated as at fair value through other comprehensive income, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer 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 at the date of transfer. The difference between (1) the consideration received from the transfer; and (2) the cumulative changes in fair value previously recognised in other comprehensive income allocated to the part derecognised plus the carrying amount allocated to the part derecognised is recognised in profit or loss. If the Group transfers a financial asset that belongs to non-trading equity instrument investments designated as at FVTOCI, the cumulative gains or losses previously recognised in other comprehensive income allocated to the part derecognised are transferred and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety. The consideration received from transfer of assets is recognised as a liability upon receipt.

9.4 **Classification and measurement of financial liabilities**

The Group's financial instruments or their components are, on initial recognition, classified into financial liabilities or equity instruments on the basis of contractual terms for issuance and the economic substance reflected by such terms and in combination with definitions of financial liability and equity instruments, instead of only on the basis of the legal form.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.4.1 *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 (including derivative instruments that are financial liabilities) and those designated as at fair value through profit or loss.

Held-for-trading financial liabilities are subsequently measured at fair value, any gains or losses arising from changes in fair value and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.4 Classification and measurement of financial liabilities (continued)

9.4.2 Other financial liabilities

The Group shall classify all financial liabilities as subsequently measured at amortised cost, except for financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, gains or losses arising from derecognition or amortisation are recognised in profit or loss for the period.

9.4.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (1) amount of loss provision; and (2) the amount initially recognised less cumulative amortisation amount during the guarantee period.

9.5 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (the debtor) and the creditor to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Changes of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognises the distribution to holders of the equity instruments as distribution of profits, dividends paid do not affect total amount of shareholders' equity.

9.7 Derivatives and embedded derivatives

Derivative financial instruments related to the Group include option contracts. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The changes in fair value is recognised in profit or loss.

For hybrid contract constituted by embedded derivatives and host contract, if the host contract is a financial asset, the embedded derivative is not separated from the hybrid contract, and the hybrid contract shall be taken as a whole to apply to the accounting standards for the classification of financial assets.

If the host contract included in the hybrid contract is not a financial asset and meets all of the following criteria, the embedded derivative shall be separated from the hybrid contract by the Group and treated as a standalone derivative.

- (1) The economic characteristics and risks of the embedded derivative are not highly related to the economic characteristics and risks of the host contract;
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (3) The hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss.

If the embedded derivative is separated from the hybrid contract, the host contract shall be accounted for in accordance with the appropriate standards. If the Group is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions, the fair value of the embedded derivative is the difference between the fair value of the hybrid contract and the fair value of the host. If the Group is still unable to measure the fair value of the embedded derivative separately either at acquisition or at a subsequent reporting dates after the above methods are applied, it designates the entire hybrid contract as a financial instrument at fair value through profit or loss.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.8 **Convertible bonds**

Convertible bonds issued by the Group that contain liability and conversion option are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is accounted for as equity rather than conversion option derivatives.

Convertible bonds are initially recognised at fair value at the issue date. If the convertible bonds includes equity instruments, the fair value of liability component of the convertible bonds is determined based on the market value of similar bonds which have no conversion option. The balance of issue price and the fair value of liability is the value of conversion option and is recognised in shareholders' equity. The liability and conversion embedded derivatives of the convertible bonds which include conversion embedded derivatives are initially recognised at fair value at the issue date.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative financial instruments are measured at fair value with changes in fair value recognised in profit or loss. The conversion option classified as equity remains in equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs incurred for the issue of the convertible bonds are allocated to the liability, equity and derivative financial instruments components in proportion to their respective fair values. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the derivative financial instruments are charged to profit or loss.

9.9 **Offsetting financial assets and financial liabilities**

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the statement of financial position. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. *Inventories*

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

Inventories are initially measured 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 first-in first-out method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortised 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 net realisable value, provision for inventories is recognised in the statement of profit or loss and other comprehensive income. 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.

11. *Long-term equity investments*

11.1 **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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

11.2 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 one 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 other investments in equity instruments, the difference between the fair value and carrying amount, together with the cumulative changes in fair value recognised in other comprehensive income are included in retained earnings 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 recognised in profit or loss when they are incurred.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

11.3 Subsequent measurement and recognition of profit or loss

11.3.1 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 recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

11.3.2 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 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

11.3 Subsequent measurement and recognition of profit or loss (continued)

11.3.2 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 recognised. 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, unrealised 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 recognised 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 recognised.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

11.4 Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the carrying amount and the consideration shall be recorded through profit or loss in the current period. 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 shareholders' equity recognised from changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution is recognised 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 recognised in profit or loss for the period and carried forward proportionately; changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution are carried forward and recognised in profit or loss for the current period.

The Group loses control on investee due to disposal of part of shares, when preparing separate financial statement, remaining shares after disposal which can make joint control or significant influence on investee, are accounted under equity method, and are adjusted 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 recognised in profit or loss for the current period.

12. Investment properties

Investment property is property held to earn rentals or for capital appreciation or for both purpose. 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 properties, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. *Investment properties (continued)*

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.

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 assets, 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.

13. *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. 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* (ASBE No. 17).

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 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. 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 rates	Useful lives	Annual depreciation rates
Buildings	5%	20–35 years	2.71%–4.75%
Machinery	5%	10–25 years	3.80%–9.50%
Vehicles	5%	5–10 years	9.50%–19.00%
Production equipment	5%	5–10 years	9.50%–19.00%
Measuring and testing equipment	5%	5 years	19.00%
Others	5%	3–5 years	19.00%–31.67%

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

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each year, makes adjustments and accounts for any change as a change in an accounting estimate when necessary.

14. 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 borrowings 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.

15. 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. *Borrowing costs (continued)*

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

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

- (1) expenditures for the asset have incurred; and
- (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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. *Intangible assets*

The Group's intangible assets include land use rights, concession rights, 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 initially at fair value at the date of acquisition.

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

Intangible assets with finite useful lives are amortised over the useful lives on the traffic volume basis, straight-line basis or 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.

16.1 Land use rights

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

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.

16.2 Concession rights

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 calculated according to their arrangement nature.

The Group recognises revenue and a contract asset or 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. *Intangible assets (continued)*

16.2 Concession rights (continued)

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 statement of financial position. 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 realised at the commencement of operations.

16.3 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.

16.4 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: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) 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; (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (5) 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.

17. *Long-term prepayments*

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Provisions

Except for contingent liabilities assumed in business combinations involving entities not under common control, 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; and
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with a comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at 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.

19. Revenue

The revenue of the Group is mainly generated from business types as follows:

- The construction operations, which mainly comprises the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- The survey, design and consultancy operations, which mainly comprises the provision of survey, design and consultancy services for civil engineering and infrastructure construction, such as railways, highways and urban rail transport, etc.;
- The manufacturing operations, which mainly comprises the research and development, production and sale of mechanical equipment, such as the large railway track maintenance machinery, tunnel boring machinery as well as the manufactures of track system, etc.;
- The real estate development operations, which mainly comprises the development, construction and sale of residential properties and commercial properties;
- The other business operations, which mainly comprises trade and logistics, finance and insurance and highway operation.

When (or as) a performance obligation in a contract is satisfied, i.e., when (or as) the customer obtains control of relevant goods or services, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation.

A performance obligation is the Group's promise to transfer to a customer a good or service (or a bundle of goods or services) that is distinct, in a contract with the customer.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the Group satisfies the performance obligation over time or the Group satisfies the performance obligation at a point in time. Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met: (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the Group performs; or (3) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. When the Group is not able to reasonably measure its performance progress, the Group recognises revenue only to the extent of the recoverable amount of costs incurred until such time that it can reasonably measure the performance progress.

For survey, design and consultancy operations, manufacturing operations, real estate development operations and other business operations, revenue is recognised over the contract period based on the performance progress, or recognised at a point in time when the customer obtains control of relevant goods or services.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts that the Group expects to refund to the customer.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At each balance sheet date, the Group updates the estimated transaction price.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

Existence of significant financing component

For contracts that contain significant financing components, the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when the control of goods or services is transferred to the customer. The difference between the transaction price and the contract consideration shall be amortised within the contract period using effective interest rate. For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Consideration payable to a customer

If the contract includes consideration payable to a customer, the Group shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service, and shall recognise the reduction of revenue when (or as) the later of either of the following events occurs: (1) the Group recognises revenue for the transfer of the related goods or services to the customer; and (2) the Group pays or promises to pay the consideration.

If the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to each performance obligation on a basis of relative stand-alone selling price, at which an entity would sell a promised good or service separately to a customer. When an entity has observable evidence that the contract discount or the the variable consideration relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate the contract discount or the the variable consideration to one or more, but not all, performance obligations in the contract.

The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

Sales with warranties

For sales with warranties, if the warranties are separate services to the customer other than serving as an assurance that the products sold comply with agreed-upon specifications, the warranties constitute single performance obligations. Otherwise, the Group accounts for warranties in accordance with the *Accounting Standards for Business Enterprises No. 13 – Contingencies* (ASBE No. 13).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

Principal versus agent

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined by some established amounts or proportions.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises such costs as an asset if it expects to recover these costs. The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year. Other costs of obtaining a contract are recognised in profit or loss when they occur, unless they are going to be reimbursed by customers. The asset is presented as other current assets or other non-current assets according to whether the amortisation period exceeds one normal operating period.

Costs to fulfill a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than ASBE No. 14, the Group recognises an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset is presented as inventories or other non-current assets according to whether the amortisation period exceeds one normal operating period.

The asset mentioned above shall be amortised on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognised as expenses in relevant periods.

The Group shall recognise an impairment loss to the extent that the carrying amount of the asset mentioned above exceeds:

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

Costs to fulfill a contract (continued)

- (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- (2) the estimated costs that relate to providing those goods or services and that have not been recognised as expenses.

The Group shall, after the impairment has been provided, recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognised previously.

Contract assets

Contract assets refer to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Accounting policies relating to contract assets are specified in Note III. 9.2. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due from the customer.

20. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attached and the Group would 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 of the asset. 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.

20.1 Judgment basis and accounting treatments for government grants related to assets

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

Government grants related to assets are charged against carrying amount in related assets when related assets become ready for their intended use.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Government grants (continued)

20.2 Judgment 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 expenses 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 the Group'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, if government grants were charged against carrying amount of the related assets at initial recognition, the repayment adjusts the carrying amount of assets. If there is related deferred income, the repayment is offset against the gross carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

20.3 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 shanty towns 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 transferred to deferred income and 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.

21. 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 other comprehensive income or shareholders' equity if it arises from a transaction or event which is recognised directly in other comprehensive income or 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. *Income tax (continued)*

Based on the temporary differences between the carrying amount of an asset or liability on the balance sheet date 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, carry forward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, it affects neither 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration.

For contracts entered into, the Group assesses whether the contract is, or contains, a lease at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

22.1 As a lessee

Separating components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises a right-of-use asset at the commencement date of the lease. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use. The right-of-use asset is measured at cost. The cost of the right-of-use asset shall include:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the Group; and
- (4) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

After the commencement date, if remeasurement of the lease liability occurs, the Group adjusts the carrying amount of the related right-of-use asset.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease terms are depreciated from commencement date to the end of their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Leases (continued)

22.1 As a lessee (continued)

Right-of-use assets (continued)

The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets* (ASBE No. 8).

Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of a lease, the Group recognises the lease liability at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determined.

The lease payments are payments to the lessor for the right to use the underlying asset during the lease term made by the Group:

- (1) fixed payments, including in-substance fixed payments, less any lease incentives receivable, if applicable;
- (2) the exercise price of a purchase option reasonably certain to be exercised by the Group;
- (3) payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, the Group recognises interest expenses in each accounting periods during the lease, based on a constant periodic rate of interest on the remaining balance of the lease liabilities.

After the commencement date, the Group shall remeasure the lease liability and make corresponding adjustments to the related right-of-use asset whenever:

- (1) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- (2) the lease payments change due to changes in expected payment under a guaranteed residual value or changes in market rates and indexes, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Leases (continued)

22.1 As a lessee (continued)

Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and vehicles and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets as the cost of the related assets or profit or loss on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (2) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group reallocates the consideration in the contract, and remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

22.2 As a lessor

Separating components of a contract

For a contract that contains lease components and non-lease components, the Group applies ABSE No. 14 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Classification of leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Other leases which are not finance leases are operating leases.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Leases (continued)

22.2 As a lessor (continued)

Recognition and measurement as a lessor of an operating lease

The Group recognises lease receivables from operating leases as income on a straight-line basis over the lease term. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the lease income.

For the contingent receivables not included in the operating lease receivables, the Group recognises into profit or loss when received.

22.3 Sale and leaseback transactions

As a seller-lessee

The Group applies the requirements of ASBE No. 14 to assess whether the sale and leaseback transaction constitutes a sale by the Group as a seller-lessee. For the sales and leaseback transaction that does not constitute a sale, the Group continues to recognise the transferred asset, and recognises a financial liability which equals to the transfer proceeds and accounts for the financial liability applying ASBE No. 22. If the sales and leaseback transaction constitutes a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained, and recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

23. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred income taxes, financial assets, contract assets and assets related to the costs incurred in fulfilling a contract, 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 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. *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 impairment testing for goodwill, 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 recognised 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 subsequent periods.

24. *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.

24.1 *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.

24.2 *Post-employment benefits (defined contribution plans)*

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. *Employee benefits (continued)*

24.3 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 statement of financial position 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: (1) when the Group modifies the defined benefit plans; and (2) when the Group recognises relevant restructuring costs or 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 general and administrative expenses in the statement of profit or loss and other comprehensive income. 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.

24.4 Termination benefits

The Group recognises a liability and expenses for termination benefits at the earlier of the following dates: (1) when the Group can no longer unilaterally withdraw the offer of those benefits for proposals or suggestions for termination of employment; and (2) when the Group recognises costs for restructuring and involves the payment of termination costs.

24.5 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.

24.6 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Debt restructuring

25.1 Recording of debt restructuring obligation as the debtor

When a debt is settled by an asset in a debt restructuring, the Group derecognises the relevant asset and the debt settled when the derecognition criteria for the asset and the debt are satisfied. The difference between the carrying amount of the debt settled and the carrying amount of the asset transferred is recognised in profit or loss for the current period.

When a debt is converted into an equity instrument in a debt restructuring, the Group derecognises the debt settled when the derecognition criteria for the debt are satisfied. On initial recognition, the equity instrument are recognised at fair value. When the fair value of the equity instrument cannot be measured reliably, the equity instruments are recognised at the fair value of the debt. The difference between the carrying amount of the debt and the carrying amount of the equity instrument is recognised in profit or loss for the current period.

When a debt restructuring involves the modification of other terms of a debt, the Group recognises and measures the debt restructured in accordance with ASBE No. 22 and *Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments* (ASBE No. 37).

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Group recognises and measures the equity instrument and the debt restructured in accordance with the policies regarding debts settled by assets and debts converted into equity instruments, as mentioned above. The difference between the carrying amount of the debt and the sum of the carrying amount of the assets transferred, the carrying amount of the equity instrument recognised and the carrying amount of the debt restructured, is recognised in profit or loss for the current period.

25.2 Recording of debt restructuring obligation as the creditor

When a debt is settled by assets in a debt restructuring, on initial recognition of the assets other than financial assets, the assets are recognised at cost.

- (1) The cost of inventories includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, insurance and other costs, for bringing the assets to the current position and condition;
- (2) The cost of fixed assets includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, installation costs, professional service costs and other costs, for bringing the assets to working condition for intended use.

The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. *Debt restructuring (continued)*

25.2 Recording of debt restructuring obligation as the creditor (continued)

When the debt restructuring causes the Group to convert the debt receivable to an equity investment of joint ventures or associates, the creditor shall measure the equity investment based on the sum of the fair value of debt receivable, and any directly attributable taxes and other costs of the investment. The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

When a debt restructuring involves the modification of other terms of a debt, the Group recognises and measures the restructured debt receivable in accordance with ASBE No. 22.

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Group first recognises and measures the financial assets received and restructured debt receivable in accordance with ASBE No. 22, and then allocates the net value, which is the fair value of the debt receivable deducted by the recognised total carrying amount of financial assets received and restructured debt receivable, to the costs of non-financial assets received based on their relative fair value. The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

26. *Nonmonetary Transactions*

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 nonmonetary transactions are measured at fair value. For the asset received, the fair value of the asset given up and related taxes payable are recognised as the cost at initial recognition; For the asset given up, at derecognition, the difference between the fair value and the carrying amount is recognised in profit or loss for the current period. When there is clear evidence indicating that the fair value of the received asset is more reliable, for the asset received, the fair value of the asset received and related taxes payable are recognised as the cost at initial recognition; For the asset given up, at derecognition, the difference between the fair value of the asset received and the carrying amount of the asset given up is recognised in profit or loss for the current period.

When the nonmonetary transactions fail to meet criteria to be measured at fair value, the transactions are measured at carrying amounts. For the asset received, the carrying amount of the asset given up and relevant taxes payable are recognised as the cost of at initial recognition. For the asset given up, at derecognition, no profit or loss is recognised.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. *Nonmonetary Transactions (continued)*

When several assets are received at the same time in a nonmonetary transaction, if the transaction is measured at fair value, the cost of each asset other than financial assets received is determined by apportioning the net amount, which is the total fair value of all assets given up deducted by the fair value of the financial assets received, based on the proportion of the fair value of each asset received, and plus related taxes payable, at initial recognition; When there is clear evidence indicating that the fair value of the received assets is more reliable, the fair value of each asset received and related taxes payable are recognised as cost of each asset received at initial recognition; If the transaction is measured at carrying amounts, the cost of each asset received is determined by apportioning the total carrying amounts of all assets given up based on the proportion of the fair value of each asset received to the total fair value of all assets received.

When several assets are given up at the same time in a nonmonetary transaction, if the transaction is measured at fair value, at each asset's derecognition, the difference between each asset's fair value and carrying amount is recognised in profit or loss for the current period; When there is clear evidence indicating that the fair value of the received assets is more reliable, the profit or loss, recognised for the current period, of derecognition of each asset given up is the net amount, which is the apportioning of the total fair value of the assets received, based on the proportion of the fair value of each asset given up to the total fair value of all assets given up, deducted by the carry amount of each asset given up; if the transaction is measured by carrying amounts, no profit or loss of derecognition of assets given up, is recognised.

27. *Profit distribution*

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

28. *Renewable corporate bonds and other financial instruments*

The perpetual securities and other financial instruments issued by the Group shall be classified as equity instruments if no contractual obligations of one party (the issuer) to deliver cash or another financial asset to another party (the holder), or to exchange financial assets or liabilities under conditions that are potentially unfavorable exist.

For perpetual securities and other financial instruments classified as equity instruments, distribution of interests and dividends are recognised into distribution of equity. Its repurchase and cancellation are recognised as changes of equity and transaction costs related to equity transactions are deducted from equity.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. *Production safety expenses*

The Group accrues for production safety expenses pursuant to the *Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and 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 other comprehensive income 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.

30. *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 1, that are observable for the asset or liability, either directly or indirectly; and

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

31. *Asset securitisation*

The Group has securitised a portion of receivables (“trust property”) where assets are entrusted to a special purpose entity (“SPE”). The SPE issues senior and subordinate assets-backed securities to investors, while the Group holds some portion of subordinate assets-backed securities which are not transferrable until the principal and interests of the senior assets-backed securities have been repaid. The Group acts as an asset service provider to provide services such as asset management and collection, contract revision and other services. The trust property, after paying trust taxation and relevant fees, will be firstly used to repay the principal and interests of the senior assets-backed securities; the remaining trust property after paying the principal and interests in full is treated as income from subordinate assets-backed securities. The Group shares relevant income based on its proportion of subordinate assets-backed securities.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. *Asset securitisation (continued)*

When applying the accounting policy of securitisation of financial assets, the Groups has already taken into account the extent of transfer of the risks and rewards of those assets transferred to the other entity, as well as the extent of control over such entity by the Group:

- (1) When the Group has transferred substantially all the risks and rewards of ownership of a financial asset, it shall derecognise the relevant financial asset;
- (2) When the Group has retained substantially all the risks and rewards of ownership of a financial asset, it shall continue to recognise the relevant financial asset;
- (3) When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset transferred. If the Group has not retained control, it shall derecognise the financial asset and recognise the rights retained or obligations arising from the transfer as an asset or a liability respectively. If the Group has retained control, it shall recognise the financial asset to the extent of its continuing involvement in the transferred financial asset.

32. *Significant accounting judgments and estimates*

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at each 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 in the future.

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

Revenue from construction operations

For most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method. The Group's management makes reasonable estimates on the expected total contract revenue and total contract costs based on the budgets prepared for construction operations to determine the performance progress and identify onerous contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Due to the nature of activities associated with construction, the Group has to continuously review and revise budget prepared for each construction operation throughout the contract period. Revision may have effect on revenue, profit and other items related to construction operations during the period when the revision incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. *Significant accounting judgments and estimates (continued)*

Impairment of trade receivables and contract assets

For trade receivables and contract assets scoped in ASBE No. 14, the Group measures loss allowances for trade receivables and contract assets based on lifetime ECL. For trade receivables and contract assets which are individually significant and credit-impaired, the Group's management assesses credit losses individually by estimating the contractual cash flow expected to receive, based on the evidence of credit-impairment and forward-looking information. Except for trade receivables and contract assets which are individually significant and credit-impaired, the Group's management uses provision matrix to assess ECL, which is based on collective credit risk characteristics. The provision rates are based on the Group's historical loss rates, taking into consideration forward-looking information. The impairment of trade receivables and contract assets involves management's accounting estimations and judgements. If the result of reassessment is different from the current estimation, such differences may have influence on the profit and carrying amount of trade receivables and contract assets during the period when the reassessment incurred.

Impairment of other financial assets

For financial assets which are not scoped in ASBE No. 14, the Group assesses changes in credit risk of relevant financial instruments since initial recognition at each balance sheet date and calculates the ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime. The calculation of ECL involves management's judgment on whether significant increase in credit risk and management's estimation on future contractual cash flows. If the result of reassessment is different from the current estimation, such differences may have influence on the profit and carrying amount of financial assets during the period which the reassessment incurred.

Impairment of properties under development and completed properties held for sale

The Group has to evaluate the net realisable values for properties under development and completed properties held for sale at each balance sheet date. When the net realisable values are lower than the carrying amounts, a provision is made by the Group.

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 estimates the net realisable value for completed properties held for sale based on the selling price, sales projections, sales expenses to be incurred and relevant tax expenses, with reference to the current market prices and actual sale progress.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Contingent liabilities arising from litigation and claims

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

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 less than previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period, based on changes in circumstances.

Amortisation 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 amortised at the early stage of operation period based on expected realisation approach of associated economic benefits using traffic volume method or straight-line method. In the case of traffic volume method amortisation (namely, calculating the total annual amortisation amount based on the percentage of actual traffic volume in certain years in the estimated total traffic volumes), amortisation calculation is initiated since the operation of the relevant turnpike highways.

The Group's management made judgments on the proportion of actual traffic volume in the total estimated traffic volume. Where the difference between the actual amount and the estimation is substantial, the management will reestimate the total estimated traffic volume based on the actual traffic volume and adjust the amortisation 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Income tax and deferred tax assets (continued)

Deferred tax assets relating to certain deductible temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. In cases where the actual future profits generated are different from the estimation, such difference will influence on or change the deferred tax assets and income tax recognised in the relevant period.

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.

Provisions for 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, including the estimated rates of return on assets, pension benefit inflation rates, medical benefit inflation rates, and other factors. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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.

33. Changes in significant accounting policies

The Group has implemented the *Accounting Standards for Business Enterprises No. 21 – Leases* amended by the Ministry of Finance (“MoF”) in 2018 (hereinafter by referred to as the “New Leases Standard”, the *Accounting Standards for Business Enterprises No. 12 – Debt Restructurings*, the *Accounting Standards for Business Enterprises No. 7 – Nonmonetary Transactions* since 1 January 2019 (the first implementation). Updated group accounting policies are presented in Note III. 22, 25 and 26.

In addition, the financial statements have been prepared based on *Notice of the Revised Format of Consolidated Financial Statements for General Business Enterprise for the year of 2019* (Cai Kuai [2019] No. 6), issued by MoF on 30 April 2019 and the comparative financial information are presented according to Cai Kuai [2019] No. 6.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Changes in significant accounting policies (continued)

33.1 Impacts of the New Leases Standard

The New Leases Standard improves the definition of leases; adds contents including identifying a lease, separating components of a lease and combination of leases; no longer adopts the original classification of operating leases and finance leases for lessees, requiring that in cases of all leases (except short-term leases and leases of low-value assets), a right-of-use asset and a lease liability shall be recognised at the commencement date of the lease; improves subsequent measurement of leases for lessors, adding accounting treatments for changes in the lease term or the assessment of an option to purchase the underlying asset; Sets out relevant principles for disclosure.

For the lease contracts that already existed before the implementation of the standard, the Group chose not to reassess whether the contract was, or contained, a lease on the date of initial implementation.

For the lease contracts that commence or are amended after the implementation of the standard, the Group assesses whether the contract is, or contains, a lease in accordance with the definition of a lease in the New Leases Standard. The New Leases Standard determines whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset or multiple identified assets for a period of time in exchange for consideration.

As a lessee

In accordance with the New Leases Standard, during the first implementation of the standard, the accumulative amounts impacted shall be adjusted in the opening balance of relevant items in the financial statements, with no impacts on comparative information.

Except for the leases of low-value assets, for all the leases classified as operating leases before the first implementation of the New Leases Standard, the Group chooses one or more of the following practical expedients:

- (1) leases for which the lease term ends within 12 months of the date of initial implementation are accounted for in the same way as short-term leases.
- (2) the measurement of right-of-use assets excludes any initial direct costs incurred.
- (3) If the contract contains options to extend or terminate the lease, the Group determines the lease term based on the actual usage of the options before the date of initial implementation and hindsight.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Changes in significant accounting policies (continued)

33.1 Impacts of the New Leases Standard (continued)

As a lessee (continued)

Except for the leases of low-value assets, for all the leases classified as operating leases before the first implementation of the New Leases Standard, the Group chooses one or more of the following practical expedients: (continued)

- (4) On the date of initial implementation, the Group made the following adjustments in accordance with the New Leases Standard: for leases that were classified as finance leases previously, the carrying amount of the right-of-use asset and the lease liability at the date of initial implementation shall be the carrying amount of the lease asset and lease liability immediately before that date.
- (5) For a lease previously classified as an operating lease, the Group recognised a lease liability at the date of initial implementation, by measuring that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate (4.5%–4.9%) at the date of initial implementation, and a right-of-use asset at the date of initial implementation, by measuring that right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

As a lessor

The Group is not required to make any adjustments on transition for leases in which it is a lessor and shall account for those leases applying the New Leases Standard from the date of initial implementation.

Sale and leaseback transactions

For sale and leaseback transactions existed before the first implementation, the Group did not apply the requirements in ASBE No. 14 to determine whether the transfer of an asset in a sale and leaseback transaction is a sale on the date of first implementation. For transactions that occur after the first implementation, the Group, as the seller-lessee, applies the requirements ASBE No. 14 to determine whether the transfer of an asset in a sale and leaseback transaction is a sale.

The information regarding the lease liabilities recognised by the Group on 1 January 2019 and the significant operating leases disclosed in the financial statements for the year ended 31 December 2018 is listed as follows:

	<i>RMB'000</i>
Item	1 January 2019
I. Significant operating leases as at 31 December 2018	6,676,434
Lease liabilities, discounted using the incremental borrowing rate at the date of initial implementation	5,753,482
Add: Finance lease payables as at 31 December 2018	907,517
II. Lease liabilities as at 1 January 2019	6,660,999
Presented as:	
Current liabilities	1,976,247
Non-current liabilities	4,684,752

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Changes in significant accounting policies (continued)

33.1 Impacts of the New Leases Standard (continued)

Impacts of the New Leases Standard on opening balances of items in the consolidated statement of financial position are as follows:

RMB'000

Item	31 December 2018	Impacts of the New Leases Standard	1 January 2019
Current assets:			
Total current assets	650,277,350	–	650,277,350
Non-current assets:			
Fixed assets (Note 2)	50,300,597	(1,390,831)	48,909,766
Right-of-use assets (Note 1, Note 2)	/	7,144,313	7,144,313
Others	217,092,635	–	217,092,635
Total non-current assets	267,393,232	5,753,482	273,146,714
TOTAL ASSETS	917,670,582	5,753,482	923,424,064
Current liabilities:			
Current portion of non-current liabilities (Note 1)	23,218,971	1,632,494	24,851,465
Others	568,487,551	–	568,487,551
Total current liabilities	591,706,522	1,632,494	593,339,016
Non-current liabilities			
Lease liabilities (Note 1)	/	4,684,752	4,684,752
Long-term payables (Note 2)	7,197,581	(563,764)	6,633,817
Others	111,431,624	–	111,431,624
Non-current liabilities	118,629,205	4,120,988	122,750,193
Total liabilities	710,335,727	5,753,482	716,089,209
Shareholders' equity:			
Total equity attributable to owners of the Company	169,889,912	–	169,889,912
Non-controlling interests	37,444,943	–	37,444,943
Total shareholders' equity	207,334,855	–	207,334,855
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	917,670,582	5,753,482	923,424,064

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Changes in significant accounting policies (continued)

33.1 Impacts of the New Leases Standard (continued)

Impacts of the New Lease Standard on opening balances of items in the consolidated statement of financial position are as follows: (continued)

Note 1: For the leases classified as operating leases before the initial implementation, the Group recognised the lease liabilities at the date of initial implementation, by measuring that lease liability at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate at the date of initial implementation. As at 1 January 2019, the Group recognised right-of-use assets amounting to RMB5,753,482,000 and lease liabilities amounting to RMB5,753,482,000. Among the lease liabilities, the current portion of lease liabilities amounting to RMB1,632,494,000 were presented in the current portion of non-current liabilities.

Note 2: For the leases classified as finance leases before the initial implementation and had not terminated as at 1 January 2019, the carrying amount of such lease assets amounted to RMB1,390,831,000. The Group recognised such lease assets as right-of-use assets at their carrying amount. Also, finance lease payables over one year amounting to RMB563,764,000 were reclassified to lease liabilities from long-term payables.

33.2 Debt restructuring and nonmonetary transactions

The *Accounting Standards for Business Enterprises No. 12 – Debt Restructurings* and the *Accounting Standards for Business Enterprises No. 7 – Nonmonetary Transactions*, amended by MoF, have no significant impact on the Group.

33.3 Format of consolidated financial statements

Cai Kuai [2019] No. 6 has modified the items in the statements of financial position, the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity. The *Bills receivable and trade receivables* is separated as the *Bills receivable* and the *Trade receivables*. The *Bills payable and trade payables* is separated as the *Bills payable* and the *Trade payables*. A new line item *Receivables at FVTOCI* is included. The disclosure of several line items has been clarified or modified, which includes *Other receivables*, *Current portion of non-current assets*, *Other payables*, *Deferred income*, *Other equity instruments*, *Research and development expenses*, *Interest income* under *Finance costs*, *Other income*, *No-operating income*, *Non-operating expenses* and *Capital contributions by other equity instrument holders*. Impairment of losses for commitments for loans and financial guarantees are required. A new sub-item *Income from derecognition of financial assets measured at amortised cost* is included in the *Investment income/(loss)*. The positions of several line items in the the statements of profit or loss and other comprehensive income have been adjusted. The line item where the government grants should be included in the the statements of cash flows has been clarified. Regarding the modified items, the comparative financial information is presented after reclassification.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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%, 9% (10% before 1 May 2019), 13% (16% before 1 May 2019)
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 and circulation tax payment	1%, 5%, 7%
Educational surcharge	Based on the actual VAT and circulation tax payment	3%
Local educational surcharge	Based on the actual VAT and circulation tax 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%

2. Tax preferential

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

Pursuant to Chapter IV, Item 1 of Article 30 of the *Law of the PRC on Enterprise Income Tax Law* (the "New EIT Law"), the *Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction of Research and Development Expenses* (Cai Shui [2015] No. 119) and *Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction Proportion of Research and Development Expenses* (Cai Shui [2018] No. 99), 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.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

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.”

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), China Railway 12th Bureau Group Railway Maintenance Engineering Co., Ltd. (中鐵十二局集團鐵路養護工程有限公司), China Railway 12th Bureau Group (Tibet) Engineering Co., Ltd. (中鐵十二局集團(西藏)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 14th Bureau Group Tibet Engineering Co., Ltd. (中鐵十四局集團西藏工程有限公司), 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 15th Bureau Group Tibet Engineering Co., Ltd. (中鐵十五局集團西藏工程有限公司), China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 17th Bureau Group Tibet Engineering Co., Ltd. (中鐵十七局集團西藏工程有限公司), 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 18th Bureau Group Tibet Engineering Co., Ltd. (中鐵十八局集團西藏工程有限公司), 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. (中鐵二十局集團市政工程有限公司), China Railway Guizhou Engineering Co., Ltd. (中鐵貴州工程有限公司), 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),

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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
有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程
有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd
Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd
Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd
Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), China Railway 23rd
Bureau Group Rail Transit Chengdu Engineering Co., Ltd. (中鐵二十三局集團軌道交通成都工程有限公
司), China Railway Construction 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司), China Railway Chongqing Urban Rail Transit Engineering Co.,
Ltd. (中鐵建重慶軌道環綫建設有限公司), China Railway First Survey and Design Institute Group Ltd.
(中鐵第一勘察設計院集團有限公司), Shaanxi Xingan Runtong Electrification Co., Ltd. (陝西興安潤通電
氣化有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公
司), Lanzhou Railway Survey and Design Institute Co., Ltd. (蘭州鐵道設計院有限公司), China Railway
Siyuan Group Nanning Survey and Design Co., Ltd. (中鐵四院集團南寧勘察設計院有限公司), China
Railway Siyuan Group Southwest Survey and Design Co., Ltd. (中鐵四院集團西南勘察設計有限公
司), China Railway Material Group Southwest Co., Ltd. (中鐵物資集團西南有限公司), CRCC High-tech
Equipment Corporation Limited (中國鐵建高新裝備股份有限公司), China Railway Construction Heavy
Industry Xinjiang Co., Ltd. (鐵建重工新疆有限公司), 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司), China Railway Longchang
Materials Co., Ltd. (中鐵隆昌鐵路器材有限公司), Chongqing China Petroleum & Railway Construction
Industrial Co., Ltd. (重慶中油鐵建實業有限公司), Chongqing Tiefa Suiyu Highway Co., Ltd. (重慶鐵發遂
渝高速公路有限公司), China Railway Construction Kunlun Metro Investment Construction Management
Co., Ltd. (中鐵建昆侖地鐵投資建設管理有限公司), China Railway 18th Bureau Group Construction and
Installation Engineering Co., Ltd. (中鐵十八局集團建築安裝工程有限公司), China Railway 19th Bureau
Group Tibet Engineering Co., Ltd. (中鐵十九局集團西藏工程有限公司), China Railway 25th Bureau
Group (Ganzhou) Engineering Co., Ltd. (中鐵二十五局集團(贛州)工程有限公司), CRCC Chongqing
Investment Group Co., Ltd. (中鐵建重慶投資集團有限公司), CRCC Kunlun Investment Co., Ltd. (中國
鐵建昆侖投資集團有限公司), China Railway Construction Guizhou Construction Co., Ltd. (中鐵建貴
州建設有限公司), China Railway Construction Yunnan Transportation Construction Management Co.,
Ltd. (中鐵建雲南交通建設管理有限公司), China Railway Construction Yunnan Investment Co., Ltd. (中
鐵建雲南投資有限公司), CRCC Kunlun Tianfu Greenway Chengdu Co., Ltd. (中鐵建昆侖天府綠道成
都有限公司), CRCC Beibuwan Construction and Investment Co., Ltd. (中鐵建北部灣建設投資有限公司)
and CRCC Xibei Investment and Construction Co., Ltd. (中鐵建西北投資建設有限公司), as approved
by the State Taxation Administration in the location where these companies located, were entitled to
tax preferential for the Western Region Development in 2018 and to enjoy the preferential enterprise
income tax rate at 15%; if the above-mentioned companies meet requirements of "enterprises located
in the Western Region, whose principal businesses are encouraged industries, and the income of
which accounts for more than 70% of the total income of such enterprises" in 2019, they continue to
enjoy the preferential enterprise income tax rate at 15%.

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 subsidiary China Railway 11th Bureau Group 6th Engineering Co., Ltd. (中鐵十一局集團第六工程有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei Provincial Tax Service, State Taxation Administration, and Hubei Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiaries including China Railway 11th Bureau Hanjiang Heavy Industry Co., Ltd. (中鐵十一局集團漢江重工有限公司), China Railway 11th Bureau Electrical Engineering Co., Ltd. (中鐵十一局集團電務工程有限公司) and China Railway 11th Bureau Construction and Installation Engineering Co., Ltd. (中鐵十一局集團建築安裝工程有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 12th Bureau Group Co., Ltd. (中鐵十二局集團有限公司): (1) its subsidiary Building and Installing Engineering Co., Ltd. of China Railway 12th Bureau Group (中鐵十二局集團建築安裝工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, Shanxi Provincial Tax Service, State Taxation Administration, and Shanxi Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiaries including 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 recognised as High-tech Enterprises by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary Electrification 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 recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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) its subsidiary China Railway Construction Bridge Engineering Bureau Group 1st Engineering Co., Ltd. (中國鐵建大橋工程局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, and Dalian Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway Construction Bridge Engineering Bureau Group 2nd Engineering Co., Ltd. (中鐵建大橋工程局集團有限公司第二工程有限公司) has been recognised as a High-tech Enterprise by Science and Technology Innovation Committee of Shenzhen Municipality, Shenzhen Finance Bureau, Shenzhen Tax Service, State Taxation Administration, and Shenzhen Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate of 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary China Railway Construction Bridge Engineering Bureau Group 6th Engineering Co., Ltd. (中鐵建大橋工程局集團第六工程有限公司) has been recognised as a High-tech Enterprise by The Jilin Science and Technology Department, Jilin Province Department of Finance, Jilin Provincial Tax Service, State Taxation Administration, and Jilin Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (4) its subsidiary China Railway Construction Bridge Engineering Bureau Group Electrification Engineering Co., Ltd. (中鐵建大橋工程局集團電氣化工程有限公司) has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration, and Hunan Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (5) its subsidiary China Railway Modern Survey and Design Institute Group Co., Ltd. (中鐵現代勘察設計院有限公司) has been recognised as a High-tech Enterprise by The Jilin Science and Technology Department, Jilin Province Department of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

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. (北京中鐵房山橋梁有限公司) has been recognised as a High-tech Enterprise by the Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries including Electrification Engineering Co., Ltd. of China Railway 14th Bureau Group (中鐵十四局集團電氣化工程有限公司), and Shandong Tiezheng Testing Technology Co., Ltd. (山東鐵正工程試驗檢測中心有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

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

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司): (1) its subsidiary China Railway 15th Bureau Group 4th Engineering Co., Ltd. (中鐵十五局集團第四工程有限公司) has been recognised as a High-tech Enterprise by the Henan Science and Technology Department, Henan Provincial Department of Finance, and Henan Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 15th Bureau Group 5th Engineering Co., Ltd. (中鐵十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

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. 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 Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 16th Bureau Group 3rd Engineering Co., Ltd. (中鐵十六局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration, and Zhejiang Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiaries including China Railway 16th Bureau Group Urban Construction Development Co., Ltd. (中鐵十六局集團城市建設發展有限公司) and China Railway 16th Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵十六局集團路橋工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (4) 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 Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary China Railway 16th Bureau Group Subway Engineering Co., Ltd. (中鐵十六局集團地鐵工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) 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 Inner Mongolia Autonomous Region Science & Technology Department, Inner Mongolia Autonomous Region Department of Finance, and Inner Mongolia Autonomous Region Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

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

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司): (1) its subsidiary China Railway 17th Bureau 3rd Engineering Co., Ltd. (中鐵十七局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, Hebei Provincial Tax Service, State Taxation Administration, and Hebei Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary China Railway 17th Bureau 5th Engineering Co., Ltd. (中鐵十七局集團第五工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, Shanxi Provincial Tax Service, State Taxation Administration, and Shanxi Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary China Railway(Guizhou) Municipal Engineering Co., Ltd. (中鐵(貴州)市政工程有限公司) has been recognised as a High-tech Enterprise by Guizhou Provincial Department of Science and Technology, Guizhou Provincial Finance Bureau, and Guizhou Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway 17th Bureau 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司) has been recognised as a High-tech Enterprise by Shaanxi Provincial Department of Science and Technology, Finance Department of Shaanxi Province, and Shaanxi Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary China Railway 17th Bureau Shanghai Rail Transit Engineering Co., Ltd. (中鐵十七局集團上海軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司): (1) its subsidiaries including China Railway 18th Bureau Group 1st Engineering Co., Ltd. (中鐵十八局集團第一工程有限公司) and China Railway 18th Bureau Group 2nd Engineering Co., Ltd. (中鐵十八局集團第二工程有限公司) have been recognised as High-tech Enterprises by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, Hebei Provincial Tax Service, State Taxation Administration, and Hebei Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary China Railway 18th Bureau Group 3rd Engineering Co., Ltd. (中鐵十八局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Zhuozhou Municipality Tax Service, State Tax Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 18th Bureau Group 4th Engineering Co., Ltd. (中鐵十八局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway 18th Bureau Group 5th Engineering Co., Ltd. (中鐵十八局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Binhai Hi-tech Area Tax Service, State Taxation Administration since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (5) its subsidiary China Railway 18th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十八局集團隧道工程有限公司) has been recognised as a High-tech Enterprise by Chongqing Liangjiang New Area Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

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 subsidiaries including China Railway 19th Bureau Group Rail Transit Engineering Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) and China Railway 19th Bureau Group Mining Investment Co., Ltd. (中鐵十九局集團礦業投資有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries including China Railway 19th Bureau Group 1st Engineering Co., Ltd. (中鐵十九局集團有限公司第一工程有限公司) and China Railway 19th Bureau Group 2nd Engineering Co., Ltd. (中鐵十九局集團有限公司第二工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, Liaoning Provincial Tax Service, State Taxation Administration, and Liaoning Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary China Railway 19th Bureau Group Corporation Electric Engineering Co., Ltd. (中鐵十九局集團電務工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (4) its subsidiary China Railway 19th Bureau Group 3rd Engineering Co., Ltd. (中鐵十九局集團有限公司第三工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, and Liaoning Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary 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 High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司): (1) its subsidiary China Railway Building and Installing Engineering Design Institute Co., Ltd. (中鐵建安工程設計院有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 20th Bureau Group 2nd Engineering Co., Ltd. (中鐵二十局集團第二工程有限公司) has been recognised as a High-tech Enterprise by Shaanxi Provincial Department of Science and Technology, Finance Department of Shaanxi Province, and Shaanxi Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 20th Bureau Group Municipal Engineering Co., Ltd. (中鐵二十局集團市政工程有限公司) has been recognised as a High-tech Enterprise by Gansu Provincial Department of Science and Technology, Finance Department of Gansu Province, and Gansu Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

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

China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司): its subsidiary 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) has been recognised as a High-tech Enterprise by Department of Science & Technology of Qinghai Province, Department of Finance of Qinghai Province, Qinghai Provincial Tax Service, State Taxation Administration, and Qinghai Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Railway 22nd Bureau Group Co., Ltd. (中鐵二十二局集團有限公司): (1) its subsidiary China Railway 22nd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十二局集團有限公司第三工程有限公司) has been recognised as a High-tech Enterprise by Xiamen Science and Technology Bureau, Xiamen Municipal Bureau of Finance, and Xiamen Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries China Railway 22nd Bureau Group 2nd Engineering Co., Ltd. (中鐵二十二局有限公司第二工程有限公司) and China Railway 22nd Bureau Group Electrical Engineering Co., Ltd. (中鐵二十二局集團電氣化工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團有限公司第五工程有限公司) has been recognised as a High-tech Enterprise by Chongqing Science and Technology Bureau, Chongqing Finance Bureau, and Chongqing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司): its subsidiary China Railway 23rd Bureau Group Metro Engineering Co., Ltd. (中鐵二十三局集團軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Tax Service, State Taxation Administration, and Shanghai Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Railway 25th Bureau Group Co., Ltd. (中鐵二十五局集團有限公司): (1) China Railway 25th Bureau Group Co., Ltd. and its subsidiary China Railway 25th Bureau Group 1st Engineering Co., Ltd. (中鐵二十五局集團第一工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 25th Bureau Group 5th Engineering Co., Ltd. (中鐵二十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Qingdao Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2018 till 31 December 2020.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

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

China Railway Construction Group Ltd. (中鐵建設集團有限公司): (1) its subsidiary Beijing CRCC Decoration Engineering Co., Ltd. (北京中鐵裝飾工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary Beijing CRCC Architecture & Technology Co., Ltd. (北京中鐵建築科技有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

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. and its subsidiary Beijing CRCC Electrification Design Institute Co., Ltd. (北京中鐵建電氣化設計研究院有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway Construction Electrification Bureau Group North Engineering Co., Ltd. (中鐵建電氣化局集團北方工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, Shanxi Provincial Tax Service, State Taxation Administration, and Shanxi Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary China Railway Construction Electrification Bureau Group Kangyuan New Material Co., Ltd. (中鐵建電氣化局集團康遠新材料有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, Jiangsu Provincial Tax Service, State Taxation Administration, and Jiangsu Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (4) its subsidiary the 4th Engineering Co., Ltd. of China Railway Construction Electrification Bureau Group (中鐵建電氣化局集團第四工程有限公司) has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration, and Hunan Local Taxation Bureau since 2017, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2017 till 31 December 2019; (5) its subsidiary 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 Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) its subsidiary 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 Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (7) its subsidiary 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 Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

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

CRCC Harbor & Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司): (1) CRCC Harbor & Channel Engineering Bureau Group Co., Ltd. has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service, State Taxation Administration, and Guangdong Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its 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 Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

CRCC Urban Construction Group Co., Ltd. (中鐵城建集團有限公司): (1) its subsidiary Beijing Engineering Company Limited of China Railway Urban Construction Group (中鐵城建集團北京工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary China Railway Urban Construction Group 1st Engineering Co., Ltd. (中鐵城建集團第一工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) CRCC Urban Construction Group Co., Ltd. has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway 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 Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary China Railway 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 Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway First Survey and Design Institute Group Co., Ltd. (中鐵第一勘察設計院集團有限公司): China Railway First Survey and Design Institute Group Co., Ltd. has been recognised as a High-tech Enterprise by Shaanxi Provincial Department of Science and Technology, Finance Department of Shaanxi Province, Shaanxi Provincial Tax Service, State Taxation Administration, and Shaanxi Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

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

China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團有限公司): (1) China Railway Siyuan Survey and Design Group Co., Ltd. and its subsidiary Railway Siyuan (Hubei) Engineering Supervision Consulting Co., Ltd. (鐵四院(湖北)工程監理諮詢有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei Provincial Tax Service, State Taxation Administration, and Hubei Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary Guangzhou Holding Company of the China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵四院集團廣州設計院有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service, State Taxation Administration, and Guangdong Local Taxation Bureau since 2017 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary Geotechnical Engineering Co., Ltd. of China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵四院集團岩土工程有限責任公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary Wuhan Tiechen Engineering Testing Co., Ltd. (武漢鐵辰工程檢測有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary New Rail Transit Design and Research Institute Co., Ltd. of China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵四院集團新型軌道交通設計研究院有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) its subsidiary China Railway Siyuan Group Southwest Survey and Design Co., Ltd. (中鐵四院集團西南勘察設計有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Yunnan Province, Yunnan Provincial Department of Finance, and Yunnan Provincial Science and Technology Department since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (7) its subsidiary China Railway Siyuan Group Nanning Survey and Design Co., Ltd. (中鐵四院集團南寧勘察設計院有限公司) has been recognised as a High-tech Enterprise by Guangxi Zhuang Autonomous Region Science & Technology Department, Department of Finance of Guangxi Zhuang Autonomous Region, and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

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

China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司): China Railway Fifth Survey and Design Institute Group Co., Ltd. and its subsidiaries Beijing Railway Fifth Group Engineering Machinery Co., Ltd. (北京鐵五院工程機械有限公司) and Beijing China Railway Construction North Road & Bridge Engineering Co., Ltd. (北京中鐵建北方路橋工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Railway Construction Heavy Industry Co., Ltd. (中國鐵建重工集團股份有限公司): (1) China Railway Construction Heavy Industry Co., Ltd. has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration, and Hunan Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary China Railway Longchang Materials Co., Ltd. (中鐵隆昌鐵路器材有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, Sichuan Provincial Tax Service, State Taxation Administration, and Sichuan Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Civil Engineering Construction Corporation (中國土木工程集團有限公司): its subsidiary China Railway CCECC Fuzhou Survey & Design Institute Co., Ltd. (中土集團福州勘察設計研究院有限公司) has been recognised as a High-tech Enterprise by Fujian Provincial Department of Science and Technology, Fujian Provincial Department of Finance, Fujian Provincial Tax Service, State Taxation Administration, and Fujian Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Railway Shanghai Design Institute Group Co., Ltd. (中鐵上海設計院集團有限公司): China Railway Shanghai Design Institute Group Co., Ltd. has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

CRCC High-tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司): its subsidiary Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Cash on hand	112,079	88,145
Cash at banks	110,279,562	132,538,139
Other cash and bank balances	6,960,796	5,964,559
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	4,524,843	5,210,755
Total	121,877,280	143,801,598

The restricted cash and bank balances of the Group are stated in Note V. 66.

As at 30 June 2019, the Group held foreign cash and bank balances amounting to RMB18,806,377,000 (31 December 2018: RMB11,863,714,000), and held no restricted deposits (31 December 2018: Nil).

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Cash and bank balances at the end of the period/year	121,877,280	143,801,598
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	4,524,843	5,210,755
Less: Other restricted cash and bank balances	6,896,686	5,851,756
Less: Non-pledged time deposits with original maturity of three months or more when acquired	1,760,215	2,651,370
Cash and cash equivalents at the end of the period/year	108,695,536	130,087,717

2. Held-for-trading financial assets

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Monetary fund products	2,073,230	2,964,966
Equity instruments	237,621	235,657
Others	147,237	143,835
Total	2,458,088	3,344,458

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

3. Bills receivable

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Commercial acceptance bills	5,543,703	7,636,443
Less: Impairment of credit losses	1,607	–
Total	5,542,096	7,636,443

The restricted bills receivable of the Group are stated in Note V. 66.

4. Receivables at FVTOCI

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Bank acceptance bills	1,972,640	2,143,802
Total	1,972,640	2,143,802

As at 30 June 2019, the Group had RMB812,684,000 (31 December 2018: RMB908,101,000) non-matured bills receivable which had right of recourse and had been discounted or endorsed to other parties. The Group derecognised those bills receivable as the Group considered that all risks and rewards of the ownership had been transferred from the discounted or endorsed bills receivable since there was extremely low risk of the acceptor's inability to cash the bills upon expiry due to the acceptor's good reputation.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

5. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB'000

Aging	30 June 2019 (unaudited)	31 December 2018
Within 1 year	90,179,632	80,446,020
1 to 2 years	15,315,902	13,580,936
2 to 3 years	6,397,029	4,509,348
Over 3 years	5,825,094	5,551,846
Subtotal	117,717,657	104,088,150
Less: Impairment of credit losses	4,821,651	4,705,845
Total	112,896,006	99,382,305

Movements in impairment of credit losses for trade receivables is listed as follows:

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	2018
Opening balance of current period/year	4,705,845	3,685,717
Provision for the period/year	669,806	1,768,510
Less: Reversal for the period/year	367,408	651,671
Less: Write-off for the period/year	6,715	56,811
Others	(179,877)	(39,900)
Closing balance of current period/year	4,821,651	4,705,845

The movements in detail of impairment of credit losses for the six months ended 30 June 2019 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

5. Trade receivables (Continued)

Trade receivables and impairment of credit losses are listed by category are listed as follows:

RMB'000

Category	30 June 2019 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	4,731,442	4.02	3,009,296	63.60	1,722,146
Impairment of credit losses assessed by credit risk portfolio	112,986,215	95.98	1,812,355	1.60	111,173,860
Total	117,717,657	100.00	4,821,651	4.10	112,896,006

RMB'000

Category	31 December 2018				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	3,841,201	3.69	2,922,003	76.07	919,198
Impairment of credit losses assessed by credit risk portfolio	100,246,949	96.31	1,783,842	1.78	98,463,107
Total	104,088,150	100.00	4,705,845	4.52	99,382,305

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

5. Trade receivables (continued)

As at 30 June 2019, trade receivables whose impairment of credit losses were assessed individually are listed as follows (unaudited):

RMB'000

Company name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reasons
Company 1	258,288	129,894	50.29	Note
Company 2	241,519	241,519	100.00	Note
Company 3	212,523	108,341	50.98	Note
Company 4	162,474	162,474	100.00	Note
Company 5	96,705	96,705	100.00	Note
Others	3,759,933	2,270,363	60.38	–
Total	4,731,442	3,009,296	63.60	–

Note: According to the recoverability of receivables, the Group recorded all or a portion of impairment of credit losses.

As at 30 June 2019, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB'000

Aging	30 June 2019 (unaudited)			
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)
Within 1 year	89,594,595	79.30	512,437	0.57
1 to 2 years	15,087,839	13.35	445,004	2.95
2 to 3 years	6,016,124	5.32	299,453	4.98
Over 3 years	2,287,657	2.03	555,461	24.28
Total	112,986,215	100.00	1,812,355	1.60

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

5. Trade receivable (continued)

As at 30 June 2019, trade receivables from the five largest customers are listed as follows (unaudited):

RMB'000

Company name	Relationship with the Group	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,465,195	Within 1 year	1.24
Company 2	Third party	1,308,020	Within 1 year	1.11
Company 3	Third party	1,095,635	Within 1 year	0.93
Company 4	Joint venture	1,076,002	Within 1 year	0.91
Company 5	Associate	897,182	Within 1 year	0.76
Total	–	5,842,034	–	4.95

As at 31 December 2018, trade receivables from the five largest customers are listed as follows:

RMB'000

Company name	Relationship with the Group	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,304,403	Within 1 year	1.25
Company 2	Third party	1,230,876	Within 1 year	1.18
Company 3	Third party	1,041,037	Within 1 year	1.00
Company 4	Third party	1,007,531	Within 1 year	0.97
Company 5	Third party	986,359	Within 1 year	0.95
Total	–	5,570,206	–	5.35

For the six months ended 30 June 2019, the write-off of trade receivables amounted to RMB6,715,000 (For the six months ended 30 June 2018: RMB1,667,000).

The restricted trade receivables of the Group are stated in Note V. 66.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

6. Advances to suppliers

An aging analysis of advances to suppliers is listed as follows:

RMB'000

Aging	30 June 2019 (unaudited)		31 December 2018	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	22,018,616	96.80	17,874,496	96.15
1 to 2 years	574,514	2.53	555,890	2.99
2 to 3 years	47,816	0.21	37,941	0.20
Over 3 years	104,600	0.46	123,618	0.66
Total	22,745,546	100.00	18,591,945	100.00

As at 30 June 2019, the Group had no significant advances to suppliers aged over one year.

As at 30 June 2019, advances to the five largest suppliers are listed as follows (unaudited):

RMB'000

Company name	Relationship with the Group	Amount	Time for prepayment	Percentage of total advances to suppliers (%)
Company 1	Third party	550,695	Within 1 year	2.42
Company 2	Third party	550,000	Within 1 year	2.42
Company 3	Third party	374,126	Within 1 year	1.64
Company 4	Third party	240,246	Within 1 year	1.06
Company 5	Third party	198,401	Within 1 year	0.87
Total	-	1,913,468	-	8.41

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

6. Advances to suppliers (continued)

As at 31 December 2018, advances to the five largest suppliers are listed as follows:

RMB'000

Company name	Relationship with the Group	Amount	Time for prepayment	Percentage of total advances to suppliers (%)
Company 1	Third party	646,000	Within 1 year	3.47
Company 2	Third party	625,000	Within 1 year	3.36
Company 3	Third party	217,386	Within 1 year	1.17
Company 4	Third party	205,666	Within 1 year	1.11
Company 5	Third party	197,761	Within 1 year	1.06
Total	–	1,891,813	–	10.17

7. Other receivables

An aging analysis of other receivables is listed as follows:

RMB'000

Aging	30 June 2019 (unaudited)	31 December 2018
Within 1 year	46,903,386	51,410,221
1 to 2 years	13,845,828	10,316,663
2 to 3 years	4,343,582	2,411,940
Over 3 years	4,412,225	3,164,183
Subtotal	69,505,021	67,303,007
Less: Impairment of credit losses	4,066,253	3,828,719
Total	65,438,768	63,474,288

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

7. Other receivables (continued)

Movements in the impairment of credit losses for other receivables are listed as follows:

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	2018
Opening balance of the current period/year	3,828,719	3,554,913
Provision for the period/year	269,980	697,462
Less: Reversal for the period/year	156,900	375,830
Less: Write-off for the period/year	2,041	26,573
Others	126,495	(21,253)
Closing balance of the current period/year	4,066,253	3,828,719

- (1) As at 30 June 2019, analysis of impairment of credit losses of other receivables at phase I by portfolio are listed as follows (unaudited):

RMB'000

Nature	Gross carrying amount	Impairment of credit losses	Provision percentage (%)
Loans for cooperative development project	22,362,403	22,362	0.10
Security deposit and cash pledged	20,349,682	285,011	1.40
Advance payments	5,797,651	130,075	2.24
Others	15,912,229	128,158	0.81
Total	64,421,965	565,606	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

7. Other receivables (continued)

- (2) As at 30 June 2019, analysis of impairment of credit losses of other receivables at phase II are listed as follows:

RMB'000

Category	30 June 2019 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	935,837	60.05	193,345	20.66	742,492
Impairment of credit losses assessed by credit risk portfolio	622,470	39.95	243,301	39.09	379,169
Total	1,558,307	100.00	436,646	28.02	1,121,661

Impairment of credit losses assessed individually of other receivables are listed as follows (unaudited):

RMB'000

Company name	Gross carrying amount	Impairment of credit losses	Percentage (%)	Reason
Company 1	935,837	193,345	20.66	Note

Note: According to the recoverability of other receivables, the Group recorded a portion of impairment of credit losses.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

7. Other receivables (continued)

- (3) As at 30 June 2019, analysis of impairment of credit losses of other receivables at phase III are listed as follows:

RMB'000

Category	30 June 2019 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	3,227,601	91.57	2,905,444	90.02	322,157
Impairment of credit losses assessed by credit risk portfolio	297,148	8.43	158,557	53.36	138,591
Total	3,524,749	100.00	3,064,001	86.93	460,748

Impairment of credit losses assessed individually of other receivables are listed as follows (unaudited):

RMB'000

Company name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reason
Company 1	446,618	446,618	100.00	Note
Company 2	218,172	218,172	100.00	Note
Company 3	138,003	138,003	100.00	Note
Company 4	109,252	109,252	100.00	Note
Company 5	96,000	96,000	100.00	Note
Others	2,219,556	1,897,399	85.49	–
Total	3,227,601	2,905,444	–	–

Note: According to the recoverability of other receivables, the Group recorded all or a portion of impairment of credit losses.

For the six months ended 30 June 2019, the write-off of other receivables amounted to RMB2,041,000 (for the six months ended 30 June 2018: RMB1,690,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

7. Other receivables (continued)

Other receivables categorized by nature are listed as follows:

RMB'000

Nature	30 June 2019 (unaudited)	31 December 2018
Loans for cooperative development project	22,362,403	25,594,807
Security deposit and cash pledged	21,208,623	17,466,964
Advance payments	6,989,667	5,807,345
Others	18,944,328	18,433,891
Total	69,505,021	67,303,007

As at 30 June 2019, other receivables from the five largest customers are listed as follows (unaudited):

RMB'000

Company name	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Impairment of credit losses
Company 1	2,939,650	4.23	Loans for cooperative development project	Within 2 years	2,940
Company 2	2,418,127	3.48	Loans for cooperative development project	Within 2 years	2,418
Company 3	2,069,219	2.98	Loans for cooperative development project	Within 2 years	2,069
Company 4	1,614,187	2.32	Loans for cooperative development project	Within 1 year	1,614
Company 5	1,594,521	2.29	Loans for cooperative development project	Within 1 year	1,595
Total	10,635,704	15.30	-	-	10,636

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

7. Other receivables (continued)

As at 31 December 2018, other receivables from the five largest customers are listed as follows:

RMB'000

Company name	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Impairment of credit losses
Company 1	3,697,681	5.49	Loans for cooperative development project	Within 1 year	3,698
Company 2	2,865,484	4.26	Loans for cooperative development project	Within 1 year	2,865
Company 3	2,805,537	4.17	Loans for cooperative development project	Within 1 year	2,806
Company 4	2,749,694	4.09	Loans for cooperative development project	Within 1 year	2,750
Company 5	1,906,619	2.83	Loans for cooperative development project	Within 1 year	1,907
Total	14,025,015	20.84	–	–	14,026

8. Inventories

RMB'000

Item	30 June 2019 (unaudited)		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	21,852,003	15,817	21,836,186
Work in progress	2,221,113	–	2,221,113
Finished goods	5,914,929	264,643	5,650,286
Turnover materials	12,330,279	–	12,330,279
Properties under development (1)	123,200,248	649,413	122,550,835
Completed properties held for sale (2)	27,379,204	819,720	26,559,484
Total	192,897,776	1,749,593	191,148,183

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

8. Inventories (continued)

RMB'000

Item	31 December 2018		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	18,522,934	21,815	18,501,119
Work in progress	2,009,792	–	2,009,792
Finished goods	5,334,211	267,894	5,066,317
Turnover materials	9,244,582	–	9,244,582
Properties under development (1)	101,440,556	1,099,596	100,340,960
Completed properties held for sale (2)	25,123,217	394,619	24,728,598
Total	161,675,292	1,783,924	159,891,368

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

RMB'000

Item	31 December 2018	Additions		Reductions		30 June 2019 (unaudited)
		Provision (unaudited)	Others (unaudited)	Reversal (unaudited)	Write-off and others (unaudited)	
Raw materials	21,815	4,637	–	–	10,635	15,817
Finished goods	267,894	–	–	3,251	–	264,643
Properties under development	1,099,596	–	–	–	450,183	649,413
Completed properties held for sale	394,619	1,759	450,183	–	26,841	819,720
Total	1,783,924	6,396	450,183	3,251	487,659	1,749,593

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

8. Inventories (continued)

Movements in the provision for decline in value of inventories are listed as follows: (continued)

RMB'000

Item	1 January 2018	Additions Provision	Reductions		31 December 2018
			Reversal	Write-off and others	
Raw materials	21,686	521	386	6	21,815
Finished goods	199,644	115,107	46,317	540	267,894
Properties under development	1,400,781	202,768	503,953	–	1,099,596
Completed properties held for sale	110,792	288,477	–	4,650	394,619
Total	1,732,903	606,873	550,656	5,196	1,783,924

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

8. Inventories (continued)

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

RMB'000

Project name	Construction commencement date	Estimated latest completion date	Estimated aggregate investment amount	30 June 2019 (Unaudited)	31 December 2018
CRCC Xipai City Project	December 2016	December 2019	12,365,490	6,447,015	5,638,801
Tianjin Guoyin Wenyuan Project	August 2018	September 2020	5,235,510	4,778,895	3,558,133
Beijing Daxing Yizhuang Development Zone X89R2 lot Project	July 2019	June 2021	5,552,440	3,921,103	3,715,183
CRCC Haiyu Xi'an Project	October 2019	November 2021	10,727,370	3,705,329	2,628,265
CRCC Chengdu Xipai City Project (Zone 7)	May 2016	October 2019	5,008,150	3,137,879	2,715,978
CRCC Jiangsu Qingxiu City Project	June 2014	September 2019	7,112,670	3,000,174	2,813,368
Chongqing Dadukou Project	July 2019	September 2022	5,961,690	2,876,496	-
Chengdu CRCC Xipai Lan'an Project	November 2013	December 2019	6,099,520	2,649,736	2,568,206
Taiyuan Police Academy Project	October 2019	February 2022	5,942,820	2,588,252	-
Yuecheng District (Jinghu) of Shaoxing No. 1 lot Project	May 2019	September 2021	5,748,770	2,427,983	1,170,500
Lingxiu Mansion North Zone Project	December 2018	February 2020	4,711,900	2,419,892	2,211,765
Guiyang CRCC International City Project	September 2007	December 2019	13,265,340	2,227,035	1,951,959
Xi'an CRCC International City III Project	August 2011	December 2019	5,721,880	2,185,000	1,489,515
Wutong Bay Project	January 2019	September 2020	2,869,150	2,142,122	2,013,194
Hangzhou Jingjiang Project	June 2019	September 2021	3,114,900	2,090,323	-
Lingxiu Mansion South Zone Project	December 2018	November 2020	3,826,430	2,001,674	1,907,551
Qingyangpeng Project	October 2017	November 2019	2,964,680	1,993,003	1,813,721
Pengbu Unit, Jianggan District, Hangzhou R21-15 lot Project	May 2019	August 2021	2,872,340	1,956,750	-
Buffalo Fang Lot Project	September 2019	September 2020	2,658,670	1,885,512	1,820,491
CRCC Wutong Jiayuan Project	January 2019	December 2020	4,015,350	1,883,063	676,383
Others	-	-	265,323,900	66,883,012	62,747,543
Total	-	-	381,098,970	123,200,248	101,440,556

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

8. Inventories (continued)

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

As at 30 June 2019, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB9,209,558,000 (31 December 2018: RMB7,815,050,000). Borrowing costs capitalised for the six months ended 30 June 2019 amounted to RMB1,713,033,000 (for the six months ended 30 June 2018: RMB1,508,566,000). The capitalisation rates of borrowing costs ranged from 3.70% to 8.00% (for the six months ended 30 June 2018: 3.40% to 7.70%).

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

RMB'000

Project name	Latest completion date	31 December 2018	Additions (unaudited)	Reductions (unaudited)	30 June 2019 (unaudited)
Xiangxie International Project	April 2019	-	4,531,097	1,840,592	2,690,505
CRCC Southern Headquarter Base Project	June 2019	497,031	1,441,223	195,357	1,742,897
Tianjin CRCC International City Project	April 2019	485,941	1,842,963	625,598	1,703,306
Nananhuayu Project	October 2018	1,623,115	-	165,283	1,457,832
Chengdu Beihu Xinqu Project	December 2018	1,694,046	-	363,369	1,330,677
Dalian Qingxiu Lanwan Project	December 2018	1,383,467	-	126,995	1,256,472
CRCC Guobinyuan Project	December 2017	1,054,245	17,665	130,334	941,576
Xi'an Tiexing Xipai International Project	December 2018	802,639	-	2,559	800,080
Guiyang CRCC International City Project	December 2016	766,177	-	10,445	755,732
Jiucheng Yihao Project	December 2018	719,371	-	20,448	698,923
Beijing Tongzhou Yongshun Town No. 51 Lot Project	September 2017	675,099	-	22,476	652,623
Hangzhou West Lake International City Project	December 2018	1,531,116	-	990,361	540,755
Chengdu CRCC Xipai Lan'an Project	June 2016	475,881	-	22,889	452,992
Lanzhou SOHO Project	June 2019	307,101	133,410	61,328	379,183
Chengdu CRCC Wu Hou Tie Fo Project	December 2018	507,326	-	143,097	364,229
China Railway Lidu Project	October 2016	321,820	42,449	4,510	359,759
CRCC Shanyucheng (Dalian) Project	April 2019	-	545,859	189,462	356,397
CRCC Plaza Project	October 2017	400,880	-	55,232	345,648
Foshan International Gongguan Project	December 2017	379,968	-	49,171	330,797
Xi'an CRCC International City III Project	December 2018	517,750	-	209,722	308,028
Others	-	10,980,244	1,223,347	2,292,798	9,910,793
Total	-	25,123,217	9,778,013	7,522,026	27,379,204

The restricted inventories of the Group are stated in Note V. 66.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

9. Contract assets

Contract assets are from the Group's construction operations. The Group provides construction services in accordance with the construction contract entered into with customers and recognises revenue based on performance progress over the contract period. According to the contract term, customers of the Group make progress billings with the Group based on the performance progress and make payment for the progress billings within the credit term. Revenue recognised based on performance progress in excess of progress billings is presented as contract asset, and is disclosed in contract assets/other non-current assets based on liquidity. While progress billings in excess of revenue recognised based on performance progress is presented as contract liabilities.

RMB'000

Item	30 June 2019 (unaudited)		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Contract assets	162,223,977	6,069,297	156,154,680

The movements of impairment of credit losses for contract assets for the six months ended 30 June 2019 are presented in Note VIII. 3.

RMB'000

Item	31 December 2018		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Contract assets	129,206,889	5,268,738	123,938,151

10. Other current assets

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
	Prepaid taxes and VAT input to be deducted	17,682,187
Treasury bond related investment	–	2,999,900
Others	253,835	110,182
Total	17,936,022	17,236,252

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

11. Loans and advances to customers

RMB'000

Item	30 June 2019	31 December 2018
	(unaudited)	
Loans to customers	2,827,500	2,145,000

12. Long-term receivables

RMB'000

Item	30 June 2019 (unaudited)		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	33,431,631	415,119	33,016,512
Long-term loans and receivables	11,388,352	16,814	11,371,538
A-land development	6,288,244	12,553	6,275,691
Others	9,071,780	39,301	9,032,479
Total	60,180,007	483,787	59,696,220
Less: Current portion of non-current assets	3,830,650	9,611	3,821,039
Including: Long-term project receivables	2,818,000	7,338	2,810,662
Long-term loans and receivables	1,012,650	2,273	1,010,377
Long-term receivables due after one year	56,349,357	474,176	55,875,181

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

12. Long-term receivables (continued)

RMB'000

Item	31 December 2018		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Long-term project receivables	34,229,798	419,902	33,809,896
Long-term loans and receivables	11,713,206	23,576	11,689,630
A-land development	6,395,825	12,792	6,383,033
Others	8,486,216	35,277	8,450,939
Total	60,825,045	491,547	60,333,498
Less: Current portion of non-current assets:			
Including: Long-term project receivables	5,922,862	31,409	5,891,453
Long-term loans and receivables	3,974,558	22,129	3,952,429
A-land development	1,335,658	2,450	1,333,208
	612,646	6,830	605,816
Long-term receivables due after one year	54,902,183	460,138	54,442,045

The Group assesses ECL of long-term receivables on an individual or a collective basis of credit risk characteristics.

RMB'000

Category	30 June 2019 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	667,087	1.11	362,393	54.32	304,694
Impairment of credit losses assessed by credit risk portfolio	59,512,920	98.89	121,394	0.20	59,391,526
Total	60,180,007	100.00	483,787	0.80	59,696,220

As at 30 June 2019, long-term receivables with significant financing component were presented in accordance with the net amount after discount. The discount rate is 4.75%–6.17% (31 December 2018: 4.75%–6.17%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

12. Long-term receivables (continued)

Movements in the impairment of credit losses for long-term receivables are listed as follows:

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	2018
Opening balance of the current period/year	491,547	364,792
Provision for the period/year	12,551	138,780
Less: Reversal for the period/year	10,968	1,005
Others	(9,343)	(11,020)
Closing balance of the current period/year	483,787	491,547

The restricted long-term receivables of the Group are stated in Note V. 66.

13. Long-term equity investments

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Investments in unlisted companies		
– equity method		
Joint ventures (1)	16,459,163	13,085,418
Associates (2)	18,482,971	15,893,208
Less: Provision for impairment of long-term equity investments	71	71
Total	34,942,063	28,978,555

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

13. Long-term equity investments (continued)

(1) Investment in joint ventures

30 June 2019:

RMB'000

Investee	Investment cost	1 January 2019	Changes for the period					30 June 2019	Provision for impairment at the end of year
			Transfer to/ Increase in investment (unaudited)	Decrease in investment (unaudited)	Investment profits or losses under equity method (unaudited)	Declaration of cash dividends (unaudited)	Others (unaudited)		
Sichuan Tianfu Airport Expressway Co., Ltd.	2,200,000	1,900,000	300,000	-	-	-	-	2,200,000	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	2,018,159	1,838,159	180,000	-	(25)	-	-	2,018,134	-
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	1,590,000	1,240,000	350,000	-	-	-	-	1,590,000	-
Chongqing Tiefu Jianxin Highway Co., Ltd.	1,334,400	854,400	480,000	-	-	-	-	1,334,400	-
China Railway Construction Real Estate Group Jinan 6 th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,018,247	-	-	(7,159)	-	-	1,011,088	-
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	870,188	-	-	2,217	-	-	872,405	-
Chongqing Tiefu Shuanghe Expressway Co., Ltd.	670,000	470,000	200,000	-	-	-	-	670,000	-
Changzhou Jingrui Real Estate Development Co., Ltd.	510,000	494,619	-	-	1,005	-	(9,842)	485,782	-
Hangzhou Jingbin Real Estate Co., Ltd.	17,000	8,902	-	-	466,204	-	-	475,106	-
Shanghai Hongjun Real Estate Co., Ltd.	51,000	387,273	-	-	84,002	-	-	471,275	-
Guangzhou Xintie Xinjian Investment Co., Ltd.	450,000	452,194	-	-	265	-	-	452,459	-
Xinxing Jianxin (Shenzhen) Development Holding Co., Ltd.	450,000	444,747	-	-	2,712	-	-	447,459	-
CRCC Shaanxi Highway Co., Ltd.	430,130	190,020	240,110	-	-	-	-	430,130	-
Others	-	2,916,669	836,881	-	304,051	(41,122)	(15,554)	4,000,925	-
Total	-	13,085,418	2,586,991	-	853,272	(41,122)	(25,396)	16,459,163	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

13. Long-term equity investments (continued)

(1) Investment in joint ventures (continued)

31 December 2018:

RMB'000

Investee	Investment cost	1 January 2018	Changes for the year				Declaration of cash dividends	Others	31 December 2018	Provision for impairment at the end of year
			Transfer to/ Increase in investment	Decrease in investment	Investment profits or losses under equity method					
Sichuan Tianfu Airport Expressway Co., Ltd.	1,900,000	1,000,000	900,000	-	-	-	-	1,900,000	-	
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,838,159	1,688,500	150,000	-	(341)	-	-	1,838,159	-	
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	1,240,000	520,000	720,000	-	-	-	-	1,240,000	-	
China Railway Construction Real Estate Group Jinan 6 th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,027,310	-	9,089	26	-	-	1,018,247	-	
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	868,129	-	-	2,059	-	-	870,188	-	
Chongqing Tiefa Jianxin Highway Co., Ltd.	854,400	288,000	566,400	-	-	-	-	854,400	-	
Changzhou Jingrui Real Estate Development Co., Ltd.	510,000	-	510,000	-	(1,178)	-	(14,203)	494,619	-	
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	470,000	40,000	430,000	-	-	-	-	470,000	-	
Guangzhou Xintie Xinjian Investment Co., Ltd.	450,000	451,586	-	-	608	-	-	452,194	-	
Xinxing Jianxin (Shenzhen) Development Holding Co., Ltd.	450,000	450,070	-	-	(5,323)	-	-	444,747	-	
Shanghai Hongjun Real Estate Co., Ltd.	51,000	37,461	-	-	349,812	-	-	387,273	-	
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	7,600	-	-	-	239,492	-	-	239,492	-	
Hangzhou Jingping Real Estate Co., Ltd.	7,000	-	-	-	202,610	-	-	202,610	-	
Others	-	1,280,986	1,447,290	114,686	133,317	(9,397)	(64,021)	2,673,489	-	
Total	-	7,652,042	4,723,690	123,775	921,082	(9,397)	(78,224)	13,085,418	-	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

13. Long-term equity investments (continued)

(1) Investment in joint ventures (continued)

Note 1: According to the articles of association of Hohhot Metro Line 2 Construction & Management Co., Ltd. ("Hohhot Metro Line 2"), the major decisions made in the shareholders' meeting shall be subject to more than two-thirds of voting rights of shareholders. As the Group holds 51.00% shares in Hohhot Metro Line 2, 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 2: According to the articles of association of China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. ("The 6th Continent"), all the decisions made in the shareholders' meeting shall be subject to 100% of voting rights of shareholders. As the Group holds 70.00% 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 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

13. Long-term equity investments (continued)

(2) Investment in associates

30 June 2019:

RMB'000

Investee	Investment cost	1 January 2019	Changes for the period					Others	30 June 2019	Provision for impairment at the end of period
			Transfer to/ Increase in investment (unaudited)	Decrease in investment (unaudited)	Investment profits or losses under equity method (unaudited)	Other comprehensive income (unaudited)	Declaration of cash dividends (unaudited)			
Ningxia Inter-City Railway Co., Ltd.	2,236,500	2,236,500	-	-	-	-	-	-	2,236,500	-
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	1,718,427	-	-	142,656	-	-	(290)	1,860,793	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,449,910	-	-	(9,969)	132,889	-	-	1,572,830	-
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 2)	609,400	409,400	200,000	-	-	-	-	-	609,400	-
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	575,017	575,017	-	-	-	-	-	-	575,017	-
Chongqing Yurong Highway Co., Ltd.	853,960	566,549	-	-	7,038	-	-	-	573,587	-
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) (Note 6)	560,000	-	560,000	-	-	-	-	-	560,000	-
CRCC Real Estate Co., Ltd.	298,900	500,768	-	-	10	11,517	-	-	512,295	-
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	464,832	464,832	-	-	-	-	-	-	464,832	-
CRCC Gansu Zhangbian Highway Co., Ltd.	436,540	254,240	182,300	-	5,663	-	-	-	442,203	-
Guizhou Wengma Railway Co., Ltd.	404,800	339,400	65,400	-	-	-	-	-	404,800	-
Yellow River Property & Casualty Insurance Co., Ltd. (Note 3)	350,000	332,056	-	-	1,967	579	-	-	334,602	-
Shaanxi Huangpu Highway Co., Ltd. (Note 4)	303,000	303,000	-	-	-	-	-	-	303,000	-
CRCC (Shandong) Gaodong Highway Co., Ltd.	302,289	9,500	292,789	-	-	-	-	-	302,289	-
Yunnan Kunchu Highway Investment & Development Co., Ltd. (Note 5)	300,000	300,000	-	-	-	-	-	-	300,000	-
Others	-	6,433,609	1,119,686	96,387	(18,296)	-	(7,253)	(536)	7,430,823	(71)
Total	-	15,893,208	2,420,175	96,387	129,069	144,985	(7,253)	(826)	18,482,971	(71)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

13. Long-term equity investments (continued)

(2) Investments in associates (continued)

31 December 2018:

RMB'000

Investee	Investment cost	1 January 2018	Transfer to/ Increase in investment	Decrease in investment	Changes for the year			31 December 2018	Provision for impairment at the end of year
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends		
Ningxia Inter-City Railway Co., Ltd.	2,236,500	1,860,000	376,500	-	-	-	-	2,236,500	-
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	1,067,172	547,618	-	225,499	-	(121,862)	1,718,427	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,446,596	-	-	(10,086)	13,400	-	1,449,910	-
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	575,017	451,887	123,130	-	33,036	-	(33,036)	575,017	-
Chongqing Yurong Highway Co., Ltd.	853,960	570,791	-	-	(4,242)	-	-	566,549	-
CRCC Real Estate Co., Ltd.	298,900	441,002	-	-	85,030	-	(25,264)	500,768	-
Fujian Green Energy Construction & Development Co., Ltd.	495,000	-	495,000	-	-	-	-	495,000	-
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	464,832	-	464,832	-	-	-	-	464,832	-
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 2)	409,400	309,400	100,000	-	-	-	-	409,400	-
Guizhou Wengma Railway Co., Ltd.	339,400	274,000	65,400	-	-	-	-	339,400	-
Yellow River Property & Casualty Insurance Co., Ltd. (Note 3)	350,000	-	350,000	-	(18,094)	150	-	332,056	-
Shaanxi Huangpu Highway Co., Ltd. (Note 4)	303,000	-	303,000	-	-	-	-	303,000	-
Yunnan Kunchu Highway Investment & Development Co., Ltd. (Note 5)	300,000	300,000	-	-	-	-	-	300,000	-
Others	-	3,496,635	2,970,896	209,671	24,959	-	(54,207)	6,202,349	(71)
Total	-	10,217,483	5,796,376	209,671	336,102	13,550	(112,507)	15,893,208	(71)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

13. Long-term equity investments (continued)

(2) Investments in associates (continued)

Note 1: 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, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Note 2: According to the articles of association of Kunming Metro Line 5 Construction & Operation Co., Ltd. ("Kunming Metro Line 5"), as the decision-making authority, all decisions made in the broad of directors' meetings shall be subject to 100% consent of directors. Kunming Metro Line 5 has five directors, one of which can be nominated by the Group. The Group can neither control nor jointly control the entity with other shareholders over the entity, but has significant influence. Therefore, it is accounted for an associate of the Group.

Note 3: According to the articles of association of Yellow River Property & Casualty Insurance Co., Ltd. ("Yellow River Property Insurance"), the board of directors is entitled to make decisions on all significant matters. All resolutions shall not be passed until they are agreed by members of the board of directors with more than a half of voting rights. Shareholders who individually hold more than 10% and less than 20% of the equity are entitled to nominate one non-executive director respectively. The board of directors is consisted of 11 directors. The Group holds 14% of the equity of Yellow River Property & Casualty Insurance and can nominate one director. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the Company. Therefore, it is accounted for an associate of the Group.

Note 4: According to the articles of association of Shaanxi Huangpu Highway Co., Ltd. ("Huangpu Highway Company"), the board of directors is its operation decision-making authority, and resolutions in the board of directors' meeting shall be subject to more than two-thirds of directors' consent. The board of directors of Huangpu Highway Company is consisted of 5 directors, one of which can be nominated by the Group. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the Company. Therefore, it is accounted for an associate of the Group.

Note 5: According to the articles of association of Yunnan Kunchu Highway Investment & Development Co., Ltd. ("Yunnan Kunchu"), the board of directors is its operation decision-making authority, and resolutions in the board of directors' meeting shall be subject to more than half of directors' consent. For decisions of amending the company's articles of association, increasing or decreasing the registered capital and significant resolutions associated with shareholders' benefits including merger, division, dissolution or changing the company form, 100% consent of voting rights of directors are required. Yunnan Kunchu has three directors, one of which can be nominated by the Group. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Note 6: According to rules of procedure of Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) ("City Vice-Center Fund Partnership"), The City Vice-Center Fund Partnership has established an investment decision-making committee (hereinafter referred to as the "investment committee"). The resolutions made by the investment committee shall be subject to more than half (excluding half) of members' consent. The investment committee consists of 9 members, one of which can be nominated by the Group. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

14. Other equity instrument investments

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Equity investments in listed companies	2,089,564	1,704,079
Equity investments in unlisted companies	7,685,685	6,564,299
Total	9,775,249	8,268,378

For the six months ended 30 June 2019 (unaudited):

RMB'000

Item	Changes for the period					30 June 2019	Dividends recognised for the period
	1 January 2019	Increase of investment	Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	8,268,378	1,121,188	-	385,208	475	9,775,249	125,312

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

15. Investment properties

Subsequent measurement under cost method

For the six months ended 30 June 2019 (unaudited):

RMB'000

	Buildings	Total
I. Original costs		
1 January 2019	6,336,471	6,336,471
Additions	17,131	17,131
Transferred in from inventories	117,371	117,371
Transferred in	26,502	26,502
Transferred out	220,297	220,297
30 June 2019	6,277,178	6,277,178
II. Accumulated depreciation and amortisation		
1 January 2019	646,646	646,646
Provision	106,669	106,669
Transferred in	2,045	2,045
Transferred out	13,113	13,113
30 June 2019	742,247	742,247
III. Provision for impairment		
1 January 2019 and 30 June 2019	45,745	45,745
IV. Net book value		
Closing balance	5,489,186	5,489,186
Opening balance	5,644,080	5,644,080

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

15. Investment properties (continued)

Subsequent measurement under cost method (continued)

2018:

	<i>RMB'000</i>	
	Buildings	Total
I. Original costs		
1 January 2018	4,188,492	4,188,492
Additions	4,298	4,298
Transferred in from inventories	2,629,928	2,629,928
Transferred in	56,003	56,003
Transferred out	542,250	542,250
31 December 2018	6,336,471	6,336,471
II. Accumulated depreciation and amortisation		
1 January 2018	496,002	496,002
Provision	207,411	207,411
Transferred in	1,478	1,478
Transferred out	58,245	58,245
31 December 2018	646,646	646,646
III. Provision for impairment		
1 January 2018 and 31 December 2018	45,745	45,745
IV. Net book value		
Closing balance	5,644,080	5,644,080
Opening balance	3,646,745	3,646,745

As at 30 June 2019, the Group was in the process of applying for and handling registration or transfer of the title certificates of investment properties with an aggregate carrying amount of RMB52,242,000 (31 December 2018: RMB52,981,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned investment properties. 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 2019.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

15. Investment properties (continued)

Subsequent measurement under cost method (continued)

As at 30 June 2019, investment properties whose title rights certificates had not been obtained are listed as follows:

RMB'000

Item	Carrying amount	Reason
East China Headquarter Base of China Railway Construction Group Co., Ltd.	52,242	In progress

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

16. Fixed assets

For the six months ended 30 June 2019 (unaudited):

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
31 December 2018	20,471,891	46,424,736	14,388,468	44,074,335	125,359,430
Changes in accounting policies (Note III, 33)	-	(3,045,613)	-	-	(3,045,613)
1 January 2019	20,471,891	43,379,123	14,388,468	44,074,335	122,313,817
Additions	161,541	2,039,980	483,712	4,116,086	6,801,319
Transferred in from construction in progress	352,677	458,991	45,855	208,679	1,066,202
Transferred in	123,827	168,380	-	1,296	293,503
Disposal or retirement	28,540	622,694	619,090	1,624,969	2,895,293
Transferred out	89,909	365,267	-	-	455,176
30 June 2019	20,991,487	45,058,513	14,298,945	46,775,427	127,124,372
II. Accumulated depreciation					
31 December 2018	4,634,087	27,493,365	11,522,575	31,233,393	74,883,420
Changes in accounting policies (Note III, 33)	-	(1,654,782)	-	-	(1,654,782)
1 January 2019	4,634,087	25,838,583	11,522,575	31,233,393	73,228,638
Provision	312,616	2,254,997	501,179	4,176,433	7,245,225
Transferred in	3,338	-	-	-	3,338
Disposal or retirement	20,674	340,249	592,945	1,348,689	2,302,557
Transferred out	11,775	156,355	-	-	168,130
30 June 2019	4,917,592	27,596,976	11,430,809	34,061,137	78,006,514
III. Provision for impairment					
31 December 2018 and 1 January 2019	74,128	74,794	902	25,589	175,413
Disposal or retirement	4	2,830	48	64	2,946
30 June 2019	74,124	71,964	854	25,525	172,467
IV. Net book value					
30 June 2019	15,999,771	17,389,573	2,867,282	12,688,765	48,945,391
1 January 2019	15,763,676	17,465,746	2,864,991	12,815,353	48,909,766
31 December 2018	15,763,676	18,856,577	2,864,991	12,815,353	50,300,597

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

16. Fixed assets (continued)

2018:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2018	18,737,739	43,969,342	14,419,643	37,591,834	114,718,558
Additions	588,522	2,981,880	1,000,498	10,359,918	14,930,818
Transferred in from construction in progress	1,270,226	1,574,670	57,215	389,869	3,291,980
Transferred in	395,618	580,182	79,083	3,742	1,058,625
Disposal or retirement	457,989	2,550,620	1,036,016	4,271,028	8,315,653
Transferred out	62,225	130,718	131,955	–	324,898
31 December 2018	20,471,891	46,424,736	14,388,468	44,074,335	125,359,430
II. Accumulated depreciation					
1 January 2018	4,145,987	25,800,379	11,689,866	26,701,799	68,338,031
Provision	612,838	3,604,484	811,847	8,144,187	13,173,356
Transferred in	41,095	29,460	40,235	4,860	115,650
Disposal or retirement	159,594	1,893,965	937,158	3,617,453	6,608,170
Transferred out	6,239	46,993	82,215	–	135,447
31 December 2018	4,634,087	27,493,365	11,522,575	31,233,393	74,883,420
III. Provision for impairment					
1 January 2018	199,045	71,786	924	126,922	398,677
Provision	–	3,009	–	–	3,009
Disposal or retirement	124,917	1	22	101,333	226,273
31 December 2018	74,128	74,794	902	25,589	175,413
IV. Net book value					
Closing balance	15,763,676	18,856,577	2,864,991	12,815,353	50,300,597
Opening balance	14,392,707	18,097,177	2,728,853	10,763,113	45,981,850

The restricted fixed assets of the Group are stated in Note V. 66.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

16. Fixed assets (continued)

As at 30 June 2019, the amount of interest expenses capitalised in the balance of fixed assets was RMB35,866,000 (31 December 2018: RMB32,737,000). For the six months ended 30 June 2019, the amount of interest expenses capitalised which was transferred in from construction in progress had been RMB3,129,000 (2018: RMB8,061,000).

As at 30 June 2019, the Group had no significant fixed assets that were temporarily idle (31 December 2018: Nil).

As at 30 June 2019, 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 RMB1,599,506,000 (31 December 2018: RMB1,439,602,000). 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 2019.

As at 30 June 2019, fixed assets whose title rights certificates had not been obtained are listed as follows (unaudited):

RMB'000

Buildings	Carrying amount	Reasons
Headquarters Building of China Railway Siyuan Survey and Design Group Co., Ltd.	494,126	In progress
Integrated Office Building of China Railway 21 st Bureau Group Co., Ltd.	337,054	In progress
Office building of China Railway Urban Construction Group Co., Ltd.	197,651	In progress
East China Headquarters Base of China Railway Construction Group Co., Ltd.	108,792	In progress
Others	461,883	In progress
Total	1,599,506	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

17. Construction in progress

RMB'000

Item	30 June 2019 (unaudited)			31 December 2018		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Integrated Office Building of China Railway Construction Electrification Bureau Group Co., Ltd.	366,253	-	366,253	361,268	-	361,268
Tiejian Building Phase II Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	306,774	-	306,774	265,840	-	265,840
Yangtze River Wharf Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	237,421	-	237,421	87,446	-	87,446
Wuhu Tunnel Boring Machine Construction Project of China Railway 14 th Bureau Group Co., Ltd.	196,300	-	196,300	170,978	-	170,978
Zhuhai Tiejian Tower Project of China Railway Construction Investment Group Co., Ltd.	177,280	-	177,280	175,781	-	175,781
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	156,874	-	156,874	74,983	-	74,983
Guanggu Hi-Tech Innovation Base Project of China Railway Siyuan Survey and Design Group Co., Ltd.	146,252	-	146,252	92,316	-	92,316
Prefabricated Construction Base of China Railway Construction North China Investment Development Co., Ltd. Construction Technology Co., Ltd.	81,866	-	81,866	4,215	-	4,215
Others	2,735,233	9,563	2,725,670	3,205,120	9,563	3,195,557
Total	4,404,253	9,563	4,394,690	4,437,947	9,563	4,428,384

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

17. Construction in progress (continued)

For the six months ended 30 June 2019 (unaudited):

RMB'000

Item	Budget	1 January 2019	Additions	Transfer out	Others	30 June 2019	Source of funds	Proportion of investment to budget (%)
Integrated Office Building of China Railway Construction Electrification Bureau Group Co., Ltd.	470,000	361,268	4,985	-	-	366,253	Self-funding	78
Tiejian Building Phase II Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	446,000	265,840	40,934	-	-	306,774	Self-funding	69
Yangtze River Wharf Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	371,250	87,446	149,975	-	-	237,421	Self-funding	64
Wuhu Tunnel Boring Machine Construction Project of China Railway 14 th Bureau Group Co., Ltd.	499,000	170,978	25,322	-	-	196,300	Self-funding/ loan	39
Zhuhai Tiejian Tower Project of China Railway Construction Investment Group Co., Ltd.	510,030	175,781	1,499	-	-	177,280	Self-funding/ loan	35
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	1,211,836	74,983	81,891	-	-	156,874	Self-funding	13
Guanggu Hi-Tech Innovation Base Project of China Railway Siyuan Survey and Design Group Co., Ltd.	822,482	92,316	53,936	-	-	146,252	Self-funding	18
Prefabricated Construction Base of China Railway Construction North China Investment Development Co., Ltd. Construction Technology Co., Ltd.	476,600	4,215	77,651	-	-	81,866	Self-funding	17
Others	-	3,205,120	763,154	1,233,141	100	2,735,233	Self-funding/ loan	-
Total	-	4,437,947	1,199,347	1,233,141	100	4,404,253	-	-
Less: Provision for impairment	-	9,563	-	-	-	9,563	-	-
Net value at the end of the period	-	4,428,384	1,199,347	1,233,141	100	4,394,690	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

17. Construction in progress (continued)

2018:

Item	Budget						31 December		Source of funds	Proportion of investment to budget (%)
		1 January 2018	Additions	Transfer out	Disposals	Others	2018			
Integrated Office Building of China Railway Construction Electrification Bureau Group Co., Ltd.	470,000	176,085	185,183	-	-	-	361,268	Self-funding	77	
Tiejian Building Phase II Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	446,000	114,783	151,057	-	-	-	265,840	Self-funding	60	
Zhuhai Tiejian Tower Project of China Railway Construction Investment Group Co., Ltd.	510,030	-	175,781	-	-	-	175,781	Self-funding/ loan	34	
Wuhu Tunnel Boring Machine Construction Project of China Railway 14 th Bureau Group Co., Ltd.	499,000	91,607	79,371	-	-	-	170,978	Self-funding/ loan	34	
Jiadun Building Renovation Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	225,380	145,981	-	-	-	-	145,981	Self-funding	65	
Jingjiang Bridge Science and Technology Industrial Park Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	942,370	32,908	110,660	-	-	-	143,568	Self-funding	15	
Nanjing Changjiang No. 5 Bridge TMB Renovation Project of China Railway 14 th Bureau Co., Ltd.	140,000	51,381	85,810	-	-	-	137,191	Self-funding	98	
Western Engineering Material Technology Base of China Railway 21 st Bureau Group Co., Ltd.	167,371	123,220	12,239	-	-	-	135,459	Self-funding/ loan	81	
Others	-	3,151,461	3,461,817	3,492,522	229,485	10,610	2,901,881	Self-funding/ loan	-	
Total	-	3,887,426	4,261,918	3,492,522	229,485	10,610	4,437,947	-	-	
Less: Provision for impairment	-	23,848	-	-	14,285	-	9,563	-	-	
Net value at the end of the year	-	3,863,578	4,261,918	3,492,522	215,200	10,610	4,428,384	-	-	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

17. Construction in progress (continued)

For the six months ended 30 June 2019, construction in progress with a carrying amount of RMB1,066,202,000 (2018: RMB3,291,980,000), RMB6,675,000 (2018: RMB15,407,000) and Nil (2018: Nil) had been transferred to fixed assets, intangible assets and investment properties respectively.

The amounts of interest expenses capitalised in the balance of construction in progress and the capitalisation rates are listed as follows:

For the six months ended 30 June 2019 (unaudited):

RMB'000

Item	Progress as at 30 June 2019 (%)	Accumulated amount of interest capitalised as at 30 June 2019	Interest capitalised during the period	Capitalisation rate during the period (%)
Wuhu Tunnel Boring Machine Construction Project of China Railway 14 th Bureau Group Co., Ltd.	39	14,977	4,368	5.28
North Blue Ocean Production Base of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	78	3,591	292	4.35
Zhuhai Tiejian Tower Project of China Railway Construction Investment Co., Ltd.	35	2,383	1,436	5.11
Office Building of No. 3 Engineering Branch Company of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	30	156	156	4.35
Acquisition of office building in Nansha District, Guangzhou City, of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	90	360	225	4.35
Total	-	21,467	6,477	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

17. Construction in progress (continued)

2018:

RMB'000

Item	Progress	Accumulated	Interest capitalised during the year	Capitalisation rate during the year (%)
	as at 31 December 2018 (%)	amount of interest capitalised as at 31 December 2018		
Wuhu Tunnel Boring Machine Construction Project of China Railway 14 th Bureau Group Co., Ltd.	34	10,609	6,810	5.17
North Blue Ocean Production Base of CRCC Harbor & Channel Engineering Bureau Group Co., Ltd.	74	3,299	1,113	4.35
Western Engineering Material Technology Base of China Railway 21 st Bureau Group Co., Ltd.	81	2,121	2,121	4.35
Zhuhai Tiejian Tower Project of China Railway Construction Investment Co., Ltd.	34	947	947	5.02
Acquisition of office building in Nansha District, Guangzhou City, of CRCC Harbor & Channel Engineering Bureau Group Co., Ltd.	82	135	135	4.35
Total	-	17,111	11,126	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

18. Right-of-use assets

For the six months ended 30 June 2019 (unaudited):

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
31 December 2018	/	/	/	/	/
Changes in accounting policies (Note III, 33)	907,708	5,131,559	1,010,508	94,538	7,144,313
1 January 2019	907,708	5,131,559	1,010,508	94,538	7,144,313
Additions	141,056	17,135	6,503	6,026	170,720
Disposal or retirement	64,718	111,547	2,346	1,957	180,568
30 June 2019	984,046	5,037,147	1,014,665	98,607	7,134,465
II. Accumulated depreciation					
1 January 2019	–	–	–	–	–
Provision	143,989	617,864	31,643	6,900	800,396
Disposal or retirement	114	–	22	–	136
30 June 2019	143,875	617,864	31,621	6,900	800,260
III. Carrying amount					
Closing balance	840,171	4,419,283	983,044	91,707	6,334,205
Opening balance	907,708	5,131,559	1,010,508	94,538	7,144,313

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

19. Intangible assets

For the six months ended 30 June 2019 (unaudited):

RMB'000

Item	Land use rights	Concession rights	Mining rights	Others	Total
I. Original costs					
1 January 2019	7,193,473	45,497,193	164,837	1,216,932	54,072,435
Additions	310,256	3,985,104	483	140,353	4,436,196
Transferred in from construction in progress	–	–	–	6,675	6,675
Disposal or retirement	28,108	–	–	13,661	41,769
30 June 2019	7,475,621	49,482,297	165,320	1,350,299	58,473,537
II. Accumulated amortisation					
1 January 2019	1,321,363	1,691,133	23,330	357,460	3,393,286
Provision	83,417	114,106	97	82,674	280,294
Disposal or retirement	6,864	–	–	2,497	9,361
30 June 2019	1,397,916	1,805,239	23,427	437,637	3,664,219
III. Provision for impairment					
1 January 2019 and 30 June 2019	11,265	–	878	–	12,143
IV. Carrying amount					
Closing balance	6,066,440	47,677,058	141,015	912,662	54,797,175
Opening balance	5,860,845	43,806,060	140,629	859,472	50,667,006

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

19. Intangible assets (continued)

2018:

RMB'000

Item	Land use rights	Concession rights	Mining rights	Others	Total
I. Original costs					
1 January 2018	7,098,602	35,035,094	172,511	900,535	43,206,742
Additions	290,678	10,460,031	–	313,071	11,063,780
Transferred in from construction in progress	–	2,068	–	13,339	15,407
Disposal	195,807	–	7,674	10,013	213,494
31 December 2018	7,193,473	45,497,193	164,837	1,216,932	54,072,435
II. Accumulated amortisation					
1 January 2018	1,203,694	1,512,663	24,604	266,060	3,007,021
Provision	165,355	178,470	–	95,512	439,337
Disposal	47,686	–	1,274	4,112	53,072
31 December 2018	1,321,363	1,691,133	23,330	357,460	3,393,286
III. Provision for impairment					
1 January 2018	42,979	–	878	–	43,857
Disposal	31,714	–	–	–	31,714
31 December 2018	11,265	–	878	–	12,143
IV. Carrying amount					
Closing balance	5,860,845	43,806,060	140,629	859,472	50,667,006
Opening balance	5,851,929	33,522,431	147,029	634,475	40,155,864

As at 30 June 2019, there were no intangible assets recognised through internal research and development (31 December 2018: Nil).

The restricted intangible assets of the Group are stated in Note V. 66.

As at 30 June 2019, 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 RMB121,042,000 (31 December 2018: RMB102,326,000). 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 2019.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

19. Intangible assets (continued)

As at 30 June 2019, intangible assets whose title rights certificates had not been obtained are listed as follows (unaudited):

RMB'000

Land	Carrying amount	Reasons
Yanliang New Production Base of China Railway 20 th Bureau Group Co., Ltd.	39,449	In progress
Doumen Base of CRCC Harbor & Channel Engineering Bureau Group Co., Ltd.	13,927	In progress
No. 013 land, Turnout Branch, China Railway Construction Heavy Industry Co., Ltd.	12,607	In progress
No. 008 land, China Railway Construction Heavy Industry Co., Ltd.	12,560	In progress
New office land in Dares Salaam, Tanzania of China Civil Engineering Construction Corporation	12,138	In progress
Others	30,361	In progress
Total	121,042	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

19. Intangible assets (continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analysed as follows:

For the six months ended 30 June 2019 (unaudited):

RMB'000

Item	Progress	Accumulated	Interest	Capitalisation
	as at 30 June 2019 (%)	amount of interest capitalised as at 30 June 2019	capitalised during the period	rate during the period (%)
Sichuan JianPu Highway Project concession rights	100	1,151,795	-	-
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	-	-
Sichuan Dejian Highway Project concession rights	67	419,032	142,496	4.80
Yusui Highway Project concession rights	100	192,971	-	-
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	-	-
Sichuan Dedu Highway Project concession rights	36	140,480	58,268	4.84
Beijing New Airport North Line Highway project	57	79,183	28,805	4.41
Hunan Anxiang to Cili Highway Project concession rights	28	50,524	23,322	4.74
Beijing Xingyan Highway Project concession rights	100	45,554	-	-
Lotus Avenue Project of China Railway 16 th Bureau Group Co., Ltd.	100	34,583	-	-
Jiyang Yellow River Bridge concession rights	100	23,564	-	-
S404 from Sucheng, Suzhou to demarcation between Anhui and Jiangsu concession rights	67	8,053	8,053	5.00
PPP Project of Underground Integrated Pipe Gallery in Xiang'an New Airport Area of Xiamen concession rights	58	5,400	5,400	4.56
Guangxi Ziyuan County Bajiaozhai 5A scenic area tourism development project concession rights	6	1,226	517	4.94
Parking lot in Huangshan downtown area project concession rights	3	418	418	4.90
Total	-	2,865,061	267,279	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

19. Intangible assets (continued)

2018:

RMB'000

Item	Progress as at 31 December 2018 (%)	Accumulated amount of interest capitalised as at 31 December 2018	Interest capitalised during the year	Capitalisation rate during the year (%)
Sichuan JianPu Highway Project concession rights	100	1,151,795	–	–
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Sichuan Dejian Highway Project concession rights	63	276,536	205,546	4.68
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	14,606	4.75
Sichuan Dedu Highway Project concession rights	27	82,212	80,509	4.69
Beijing New Airport North Line Highway project	49	50,378	50,378	5.98
Beijing Xingyan Highway Project concession rights	92	45,554	42,968	4.61
Lotus Avenue Project of China Railway 16 th Bureau Group Co., Ltd.	82	34,583	–	4.90
Hunan Anxiang to Cili Highway Project concession rights	26	27,202	27,202	4.65
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
Guangxi Ziyuan County Bajiaozhai 5A scenic area tourism development project concession rights	5	709	709	4.88
Total	–	2,597,782	421,918	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

20. Goodwill

For the six months ended 30 June 2019:

RMB'000

Item	1 January 2019	Increase (unaudited)	Decrease (unaudited)	30 June 2019 (unaudited)
Acquisition of Hangsheng Company (Note 1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 2)	91,369	–	–	91,369
Others	37,209	–	–	37,209
Total	228,713	–	–	228,713

2018:

RMB'000

Item	1 January 2018	Increase	Decrease	31 December 2018
Acquisition of Hangsheng Company (Note 1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 2)	91,369	–	–	91,369
Others	9,002	28,207	–	37,209
Total	200,506	28,207	–	228,713

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 involving entities not 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 2019

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

21. Deferred tax assets/liabilities

RMB'000

Item	30 June 2019 (unaudited)		31 December 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	492,112	93,501	571,443	108,148
Impairment of credit losses and provision for impairment of assets	7,747,614	1,727,718	7,129,053	1,604,742
Deductible tax losses	2,560,201	470,980	2,377,448	428,018
Revaluation surplus from restructuring	1,488,008	368,282	1,504,711	371,683
Convertible bonds	–	–	19,871	4,968
Unrealised profits of intra-group transactions	3,109,289	748,834	3,367,573	789,049
Changes in fair value of other equity instrument investments	42,291	9,728	204,958	47,819
Others	7,466,281	1,723,191	6,917,243	1,590,694
Total	22,905,796	5,142,234	22,092,300	4,945,121

Item	30 June 2019 (unaudited)		31 December 2018	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in fair value of other equity instrument investments	976,356	175,745	753,815	133,847
Convertible bonds	301,781	75,445	–	–
Others	578,310	138,216	531,112	127,948
Total	1,856,447	389,406	1,284,927	261,795

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

21. Deferred tax assets/liabilities (continued)

Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset:

RMB'000

Item	Offset amount between deferred tax assets and liabilities at the end of the period (unaudited)	Closing balance of deferred tax assets or liabilities after offset (unaudited)	Offset amount between deferred tax assets and liabilities at the beginning of the period	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	20,849	5,121,385	28,273	4,916,848
Deferred tax liabilities	20,849	368,557	28,273	233,522

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

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Deductible temporary differences	11,510,450	10,780,349
Deductible tax losses	10,890,861	9,525,497
Total	22,401,311	20,305,846

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

21. Deferred tax assets/liabilities (continued)

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

RMB'000

Year	30 June 2019 (unaudited)	31 December 2018
2019	166,901	196,382
2020	1,211,744	1,336,826
2021	998,249	1,132,609
2022	2,366,637	2,394,884
2023	4,463,682	4,464,796
2024	1,683,648	–
Total	10,890,861	9,525,497

22. Other non-current assets

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Retention receivables	56,981,303	51,481,822
A-land development and other projects	6,425,484	5,095,362
Prepayment for investment	355,254	356,254
Others	3,898,771	4,121,127
Subtotal	67,660,812	61,054,565
Less: Current portion of non-current assets	10,031,507	4,945,287
Including: Retention receivables	9,671,533	4,945,287
A-land development and other projects	359,974	–
Total	57,629,305	56,109,278

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

23. Short-term loans

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Pledged loans (Note 1, Note 2)	1,314,485	380,000
Mortgaged loans (Note V. 34 (Note 5))	397,966	205,000
Guaranteed loans (Note 3)	5,513,572	4,358,930
Credit loans	63,335,186	56,837,154
Total	70,561,209	61,781,084

Note 1: As at 30 June 2019, short-term loans with carrying amounts of RMB1,086,499,000 (31 December 2018: RMB380,000,000) were secured by the pledge of the Group's trade receivables with a carrying amount of RMB1,338,078,000 (31 December 2018: RMB389,222,000).

Note 2: As at 30 June 2019, short-term loans with carrying amounts of RMB227,986,000 (31 December 2018: Nil) were secured by the pledge of the Group's bills receivable with a carrying amount of RMB227,986,000 (31 December 2018: Nil).

Note 3: As at 30 June 2019, all guaranteed loans were guaranteed by the entities comprising the Group (31 December 2018: all guaranteed loans were guaranteed by the entities comprising the Group).

As at 30 June 2019, annual interest rates of above short-term loans ranged from 1.50% to 8.00% (31 December 2018: 2.35% to 8.00%).

As at 30 June 2019, the Group had no overdue short-term loans (31 December 2018: Nil).

24. Due to customers

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Due to customers	2,061,146	5,881,497

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

25. Due to banks

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Due to banks	2,000,000	–

26. Bills payable

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Commercial acceptance bills	12,769,785	8,696,965
Bank acceptance bills	47,699,283	42,339,463
Total	60,469,068	51,036,428

As at 30 June 2019, the Group had no unpaid overdue bills payable (31 December 2018: Nil).

27. Trade payables

Aging of trade payables is listed as follows:

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Within 1 year	284,695,802	267,308,664
1 to 2 years	5,249,692	5,067,436
2 to 3 years	1,021,671	914,250
Over 3 years	1,190,341	1,064,526
Total	292,157,506	274,354,876

As at 30 June 2019, trade payables aged over one year amounted to RMB7,461,704,000 (31 December 2018: 7,046,212,000), primarily consisted of payables for construction contracts and materials. Since the progress of relevant projects had not reached the point of payments, these trade payables had not been settled.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

28. Contract liabilities

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Advances for construction contracts	41,155,964	44,249,968
Advances for the sale of properties (Note)	49,749,679	39,148,662
Advances for the sale of materials	5,271,113	4,862,273
Advances for the sale of goods	474,252	161,881
Others	818,979	853,801
Total	97,469,987	89,276,585

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

28. Contract liabilities (continued)

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

RMB'000

Project name	30 June 2019 (unaudited)	Percentage of accumulated pre-sales as at 30 June 2019 (%)	Estimated completion date
CRCC Xipai City I Project	3,660,338	74	December 2019
Xi'an CRCC International City III Project	3,624,595	54	December 2019
CRCC Chengdu Xipai City Project (Zone 7)	3,128,075	58	November 2019
CRCC Kaiyuan Community Project	2,655,625	97	September 2019
CRCC Jiangsu Qingxiu City Project	2,199,489	84	September 2019
Xi'an CRCC International City II Project	2,097,785	51	December 2019
Jiaxing Huayu Jiangnan Project	2,034,539	91	December 2019
Xi'an Tiexing Xipai International Project	1,991,106	61	December 2021
CRCC Wanguo City Project	1,854,489	83	August 2020
Settlement building in Gegu town, Jinnan district, Tianjin	1,843,728	40	December 2020
Changsha Meixi Lake Project	1,292,095	78	December 2019
Hefei Qingxiucheng Project	1,239,894	69	September 2019
Guian Shanyucheng Project	1,130,647	75	November 2019
Changchun Economic Development Zone Yangpu Plot Project	1,110,280	65	October 2019
CRCC Yangchun Hupan Project	1,036,047	58	December 2019
Nanning Xipai Lanan Project	1,035,927	77	July 2019
Hangzhou West Lake International City Project	958,646	98	December 2018
Xiangman Xi'an Project	927,286	68	February 2020
CRCC Yunjing Shanyucheng Project	891,555	64	December 2019
CRCC Donglindao Project	857,601	80	October 2020
CRCC Shanyucheng (Dalian) Project	816,661	59	September 2019
Chengdu Beihu Xinqu Project	742,659	90	December 2019
CRCC Qingxiucheng Project	669,583	83	April 2020
CRCC Xishan Wutong	669,016	63	April 2020
CRCC Yujing Yangguang Project	664,160	26	June 2020
Nanning Anji Shanyucheng Project	525,028	81	November 2019
CRCC Guiyang International City	504,041	72	December 2019
CRCC Yungongguan Project	500,219	76	October 2019
Binhai New Town Project	401,214	100	November 2019
CRCC Shanyucheng (Ningbo) Project	399,945	70	July 2020
Others	8,287,406	-	-
Total	49,749,679	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

28. Contract liabilities (continued)

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

RMB'000

Company name	Relationship with the Group	30 June 2019 (unaudited)	Reasons
Company 1	Third party	232,190	Work performed but not billed
Company 2	Third party	227,019	Work performed but not billed
Company 3	Third party	154,053	Work performed but not billed
Company 4	Third party	145,784	Work performed but not billed
Company 5	Third party	100,689	Work performed but not billed
Total	–	859,735	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

29. Employee benefits payable

For the six months ended 30 June 2019:

RMB'000

Item	1 January 2019	Accrued (unaudited)	Paid (unaudited)	30 June 2019 (unaudited)
Short-term benefits	9,717,291	25,772,076	26,821,957	8,667,410
Post-employment benefits (defined contribution plans)	1,563,280	2,993,505	2,932,342	1,624,443
Total	11,280,571	28,765,581	29,754,299	10,291,853

2018:

RMB'000

Item	1 January 2018	Accrued	Paid	31 December 2018
Short-term benefits	8,701,940	52,318,090	51,302,739	9,717,291
Post-employment benefits (defined contribution plans)	1,457,566	5,911,297	5,805,583	1,563,280
Total	10,159,506	58,229,387	57,108,322	11,280,571

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

29. Employee benefits payable (continued)

Short-term benefits:

For the six months ended 30 June 2019:

RMB'000

Item	1 January 2019	Accrued (unaudited)	Paid (unaudited)	30 June 2019 (unaudited)
Salaries, bonuses, allowances and subsidies	6,978,400	18,955,740	20,167,026	5,767,114
Staff welfare	–	1,367,869	1,367,869	–
Social insurance	1,110,730	1,508,003	1,466,566	1,152,167
Including: Medical insurance	970,674	1,320,208	1,272,761	1,018,121
Work injury insurance	91,072	103,464	110,553	83,983
Maternity insurance	48,984	84,331	83,252	50,063
Housing funds	684,423	1,417,821	1,433,039	669,205
Union fund and employee education fund	569,131	481,265	438,442	611,954
Others	374,607	2,041,378	1,949,015	466,970
Total	9,717,291	25,772,076	26,821,957	8,667,410

2018:

RMB'000

Item	1 January 2018	Accrued	Paid	31 December 2018
Salaries, bonuses, allowances and subsidies	6,171,699	38,783,781	37,977,080	6,978,400
Staff welfare	–	2,824,368	2,824,368	–
Social insurance	1,054,646	3,107,784	3,051,700	1,110,730
Including: Medical insurance	919,130	2,692,150	2,640,606	970,674
Work injury insurance	88,520	252,359	249,807	91,072
Maternity insurance	46,996	163,275	161,287	48,984
Housing funds	680,760	2,775,309	2,771,646	684,423
Union fund and employee education fund	523,855	1,067,032	1,021,756	569,131
Others	270,980	3,759,816	3,656,189	374,607
Total	8,701,940	52,318,090	51,302,739	9,717,291

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

29. Employee benefits payable (continued)

Defined contribution plan:

For the six months ended 30 June 2019:

RMB'000

Item	1 January 2019	Accrued (unaudited)	Paid (unaudited)	30 June 2019 (unaudited)
Basic pension insurance	1,146,935	2,398,534	2,372,550	1,172,919
Unemployment insurance	91,745	85,423	83,283	93,885
Supplementary pension insurance	324,600	509,548	476,509	357,639
Total	1,563,280	2,993,505	2,932,342	1,624,443

2018:

RMB'000

Item	1 January 2018	Accrued	Paid	31 December 2018
Basic pension insurance	1,103,707	4,757,840	4,714,612	1,146,935
Unemployment insurance	99,329	162,492	170,076	91,745
Supplementary pension insurance	254,530	990,965	920,895	324,600
Total	1,457,566	5,911,297	5,805,583	1,563,280

Defined contribution plan includes basic pension insurance and unemployment insurance managed by local governments and the Group's supplementary pension insurance. In addition to the monthly payments, the Group is no longer liable for further payments. Relevant expenditures are capitalised or expensed in the period when incurred.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

30. Taxes payable

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
VAT	1,985,382	2,962,306
EIT	876,349	2,513,210
Others	1,093,491	1,472,598
Total	3,955,222	6,948,114

31. Other payables

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Guarantees and deposits	18,138,775	14,810,200
Payables for advances	12,595,473	12,101,637
Amounts due to related parties	6,400,991	6,345,515
Dividends payable	3,166,528	447,024
Others	26,036,206	21,724,666
Total	66,337,973	55,429,042

As at 30 June 2019, significant other payables aged over one year are listed as follows:

RMB'000

Company name	Relationship with the Group	30 June 2019 (unaudited)	Reasons
Company 1	Third party	811,284	Unpaid accrued tax expense
Company 2	Third party	352,484	Payables not settled
Company 3	Third party	168,936	Payables not settled
Company 4	Third party	150,000	Payables not settled
Company 5	Third party	141,500	Payables not settled
Total	-	1,624,204	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

32. Current portion of non-current liabilities

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Current portion of long-term loans (Note V. 34)	20,764,364	17,833,584
Current portion of bonds payable (Note V. 35)	9,987,617	1,000,000
Current portion of lease liabilities (Note V. 36)	1,793,577	/
Current portion of long-term payables	1,886,432	4,221,089
Current portion of post-employment benefits payable (Note V. 38)	117,653	164,298
Total	34,549,643	23,218,971

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

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Pledged loans (Note V. 34 (Note 1))	80,000	–
Mortgaged loans (Note V. 34 (Note 5))	1,516,598	1,035,880
Guaranteed loans	5,574,000	2,331,640
Credit loans	13,593,766	14,466,064
Total	20,764,364	17,833,584

33. Other current liabilities

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Short-term unsecured financing bonds (Note 1)	11,998,020	4,998,272
Amounts to be transferred to output VAT	7,580,408	7,095,560
Others	358,905	341,132
Total	19,937,333	12,434,964

Note 1: 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

33. Other current liabilities (continued)

The movement of short-term unsecured financing bonds is listed as follows (unaudited):

RMB'000

Bond name	Par value	Issuance date	Bond term	Opening balance	Issuance during the period	Principles paid	Interests accrued	Amortisation of discounts and premiums	Closing balance
China Railway Construction Corporation Limited 2019 second issue ultra-short-term financing bond	4,000,000	14 June 2019	6 months	-	4,000,000	-	5,123	-	4,000,000
China Railway Construction Corporation Limited 2019 first issue ultra-short-term financing bond	3,000,000	24 May 2019	6 months	-	3,000,000	-	8,433	-	3,000,000
China Railway Construction Real Estate Group Co., Ltd. 2018 first issue ultra-short-term financing bond	2,000,000	28 November 2018	9 months	1,998,272	-	-	38,367	1,241	1,999,513
China Railway Construction Real Estate Group Co., Ltd. 2019 second issue ultra-short-term financing bond	1,500,000	24 January 2019	9 months	-	1,498,425	-	21,452	843	1,499,268
China Railway Construction Real Estate Group Co., Ltd. 2019 first issue ultra-short-term financing bond	1,500,000	16 January 2019	9 months	-	1,498,425	-	21,575	814	1,499,239
China Railway Construction Corporation Limited 2018 first issue ultra-short-term financing bond	3,000,000	14 September 2018	9 months	3,000,000	-	3,000,000	47,241	-	-
Total	15,000,000	-	-	4,998,272	9,996,850	3,000,000	142,191	2,898	11,998,020

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

34. Long-term loans

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Pledged loans (Note 1, Note 2, Note 3)	32,162,563	26,840,000
Mortgaged loans (Note 4, Note 5)	5,656,106	4,725,841
Guaranteed loans (Note 6)	13,449,882	13,529,940
Credit loans	25,593,738	24,744,696
Total	76,862,289	69,840,477

Note 1: As at 30 June 2019, long-term loans with a carrying amount of RMB29,759,000,000, including current portion of long-term loans of RMB80,000,000 (31 December 2018: RMB25,970,000,000, including no current portion of long-term loans) were secured by pledges of the Group's concession rights with a carrying amount of RMB43,855,930,000 (31 December 2018: RMB41,455,348,000).

Note 2: As at 30 June 2019, long-term loans with a carrying amount of RMB2,383,563,000 (31 December 2018: RMB800,000,000) were secured by pledges of the Group's other non-current assets with a carrying amount of RMB2,603,080,000 (31 December 2018: RMB1,888,875,000).

Note 3: As at 30 June 2019, long-term loans with a carrying amount of RMB100,000,000 (31 December 2018: RMB70,000,000) were secured by pledges of the Group's long-term receivables with a carrying amount of RMB183,553,000 (31 December 2018: RMB149,599,000).

Note 4: As at 30 June 2019, long-term loans with a carrying amount of RMB19,805,000 (31 December 2018: RMB21,539,000) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB65,045,000 (31 December 2018: RMB60,969,000).

Note 5: As at 30 June 2019, short-term loans with a carrying amount of RMB397,966,000 (31 December 2018: RMB205,000,000) and long-term loans with a carrying amount of RMB7,152,899,000, including current portion of long-term loans of RMB1,516,598,000 (31 December 2018: RMB5,730,732,000 including current portion of long-term loans of RMB1,035,880,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB17,382,016,000 (31 December 2018: RMB14,401,283,000).

Note 6: As at 30 June 2019, the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group (31 December 2018: the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group).

As at 30 June 2019, the Group had no overdue long-term loans (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

34. Long-term loans (continued)

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

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Within one year or paid on demand (<i>Note V. 32</i>)	20,764,364	17,833,584
In the second year (inclusive)	19,733,781	20,591,310
In the third to fifth year (inclusive)	20,350,538	14,351,111
Over five years	36,777,970	34,898,056
Total	97,626,653	87,674,061

35. Bonds payable

Bonds payable include: (1) unsecured medium-term notes, private placement notes, and assets-backed notes guaranteed by the Group 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.

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Bonds payable	40,981,382	38,458,422
Less: Current portion of bonds payable (<i>Note V. 32</i>)	9,987,617	1,000,000
Non-current portion of bonds payable	30,993,765	37,458,422

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

35. Bonds payable (continued)

As at 30 June 2019, balances of bonds payable are listed as follows (unaudited):

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2019	Amount issued	Interest accrued in the period	Discount or premium amortisation and exchange effects	Principle and interest paid in the period	30 June 2019
China Railway Construction Corporation Limited – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,979,362	-	252,862	8,255	-	9,987,617
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%	5,463,682	-	95,751	12,032	95,711	5,475,614
China Railway Construction Corporation Limited – RMB3.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 1)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	3,172,829	-	25,662	40,468	-	3,213,097
China Railway Construction Corporation Limited – USD560 million Zero Coupon Convertible Bond due 2021 (Note 2)	USD560,000	29 January 2016	5 years	USD560,000	0.00%	3,040,981	-	-	68,665	-	3,127,646
China Railway Construction Real Estate Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.80%	2,971,853	-	72,000	7,376	-	2,979,229
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%	2,789,332	-	51,800	2,535	103,600	2,791,867
China Railway Construction Real Estate Co., Ltd. – 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	2,182,819	-	65,340	822	130,680	2,193,641
China Railway Construction Real Estate Co., Ltd. – 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,484,693	-	33,975	1,729	312,000	1,256,427
China Railway Construction Real Estate Co., Ltd. – 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	4.70%	1,484,453	-	35,566	(2,846)	626,500	942,107
China Railway 16 th 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
CRCC (Beijing) Property Management Co., Ltd. – 2017 first issue of private placement assets-backed note	960,000	13 December 2017	7 years	960,000	6.90%	868,360	-	26,652	383	63,270	836,243
China Railway Construction Real Estate Co., Ltd. – 2019 first issue of private placement Corporate bond (warranty I)	1,500,000	10 January 2019	3 years	1,500,000	4.73%	-	1,496,009	29,563	543	-	1,496,552
China Railway Construction Real Estate Co., Ltd. – 2019 first issue of private placement Corporate bond (warranty II)	1,500,000	10 January 2019	5 years	1,500,000	4.90%	-	1,494,028	30,625	437	-	1,494,465
China Railway Construction Real Estate Co., Ltd. – 2019 first issue of public placement Corporate bond (warranty I)	2,700,000	15 March 2019	5 years	2,700,000	4.25%	-	2,688,840	28,688	511	-	2,689,351
China Railway Construction Real Estate Co., Ltd. – 2019 second issue of private placement Corporate bond	300,000	18 March 2019	5 years	300,000	4.90%	-	296,756	3,675	56	-	296,814
China Railway Construction Investment Group Co., Ltd. – 2019 first issue of public placement Corporate bond	1,200,000	9 April 2019	3 years	1,200,000	3.98%	-	1,196,642	7,960	70	-	1,196,712
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%	2,990,353	-	11,450	9,647	3,137,400	-
China Railway 24 th Bureau Group Co., Ltd. – 2016 second issue of private placement note	600,000	24 March 2016	3 years	600,000	4.13%	600,000	-	5,507	-	624,780	-
China Railway 15 th Bureau Group Co., Ltd. – 2016 first issue of private placement note	400,000	4 March 2016	3 years	400,000	4.50%	400,000	-	2,900	-	418,000	-
Total	-	-	-	-	-	38,488,422	7,176,277	800,006	169,183	5,511,941	40,981,382
Less: Current portion of bonds payable	-	-	-	-	-	1,000,000	-	-	-	-	9,887,617
Non-current portion of bonds payable	-	-	-	-	-	37,488,422	-	-	-	-	30,993,765

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

35. Bonds payable (continued)

As at 31 December 2018, balances of bonds payable are listed as follows:

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2018	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2018
China Railway Construction Corporation Limited – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,969,024	-	510,000	10,338	510,000	9,979,362
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%	5,196,349	-	185,750	267,233	185,846	5,463,582
China Railway Construction Corporation Limited – RMB3.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 1)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	3,093,529	-	51,750	79,100	51,750	3,172,629
China Railway Construction Corporation Limited – USD500 million Zero Coupon Convertible Bond due 2021 (Note 2)	USD500,000	29 January 2016	5 years	USD500,000	0.00%	2,722,717	-	-	318,264	-	3,040,981
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%	2,986,206	-	137,400	4,147	137,400	2,990,353
China Railway Construction Real Estate Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.80%	2,985,179	-	126,450	(13,326)	120,600	2,971,853
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%	2,784,611	-	103,600	4,721	103,600	2,789,332
China Railway Construction Real Estate Co., Ltd. – 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	-	2,200,000	119,790	(7,181)	-	2,192,819
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%	1,492,682	-	72,000	2,036	72,000	1,494,688
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%	1,492,450	-	76,500	2,003	76,500	1,494,453
China Railway 16 th 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	-	40,000	-	40,000	1,000,000
CRCC Beijing Property Management Co., Ltd. – 2017 first issue of private placement assets-backed note	960,000	13 December 2017	7 years	960,000	6.90%	955,196	-	65,897	664	124,968	866,360
China Railway 24 th Bureau Group Co., Ltd. – 2016 second issue of private placement note	600,000	24 March 2016	3 years	600,000	4.13%	600,000	-	25,124	-	24,780	600,000
China Railway 15 th Bureau Group Co., Ltd. – 2016 first issue of private placement note	400,000	4 March 2016	3 years	400,000	4.50%	400,000	-	18,355	-	18,000	400,000
China Railway Construction Corporation Limited – 2011 first issue of medium-term note	7,500,000	14 October 2011	7 years	7,500,000	6.28%	7,487,134	-	375,510	12,866	7,971,000	-
China Railway 20 th Bureau Group Co., Ltd. – 2015 first issue of private placement note	700,000	19 March 2015	3 years	700,000	6.50%	700,000	-	21,700	-	721,700	-
China Railway 23 rd Bureau Group Co., Ltd. – 2015 first issue of private placement note	100,000	11 February 2015	3 years	100,000	6.30%	99,989	-	812	11	100,811	-
China Railway 23 rd Bureau Group Co., Ltd. – 2015 second issue of private placement note	100,000	12 February 2015	3 years	100,000	6.30%	99,988	-	828	12	100,828	-
China Railway 25 th Bureau Group Co., Ltd. – 2015 first issue of private placement note	400,000	30 January 2015	3 years	400,000	6.50%	400,000	-	2,084	-	402,084	-
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	-	31,027	-	1,048,500	-
Chongqing Tiefa Suiyu Highway Co., Ltd. – 2015 first issue of private placement note	200,000	11 February 2015	3 years	200,000	6.00%	200,000	-	-	-	200,000	-
Total	-	-	-	-	-	45,665,034	2,200,000	1,964,577	680,888	12,010,367	38,453,422
Less: Current portion of bonds payable	-	-	-	-	-	9,987,111	-	-	-	-	1,000,000
Non-current portion of bonds payable	-	-	-	-	-	35,677,923	-	-	-	-	37,453,422

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

35. Bonds payable (continued)

Note 1: 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 HKD13.7750 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 recognised at fair value at the issue date, and the issue price in excess of the initially recognised liability is recognised as equity.

Note 2: 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 HKD10.30 per H share, and will be subject to adjustments under certain circumstances. The embedded derivatives of the convertible bond is initially recognised at fair value at the issue date, and the issue price in exceed of the fair value of derivative financial liabilities is recognised as debt instruments.

36. Lease liabilities

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Lease liabilities	5,955,561	/
Less: Current portion of lease liabilities (<i>Note V. 32</i>)	1,793,577	/
Non-current portion of lease liabilities	4,161,984	/

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

37. Long-term payables

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Retention payables (Note 1)	6,637,315	5,635,733
Finance lease payables	/	563,764
Special payables (Note 2)	119,418	155,269
Others	1,073,891	842,815
Total	7,830,624	7,197,581

Note 1: In construction operations and real estate development operations, the Group is billed according to the terms of the contracts with the suppliers. The retention payables are usually due by the later of the completion of the construction operation and the end of the guarantee period. The non-current portion of the retention payables is included in long-term payables and the current portion of the retention payables is included in the current portion of non-current liabilities. The comparative financial information are presented with reclassification adjustments. Before the reclassification, the Group's trade payables included retention payables amounting to RMB9,316,030,000. The Group reclassified retention payables amounting to RMB5,635,733,000 to long-term payables and retention payables amounting to RMB3,680,297,000 to the current portion of non-current liabilities.

Note 2: For the six months ended 30 June 2019:

RMB'000

Item	1 January 2019	Additions (unaudited)	Reductions (unaudited)	30 June 2019 (unaudited)
Specific project funds	96,285	13,607	51,820	58,072
Research and development funds	58,984	5,072	2,710	61,346
Total	155,269	18,679	54,530	119,418

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

37. Long-term payables (continued)

2018:

<i>RMB'000</i>				
Item	1 January 2018	Additions	Reductions	31 December 2018
Specific project funds	547,372	29,958	481,045	96,285
Research and development funds	55,877	23,907	20,800	58,984
Others	351	–	351	–
Total	603,600	53,865	502,196	155,269

38. Long-term employee benefits payable

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Defined benefit plans – post-employment benefits	374,459	407,145

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

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for post-leaving personnel.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

38. Long-term employee benefits payable (continued)

The principal actuarial assumptions used as at the balance sheet date are listed as follows:

Item	30 June 2019 (unaudited)	31 December 2018
Discount rate (%)	2.75	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

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

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	2018
Opening balance of the period/year	571,443	925,357
Defined benefit cost recognised in profit or loss		
Past service cost	–	(360)
Net interest	6,400	28,490
Defined benefit cost recognised in other comprehensive income		
Actuarial losses/(gains)	130	(59,224)
Other changes		
Benefit payments	(85,861)	(322,820)
Closing balance of the period/year	492,112	571,443
Including: Current portion of post-employment benefits payable (Note V. 32)	(117,653)	(164,298)
Non-current portion of post-employment benefits payable	374,459	407,145

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

39. Deferred income

For the six months ended 30 June 2019:

RMB'000

Item	1 January 2019	Additions (unaudited)	Reductions (unaudited)	30 June 2019 (unaudited)
Government grants related to assets	1,070,289	618,917	3,149	1,686,057
Government grants related to income	46,471	11,795	2,027	56,239
Others	1,147,023	3,114	2,514	1,147,623
Total	2,263,783	633,826	7,690	2,889,919

2018:

RMB'000

Item	1 January 2018	Additions	Reductions	31 December 2018
Government grants related to assets	148,316	975,043	53,070	1,070,289
Government grants related to income	22,304	377,049	352,882	46,471
Others	660,862	523,918	37,757	1,147,023
Total	831,482	1,876,010	443,709	2,263,783

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

39. Deferred income (continued)

As at 30 June 2019, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2019	Additions (unaudited)	Included in non-operating income/other income in the period (unaudited)	Other changes (note) (unaudited)	30 June 2019 (unaudited)	Related to assets/income
Sichuan Dedu Highway Project	500,000	617,200	-	-	1,117,200	Related to assets
High-tech Underground Equipment Manufacturing Project	387,000	-	-	-	387,000	Related to assets
Enterprise Development and Support Fund	463	1,700	-	(400)	1,763	Related to assets/ income
Others	229,297	11,812	(4,509)	(267)	236,333	-
Total	1,116,760	630,712	(4,509)	(667)	1,742,296	-

As at 31 December 2018, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2018	Additions	Included in non-operating income/other income in the year	Other changes	31 December 2018	Related to assets/income
Sichuan Dedu Highway Project	-	500,000	-	-	500,000	Related to assets
High-tech Underground Equipment Manufacturing Project	-	387,000	-	-	387,000	Related to assets
Enterprise Development and Support Fund	166	142,272	(141,398)	(577)	463	Related to assets/income
Others	170,454	322,820	(214,642)	(49,335)	229,297	-
Total	170,620	1,352,092	(356,040)	(49,912)	1,116,760	-

Note: Government grants related to assets are used to offset against the carrying amount of relevant assets when relevant assets become ready for their intended use.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

40. Other non-current liabilities

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Derivatives- convertible bonds (Note V. 35 (Note 2))	529,213	850,865
Others	189,000	231,600
Total	718,213	1,082,465

41. Share capital

For the six months ended 30 June 2019:

RMB'000

Item	1 January 2019	Increase (unaudited)	Decrease (unaudited)	30 June 2019 (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

2018:

RMB'000

Item	1 January 2018	Increase	Decrease	31 December 2018
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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

42. Other equity instruments

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
2016 renewable corporate bonds (First tranche) <i>Note 1</i>	–	7,992,104
Convertible bond for the year of 2016 <i>Note 2</i>	408,129	408,129
Renewable loans <i>Note 3</i>	5,000,000	5,000,000
2018 renewable corporate bonds <i>Note 4</i>	6,992,689	6,992,689
2019 renewable corporate bonds <i>Note 5</i>	4,600,000	–
Total	17,000,818	20,392,922

Note 1: On 29 June 2016, the Company issued the “CRCC 2016 renewable corporate bonds (First tranche)” with a basic duration of 3 years. At the end of the agreed basic period of duration and the end of each renewal period, the Company has the right to exercise a renewal option. If the Company does not exercise the renewal option, the bond will expire when the Company fully pay the principle and interests. The Company chose not to exercise the renewal option at the end of the basic period of duration. In accordance with the bond’s issuance agreement, the principal and interests of the bond were fully paid to China Securities Depository and Clearing Corporation Limited, Shanghai Branch by 29 June 2019.

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.

Note 3: On 22 December 2017, the Company issued RMB5,000,000,000 in an aggregate principal amount of renewable loans. According to the contract of the loan, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the loans did not satisfy the definition of financial liabilities, so the loans were included in other equity instruments.

Note 4: In 2018, the Company issued RMB7,000,000,000 in an aggregate principal amount of renewable corporate bonds. According to the terms of the bonds, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities, so the net proceeds from the issuance amounting to RMB6,992,689,000, net of the relevant expenses of issuance of RMB7,311,000 were included in other equity instruments.

Note 5: In 2019, the Company issued RMB4,600,000,000 in an aggregate principal amount of renewable corporate bonds. According to the terms of the bonds, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities, so the bonds were included in other equity instruments.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

43. Capital reserve

For the six months ended 30 June 2019:

RMB'000

Item	1 January 2019	Increase (unaudited)	Decrease (unaudited)	30 June 2019 (unaudited)
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Acquisition of non-controlling interests	(461,878)	4,982	–	(456,896)
Others	(506,626)	–	7,896	(514,522)
Total	40,434,270	4,982	7,896	40,431,356

2018:

RMB'000

Item	1 January 2018	Increase	Decrease	31 December 2018
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Acquisition of non-controlling interests	(467,584)	5,706	–	(461,878)
Others	(506,626)	–	–	(506,626)
Total	40,428,564	5,706	–	40,434,270

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

44. Other comprehensive income

Accumulated balances of other comprehensive income attributable to owners of the Company in the consolidated statement of financial position:

RMB'000

Item	1 January	Increase/	Less: Other	1 January	Increase/	Less: Other	30 June
	2018	(decrease)	comprehensive income carried forward to retained earnings	2019	(decrease) (unaudited)	comprehensive income carried forward to retained earnings	2019 (unaudited)
Re-measurement of defined benefit	(51,167)	60,896	603	9,126	(130)	-	8,996
Effect of deferred tax from changes in re-measurement of defined benefit	(36,094)	(12,146)	-	(48,240)	33	-	(48,207)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of investee, under the equity method	(136,130)	13,550	-	(122,580)	144,985	-	22,405
Changes in fair value of other debt investments	-	513	-	513	(183)	-	330
Changes in fair value of other equity instrument investments	700,428	(480,632)	(100)	219,896	389,283	-	609,179
Effect of deferred tax from changes in fair value of other equity instrument investments	(145,901)	100,181	-	(45,720)	(80,600)	-	(126,320)
Exchange differences on translation of foreign operation	(507,015)	(21,039)	-	(528,054)	(72,342)	897	(601,293)
Total	(175,879)	(338,677)	503	(515,059)	381,046	897	(134,910)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

44. Other comprehensive income (continued)

Other comprehensive income in the statement of profit or loss and other comprehensive income:

For the six months ended 30 June 2019 (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				
Re-measurement of defined benefit	(130)	(33)	(97)	–
Gains/(losses) from changes in fair value of other equity instrument investments	385,208	79,989	308,683	(3,464)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	144,985	–	144,985	–
Losses from changes in fair value of other debt investments	(183)	–	(183)	–
Exchange differences on translation of foreign operations	(72,312)	–	(72,342)	30
Total	457,568	79,956	381,046	(3,434)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

44. Other comprehensive income (continued)

Other comprehensive income in the statement of profit or loss and other comprehensive income:
(continued)

For the six months ended 30 June 2018 (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				
Re-measurement of defined benefit	(9,260)	(2,315)	(6,945)	-
Losses from changes in fair value of other equity instrument investments	(497,966)	(91,237)	(385,773)	(20,956)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	(7,664)	-	(7,664)	-
Exchange differences on translation of foreign operations	(228,982)	-	(228,908)	(74)
Total	(743,872)	(93,552)	(629,290)	(21,030)

45. 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 [2012] No. 16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note III. 29.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

46. Surplus reserve

For the six months ended 30 June 2019:

RMB'000

Item		1 January 2019	Increase (unaudited)	30 June 2019 (unaudited)
Statutory surplus reserve	Note	3,229,881	–	3,229,881

2018:

RMB'000

Item		1 January 2018	Increase	31 December 2018
Statutory surplus reserve	Note	2,890,437	339,444	3,229,881

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 authorized 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

47. Retained earnings

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	2018
Retained earnings at the beginning of period/year	92,768,356	78,483,316
Net profit attributable to owners of the Company	9,284,178	17,935,281
Less: Appropriation to statutory surplus reserve	–	339,444
Cash dividend declared for ordinary shares (<i>Note 1</i>)	2,851,704	2,444,317
Interest distributed to other equity instrument holders	630,936	866,983
Others	897	503
Retained earnings at the end of the period/year (<i>Note 2</i>)	98,570,791	92,768,356

Note 1: In accordance with the resolution at the 2018 annual general meeting of shareholders on 18 June 2019, the Company declared a cash dividend for the year ended 31 December 2018 of RMB0.21 per share (2018: RMB0.18 per share), which amounted to RMB2,851,704,000 (2018: RMB2,444,317,000) based on 13,579,541,500 ordinary shares in issue. The above dividends had been paid after the balance sheet date.

Note 2: As at 30 June 2019, due to the fact that the trigger of a mandatory interest payment event had not occurred, the Group had not accrued interest of renewable corporate bonds and renewable loans amounting to RMB14,465,000 (31 December 2018: RMB148,950,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

48. Revenue and cost of sales

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)		For the six months ended 30 June 2018 (unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	351,089,910	316,877,976	307,139,898	277,609,971
Other operating revenue	1,844,969	1,486,482	1,841,032	1,414,740
Total	352,934,879	318,364,458	308,980,930	279,024,711

(1) Revenue is listed as follows:

RMB'000

Sector	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Construction operations	308,187,762	263,985,685
Real estate development operations	9,834,548	9,911,413
Manufacturing operations	7,825,738	6,679,333
Survey, design and consultancy operations	7,675,647	7,018,128
Other business operations	19,411,184	21,386,371
Total	352,934,879	308,980,930

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

48. Revenue and cost of sales (continued)

(2) Disaggregation of revenue:

RMB'000

	Construction operations	Real estate development operations	Manufacturing operations	Survey, design and consultancy operations	Other business operations	Total
Timing of revenue recognition						
Over time	308,187,762	–	–	7,351,516	1,366,927	316,906,205
A point in time	–	9,834,548	7,825,738	324,131	18,044,257	36,028,674
Total	308,187,762	9,834,548	7,825,738	7,675,647	19,411,184	352,934,879

- (3) The construction services provided by the Group are mainly identified as single performance obligation and met the criteria of performance obligation performed over time. As at 30 June 2019, for the construction services in progress, the transaction prices allocated to their unsatisfied (including partially unsatisfied) performance obligations are based on their performance progress over the relevant construction contract periods and would be recognised as revenue based on their performance progress in future construction contract periods.

49. Taxes and surcharges

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
City maintenance and construction tax	303,033	322,510
Stamp duty	157,151	176,033
Property tax	101,513	107,022
Others	965,515	856,050
Total	1,527,212	1,461,615

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

50. Selling and distribution expenses

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Employee compensation costs	1,099,033	1,081,484
Advertising and publicity expenses	535,877	462,566
Transportation expenses	150,199	116,441
Others	375,258	326,266
Total	2,160,367	1,986,757

51. General and administrative expenses

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Employee compensation costs	6,140,247	5,766,499
Depreciation expenses of fixed assets	365,317	361,667
Office, travelling and transportation expenses	483,313	456,188
Others	1,286,393	1,319,861
Total	8,275,270	7,904,215

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

52. Research and development expenses

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Personnel and material expenses	7,002,021	5,437,638

53. Finance costs

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Interest expenses	5,299,012	4,130,244
Less: Interest income	1,942,181	1,506,852
Less: Interest capitalised	1,986,789	1,652,094
Exchange (gains) losses	(113,700)	44,637
Bank charges and others	838,269	518,536
Total	2,094,611	1,534,471

The amount of capitalised interest had been included in the balances of construction in progress (Note V. 17), intangible assets (Note V. 19) and properties under development (Note V. 8 (1)).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

54. Impairment losses on assets

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Losses from decline in value of inventories	(3,145)	19,507
Others	4,105	–
Total	960	19,507

55. Impairment of credit losses

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Losses from impairment of receivables and contract assets	(1,296,240)	(526,404)
Losses from impairment of loans to customers	(17,500)	(3,000)
Total	(1,313,740)	(529,404)

56. Other income

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Government grants relating to daily operations	163,638	117,567
Others	7,470	–
Total	171,108	117,567

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

57. Investment income/(losses)

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Share of profits of long-term equity investments under the equity method	982,341	124,364
Losses from derecognition of financial assets measured at amortised cost	(1,120,028)	(558,965)
Investment income from holding other equity instrument	125,312	35,246
Investment income from disposal of held-for-trading financial assets	52,110	3,984
Others	13,064	(82,016)
Total	52,799	(477,387)

58. Gains on fair value changes

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Financial assets and liabilities at fair value through profit or loss	311,343	334,370

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

59. Non-operating income

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)	Non-recurring profit or loss of the period (unaudited)
Government grants	44,897	180,007	44,897
Gains on compensation, penalties and fines	72,680	75,389	72,680
Gains on debt restructuring	55,803	51,514	55,803
Others	193,721	155,871	193,721
Total	367,101	462,781	367,101

Government grants credited to profit or loss for the period are listed as follows:

RMB'000

Nature	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)	Related to assets/income
Enterprise development funds	62,492	115,325	Related to income
Refund of taxes	101,258	100,195	Related to income
Relocation compensation	17	17	Related to income
Others	44,768	82,037	Related to income
Total	208,535	297,574	–
Including: Other income	163,638	117,567	–
Non-operating income	44,897	180,007	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

60. Non-operating expenses

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)	Non-recurring profit or loss of the year (unaudited)
Loss on compensation, penalties and fines	137,571	110,002	137,571
Donations	17,658	3,874	17,658
Others	92,281	86,479	92,281
Total	247,510	200,355	247,510

61. Costs and expenses classified by nature

Supplementary information of the Group's costs of sales, selling and distribution expenses, general and administrative expenses, research and development expenses categorized by nature are listed as follows:

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Cost of services rendered (Note V. 48)	292,472,047	250,319,707
Cost of goods sold (Note V. 48)	25,892,411	28,705,004
Employee benefits (Note V. 50 and 51)	7,239,280	6,847,983
Research and development expenses (Note V. 52)	7,002,021	5,437,638
Depreciation expenses on fixed assets	395,168	389,401
Amortisation expenses on intangible assets	97,074	101,138
Depreciation expenses on right-of-use assets	64,707	

Note 1: For the six months ended 30 June 2019, depreciation of fixed assets included in the cost of services rendered and cost of goods sold was RMB6,850,057,000 (For the six months ended 30 June 2018: RMB5,370,412,000).

Note 2: For the six months ended 30 June 2019, amortisation of intangible assets included in the cost of services rendered and cost of goods sold was RMB183,220,000 (For the six months ended 30 June 2018: RMB114,404,000).

Note 3: For the six months ended 30 June 2019, depreciation of right-of-use assets included in the cost of services rendered and cost of goods sold was RMB735,689,000 (For the six months ended 30 June 2018: RMB Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

62. Income tax expenses

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Current tax expenses – Mainland China	2,731,965	2,378,701
Current tax expenses – Others	10,918	59,652
Deferred tax expenses	(149,458)	51,189
Total	2,593,425	2,489,542

A reconciliation of the income tax expense applicable to profit before tax is listed as follows:

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Profit before tax	12,909,887	11,383,423
Income tax at the statutory income tax rate of 25%	3,227,472	2,845,856
Tax effect of preferential tax rates for some subsidiaries	(482,533)	(558,412)
Tax effect of share of profits and losses of joint ventures and associates	(245,585)	(31,091)
Effect of non-taxable income	(210,316)	(206,148)
Effect of non-deductible expenses	57,098	82,527
Effect of utilisation of unrecognised deductible tax losses	(79,571)	(18,228)
Income tax benefits on research and development expenses (Note)	(252,975)	(209,945)
Effect of unrecognised deductible tax losses	420,912	487,592
Deductible temporary differences not recognised as deferred tax assets	182,525	130,452
Adjustments in respect of current income tax of previous years	53,266	14,823
Others	(76,868)	(47,884)
Income tax expense at the Group's effective tax rate	2,593,425	2,489,542

Note: Pursuant to Cai Shui [2018] No. 99, for the period from 1 January 2018 to 31 December 2020, the weighted deduction proportion of research and development expenses increased to 75%.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

62. Income tax expenses (continued)

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 statutory tax rate according to existing laws, interpretations and practices of the country or jurisdiction in which the Group operates.

63. Earnings per share

The basic earnings per share is calculated based on the net profit for the period/year attributable to ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the period/year.

Item	<i>RMB'000</i>	
	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Earnings		
Net profit attributable to shareholders of the Company	9,284,178	8,008,700
Including: profit or loss from continuing operations	9,284,178	8,008,700
Less: attributable to holder of other equity instruments	496,451	367,556
Net profit attributable to ordinary shareholders	8,787,727	7,641,144
Shares		
Number of the outstanding ordinary shares of the Company	13,579,541,500	13,579,541,500
Basic earnings per share (<i>RMB/share</i>)	0.65	0.56
Diluted earnings per share (<i>RMB/share</i>) (<i>Note</i>)	0.61	0.53

Note: A Coupon Convertible Bond at USD500 million with the issue date on 29 January 2016 and a Coupon Convertible Bond at RMB3.45 billion with the issue date on 21 December 2016 have been taken into consideration.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

64. Notes to items in the statement of cash flows

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
(1) Cash received from other operating activities:		
Rental income of fixed assets	290,429	388,838
Government grants	842,141	297,574
Sale of raw materials	540,285	456,581
Others	4,160,539	5,078,993
Total	5,833,394	6,221,986

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
(2) Cash paid for other operating activities:		
Office and travelling expenses	900,302	932,950
Repair and maintenance costs	195,174	182,579
Sales service fee	535,877	301,431
Others	2,438,658	3,816,184
Total	4,070,011	5,233,144

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

64. Notes to items in the statement of cash flows (continued)

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
(3) Cash received from other financing activities: Cash receipts from supply chain asset support special projects	3,505,000	–
Total	3,505,000	–

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
(4) Cash paid for other financing activities: Redemption of 2016 renewable corporate bonds (First tranche) (<i>Note V, 42 (note 1)</i>)	8,000,000	–
Acquisition of non-controlling interests	470,000	–
Principles and interests of lease liabilities	422,390	–
Medium term bill underwriting fee	10,000	–
Total	8,902,390	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

65. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB'000

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Reconciliation of net profit to cash flows generated from operating activities:		
Net profit	10,316,462	8,893,881
Add: Impairment losses on assets	(960)	(19,507)
Impairment of credit losses	1,313,740	529,404
Depreciation of fixed assets	7,245,225	5,759,813
Depreciation of right-of-use assets	800,396	/
Amortisation of intangible assets	280,294	215,542
Depreciation of investment properties	106,669	68,055
Gains from disposal of fixed assets, intangible assets and other long-term assets	(11,712)	(24,821)
Gains on fair value changes	(311,343)	(334,370)
Finance costs	2,879,058	2,723,613
Investment income	(1,159,763)	(81,578)
Increase in deferred tax assets	(242,595)	(80,227)
Increase in deferred tax liabilities	93,137	131,416
Increase in inventories	(31,222,484)	(16,518,070)
Increase in contract assets	(33,017,088)	(14,769,482)
Increase in operating receivables	(32,400,362)	(22,386,870)
Increase (decrease) in operating payables	42,173,501	(9,617,160)
Decrease (increase) in the deposits with the central bank	685,912	(377,783)
Net cash flows used in operating activities	(32,471,913)	(45,888,144)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

65. Supplementary information to the consolidated statement of cash flows (continued)

(1) Supplementary information to the statement of cash flows (continued)

Net changes in cash and cash equivalents:

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Cash at the end of the period	107,055,160	99,205,474
Less: Opening balance of cash	128,786,704	109,326,251
Add: Closing balance of cash equivalents	1,640,376	1,585,856
Less: Opening balance of cash equivalents	1,301,013	20,066,469
Net decrease in cash and cash equivalents	(21,392,181)	(28,601,390)

(2) Cash and cash equivalents

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Cash	107,055,160	128,786,704
Including: Cash on hand	112,079	88,145
Cash with banks/financial institutions without restriction	106,943,081	128,698,559
Cash equivalents	1,640,376	1,301,013
Closing balance of cash and cash equivalents	108,695,536	130,087,717

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

66. Assets with title restrictions

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018	Reason
Intangible assets	43,855,930	41,455,348	Pledged for loans
Inventories	17,382,016	14,401,283	Mortgaged for loans
Cash and bank balances	11,421,529	11,062,511	Note
Other non-current assets	2,603,080	1,888,875	Pledged for loans
Trade receivables	1,338,078	389,222	Pledged for loans
Bills receivable	227,986	–	Pledged for loans
Long-term receivables	183,553	149,599	Pledged for loans
Fixed assets	65,045	60,969	Mortgaged for loans
Construction in progress	–	48,600	Mortgaged for loans
Total	77,077,217	69,456,407	–

Note: As at 30 June 2019, the Group held frozen deposits of RMB71,647,000 (31 December 2018: RMB250,126,000), the residual amount of RMB6,825,039,000 (31 December 2018: RMB5,601,630,000) was a deposit. CRCC Finance Company Limited placed RMB4,524,843,000 (31 December 2018: RMB5,210,755,000) in the central bank as statutory reserves.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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

67. Foreign currency monetary items

As at 30 June 2019 (unaudited):

RMB'000

Item	Closing balance of foreign currencies ('000)	Exchange rate	Closing balance in RMB
Cash and bank balances			
Including: U.S. Dollar	2,686,654	6.8747	18,469,940
Euro	83,402	7.8170	651,954
Others			306,814
Trade receivables			
Including: U.S. Dollar	88,250	6.8747	606,691
Algeria Dinars	12,734,030	0.0574	731,533
Others			136,451
Other receivables			
Including: U.S. Dollar	55,790	6.8747	383,542
Others			154,187
Trade payables			
Including: U.S. Dollar	112,131	6.8747	770,865
Others			221,173
Other payables			
Including: U.S. Dollar	7,109	6.8747	48,870
Others			74,499
Short-term loans			
Including: U.S. Dollar	34,700	6.8747	238,552
Euro	51,009	7.8170	398,740
Others			225,247
Long-term loans			
Including: U.S. Dollar	25,000	6.8747	171,868
Euro	80,745	7.8170	631,185
Others			5,748
Bonds payable			
Including: U.S. Dollar	1,251,438	6.8747	8,603,260

VI. CHANGES OF CONSOLIDATION SCOPE

In the current period, the consolidation scope of the Group's consolidated financial statements has no significant changes compared to last year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VII. EQUITY IN OTHER ENTITIES

1. Subsidiaries

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

Subsidiaries acquired through establishment or investment

RMB'000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Civil Engineering Construction Corporation	Beijing	Beijing	Construction	3,000,000	100	-
China Railway 11 th Bureau Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Construction	5,030,000	100	-
China Railway 12 th 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 14 th Bureau Group Co., Ltd.	Jinan, Shandong	Jinan, Shandong	Construction	3,110,000	100	-
China Railway 15 th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	3,000,000	100	-
China Railway 16 th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	3,000,000	100	-
China Railway 17 th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	3,003,724	100	-
China Railway 18 th Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,000,000	100	-
China Railway 19 th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	5,080,000	100	-
China Railway 20 th Bureau Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	3,130,000	100	-
China Railway 21 st Bureau Group Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	Construction	1,880,000	100	-
China Railway 22 nd Bureau Group Co., Ltd.	Beijing	Beijing	Construction	2,000,000	100	-
China Railway 23 rd Bureau Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Construction	2,000,000	100	-
China Railway 24 th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	2,000,000	100	-
China Railway 25 th Bureau Group Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction	2,000,000	100	-
China Railway First Survey and Design Institute Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Survey and design	200,000	100	-
China Railway Siyuan Survey and Design Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Survey and design	1,000,000	100	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

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

Subsidiaries acquired through establishment or investment (continued)

RMB'000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
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 Material Group Co., Ltd.	Beijing	Beijing	Purchase and sales of goods and materials	3,000,000	100	-
CRCC High-tech Equipment Corporation Limited	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	3,855,540	99.5	0.5
China Railway Construction Investment Group Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Project investment	12,000,000	100	-
CRCC Finance Company Limited	Beijing	Beijing	Finance agency service	9,000,000	94	-
CRCC International Group Co., Ltd.	Beijing	Beijing	Construction	3,000,000	100	-
CRCC Assets Management Co., Ltd.	Beijing	Beijing	Assets management	3,000,000	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	5,000,000	100	-
CRCC Chongqing Investment Group Co., Ltd.	Chongqing	Chongqing	Project investment	3,000,000	100	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

(2) The subsidiaries with significant non-controlling interests are listed as follows:

CRCC High-tech Equipment Corporation Limited

30 June 2019 (unaudited):

RMB'000

Subsidiary	Shareholding proportion of non-controlling interests	Net profit or loss attributable to non-controlling interests	Dividends distribute to non-controlling shareholders	Accumulated balances of non-controlling interests at the reporting date
CRCC High-tech Equipment Corporation Limited	35%	33,012	26,598	1,926,384

RMB'000

	30 June 2019 (unaudited)	31 December 2018
Current assets	5,647,846	5,543,680
Non-current assets	1,912,402	1,924,472
Total assets	7,560,248	7,468,152
Current liabilities	2,050,346	1,944,283
Non-current liabilities	5,948	28,430
Total liabilities	2,056,294	1,972,713

RMB'000

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Revenue	1,190,638	1,217,956
Net profit	94,321	82,294
Total comprehensive income	84,509	22,209
Net cash flows generated from operating activities	(175,808)	269,003

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

(2) The subsidiaries with significant non-controlling interests are listed as follows: (continued)

CRCC Yupeng Limited

The Company's subsidiary CRCC Yupeng Limited issued perpetual securities in 2014. According to the terms of the perpetual securities, the Group had no contractual obligation to deliver cash or other financial assets to the holders. The Group considered that the perpetual securities did not satisfy the definition of financial liabilities and recognised the perpetual securities as non-controlling interests amounting to RMB4,905,515,000 in the consolidated financial statements. In August 2019, CRCC Yupeng Limited completed the redemption of the perpetual securities. Further details are stated in Note XII.

CRCC Chengan Limited

The Company's subsidiary CRCC Chengan Limited issued perpetual securities in 2019. According to the terms of the perpetual securities, the Group had no contractual obligation to deliver cash or other financial assets to the holders. The Group considered that the perpetual securities did not satisfy the definition of financial liabilities and recognised the perpetual securities as non-controlling interests amounting to RMB6,866,796,000 in the consolidated financial statements.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates

The Group did not have an individually significant joint venture, the aggregate financial information of the individually insignificant joint ventures is summarized as follows:

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Shares of net profit of the joint ventures attributable to the Group	853,272	921,082
Shares total comprehensive income of the joint ventures attributable to the Group	853,272	921,082
Carrying amount of investments in the joint ventures attributable to the Group	16,459,163	13,085,418

The Group did not have an individually significant associate, the aggregate financial information of the individually insignificant associates is summarized as follows:

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Shares of net profit of the associates attributable to the Group	129,069	336,102
Shares of other comprehensive income of the associates attributable to the Group	144,985	13,550
Shares of total comprehensive income of the associates attributable to the Group	274,054	349,652
Carrying amount of investments in the associates attributable to the Group	18,482,900	15,893,137

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

1. Financial instruments by category

The carrying amount of each categories of financial instruments at the balance sheet date are as follows:

30 June 2019 (unaudited):

Financial assets

RMB'000

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortised cost	Total
Bills receivable	-	-	-	5,542,096	5,542,096
Trade receivables	-	-	-	112,896,006	112,896,006
Receivables at FVTOCI	1,972,640	-	-	-	1,972,640
Loans and advances to customers	-	-	-	2,827,500	2,827,500
Other receivables (excluding petty cash)	-	-	-	64,893,622	64,893,622
Other current assets	-	-	-	54,470	54,470
Long-term receivables	-	-	-	55,875,181	55,875,181
Cash and bank balances	-	-	-	121,877,280	121,877,280
Held-for-trading financial assets	-	-	2,458,088	-	2,458,088
Debt investments	-	-	-	41	41
Other debt investments	100,330	-	-	-	100,330
Other equity instrument investments	-	9,775,249	-	-	9,775,249
Other non-current financial assets	-	-	890,389	-	890,389
Current portion of non-current assets	-	-	-	3,821,039	3,821,039
Total	2,072,970	9,775,249	3,348,477	367,787,235	382,983,931

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

The carrying amount of each categories of financial instruments at the balance sheet date are as follows: (continued)

30 June 2019 (unaudited): (continued)

Financial liabilities

RMB'000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	-	70,561,209	70,561,209
Due to customers	-	2,061,146	2,061,146
Due to banks	-	2,000,000	2,000,000
Bills payable	-	60,469,068	60,469,068
Trade payables	-	292,157,506	292,157,506
Other payables	-	66,337,973	66,337,973
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	-	34,431,990	34,431,990
Other current liabilities	-	11,998,020	11,998,020
Long-term loans	-	76,862,289	76,862,289
Bonds payable	-	30,993,765	30,993,765
Long-term payables (excluding special payables)	-	7,711,206	7,711,206
Other non-current liabilities	529,213	189,000	718,213
Total	529,213	655,773,172	656,302,385

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

The carrying amount of each categories of financial instruments at the balance sheet date are as follows: (continued)

31 December 2018:

Financial assets

RMB'000

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortised cost	Total
Bills receivable	-	-	-	7,636,443	7,636,443
Trade receivables	-	-	-	99,382,305	99,382,305
Receivables at FVTOCI	2,143,802	-	-	-	2,143,802
Loans and advances to customers	-	-	-	2,145,000	2,145,000
Other receivables (excluding petty cash)	-	-	-	63,288,905	63,288,905
Other current assets	-	-	-	2,999,900	2,999,900
Long-term receivables	-	-	-	54,442,045	54,442,045
Cash and bank balances	-	-	-	143,801,598	143,801,598
Held-for-trading financial assets	-	-	3,344,458	-	3,344,458
Debt investments	-	-	-	41	41
Other debt investments	100,513	-	-	-	100,513
Other equity instrument investments	-	8,268,378	-	-	8,268,378
Other non-current financial assets	-	-	779,049	-	779,049
Current portion of non-current assets	-	-	-	5,891,453	5,891,453
Total	2,244,315	8,268,378	4,123,507	379,587,690	394,223,890

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

The carrying amount of each categories of financial instruments at the balance sheet date are as follows: (continued)

31 December 2018: (continued)

Financial liabilities

RMB'000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	-	61,781,084	61,781,084
Due to customers	-	5,881,497	5,881,497
Bills payable	-	51,036,428	51,036,428
Trade payables	-	274,354,876	274,354,876
Other payables	-	55,429,042	55,429,042
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	-	23,054,673	23,054,673
Other current liabilities	-	4,998,272	4,998,272
Long-term loans	-	69,840,477	69,840,477
Bonds payable	-	37,458,422	37,458,422
Long-term payables (excluding special payables)	-	7,042,312	7,042,312
Other non-current liabilities	850,865	231,600	1,082,465
Total	850,865	591,108,683	591,959,548

2. Transfer of financial assets

Transferred financial assets that are derecognised in their entirety but continuously involved

As at 30 June 2019, the Group had endorsed and discounted the non-matured bills receivable amounting to RMB812,684,000 (31 December 2018: RMB908,101,000). As at 30 June 2019, for bills within 12 months, if acceptance banks dishonored the bills, endorsees shall have the right to turn to the Group for recourse according to the Law of Bill. The Group considered the risks and rewards of the bills had been transferred. Therefore, the Group had derecognised the related bills receivable and trade payables that had been settled by the bills. The undiscounted cash flows and maximum losses of continuing involvement and repurchase equaled to the book value of the bills. The Group considered the fair value of continuing involvement to be not significant.

For the six months ended 30 June 2019, 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 derecognised. The endorsement and discount happens evenly throughout the year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

2. *Transfer of financial assets (continued)*

Transferred financial assets that are not derecognised in their entirety

For the six months ended 30 June 2019, the Group sold trade receivables of RMB16,054,009,000 (“receivables”) to the assets-backed specific plan which was set up by the financial institute who were also the managers of the assets-backed specific plan. The managers represented the assets-backed specific plan to issue senior assets-backed securities and subordinate assets-backed securities to investors. The Group held some portion of the subordinate assets-backed securities. Meanwhile, the Group acted as a receivables service provider to provide management services associated with receivables and their collection, contracts revision and other services to the assets-backed specific plan. For the six months ended 30 June 2019, the related proceeds of the above sale of receivables was RMB15,035,269,000.

As the Group had restriction in the ability of guiding the operations of assets-backed specific plan, resulting in the degree which the Group using substantial rights to influence to obtain variable returns limited, the Group did not need to consolidate the assets-backed specific plan. Meanwhile, the Group had neither transferred nor retained substantially all the risks and rewards of the receivables ownership, and it retained control of the receivables transferred, the Group recognised the asset and associated liability to the extent of its continuing involvement in the transferred asset. As at 30 June 2019, the Group recognised an asset of RMB327,600,000 related to continuing involvement of receivables.

3. *Financial instrument risks*

The Group’s major financial instruments include loans, due to customers, bonds and convertible bonds. The purpose of these financial instruments is to support daily operations of the Group. The Group also has various financial assets and liabilities arising from operation, such as bills receivable, trade receivables, receivables at FVTOCI, other receivables, long-term receivables, bills payable, trade payables, other payables and long-term payables.

The major risks from the Group’s financial instruments are credit risk, liquidity risk and market risk. The management will hold meetings at least four times a year to analyse 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 whole year.

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the balances and collection of trade receivables and contract assets are monitored on an ongoing basis to ensure that the Group’s exposure to credit loss 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. Besides, the Group reviews collections of financial assets at each balance sheet date to ensure sufficient provisions for estimated credit loss have been made for relevant financial assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Credit risk (continued)

Other financial assets of the Group include cash and bank balances, bills receivable, receivables at FVTOCI, other receivables, debt investments, loans and advances to customers. Credit risk of such financial assets is resulted from defaults of counterparties. The largest risk exposure equals to the carrying amount 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 limit the amount of credit exposure to any single financial institution.

The Group adopts the provision matrix based on portfolio to assess the credit losses of trade receivables, except for trade receivables that are individually significant and credit-impaired. The Group's trade receivables involve a large number of customers. Aging information may reflect these customers' solvency in regard of such trade receivables. According to the credit risk characteristics of different types of customers, trade receivables are divided into several group. The Group calculates the historical loss rate of different aging periods based on historical data, taking into consideration of the forward-looking information like growth rate of GDP, investment in infrastructure construction and monetary policies of central bank, and makes adjustments to estimate the provision rate. For contract assets and long-term receivables, the Group comprehensively considers billing period, contractual payment period, the debtor's financial position and economic situation of the debtor's industry, takes into account the above forward-looking information and makes adjustments, and works out reasonable assessment on ECL. For other financial assets, the Group calculates ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime. This period, there is no significant change in the forward-looking information.

As at 30 June 2019, the credit risk exposure and expected credit-impairment losses of trade receivables are disclosed as follows (unaudited):

RMB'000

	Phase II (Not credit impaired)	Phase III (Credit impaired)	Total
Gross carrying amount			
30 June 2019	112,986,215	4,731,442	117,717,657
Impairment of credit losses			
1 January 2019	1,783,842	2,922,003	4,705,845
Transferred to impairment of credit losses occurred	(23,909)	23,909	-
Provision for the period	491,652	178,154	669,806
Reversal for the period	(259,353)	(108,055)	(367,408)
Write-off for the period	-	(6,715)	(6,715)
Others	(179,877)	-	(179,877)
30 June 2019	1,812,355	3,009,296	4,821,651

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Credit risk (continued)

As at 30 June 2019, there is no significant credit impaired contract asset in the Group. The Group measure the provision according to the lifetime amount of credit losses in the whole duration, based on the billing period, settlement overdue time, the financial status of the debtor and the economic situation of the industry which the debtor is located of different types of construction projects.

RMB'000

	1 January 2019	Provision for the period (unaudited)	Reversal for the period (unaudited)	Others (unaudited)	30 June 2019 (unaudited)
Impairment of credit losses	5,268,738	1,097,818	(298,233)	974	6,069,297

As at 30 June 2019, the credit risk exposure and ECL of long-term receivables (including current portion of long-term receivables) generated from transactions scoped in ASBE No. 14 are disclosed as follows (unaudited):

RMB'000

Gross carrying amount	Phase II (Not credit impaired)	Phase III (Credit impaired)	Total
30 June 2019	39,137,559	582,316	39,719,875

Impairment of credit losses	Phase II (Not credit impaired)	Phase III (Credit impaired)	Total
1 January 2019	80,951	351,743	432,694
Provision for the year	10,329	125	10,454
Reversal for the year	(9,412)	–	(9,412)
Others	(5,483)	(581)	(6,064)
30 June 2019	76,385	351,287	427,672

As at 30 June 2019, the Group's contract assets in other non-current assets including retention receivables, A-land development receivables and other project receivables (includes retention receivables due within one year), are amounting to RMB63,406,787,000, with no credit impaired. The Group recognises loss provision amounting to RMB494,758,000 based on lifetime ECL.

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. *Financial instrument risks (continued)*

Credit risk (continued)

As at 30 June 2019, external financial guarantees and mortgages for real estate development operations provided by the Group amounted to RMB2,591,947,000 and RMB27,174,717,000 respectively. Details of financial guarantee contracts are set out in Note XI. 3. As at 1 January 2019, management of the Group assessed overdue status of relevant borrowings, financial position of relevant debtor, and economic condition in the debtor's industry. Management is of the view that relevant credit risk of such part of financial guarantee contract had not increased significantly since initial recognition. Therefore, loss allowance for the Group's financial guarantee contracts were not determined based on the amount of lifetime ECL, but measured at the amount of the future 12-month ECL of the above financial guarantee contracts. During the period from 1 January 2019 to 30 June 2019, the Group's assessment method and significant assumptions did not change. The Group had not recognised significant expected loss allowance for guarantees and mortgages based on management's assessment.

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.

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 facility 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 already had banking facilities from several PRC banks of up to RMB1,266,029,675,000 as at 30 June 2019, of which an amount of approximately RMB493,042,825,000 had 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 2019, the Group has 50.7% of loans and bonds payable that would expire within one year (As at 31 December 2018: 44.4%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities and lease liabilities at the balance sheet date, based on the undiscounted contractual cash flows:

RMB'000

Item	30 June 2019 (unaudited)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	72,344,846	-	-	-	72,344,846
Due to customers	2,061,146	-	-	-	-	2,061,146
Due to banks	-	2,000,616	-	-	-	2,000,616
Bills payable	-	60,469,068	-	-	-	60,469,068
Trade payables	-	292,157,506	-	-	-	292,157,506
Other payables	-	66,337,973	-	-	-	66,337,973
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	-	35,599,291	-	-	-	35,599,291
Other current liabilities	-	12,126,086	-	-	-	12,126,086
Long-term loans	-	3,715,969	23,367,952	25,403,189	52,223,919	104,711,029
Bonds payable	-	1,260,271	13,099,661	21,177,014	-	35,536,946
Long-term payables	-	34,439	5,045,439	2,652,755	110,261	7,842,894
Lease liabilities	-	-	2,122,737	2,480,023	372,097	4,974,857
Other non-current liabilities	-	-	189,000	-	-	189,000
Financial guarantees (<i>Note XI. 3</i>) (excluding the real estate mortgage guarantee)	2,591,947	-	-	-	-	2,591,947
Total	4,653,093	546,046,065	43,824,789	51,712,981	52,706,277	698,943,205

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities and lease liabilities at the balance sheet date, based on the undiscounted contractual cash flows: (continued)

RMB'000

Item	31 December 2018					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	63,157,274	-	-	-	63,157,274
Due to customers	5,881,497	-	-	-	-	5,881,497
Bills payable	-	51,036,428	-	-	-	51,036,428
Trade payables	-	274,354,876	-	-	-	274,354,876
Other payables	-	55,429,042	-	-	-	55,429,042
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	-	23,475,743	-	-	-	23,475,743
Other current liabilities	-	5,120,058	-	-	-	5,120,058
Long-term loans	-	3,374,077	23,466,448	16,827,343	62,731,433	106,399,301
Bonds payable	-	1,523,395	14,217,428	25,014,249	964,356	41,719,428
Long-term payables	-	38,451	4,537,798	2,375,196	256,577	7,208,022
Other non-current liabilities	-	-	231,600	-	-	231,600
Financial guarantees (<i>Note XI. 3</i>) (excluding the real estate mortgage guarantee)	1,649,070	-	-	-	-	1,649,070
Total	7,530,567	477,509,344	42,453,274	44,216,788	63,952,366	635,662,339

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 2019, floating interest rate loans and fixed interest rate loans accounted for approximately 89.43% and 10.57% of the Group's borrowings respectively. Management would adjust the proportion of floating and fixed rate loans 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 2019

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 six months ended 30 June 2018: 0.25%), with all other variables held constant, the consolidated operating results (the effect of capitalization of borrowing costs has been taken into account) would have decreased/increased by approximately RMB93,917,000 for the six months ended 30 June 2019 (For six months ended 30 June 2018: RMB77,155,000), 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 2019 and the exposure to interest rate risk has been applied to those loans in existence at that date. The estimated 0.25% (2018: 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 had not entered into any hedging transactions as at 30 June 2019 in order to reduce the Group's exposure to foreign currency risk in this regard (31 December 2018: Nil).

The following table demonstrates the sensitivity at the balance sheet date 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 shareholder's equity net of tax.

For the six months ended 30 June 2019 (unaudited):

RMB'000

Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	4%	271,981	271,981
Decrease in the United States dollar rate	(4%)	(271,981)	(271,981)
Increase in the Euro rate	5%	(14,195)	(14,195)
Decrease in the Euro rate	(5%)	14,195	14,195
Increase in the Algerian dinar rate	8%	59,070	59,070
Decrease in the Algerian dinar rate	(8%)	(59,070)	(59,070)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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 2018 (unaudited):

RMB'000

Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	3%	(49,917)	(49,917)
Decrease in the United States dollar rate	(3%)	49,917	49,917
Increase in the Euro rate	8%	(9,468)	(9,468)
Decrease in the Euro rate	(8%)	9,468	9,468
Increase in the Algerian dinar rate	7%	(4,412)	(4,412)
Decrease in the Algerian dinar rate	(7%)	4,412	4,412

The sensitivity analysis above has been determined assuming that the changes in foreign exchange rates had occurred as at 30 June 2019 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 capital management are to safeguard the Group's ability to continue as a going concern and keep the capital ratio at a healthy level, so that it can support business development and maximize the value of shareholders and other equity investors.

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 2019 and for the six months ended 30 June 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes all loans, due to customers, due to banks, other current liabilities, bills payable, trade payables, other payables, bonds payable, lease liabilities, long-term payables (excluding special payables), current portion of non-current liabilities (excluding the current portion of employee benefits payable) and other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. The gearing ratios at the balance sheet date are listed as follows:

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

4. Capital management (continued)

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Short-term loans	70,561,209	61,781,084
Long-term loans	76,862,289	69,840,477
Due to customers	2,061,146	5,881,497
Due to banks	2,000,000	–
Bills payable	60,469,068	51,036,428
Trade payables	292,157,506	274,354,876
Other payables	66,337,973	55,429,042
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	34,431,990	23,054,673
Other current liabilities	11,998,020	4,998,272
Bonds payable	30,993,765	37,458,422
Long-term payables (excluding special payables)	7,711,206	7,042,312
Lease liabilities	4,161,984	/
Other non-current liabilities	718,213	1,082,465
Less: Cash and bank balances	121,877,280	143,801,598
Net debt	538,587,089	448,157,950
Attributable to shareholders' equity of the Company	172,677,478	169,889,912
Non-controlling interests	42,841,523	37,444,943
Total equity	215,519,001	207,334,855
Total equity and net debt	754,106,090	655,492,805
Gearing ratio	71%	68%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

30 June 2019

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				
Receivables at FVTOCI	–	1,972,640	–	1,972,640
Held-for-trading financial assets	237,621	2,073,230	147,237	2,458,088
Other debt investments	–	100,330	–	100,330
Other equity instrument investments	1,858,972	230,592	7,685,685	9,775,249
Other non-current financial assets	531	–	889,858	890,389
Other non-current liabilities	–	–	529,213	529,213
Total	2,097,124	4,376,792	9,251,993	15,725,909

31 December 2018

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				
Receivables at FVTOCI	–	2,143,802	–	2,143,802
Held-for-trading financial assets	235,657	2,964,966	143,835	3,344,458
Other debt investments	–	100,513	–	100,513
Other equity instrument investments	1,461,847	242,232	6,564,299	8,268,378
Other non-current financial assets	436	–	778,613	779,049
Other non-current liabilities	–	–	850,865	850,865
Total	1,697,940	5,451,513	8,337,612	15,487,065

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

1. Assets and liabilities measured at fair value (continued)

Quantitative information of fair value measurement at Level 2:

RMB'000

Item	Fair value as at 30 June 2019	Valuation technique(s)	Key input(s)
Receivables at FVTOCI	1,972,640	Discounted cash flows	Discount rates for bank acceptance bills in the same term
Held-for-trading financial assets	2,073,230	Discounted cash flows	Market average rate of return with the category in the same term
Other debt investments	100,330	Discounted cash flows	Market average rate of return with the category in the same term
Other equity instrument investments	230,592	Discounted cash flows	Market quotations with the category in the same term
Total	4,376,792	-	-

Quantitative information of fair value measurement at Level 3:

RMB'000

Item	Fair value as at 30 June 2019	Valuation technique(s)	Significant unobservable input(s)
Held-for-trading financial assets	147,237	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other equity instrument investments	7,685,685	Market method	Discount rate for lack of market mobility
Other non-current financial assets – call options for unlisted entities	90,297	Binomial tree option pricing model for valuation	Unlisted entities' revenue volatility and unlisted equity investments' comparable entities' stock price volatility
Other non-current financial assets – others	799,561	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other non-current liabilities	529,213	Binomial tree option pricing model for valuation	Expected stock price volatility and risk-free interest rate
Total	9,251,993	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

1. Assets and liabilities measured at fair value (continued)

Fair value of listed equity instruments is determined based on a quoted market price.

For the six months ended 30 June 2019, there was no transfer of fair value measurements between each level for both financial assets and financial liabilities.

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 amortised cost in the financial statements approximate to their fair values except the following items:

RMB'000

Item	Carrying amount		Fair value	
	30 June 2019 (unaudited)	31 December 2018	30 June 2019 (unaudited)	31 December 2018
Long-term loans	76,862,289	69,840,477	76,287,797	69,176,793
Bonds payable				
– Convertible bonds (Note)	7,278,085	7,472,604	6,942,525	6,627,318
– Others	24,653,022	31,244,812	25,728,638	31,261,788

Note: The carrying amounts of convertible bonds include the carrying amounts of corresponding embedded derivative instruments and equity components.

The fair value of the convertible bond is an unadjusted price quoted in an active market, which is determined by applying the first-level input value.

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 2019, its own default risk of long-term and short-term loans was evaluated as insignificant.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

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 (%)
CRCG	Beijing	Construction and management	9,000,000	51.13	51.13

2. Subsidiaries

Please refer to Note XIV. 3(i) "Subsidiaries".

3. Joint venture and associate

Company name	Related party relationship
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	Joint venture
Chongqing Tiefa Jianxin Highway Co., Ltd.	Joint venture
Hohhot Metro Line 2 Construction & Management Co., Ltd.	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
Dalian Jingcheng 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
CRCC-HC-CR15G Joint Venture	Joint venture
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.	Joint venture
Xi'an China Railway Jingmao Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Joint venture
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Joint venture
Beijing Xinda Real Estate Co., Ltd.	Joint venture
Beijing Ruida Real Estate Co., Ltd.	Joint venture
Guangzhou Xintie Xinjian Investment Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Jinan 6 th Continent Real Estate Co., Ltd.	Joint venture
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Joint venture
Chongqing Jianlian New Real Estate Co., Ltd.	Joint venture
Chongqing Pinjinyue Real Estate Co., Ltd.	Joint venture
Nanjing Jingrui Real Estate Investment Co., Ltd.	Joint venture
PetroChina & CRCC Petroleum Marketing Co., Ltd.	Joint venture
Sichuan Tianfu Airport Expressway Co., Ltd.	Joint venture
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.	Joint venture
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	Joint venture
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	Joint venture
Inner Mongolia Dongyun Sports Investment Co., Ltd.	Joint venture
CRCC Shaanxi Highway Co., Ltd.	Joint venture
Changzhou Jingrui Real Estate Development Co., Ltd.	Joint venture
Deqing Jingsheng Real Estate Development Co., Ltd.	Joint venture
Ningbo Jingwan Investment Management Co., Ltd.	Joint venture
Ningbo Jinghai Investment Management Co., Ltd.	Joint venture
Fuzhou Xinchun Real Estate Co., Ltd.	Joint venture
Yunnan Yulin Expressway Construction Co., Ltd.	Joint venture
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	Joint venture
Guangdong Nanhai International Architectural Design Co., Ltd.	Joint venture
Changzhou CRCC-CZUC Artifacts Co., Ltd.	Joint venture
Kunming Qiping Real Estate Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Chongqing Yonglu Expressway Co., Ltd.	Joint venture
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	Joint venture
Pingxiang CRCC Bridge Engineering Bureau Sponge City Construction Co., Ltd.	Joint venture
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	Joint venture
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Joint venture
Foshan Road & Bridge Prefabricated Components Co., Ltd.	Joint venture
Chengdu Zhongwanyixing Real Estate Co., Ltd.	Joint venture
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.	Joint venture
Yantai Xinzhen Transit Engineering Co., Ltd.	Associate
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	Associate
CRCC (Shandong) Gaodong Highway Co., Ltd.	Associate
China Railway 14 th Bureau Group Wuhan Metro Investment & Construction Co., Ltd.	Associate
Changde Yuanjiang Tunnel Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
Changzhou China Railway Blue Flame Component Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
Gansu Zhuzhong Railway Co., Ltd.	Associate
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	Associate
Tianjin China Railway Guancheng Real Estate Co., Ltd.	Associate
China Railway Construction Group Beijing Yongsheng Investment & Development Co., Ltd.	Associate
Guizhou China Railway Construction Engineering Investment Co., Ltd.	Associate
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	Associate
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	Associate
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
CRCC Real Estate Co., Ltd.	Associate
CRCC (Shandong) Deshang Highway Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

<u>Company name</u>	<u>Related party relationship</u>
CRCC Shandong Jinghu Highway Jile Co., Ltd.	Associate
CRCC Gansu Zhangbian Highway Co., Ltd.	Associate
Gansu Jinhe Highway Project Management Co., Ltd.	Associate
Hunan Maglev Transportation Development Co., Ltd.	Associate
Kunming Metro Line 5 Construction & Operation Co., Ltd.	Associate
Yangzhou Wantou Jade Characteristics Town Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Chongqing Tiefa Xiusong Highway Co., Ltd.	Associate
Qingyuan Maglev Transportation Co., Ltd.	Associate
Jiaying Jingkai Real Estate Development Co., Ltd.	Associate
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	Associate
Hangzhou Beikong Jiandejiang Investment Co., Ltd.	Associate
Shaanxi Huangpu Highway Co., Ltd.	Associate
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	Associate
Ningxia CRCC Ningdong Road & Bridge Investment Development Co., Ltd.	Associate
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	Associate
Jiashan Chengfa Construction & Development Co., Ltd.	Associate
Tianshui CRSC Rail Transit Co., Ltd.	Associate
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	Associate
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	Associate
Shandong Highway Rail Equipments & Materials Co., Ltd.	Associate
Zhangjiakou Hongao Infrastructure Construction & Development Co., Ltd.	Associate
Fujian Green Energy Construction & Development Co., Ltd.	Associate
Lanzhou Tiecheng Concrete Components Co., Ltd.	Associate
Chengdu Municipal Investment & Construction Technology Co., Ltd.	Associate
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	Associate
Xinjiang Taqia Highway Project Management Co., Ltd.	Associate
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	Associate
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Chongqing Yurong Highway Co., Ltd.	Associate
CRCC Shandong Jixu Highway Jiyu Co., Ltd.	Associate
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	Associate
Kunming Sanqing Highway Co., Ltd.	Associate
Kunming Fuyi Highway Co., Ltd.	Associate
Guangxi Jingcheng Real Estate Development Co., Ltd.	Associate
Yunnan Kunchu Highway Investment & Development Co., Ltd.	Associate
Guangxi Lvfa Railway Construction Commodity Concrete Co., Ltd.	Associate
Wuhan Lvyin Lawn Engineering Co., Ltd.	Associate

4. Other related parties

Company name	Related party relationship
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary
Beijing Railway Construction Technology Magazine Co., Ltd.	Fellow subsidiary
China Railway Construction Jinli Assets Management Co., Ltd.	Fellow subsidiary

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
(1) Revenue from construction services	<i>Note 1</i>	
Yunnan Yulin Expressway Construction Co., Ltd.	2,063,906	-
CRCC Shaanxi Highway Co., Ltd.	1,757,312	306,811
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,615,874	140,934
CRCC Xinjiang Jingxin Expressway Co., Ltd.	1,235,384	63,261
Hohhot Metro Line 2 Construction & Management Co., Ltd.	1,200,791	1,009,902
Sichuan Tianfu Airport Expressway Co., Ltd.	1,162,548	473,986
Kunming Metro Line 5 Construction & Operation Co., Ltd.	968,896	628,761
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	747,632	616,494
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	636,229	7,184
CRCC Gansu Zhangbian Highway Co., Ltd.	512,204	-
Changde Yuanjiang Tunnel Co., Ltd.	529,586	216,093
CRCC (Shandong) Gaodong Highway Co., Ltd.	519,717	-
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	483,282	-
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	474,337	-
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	439,222	-
Ningxia Inter-City Railway Co., Ltd.	425,468	136
Shaanxi Huangpu Highway Co., Ltd.	410,081	197,990
Jiashan Chengfa Construction & Development Co., Ltd.	389,002	-
Chongqing Yonglu Expressway Co., Ltd.	335,167	31,743
Fujian Green Energy Construction & Development Co., Ltd.	310,724	-
Pingxiang CRCC Bridge Engineering Bureau Sponge City Construction Co., Ltd.	301,763	-
Zhangjiakou Hongao Infrastructure Construction & Development Co., Ltd.	275,160	-
Tianshui CRSC Rail Transit Co., Ltd.	273,190	-
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	271,119	180,244

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

		<i>RMB'000</i>	
Item		For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
(1) Revenue from construction services (continued)	<i>Note 1</i>		
Yunnan Kunchu Highway Investment & Development Co., Ltd.		242,553	190,117
Tianjin China Railway Guancheng Real Estate Co., Ltd.		219,161	108,847
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		215,107	144,733
Guizhou China Railway Construction Engineering Investment Co., Ltd.		181,067	-
Yuxi China Railway Infrastructure Construction Co., Ltd.		168,878	16,450
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.		153,749	287,759
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.		153,184	85,093
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.		122,475	350,234
Xi'an China Railway Jingmao Real Estate Co., Ltd.		110,332	53,833
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.		109,231	190,433
Jiangxi Wanshui Ecology Resource Development Co., Ltd.		105,536	-
Tianjin China Railway Yuhua Real Estate Co., Ltd.		91,802	46,990
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.		91,555	279,265
Gansu Zhuzhong Railway Co., Ltd.		87,415	434,326
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.		52,862	212,468
Yantai Xinzhen Transit Engineering Co., Ltd.		40,554	-
Chongqing Monorail Transit Engineering Co., Ltd.		25,797	20,680
Hunan Maglev Transportation Development Co., Ltd.		11,149	19,111
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.		9,748	-
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.		1,598	33,267
Chongqing Yurong Highway Co., Ltd.		474	17,049
CRCC-HC-CR15G Joint Venture		2	12,249
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.		-	72,847
Total		19,532,823	6,449,290

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

RMB'000

Item		For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
(2) Revenue from sales of goods	<i>Note 2</i>		
CRCC Financial Leasing Co., Ltd.		815,049	539,165
Chongqing Tiefa Jianxin Highway Co., Ltd.		493,725	440,098
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		6,565	-
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.		-	148,659
Total		1,315,339	1,127,922
(3) Other income	<i>Note 3</i>		
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		82,592	-
Tianjin Wanhe Real Estate Co., Ltd.		79,308	98,021
Chengdu China Railway Huafu Real Estate Co., Ltd.		75,231	83,984
Ningbo Jinghai Investment Management Co., Ltd.		66,536	-
Beijing Xinda Real Estate Co., Ltd.		51,592	95,429
Beijing Jiehai Real Estate Co., Ltd.		40,489	4,641
Changzhou Jingrui Real Estate Development Co., Ltd.		39,127	-
Nanjing Jingrui Real Estate Investment Co., Ltd.		35,235	56,650
Beijing Ruida Real Estate Co., Ltd.		34,529	18,786
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.		31,850	23,882
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		27,541	22,435
Guangzhou Xintie Xinjian Investment Co., Ltd.		24,452	20,254
Beijing Liuzhuang Real Estate Co., Ltd.		22,975	38,353
Shanghai Hongjun Real Estate Co., Ltd.		21,833	18,608
CRCC	<i>Note 4</i>	19,336	37,965
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		-	6,246
Total		652,626	525,254

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

RMB'000

Item		For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
(4) Purchase of goods and receipt of services	<i>Note 5</i>		
Changzhou China Railway Blue Flame Component Co., Ltd.		79,533	5,449
Lanzhou Tiecheng Concrete Components Co., Ltd.		22,166	-
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		12,622	4,100
PetroChina & CRCC Petroleum Marketing Co., Ltd.		11,214	14,055
Guangdong Nanhai International Architectural Design Co., Ltd.		5,425	-
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		4,905	-
Guangxi Lvfa Railway Construction Commodity Concrete Co., Ltd.		-	3,221
Total		135,865	26,825
(5) Other expenses	<i>Note 5</i>		
CRCG	<i>Note 4</i>	19,931	1,276
China Railway Construction Jinli Assets Management Co., Ltd.	<i>Note 4</i>	2,145	2,202
Beijing Tongda Jingcheng Highway Co., Ltd.	<i>Note 4</i>	1,807	1,548
Beijing Xinda Real Estate Co., Ltd.		554	2
China Railway Construction Real Estate Group Jinan 6 th Continent Real Estate Co., Ltd.		-	4,725
Beijing Railway Construction Technology Magazine Co., Ltd.	<i>Note 4</i>	-	7
Total		24,437	9,760

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(6) Guarantees granted to a related party

30 June 2019 (unaudited):

RMB'000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,898,139	17 March 2014	30 December 2023	No
CRCC Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	7 December 2025	No
CRCC-Tongguan Investment Co., Ltd.	190,903	20 May 2015	20 November 2023	No
CRCC-Tongguan Investment Co., Ltd.	175,305	13 June 2019	30 June 2022	No
Chengdu Municipal Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	23 December 2022	No
Total	2,474,347	-	-	-

31 December 2018:

RMB'000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,029,480	17 March 2014	30 December 2023	No
CRCC-Tongguan Investment Co., Ltd.	296,490	20 May 2015	20 November 2023	No
CRCC Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	7 December 2025	No
Total	1,520,970	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(7) Key management's remuneration

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Key management's remuneration	4,029	3,279

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 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

RMB'000

	30 June 2019 (unaudited)		31 December 2018	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Bills receivable				
	<i>Note 1</i>			
CRCC Financial Leasing Co., Ltd.	785,905	786	1,165,117	-
Chongqing Tiefa Jianxin Highway Co., Ltd.	118,000	130	808,000	-
Chongqing Monorail Transit Engineering Co., Ltd.	2,914	3	653	-
Gansu Zhuzhong Railway Co., Ltd.	2,200	2	-	-
Total	909,019	921	1,973,770	-
Trade receivables				
	<i>Note 1</i>			
CRCC Shaanxi Highway Co., Ltd.	1,076,002	1,076	952,416	952
CRCC Gansu Zhangbian Highway Co., Ltd.	897,182	897	904,848	905
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	498,423	498	404,631	405
Gansu Zhuzhong Railway Co., Ltd.	481,832	10,701	556,995	557
CRCC Financial Leasing Co., Ltd.	389,531	398	70,486	1,236
Qingyuan Maglev Transportation Co., Ltd.	362,866	363	390,551	391
Chongqing Tiefa Jianxin Highway Co., Ltd.	338,134	508	133,470	941
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	244,344	1,309	-	-
Ningxia Inter-City Railway Co., Ltd.	171,337	572	-	-
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	162,439	225	205,909	206
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	148,732	297	-	-
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	147,841	148	184,422	187

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

	30 June 2019 (unaudited)	31 December 2018				
			Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (continued)						
	<i>Note 1</i>					
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.			147,229	147	165,852	706
Shaanxi Huangpu Highway Co., Ltd.			142,420	143	539,229	539
Yuxi China Railway Infrastructure Construction Co., Ltd.			130,562	5,935	108,138	654
CRCC Xinjiang Jingxin Expressway Co., Ltd.			128,505	134	844,572	845
Xi'an China Railway Jingmao Real Estate Co., Ltd.			125,409	197	32,813	76
Hunan Maglev Transportation Development Co., Ltd.			116,438	291	144,402	289
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.			111,326	111	109,941	110
Chongqing Monorail Transit Engineering Co., Ltd.			105,650	127	95,134	97
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.			101,627	203	49,462	99
Yunnan Yulin Expressway Construction Co., Ltd.			74,718	75	33,348	33
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.			52,474	208	103,968	208
Tianjin China Railway Yuhua Real Estate Co., Ltd.			49,905	74	81,594	99
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.			47,577	95	8,932	9
CRCC (Shandong) Deshang Highway Co., Ltd.			22,083	22	94,182	94
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.			13,653	14	26,029	26
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.			2,603	5	2,469	5
Chongqing Yurong Highway Co., Ltd.			1,287	1	6,122	49

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

		30 June 2019 (unaudited)		31 December 2018	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (continued)	<i>Note 1</i>				
Kunming Metro Line 5 Construction & Operation Co., Ltd.		250	1	4,614	5
Tianjin China Railway Guancheng Real Estate Co., Ltd.		82	82	9	9
Hohhot Metro Line 2 Construction & Management Co., Ltd.		-	-	928,501	1,857
CRCC (Shandong) Gaodong Highway Co., Ltd.		-	-	673,255	673
Guizhou China Railway Construction Engineering Investment Co., Ltd.		-	-	210,000	210
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.		-	-	33,874	67
CRCC-HC-CR15G Joint Venture		-	-	29,600	30
Total		6,292,461	24,857	8,129,768	12,569
Loans and advances to customers	<i>Note 3</i>				
CRCG		2,900,000	72,500	2,200,000	55,000
Total		2,900,000	72,500	2,200,000	55,000
Other receivables					
Tianjin Wanhe Real Estate Co., Ltd.	<i>Note 2</i>	2,939,650	2,940	2,865,484	2,865
Chengdu China Railway Huafu Real Estate Co., Ltd.	<i>Note 2</i>	2,418,127	2,418	2,805,537	2,806
CRCC Xinjiang Jingxin Expressway Co., Ltd.		2,069,219	2,069	1,720,716	1,721
Ningbo Jinghai Investment Management Co., Ltd.	<i>Note 2</i>	1,614,187	1,614	1,906,619	1,907
Beijing Ruida Real Estate Co., Ltd.	<i>Note 2</i>	1,594,521	1,595	873,203	874
Beijing Xinda Real Estate Co., Ltd.	<i>Note 2</i>	1,317,583	1,318	3,697,681	3,698
Nanjing Jingrui Real Estate Investment Co., Ltd.	<i>Note 2</i>	1,066,601	1,067	1,024,314	1,024
CRCC (Shandong) Gaodong Highway Co., Ltd.		1,054,868	1,057	1,194,944	1,195

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

	30 June 2019 (unaudited)		31 December 2018		
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses	
Other receivables (continued)					
Foshan City Shunde District Shunjia Real Estate Co., Ltd.	Note 2	1,005,473	1,005	1,393,008	1,393
Beijing Liuzhuang Real Estate Co., Ltd.	Note 2	963,417	963	1,554,083	1,554
Beijing Jiehai Real Estate Co., Ltd.	Note 2	891,986	892	1,069,068	1,069
Ningbo Jingwan Investment Management Co., Ltd.	Note 2	875,816	875	1,370,231	1,370
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.	Note 2	855,530	855	1,345,664	1,346
Changzhou Jingrui Real Estate Development Co., Ltd.	Note 2	852,410	852	1,369,520	1,370
Guangzhou Xintie Xinjian Investment Co., Ltd.		826,142	827	2,749,694	2,750
Deqing Jingsheng Real Estate Development Co., Ltd.	Note 2	685,756	686	637,224	637
Kunming Qiping Real Estate Co., Ltd.	Note 2	648,198	648	-	-
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Note 2	598,775	599	301,801	302
CRCC Shandong Jinghu Highway Jile Co., Ltd.		550,358	550	474,382	474
CRCC-Tongguan Investment Co., Ltd.		544,426	544	510,902	511
Guangzhou Baorui Real Estate Co., Ltd.	Note 2	463,748	463	570,298	570
CRCC Real Estate Co., Ltd.	Note 2	450,637	451	425,374	426
Jiaxing Jingkai Real Estate Development Co., Ltd.	Note 2	344,960	345	535,378	535
Chengdu Zhongwanyixing Real Estate Co., Ltd.	Note 2	315,977	316	-	-
Fuzhou Xincheng Real Estate Co., Ltd.	Note 2	286,248	286	279,054	279
Guangzhou Jingyue Bay Industry Development Co., Ltd.	Note 2	249,239	249	247,473	247
Qingyuan Maglev Transportation Co., Ltd.		240,329	240	-	-
Chongqing Jianlian New Real Estate Co., Ltd.	Note 2	230,890	231	238,933	239
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Note 2	204,855	205	314	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

	30 June 2019 (unaudited)		31 December 2018	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (continued)				
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	185,361	185	176,361	176
CRCC Gansu Zhangbian Highway Co., Ltd.	181,000	181	–	–
Ningxia CRCC Ningdong Road & Bridge Investment Development Co., Ltd.	138,615	138	16,544	17
Tianjin China Railway Guancheng Real Estate Co., Ltd. <i>Note 2</i>	132,729	133	68,352	68
Chongqing Pinjinyue Real Estate Co., Ltd. <i>Note 2</i>	125,882	126	353,764	354
Xinjiang Taqia Highway Project Management Co., Ltd.	56,000	56	56,000	56
Guangxi Jingcheng Real Estate Development Co., Ltd. <i>Note 2</i>	54,243	54	45,638	46
CRCC Shandong Jixu Highway Jiayu Co., Ltd.	49,792	50	30,000	30
Chengdu Tiecheng Real Estate Co., Ltd. <i>Note 2</i>	32,766	33	86,371	86
Shandong Highway Rail Equipments & Materials Co., Ltd.	26,469	26	26,469	26
CRCC Shaanxi Highway Co., Ltd.	19,095	19	979,441	979
Chongqing Tiefa Jianxin Highway Co., Ltd.	18,739	23	22,265	22
Yuxi China Railway Infrastructure Construction Co., Ltd. <i>Note 2</i>	15,348	15	–	–
CRCC Financial Leasing Co., Ltd.	13,437	14	12,623	13
Tianjin China Railway Yuhua Real Estate Co., Ltd. <i>Note 2</i>	12,472	13	16,062	16
Chongqing Monorail Transit Engineering Co., Ltd.	6,469	6	15,652	16
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	3,202	3	34,060	34
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	1,961	2	1,961	2

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

	30 June 2019 (unaudited)		31 December 2018	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (continued)				
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	31	–	24,136	48
Yangzhou Wantou Jade Characteristics Town Co., Ltd.	–	–	200,000	200
Guangzhou Hongxuan Real Estate Co., Ltd.	–	–	7,354	7
Total	27,233,537	27,237	33,333,952	33,358
Long-term receivables				
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd. <i>Note 2</i>	4,027,555	4,913	5,344,453	6,242
Ningxia Inter-City Railway Co., Ltd.	479,026	973	–	–
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	420,911	468	–	–
Yuxi China Railway Infrastructure Construction Co., Ltd.	362,196	724	332,925	562
Inner Mongolia Dongyun Sports Investment Co., Ltd.	342,414	425	165,690	331
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	40,853	40	70,230	120
Total	5,672,955	7,543	5,913,298	7,255

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

		30 June 2019 (unaudited)	31 December 2018
Bills payable	<i>Note 1</i>		
PetroChina & CRCC Petroleum Marketing Co., Ltd.		23,037	–
Chengdu Municipal Investment & Construction Technology Co., Ltd.		10,000	6,000
Changzhou China Railway Blue Flame Component Co., Ltd		9,500	–
Shandong Highway Rail Equipments & Materials Co., Ltd.		150	1,300
Total		42,687	7,300
Trade payables	<i>Note 1</i>		
Changzhou China Railway Blue Flame Component Co., Ltd		37,404	21,138
Lanzhou Tiecheng Concrete Components Co., Ltd.		22,166	–
PetroChina & CRCC Petroleum Marketing Co., Ltd.		15,369	47,006
Foshan Road & Bridge Prefabricated Components Co., Ltd.		6,147	6,447
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		1,167	22,697
Wuhan Lvyin Lawn Engineering Co., Ltd.		1,623	2,784
Total		83,876	100,072

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

		30 June 2019 (unaudited)	31 December 2018
Contract liabilities	<i>Note 4</i>		
Kunming Metro Line 5 Construction & Operation Co., Ltd.		352,686	6,721
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.		215,455	337,930
Gansu Jinhe Highway Project Management Co., Ltd.		186,024	180,314
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		173,202	–
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		153,688	–
China Railway 14 th Bureau Group Wuhan Metro Investment & Construction Co., Ltd.		147,831	152,932
Pingxiang CRCC Bridge Engineering Bureau Sponge City Construction Co., Ltd.		94,982	–
Chongqing Tiefa Jianxin Highway Co., Ltd.		60,659	172,354
Yangzhou Wantou Jade Characteristics Town Co., Ltd.		13,501	66,320
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.		5,030	9,158
CRCC Shaanxi Highway Co., Ltd.		3,016	15,307
Changde Yuanjiang Tunnel Co., Ltd.		–	64,281
Total		1,406,074	1,005,317

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

		30 June 2019 (unaudited)	31 December 2018
Other payables	<i>Note 1</i>		
CRCG	<i>Note 5</i>	1,573,556	24,176
Hangzhou Jingbin Real Estate Co., Ltd.		1,096,475	1,130,475
Hangzhou Jingke Real Estate Co., Ltd.		803,250	861,900
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		537,575	525,666
CRCC Shaanxi Highway Co., Ltd.		386,131	52,101
Shanghai Hongjun Real Estate Co., Ltd.		382,695	426,524
Dalian Wancheng Zhiguang Real Estate Co., Ltd.		344,685	344,685
CRCC Financial Leasing Co., Ltd.		332,478	45,184
Nanjing Xincheng Guanghong Real Estate Co., Ltd.		326,800	437,000
Hangzhou Jingping Real Estate Co., Ltd.		269,500	357,000
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		263,076	100,501
Hangzhou Jianshen Real Estate Co., Ltd.		240,000	300,000
Chongqing Tiefa Xiusong Highway Co., Ltd.		216,028	228,646
Yangzhou Wantou Jade Characteristics Town Co., Ltd.		201,328	–
CRCC (Shandong) Deshang Highway Co., Ltd.		171,270	191,739
Guangzhou Hongjia Real Estate Co., Ltd.		143,685	87,041
CRCC-HC-CR15G Joint Venture		91,258	57,179
Chongqing Tiefa Jianxin Highway Co., Ltd.		91,106	414,548
Guangzhou Jingye Real Estate Co., Ltd.		86,913	70,253
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		63,028	119,796
Xi'an China Railway Jingmao Real Estate Co., Ltd.		54,803	14,942
Guangzhou Hongxuan Real Estate Co., Ltd.		44,292	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

	30 June 2019 (unaudited)	31 December 2018
Other payables (continued)		
<i>Note 1</i>		
Hangzhou Beikong Jiandejiang Investment Co., Ltd.	38,121	122,353
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.	35,555	27,833
Chongqing Yonglu Expressway Co., Ltd.	21,638	4,662
China Railway Construction Group Beijing Yongsheng Investment & Development Co., Ltd.	20,000	20,000
CRCC Real Estate Co., Ltd.	17,439	–
Dalian Jingcheng Real Estate Co., Ltd.	13,365	13,365
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	10,000	–
CRCC Gansu Zhangbian Highway Co., Ltd.	3,668	10,425
China Railway Construction Jinli Assets Management Co., Ltd.	1,329	2,046
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	1,200	382,888
Sichuan Tianfu Airport Expressway Co., Ltd.	1,133	1,126
Kunming Sanqing Highway Co., Ltd.	1,072	584
Kunming Fuyi Highway Co., Ltd.	374	517
Changzhou China Railway Blue Flame Component Co., Ltd.	–	14,243
PetroChina & CRCC Petroleum Marketing Co., Ltd.	–	1,969
Beijing Jiehai Real Estate Co., Ltd.	–	100
Total	7,884,826	6,391,467

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

	30 June 2019 (unaudited)	31 December 2018
Advances to suppliers		
CRCC Financial Leasing Co., Ltd.	62,310	33,261
Total	62,310	33,261
Due to customers		
	<i>Note 6</i>	
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	925,720	–
China Railway Construction Jinli Assets Management Co., Ltd.	674,964	613,288
Beijing Tongda Jingcheng Highway Co., Ltd.	294,481	270,673
CRCG	133,385	580,401
Guangzhou Xintie Xinjian Investment Co., Ltd.	28,409	340,381
Beijing Railway Construction Technology Magazine Co., Ltd.	2,943	3,517
Beijing Xinda Real Estate Co., Ltd.	742	1,888,105
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	225	1,284,780
China Railway Construction Real Estate Group Jinan 6 th Continent Real Estate Co., Ltd.	180	–
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	92	–
Hangzhou Jingping Real Estate Co., Ltd.	5	–
Chongqing Tiefa Jianxin Highway Co., Ltd.	–	400,000
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	–	356,343
CRCC Real Estate Co., Ltd.	–	63,233
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	–	42,994
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	–	37,782
Total	2,061,146	5,881,497

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

RMB'000

		30 June 2019 (unaudited)	31 December 2018
Long-term loans (including current portion)			
CRCC	Note 7	780,564	780,564
Total		780,564	780,564
Lease liabilities (including current portion)			
CRCC Financial Leasing Co., Ltd.		4,398,256	/
CRCC		92,927	/
Total		4,491,183	/
Long-term payables (including current portion)			
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)		801,861	785,330
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		4,107	–
Changzhou CRCC-CZUC Artifacts Co., Ltd.		2,482	–
CRCC Financial Leasing Co., Ltd.		–	749,725
Total		808,450	1,535,055

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 operation segments, with the interest rate agreed in the contracts.

Note 3: The amounts due from CRCC were borrowings from CRCC Finance Company Limited.

Note 4: The amounts were mainly advances from related parties and were interest-free.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

Note 5: The amounts consisted of the Company's dividends payable to CRCG amounting to RMB1,457,975,000 and other payables to CRCG amounting to RMB115,581,000. The dividends had been paid after the balance sheet date. Further details are stated in Note V. 47.

Note 6: The amounts due to the Group's related parties were deposits in CRCC Finance Company Limited.

Note 7: The amounts were appropriations from the Ministry of Finance to CRCG and considered as the entrusted loans granted to the Group by CRCG. The interest rate of such entrusted loans was determined by the benchmark interest rate in the market.

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

RMB'000

	30 June 2019 (unaudited)	31 December 2018
Contracted, but not provided for:		
Capital commitments	339,217	290,993
Investment commitments	9,075,994	8,974,629
Other commitments	1,844,770	5,581,502
Total	11,259,981	14,847,124

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 advices. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

3. Guarantees

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB'000

The Group	30 June 2019 (unaudited)	31 December 2018
Associates	2,474,347	1,520,970
Other entities	117,600	128,100
Total	2,591,947	1,649,070

The above guarantees exclude guarantees in respect of the banking facilities other than mortgages. As at 30 June 2019, the Group's guarantees (excluding guarantees in respect of the banking facilities other than mortgages) amounted to RMB2,591,947,000 (31 December 2018: RMB1,649,070,000), the guarantees in respect of mortgages amounted to RMB27,174,717,000 (31 December 2018: RMB19,643,712,000). Until 30 June 2019, the guarantees 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 were granted to the purchasers of the Group's properties and secured by the mortgages.

The Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB'000

The Company	30 June 2019 (unaudited)	31 December 2018
Subsidiaries	24,842,308	18,009,998
Associates	2,474,347	1,520,970
Other entities	117,600	128,100
Total	27,434,255	19,659,068

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 30 June 2019 (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XII. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 August 2019, the Company's subsidiary CRCC Yupeng Limited completed the redemption of USD800,000,000 perpetual securities issued by CRCC Yupeng Limited, and guaranteed by the Company in 2014.

XIII. OTHER SIGNIFICANT EVENTS

1. *Segment reporting*

Operating segments

For management purposes, the Group is organized into the following five operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services for civil engineering and infrastructure construction, such as railways, highways and urban rail transport, etc.;
- (3) The manufacturing operations segment engages in the research and development, production and sale of mechanical equipment, such as the large railway track maintenance machinery, tunnel boring machinery as well as the manufactures of track system, etc.;
- (4) The real estate development operations segment engages in the development, construction and sale of residential properties and commercial properties; and
- (5) The other business operations segment mainly comprises trade and logistics, finance and insurance and highway operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss. The Group does not manage income tax based on operating segments and hence income tax has not been allocated to the operating segments.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (continued)

Operating segments (continued)

RMB'000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate development operations	Other business operations	Eliminations and adjustments	Total
For the six months ended 30 June 2019: (unaudited)							
Revenue from external customers	308,187,762	7,675,647	7,825,738	9,834,548	19,411,184	-	352,934,879
Inter-segment sales	2,780,743	8,781	1,161,571	-	14,990,417	(18,941,512)	-
Total	310,968,505	7,684,428	8,987,309	9,834,548	34,401,601	(18,941,512)	352,934,879
Share of profits/(losses) of joint ventures and associates	52,878	(21,969)	101,298	835,839	14,295	-	982,341
Impairment losses on assets and impairment of credit losses	(1,328,123)	(4,597)	(21,049)	32,500	8,489	-	(1,312,780)
Depreciation and amortisation	7,833,644	130,060	264,157	10,613	194,110	-	8,432,584
Profit before tax	5,547,302	1,398,095	1,162,553	2,453,332	2,306,167	42,438	12,909,887
Other disclosures:							
Increase in non-current assets other than long-term equity investments	7,960,809	95,782	419,403	18,233	3,933,600	-	12,427,827
30 June 2019 (unaudited)							
Segment assets (Note 1)	696,741,078	27,927,071	34,568,344	194,970,450	251,646,863	(206,105,807)	999,747,999
Segment liabilities (Note 2)	570,666,380	15,970,878	20,704,588	162,569,428	217,596,170	(203,278,446)	784,228,998
Other disclosures:							
Long-term equity investments in joint ventures and associates	28,203,081	1,046,844	1,185,097	4,312,849	194,192	-	34,942,063

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (continued)

Operating segments (continued)

RMB'000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate development operations	Other business operations	Eliminations and adjustments	Total
For the six months ended							
30 June 2018: (unaudited)							
Revenue from external customers	263,985,685	7,018,128	6,679,333	9,911,413	21,386,371	-	308,980,930
Inter-segment sales	3,199,686	7,664	718,749	-	10,239,732	(14,165,831)	-
Total	267,185,371	7,025,792	7,398,082	9,911,413	31,626,103	(14,165,831)	308,980,930
Share of profits/(losses) of joint ventures and associates	(10,194)	70,867	110,051	(67,401)	21,041	-	124,364
Impairment losses on assets and impairment of credit losses	(521,827)	(1,197)	(25,280)	773	37,634	-	(509,897)
Depreciation and amortisation	5,494,704	117,788	203,164	21,236	206,518	-	6,043,410
Profit before tax	6,142,529	1,529,038	888,096	1,044,442	1,941,971	(162,653)	11,383,423
Other disclosures:							
Increase in non-current assets other than long-term equity investments	7,097,066	111,119	654,636	10,882	4,722,761	-	12,596,464
31 December 2018							
Segment assets (Note 1)	599,072,020	27,761,778	34,121,477	193,315,413	247,817,568	(184,417,674)	917,670,582
Segment liabilities (Note 2)	493,737,351	17,431,926	17,761,230	161,878,875	201,124,437	(181,598,092)	710,335,727
Other disclosures:							
Long-term equity investments in joint ventures and associates	23,432,055	820,481	1,094,262	3,446,206	185,551	-	28,978,555

Note 1: Segment assets do not include deferred tax assets of RMB5,121,385,000 (31 December 2018: RMB4,916,848,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB211,227,192,000 (31 December 2018: RMB189,334,522,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB368,557,000 (31 December 2018: RMB233,522,000) and corporate income tax payable of RMB876,349,000 (31 December 2018: RMB2,513,210,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB204,523,352,000 (31 December 2018: RMB184,344,824,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (continued)

Group information

Geographical information

Revenue from external customers

RMB'000

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Mainland China	337,125,210	291,289,181
Outside Mainland China	15,809,669	17,691,749
Total	352,934,879	308,980,930

Total non-current assets (Note)

RMB'000

	30 June 2019 (unaudited)	31 December 2018
Mainland China	151,981,355	137,417,430
Outside Mainland China	3,296,696	2,985,937
Total	155,278,051	140,403,367

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, right-of-use assets, intangible assets, long-term prepaid expenses and investments in joint ventures and associates.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (continued)

Group information (continued)

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

2. Other financial information

(i) Pension scheme contributions

Item	RMB'000	
	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Pension scheme contributions (defined contribution plans)	2,908,082	2,548,901
Pension scheme costs (defined benefit plans)	6,400	14,249

As at 30 June 2019, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Other financial information (continued)

(ii) Directors' and supervisors' remuneration

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Directors' and supervisors' remuneration	2,177	2,116

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB'000

Aging	30 June 2019 (unaudited)	31 December 2018
Within 1 year	2,954,212	2,319,959
1 to 2 years	201,691	774,107
2 to 3 years	414,819	90,247
Subtotal	3,570,722	3,184,313
Less: Impairment of credit losses	51,093	32,377
Total	3,519,629	3,151,936

Trade receivables and impairment of credit losses by category are listed as follows:

RMB'000

Category	30 June 2019 (unaudited)				Carrying amount
	Gross carrying amount Amount	Percentage %	Impairment of credit losses Amount	Percentage %	
Impairment of credit losses assessed by credit risk portfolio	3,570,722	100.00	51,093	1.43	3,519,629
Total	3,570,722	100.00	51,093	1.43	3,519,629

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

Trade receivables and impairment of credit losses by category are listed as follows: (continued)

RMB'000

Category	Gross carrying amount		31 December 2018 Impairment of credit losses		Carrying amount
	Amount	Percentage	Amount	Percentage	
		%		%	
Impairment of credit losses assessed by credit risk portfolio	3,184,313	100.00	32,377	1.02	3,151,936
Total	3,184,313	100.00	32,377	1.02	3,151,936

As at 30 June 2019, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB'000

Aging	30 June 2019 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage	Amount	Percentage
		%		%
Within 1 year	2,954,212	82.73	6,324	0.21
1 to 2 years	201,691	5.65	8,455	4.19
2 to 3 years	414,819	11.62	36,314	8.75
Total	3,570,722	100.00	51,093	1.43

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

As at 30 June 2019, trade receivables from the five largest customers are listed as follows (unaudited):

RMB'000

Company name	Relationship with the Company	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,019,891	Within 1 year	28.56
Company 2	Third party	479,224	Within 2 years	13.42
Company 3	Third party	279,580	Within 1 year	7.83
Company 4	Third party	278,110	Within 1 year	7.79
Company 5	Third party	257,701	Within 2 years	7.22
Total	–	2,314,506	–	64.82

As at 31 December 2018, trade receivables from the five largest customers are listed as follows:

RMB'000

Company name	Relationship with the Company	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,147,228	Within 1 year	36.03
Company 2	Third party	449,877	Within 2 years	14.13
Company 3	Third party	308,243	Within 2 years	9.68
Company 4	Third party	304,670	Within 2 years	9.57
Company 5	Third party	258,427	Within 1 year	8.12
Total	–	2,468,445	–	77.53

As at 30 June 2019 and 31 December 2018, 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 trade receivables.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables

An aging analysis of other receivables is listed as follows:

RMB'000

Aging	30 June 2019 (unaudited)	31 December 2018
Within 1 year	16,582,425	22,826,391
1 to 2 years	6,879,140	3,225,268
2 to 3 years	79,050	69,508
Over 3 years	166,095	165,591
Subtotal	23,706,710	26,286,758
Less: Impairment of credit losses	1,106	842
Total	23,705,604	26,285,916

Impairment of credit losses are listed as follows:

- (1) As at 30 June 2019, analysis of impairment of credit losses of other receivables at phase I are listed as follows:

RMB'000

Item	Gross carrying amount	Impairment of credit losses	Provision percentage (%)
Amounts due from subsidiaries	23,627,582	–	–
Others	79,128	1,106	1.40
Total	23,706,710	1,106	–

- (2) As at 30 June 2019, the Company did not have other receivables at phase II.
- (3) As at 30 June 2019, the Company did not have other receivables at phase III.

For the six months ended 30 June 2019, no other receivables had been written off by the Company. (For the six months ended 30 June 2018: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

As at 30 June 2019, other receivables from the five largest customers are listed as follows (unaudited):

RMB'000

Company name	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)
Company 1	Subsidiary	5,901,087	Within 2 years	24.89
Company 2	Subsidiary	5,676,597	Within 1 year	23.95
Company 3	Subsidiary	3,682,479	Within 2 years	15.53
Company 4	Subsidiary	2,083,722	Within 2 years	8.79
Company 5	Subsidiary	1,772,905	Within 2 years	7.48
Total	–	19,116,790	–	80.64

As at 31 December 2018, other receivables from the five largest customers are listed as follows:

RMB'000

Company name	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)
Company 1	Subsidiary	9,901,087	Within 2 years	37.67
Company 2	Subsidiary	5,646,597	Within 1 year	21.48
Company 3	Subsidiary	3,399,829	Within 2 years	12.93
Company 4	Subsidiary	2,070,542	Within 2 years	7.88
Company 5	Subsidiary	1,772,905	Within 1 year	6.74
Total	–	22,790,960	–	86.70

As at 30 June 2019 and 31 December 2018, no amount due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of other receivables.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

As at 30 June 2019, amount due from related parties is listed as follows:

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Amount due from subsidiaries	23,627,582	26,234,844

3. Long-term equity investments

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Equity investment accounting for cost method		
– Subsidiaries (i)	93,806,835	93,806,835
Equity investment accounting for equity method		
– Interests in joint ventures (ii)	682,672	680,455
Total	94,489,507	94,487,290

Note: All the long-term equity investments are investments in unlisted companies, except for CRCC High-tech Equipment Corporation Limited.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries

RMB'000

Investee	Percentage of the investee's registered capital directly attributable to the Company as at 30 June 2019 (unaudited) (%)	30 June 2019 (unaudited) Carrying amount	31 December 2018 Carrying amount
China Civil Engineering Construction Corporation	100	2,946,507	2,946,507
China Railway 11 th Bureau Group Co., Ltd.	100	1,893,912	1,893,912
China Railway 12 th 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 14 th Bureau Group Co., Ltd.	100	2,130,105	2,130,105
China Railway 15 th Bureau Group Co., Ltd.	100	1,585,152	1,585,152
China Railway 16 th Bureau Group Co., Ltd.	100	1,482,412	1,482,412
China Railway 17 th Bureau Group Co., Ltd.	100	1,717,837	1,717,837
China Railway 18 th Bureau Group Co., Ltd.	100	1,103,234	1,103,234
China Railway 19 th Bureau Group Co., Ltd.	100	3,954,638	3,954,638
China Railway 20 th Bureau Group Co., Ltd.	100	1,615,144	1,615,144
China Railway 21 st Bureau Group Co., Ltd.	100	1,557,251	1,557,251
China Railway 22 nd Bureau Group Co., Ltd.	100	1,295,286	1,295,286
China Railway 23 rd Bureau Group Co., Ltd.	100	1,545,004	1,545,004
China Railway 24 th Bureau Group Co., Ltd.	100	1,346,917	1,346,917
China Railway 25 th 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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries (continued)

RMB'000

Investee	Percentage of the investee's registered capital directly attributable to the Company as at 30 June 2019 (unaudited) (%)	30 June 2019 (unaudited) Carrying amount	31 December 2018 Carrying amount
China Railway Material Group Co., Ltd.	100	3,314,805	3,314,805
CRCC High-tech Equipment Corporation Limited	63.7	1,714,797	1,714,797
China Railway Construction Heavy Industry Co., Ltd.	99.5	4,028,004	4,028,004
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	10,538,793	10,538,793
CRCC Harbor & Channel Engineering Bureau Group Co., Ltd.	100	1,385,891	1,385,891
CRCC Finance Company Limited	94.0	8,460,000	8,460,000
CRCC International Group Co., Ltd.	100	3,000,102	3,000,102
CRCC Assets Management Co., Ltd.	100	1,520,000	1,520,000
CRCC Urban Construction Group Co., Ltd.	100	2,000,000	2,000,000
Beijing CRCC Tianrui Machinery Equipment Co., Ltd.	98.0	2,000,000	2,000,000
China Railway Strait Construction Group Co., Ltd.	50.0	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	1,000,000
CRCC Nanfang Construction and Investment Co., Ltd.	100	1,000,000	1,000,000
CRCC Chongqing Investment Group Co., Ltd.	100	3,000,000	3,000,000
China Railway Maglev Transportation Investment Construction Co., Ltd.	70.0	700,000	700,000
CRCC Huanan Construction Co., Ltd.	100	1,000,000	1,000,000
CRCC Xibei Investment and Construction Co., Ltd.	100	1,000,000	1,000,000
CRCC Beibuwan Construction and Investment Co., Ltd.	100	300,000	300,000
CRCC Urban Investment & Construction Co., Ltd.	100	1,000,000	1,000,000
CRCC Cyber Informational Technology Co., Ltd.	100	101,161	101,161
Total		93,806,835	93,806,835

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(ii) Interests in joint ventures

For the six months ended 30 June 2019:

RMB'000

Investee	Investment cost (unaudited)	1 January 2019	Increase in Investment (unaudited)	Share of profits under equity method (unaudited)	Distribution of dividends (unaudited)	30 June 2019 (unaudited)	Percentage	Percentage
							of ownership of equity (%)	of voting rights (%)
China-Africa Lekkil Investment Co., Ltd. (Note)	654,930	680,455	-	2,217	-	682,672	57.29	57.29
Total	654,930	680,455	-	2,217	-	682,672	-	-

2018:

RMB'000

Investee	Investment cost	1 January 2018	Increase in Investment	Share of profits under equity method	Distribution of dividends	31 December 2018	Percentage	Percentage
							of ownership of equity (%)	of voting rights (%)
China-Africa Lekkil Investment Co., Ltd. (Note)	654,930	678,396	-	2,059	-	680,455	57.29	57.29
Total	654,930	678,396	-	2,059	-	680,455	-	-

Note: China-Africa Lekkil is accounted for as joint ventures by the Company with more details are included in Note V. 13.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Short-term loans

RMB'000

Item		30 June 2019 (unaudited)	31 December 2018
Credit loans	Note	5,500,000	11,000,000
Total		5,500,000	11,000,000

Note: As at 30 June 2019, the annual interest rate of the above short-term interest rate is 2.92% to 4.35% (31 December 2018: 2.92% to 4.57%).

5. Other payables

Other payables are disclosed by category:

RMB'000

Item		30 June 2019 (unaudited)	31 December 2018
Payables for advances		29,069,013	23,832,765
Dividends payable		2,936,051	271,999
Guarantees and deposits		76,272	79,993
Others		932,464	1,149,176
Total		33,013,800	25,333,933

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Long-term loans

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Credit loans	5,704,458	5,750,439
Total	5,704,458	5,750,439

The maturity profile of the long-term loans as at the balance sheet date is listed as follows:

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Within one year or paid on demand	1,181,894	2,630,917
In the second year (inclusive)	3,872,458	3,871,002
In the third year (inclusive)	86,000	90,437
Over three years	1,746,000	1,789,000
Total	6,886,352	8,381,356

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

7. Revenue and cost of sales

Revenue is presented as follows:

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Revenue from principal operations	6,045,142	4,713,483
Other operating revenue	39,781	5,553
Total	6,084,923	4,719,036

Operating cost is presented as follows:

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Operating cost	6,015,087	4,620,009

8. Finance costs

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Interest expenses	1,090,564	1,114,642
Less: Interest income	1,313,508	1,103,188
Exchange (gains)/losses	(7,686)	70,306
Bank charges and others	7,763	49,549
Total	(222,867)	131,309

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Investment income

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Share of net profits/(losses) of the joint ventures	2,217	3,251
Investment income received from long-term equity investments under cost method	8,882,335	3,778,010
Others	–	2,970
Total	8,884,552	3,784,231

For the six months ended 30 June 2019, the investment income mentioned above was composed of investment income of RMB48,411,000 (For the six months ended 30 June 2018: RMB12,653,000) from listed companies and RMB8,836,141,000 from unlisted companies (For the six months ended 30 June 2018: RMB3,771,578,000).

As at 30 June 2019, the remittance of the Company's investment income was not subject to significant restriction.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

10. 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 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Reconciliation of net profit to cash flows from operating activities		
Net profit	9,197,248	3,788,247
Add: Impairment of credit losses	27,279	9,360
Depreciation of fixed assets	5,574	6,352
Amortisation of intangible assets	2,059	1,586
Amortisation of long-term prepayments	552	2,831
Depreciation of right-of-use assets	15,125	/
Losses from disposal of fixed assets	–	143
Losses on retirement of fixed assets	87	–
Gains from changes in fair value	(331,292)	(331,607)
Finance costs	(216,523)	29,176
Investment income	(8,884,552)	(3,784,231)
Increase in deferred tax liabilities	82,823	82,902
(Increase)/decrease in contract assets	(542,441)	1,635,975
Decrease/(increase) in operating receivables	3,226,219	(7,721,110)
Increase/(decrease) in operating payables	6,147,489	(750,959)
Net cash flows generated from/(used in) operating activities	8,729,647	(7,031,335)

(2) Cash and cash equivalents

RMB'000

Item	30 June 2019 (unaudited)	31 December 2018
Cash	22,725,105	13,393,575
Including: Cash on hand	179	36
Cash with banks/financial institutions without restrictions	22,724,926	13,393,539
Balance of cash and cash equivalents at the end of the period/year	22,725,105	13,393,575

Supplementary Information

XV. SUPPLEMENTARY INFORMATION

1. Summary of non-recurring profit or loss

RMB'000

Item	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Gains from disposal of non-current assets	56,886	24,821
Losses from disposal of long-term equity investments	–	(1,809)
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)	208,535	297,574
Net gains from debt restructuring	53,715	51,274
Investment income from holding and disposal of held- for-trading financial assets	52,110	3,984
Investment income from holding of other equity instruments investments	125,312	–
Gains on fair value changes	311,343	334,370
Reversal of impairment of receivables	120,590	380,043
Other non-operating income and expenses other than the above items	20,979	31,145
Impact on income tax	(190,736)	(245,249)
Impact on non-controlling interests (after tax)	(1,475)	(11,403)
Net impact on non-recurring profit or loss	757,259	864,750

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

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)	Reason for being recognised in profit or loss
Special equipment appropriation from the Ministry of Finance	3,423	–	Related to normal operating activities
Total	3,423	–	–

XV. SUPPLEMENTARY INFORMATION (CONTINUED)**2. Return on net assets and earnings per share (“EPS”)**

For the six months ended 30 June 2019 (unaudited):

	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.71	0.65	0.61
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	5.22	0.59	0.55

For the six months ended 30 June 2018 (unaudited):

	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.53	0.56	0.53
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	4.90	0.50	0.47

The Company issued a five-year Zero Coupon Convertible Bond at USD500 million on 29 January 2016 and issued a five-year Coupon Convertible Bond at RMB3.45 billion on 21 December 2016. The Group has considered the impact resulting from the conversion of those issued convertible bonds.

The above weighted average return on equity and earnings per share are calculated in accordance with Information Disclosure by Companies Offering Securities to the Public No. 9- 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 person in-charge of the Company;
2. Full text of the financial report signed and sealed by the person in-charge of the Company, 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;
4. Articles of Association

Chairman: CHEN Fenjian

Submission Date Approved By the Board: 30 August 2019

REVISION INFORMATION

Applicable Not applicable



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited