



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

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

Stock Code : 1186

2013

Interim Report

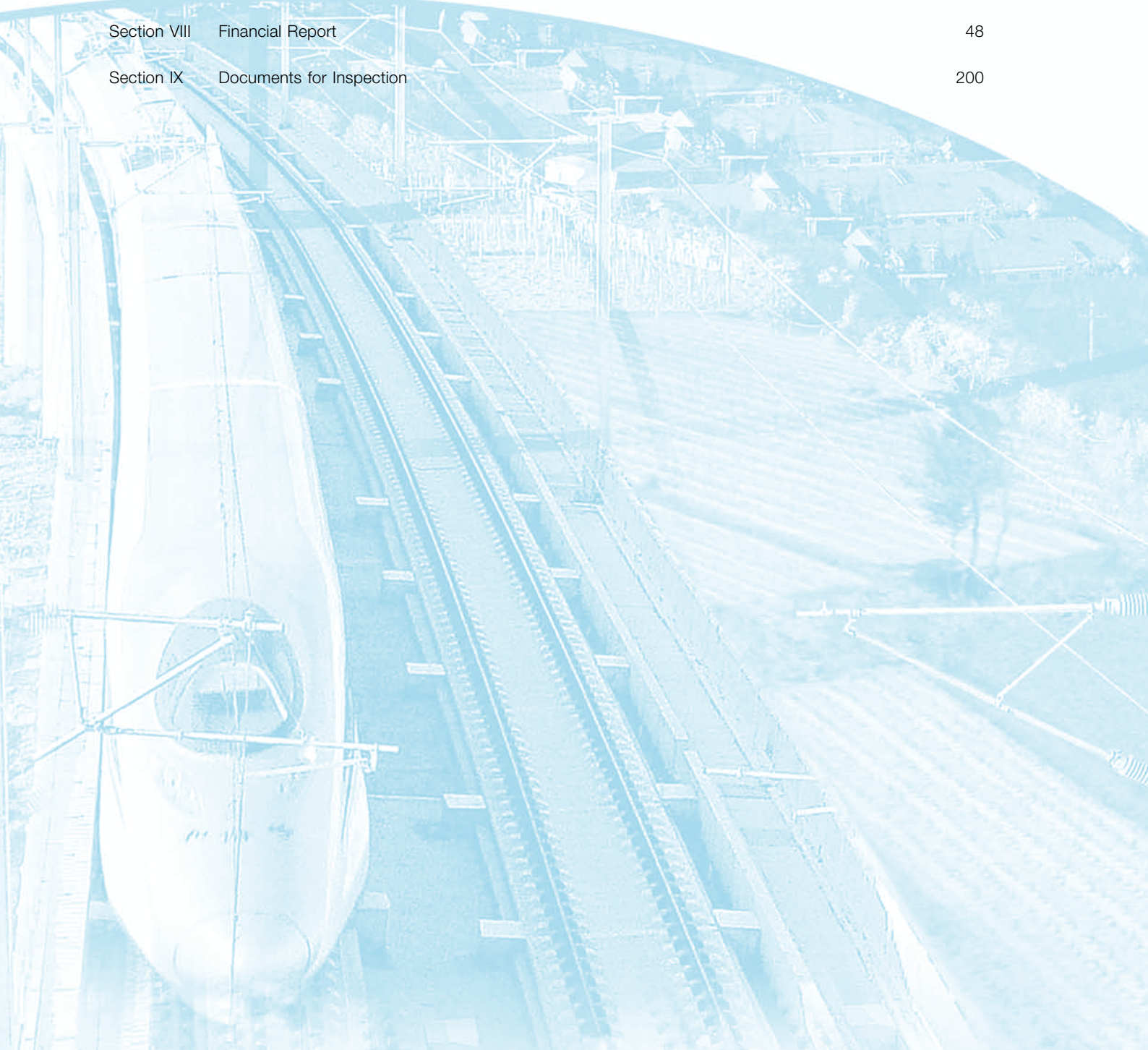


Important Notice

- I. The Board and the Supervisory Committee and the directors, supervisors and members of the senior management of the Company warrant the truthfulness, accuracy and completeness of the contents herein and confirm that there is no misrepresentation or misleading statements contained in or material omissions from this interim report, and accept joint and several responsibilities.
- II. All the directors of the Company attended the twenty-fifth meeting of the second session of the Board.
- III. The contents of this 2013 interim report are in compliance with all the requirements in relation to information to be disclosed in interim reports under the Shanghai Listing Rules and the Hong Kong Listing Rules. In addition, this interim report will be simultaneously published in the PRC and Hong Kong. This report is prepared in Chinese and English, respectively. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.
- IV. The 2013 interim financial report of the Company is prepared under the PRC accounting standards. Ernst & Young Hua Ming LLP has reviewed the report and issued the relevant review report. Unless specifically indicated, Renminbi is the reporting currency in this interim report.
- V. 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 2013, which have been reviewed by Ernst & Young Hua Ming LLP, and has also discussed issues such as the accounting policies and practices and internal control of the Company with its senior management.
- VI. MENG Fengchao, Chairman of the Company, ZHUANG Shangbiao, CFO, and CAO Xirui, Head of the Finance Department (person in charge of accounting), confirm that the financial report in this interim report is true, accurate and complete.
- VII. Forward looking statements such as future plan and development strategy contained in this report do not constitute a real commitment to investors by the Company. Investors should be reminded of such investment risks.
- VIII. None of the Controlling Shareholder of the Company or its associates has misappropriated the Company's funds for purposes other than for business.
- IX. The Company did not provide external guarantees in violation of any prescribed decision-making procedures.

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Definitions

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

DEFINITION OF FREQUENTLY USED TERMS

“Company”	means	China Railway Construction Corporation Limited (中國鐵建股份有限公司)
“Group”	means	China Railway Construction Corporation Limited and its wholly-owned and non-wholly-owned subsidiaries
“Controlling Shareholder” or “CRCCG”	means	China Railway Construction Corporation (中國鐵道建築總公司)
“Board”	means	the board of directors of China Railway Construction Corporation Limited
“Supervisory Committee”	means	the supervisory committee of China Railway Construction Corporation Limited
“Reporting Period”	means	the period from January to June 2013
“end of the Reporting Period”	means	30 June 2013
“corresponding period last year”	means	the period from January to June 2012
“end of last year”	means	31 December 2012
“Hong Kong Stock Exchange”	means	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shanghai Listing Rules”	means	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“SFO”	means	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“CSRC”	means	China Securities Regulatory Commission
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“PRC”	means	the People’s Republic of China which, for the purposes of this report, excluding Hong Kong and the Macau Special Administrative Region and Taiwan
“SASAC”	means	State-owned Assets Supervision and Administration Commission of the State Council
“Articles of Association”	means	the Articles of Association of China Railway Construction Corporation Limited

Basic Corporate Information

I. CORPORATE INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

Secretary to the Board of the Company	YU Xingxi
Joint Company Secretaries	YU Xingxi, LAW Chun Biu
Telephone	010-52688600
Fax	010-52688302
E-mail	ir@crcc.cn
Correspondence address	East, No. 40 Fuxing Road, Haidian District, Beijing

III. CHANGES IN BASIC INFORMATION

Registered office of the Company	East, No. 40 Fuxing Road, Haidian District, Beijing (Postal Code: 100855)
Principal place of business in the PRC	East, No. 40 Fuxing Road, Haidian District, Beijing (Postal Code: 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 of the Company	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing the interim report of the Company	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.

Basic Corporate Information (continued)

V. BASIC INFORMATION OF THE SHARES OF THE COMPANY

Place of listing for A shares of the Company	Shanghai Stock Exchange
Stock name for A shares of the Company	China Rail Cons
Stock code for A shares of the Company	601186
Place of listing for H shares of the Company	Hong Kong Stock Exchange
Stock name for H shares of the Company	China Rail Cons
Stock code for H shares of the Company	1186

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

There was no change in registration of the Company during the Reporting Period.

VII. OTHER INFORMATION

1. Auditors engaged by the Company

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

2. Legal advisers appointed by the Company

As to Hong Kong law	Name	Baker & McKenzie
	Office address	23/F, One Pacific Place, 88 Queensway, Hong Kong
As to the PRC law	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing

3. Share registrar of H shares of the Company

Name	Computershare Hong Kong Investor Services Limited
Office address	Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Major Accounting Data and Financial Indicators

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Major accounting data

Unit: RMB'000

Major accounting data	Reporting Period (from January to June)	Corresponding period last year	Change as compared to the corresponding period last year (%)
Revenue	236,037,623	184,531,910	27.91
Net profit attributable to shareholders of the Company	4,673,699	3,188,436	46.58
Net profit excluding non-recurring profit or loss attributable to shareholders of the Company	4,461,010	2,981,465	49.62
Net cash flows from operating activities	-9,766,510	-3,317,649	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	75,286,322	71,963,667	4.62
Total assets	521,679,163	480,661,303	8.53

(II) Major financial indicators

Major financial indicators	Reporting Period (from January to June)	Corresponding period last year	Change as compared to the corresponding period last year (%)
Basic earnings per share (<i>yuan per share</i>)	0.38	0.26	46.15
Diluted earnings per share (<i>yuan per share</i>)	N/A	N/A	N/A
Basic earnings per share after deduction of non-recurring profit or loss (<i>yuan per share</i>)	0.36	0.24	50.00
Weighted average return on net assets (%)	6.32	4.86	Increased by 1.46 percentage points
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	6.03	4.54	Increased by 1.49 percentage points

Major Accounting Data and Financial Indicators (continued)

II. ACCOUNTING DATA DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Not applicable

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: RMB'000

Items	For the six months ended 30 June 2013	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Gains/(losses) from disposal of fixed assets, intangible assets and other long-term assets	73,471	6,779	-69,506
Gains from disposal of long-term equity investment	2,552	86,885	16,660
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	104,922	90,686	42,048
Net gains from debt restructuring	3,827	1,852	14,632
Gains/(losses) from changes in fair value of financial assets held for trading	12,724	1,748	-9,089
Reversal of impairment for accounts receivable	48,948	71,087	42,341
Other non-operating income and expenses other than the above items	39,540	19,885	51,232
Sub-total	285,984	278,922	88,258
Impact on income tax of non-recurring profit or loss, net	-71,496	-69,730	-22,065
Impact on non-recurring profit or loss attributable to minority interests (after tax)	-1,799	-2,221	246
Non-recurring profit or loss, net	212,689	206,971	66,439

Report of Directors

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

(I) Discussion and Analysis of the Overall Operations during the Reporting Period

In the first half of 2013, facing the complicated domestic and international operating environment, the Group counteracted calmly by firmly implementing the keynote proposed at the beginning of the year, which is "Safeguard Growth, Adjust Structure, Strengthen Fundamentals, Improve Economic Benefits and Enhance Standard". It analysed the situations carefully and was determined to overcome the difficulties by remaining practical and motivated. The overall economic momentum was positive and all projects progressed steadily. The development of the Group was steady and promising.

1. New contract value

During the Reporting Period, the value of new contracts signed by the Company amounted to RMB344,098.3 million, accounting for 52.94% of the annual plan and representing an increase of 22.86% as compared to the corresponding period last year. Among which newly signed contracts of overseas business amounted to RMB19,351.9 million, accounting for 5.62% of the total value of the newly signed contracts; newly signed contracts of domestic business amounted to RMB324,746.4 million, accounting for 94.38% of the total value of the newly signed contracts. As at 30 June 2013, outstanding contracts of the Group amounted to RMB1,594,531.3 million. The major indicators are as follows:

Unit: '00 million

Category	Value of new contracts			Value of outstanding contracts		
	Reporting Period	Corresponding period last year	Growth (%)	End of the Reporting Period	End of last year	Growth (%)
Construction operations	2,653.054	2,327.364	13.99	14,510.878	13,806.367	5.10
Survey, design and supervision operations	43.360	35.718	21.40	39.059	27.478	42.15
Manufacturing operations	56.399	38.770	45.47	32.424	29.860	8.59
Logistics and materials trading operations	561.616	344.294	63.12	1,162.019	921.661	26.08
Real estate development operations	120.604	50.324	139.66	195.289	119.369	63.60
Other businesses	5.950	4.272	39.28	5.644	13.862	-59.28
Total	3,440.983	2,800.742	22.86	15,945.313	14,918.597	6.88

Report of Directors (continued)

During the Reporting Period, the value of newly signed contracts for construction operations segment amounted to RMB265,305.4 million, accounting for 77.10% of the total value of contracts and representing a year-on-year increase of 13.99%. Among this, the value of railway construction amounted to RMB74,851.2 million, accounting for 28.21% of the construction operations segment and representing a year-on-year increase of 178.71%; the value of road projects amounted to RMB60,053.4 million, accounting for 22.64% of the construction operations segment and representing a year-on-year increase of 26.95%; the value of urban rail transit amounted to RMB18,956.5 million, accounting for 7.15% of the construction operations segment and representing a year-on-year increase of 63.60%; the value of hydraulic and electric engineering amounted to RMB4,903.3 million, accounting for 1.85% of the construction operations segment and representing a year-on-year decrease of 56.86%; the value of housing construction amounted to RMB71,328.9 million, accounting for 26.89% of the construction operations segment and representing a year-on-year decrease of 9.21%; the value of municipal engineering amounted to RMB25,598.8 million, accounting for 9.65% of the construction operations segment and representing a year-on-year decrease of 26.65%; the value of airport terminals amounted to RMB1,399.0 million, accounting for 0.53% of the construction operations segment and representing a year-on-year increase of 56.63%. The relatively significant increase in new contract value of railway construction and urban rail transit was due to the relatively rapid increase in investment in related industries. Given that hydraulic and electric engineering and airport terminals took up a smaller portion in the business portfolio of the Company, the substantial fluctuations in such operations were normal.

During the Reporting Period, the value of newly signed contracts for non-construction operations segments of the Group amounted to RMB78,792.9 million, accounting for 22.90% of the total value of newly signed contracts and representing a year-on-year increase of 66.45%. Among this, the value of survey, design and consultancy operations amounted to RMB4,336 million, accounting for 1.26% of the total value of the newly signed contracts and representing a year-on-year increase of 21.40%; the value of manufacturing operations amounted to RMB5,639.9 million, accounting for 1.64% of the total value of newly signed contracts and representing a year-on-year increase of 45.47%; the value of logistics and materials trading operations amounted to RMB56,161.6 million, accounting for 16.32% of the total value of newly signed contracts and representing a year-on-year increase of 63.12%; the value of real estate development operations amounted to RMB12,060.4 million, accounting for 3.50% of the total value of newly signed contracts and representing a year-on-year increase of 139.66%; the value of other businesses amounted to RMB595.0 million, accounting for 0.17% of the total value of newly signed contracts and representing a year-on-year increase of 39.28%. The rapid increase in logistics and materials trading operations, real estate development operations and industrial manufacturing operations was due to the relatively rapid development of related businesses resulting from the Group's bolstering efforts in structural adjustment. Given that other businesses took up a smaller portion in the business portfolio of the Company, the substantial fluctuations in such businesses were normal.

Report of Directors (continued)

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

During the Reporting Period, the Group achieved a revenue of RMB236,037.6 million, representing a year-on-year increase of 27.91%, and a net profit of RMB4,713.2 million, representing a year-on-year increase of 46.25%.

Unit: '000

Item	Reporting Period	Corresponding period last year	Growth (%)
Revenue	236,037,623	184,531,910	27.91%
Cost of sales	212,333,969	165,292,988	28.46%
Operating profit	5,554,858	3,882,746	43.07%
Operating margin	2.35%	2.10%	Increased by 0.25 percentage points
Net profit	4,713,221	3,222,658	46.25%

3. Analysis on industry trends

There have been a series of new changes in the domestic and international economy, market and environment ever since the beginning of the year. However, the overall situation was better than that of last year despite numerous uncertainties, mainly in terms of the following aspects. First, there were more favourable factors in the development of the domestic construction market. Local governments had stronger desire in local development, accompanied by the acceleration of the implementation of the newly developed urbanisation model and the increase in demand for infrastructure, which brought new opportunities to the market. The construction industry ranked second in the business climate index in the first half of the year among eight major industries. In June, "National Highway Network Planning (2013-2030)" was published that the State will invest RMB4.7 trillion in the construction of road network and the mileage of highways is set to increase by 33,000 km from the original plan. In June, the State Council decided to modify 10 million households in various shanty towns in cities, state-owned mines, forests and reclamations in the following five years. Among this, 3.04 million households will be modified in 2013. The State Council held a meeting on 24 July, during which the reform of the railway investment and financing scheme and the acceleration of railway construction in mid-west China and impoverished areas were proposed. Second, there were huge opportunities in the overseas market. Although the world economy still sees slow growth with high risks, stronger economic recovery in the U.S. is on the horizon, the overall European financial market is steady, emerging markets and the economy of developing countries edge up, international investment and construction of infrastructure are developing rapidly, and urbanisation is gaining momentum in many emerging countries while the upgrading and modification of infrastructure in developed countries are accelerating. According to forecasts, the investment demand of global infrastructure from 2013-2030 will reach US\$55 trillion. There will be additional opportunities for "Constructed by China" in the overseas market.

Report of Directors (continued)

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

The Company encounters the following challenges in its operations. First, the Company still needs to speed up development. Although the Company accomplished a relatively rapid growth, without advancing ahead, it will lag behind under keen competitions. Slow growth also implies falling behind. The Company still needs to speed up the upgrading of its operation scale. Second, it must further strengthen its management and consolidate its foundation. Third, the Company will continue to carry on structural adjustment and accelerate transformation and upgrade.

The Group will adopt the following key measures in the second half of the year. First, the Group will uphold the “Maintain Growth” principle and optimize its mode of production and operation through implementing regional operation as well as reinforcing operation. The Group will also strengthen its management and control, increase revenue and reduce expenditure, ensuring fulfilment or over-fulfilment of the operational targets for the year. Second, the Group will improve its management standard through strategically enhancing its fundamental management. Much importance will be placed on both the establishment and refinement of systems as well as implementation and execution. The Group will work on the origin and the fundamentals. Rules and regulations of the Group will be comprehensively streamlined and periodic review of defects in systems will be carried out. The Group will design scientific systems and guidelines and enhance the linkage between different systems. It will plan new procedures for accomplishing standardized management, systematic standards, systems with clear procedures and application of information technology in procedures. Great efforts will be put on the supervision, inspection and self-evaluation of the implementation of systems. Rules must be complied with and any one violating the rules will be held responsible. Third, the Group will enhance the awareness of innovation and accelerate transformation and upgrade. The business structure of the Company will be further refined with a focus on the development of non-construction operations. The synergistic development among different segments will be reinforced to improve professionalism and enhance innovation of technology and management.

Report of Directors (continued)

(II) Analysis of Main Businesses

1. Analysis of changes of relevant items in financial statements

Unit: '000

Item	Reporting period	Corresponding period last year	Growth
Revenue	236,037,623	184,531,910	27.91%
Cost of sales	212,333,969	165,292,988	28.46%
Selling and distribution expenses	995,624	666,591	49.36%
General and administrative expenses	8,876,141	7,889,347	12.51%
Finance costs	1,620,634	1,709,747	-5.21%
Income tax expenses	1,071,546	787,440	36.08%
Operating profit	5,554,858	3,882,746	43.07%
Operating margin	2.35%	2.10%	Increased by 0.25 percentage points
Net profit	4,713,221	3,222,658	46.25%
Net cash flow generated from operating activities	-9,766,510	-3,317,649	N/A
Net cash flow generated from investment activities	-8,551,569	-3,532,164	N/A
Net cash flow generated from financing activities	24,776,474	2,539,209	875.76%
R&D expenditures	2,873,916	2,455,725	17.03%

Revenue for the six months ended 30 June 2013 were RMB236,037,623,000, representing an increase of 27.91% over the corresponding period last year. During the Reporting Period, revenue in each business segment recorded significant year-on-year increase, especially in real estate development operations and logistics and materials trading operations segment.

Cost of sales for the six months ended 30 June 2013 were RMB212,333,969,000, representing an increase of 28.46% over the corresponding period last year. The increase in cost of sales costs is basically in line with the increase in revenue.

Selling and distribution expenses for the six months ended 30 June 2013 were RMB995,624,000, representing an increase of 49.36% over the corresponding period last year, which was mainly due to the Group's increased efforts in obtaining contracts.

Income tax expenses for the six months ended 30 June 2013 were RMB1,071,546,000, representing an increase of 36.08% over the corresponding period last year, which was mainly due to the increase in the profit during the current period.

Report of Directors (continued)

2. Others

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

Not applicable.

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

- ① The implementation of the Proposal in relation to the Issue of Ultra Short-term Financing Bonds by the Company

The 2011 Annual General Meeting held by the Company on 12 June 2012 considered and approved the Proposal in relation to the Issue of Ultra Short-term Financing Bonds by the Company, approving the Company to register and issue ultra short-term financing bonds with an aggregate balance of principal amount of not more than RMB30 billion. Taking into account the capital position, demand for financing and sources of capital of the Company, as well as the condition of the domestic bond market, the Company issued the first tranche of ultra short-term financing bonds of RMB1 billion for the year of 2012 with a term of 180 days on 18 October 2012. The amount was repaid on the due date of 17 April 2013. On 5 November 2012, the Company issued the second tranche of ultra short-term financing bonds of RMB5 billion for the year of 2012 with a term of 270 days. For details, please see the relevant announcements dated 7 November 2012 and 27 July 2013 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn). As at 30 June 2013, the Company issued ultra short-term financing bonds with a balance of principal amount of RMB5 billion.

- ② The implementation of the Proposal in relation to the Issue of Short-Term Financing Bonds by the Company

The 2010 Annual General Meeting held by the Company on 31 May 2011 considered and approved the Proposal in relation to the Issue of Short-Term Financing Bonds by the Company, approving the Company to register and issue short-term financing bonds with an aggregate balance of principal amount of not more than RMB15 billion. On 28 December 2012, the 2012 Second Extraordinary General Meeting was held, at which the Proposal in relation to the Increase in Amounts for Registration and Issuance of Medium-term Notes and Short-term Financing Bonds of China Railway Construction Corporation Limited was considered and approved. On 4 November 2011, the Company issued the first tranche of short-term financing bonds of RMB5 billion for the year of 2011 with a term of one year. The short-term financing bonds were due on 4 November 2012 and had been repaid in full. Taking into account the capital position, demand for financing and sources of capital of the Company, as well as the condition of the domestic bond market, the Company issued the first tranche of short-term financing bonds of RMB10 billion for the year of 2012 with a term of one year on 18 July 2012 and the first tranche of short-term financing bonds of RMB2.5 billion for the year 2013 with a term of one year on 29 May 2013. For details, please see relevant announcements dated 20 July 2012 and 13 July 2013 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). As at 30 June 2013, the Company issued short-term financing bonds with a balance of principal amount of RMB12.5 billion.

Report of Directors (continued)

③ The implementation of the Proposal in relation to the Issue of Medium-Term Notes by the Company

The general meetings held on 13 January 2009 and 31 May 2011 respectively by the Company considered and approved the Proposal in relation to the Issue of Medium-Term Notes by the Company. On 28 December 2012, the 2012 Second Extraordinary General Meeting was held, at which the Proposal in relation to the Increase in Amounts for Registration and Issue of Medium-Term Notes and Short-Term Financing Bonds of China Railway Construction Corporation Limited was considered and approved. On 27 August 2010, the Company issued the first tranche of medium-term notes of RMB5 billion for the year of 2010 with a term of 5 years. On 14 October 2011, the Company issued the first tranche of medium-term notes of RMB7.5 billion for the year of 2011 with a term of 7 years. On 19 June 2013, the Company issued the first tranche of medium-term notes of RMB10 billion for the year of 2013 with a term of 7 years. For details, please see relevant announcement dated 21 June 2013 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). As at 30 June 2013, the Company issued medium-term notes with a balance of principal amount of RMB22.5 billion.

④ The implementation of the Proposal in relation to the Issue of Non-public Debt Financing Instruments by the Company

The 2011 Annual General Meeting held on 12 June 2012 by the Company considered and approved the Proposal in relation to the Issue of Non-public Debt Financing Instruments by the Company, approving the Company to register and issue non-public debt financing instruments with an aggregate balance of principal amount of not more than RMB15 billion. For details, please see relevant announcement dated 13 June 2012 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). As at 30 June 2013, the Company has not yet registered and issued non-public debt financing instruments.

Report of Directors (continued)

- ⑤ The implementation of the Proposal in relation to the Issue of Overseas Bonds by the Company

The 2011 Annual General Meeting held by the Company on 12 June 2012 considered and approved the Proposal in relation to the Issue of Overseas Bonds by the Company, approving the Company to issue overseas bonds with an aggregate balance of principal amount overseas equivalent to not more than RMB5 billion. On 16 May 2013, CRCC Yuxiang Limited, a wholly-owned subsidiary of the Company, issued bonds in the principal amount of US\$800 million with a term of ten years, which was guaranteed by the Company. The Company obtained an approval in respect of issuance of bonds from State Administration of Foreign Exchange and registered for the external guarantee at foreign exchange administrative authorities. For details, please refer to the relevant announcements dated 13 June 2012 and 17 May 2013 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). As at 30 June 2013, the Company issued foreign bonds with a balance of principal amount of US\$800 million.

- ⑥ The implementation for the issue of short-term financing bonds by the Company's wholly-owned subsidiaries

As at 30 June 2013, the Company's wholly-owned subsidiaries issued short-term financing bonds with a balance of principal amount of RMB1.15 billion, and the issuing details are shown in the following table.

Unit: '00 million

Type of bond	Name of company	Date of issue	Maturity	Amount issued
Short-term financing bonds	China Railway 14 th Bureau Group Co., Ltd.	20 July 2012	One year	4.0
Short-term financing bonds	China Railway 15 th Bureau Group Co., Ltd.	30 August 2012	One year	2.5
Short-term financing bonds	China Railway 21 st Bureau Group Co., Ltd.	14 December 2012	One year	5.0
Total	—	—	—	11.5

Report of Directors (continued)

- ⑦ The Implementation for the issue of non-public debt financing instruments by the Company's wholly-owned subsidiaries

As at 30 June 2013, the Company's wholly-owned subsidiaries issued non-public debt financing instruments with a balance of principal amount of RMB5.55 billion, and the issuing details are shown in the following table.

Unit: '00 million

Type of bond	Name of company	Date of issue	Maturity	Amount issued
Private placement notes	China Railway 25th Bureau Group Co., Ltd.	6 August 2012	Three years	4.0
Private placement notes	China Railway 23rd Bureau Group Co., Ltd.	9 August 2012	Two years	3.5
Private placement notes	China Railway 14th Bureau Group Co., Ltd.	27 August 2012	Five years	4.0
Private placement notes	China Railway 25th Bureau Group Co., Ltd.	9 November 2012	Two years	5.0
Private placement notes	China Railway 15th Bureau Group Co., Ltd.	23 November 2012	Three years	4.0
Private placement notes	China Railway 19th Bureau Group Co., Ltd.	20 December 2012	One year	20.0
Private placement notes	China Railway 17th Bureau Group Co., Ltd.	21 March 2013	Three years	5.0
Private placement notes	China Railway 15th Bureau Group Co., Ltd.	28 March 2013	Three years	4.0
Private placement notes	China Railway 24th Bureau Group Co., Ltd.	11 April 2013	Three years	6.0
Total	—	—	—	55.5

(3) Progress For Operating Plan

- ① Completion of business plans

The new contract value of the Group in the first half of the year was RMB344,098.3 million, representing 52.94% of the target set for the year of RMB650.05 billion. The revenue amounted to RMB236,037.6 million, representing 50.76% of the target set for the year of RMB465 billion. Half of the key indicators have been reached as the first half of the year passed.

- ② Fulfilment of profit forecasts

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

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

Nil.

Report of Directors (continued)

(III) Analysis of the Operations on Various Industries, Products and Regions

1. Principal operations by industry

Operation of each business segment (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Revenue		Cost of sales		Gross profit		Gross profit margin	
	Reporting Period	Corresponding period last year	Reporting Period	Corresponding period last year	Reporting Period	Corresponding period last year	Reporting Period	Corresponding period last year
Construction operations	194,854,340	163,634,849	176,389,442	147,690,923	18,464,898	15,943,926	9.48%	9.74%
Survey, design and consultancy operations	3,177,933	2,800,181	2,115,698	1,830,998	1,062,235	969,183	33.43%	34.61%
Manufacturing operations	5,383,522	4,074,092	4,298,486	3,282,413	1,085,036	791,679	20.15%	19.43%
Real estate development operations	4,468,388	1,360,169	3,266,658	907,486	1,201,730	452,683	26.89%	33.28%
Other businesses	33,542,584	16,565,054	31,922,783	15,521,285	1,619,801	1,043,769	4.83%	6.30%
Among: Logistics and materials trading operations	32,125,790	15,438,924	31,025,161	14,801,828	1,100,629	637,096	3.43%	4.13%
Inter-segment elimination	-5,389,144	-3,902,435	-5,659,098	-3,940,116	269,954	37,681	—	—
Total	236,037,623	184,531,910	212,333,969	165,292,988	23,703,654	19,238,922	10.04%	10.43%

Report of Directors (continued)

(1) Construction operations

As the core and traditional business segment of the Group, construction operations covered various fields, such as railways, highways, buildings, urban utilities, urban rail transit, water conservancy and hydroelectricity, bridges, tunnels and airports. The Group provided services to 31 provinces, cities and autonomous regions in the PRC as well as in Hong Kong and Macau and took part in infrastructure construction projects in foreign countries and regions such as Africa, Asia, the Middle East and Europe.

During the Reporting Period, the revenue and gross profit of the Group from construction operations increased by 19.08% and 15.81%, respectively, as compared with the corresponding period last year.

Construction operations (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Revenue	194,854,340	163,634,849	19.08%
Cost of sales	176,389,442	147,690,923	19.43%
Gross profit	18,464,898	15,943,926	15.81%
Gross profit margin	9.48%	9.74%	Decreased by 0.26 percentage points
Selling and distribution expenses	186,141	149,102	24.84%
General and administrative expenses	7,232,206	6,533,649	10.69%
Total profit	3,393,974	2,772,713	22.41%

Report of Directors (continued)

(2) Survey, design and consultancy operations

The survey, design and consultancy operations are another major contributor to the revenue of the Group, the scope of which covers the provision of survey, design and consultancy services relating to civil engineering and transportation infrastructure including railways, highways, urban rail transit, water conservancy and hydroelectricity facilities, airports, docks, industrial and civil buildings and municipal utilities. During the Reporting Period, the Group's revenue from the survey, design and consultancy operations reached RMB3,178 million, representing an increase of 13.49% as compared to the corresponding period last year, while the gross profit margin increased by 9.60% as compared to the corresponding period last year.

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

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Revenue	3,177,933	2,800,181	13.49%
Cost of sales	2,115,698	1,830,998	15.55%
Gross profit	1,062,235	969,183	9.60%
Gross profit margin	33.43%	34.61%	Decreased by 1.18 percentage points
Selling and distribution expenses	261,062	186,331	40.11%
General and administrative expenses	459,234	390,452	17.62%
Total profit	386,612	344,545	12.21%

(3) Manufacturing operations

The manufacturing operations segment of the Group mainly covers design, research and development, manufacturing and maintenance of construction machinery equipment such as large-size road maintenance machinery and shield as well as parts and components for railways, bridges, track crosstie and track system.

During the Reporting Period, revenue of the Group's manufacturing operations amounted to RMB5,384 million, representing an increase of 32.14% as compared to the corresponding period last year, while gross profit increased by 37.06% as compared with the corresponding period last year.

Manufacturing operations (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Revenue	5,383,522	4,074,092	32.14%
Cost of sales	4,298,486	3,282,413	30.96%
Gross profit	1,085,036	791,679	37.06%
Gross profit margin	20.15%	19.43%	Increased by 0.72 percentage points
Selling and distribution expenses	131,388	68,916	90.65%
General and administrative expenses	476,150	351,789	35.35%
Total profit	419,615	309,473	35.59%

Report of Directors (continued)

(4) Real estate development operations

The real estate business is a principal business of the Company as approved by SASAC. During the Reporting Period, revenue from real estate segment of the Group amounted to RMB4,468 million, representing an increase of 228.52% as compared to the corresponding period last year, while gross profit increased by 165.47% as compared to the corresponding period last year. In the first half of 2013, the Group had 49 projects being sold in 29 cities in the PRC, 27 of which with sales amount exceeding RMB100 million. As at 30 June 2013, the Group launched its real estate development business in 39 cities such as Beijing, Shanghai and Tianjin, with total land area for construction of 8,910,000 m² and a planned gross floor area of 27,990,000 m².

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

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Revenue	4,468,388	1,360,169	228.52%
Cost of Sales	3,266,658	907,486	259.97%
Gross profit	1,201,730	452,683	165.47%
Gross profit margin	26.89%	33.28%	Decreased by 6.39 percentage points
Selling and distribution expenses	165,889	113,202	46.54%
General and administrative expenses	177,381	139,946	26.75%
Total profit	546,870	172,306	217.38%

Report of Directors (continued)

(5) Logistics and materials trading and other businesses

The other businesses segment mainly includes logistics and material trading, finance and other businesses.

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

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Revenue	33,542,584	16,565,054	102.49%
Of which: logistic and materials trading	32,125,790	15,438,924	108.08%
Cost of sales	31,922,783	15,521,285	105.67%
Of which: logistics and materials trading	31,025,161	14,801,828	109.60%
Gross profit	1,619,801	1,043,769	55.19%
Of which: logistics and materials trading	1,100,629	637,096	72.76%
Gross profit margin	4.83%	6.30%	Decreased by 1.47 percentage points
Of which: logistic and materials trading	3.43%	4.13%	Decreased by 0.70 percentage points
Selling and distribution expenses	251,144	149,040	68.51%
Of which: logistic and materials trading	234,027	131,413	78.08%
General and administrative expenses	531,170	473,511	12.18%
Of which: logistic and materials trading	413,050	327,018	26.31%
Total profit	767,742	373,380	105.62%
Of which: logistic and materials trading	343,735	157,196	118.67%

2. Principal operations by region

Revenue by region

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Domestic	227,426,393	176,613,378	28.77%
Overseas	8,611,230	7,918,532	8.75%
Total	236,037,623	184,531,910	27.91%

During the Reporting Period, the revenue from overseas operations of the Group amounted to RMB8,611 million, representing an increase of 8.75% as compared with the corresponding period last year. The Group had established overseas institutions or projects distributed spanning across 63 countries or regions all over the world. The overseas operations recorded stable growth.

Report of Directors (continued)

(IV) Working Capital and Capital Resources

1. Cash flow of the Group

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Amount of changes during the Reporting Period as compared to the corresponding period last year
Net cash flow from operating activities	-9,766,510	-3,317,649	-6,448,861
Net cash flow from investing activities	-8,551,569	-3,532,164	-5,019,405
Net cash flow from financing activities	24,776,474	2,539,209	22,237,265

During the Reporting Period, the net cash outflow from operating activities of the Group was RMB9,766.5 million, representing an increase of RMB6,448.9 million as compared to the net outflow of RMB3,317.6 million for the corresponding period last year.

During the Reporting Period, the net cash outflow from investment activities of the Group was RMB8,551.6 million, representing an increase of RMB5,019.4 million as compared to the net outflow of RMB3,532.2 million for the corresponding period last year.

During the Reporting Period, the net cash outflow from financing activities of the Group was RMB24,776.5 million, representing an increase of RMB22,237.3 million as compared to the net inflow of RMB2,539.2 million for the corresponding period last year.

2. Capital expenditures

The Group incurred capital expenditures mainly for the construction, expansion and technology upgrade of facilities and purchase of equipment used for construction projects. In addition, capital expenditures of the Group was incurred for improvement of production capability of large road maintenance machineries and tract system products of the Group. The Group's capital expenditures were RMB4,383.6 million and RMB6,372.8 million for the six months period ended 30 June 2012 and for the six months period ended 30 June 2013, respectively.

Unit: RMB'000

Category	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Construction operations	5,667,223	3,849,706
Survey, design and consultancy operations	152,269	48,696
Manufacturing operations	295,718	378,042
Real estate development operations	44,021	11,727
Other businesses	213,530	95,396
Total	6,372,761	4,383,567

Report of Directors (continued)

3. Working capital

(1) Construction contracts in progress

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

Unit: RMB'000

	30 June 2013	31 December 2012
Contract costs incurred to date	2,015,214,908	1,864,354,579
Total recognized gross profits		
less recognized losses, net	145,519,701	135,014,789
Less: progress billings	-2,080,936,109	-1,926,475,303
	79,798,500	72,894,065

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

Unit: RMB'000

	30 June 2013	31 December 2012
Gross amount due		
from contract customers	90,184,358	86,555,479
Less: gross amount		
due to contract customers	-10,385,858	-13,661,414
	79,798,500	72,894,065

The Group's construction contracts in progress increased to RMB79,798.5 million as at 30 June 2013 from RMB72,894.1 million as at 31 December 2012.

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

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

	30 June 2013	31 December 2012
Turnover days of accounts receivable	53	51
Turnover days of accounts payable	135	130

① The number of turnover days of accounts receivable is derived by dividing the arithmetic mean of the opening and closing balances of accounts receivable for the six months period ended 30 June 2013 by revenue multiplying 180 days (calculated by multiplying 365 days for the year ended 31 December 2012).

② The number of turnover days of accounts payable is derived by dividing the arithmetic mean of the opening and closing balances of accounts payable for the six months period ended 30 June 2013 by cost of sales multiplying 180 days (calculated by multiplying 365 days for the year ended 31 December 2012).

Report of Directors (continued)

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

Unit: RMB'000

Accounts receivable	30 June 2013	31 December 2012
Within 1 year	62,224,759	68,021,308
1 to 2 years	3,499,892	2,397,974
2 to 3 years	1,514,386	1,094,864
Over 3 years	629,921	656,314
	67,868,958	72,170,460
Less: provision for bad debts	-464,863	-458,824
	67,404,095	71,711,636

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

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

Unit: RMB'000

	30 June 2013	31 December 2012
Within 1 year	154,644,374	153,735,553
1 to 2 years	2,811,579	3,761,825
2 to 3 years	468,461	545,216
Over 3 years	748,135	819,840
	158,672,549	158,862,434

As at 30 June 2013, the Group's accounts payable decreased to RMB158,672.5 million from RMB158,862.4 million as of 31 December 2012.

4. Prepayments and other receivables

The Group's prepayments and other receivables increased from RMB64,528.8 million as at 31 December 2012 to RMB76,879.5 million as at 30 June 2013.

5. Other payables and accruals

Other payables and accruals included prepayments, other payables, employee benefits payables (one year or more than one year) and taxes payable. As of 31 December 2012 and 30 June 2013, the Group had other payables and accruals of RMB117,919.2 million and RMB118,015.0 million respectively.

Report of Directors (continued)

6. Indebtedness

(1) Loans

The short-term loans of the Group as of 31 December 2012 and 30 June 2013 were as follows:

Unit: RMB'000

	30 June 2013	31 December 2012
Pledged loans	2,402,991	1,669,813
Mortgaged loans	93,300	115,500
Guaranteed loans	5,746,939	5,532,000
Credit loans	39,106,977	31,379,380
	47,350,207	38,696,693

The short-term bonds of the Group as at 31 December 2012 and 30 June 2013 were as follows:

Unit: RMB'000

	30 June 2013	31 December 2012
Short-term financing bonds and private placement financing instruments	21,240,352	21,952,069

The long-term loans of the Group due within one year as of 31 December 2012 and 30 June 2013 were as follows:

Unit: RMB'000

	30 June 2013	31 December 2012
Pledged loans	27,670	27,670
Mortgaged loans	1,268,500	2,811,548
Guaranteed loans	1,971,104	2,655,092
Credit loans	1,944,517	4,210,116
	5,211,791	9,704,426

Report of Directors (continued)

The long-term loans of the Group as of 31 December 2012 and 30 June 2013 were as follows:

Unit: RMB'000

	30 June 2013	31 December 2012
Pledged loans	2,524,569	122,100
Mortgaged loans	4,850,320	5,320,803
Guaranteed loans	3,496,426	2,070,703
Credit loans	13,607,698	9,416,495
	24,479,013	16,930,101

The bonds payable of the Group as at 31 December 2012 and 30 June 2013 were as follows:

Unit: RMB'000

	30 June 2013	31 December 2012
Bonds payable	30,798,059	14,459,980

On 31 December 2012 and 30 June 2013, the Group's gearing ratio was 76.57% and 77.71%, respectively. Gearing ratio is calculated by dividing net liabilities by the sum of total equity plus net liabilities. Net liabilities includes the sum of accounts payable, bills payable, other payables, long-term and short-term loans, other current liabilities, bonds payables, employee benefits payable (excluding the early retirement benefits payable), dividends payable, interest payables, long-term payable and non-current liabilities due within a year, less cash and bank balances. Total equity comprises equity attributable to shareholders of the parent company and minority interests.

Report of Directors (continued)

(2) Commitments

Unit: RMB'000

	30 June 2013	31 December 2012
Capital commitments		
Contracted, but not provided for	265,378	617,794
Authorized by the Board but not contracted	—	48,000
	265,378	665,794
Investment commitments		
Contracted, but not fulfilled	115,000	115,000
Authorized by the Board but not contracted	800,000	800,000
	915,000	915,000
Other commitments		
Contracted, but not provided for	3,080,000	—
Authorized by the board, but not contracted for	—	4,000,000
	3,080,000	4,000,000

(3) Contingent liabilities

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

7. Pledge of assets

Please refer to Item 18 (notes 1-6) under Notes V of financial statements for the details.

8. Foreign exchange risks and exchange gains or losses

Since the Group's business is mainly carried out in the PRC, the incomes, expenditures and over 90% of the financial assets and financial liabilities of the Group are denominated in Renminbi. Therefore, the foreign currency transaction risks of the Group are insignificant. As at 30 June 2013, the Group did not use foreign currency contract to hedge foreign exchange risks.

Report of Directors (continued)

(V) Analysis of Core Competitiveness

The main strength of the Group rests on its size, prominence in the national economy, remarkable influence in domestic and overseas construction markets in terms of revenue in 2012, the Company ranked the 100th among the "Fortune Global 500" and the 2nd among ENR's "Top 225 Global Contractors), strong industry and product portfolios with a seamless industry chain covering scientific research, planning, survey, design, construction, supervision, operation, equipment manufacturing, materials trading and logistics and real estate, basic conditions for orderly development and sustainable development, strong scientific and technological innovation capability, advanced core technology and equipments, advantageous market position and commanding heights of science and technology in various fields in the industry, strong capital and technological strength which give the Group a distinct advantage in competing for prime BT and BOT projects, a complete corporate governance mechanism and management system, experienced administrative personnel and strong pool of professional technical talents, unique corporate culture with a long history, corporate quality with fearlessness of hardships and dare to fight and win and strong spiritual impetus for overcoming all difficulties and striving to be the first class.

(VI) Analysis of Investment

1. Overall Analysis of Investment in External Equities

As at 30 June 2013 the carrying balance of the Group's long term equity investment was RMB5,858.3 million, up RMB210.6 million compared to RMB5,647.7 million at the beginning of the year, representing the growth rate of 3.73%. In particular, the impairment provision for long term equity investment was RMB23.0 million, down RMB0.1 million compared to the beginning of the year.

(1) Investment in securities

Unit: RMB'000

No	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held	Carrying value at the end of the period (Share)	Percentage over total securities investment at the end of the period	Profit/loss during the Reporting Period (%)
1	Stock	HK01258	ChiNF Mining	64,863	36,363,000	79,079	62.59	13,614
2	Fund	184692	Yulong Fund	11,882	20,090,700	16,153	12.78	-1,688
3	Fund	500009	Anshun Fund	20,570	15,300,000	15,269	12.09	1,301
4	Stock	601618	MCC	59,265	10,600,000	11,652	9.22	-1,097
5	Fund	500011	Jinxin Fund	3,350	3,600,000	3,809	3.01	594
6	Stock	600028	Sinopec	533	135,000	390	0.31	—
Total				160,463	—	126,352	100.00	12,724

Report of Directors (continued)

(2) Shareholdings in other listed companies

Unit: RMB'000

Stock code	Abbreviated stock name	Amount of initial investment	Percentage of interests in the investee	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in equity of owners during the Reporting Period	Accounting item	Source of shares
601328	Bank of Communications	49,892	0.07%	176,972	—	-37,830	Available-for-sale financial assets	Original issue stock
002159	Sante Cableway	2,387	0.99%	16,875	—	1,909	Available-for-sale financial assets	Original issue stock
000759	Wuhan Zhongbai	1,058	0.14%	5,222	—	-1,083	Available-for-sale financial assets	Original issue stock
600885	Linuo Solar	1,440	0.71%	13,716	—	2,752	Available-for-sale financial assets	Original issue stock
600809	Shanxi Fenju	708	0.05%	9,800	—	-6,864	Available-for-sale financial assets	Original issue stock
600322	Tianjin Reality Development	160	0.03%	310	—	-60	Available-for-sale financial assets	Original issue stock
601169	Bank of Beijing	2	—	771	—	-129	Available-for-sale financial assets	Original issue stock
Total	—	55,647	—	223,666	—	-41,305	—	—

(3) Shareholdings in non-listed financial enterprises

Unit: RMB'000

Name of investees	Cost of investment	Number of shares held (share)	Percentage of interests in the investee	Investment during the period	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in equity of owners during the Reporting Period	Accounting item	Source of shares
Guotai Junan Securities Co., Ltd.	7,660	7,660,000	0.16%	—	7,660	—	—	Long-term equity Investment	initiator
Essence Securities Co., Ltd.	268,452	66,952,467	2.09%	—	268,452	—	—	Long-term equity Investment	initiator
Total	276,112	—	—	—	276,112	—	—	—	—

Report of Directors (continued)

(4) Sale and purchase of shares of other listed companies

Nil.

(5) Investment in other equities

Unit: RMB'000

Company name	Principal business	Book value at the end of the period	Net assets of the company in the current period	Investment income in the current period	Shareholding percentage (%)
Jointly controlled entities					
Chun Wo-Henryvic-CRCC- Queensland Rail Joint Venture	Construction	21	151	—	20
Chun Wo-Henryvic-CRCC Joint Venture	Construction	4	132	—	25
CRCC-Tongguan Investment Co., Ltd.	Mining	1,200,000	2,469,543	—	50
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Petroleum marketing	55,712	111,380	1,308	50
China-Africa Lekkil Investment Co., Ltd.	Investment management	842,423	1,123,983	1,370	74.47
China Railway Communications International Engineering and Technology Co., Ltd.	Construction and design	67,176	132,614	—	51.33
Others		20,574	—	957	—
Associates					
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Technical consultancy	2,293	5,435	—	49
Shekou Xinghua Enterprise Co., Ltd.	Real estate development	40,878	126,422	—	32.90
Chongqing Yurong Highway Co., Ltd.	Construction	783,800	1,959,500	—	40
Hubei Provincial Communications Investment ZYun Railway Co., Ltd.	Construction	100,000	500,000	—	20
Nanchang Xinlong Real Estate Co., Ltd.	Property management, leasing and real estate development	89,475	279,062	—	37.54
Chongqing Monorail Transportation Engineering Co., Ltd.	Construction	57,236	143,576	1,855	37.50
Others		50,678	—	155	—
Total		3,310,270	6,851,798	5,645	

2. Entrusted Financial Management and Derivatives Investment of Non-Financial Companies

During the Reporting Period, the Group had no entrusted financial management or entrusted loan.

Report of Directors (continued)

3. Use of Proceeds

The proceeds raised from A share offering and H share offering of the Company were used respectively prior to 31 December 2011 and 31 December 2010. During the Reporting Period, the Company had neither raised proceeds nor used proceeds raised from the previous period.

4. Analysis of Major Subsidiaries and Companies in which the Company invested

(1) Major Subsidiaries

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

Unit: RMB'000

Name of the Company	Registered capital	Net Profits	Principal operations	Industry
China Civil Engineering Construction Corporation	1,210,000	184,127	Construction	Construction
China Railway 11 th Bureau Group Co., Ltd.	1,031,847	255,878	Construction	Construction
China Railway 12 th Bureau Group Co., Ltd.	1,060,677	360,349	Construction	Construction
China Railway 13 th Bureau Group Co., Ltd.	1,044,810	183,569	Construction	Construction
China Railway 14 th Bureau Group Co., Ltd.	1,110,000	180,783	Construction	Construction
China Railway 15 th Bureau Group Co., Ltd.	1,117,210	32,494	Construction	Construction
China Railway 16 th Bureau Group Co., Ltd.	1,068,300	187,002	Construction	Construction
China Railway 17 th Bureau Group Co., Ltd.	1,105,470	169,804	Construction	Construction
China Railway 18 th Bureau Group Co., Ltd.	1,130,000	195,202	Construction	Construction
China Railway 19 th Bureau Group Co., Ltd.	1,095,469	205,272	Construction	Construction
China Railway 20 th Bureau Group Co., Ltd.	1,130,850	157,337	Construction	Construction
China Railway 21 st Bureau Group Co., Ltd.	1,150,000	90,923	Construction	Construction
China Railway 22 nd Bureau Group Co., Ltd.	1,057,000	126,439	Construction	Construction
China Railway 23 rd Bureau Group Co., Ltd.	965,000	34,543	Construction	Construction
China Railway 24 th Bureau Group Co., Ltd.	953,244	88,398	Construction	Construction
China Railway 25 th Bureau Group Co., Ltd.	910,720	80,361	Construction	Construction
China Railway Construction Group Ltd.	1,300,000	321,176	Construction	Construction
China Railway Electrification Bureau Group Co., Ltd.	710,000	257,248	Construction	Construction
China Railway Real Estate Group Co., Ltd.	7,000,000	334,873	Real estate development and operations	Real Estate
China Railway Goods and Materials Co., Ltd.	1,000,000	345,965	Purchase and sales of goods and materials	Logistics
China Railway Construction Investment Co., Ltd.	6,275,510	193,735	Project investment	Investment
CRCC Finance Company Limited	1,300,000	202,637	Financial Agency	Finance

During the period, there was no net profit of an individual subsidiary of the Group contributing more than 10% of the net profit of the Company.

(2) Major companies in which the Company invested

For the companies in which the Company invested, please see “(5) Investment in other equities” under “(VI) Analysis of Investment” in this section of the report. During the period, none of the companies in which the Group had investment interest contributed a significant amount to the net profit of the Company.

Report of Directors (continued)

5. Substantial projects not funded by raised proceeds

(1) *BOT Project for Guangxi Ziyuan-Xing'an Expressway*

The total project investment was RMB9,308 million. The capital was RMB2,327 million. The Group held 100% of the equity and the proposed capital was RMB2,327 million. During the Reporting Period, the capital contribution by the Group was RMB100 million and the accumulated capital contribution by the Group was RMB100 million. During the Reporting Period, the capital contribution (completed investment) for the project was RMB157.76 million. As at 30 June 2013, the accumulated contribution (completed investment) for the project was RMB157.76 million.

(2) *The BOT Project for Construction of Jinan - Leling Highway*

The total project investment was RMB7,541.89 million. The capital was RMB1,767.50 million. The Group held 65% of the equity and the proposed capital contribution was RMB1,148.90 million which was fully settled. During the Reporting Period, the capital contribution (completed investment) for the project was RMB2,785.59 million. As at 30 June 2013, the accumulated contribution (completed investment) for the project was RMB3,934.49 million.

(3) *BOT Project for Construction of Chengyu Expressway Double-line (Chongqing Section)*

The total project investment was RMB8,539.78 million. The capital was RMB1,959.50 million. The Group held 40% equity and the proposed capital contribution was RMB783.80 million. During the Reporting Period, the Group's capital contribution for the project was RMB195.95 million. As at 30 June 2013, the Group's accumulated contribution was RMB783.80 million.

(4) *BT Project for Urban Rail Transit Works in Blue Silicon Valley in Qingdao*

The total investment of the project was RMB16,782.26 million with proposed capital contribution of RMB4,200 million. During the Reporting Period, the Group's capital contribution for the project was RMB520 million. As at 30 June 2013, the Group's accumulated contribution was RMB520 million.

(5) *Project for Level-1 land development of Phase 1 of the project (B Area) in the Western City Centre of Zhuhai (珠海西部中心城區首期開發區域(B片區)土地一級開發項目)*

The aggregate investment in the project was RMB9,848 million. The capital contribution was RMB1,500 million. During the Reporting Period, the Group's investment to the project amounted to RMB150 million. As at 30 June 2013, the Group's accumulated contribution was RMB150 million.

(6) *Project for Level-1 land development in Cuijia Datan, Lanzhou*

The aggregate investment in the project was RMB10,000 million. During the Reporting Period, the capital contribution for the project was RMB1,020 million. As at 30 June 2013, the accumulated contribution was RMB1,020 million.

Report of Directors (continued)

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

(I) Details of the Implementation or Adjustment of the Profit Distribution Plan During the Reporting Period

It was resolved at the 20th meeting of the second session of the Board convened by the Company from 27 to 28 March 2013 that a cash dividend for 2012 of RMB0.11 (tax inclusive) per share based on the total share capital of (12,337,541,500 shares) as at 31 December 2012 was declared, totaling RMB1,357,129,565.00. The profit distribution plan had been considered and passed at the 2012 general meeting convened on 6 June 2013. As at 31 July 2013, the distribution of the above cash dividend was completed.

(II) The Proposed Profit Distribution Plan or Reserves-To-Equity Transfer Plan for the Half Year

There was no profit distribution or reserves-to-equity transfer plan in the Company during the interim period of 2013.

III. OTHER DISCLOSURE

(I) Profit Warning and Explanation of 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 Corresponding Period Last Year.

Not applicable.

(II) Explanation From the Board and the Supervisory Committee on the “Modified Audit Report” From Accounting Firm

Not applicable.

(III) Indebtedness, Changes in Credit Facilities and Cash Repayment Arrangement of the Company for the Future Years (Only Applicable to Listed Companies Issuing Corporate Convertible Bonds)

Not applicable.

(IV) Status of and Remuneration and Trainings for the Company’s Staff

During the Reporting Period, there were no substantial changes to the number and composition of the Company’s staff as well as their remuneration and trainings since the 2012 annual report was disclosed.

Significant Events

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

The Group was not involved in any material litigation, arbitration and matters generally questioned by the media during the Reporting Period.

II. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

During the Reporting Period, there was no event regarding bankruptcy or restructuring of the Group.

III. TRANSACTION OF ASSETS AND MERGER OF BUSINESS

Not applicable.

IV. SHARE INCENTIVE PLAN AND IMPACTS THEREOF

During the Reporting Period, the Company had not implemented any share incentive plan. The preliminary proposal of the share incentive plan for the senior management and core employees of the Company was in the process of going through the approval procedures of the relevant state departments.

V. MATERIAL RELATED PARTY TRANSACTIONS

During the Reporting Period, the connected transactions/related party transactions did not impose significant impacts on the production and operation of the Company.

(I) The related party transactions relating to ordinary operations

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

According to the requirements of “No. 3 Guidelines for the Content and Format of Information Disclosure by Companies with Public Issue of Securities-Content and Format of Interim Report (as revised in 2013)” by the China Securities Regulatory Commission (CSRC), the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Related Transactions of Listed Companies in Shanghai Stock Exchange, the related parties involved in related transactions of the Company mainly include CRCCG, the Controlling Shareholder and subsidiaries controlled by it.

The Company's expected transaction amount of the construction and related services of the Research Building provided by the Company to CRCCG under the Services Mutual Provision Framework Agreement was estimated to be relatively insignificant, and the Company had entered into a specific contract with CRCCG in respect of the construction and related services of the Research Building. Therefore, the Company did not renew the Services Mutual Provision Framework Agreement with CRCCG upon its expiry. Instead, it entered into the Services Provision Framework Agreement with CRCCG and set up the limit of the connection transaction from 2013 to 2015. For the three years ended 31 December 2015, the proposed annual cap of the continuous connected transaction contemplated under the above Services Provision Framework Agreement is set out below:

Unit: RMB '000

	2013	2014	2015
The Group's expenditures generated from services provided to CRCCG (or its contact persons) under the Service Provisions Framework Agreement	600	600	600

Significant Events (continued)

The amount of the income from construction and related services of the period for 2013 was RMB23.68 million, while expenditure for labor service was RMB99.598 million. For details, please refer to the Announcement of China Railway Construction Corporation Limited on Daily Related Transactions (Lin 2012-041) published on the China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn) and the Company's website (www.crcc.cn) on 29 December 2012.

China Railway Construction Finance Company Limited ("Finance Company"), a non-wholly owned subsidiary of the Company, and China Railway Construction Corporation, the Controlling Shareholder of the Company, entered into the Financial Services Agreement on 7 August 2012, pursuant to which Finance Company will provide relevant financial services to the Controlling Shareholder and its subsidiaries. The matter was considered and approved at the 13th meeting of the second session of the Board on 7 August 2012. An application of exemption from disclosure was submitted to the Shanghai Stock Exchange. During the Reporting Period, the Company paid an interest of RMB25.164 million in return for the bank deposits of the Controlling Shareholder and its subsidiaries.

Major related party transactions to ordinary operations of the Group during the first half of year 2013 are as follows:

Unit: RMB'000

Related party	Related party transactions type	Related party transactions content	Pricing principle	Related party transactions price	Related party transactions amount	Proportion in the same category of transactions	Settlement method	Market price	Reason for the difference between transaction price and market price
CRCCG	Income from construction and related services	Engineering construction revenue	Agreement pricing	—	23,680	0.01%	Cash	—	—
CRCCG and its non-wholly-owned subsidiaries	Financial assistance	Interest expenditures	Agreement pricing	—	25,164	0.01%	Cash	—	—
11 units including Shaanxi Railway Engineering Investigation Co., Ltd.	Expenditure for labor service	Survey and design consultation	Agreement pricing	—	99,598	0.05%	Cash	—	—

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

Not applicable.

3. Events undisclosed in the temporary announcement

The Company was not involved in any connected transactions undisclosed in the temporary announcement, with no circumstances under which the Company presented any regular report instead of the temporary announcement.

Significant Events (continued)

(II) Compliance with the non-competition agreement

CRCCG stated that in the first half of 2013, it did not violate any of the undertakings in the “Non-competition Agreement” signed on 5 November 2007 with the Company.

(III) Related party transactions relating to asset acquisition and sales

During the Reporting Period, the Group had not any related party transactions relating to asset acquisition and sales.

(IV) Significant related party transactions relating to joint external investment

During the Reporting Period, the Group did not have any significant related party transaction relating to the joint external investment.

(V) Claims and liabilities between related parties

According to the requirements of “No. 3 Guidelines for the Content and Format of Information Disclosure by Companies with Public Offering of Securities-Content and Format of Interim Report (as revised in 2013)” by the China Securities Regulatory Commission (CSRC), the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Connected Transactions of Listed Companies in Shanghai Stock Exchange, the connected parties involved in connected transactions of the Company mainly include CRCCG, the Controlling Shareholder and subsidiaries controlled by it.

1. Events disclosed in the temporary announcement and have no progress or change in the subsequent implementation process

Not applicable.

Significant Events (continued)

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

Unit: RMB'000

Related party	Beginning balance	Related party relationship			Provision of funds to related party by the listed company		
		Beginning balance	Amount incurred	Closing balance	Beginning balance	Amount incurred	Closing balance
CRCCG ^{Note 1}	Controlling Shareholder	1,000,000	-500,000	500,000	276,950	857,189	1,134,139
CRCCG ^{Note 2}	Controlling Shareholder	369,840	-35,264	334,576	—	—	—
CRCCG ^{Note 2}	Controlling Shareholder	31,579	6,147	37,726	—	—	—
CRCCG ^{Note 3}	Controlling Shareholder	—	—	—	1,590,697	-1,117,644	473,053
Jinli Asset Management Center ^{Note 3}	Wholly-owned subsidiary of the Controlling Shareholder	—	—	—	82,166	-14,405	67,761
Jinli Asset Management Center ^{Note 4}	Wholly-owned subsidiary of the Controlling Shareholder	—	—	—	3,533	-1,270	2,263
Xi'an Tianchang Real Estate Co., Ltd. ^{Note 5}	Non-wholly-owned subsidiary of Controlling Shareholder	584	—	584	26,548	—	26,548
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Non-wholly-owned subsidiary of Controlling Shareholder	30	—	30	1,059	6,913	7,972
Chongqing Tie Fa Suiyu Highway Co., Ltd. ^{Note 2}	Non-wholly-owned subsidiary of Controlling Shareholder	4,803	-628	4,175	5,353	-4,597	756
Total		1,406,836	-529,745	877,091	1,986,306	-273,814	1,712,492

During the Reporting Period, the amount of funds to CRCCG and its subsidiaries by the Company (in RMB thousand)

None

Cause to claims and liabilities between related parties

Claims and liabilities resulted from the Company's operations with the related parties.

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 on the Company's operating result and financial position

No significant impact.

Note 1. The amount was resulted from the transfer of the light railway project, in Mecca, Saudi Arabia, between the Company and its Controlling Shareholder. On 21 January 2011, the Company and CRCCG signed the Agreement on the Arrangement of Matters Related to the Saudi Mecca Light Railway Project, while on the same day the corresponding announcement was published respectively in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of Hong Kong Stock Exchange (www.hkex.com.hk). Under the agreement, from 31 October 2010 the Company would transfer all rights and obligations of the Mecca light railway project to the Controlling Shareholder while the Controlling Shareholder should pay a consideration of RMB2,077 million to the Company. As of 30 June 2013, the Controlling Shareholder still needed to pay RMB500 million due in 2014. The fund provided to the listed company by the related parties during the period was mainly unpaid dividends of the Company.

Significant Events (continued)

Note 2. The amount derives from the non-exempt continuing connected transactions between the Company and the Controlling Shareholder together with its subsidiaries.

Note 3. The amount represents the deposits of the Controlling Shareholder and its subsidiaries, which are deposited in CRCC Finance Company Limited as a subsidiary of the Group.

Note 4. Jinli Asset Management Center provided capital with a closing balance of RMB2.263 million which was an unpaid rental fee related to the lease of properties to the listed company by China Railway Construction Heavy Industry Co., Ltd., a subsidiary under the Group.

Note 5. Xi'an Tianchuang Real Estate Company Limited provided capital with a closing balance of RMB26.548 million which was an unpaid rental fee related to the lease of properties to the listed company by China Railway 21st Bureau Group Co., Ltd., a subsidiary under the Group.

3. Issues not disclosed in temporary announcements

Not applicable.

(VI) Other significant related party transactions

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

VI. MAJOR CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

During the Reporting Period, the Group had no issues of trusteeship, contracting and leasing.

(II) Guarantees

1. During the Reporting Period, the external guarantees granted by the Company were as follows:

Unit: RMB'000

External guarantees by the Company (exclusive of such guarantees to its subsidiaries)						
Name of the party guaranteed	Date of occurrence (Date of signing agreement)	Guarantee amount	Guarantee type	Guarantee period	Performance completed or not	Guarantee by related party (yes or no)
Sichuan Naxu Railway CO., LTD. (四川納敘鐵路有限公司)	28 December 2006	67,200	General guarantee	28 December 2006 – 28 December 2026	No	No
Sichuan Naxu Railway CO., Ltd. (四川納敘鐵路有限公司)	16 April 2008	50,400	General guarantee	16 April 2008 – 16 April 2028	No	No
CRCC Tongguan Investment Co., Ltd.	25 May 2010	68,279	General guarantee	25 May 2010 – 25 May 2015	No	Yes
CRCC Tongguan Investment Co., Ltd.	25 May 2010	998,925	General guarantee	25 May 2010 – 25 May 2015	No	Yes

Significant Events (continued)

Total amount of guarantees for the Reporting Period	—
Ending balance of guarantees for the Reporting Period (A)	1,184,804
Guarantees provided for its subsidiaries by the Company	
Total amount of guarantees provided for subsidiaries for the Reporting Period	5,154,999
Ending balance of guarantees provided for subsidiaries for the Reporting Period (B)	8,608,072
Total guarantees by the Company (inclusive of such guarantees provided for its subsidiaries)	
Total guarantees at the end of the Reporting Period (A+B)	9,792,876
The proportion of total guarantees in net assets of the Company at the end of the Reporting Period	12.76%
Of which:	
The amount of guarantees provided for the Company's shareholders, actual controllers and their related parties	—
Debt guarantees directly or indirectly to guaranteed objects with the asset-liability ratio higher than 70%	7,606,749
Of total guarantees, the portion in excess of 50% net assets of the Company (<i>in RMB thousand</i>)	—
Total of the above three categories of guarantees (<i>in RMB thousand</i>)	7,606,749

As at the end of the Reporting Period, the balance of the external guarantee granted by the Company, excluding the guarantee for its non-wholly owned subsidiaries and the prevailing mortgage guarantee for its real estate operations, amounted to RMB1,184.8 million.

The balance of the prevailing mortgage guarantee of RMB7,823.2 million was provided by the Group for the smaller property owners in its real estate operations, which was the guarantee provided by the Group to banks for the secured loans of the purchasers of its commodity properties, and the commodity properties purchased by the purchasers were used as collaterals. During the Reporting Period, no default has been incurred by the purchasers and the relevant risk to the Group from the provision of such guarantee was relatively low.

2. The Company's Decision-Making Procedures of Guarantees

(1) *Decision-Making Procedures of Guarantees Provided for Wholly-owned Subsidiaries*

It was considered at the nineteenth meeting of the second session of the Board held on 27 January 2013 that the total cap for internal guarantees for wholly-owned subsidiaries of the Company in 2013 was determined to be RMB40 billion. The Board agreed to determine the maximum amount of guarantee for its wholly-owned subsidiaries. During the Reporting Period, guarantee provided for wholly-owned subsidiaries by the Company was in strict compliance with the set guarantee cap. As at the end of the Reporting Period, the total amount of outstanding guarantee was RMB8,608.1 million and did not exceed the approved amount.

Significant Events (continued)

(2) Decision-Making Procedures of External Guarantees

During the Reporting Period, the Company had not granted new external guarantees. As at 30 June 2013, the total amount of outstanding external guarantees by the Company (excluding guarantees provided for its subsidiaries and prevailing mortgage guarantees in real estate operations) was of RMB1,184.8 million, including the following two guarantees:

In 2006, China Railway Construction Corporation had provided RMB400 million of loans and RMB67.2 million of guarantee, representing 16.8% of capital contribution, to Sichuan Naxu Railway Co., Ltd. ("Naxu Company"). Due to the reform of the Company in December 2007, it entered into a tripartite agreement with China Railway Construction Corporation Limited and the Luzhou branch of China Construction Bank, and to revise the party of the contract to China Railway Construction Corporation Limited. The proposal in relation to the provision of guarantee for Naxu Company for loans had been considered and approved in the tenth meeting of the first session of the Board. In proportion to the capital contribution of 16.8%, RMB50.4 million of guarantee were agreed to be provided by the Company in favor of Naxu Company. Total guarantees granted to Naxu Company accounted to RMB117.6 million.

The resolutions of providing capital and bank loan guarantee to CRCC-Tongguan Investment Co., Ltd. had been considered and approved in the thirty-first meeting of the first session of the Board of the Company. In proportion to the capital contribution of 50%, the Board agreed to provide guarantees for the loan agreement entered by CRCC-Tongguan Investment Co., Ltd. with China Development Bank, Agricultural Bank of China and Bank of China, representing guarantee amount equivalent to RMB1,067.2 million.

(III) Other major contracts or transactions

Unit: RMB 100 million

No.	Contract time	Abstract	Contract amount	The Company's contracting entity	Time limit of performance
1.	5 February 2013	Section SDJC of the "Four Electric" system integration and relevant construction of the section from Yuanping to Xi'an North of the newly-built Datong to Xi'an passenger dedicated line	45.277	China Railway Electrification Bureau Group Co., Ltd.	833 calendar days
2.	22 April 2013	Master construction contract of Section YQZQ-11 of the pre-station construction contract for the expansion restructuring project of the Chongqing to Guiyang railway	33.752	China Railway 11 th Bureau Group Co., Ltd.	1,522 calendar days

Significant Events (continued)

VII. THE PERFORMANCE OF UNDERTAKINGS

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

1. In its IPO prospectus, the Company disclosed it totally held 836 lots of land, of which, 349 were under the procedures for obtaining the land use right with the state appraisal price while 53 in the process of land transfer procedures.

As of the date of publication of this report, among the 349 lots of land under the procedures for obtaining the land use right with the state appraisal price upon the Company's IPO, 348 lots already had the land use permits. And 53 lots under the transfer procedures then already completed all assignment procedures, with the land use permit obtained. There is still one lot which is currently under such procedures. The Company will further urge CRCCG to complete the procedures for land use permit of the final land lot aforesaid as soon as possible. The continuous handling of such permit for the remaining land lot is in favor of the Company's interests.

2. The Company disclosed in its IPO prospectus that it held a total of 822 properties without obtaining the ownership certificates.

As of the date of publication of this report, among the 822 properties without obtaining ownership certificates upon the Company's IPO, 220 already obtained ownership certificates, and of the remaining 602 properties, 480 need no application for ownership certificate because they are productive auxiliary housings, 121 are not qualified to apply for any ownership certificate due to excessively long history since their establishment, and the final one property is currently going through the procedures. Though the aforementioned properties have not yet obtained ownership certificates, yet they are investment of the Company as self-built properties, with the related accounting certificates and construction base. While there are no controversies or disputes over their ownerships, the Company is entitled to occupy, use, and make income and factual disposal of such properties. The Company will further urge CRCCG to complete the procedures for ownership certificate of the final property aforesaid as soon as possible. The obtaining of ownership certificate for the remaining one property is in favor of the Company's interests.

XIII. APPOINTMENT AND REMOVAL OF AUDITORS

During the year, the Company continued to engage Ernst & Young Hua Ming LLP as its external auditors to audit the 2013 annual financial statements of the Company and review the 2013 interim financial statements of the Company. The Company has appointed Ernst & Young Hua Ming LLP to provide auditing services for six consecutive years. The audit fees are under negotiation.

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

During the Reporting Period, the Company, its directors, supervisors, senior management, shareholders of the Company and actual controller had not been in such circumstances as under the investigation by competent authorities, coercive measures by judicial or discipline inspection departments, to be handed over to judicial or prosecuted with criminal liability, administrative penalties, securities market banning, identification as the inappropriate candidates by CSRC, or punishments by other administrative departments or public censure by relevant stock exchange.

Significant Events (continued)

X. CONVERTIBLE CORPORATE BONDS

Not applicable.

XI. CORPORATE GOVERNANCE

(I) **Corporate Governance of the Company**

During the Reporting Period, in strict compliance with the regulatory provisions and listing rules of the places where the Company's shares are listed, the Company enhanced its corporate governance structure continuously. It completed its internal control system, standardized corporate operations and introduced investor relations management proactively. In an effort to improve the communications with investors, the Company standardized and refined the procedures for information disclosure, which enhanced its level of corporate governance. During the Reporting Period, the Company convened one general meeting and six Board meetings.

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

(II) **Compliance With Code on Corporate Governance**

The Articles of Association, the terms of reference of each of the Audit and Risk Management Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Investment Committee, the terms of reference of the Supervisory Committee of the Company and the code of conduct on directors, supervisors and relevant employees for securities trading together constitute the basis of the code of corporate governance of the Company. The Company had complied with the code provisions under the Code on Corporate Governance as set out in Appendix 14 to the Hong Kong Listing Rules during the Reporting Period.

XII. EXPLANATION OF OTHER SIGNIFICANT EVENTS

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

Not applicable.

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

Not applicable.

Significant Events (continued)

XIII. SUBSEQUENT EVENTS

Upon negotiation and agreement with CRCCG, the Company contributed additional capital of RMB4,418 million to its non-wholly owned subsidiary CRCC Finance Company Limited, (hereafter as "Finance Company") in cash while CRCCG contributed additional capital of RMB282 million to Finance Company. Upon completion of the capital increase, the registered capital of Finance Company increased from RMB1,300 million to RMB6,000 million. The proportion of capital contributed by the Company was 94% while that of CRCCG was 6%. Relevant announcements were 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) and the Company's website (www.crcc.cn) on 7 June 2013. The Company received the "Approval of the Change of Registered Capital and the Amendment of the Article of Association of CRCC Finance Company Limited from Beijing Office of China Banking Regulatory Commission" (《北京銀監局關於中國鐵建財務有限公司變更註冊資本及修改公司章程的批覆》) (Jingyin Jian Fu [2013] No. 504) on 23 July. CRCCG and the Company, as shareholders, paid RMB282 million and RMB4,418 million to the Finance Company on 7 August, respectively, according to the requirement of such approval. China Audit Asia Pacific Certified Public Accountants (中審亞太會計師事務所) examined the change of registered capital matter and issued a capital verification report on 8 August. Meanwhile, the Financial Company completed the procedures of the change of its business license according to relevant requirements of business registration. The date of register of its business license was 8 August after the change.

Changes in Share Capital and Particulars of Shareholders

I. SHARE CAPITAL STRUCTURE AND CHANGES IN SHAREHOLDING

- (I) *During the Reporting Period, there were no changes in the total number and the structure of shares due to bonus shares or share placement of the Company. The share capital structure of the Company on 30 June 2013 is set out as follows:*

Shareholder	Class of shares	Number of shares	Approximate percentage of the issued share capital (%)
CRCCG	A share	7,566,245,500	61.33
National Council for Social Security Fund	A share ^{Note 1}	245,000,000	1.98
Public holders of A shares	A share	2,450,000,000	19.86
Public holders of H shares	H share ^{Note 2}	2,076,296,000	16.83
Total		12,337,541,500	100.00

Note 1. The lock-up period will end on 10 March 2014.

Note 2. Including the H shares held by National Council for Social Security Fund.

- (II) *Repurchase, sales and redemption of securities of the Company*

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

II. PARTICULARS OF SHAREHOLDERS AND ACTUAL CONTROLLER

- (I) *Number of shareholders and particulars of shareholdings*

1. Total number of shareholders

As at 30 June 2013, the total number of shareholders of the Company was 254,109, among which 230,520 were holders of A shares and 23,589 were holders of H shares.

2. Particulars of shareholdings of the top ten shareholders

Unit: share

Total number of shareholders as at the end of the Reporting Period	254,109
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Changes in Share Capital and Particulars of Shareholders (continued)

Particulars of top 10 shareholders (with more than 5% shareholding):

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/decrease during the Reporting Period	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
CRCCG	State-owned shares	61.33%	7,566,245,500	0	0	0
HKSCC NOMINEES LIMITED	Overseas legal person	16.66%	2,055,050,381	534,000	0	Unknown
Account No.3 of National Council for Social Security Fund (全國社會保障基金理事會轉持三戶)	State-owned legal person shares	1.98%	245,000,000	0	245,000,000	Unknown
Bosera Value Growth Securities Investment Fund	Others	0.53%	65,863,774	-2,522,601	0	Unknown
Gao Hua-HSBC-GOLDMAN, SACHS & CO	Others	0.33%	41,312,771	-18,285,890	0	Unknown
國際金融—渣打-GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD	Others	0.30%	36,780,094	2,733,477	0	Unknown
Credit Suisse (Hong Kong) Limited (瑞士信貸(香港)有限公司)	Others	0.20 %	25,170,180	-19,164,968	0	Unknown
DEUTSCHE BANK AKTIENGESELLSCHAFT	Others	0.19%	23,395,973	3,176,580	0	Unknown
China Construction Bank-Bosera Value Growth Securities Investment Fund No. 2 (中國建設銀行—博時價值增長貳號證券投資基金)	Others	0.18%	22,628,608	-823,514	0	Unknown
Chongqing International Trust Co., Ltd. -Rongxintong Series Stand Alone Trust No.10 (重慶國際信託有限公司—融信通系列單一信託10號)	Others	0.17%	20,648,600	20,648,600	0	Unknown

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 of shares
CRCCG	7,566,245,500	A
HKSCC NOMINEES LIMITED	2,055,050,381	H
Bosera Value Growth Securities Investment Fund	65,863,774	A
Gao Hua-HSBC-GOLDMAN, SACHS & CO	41,312,771	A
國際金融—渣打-GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD	36,780,094	A
Credit Suisse (Hong Kong) Limited (瑞士信貸(香港)有限公司)	25,170,180	A
DEUTSCHE BANK AKTIENGESELLSCHAFT	23,395,973	A
China Construction Bank-Bosera Value Growth Securities Investment Fund No.2	22,628,608	A
Chongqing International Trust Co., Ltd. -Rongxintong Series Stand Alone Trust No.10 (重慶國際信託有限公司—融信通系列單一信託10號)	20,648,600	A
MORGAN STANLEY & CO. INTERNATIONAL PLC.	20,619,699	A

Explanations of the connected relationship or concerted action among the above shareholders

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

Changes in Share Capital and Particulars of Shareholders (continued)

Number of shares held by the top ten shareholders subject to trading moratorium and particulars of such trading moratorium

Unit: share

No.	Name of shareholder subject to trading moratorium	Number of shares held subject to trading moratorium	Particulars of tradable shares subject to trading moratorium		Trading moratorium
			Time for listing and trading	Number of additional shares available for listing and trading	
1	National Council for Social Security Fund	245,000,000	10 March 2014	0	Lock-up period extended by another three years following the expiry of the original statutory and voluntary lock-up periods undertaken by the state-owned shareholder (CRCCG)

Changes in Share Capital and Particulars of Shareholders (continued)

3. Particulars of Shareholdings of Substantial Shareholders Disclosed in Accordance with the SFO

So far as the directors of the Company are aware, as at 30 June 2013, the persons other than directors, supervisors or chief executive of the Company who had interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of substantial shareholder	Class of shares	Capacity	Number of shares held ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
CRCCG	A shares	Beneficial owner	7,566,245,500	73.74%	61.33%
National Council for Social Security Fund	H shares	Beneficial owner	188,754,500(L)	9.09%(L)	1.53%(L)
BlackRock, Inc. ^{Note 2}	A shares	Beneficial owner	245,000,000	2.39%	1.98%
	H shares	Interest of corporation controlled by the substantial shareholder	128,202,298(L)	6.17%(L)	1.04%(L)
		Interest of corporation controlled by the substantial shareholder	3,151,000(S)	0.15%(S)	0.03%(S)
Plowden Charles ^{Note 3}	H shares	Interest of corporation controlled by the substantial shareholder	105,064,500(L)	5.06%(L)	0.85%(L)
JPMorgan Chase & Co. ^{Note 4}	H shares	Beneficial owner, investment manager and custodian-corporation/approved lending agent	104,624,079(L)	5.04%(L)	0.85%(L)
		Beneficial owner	3,655,282(S)	0.18%(S)	0.03%(S)
		Custodian-corporation/ approved lending agent	91,470,991(P)	4.41%(P)	0.74%(P)
HSBC Global Asset Management (Hong Kong) Limited	H shares	Investment manager	104,343,882(L)	5.03%(L)	0.85%(L)

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

Note 2. As at 30 June 2013, BlackRock, Inc. held long positions in 128,202,298 H shares and short position in 3,151,000 H shares of the Company through certain corporations under its control.

Note 3. As at 30 June 2013, Plowden Charles held long positions in 105,064,500 H shares of the Company through certain corporations under his control.

Note 4. As at 30 June 2013, JPMorgan Chase & Co. held long positions in 104,624,079 H shares and short positions in 3,655,282 H shares of the Company through certain corporations under its control.

(II) Top 10 Shareholders from Strategic Investors or General Legal Persons Participating in the Placing of the New Shares

Not applicable

(III) Changes in Controlling Shareholder and actual controller

During the Reporting Period, there was no change in the Controlling Shareholder or actual controller.

Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDING

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

During the Reporting Period, there were no changes in shareholding in directors, supervisors and senior management.

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

Not applicable

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

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

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

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

From 27 to 28 March 2013, the Company convened the 20th meeting of the second session of the Board, during which the Proposal in Relation to the Appointment of President of the Company and the Proposal in Relation to the Appointment of an Executive Director of the Company were considered and approved. For age reason, Mr. ZHAO Guangfa no longer served as the president of the Company nor an executive director or a member of the Strategy and Investment Committee of the Board. The Board agreed to appoint Mr. ZHANG Zongyan as the president of the Company, effective from the date of consideration and approval by the Board to 31 May 2014 (same with the existing senior management). The Board agreed to propose Mr. ZHANG Zongyan as an executive director of the Company, with the same term of office as that of the directors of the second session of the Board. The Proposal in Relation to the Appointment of an Executive Director of the Company was considered and approved at the 2012 annual general meeting of the Company on 6 June 2013. On 6 June 2013, the Company convened the 23rd meeting of the second session of the Board, during which the Proposal in Relation to Adjustment to the Composition of Special Committee of the Board" (《關於調整董事會專門委員會組成人員的議案》) was put forward and considered. It was agreed that Mr. ZHANG Zongyan be appointed as the chairman of the Strategy and Investment Committee, with a term of office that ends on the expiry of the term of the current session of the Board. For details, please refer to relevant announcements dated 29 March 2013 and 7 June 2013, respectively, as published by the Company on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

As confirmed by the directors of the second session of the Board and the supervisors of the second session of the Supervisory Committee of the Company, save as disclosed above, there were no changes in other directors, supervisors and senior management of the Company and their biographies since the disclosure in the 2012 annual report of the Company.

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

The Company has adopted a code of conduct regarding securities transactions by the directors, supervisors and relevant employees (the "Required Standard") on terms no less exacting than the required standard of dealings 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.

Report on Review of Interim Financial Statements

Ernst & Young Hua Ming (2013) Zhuan Zi No. 60618770_A05

To the shareholders of China Railway Construction Corporation Limited

We have reviewed the accompanying financial statements of China Railway Construction Corporation Limited (the “Company”), which comprise the consolidated and the Company’s balance sheets as at 30 June 2013, and the consolidated and the Company’s income statements, statements of changes in equity and cash flow statements for the six months then ended, and notes to the financial statements (hereinafter collectively referred to as the “Interim Financial Statements”). The Interim Financial Statements were prepared in accordance with the requirements of Accounting Standards for Business Enterprises No. 32 *Interim Financial Reporting* (“ASBE 32”) issued by the Ministry of Finance of the People’s Republic of China, and the preparation of the Interim Financial Statements are the responsibilities of the Company’s management. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

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

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

Ernst & Young Hua Ming LLP

Yang Shujuan

Chinese Certified Public Accountant

Shen Yan

Chinese Certified Public Accountant

Beijing, the People’s Republic of China 30 August 2013

Consolidated Balance Sheet

As at 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

ASSETS	Note V	30 June 2013 (Unaudited)	31 December 2012
Current assets			
Cash and bank balances	1	96,161,572	92,274,144
Financial assets held for trading	2	126,352	115,025
Bills receivable	3	2,472,217	2,300,570
Accounts receivable	4	67,404,095	71,711,636
Advances to suppliers	5	39,242,917	33,560,698
Interest receivables		137,186	81,250
Dividends receivable		5,290	12,507
Other receivables	6	37,636,556	30,968,057
Inventories	7	187,948,924	171,336,940
Current portion of non-current assets	9	13,165,710	13,427,892
Other current assets		1,042,631	498,140
Total current assets		445,343,450	416,286,859
Non-current assets			
Available-for-sale financial assets	8	223,666	264,970
Held-to-maturity investments		1,245	1,269
Long-term receivables	9	18,407,863	7,693,901
Long-term equity investments	11	5,835,302	5,624,561
Fixed assets	12	38,093,215	37,935,943
Construction in progress	13	2,483,463	2,334,646
Intangible assets	14	9,004,608	8,203,836
Goodwill	15	100,135	100,135
Long-term prepayments		149,316	125,826
Deferred tax assets	16	1,961,172	1,990,104
Other non-current assets		75,728	99,253
Total non-current assets		76,335,713	64,374,444
TOTAL ASSETS		521,679,163	480,661,303

Consolidated Balance Sheet (continued)

As at 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note V	30 June 2013 (Unaudited)	31 December 2012
Current liabilities			
Short-term loans	19	47,350,207	38,696,693
Due to customers	20	549,542	1,738,943
Bills payable	21	21,282,355	22,013,195
Accounts payable	22	158,672,549	158,862,434
Advances from customers	23	70,556,179	62,097,756
Employee benefits payable	24	9,270,506	9,990,592
Taxes payable	25	6,486,223	7,805,229
Interest payables	26	687,185	236,603
Dividends payable	27	1,474,949	108,388
Other payables	28	39,196,608	34,855,004
Current portion of non-current liabilities	29	6,045,273	10,432,264
Other current liabilities	30	21,262,909	21,974,691
Total current liabilities		382,834,485	368,811,792
Non-current liabilities			
Long-term loans	31	24,479,013	16,930,101
Bonds payable	32	30,798,059	14,459,980
Long-term payables	33	3,191,696	3,296,652
Special payables	34	343,831	245,343
Deferred tax liabilities	16	253,919	258,978
Other non-current liabilities	35	3,037,901	3,329,150
Total non-current liabilities		62,104,419	38,520,204
Total liabilities		444,938,904	407,331,996
Shareholders' equity			
Share capital	36	12,337,542	12,337,542
Capital reserve	37	33,889,331	33,948,198
Surplus reserve	39	1,217,159	1,217,159
Retained earnings	40	27,538,575	24,222,006
Exchange differences on foreign currency translation		303,715	238,762
Equity attributable to:			
Owners of the Company		75,286,322	71,963,667
Non-controlling interests		1,453,937	1,365,640
Total shareholders' equity		76,740,259	73,329,307
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		521,679,163	480,661,303

The financial statements have been signed by:

Legal Representative:

Meng Fengchao

30 August 2013

CFO:

Zhuang Shangbiao

30 August 2013

Financial Controller:

Cao Xirui

30 August 2013

Consolidated Income Statement

For the six months ended 30 June 2013
(All amounts in RMB'000 unless otherwise stated)

		For the six months ended 30 June	
	Note V	2013 (Unaudited)	2012 (Unaudited)
Revenue	41	236,037,623	184,531,910
Less: Cost of sales	41	212,333,969	165,292,988
Taxes and surcharges	42	6,667,558	5,241,952
Selling and distribution expenses	43	995,624	666,591
General and administrative expenses	44	8,876,141	7,889,347
Finance costs	45	1,620,634	1,709,747
Losses /(gains) from impairment of assets	46	13,201	(25,293)
Add: Gains on fair value changes	47	12,724	1,748
Investment income	48	11,638	124,420
Including: Share of profits of associates and jointly-controlled entities		5,645	31,600
Operating profit		5,554,858	3,882,746
Add: Non-operating income	49	279,102	197,474
Less: Non-operating expenses	50	49,193	70,122
Including: Loss on disposal of non-current assets		6,729	35,206
Profit before tax		5,784,767	4,010,098
Less: Income tax expenses	51	1,071,546	787,440
Net profit		4,713,221	3,222,658
Attributable to:			
Owners of the Company		4,673,699	3,188,436
Non-controlling interests		39,522	34,222
Earnings per share:			
Basic earnings per share (RMB/share)	52	0.38	0.26
Diluted earnings per share (RMB/share)	52	N/A	N/A
Other comprehensive income/(loss)	53	34,295	(67,954)
Total comprehensive income		4,747,516	3,154,704
Total comprehensive income attributable to:			
Owners of the Company		4,707,994	3,120,482
Non-controlling interests		39,522	34,222

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

For the six months ended 30 June 2013 (Unaudited)									
Equity attributable to owners of the Company									
	Share capital	Capital reserve	Specialized reserve	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal	Non-controlling interests	Total equity
1. As at 1 January 2013	12,337,542	33,948,198	—	1,217,159	24,222,006	238,762	71,963,667	1,365,640	73,329,307
2. Increase/(decrease) during the year									
(a) Net profit for the period	—	—	—	—	4,673,699	—	4,673,699	39,522	4,713,221
(b) Other comprehensive (loss)/income (Note V.53)	—	(30,658)	—	—	—	64,953	34,295	—	34,295
Total comprehensive (loss)/income	—	(30,658)	—	—	4,673,699	64,953	4,707,994	39,522	4,747,516
(c) Capital contributions and withdrawal by shareholders									
(1) Capital contributions	—	—	—	—	—	—	—	91,155	91,155
(2) Acquisition of non-controlling interests	—	(28,209)	—	—	—	—	(28,209)	(30,370)	(58,579)
(d) Profit appropriation and distribution									
(1) Distribution to owners (Note 1)	—	—	—	—	(1,357,130)	—	(1,357,130)	(12,010)	(1,369,140)
(e) Special reserve (Note V.38)									
(1) Appropriated in the current year	—	—	2,511,589	—	—	—	2,511,589	—	2,511,589
(2) Used in the current year	—	—	(2,511,589)	—	—	—	(2,511,589)	—	(2,511,589)
3. As at 30 June 2013	12,337,542	33,889,331	—	1,217,159	27,538,575	303,715	75,286,322	1,453,937	76,740,259

Note 1: In accordance with the resolution at the 2012 annual general meeting of shareholders on 6 June 2013, the Company declared a final cash dividend for the year ended 31 December 2012 of RMB0.11 per share (31 December 2011: RMB0.10), which amounted to RMB1,357,130,000 (31 December 2011: RMB1,223,754,000) based on 12,337,541,500 ordinary shares in issue.

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2013
(All amounts in RMB'000 unless otherwise stated)

For the six months ended 30 June 2012 (Unaudited)									
	Equity attributable to owners of the Company						Subtotal	Non-controlling interests	Total equity
	Share capital	Capital reserve	Specialized reserve	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation			
1. As at 1 January 2012	12,337,542	33,997,676	—	855,536	17,338,492	219,097	64,748,343	970,429	65,718,772
2. Increase/(decrease) during the year									
(a) Net profit for the year	—	—	—	—	3,188,436	—	3,188,436	34,222	3,222,658
(b) Other comprehensive income/(loss) (Note V.53)	—	5,926	—	—	—	(73,880)	(67,954)	—	(67,954)
Total comprehensive income/(loss)	—	5,926	—	—	3,188,436	(73,880)	3,120,482	34,222	3,154,704
(c) Capital contributions and withdrawal by shareholders									
(1) Capital contributions	—	—	—	—	—	—	—	79,751	79,751
(2) Acquisition of non-controlling interests	—	(144,219)	—	—	—	—	(144,219)	(20,781)	(165,000)
(d) Profit appropriation and distribution									
(1) Distribution to owners	—	—	—	—	(1,233,754)	—	(1,233,754)	(67,450)	(1,301,204)
(e) Special reserve (Note V.38)									
(1) Appropriated in the current year	—	—	1,295,492	—	—	—	1,295,492	—	1,295,492
(2) Used in the current year	—	—	(1,295,492)	—	—	—	(1,295,492)	—	(1,295,492)
3. As at 30 June 2012	12,337,542	33,859,383	—	855,536	19,293,174	145,217	66,490,852	996,171	67,487,023

Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

	Note V	For the six months ended 30 June	
		2013 (Unaudited)	2012 (Unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		239,244,978	186,925,499
Refunds of tax		152,948	139,773
Cash received from other operating activities	54	1,009,151	956,612
Subtotal of cash inflows from operating activities		240,407,077	188,021,884
Cash paid for goods and services		(219,425,833)	(169,104,151)
Net decrease in amounts due to customers		(1,189,401)	—
Cash paid to and on behalf of employees		(16,495,833)	(12,288,655)
Cash paid for all types of taxes		(9,348,983)	(7,181,071)
Cash paid for other operating activities	54	(3,713,537)	(2,765,656)
Subtotal of cash outflows from operating activities		(250,173,587)	(191,339,533)
Net cash flows used in operating activities	55	(9,766,510)	(3,317,649)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		2,600	11,774
Cash received from investment income		18,837	3,811
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		437,109	503,973
Increase/(decrease) in pledged time deposits and other restricted cash		2,406,990	(1,489,221)
Cash received from other investing activities		1,096,660	2,202,376
Subtotal of cash inflows from investing activities		3,962,196	1,232,713
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(8,227,340)	(3,834,669)
Cash paid for acquisition of investments		(227,846)	(641,093)
Cash paid for acquisition of non-controlling interests		(58,579)	(165,000)
Net cash paid for acquisition of Hangsheng Company		—	(124,115)
Cash paid for other investing activities		(4,000,000)	—
Subtotal of cash outflows from investing activities		(12,513,765)	(4,764,877)
Net cash flows used in investing activities		(8,551,569)	(3,532,164)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

	Note V	For the six months ended 30 June	
		2013 (Unaudited)	2012 (Unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		91,155	79,751
Including: Cash received from non-controlling shareholders of subsidiaries		91,155	79,751
Cash received from borrowings		40,543,135	28,596,477
Cash received from issuing bonds		18,942,960	2,480,000
Subtotal of cash inflows from financing activities		59,577,250	31,156,228
Cash repayments for borrowings		(32,015,866)	(26,571,819)
Cash paid for distribution of dividends or profits and for interest expenses		(2,784,910)	(2,045,200)
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		(2,579)	(14,791)
Subtotal of cash outflows from financing activities		(34,800,776)	(28,617,019)
Net cash flows from financing activities		24,776,474	2,539,209
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(163,977)	21,418
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	55	6,294,418	(4,289,186)
Add: Cash and cash equivalents at beginning of the period		82,346,225	74,167,583
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	55	88,640,643	69,878,397

Balance Sheet

As at 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

ASSETS	Note XI	30 June 2013 (Unaudited)	31 December 2012
Current assets			
Cash and bank balances		21,685,897	10,093,036
Financial assets held for trading		35,231	35,024
Accounts receivable	1	508,790	539,375
Bills receivable		50,000	—
Advances to suppliers		579,419	278,806
Dividends receivable		199,758	108,931
Other receivables	2	33,722,854	30,109,799
Inventories		2,153,354	2,092,019
Current portion of non-current assets		500,000	500,000
Total current assets		59,435,303	43,756,990
Non-current assets			
Available-for-sale financial assets		102,700	124,653
Long-term receivables		1,000,000	500,000
Long-term equity investments	3	59,416,885	59,345,515
Fixed assets		27,164	30,629
Construction in progress		19,883	22,527
Intangible assets		5,047	739
Deferred tax assets		11,560	6,124
Total non-current assets		60,583,239	60,030,187
TOTAL ASSETS		120,018,542	103,787,177

Balance Sheet (continued)

As at 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note XI	30 June 2013 (Unaudited)	31 December 2012
Current liabilities			
Short-term loans		556,083	100,000
Accounts payable		137,072	276,550
Advances from customers		3,584,968	2,519,007
Employee benefits payable		44,718	44,863
Taxes payable		84,085	76,826
Interest payables		981,611	362,489
Dividends payable		1,357,130	—
Other payables		9,152,503	6,911,550
Current portion of non-current liabilities		719,857	3,189,161
Other current liabilities		17,500,000	16,000,000
Total current liabilities		34,118,027	29,480,446
Non-current liabilities			
Long-term loans		3,426,289	4,125,390
Bonds payable		22,347,910	12,409,980
Long-term payables		1,105,000	45,000
Other non-current liabilities		21,620	21,620
Total non-current liabilities		26,900,819	16,601,990
Total liabilities		61,018,846	46,082,436
Shareholders' equity			
Share capital		12,337,542	12,337,542
Capital reserve		38,994,671	39,011,136
Surplus reserve		1,217,159	1,217,159
Retained earnings		6,450,324	5,138,904
Total shareholders' equity		58,999,696	57,704,741
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		120,018,542	103,787,177

Income Statement

For the six months ended 30 June 2013
(All amounts in RMB'000 unless otherwise stated)

	Note XI	For the six months ended 30 June	
		2013 (Unaudited)	2012 (Unaudited)
Revenue	4	255,335	332,469
Less: Cost of sales	4	247,384	228,684
Taxes and surcharges		836	2,066
Selling and distribution expenses		1,166	5,570
General and administrative expenses		134,125	130,680
Finance income		69,275	501,003
Add: Gains on fair value changes		207	2,699
Investment income	5	2,866,753	3,680,588
Including: Share of profits/(losses) of jointly-controlled entities		1,370	(4,063)
Operating profit		2,669,509	3,147,753
Add: Non-operating income		1,000	1
Less: Non-operating expenses		420	151
Including: Loss on disposal of non-current assets		348	8
Profit before tax		2,670,089	3,147,603
Less: Income tax expenses		1,539	1,009
Net profit		2,668,550	3,146,594
Other comprehensive (loss)/income		(16,465)	1,136
Total comprehensive income		2,652,085	3,147,730

Statement of Changes in Equity

For the six months ended 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

For the six months ended 30 June 2013 (Unaudited)					
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2013	12,337,542	39,011,136	1,217,159	5,138,904	57,704,741
2. Increase/(decrease) during the year					
(a) Net profit	—	—	—	2,668,550	2,668,550
(b) Other comprehensive loss	—	(16,465)	—	—	(16,465)
Total comprehensive (loss)/income	—	(16,465)	—	2,668,550	2,652,085
(c) Profit appropriation and distribution					
(1) Distribution to owners (Note)	—	—	—	(1,357,130)	(1,357,130)
3. As at 30 June 2013	12,337,542	38,994,671	1,217,159	6,450,324	58,999,696

Note: Further details are stated in the note to the consolidated statement of changes in equity.

For the six months ended 30 June 2012 (Unaudited)					
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2012	12,337,542	39,002,430	855,536	3,118,053	55,313,561
2. Increase/(decrease) during the year					
(a) Net profit	—	—	—	3,146,594	3,146,594
(b) Other comprehensive income	—	1,136	—	—	1,136
Total comprehensive income	—	1,136	—	3,146,594	3,147,730
(c) Profit appropriation and distribution					
Distribution to owners	—	—	—	(1,233,754)	(1,233,754)
3. As at 30 June 2012	12,337,542	39,003,566	855,536	5,030,893	57,227,537

Statement of Cash Flows

For the six months ended 30 June 2013
(All amounts in RMB'000 unless otherwise stated)

	Note XI	For the six months ended 30 June	
		2013 (Unaudited)	2012 (Unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		1,678,509	1,448,900
Cash received from other operating activities		2,309,229	885,181
Subtotal of cash inflows from operating activities		3,987,738	2,334,081
Cash paid for goods and services		(604,390)	(835,808)
Cash paid to and on behalf of employees		(46,147)	(61,995)
Cash paid for all types of taxes		(8,726)	(47,608)
Cash paid for other operating activities		(3,766,157)	(1,078,148)
Subtotal of cash outflows from operating activities		(4,425,420)	(2,023,559)
Net cash flows (used in)/from operating activities	6	(437,682)	310,522
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from returns on investments		2,774,556	3,337,843
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		437	46
Cash received from other investing activities		1,666,028	621,917
Subtotal of cash inflows from investing activities		4,441,021	3,959,806
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(4,788)	(5,734)
Cash paid for acquisition of investments		(70,000)	(304,048)
Decrease in pledged time deposits and other restricted cash		—	(3,000)
Cash paid for other investing activities		(1,000,000)	—
Subtotal of cash outflows from investing activities		(1,074,788)	(312,782)
Net cash flows from investing activities		3,366,233	3,647,024

Statement of Cash Flows (continued)

For the six months ended 30 June 2013

(All amounts in RMB'000 unless otherwise stated)

	Note XI	For the six months ended 30 June	
		2013 (Unaudited)	2012 (Unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		556,083	962,429
Cash received from issuing bonds		12,500,000	—
Subtotal of cash inflows from financing activities		13,056,083	962,429
Cash repayments for borrowings		(4,183,669)	(5,666,985)
Cash paid for distribution of dividends or profits and for interest expenses		(189,828)	(371,966)
Cash paid for other financing activities		(11,250)	—
Subtotal of cash outflows from financing activities		(4,384,747)	(6,038,951)
Net cash flows from/(used in) financing activities		8,671,336	(5,076,522)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(7,026)	749
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11,592,861	(1,118,227)
Add: Cash and cash equivalents at beginning of the period		10,084,836	13,903,252
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	21,677,697	12,785,025

Notes to Financial Statements

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

I. CORPORATE INFORMATION

China Railway Construction Corporation Limited (the "Company") is a joint stock limited company with limited liability registered in Beijing in the People's Republic of China (the "PRC" or "Mainland China"), which was established by China Railway Construction Corporation (hereinafter referred to as "CRCCG") upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC") of Guozi Reform [2007] 878 *Approval for CRCCG's Group Restructuring and Dual Listing in Domestic and Overseas Markets*, issued on 17 August 2007, and Guozi Reform [2007] 1218 *Approval for the Establishment of China Railway Construction Corporation Limited* issued on 4 November 2007. The Company's registration was approved by the Administration for Industry and Commerce of Beijing with the business license code of 100000000041302. The registered office of the Company's head office is located at East, No. 40 Fuxing Road, Haidian District, Beijing, China. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") mainly consist of the construction of infrastructure, the provision of survey, design and consultancy services, the provision of logistics services, industrial manufacturing and real estate development.

Pursuant to the restructuring, the net assets of CRCCG's principal businesses (including the assets and liabilities associated with its construction operations, survey, design and consultancy operations, manufacturing operations, logistics and real estate development operations) that are to be injected into the Company were valued by a PRC independent qualified assets valuer at the base date of 31 December 2006. According to the asset valuation report issued by DeveChina International Appraisal Co., Ltd., the value of the restructuring net assets was RMB9,498,744,300. SASAC authorized the Company to issue 8,000,000,000 shares to CRCCG for 84.22165865% of the amount of the valued net assets, with all the then remaining amount of RMB1,498,744,300 dealt with in the capital reserve of the Company.

The Company was incorporated in Beijing, the PRC, on 5 November 2007 with a total share capital of RMB8,000,000,000 upon its establishment, consisting of 8,000,000,000 shares of RMB1 each.

During the period from 25 February to 26 February 2008, the Company issued 2,450 million A Shares through The Shanghai Stock Exchange (the "SSE") at RMB9.08 per A Share with the nominal value of RMB1.00 each, which raised total gross proceeds, before listing expenses, of RMB22.2 billion. The A Shares were listed on the SSE on 10 March 2008.

During the period from 29 February to 5 March 2008, the Company issued 1,706 million H Shares through the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") at HK\$10.70 per H Share with the nominal value of RMB1.00 each, which raised total gross proceeds, before listing expenses, of HK\$18.3 billion. The H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 13 March 2008. CRCCG converted its 170,600,000 state legal person shares of the Company into H Shares and transferred the shares to the National Council for Social Security Fund ("NSSF") of the PRC on the same day.

On 8 April 2008, the over-allotment option of H Shares was exercised in part and an additional 181,541,500 H Shares were issued at HK\$10.70 per H Share, which were listed on the Main Board of the Hong Kong Stock Exchange on the same day. The gross proceeds from the issuance of these H Shares, before listing expenses, amounted to HK\$1.9 billion. On 8 April 2008, CRCCG converted 18,154,500 state legal person shares of the Company into H Shares and transferred the shares to the NSSF.

On 22 September 2009, CRCCG converted 245,000,000 state legal person shares of the Company into A Shares and transferred the shares to the NSSF.

As at 30 June 2013, the Company has issued an aggregate of 12,337,541,500 shares as share capital. See Note V.36 for details.

The Company's business scope is: construction of railways, highways, metropolitan railways, airports, ports, tunnels, bridges, water conservancy and hydropower facilities, post and telecommunication facilities, mining facilities; lumbering; industrial and civil construction for municipal projects, provision of survey, design and consultancy services for installation of circuitry, pipeline and equipment and general construction contracting of the installation; overseas and domestic construction contracting; construction contracting of prevention and control of geologic disasters; provision of construction project management services, manufacture and installation of industrial equipment; real estate development; wholesale and retail sales of automobiles, ferrous metal, timber, cement, fuel, construction materials, chemical products, mechanical and electrical products, armored concrete products and special railway equipment; provision of storage services; provision of rental services of machinery and construction equipment; provision of renovation and interior decoration services; import and export; and provision of consulting and technical services related to the above businesses.

The Group's parent and ultimate holding company is CRCCG, a company registered in the PRC.

These financial statements were approved and authorized for issue by the board of directors of the Company on 30 August 2013.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

1. **Basis of preparation**

The financial statements have been prepared in accordance with *Accounting Standards for Business Enterprises — Basic Standard* and 38 specific standards issued in February 2006, and the implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (collectively referred to as “*Accounting Standards for Business Enterprises*”).

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

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

2. **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 2013 and the financial performance and the cash flows for the year then ended in accordance with *Accounting Standards for Business Enterprises*.

3. **Accounting period**

The accounting year of the Group is from 1 January to 31 December of each calendar year. Only the interim financial statements are prepared for the six months ended 30 June 2013.

4. **Functional currency**

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

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

5. **Business combinations**

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

Business combinations involving entities under common control

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

Assets and liabilities that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the combination date as recorded by the party being acquired. 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 shares issued as consideration) is adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

5. Business combinations (continued)

Business combinations involving entities not under common control

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

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

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable assets. After recognition, goodwill is subsequently measured at cost less any accumulated impairment losses. If the sum of this consideration and other items mentioned above is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss for the current period.

6. Basis of consolidation

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statements of the Company and its subsidiaries for the period ended 30 June 2013. A subsidiary is an enterprise or entity that is controlled by the Company.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group balances, transactions, unrealized gains and losses and dividends are eliminated on consolidation in full.

Where the amount of losses of a subsidiary attributable to the non-Controlling Shareholders exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against non-controlling interests. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

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

7. Cash and cash equivalents

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

8. Foreign currency transactions and foreign currency translations

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

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

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

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

9. Financial instruments

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

Recognition and derecognition of financial instruments

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

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets) when the following conditions are met:

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

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

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

9. Financial instruments (continued)

Classification and measurement of financial assets

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

9. Financial instruments (continued)

Classification and measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Bonds payable

Bonds payable are recorded based on the fair value, the difference between proceeds from issue and the face value of the bonds is recognized as premium or discount and amortized according to the effective interest rate method over the life of the bonds along with the interest.

Other financial liabilities

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

Financial guarantee contracts

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

Fair value of financial instruments

If there is an active market for a financial asset or financial liability, the quoted price in the active market is used to establish the fair value of the financial asset or financial liability. If no active market exists for a financial instrument, its fair value is determined using appropriate valuation techniques. These techniques include using recent arm's length market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument that is substantially the same, the discounted cash flow analysis and the option pricing model.

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is made for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the estimated future cash flows of the financial asset.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

9. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on a financial asset has incurred, the carrying amount of the asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). Impairment is recognized in profit or loss for the current period. The present value of estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., effective interest rate computed on initial recognition) and includes the value of any related collateral. If a financial asset bears interest at a variable interest rate, the Group uses the current effective interest rate stipulated in the contract as the discount rate to calculate the present value of future cash flows.

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

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

Available-for-sale financial assets

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

The objective evidence showing the impairment of an equity instrument held for sale includes the severe decline and the other-than-temporary decline of its fair value. There should be a method to distinguish the "severe" decline and the "other-than-temporary" one. The gap between the fair value and the cost decides how severe the impairment is. The persistence of the difference between the fair value and the cost decides whether it is "other-than-temporary". The impairment loss of an equity instrument held for sale cannot be reversed through profit or loss, and any increase of fair value that occurs after the impairment is recognized directly in other comprehensive income.

If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed with the amount of the reversal recognized in profit or loss. The impairment loss on an available-for-sale equity instrument is not reversed through profit or loss, and any increase of fair value that occurs after the impairment is recognized directly in other comprehensive income.

Financial assets carried at cost

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

For a long-term equity investment, measured using the cost method and accounted for in accordance with *Accounting Standard for Business Enterprises No. 2 Long-term Equity Investments* which is not quoted in an active market and for which the fair value cannot be reliably measured, any impairment is also accounted for in accordance with the above principles.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

9. Financial instruments (continued)

Transfer of financial assets

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

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

10. Receivables

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

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

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

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

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

	Accounts receivable provision rate	Other receivables provision rate
	%	%
Within 6 months	—	—
6 months to 1 year (inclusive)	0.5	0.5
1 to 2 years (inclusive)	5	5
2 to 3 years (inclusive)	10	10
3 to 5 years (inclusive)	30	30
Over 5 years	80	80

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

(3) Other individually not significant receivables but separately tested for impairment

Receivables, that are individually insignificant and could not be grouped by the similar or related risk characteristics, are individually assessed for provision. If there is objective evidence that a receivable is impaired (such as the debtor encountering serious financial difficulties or bankruptcy, or breach of contracts), the amount of the impairment loss shall be recognized in the current profit or loss after taking into account the rate of accounts receivable losses of the prior year.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

11. 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 acquisition cost of land use rights, advance expenditures of land development, construction costs, infrastructure costs, supporting facilities costs and other relevant costs.

Inventories are initially carried at the actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are charged to the income statement when issued, and other turnover materials are amortized 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 realizable value. If the cost is in excess of amounts expected to be realized from their sale or use, provision for inventories is recognized in the income statement. When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realizable value is higher than the carrying amount, the original amount of the write-down is reversed and charged to the income statement.

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

12. Construction contracts

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

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

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

13. Long-term equity investments

Long-term equity investments include investments in subsidiaries, jointly-controlled entities and associates, and investments where the Group does not have control, joint control or significant influence over the investees and investments which are not quoted in an active market and the fair values of which cannot be reliably measured.

Long-term equity investment shall be recognized at initial investment cost upon acquisition. For a long-term equity investment acquired through a business combination, the initial investment cost is determined as follows: for a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the acquirer's share of the carrying value of the owner's equity of the party being absorbed at the combination date; for a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment is the cost of combination (for a business combination not involving enterprises under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date). The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. For a long-term equity investment acquired otherwise than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by cash, the initial investment cost is the actual purchase price paid and direct costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; for contribution from an investor, the initial investment cost is the value stipulated in the investment contract or agreement, unless the consideration in investment contract or agreement is not at fair value.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

13. Long-term equity investments (continued)

The cost method is applied for long term equity investments when the investee is neither jointly controlled nor significantly influenced by the Group, and no quoted market price in an active market so that whose fair value cannot be reliably measured. The cost method is applied for long term equity investments in the financial statements of the Company when the investee is controlled by the Company. Control refers to the right to decide on the financial and operating policies of a company and to obtain profit from the operating activities of the company.

Under the cost method, the long-term equity investment is recorded at initial investment cost. Profits or cash dividends declared to be distributed by the investee should be recognized as investment income in the current period, but such investment income is limited to proportionate distributions from accumulated profits after the date of acquisition. Also, it should consider whether there is impairment for the long term investment in accordance with the related asset provision policy.

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

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

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

When long term equity investments are being disposed of, the difference between the carrying amount and the actual proceeds received should be charged to the income statement. For long term equity investments under the equity method, the amount recognized in the equity previously shall be transferred to the income statement upon its disposal.

For the impairment assessment and measurement of the provision for impairment of long term investments in subsidiaries, jointly-controlled entities and associates, further details are stated in Note II.25. For other long-term equity investments that do not have quoted market prices from an active market and the fair value cannot be reliably measured, the impairment assessment and measurement of provision for impairment, further details are stated in Note II.9.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

14. Fixed assets

A fixed asset is recognized 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 meet 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 derecognized. Otherwise, such expenditure shall be recognized in profit or loss for the period in which they are incurred.

Except for the fixed assets generated from using safety production expenses, fixed assets are initially measured at cost, and the effect of any estimated costs of abandoning the asset is considered. The purchase cost of 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 fees and installation expenses. If the payment for a purchased fixed asset is deferred beyond the normal credit terms, cost of the fixed asset shall be determined based on the present value of the installment. The difference between the actual payment and the present value of the purchase price is recognized in profit or loss over the credit period, except for such difference that is capitalized according to *Accounting Standard for Business Enterprises No. 17 Borrowing Costs*.

Depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual values and annual depreciation rates of fixed assets by category are as follows:

Category	Estimated residual value rate	Useful life	Annual depreciation rate
Buildings	5%	35 years	2.71%
Machinery	5%	10 years	9.50%
Vehicles	5%	5 years	19.00%
Production equipment	5%	10 years	9.50%
Measuring and testing equipment	5%	5 years	19.00%
Others	5%	5 years	19.00%

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

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

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

Impairment assessment and measurement of the provision for impairment of fixed assets are stated in Note II.25.

15. Construction in progress

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

A construction in progress is transferred to fixed assets, intangible assets or completed properties held for sale when the asset is ready for its intended use.

For impairment assessment and measurement of the provision for impairment of construction in progress, further details are stated in Note II.25.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

16. Borrowing costs

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

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

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

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

Capitalization 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 recognized as expenses in the period in which they are incurred.

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

- (1) for specific borrowings, the borrowing costs eligible for capitalization 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 capitalization are determined by applying a capitalization rate to the capital expenditure that accumulated capital expenditures exceed the specific borrowings.

Capitalization 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.

17. Intangible assets

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

An intangible asset shall be recognized only when it is probable that the related economic benefits will flow into 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 with a fair value that can be measured reliably are recognized separately as intangible assets and measured at the fair value at the date of acquisition.

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

Intangible assets with finite useful lives are amortised over the useful lives on the straight-line basis. The Group reviews the useful lives and amortisation method of intangible assets with finite useful lives, and adjusts if appropriate, at least at each balance sheet date.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

17. Intangible assets (continued)

Land use rights

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

The Group accounts for its land use rights as intangible assets. The land use rights are measured as intangible assets that are separated from internally generated buildings measured as fixed assets. With respect to the land use right 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 amortized on the straight-line basis according to the useful lives approved in the obtained land use certificates.

Concession assets

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as turnpike highways and bridges) for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority. The assets under the concession arrangements may be classified as intangible assets or receivables from the granting authority. The Group recognizes revenue and a financial asset to the extent that it has an unconditional contractual right to receive specified or determinable amount of cash or another financial asset from the granting authority, or to receive the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts. If the Group receives a right to charge users of public service, with an undeterminable amount, the assets are classified as intangible assets and the Group recognizes revenue at the same time. The Group classifies the non-current assets linked to the long term investment in these concession arrangements as "concession assets" within intangible assets on the balance sheet if the intangible asset model is adopted. Once the underlying infrastructure of the concession arrangements has been completed, the concession assets will be amortized over the term of the concession on the straight-line basis under the intangible asset model.

Mining rights

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

Development expenditure

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

For the impairment assessment and measurement of provision for impairment of the intangible assets, further details are stated in Note II.25.

18. Long-term prepayments

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

19. Assets transfer under a repurchase agreement

The Group determines whether a transfer of an asset under a repurchase agreement shall be derecognized based on the economic substance of the transfer. If an asset is sold by the Group (the transferor) under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the asset sold shall not be derecognized. If the Group (the transferor) sells an asset and retains only a presumption right to repurchase the transferred asset at fair value if the transferee subsequently sells it, the asset shall be derecognized.

20. Provisions

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

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

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

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

21. Revenue

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

Revenue from construction contracts

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

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

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

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

21. Revenue (continued)

Revenue from construction contracts (continued)

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

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

Revenue from the rendering of services

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

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

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

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

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

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

Revenue from the sale of goods

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

21. Revenue (continued)

Interest income

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

Royalty income

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

Lease income

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

22. Government grants

Government grants are recognized when all attaching conditions will be complied with and the grant can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount. A government grant related to income is accounted for as follows: (a) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; and (b) if the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss for the current period. A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. However, a government grant measured at a nominal amount is recognized immediately in profit or loss for the current period.

Relocation compensation received due to public interests

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

23. Income tax

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

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

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

23. Income tax (continued)

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

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

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

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither affects the accounting profit nor taxable profit or loss; or
- (2) deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled entities, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized 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 realized 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 utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

24. Leases

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

As lessee of an operating lease

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

As lessor of an operating lease

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

24. Leases (continued)

As lessee of a finance lease

An asset held under a finance lease is recognized at the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the long-term payables; and (2) the difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge, which is amortized using the effective interest rate method over each period during the lease term. Contingent rents are charged to profit or loss in the period in which they actually arise.

25. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, construction contracts, deferred income taxes, financial assets and long-term equity investments, which are accounted for using the cost method as there are no quoted market prices in active markets and whose fair value cannot be reliably measured, 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 flow estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognized in profit or loss for the current period. A provision for impairment loss of the asset is recognized 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 group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognizes 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 first reduced by the carrying amount of the goodwill is 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 recognized, it cannot be reversed in subsequent accounting periods.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

26. Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditures incurred by the Group in exchange for service rendered by employees. In the accounting period in which an employee has rendered service to the Group, the employee benefits payable are recognized as liabilities. For employee benefits payable due in more than one year after the balance sheet date, if the discounted value is significant, they are presented at the present value.

Retirement benefits

The full-time employees of the Group in Mainland China are covered by various government-sponsored retirement plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these retirement plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or jurisdictions outside Mainland China. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries or fixed sums and length of service.

Termination and early retirement benefits

Employee termination and early retirement benefits are recognized in the period in which the Group has entered into an agreement with the employee specifying the terms of redundancy, or after the individual employee has been advised of the specific terms. As for termination benefits, the Group recognizes retirement benefits as a liability and an expense when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. As for early retirement benefits, the Group recognizes monthly paid salaries and social benefits for these early retirees during the period from the date of early retirement to the normal retirement date as employee benefits payable and charges to profit or loss of the current period. The specific terms for the terminated and early retired employees vary depending on various factors including their position, length of service, and salary level at the time of application, minimum compensation levels set by the local regulatory authorities, and the district in which the employee is located.

Termination and early retirement benefits are considered as defined benefit plans. The liability recognized in the balance sheet in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have maturities approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets and 10% of the defined benefit obligations, are charged or credited to the income statement over the estimated average remaining working lives of the related employees. Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the "vesting period"). In this case, the past-service costs are amortized on the straight-line basis over the vesting period.

Housing funds

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

Bonus entitlements

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

27. Distribution of profit

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

28. Debt restructuring

Debt restructuring refers to an event in which the terms of a debt are given in as a result of a mutual agreement between a debtor and a creditor or a judgment of a court when the debtor gets into a financial problem.

As a debtor

When a debt is settled by cash in a debt restructuring, the difference between the carrying amount of the debt and the cash actually paid is recognized in profit or loss for the current period. When a debt is satisfied by a transfer of non-cash assets to the creditor in a debt restructuring, the difference between the carrying amount of the debt and the fair value of the non-cash assets transferred is recognized in profit or loss for the current period; the difference between the fair value of the non-cash assets transferred and their carrying amount was recognized in profit or loss for the current period. When a debt is converted into capital in a debt restructuring, the difference between the carrying amount of the debt and the fair value of the capital issued to the creditor is recognized in profit or loss for the current period. When a debt is satisfied by a combination of the methods mentioned above, the carrying amount of the debt is reduced by, and in the sequence of, the cash payment, the fair value of the non-cash assets transferred and the fair value of the capital issued to the creditor, and then accounted for in accordance with the requirements related to a debt restructuring that involves the modification of other terms of a debt.

As a creditor

When a debt is settled by cash in a debt restructuring, the difference between the gross carrying amount of the debt receivable and the cash received is recognized in profit or loss for the current period. When a debt is satisfied by a transfer of non-cash assets in a debt restructuring, the difference between the gross carrying amount of the debt receivable and the fair value of the non-cash assets received is recognized in profit or loss for the current period. When a debt is converted into capital in a debt restructuring, the difference between the gross carrying amount of the debt and the fair value of the equity interest received is recognized in profit or loss for the current period. When a debt is satisfied by a combination of the methods mentioned above, the gross carrying amount of the debt is reduced by, and in the sequence of, the cash received, the fair value of the non-cash assets obtained and the fair value of the equity interest received, and then accounted for in accordance with the requirements related to a debt restructuring that involves the modification of other terms of a debt.

If the creditor has provided for impairment loss on the debt receivable, the above difference is used to reduce the impairment provision and any excess is recognized in profit or loss for the current period.

29. Related parties

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

30. Segment reporting

The Group identifies operating segments based on the internal organization structure, managerial requirements and internal reporting system, and identifies reportable segments based on operating segments and discloses segment information by operating segment.

An operating segment is a component of the Group that meets all the following conditions:

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) the Group is able to obtain relevant accounting information such as its financial position, operating results and cash flows.

If two or more segments have similar economic characteristics and meet certain conditions, they can be aggregated into a single operating segment.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

31. Production safety expenses

The Group accrues for production safety expenses pursuant to the *Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilization* <CaiQi [2012]No.16> and the *Management Measures on the Enterprises Production Safety Expenses Appropriation and Utilization*, 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 utilized as expenses, they should be recognized in the income statement and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognized in the cost of fixed assets, which will be recognized when it is ready for use. Same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

32. Significant accounting judgments and estimates

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

Judgments

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

Impairment of available-for-sale financial assets

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

Contingent liabilities arising from litigation and claims

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

Estimation uncertainty

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

Useful lives and residual values of fixed assets

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

In determining the useful lives and residual values of items of fixed assets, the Group periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of the 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 items of fixed assets are different from previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period, based on changes in circumstances.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Income tax and deferred tax assets

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

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

Percentage of completion of construction work

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

Impairment of accounts receivable

The Group maintains an allowance for the estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers will deteriorate such that the actual impairment loss might be higher than estimated, the Group would be required to revise the basis for making the allowance and its future results would be affected.

Provision for properties under development

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

Impairment of goodwill

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

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Retirement benefits

The Group establishes liabilities in connection with benefits paid to certain early retired employees. The amounts of employee benefit expenses and liabilities are determined using various assumptions and conditions assumptions on discount rates, 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.

Actual results that differ from the assumptions are recognized immediately and therefore affect recognized expenses in the period in which such differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the expenses and balance of liabilities related to the employee retirement benefit obligations.

III. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax ("VAT")	—	For the Company and certain subsidiaries which are recognized as general VAT payers, VAT payable is imposed on the taxable sales amount multiplied by the tax rate of 6% or 17% (output-VAT) less deductible input-VAT of current period. VAT of other subsidiaries recognized as small scale taxpayers is levied at the rate of 3%.
Business tax ("BT")	—	The Company and its subsidiaries are subject to BT for the income generated from the provision of construction services and other services at rate of 3% and 5%, respectively.
City maintenance and construction tax ("CCT")	—	The Company and its subsidiaries are subject to CCT on the total payment of BT and VAT at a rate of 7%, 5% or 1% depending on the location of the taxpayers.
Education surcharge	—	The Company and its subsidiaries are subject to the education surcharge at a rate of 3% on the total payment of BT and VAT.
Corporate income tax ("CIT")	—	<p>Except for certain preferential treatments available to the Company's domestic subsidiaries and overseas subsidiaries which are required to accrue CIT based on tax laws and regulations of foreign jurisdictions, the corporations within the Group are subject to CIT at a rate of 25%.</p> <p>The Company and its subsidiaries each calculate and pay CIT as a legal entity at the location where it is registered.</p> <p>Overseas subsidiaries (including those located in the Hong Kong and Macao Special Administrative Regions of the People's Republic of China) are taxed according to the prevailing tax laws and regulations in the relevant countries/ jurisdictions.</p>
Real estate tax	—	Real estate tax is levied at a rate of 1.2% based on 70%, 75% or 80% of the original cost of the properties and is filed and paid by the Company and its subsidiaries accordingly.
Individual income tax ("IIT")	—	According to the relevant tax laws and regulations, the Company and its subsidiaries have obligations to withhold IIT for their employees' salary income.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

III. TAXES (continued)

2. Tax preferential treatments

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

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

Tax preferential treatment for the Western Region Development

Pursuant to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies* of State Administration of Taxation, Ministry of Finance and General Administration of Customs (Cai Shui [2011] No.58), the Tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, "from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises incorporated 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." Pursuant to *Announcement of the State Administration of Taxation on Issues of Enterprise Income Tax Concerning In-depth Implementation of Western Region Development Strategy* (Announcement of the State Administration of Taxation [2012] No.12), before the Catalogue of Encouraged Industries in the Western Region has been released, the enterprises whose principal businesses are the industrial projects prescribed in the Industrial Restructuring Guidance Catalogue (2005), Industrial Restructuring Guidance Catalogue (2011), the Catalogue for the Guidance of Foreign Investment Industries (Amended in 2007) and the Implementation of the Catalogues of Advantage Industries in Central-Western Areas by Customs (2008 Revision), can be entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% after the tax authorities' confirmation. After issuance of the Western Catalog, the enterprises, which have performed annual CIT filings based on the 15% CIT rate, may need to re-file the CIT returns based on the applicable CIT rate, if they do not qualify for the conditions stipulated in Article 1 of Announcement of the State Administration of Taxation [2012] No.12.

As at 30 June 2013, the Catalogue of Encouraged Industries in the Western Region has not been released, 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 4th Engineering Co., Ltd. (中鐵十二局集團第四工程有限公司), Railway Maintenance Engineering Co., Ltd. of 12th Bureau Group of the China Railway. (中鐵十二局集團鐵路養護工程有限公司), 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 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 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 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 2nd Engineering Co., Ltd. (中鐵二十一局集團第二工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group Electrical Engineering Co., Ltd. (中鐵二十一局集團電務電化工程有限公司), China Railway 21st Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵二十一局集團路橋工程有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), China Railway 23rd Bureau Group 8th Engineering Co., Ltd. (中鐵二十三局集團第八工程有限公司), China Railway 1st Survey and Design Institute Group Ltd. (中鐵第一勘察設計院集團有限公司), Gansu Runtong Electric Engineering Co., Ltd. (甘肅潤通電氣化工程有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公司), Kunming China Railway Large Maintenance Machinery Group Co., Ltd. (昆明中鐵大型養路機械集團有限公司) and Kunming Aotongda Railway Machinery Co., Ltd. (昆明奧通達鐵路機械有限公司) were assumed to have enjoyed the corporate income tax preferential treatment for the Western Region Development temporarily after confirmed by the local tax authority.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

III. TAXES (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries

China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司) and its subsidiaries

China Railway 11th Bureau Group Electrical Engineering Co., Ltd. (中鐵十一局集團電務工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Hubei Province, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

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

China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 12th Bureau Group Electrical Engineering Co., Ltd. (中鐵十二局集團電氣化工程有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 13th Bureau Group Co., Ltd. (中鐵十三局集團有限公司) and its subsidiaries

China Railway 13th Bureau Group Electric Engineering Co., Ltd. (中鐵十三局集團電務工程有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

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

Beijing China Railway Fangshan Bridge Co., Ltd. (北京中鐵房山橋梁有限公司) has been recognized as a High-New Technology Enterprises by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 14th Bureau Group Electrical Engineering Co., Ltd. (中鐵十四局集團電氣化工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shandong Province, Shandong Provincial Department of Finance, Shandong State Administration of Taxation and the Shandong Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

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

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Henan Province, Henan Provincial Department of Finance, Henan State Administration of Taxation and the Henan Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. TAXES (continued)

2. Tax preferential treatments (continued)

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

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

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 16th Bureau Group Beijing Engineering Co., Ltd. (中鐵十六局集團北京工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

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

China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shaanxi Province, Shaanxi Provincial Department of Finance, Shaanxi State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

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

China Railway 19th Bureau Group 1st Engineering Co., Ltd. (中鐵十九局集團第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Liaoning Province, Liaoning Provincial Department of Finance, Liaoning State Administration of Taxation and the Liaoning Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway 19th Bureau Group 2nd Engineering Co., Ltd. (中鐵十九局集團第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Liaoning Province, Liaoning Provincial Department of Finance, Liaoning State Administration of Taxation and the Liaoning Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway 19th Bureau Group 3rd Engineering Co., Ltd. (中鐵十九局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Liaoning Province, Liaoning Provincial Department of Finance, Liaoning State Administration of Taxation and the Liaoning Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 19th Bureau Group Metro Engineering Construction Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

III. TAXES (continued)

2. Tax preferential treatments (continued)

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

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

China Railway 23rd Bureau Group Metro Engineering Construction Co., Ltd. (中鐵二十三局集團軌道交通工程有限公司) has been recognized as a High-New Technology Enterprise by the Shanghai Pudong State Administration of Taxation since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway 23rd Bureau Group Electrical Engineering Co., Ltd. (中鐵二十三局集團電務工程有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 4th Survey and Design Institute Group Ltd. (中鐵第四勘察設計院集團有限公司)

China Railway 4th Survey and Design Institute Group Ltd. (中鐵第四勘察設計院集團有限公司) has been recognized as a High-New Technology Enterprise by the Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway 5th Survey and Design Institute Group Ltd. (中鐵第五勘察設計院集團有限公司)

China Railway 5th Survey and Design Institute Group Ltd. (中鐵第五勘察設計院集團有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

Beijing Railway 5th Institute Engineering Machinery Co., Ltd. (北京鐵五院工程機械有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

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

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Science and Technology Department, Beijing Department of Finance, Beijing State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

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 recognized as a High-New Technology Enterprise by the Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) Technology Co., Ltd. (中鐵建電氣化局集團科技有限公司) has been recognized as a High-New Technology Enterprise by the Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, Hebei State Administration of Taxation and the Hebei Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

III. TAXES (continued)

2. Tax preferential treatments (continued)

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

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

China Railway Construction Electrification Bureau (Group) Metro Equipment Co., Ltd. (中鐵建電氣化局集團軌道交通器材有限公司) has been recognized as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Beijing China Railway Construction Electrification Design & Research Institute Co., Ltd. (北京中鐵建電氣化設計研究院有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

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 recognized as a High-New Technology Enterprise by the Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway Construction Electrification Bureau (Group) Kang Yuan New Materials Co., Ltd. (中鐵建電氣化局集團康遠新材料有限公司) has been recognized as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

Kunming China Railway Large Maintenance Machinery Group Co., Ltd. (昆明中鐵大型養路機械集團有限公司) and its subsidiaries

Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Beijing Kunweitong Railway Mechanization Engineering Co., Ltd. (北京昆維通鐵路機械化工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

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

China Railway Construction Heavy Industry Co., Ltd. (中國鐵建重工集團有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Hunan Province, Hunan Provincial Department of Finance, Hunan State Administration of Taxation and the Hunan Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway Longchang Materials Co., Ltd. (中鐵隆昌鐵路器材有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Sichuan Province, Sichuan Provincial Department of Finance, Sichuan State Administration of Taxation and the Sichuan Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

IV. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiaries

Particulars of the principal subsidiaries of the Company are as follows:

Subsidiaries acquired through establishment or investment:

							Actual		Percentage		Non-	
Company name	Type	Place of registration	Legal representative	Registered capital	Principal activities	Organization code	contribution at period end	Percentage of equity interest	of voting rights	Consolidated or not	controlling interests (Note (e))	
China Civil Engineering Construction Ltd.	Wholly-owned subsidiary	Beijing	Liu Zhiming	1,210,000	Construction	10000061-7	2,254,969	Direct	100	100	Yes	4,647
China Railway 11 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Wuhan, Hubei	Wang Gulin	1,031,847	Construction	17931508-7	1,893,912	Direct	100	100	Yes	—
China Railway 12 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Taiyuan, Shanxi	Shi Daoquan	1,060,677	Construction	11007118-4	2,075,868	Direct	100	100	Yes	73,534
China Railway 13 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Tianjin	Lei Shengxiang	1,044,810	Construction	24499795-1	1,396,621	Direct	100	100	Yes	—
China Railway 14 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Ji'nan, Shandong	Yang Youshi	1,110,000	Construction	16305598-9	2,130,105	Direct	100	100	Yes	5,915
China Railway 15 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Luoyang, Henan	Wu Xiangong	1,117,210	Construction	16995347-2	1,446,941	Direct	100	100	Yes	—
China Railway 16 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Tan Zhengbiao	1,068,300	Construction	10163676-1	1,405,744	Direct	100	100	Yes	2,903
China Railway 17 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Taiyuan, Shanxi	Duan Dongming	1,105,470	Construction	11007084-3	1,714,582	Direct	100	100	Yes	—
China Railway 18 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Tianjin	Hao Chenyi	1,130,000	Construction	10306009-X	1,103,234	Direct	100	100	Yes	12,719
China Railway 19 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Ge Yongli	1,095,469	Construction	12202739-1	1,454,638	Direct	100	100	Yes	—
China Railway 20 th Bureau Group Co., Ltd. (Note (a))	Wholly-owned subsidiary	Xi'an, Shaanxi	Jiang Yongjun	1,130,850	Construction	22052306-5	1,615,144	Direct	100	100	Yes	2,204
China Railway 21 st Bureau Group Co., Ltd. (Note (b))	Wholly-owned subsidiary	Lanzhou, Gansu	Meng Guangshun	1,150,000	Construction	22433362-1	1,557,251	Direct	100	100	Yes	—
China Railway 22 nd Bureau Group Co., Ltd. (Note (c))	Wholly-owned subsidiary	Beijing	Liu Guozhi	1,057,000	Construction	71092227-X	1,387,558	Direct	100	100	Yes	39,056
China Railway 23 rd Bureau Group Co., Ltd.	Wholly-owned subsidiary	Chengdu, Sichuan	Xu Mingxin	965,000	Construction	74033824-2	1,476,847	Direct	100	100	Yes	34,726
China Railway 24 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Shanghai	Wang Beijing	953,244	Construction	13220244-8	1,424,517	Direct	100	100	Yes	6,521
China Railway 25 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Guangzhou, Guangdong	An Kang	910,720	Construction	19043049-X	1,107,177	Direct	100	100	Yes	—
China Railway Construction Group Ltd.	Wholly-owned subsidiary	Beijing	Wang Wenzhong	1,300,000	Construction	10228709-X	2,340,101	Direct	100	100	Yes	38,148
China Railway Electrification Bureau Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Wang Hanlin	710,000	Construction	77705261-9	1,105,530	Direct	100	100	Yes	(11,721)

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

IV. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

Company name	Type	Place of registration	Legal representative	Registered capital	Principal activities	Organization code	Actual contribution at period end	Percentage of equity interest	Percentage of voting rights	Consolidated or not	Non-controlling interests (Note (e))	
China Railway Construction Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Li Li	7,000,000	Real estate development	66050723-7	7,062,941	Direct	100	100	Yes	315,986
China Railway Goods and Materials Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Jin Yueliang	1,000,000	Trading of construction materials	10209797-4	1,314,805	Direct	100	100	Yes	75,190
China Railway Construction Investment Co., Ltd. (Note (d))	Wholly-owned subsidiary	Beijing	Li Ning	6,275,510	Project investment	57317581-X	10,000,000	Direct	100	100	Yes	717,600
CRCC Finance Company Limited	Subsidiary	Beijing	Zhuang Shangbiao	1,300,000	Finance service	10112857-2	1,222,000	Direct	94	94	Yes	98,508

Notes:

- The registered capital of China Railway 20th Bureau Group Co., Ltd. was increased by RMB20,850,000 and the change of business registration was completed on 8 July 2013. As at 30 June 2013, the registered capital was RMB1,130,850,000.
- The registered capital of China Railway 21st Bureau Group Co., Ltd. was increased by RMB200,000,000 and the change of business registration was completed on 23 January 2013. As at 30 June 2013, the registered capital was RMB1,150,000,000.
- The registered capital of China Railway 22nd Bureau Group Co., Ltd. was increased by RMB131,000,000 and the change of business registration was completed on 16 January 2013. As at 30 June 2013, the registered capital was RMB1,057,000,000.
- The registered capital of China Railway Construction Investment Co., Ltd. was increased by RMB3,275,510,000 and the change of business registration was completed on 16 January 2013. As at 1 February 2013, the registered capital was RMB6,275,510,000.
- All non-controlling interests arise from the subsidiaries of the Company's second tier subsidiaries, except for CRCC Finance Company Limited.

2. Changes in the scope of consolidation

During the period, except for the newly invested subsidiary, CRCC Assets Management Company Limited, the consolidation scope is consistent with the previous year.

3. Exchange rates used to translate the financial statements of foreign operations

	Average rates		Closing rates	
	For the six months ended 30 June 2013	2012	30 June 2013	31 December 2012
USD	6.23210	6.29320	6.17870	6.28550
EUR	8.20113	8.29551	8.05360	8.31760
JPY	0.06783	0.07708	0.06261	0.07305
AUD	6.12120	6.51460	5.70610	6.53630
HKD	0.80370	0.81078	0.79655	0.81085
MOP	0.78884	0.79005	0.78618	0.79150
LYD	4.95553	5.00426	4.90620	5.00486
DZD	0.07939	0.08221	0.07764	0.08113
AED	1.70245	1.72444	1.68524	1.71966
SAR	1.77422	1.68997	1.86213	1.68630
BWP	0.83252	0.82959	0.83959	0.82545
NGN	0.03954	0.03959	0.03862	0.04046
MGA	16.26375	16.43160	16.11340	16.41410
THB	5.02348	5.03169	4.88474	5.16222

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2013 (Unaudited)		
	Original currency	Exchange rate	RMB equivalent
Cash			
RMB	493,650	1.00000	493,650
USD	8,475	6.17870	52,364
HKD	19,882	0.79655	15,837
JPY	3,131	0.06261	196
EUR	5	8.05360	40
Others			68,503
			630,590
Cash at banks			
RMB	80,965,842	1.00000	80,965,842
USD	660,288	6.17870	4,079,721
NGN	49,913,568	0.03862	1,927,662
EUR	42,285	8.05360	340,546
DZD	1,439,529	0.07764	111,765
LYD	20,018	4.90620	98,212
SAR	46,491	1.86213	86,572
BWP	88,752	0.83959	74,515
SGD	12,389	4.88474	60,517
MOP	31,264	0.78618	24,579
HKD	48,036	0.79655	38,263
AED	9,446	1.68524	15,919
OMR	370	16.11340	5,962
JPY	61,284	0.06261	3,837
Others			572,600
			88,406,512
Others			
RMB	4,183,224	1.00000	4,183,224
USD	2,780	6.17870	17,177
Others			47,398
			4,247,799
Mandatory reserves with the central bank			
RMB	2,876,671	1.00000	2,876,671
			96,161,572

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Cash and bank balances (continued)

	Original currency	31 December 2012 Exchange rate	RMB equivalent
Cash			
RMB	382,967	1.00000	382,967
USD	11,937	6.28550	75,030
EUR	2,004	8.31760	16,668
HKD	216	0.81085	175
JPY	630	0.07305	46
Others			44,464
			519,350
Cash at banks	79,006,357	1.00000	79,006,357
RMB	54,484,996	0.04046	2,204,463
NGN	282,999	6.28550	1,778,790
USD	33,992	8.31760	282,732
EUR	16,323	6.53630	106,692
AUD	20,274	5.00486	101,469
LYD	1,094,922	0.08113	88,831
DZD	15,331	5.16222	79,142
SGD	42,508	0.81085	34,468
HKD	38,778	0.82545	32,009
BWP	15,376	1.68630	25,929
SAR	11,596	1.71966	19,941
AED	521	16.41410	8,552
OMR	49,829	0.07305	3,640
JPY	2,646	0.79150	2,094
Others			778,102
			84,553,211
Others			
RMB	4,599,592	1.00000	4,599,592
EUR	4,466	8.31760	37,146
Others			671
			4,637,409
Mandatory reserves with the central bank			
RMB	2,564,174	1.00000	2,564,174
			92,274,144

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Cash and bank balances (continued)

Cash and bank balances with title restrictions are stated in Note V.18.

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

	30 June 2013 (Unaudited)	31 December 2012
Cash and bank balances at year end	96,161,572	92,274,144
Less: non-pledged time deposits with original maturity of three months or more when acquired	(4,231,158)	(5,290,510)
Less: other restricted cash and bank balances	(3,289,771)	(4,637,409)
Cash and cash equivalents at year end	88,640,643	82,346,225
Less: cash and cash equivalents at beginning of the year	(82,346,225)	(74,167,583)
Net increase in cash and cash equivalents	6,294,418	8,178,642

2. Financial assets held for trading

	30 June 2013 (Unaudited)	31 December 2012
Equity instruments held for trading	126,352	115,025

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

3. Bills receivable

	30 June 2013 (Unaudited)	31 December 2012
Commercial acceptance bills	1,527,491	1,577,680
Bank acceptance bills	944,726	722,890
	2,472,217	2,300,570

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

Bills receivable with title restriction are stated in Note V.18.

As at 30 June 2013, there were no bills receivable pledged.

As at 31 December 2012, the five largest pledged bills receivable were as follows:

Issuer	Date of issuance	Due date	Amount
Company 1	26 Jul 2012	25 Jul 2013	94,153
Company 2	17 Aug 2012	16 Aug 2013	89,161
Company 3	07 Dec 2012	07 Dec 2013	64,420
Company 4	17 Sep 2012	16 Sep 2013	55,649
Company 5	31 Oct 2012	25 Jul 2013	30,098
			333,481

As at 30 June 2013, the Group had derecognized the following bank acceptance bills which were not matured but had been endorsed to other parties:

Issuer	Date of issuance	Due date	Amount
Wuhan Tianhe Goods and Materials Co., Ltd.	7 Jun 2013	7 Dec 2013	20,000
Jianfa (Guangzhou) Co., Ltd.	12 Apr 2013	12 Jul 2013	20,000
China Transport Goods and Materials Co., Ltd.	31 Jan 2013	31 Jul 2013	14,983
Tianjin Metallurgy Group Yasanyoufa Iron and Steel Co., Ltd.	1 May 2013	30 Nov 2013	13,611
Tianjin Metallurgy Group Yasanyoufa Iron and Steel Co., Ltd.	1 May 2013	30 Nov 2013	11,954
Wuhan Tianhe Goods and Materials Co., Ltd.			559,874
			640,422

As at 31 December 2012, the Group had derecognized the following bank acceptance bills which were not matured but had been endorsed to other parties:

Issuer	Date of issuance	Due date	Amount
Zhangjiagang Bonded Zone Huitongda International Trade Co., Ltd.	30 Oct 2012	30 Apr 2013	68,322
Zhangjiagang Bonded Zone Huitongda International Trade Co., Ltd.	28 Aug 2012	28 Feb 2013	20,000
Hebei Iron and Steel Group Jingye Iron and Steel Co., Ltd.	26 Jul 2012	25 Jan 2013	10,000
Shanxi Shanmei Trade Co., Ltd.	10 Sep 2012	09 Mar 2013	10,000
Shanxi Shanmei Trade Co., Ltd.	10 Sep 2012	09 Mar 2013	10,000
Others			1,010,484
			1,128,806

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

As at 30 June 2013, the Group's derecognized bank acceptance bills issued by third parties which were not matured amounted to RMB470,260,000 (31 December 2012: RMB61,700,000).

As at 30 June 2013, the Group held no bills receivable from shareholders that held 5% or more of the voting rights of the Company (31 December 2012: nil).

As at 30 June 2013, the Group's bills receivable were neither past due nor impaired (31 December 2012: nil).

4. Accounts receivable

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

An ageing analysis of accounts receivable is presented as follows:

	30 June 2013 (Unaudited)	31 December 2012
Within 1 year	62,224,759	68,021,308
1 to 2 years	3,499,892	2,397,974
2 to 3 years	1,514,386	1,094,864
Over 3 years	629,921	656,314
	67,868,958	72,170,460
Less: provision for bad debts	(464,863)	(458,824)
	67,404,095	71,711,636

Movements in the provision for bad debts are as follows:

	For the six months ended 30 June 2013 (Unaudited)	2012
Opening balance	458,824	434,171
Provision	39,026	88,360
Other additions (Note)	—	70,479
Reversal	(26,759)	(112,953)
Write-off	(6,228)	(21,233)
Closing balance	464,863	458,824

Note: Other additions during the year of 2012 included the carrying amount of bad debt provisions made by Guangdong Provincial Hangsheng Construction Co., Ltd. (referred to as "Hangsheng") before the acquisition of Hangsheng by CRCC Harbour & Channel Engineering Bureau Group Co., Ltd., a subsidiary of the Company.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

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

	30 June 2013 (Unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage
Individually significant and subject to separate provision for bad debts	59,709,342	87.98	(112,440)	0.19
Subject to provision by group				
— Within 6 months	6,053,444	8.92	—	—
— 6 months to 1 year	461,359	0.68	(2,307)	0.50
— 1 to 2 years	339,441	0.50	(16,972)	5.00
— 2 to 3 years	178,407	0.26	(17,841)	10.00
— Over 3 years	354,314	0.52	(171,796)	48.49
Individually not significant but subject to separate provision for bad debts	772,651	1.14	(143,507)	18.57
	67,868,958	100.00	(464,863)	

	31 December 2012			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage
Individually significant and subject to separate provision for bad debts	61,980,821	85.88	(130,925)	0.21
Subject to provision by group				
— Within 6 months	7,723,702	10.70	—	—
— 6 months to 1 year	516,893	0.72	(2,584)	0.50
— 1 to 2 years	427,715	0.59	(21,388)	5.00
— 2 to 3 years	207,260	0.29	(20,726)	10.00
— Over 3 years	357,494	0.50	(176,844)	49.47
Individually not significant but subject to separate provision for bad debts	956,575	1.32	(106,357)	11.12
	72,170,460	100.00	(458,824)	

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

As at 30 June 2013, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows:

Due from	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	43,338	(33,990)	78.43	No payments for a long time
Company 2	16,741	(14,993)	89.56	No payments for a long time
Company 3	13,137	(10,674)	81.25	No payments for a long time
Company 4	10,529	(8,424)	80.00	No payments for a long time
Company 5	14,574	(4,372)	30.00	No payments for a long time
Others	1,634,008	(39,987)		
	1,732,327	(112,440)		

As at 31 December 2012, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows:

Due from	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	43,338	(33,990)	78.43	No payments for a long time
Company 2	18,741	(14,993)	80.00	No payments for a long time
Company 3	13,137	(10,674)	81.25	No payments for a long time
Company 4	10,529	(8,424)	80.00	No payments for a long time
Company 5	14,825	(4,448)	30.00	No payments for a long time
Others	2,456,335	(58,396)		
	2,556,905	(130,925)		

For the period ended 30 June 2013 and the year ended 31 December 2012, there was no significant reversal of impairment of accounts receivable or significant cash settlement for impaired receivables.

For the period ended 30 June 2013 and the year ended 31 December 2012, no individually significant accounts receivable have been written off.

As at 30 June 2013, accounts receivable which were individually not significant but subject to separate provision for bad debts were as follows:

Accounts receivable	Gross carrying amount (Unaudited)	Provision for bad debts (Unaudited)	Percentage	Reason
Company 1	9,732	(9,092)	93.42	No payments for a long time
Company 2	6,324	(6,324)	100.00	No payments for a long time
Company 3	5,800	(4,640)	80.00	No payments for a long time
Company 4	7,425	(4,435)	59.73	No payments for a long time
Company 5	4,211	(4,211)	100.00	No payments for a long time
Others	739,159	(114,805)		
	772,651	(143,507)		

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

As at 31 December 2012, accounts receivable which were individually not significant but subject to separate provision for bad debts were as follows:

Accounts receivable	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	6,533	(6,533)	100.00	No payments for a long time
Company 2	6,324	(6,324)	100.00	No payments for a long time
Company 3	7,425	(4,435)	59.73	No payments for a long time
Company 4	4,211	(4,211)	100.00	No payments for a long time
Company 5	4,061	(4,061)	100.00	No payments for a long time
Others	928,021	(80,793)		
	956,575	(106,357)		

Within the aforesaid balance of accounts receivable, amounts due from shareholders that held 5% or more of the Company's voting rights were as follows:

	30 June 2013 (Unaudited)		31 December 2012	
	Amount	Provision for bad debt	Amount	Provision for bad debt
CRCCG	334,576	—	369,840	—

As at 30 June 2013, the five largest accounts receivable were as follows:

	Relationship with the Group	Amount (Unaudited)	Ageing	Percentage of total accounts receivable
Company 1	Third party	1,467,687	Within 1 year	2.16
Company 2	Third party	1,334,335	Within 1 year	1.97
Company 3	Third party	1,145,453	Within 1 year	1.69
Company 4	Third party	1,077,363	Within 1 year	1.59
Company 5	Third party	1,064,026	Within 1 year	1.57
		6,088,864		8.98

As at 31 December 2012, the five largest accounts receivable were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable
Company 1	Third party	1,726,030	Within 1 year	2.39
Company 2	Third party	1,299,361	Within 1 year	1.80
Company 3	Third party	1,255,397	Within 1 year	1.74
Company 4	Third party	923,884	Within 1 year	1.28
Company 5	Third party	795,850	Within 1 year	1.10
		6,000,522		8.31

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

As at 30 June 2013, accounts receivable due from related parties were as follows:

	Relationship with the Group	Amount (Unaudited)	Percentage of total accounts receivable
CRCCG	Ultimate holding company	334,576	0.49
Chongqing Yurong Highway Co. Ltd	Associate	212,301	0.31
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	44,825	0.07
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity	4,975	0.01
Chongqing Tiefa Suiyu Highway Co., Ltd.	Fellow subsidiary	4,175	0.01
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	584	—
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	530	—
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary	30	—
		601,996	0.89

As at 31 December 2012, accounts receivable due from related parties were as follows:

	Relationship with the Group	Amount	Percentage of total accounts receivable
CRCCG	Ultimate holding company	369,840	0.51
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	57,894	0.08
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity	22,759	0.03
Chongqing Tiefa Suiyu Highway Co., Ltd.	Fellow subsidiary	4,803	0.01
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	584	—
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	530	—
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary	30	—
		456,440	0.63

As at 30 June 2013, the Group's accounts receivable that are neither past due nor impaired amounted to RMB64,122,870,000 (31 December 2012: RMB67,147,618,000).

Accounts receivable with title restriction are stated in Note V.18.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Advances to suppliers

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

	30 June 2013 (Unaudited)		31 December 2012	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	39,026,972	99.45	33,112,390	98.66
1 to 2 years	135,686	0.35	200,270	0.60
2 to 3 years	57,946	0.15	160,630	0.48
Over 3 years	22,313	0.05	87,408	0.26
	39,242,917	100.00	33,560,698	100.00

As at 30 June 2013 and 31 December 2012, significant advances to suppliers aged over one year were as follows:

	30 June 2013 (Unaudited)	Nature
Company 1	100,392	Prepayment for construction
Company 2	17,947	Prepayment for equipment
Company 3	15,513	Prepayment for materials
Company 4	14,852	Prepayment for materials
Company 5	13,866	Prepayment for materials
	162,570	

	31 December 2012	Nature
Company 1	95,958	Prepayment for construction
Company 2	42,138	Prepayment for materials
Company 3	17,947	Prepayment for equipment
Company 4	17,052	Prepayment for materials
Company 5	15,513	Prepayment for materials
	188,608	

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Advances to suppliers (continued)

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

As at 30 June 2013, the five largest advances to suppliers were as follows:

	Relationship with the Group	Amount (Unaudited)	Ageing	Reason for outstanding advances
Company 1	Third party	513,380	Within 1 year	Materials not yet received
Company 2	Third party	444,650	Within 1 year	Materials not yet received
Company 3	Third party	409,368	Within 1 year	Materials not yet received
Company 4	Third party	400,000	Within 1 year	Materials not yet received
Company 5	Third party	380,365	Within 1 year	Materials not yet received
		2,147,763		

As at 31 December 2012, the five largest advances to suppliers were as follows:

	Relationship with the Group	Amount	Ageing	Reason for outstanding advances
Company 1	Third party	477,550	Within 1 year	Materials not yet received
Company 2	Third party	413,300	Within 1 year	Materials not yet received
Company 3	Third party	412,644	Within 1 year	Materials not yet received
Company 4	Third party	226,544	Within 1 year	Materials not yet received
Company 5	Third party	226,297	Within 1 year	Materials not yet received
		1,756,335		

As at 30 June 2013, there were no advances to suppliers paid to shareholders that held 5% or more of the Company's voting rights (31 December 2012: nil).

Further details of advances to suppliers to other related parties are stated in Note VI.6.

6. Other receivables

An ageing analysis of other receivables is as follows:

	30 June 2013 (Unaudited)	31 December 2012
Within 1 year	35,039,485	29,765,471
1 to 2 years	2,043,622	860,963
2 to 3 years	441,980	244,881
Over 3 years	433,077	420,842
	37,958,164	31,292,157
Less: provision for bad debts	(321,608)	(324,100)
	37,636,556	30,968,057

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

Movements in the provision for bad debts are as follows:

	For the six months ended 30 June 2013 (Unaudited)	2012
Opening balance	324,100	306,393
Provision	4,366	61,121
Other additions (Note)	—	30,058
Reversal	(5,228)	(59,128)
Write-off	(1,630)	(14,344)
Closing balance	321,608	324,100

Note: Other additions during the year 2012 included the carrying amount of bad debt provisions made by Hangsheng before the acquisition of Hangsheng by CRCC Harbour & Channel Engineering Bureau Group Co., Ltd, a subsidiary of the Company.

Other receivables by category are presented as follows:

	30 June 2013 (unaudited)			
	Gross carrying amount Amount	Percentage %	Provision for bad debts Amount	Percentage %
Individually significant and subject to separate provision for bad debts	19,212,415	50.61	(168,629)	0.88
Subject to provision by group				
— Within 6 months	10,105,754	26.63	—	—
— 6 months to 1 year	31,734	0.08	(159)	0.50
— 1 to 2 years	53,305	0.14	(2,665)	5.00
— 2 to 3 years	28,673	0.08	(2,867)	10.00
— Over 3 years	54,038	0.14	(29,433)	54.47
Individually not significant but subject to separate provision for bad debts	8,472,245	22.32	(117,855)	1.39
	37,958,164	100.00	(321,608)	

	31 December 2012			
	Gross carrying amount Amount	Percentage %	Provision for bad debts Amount	Percentage %
Individually significant and subject to separate provision for bad debts	15,727,030	50.26	(168,866)	1.07
Subject to provision by group				
— Within 6 months	9,156,763	29.26	—	—
— 6 months to 1 year	60,234	0.19	(301)	0.50
— 1 to 2 years	91,086	0.29	(4,554)	5.00
— 2 to 3 years	48,643	0.16	(4,864)	10.00
— Over 3 years	78,748	0.25	(43,501)	55.24
Individually not significant but subject to separate provision for bad debts	6,129,653	19.59	(102,014)	1.66
	31,292,157	100.00	(324,100)	

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

As at 30 June 2013, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount (Unaudited)	Provision for bad debts (Unaudited)	Percentage of provision	Reason
Company 1	170,679	(168,000)	98.43	Debtor in financial difficulties
Company 2	26,599	(475)	1.79	Debtor in financial difficulties
Others	51,683	(154)		
	248,961	(168,629)		

As at 31 December 2012, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	170,679	(168,000)	98.43	Debtor in financial difficulties
Company 2	26,599	(475)	1.79	Debtor in financial difficulties
Others	43,396	(391)		
	240,674	(168,866)		

As at 30 June 2013, other receivables that were individually not significant for which provision for bad debts was recognized separately were as follows:

Other receivables	Gross carrying amount (Unaudited)	Provision for bad debts (Unaudited)	Percentage of provision	Reason
Company 1	8,298	(8,298)	100.00	Debtor in financial difficulties
Company 2	6,693	(6,693)	100.00	Debtor in financial difficulties
Company 3	5,000	(5,000)	100.00	Debtor in financial difficulties
Company 4	5,000	(5,000)	100.00	Debtor in financial difficulties
Company 5	4,030	(4,030)	100.00	Debtor in financial difficulties
Others	212,117	(88,834)		
	241,138	(117,855)		

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

As at 31 December 2012, other receivables that were individually not significant for which provision for bad debts was recognized separately were as follows:

Other receivables	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	8,298	(8,298)	100.00	Debtor in financial difficulties
Company 2	6,693	(6,693)	100.00	Debtor in financial difficulties
Company 3	5,000	(5,000)	100.00	Debtor in financial difficulties
Company 4	5,000	(5,000)	100.00	Debtor in financial difficulties
Company 5	4,030	(4,030)	100.00	Debtor in financial difficulties
Others	147,756	(72,993)		Debtor in financial difficulties
	176,777	(102,014)		

As at 30 June 2013 and 31 December 2012, there was no significant reversal of impairment for other receivables or significant cash settlement for impaired receivables.

As at 30 June 2013, there was no significant other receivable written off (31 December 2012: nil).

As at 30 June 2013, the amount of other receivables neither past due nor impaired was RMB37,302,994,000 (31 December 2012: RMB30,595,995,000).

As at 30 June 2013, the five largest other receivables were as follows:

	Relationship with the Group	Amount (Unaudited)	Ageing	Percentage of total other receivables
Company 1	Third party	1,000,000	Within 1 year	2.63
Company 2	Third party	1,000,000	Within 1 year	2.63
Company 3	Third party	596,000	Within 1 year	1.57
Company 4	Third party	500,000	Within 1 year	1.32
Company 5	Third party	350,888	Within 1 year	0.92
		3,446,888		9.07

As at 31 December 2012, the five largest other receivables were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total other receivables
Company 1	Third party	1,283,000	Within 1 year	4.10
Company 2	Third party	329,206	Within 1 year	1.05
Company 3	Third party	307,108	Within 1 year	0.98
Company 4	Third party	300,000	Within 1 year	0.96
Company 5	Third party	292,380	Within 1 year	0.93
		2,511,694		8.02

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

As at 30 June 2013, there were no other receivables due from shareholders that held 5% or more of the Company's voting rights (31 December 2012: Nil).

As at 30 June 2013, other receivables due from related parties were as follows:

	Relationship with the Group	Amount (Unaudited)	Percentage of total other receivables
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	6,158	0.02
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	1,833	—
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	939	—
Groupement CITIC-CRCC Joint Venture	Joint venture	230	—
		9,160	0.02

As at 31 December 2012, other receivables from related parties were as follows:

	Relationship with the Group	Amount	Percentage of total other receivables
Nanchang Xinlong Real Estate Co., Ltd.	Associate	26,599	0.09
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	6,139	0.02
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	1,828	0.01
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	939	—
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate	917	—
		36,422	0.12

7. Inventories

	30 June 2013 (Unaudited)		
	Gross carrying amount	Provision	Carrying amount
Raw materials	22,309,204	(4,163)	22,305,041
Work in progress	1,059,400	—	1,059,400
Finished goods	7,510,608	(13,897)	7,496,711
Turnover materials	6,250,121	—	6,250,121
Properties under development (1)	54,221,092	—	54,221,092
Completed properties held for sale (2)	6,501,569	(69,368)	6,432,201
Gross amount due from contract customers (3)	90,386,790	(202,432)	90,184,358
	188,238,784	(289,860)	187,948,924

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories (continued)

	31 December 2012		
	Gross carrying amount	Provision	Carrying amount
Raw materials	20,823,925	(4,163)	20,819,762
Work in progress	973,169	—	973,169
Finished goods	5,359,484	(4,747)	5,354,737
Turnover materials	6,039,001	—	6,039,001
Properties under development (1)	42,846,910	—	42,846,910
Completed properties held for sale (2)	8,817,250	(69,368)	8,747,882
Gross amount due from contract customers (3)	86,776,357	(220,878)	86,555,479
	171,636,096	(299,156)	171,336,940

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

	For the six months ended 30 June 2013				
	Opening balance	Provision (Unaudited)	Reversal (Unaudited)	Write-off (Unaudited)	Closing balance (Unaudited)
Raw materials	4,163	—	—	—	4,163
Finished goods	4,747	10,301	(181)	(970)	13,897
Completed properties held for sale	69,368	—	—	—	69,368
Provision for foreseeable contract losses	220,878	21,780	(13,931)	(26,295)	202,432
	299,156	32,081	(14,112)	(27,265)	289,860

	2012					
	Opening balance	Provision	Other additions (Note)	Reversal	Write-off	Closing balance
Raw materials	3,049	—	1,114	—	—	4,163
Finished goods	215	5,877	—	(1,345)	—	4,747
Completed properties held for sale	39,387	29,981	—	—	—	69,368
Provision for foreseeable contract losses	141,017	161,593	—	(18,421)	(63,311)	220,878
	183,668	197,451	1,114	(19,766)	(63,311)	299,156

Note: Other additions during the year 2012 included the carrying amount of inventory provisions made by Hangsheng before the acquisition of Hangsheng by CRCC Harbour & Channel Engineering Bureau Group Co., Ltd., a subsidiary of the Company.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories (continued)

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

Project name	Construction commencement date	Estimated completion date	Estimated investment amount	As at 30 June 2013 (Unaudited)	As at 31 December 2012
Changsha Shanyu City Project	June 2004	December 2015	3,000,000	678,960	1,739,486
Tongjing International City Project	May 2005	December 2013	980,000	705,941	663,011
CRCC Jing Nan Yipin Project	May 2007	October 2013	2,033,470	802,366	713,212
Guiyang CRCC International City Project	September 2007	December 2018	8,104,880	2,960,043	2,651,178
CRCC Lingxiu City Project	May 2008	December 2017	3,164,310	871,563	762,379
Hefei CRCC International City Project	August 2008	December 2015	7,400,000	1,702,695	1,549,079
Changsha CRCC International City Project	June 2009	November 2015	2,000,000	484,148	374,597
Beijing CRCC International City Project	July 2009	December 2015	6,802,520	1,780,949	1,498,399
Wuhan 1818 Center Project	November 2009	December 2014	1,600,000	664,466	546,339
Tiantian Garden IV Project	December 2009	August 2013	422,703	407,325	340,335
CRCC Wutong Garden Project	December 2009	August 2014	1,729,548	550,356	494,478
CRCC Haixi Project	August 2010	December 2013	700,000	500,122	451,000
Hangzhou CRCC International City Project	March 2011	June 2016	5,190,030	3,771,287	3,522,135
Tianjin CRCC International City Project	March 2011	April 2018	9,734,970	5,217,192	5,014,447
Zhuzhou Lotuspond Star City Flat Project	April 2011	March 2015	1,440,000	486,939	435,528
Gaoxin District Land of Chengdu Project	May 2011	December 2017	4,017,170	2,038,831	1,683,979
Guiyang Lancaoba Project	June 2011	December 2017	11,614,040	579,970	326,639
CRCC Liwan International City Project	June 2011	May 2014	2,815,380	2,058,961	1,925,978
Fangshan Shengshui Jiaming Project	June 2011	August 2015	2,500,000	1,790,975	1,673,865
Xi'an CRCC International City Project	August 2011	May 2018	9,773,964	2,847,065	2,640,639
Jinan CRCC International City Project	August 2011	December 2014	2,196,840	1,410,328	1,340,224
Beijing Shanyu City Project	September 2011	December 2014	3,609,140	1,060,205	1,391,346
Chaohu BinHu Jingcheng Eastern District Relocation Housing Project	November 2011	September 2013	566,389	538,354	448,036
Beijing Wutong Yuan Project	December 2011	August 2015	4,496,240	2,982,886	2,689,646
Harbin Pioneer Road Reconstruction and Development Project	April 2012	August 2013	860,000	622,080	441,306
Lanzhou Wutong Yuan Project	April 2012	March 2014	630,000	479,747	336,322
CRCC Wuhan Project	August 2012	May 2016	3,000,000	621,020	420,613
Changsha Meixi Lake Project	January 2013	December 2016	3,537,990	1,227,751	—
Shanghai Qingxiucheng 2 Project	January 2013	April 2016	1,884,211	1,136,572	—
Shijingshan District Pingguoyuan Business Area Project	January 2013	December 2015	1,560,000	553,196	—
Changyang International Garden Project	March 2013	April 2015	1,681,901	945,068	823,215
Shanghai Qingxiucheng 1 Project	June 2013	October 2015	1,769,235	1,034,400	—
CRCC Hangzhou Qingxiucheng Project	September 2013	June 2015	5,190,030	860,982	—
Hangzhou International Garden Project	September 2013	March 2015	843,270	481,987	—
Others				9,366,362	5,949,499
				54,221,092	42,846,910

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories (continued)

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

As at 30 June 2013, the aggregate carrying amount of borrowing costs capitalized in properties under development was RMB1,780,268,000 (31 December 2012: RMB1,239,884,000). Borrowing costs capitalized during the six months period ended 30 June 2013 amounted to RMB540,466,000 (for the period ended 30 June 2012: RMB475,746,000). The capitalization rates of borrowing costs ranged from 6.25% to 9.64% during the year (for the period ended 30 June 2012: 5.59% to 7.22%).

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

Project name	Completion date	For the six months ended 30 June 2013 (unaudited)			Closing balance
		Opening balance	Additions	Deductions	
Yingtai Garden I Project	November 2006	7,841	—	—	7,841
Jiaonan Linrui Business Square Project	December 2008	36,293	—	(1,956)	34,337
Xuzhou Rencai Jianyuan Project	November 2011	205,996	—	(40,577)	165,419
C-park Flat Project	December 2009	24,282	—	(801)	23,481
Changsha Shanyu City Project	December 2012	361,987	—	(79,656)	282,331
CRCC International Garden I Project	October 2012	357,097	4,917	(78,248)	283,766
Hefei CRCC International City Xuyuan Project	December 2012	757,581	53	(115,195)	642,439
Fangshan Guangyang Garden Project	March 2011	46,913	12,559	(39,104)	20,368
CRCC Fengling Shanyu City I and III Projects	November 2012	445,225	—	(106,902)	338,323
Chengdu Longquanyi Project	December 2012	1,139,885	35,847	(267,140)	908,592
CRCC Chengdu International City II Project	December 2012	904,778	23,236	(294,622)	633,392
Beijing CRCC International City Project	April 2012	733,277	14,579	(159,015)	588,841
CRCC Qingxiu City Project	September 2012	303,714	1,091	(152,757)	152,048
CRCC Jingnan Yipin Project	June 2012	100,560	—	(23,800)	76,760
CRCC Guiyang International City Project	December 2012	957,152	33,001	(404,855)	585,298
Jingjiang Yayuan II Project	December 2011	31,237	—	(2,546)	28,691
Changsha CRCC International City Project	May 2012	145,092	9,378	(60,147)	94,323
Anzhitinglan (East)	March 2012	15,978	—	(5,084)	10,894
Beijing Shanyu City Project	December 2012	469,188	438,269	(364,968)	542,489
Tongjing International City Project	December 2012	176,936	100,990	(102,448)	175,478
CRCC Bei Cheng Hua Fu Project	December 2012	968,839	51,425	(323,377)	696,887
River Palace Project	December 2012	172,476	—	(163,795)	8,681
Others		454,923	288,884	(542,917)	200,890
		8,817,250	1,014,229	(3,329,910)	6,501,569

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories (continued)

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

Project names	Completion date	Opening balance	2012		Closing balance
			Addition	Deduction	
Yingtai Garden I Project	November 2006	7,841	—	—	7,841
Jiaonan Linrui Business Square Project	December 2008	43,234	—	(6,941)	36,293
Xuzhou Rencai Jianyuan Project	November 2011	496,193	—	(290,197)	205,996
C-park Flat Project	December 2009	25,740	—	(1,458)	24,282
Changsha Shanyu City Project	December 2012	74,450	517,366	(229,829)	361,987
CRCC International Garden I Project	October 2012	133,942	553,387	(330,232)	357,097
Hefei CRCC International City Xuyuan Project	December 2012	871,347	729,041	(842,807)	757,581
Fangshan Guangyang Garden Project	March 2011	131,745	27,870	(112,702)	46,913
CRCC Fengling Shanyu City I and III Projects	November 2012	394,852	665,554	(615,181)	445,225
Chengdu Longquanyi Project	December 2012	168,487	1,598,993	(627,595)	1,139,885
CRCC Chengdu International City II Project	December 2012	—	1,310,316	(405,538)	904,778
Beijing CRCC International City Project	April 2012	1,013	2,367,603	(1,635,339)	733,277
CRCC Qingxiu City Project	September 2012	976,128	1,600,270	(2,272,684)	303,714
CRCC Jingnan Yipin Project	June 2012	61,841	436,733	(398,014)	100,560
CRCC Guiyang International City Project	December 2012	64,658	1,266,427	(373,933)	957,152
Jingjiang Yayuan II Project	December 2011	58,018	—	(26,781)	31,237
Changsha CRCC International City Project	May 2012	17,198	1,375,690	(1,247,796)	145,092
Anzhitinglan (East)	March 2012	—	94,317	(78,339)	15,978
Beijing Shanyu City Project	December 2012	—	469,188	—	469,188
Tongjing International City Project	December 2012	—	410,629	(233,693)	176,936
CRCC Bei Cheng Hua Fu Project	December 2012	—	1,278,961	(310,122)	968,839
River Palace Project	December 2012	12,650	750,015	(590,189)	172,476
Chongqing Cha Yuan New Zone Tongjing International City Q Group Project	December 2012	—	369,767	(227,945)	141,822
Others		166,112	3,387,789	(3,240,800)	313,101
		3,705,449	19,209,916	(14,098,115)	8,817,250

Inventories with title restriction are stated in Note V.18.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories (continued)

(3) Construction contracts

	30 June 2013 (Unaudited)	31 December 2012
Contract costs incurred to date	2,015,214,908	1,864,354,579
Recognized profits less recognized losses	145,519,701	135,014,789
Less: progress billings	(2,080,936,109)	(1,926,475,303)
	79,798,500	72,894,065

At end of the period/year:

	30 June 2013 (Unaudited)	31 December 2012
Gross amount due from contract customers	90,184,358	86,555,479
Gross amount due to contract customers (Note V.23)	(10,385,858)	(13,661,414)
	79,798,500	72,894,065

Included in the aforesaid balance of the gross amount due from customers for contract work was an amount due from a shareholder that held 5% or more of the Company's voting rights as follows:

	30 June 2013 (Unaudited)		31 December 2012	
	Gross carrying amount	Provision	Gross carrying amount	Provision
CRCCG	37,726	—	31,579	—

Note: Further details of the gross amount due from contract customers due from related parties are stated in Note VI.6.

8. Available-for-sale financial assets

	30 June 2013 (Unaudited)	31 December 2012
Available-for-sale equity instruments	223,666	264,970

No provision for impairment of available-for-sale financial assets has been made or reversed during the six months ended 30 June 2013 and the year of 2012.

The Group's available-for-sale financial assets are investment to companies that are listed outside Hong Kong.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Long-term receivables

	30 June 2013 (Unaudited)		
	Gross carrying amount	Provision for bad debt	Carrying amount
Retention money receivables	7,832,097	(75,713)	7,756,384
"Build-Transfer" project receivables	23,075,448	(150,891)	22,924,557
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
Others	392,632	—	392,632
	31,800,177	(226,604)	31,573,573
Less: Current portion of non-current assets:			
Retention money receivables	6,785,987	(45,931)	6,740,056
"Build-Transfer" project receivables	5,925,654	—	5,925,654
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
Others	—	—	—
	13,211,641	(45,931)	13,165,710
Long-term receivables	18,588,536	(180,673)	18,407,863

	31 December 2012		
	Gross carrying amount	Provision for bad debt	Carrying amount
Retention money receivables	7,790,086	(91,886)	7,698,200
"Build-Transfer" project receivables	12,349,955	(150,891)	12,199,064
Consideration for the Saudi Arabia Mecca Light Rail Project	1,000,000	—	1,000,000
Others	224,529	—	224,529
	21,364,570	(242,777)	21,121,793
Less: Current portion of non-current assets:			
Retention money receivables	6,812,040	(42,514)	6,769,526
"Build-Transfer" project receivables	6,158,366	—	6,158,366
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
Others	—	—	—
	13,470,406	(42,514)	13,427,892
Long-term receivables (non-current portion)	7,894,164	(200,263)	7,693,901

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Long-term receivables (continued)

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

	30 June 2013 (Unaudited)	31 December 2012
Within 1 year	24,953,640	15,491,008
1 to 2 years	6,081,298	3,117,648
2 to 3 years	589,992	2,503,838
Over 3 years	175,247	252,076
	31,800,177	21,364,570
Less: provision for bad debts	(226,604)	(242,777)
	31,573,573	21,121,793
Less: Current portion of non-current assets	(13,165,710)	(13,427,892)
	18,407,863	7,693,901

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

	For the six months ended 30 June 2013 (Unaudited)	For the year ended 31 December 2012
Opening balance	242,777	67,247
Provision for bad debts	788	175,530
Reversal	(16,961)	—
Closing balance	226,604	242,777

The Group tests impairment for long-term receivables that are individually significant and individually not significant separately. When there is objective evidence (such as the debtor being in serious financial difficulties, entering bankruptcy, breach of contract or default or there being no payment or no transactions for a long time) that an impairment loss has been incurred, and the amount will be partially recovered, impairment losses will be recognized through profit or loss. As at 30 June 2013, the above provision is made for individually tested impaired long-term receivables of RMB824,854,000 (31 December 2012: RMB1,086,228,000) with a carrying amount before provision for impairment of RMB226,604,000 (31 December 2012: RMB242,777,000).

As at 30 June 2013, included in the aforesaid balance of long-term receivables was an amount due from shareholders that held 5% or more of the Company's voting rights of RMB500,000,000 (31 December 2012: RMB1,000,000,000), including a current portion of RMB500,000,000 (31 December 2012: RMB500,000,000).

Further details of long-term receivables due from other related parties are stated in Note VI.6.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Long-term receivables (continued)

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

	30 June 2013 (Unaudited)	31 December 2012
Neither past due nor impaired	30,852,224	20,165,353
Past due but not impaired		
— Within 3 months	24,669	38,798
— 3 to 6 months	9,255	2,508
— More than 6 months	89,175	71,683
	30,975,323	20,278,342

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

10. Investments in jointly-controlled entities and associates

Jointly-controlled entities	For the six months ended 30 June 2013 (Unaudited)										
	Type	Place of registration	Legal representative	Business scope	Registered capital	Organization code	Total assets at period	Total liabilities at period	Total net assets at period	Operating revenue in current period	Net profit/(loss) in current period
Chun Wo-Henryway-CRCC-Queensland Rail Joint Venture	Partnership business	Hong Kong	N/A	Construction	N/A	N/A	173	22	151	—	—
Chun Wo-Henryway-CRCC Joint Venture	Partnership business	Hong Kong	N/A	Construction	N/A	N/A	144	12	132	—	—
CRCC-Tongguan Investment Co., Ltd.	Limited company	Tongling, Anhui	Zheng Qundi	Mining	2,000,000	69896533-X	6,201,217	3,731,675	2,469,543	—	—
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Limited company	Beijing	Zhang Changgen	Petroleum marketing	100,000	697727508	139,468	28,088	111,380	392,994	2,615
China-Africa Lekkil Investment Co., Ltd.	Limited company	Beijing	Chen Xiaoxing	Investment holding	200,000	78550080-5	1,124,772	789	1,123,983	740	3,914
China Railway Communications International Engineering and Technology Co., Ltd.	Limited company	Xi'an, Shaanxi	Yu Wenzhong	Construction and design	150,000	79748689-5	133,125	511	132,614	—	—
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Limited company	Beijing	Zhu Zhensheng	Technology consultancy	5,000	726340821	9,245	3,810	5,435	9,097	19
Shekou Xinghua Enterprise Co., Ltd.	Joint stock company	Shekou, Guangdong	Li Zhuozhi	Real estate development	48,377	618809020	137,016	10,594	126,422	6,246	2,174
Chongqing Yurong Highway Co., Ltd.	Limited company	Chongqing	Du Guoping	Construction	979,750	55675000-X	6,839,036	4,789,536	1,959,500	—	—
Hubei Jiaotou Ziyun Railway Co., Ltd.	Limited company	Zhejiang, Hubei	Yang Zhibo	Construction	500,000	58246491-2	1,002,009	502,009	500,000	—	—
Nanchang Xinlong Property Management Co., Ltd.	Limited company	Nanchang Jiangxi	Huang Shaoxiang	Property management, renting and real estate development	218,350	78145661-6	314,459	35,397	279,062	3,899	(220)
Chongqing monorail Transit Engineering Co., Ltd.	Limited company	Chongqing	Shi Shurong	Construction	100,000	778469395	1,619,500	1,475,924	143,576	371,908	334

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

2012											
Jointly-controlled entities	Type	Place of registration	Legal representative	Business scope	Registered capital	Organization code	Total assets at year end	Total liabilities at year end	Total net assets at year end	Operating revenue in current year	Net profit/(loss) in current year
Chun Wo-Henryvicy-CRCC-Queensland Rail Joint Venture	Partnership business	Hong Kong	N/A	Construction	N/A	N/A	173	22	151	—	—
Chun Wo-Henryvicy-CRCC Joint Venture	Partnership business	Hong Kong	N/A	Construction	N/A	N/A	144	12	132	—	—
CRCC-Tongguan Investment Co., Ltd.	Limited company	Tongling, Anhui	Zheng Qundi	Mining	2,000,000	69896533-X	5,900,130	3,572,402	2,327,728	—	—
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Limited company	Beijing	Zhang Changgen	Petroleum marketing	100,000	697727508	172,371	48,455	123,916	1,171,448	16,881
China-Africa Lekkil Investment Co., Ltd.	Limited company	Beijing	Chen Xiaoxing	Investment holding	200,000	78550080-5	1,133,818	13,739	1,120,079	181	(8,142)
China Railway Communications International Engineering and Technology Co., Ltd.	Limited company	Xi'an, Shaanxi	Yu Wenzhong	Construction and design	150,000	79748689-5	133,125	511	132,614	—	(642)
Beijing China Railway Jianxue Engineering and Technology Consultation Co., Ltd.	Limited company	Beijing	Zhu Zhenheng	Technology consultancy	5,000	726340821	11,362	6,000	5,362	14,676	480
Shekou Xinghua Enterprise Co., Ltd.	Joint stock company	Shekou, Guangdong	Li Zhuozhi	Real estate development	46,377	618809020	135,883	11,634	124,249	13,928	6,680
Chongqing Yurong Highway Co., Ltd.	Limited company	Chongqing	Du Guoping	Construction	979,750	55675000-X	5,623,727	4,643,977	979,750	—	—
Hubei Jiactou Ziyun Railway Co., Ltd.	Limited company	Zhijiang, Hubei	Yang Zhibo	Construction	500,000	58246491-2	1,001,940	502,049	499,891	—	(55)
Nanchang Xinlong Property management Co., Ltd.	Limited company	Nanchang, Jiangxi	Huang Shaoxiong	Property management, renting and real estate development	218,350	78145661-6	285,405	6,125	279,280	7,954	9
Chongqing monorail transit engineering Co., Ltd.	Limited company	Chongqing	Shi Shurong	Construction	100,000	778469395	1,232,203	1,096,332	135,871	675,251	30,060

11. Long-term equity investments

		30 June 2013 (Unaudited)	31 December 2012
Equity method			
Jointly-controlled entities:			
Unlisted	(1)	2,185,910	2,190,019
Associates:			
Unlisted	(2)	1,124,360	915,858
Cost method			
Unlisted	(3)	2,548,066	2,541,802
		5,858,336	5,647,679
Less: provision for impairment	(4)	(23,034)	(23,118)
		5,835,302	5,624,561

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term equity investments (continued)

(1) Investments in jointly-controlled entities

Company name	For the six months ended 30 June 2013 (Unaudited)						
	Movements					Percentage of ownership in equity	Percentage of voting rights
	Investment cost	Opening balance	Share of profits	Distribution of dividends	Closing balance		
Chun Wo-Henryvicy-CRCC-Queensland Rail Joint Venture	—	31	—	(10)	21	20	20
Chun Wo-Henryvicy-CRCC Joint Venture	—	32	—	(28)	4	25	25
CRCC-Tongguan Investment Co., Ltd.	1,200,000	1,200,000	—	—	1,200,000	50	50
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	61,980	1,308	(7,576)	55,712	50	50
China-Africa Lekkil Investment Co., Ltd.	851,410	841,053	1,370	—	842,423	74.47	74.47
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	67,176	—	—	67,176	51.33	51.33
Others		19,747	957	(130)	20,574		
		2,190,019	3,635	(7,744)	2,185,910		

Company name	2012								
	Investment cost	Opening balance	Movements				Closing balance	Percentage of ownership in equity	Percentage of voting rights
			Additional investment	Share of profits/(losses)	Distribution of dividends	Disposal			
Hubei Wanjia Real Estate Development Limited	—	9,663	—	—	—	(9,663)	—	—	—
Chun Wo-Henryvicy-CRCC-Queensland Rail Joint Venture	—	31	—	—	—	—	31	20	20
Chun Wo-Henryvicy-CRCC Joint Venture	—	32	—	—	—	—	32	25	25
CRCC-Tongguan Investment Co., Ltd.	1,200,000	1,200,000	—	—	—	—	1,200,000	50	50
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	51,502	—	33,749	(23,271)	—	61,980	50	50
China-Africa Lekkil Investment Co., Ltd.	851,410	124,936	721,410	(5,293)	—	—	841,053	74.47	74.47
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	67,505	—	(329)	—	—	67,176	51.33	51.33
Others		21,919	1,957	(3,967)	(162)	—	19,747		
		1,475,588	723,367	24,160	(23,433)	(9,663)	2,190,019		

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term equity investments (continued)

(2) Investments in associates

Company name	For the six months ended 30 June 2013 (unaudited)							
	Movements							Percentage of voting rights
	Investment cost	Opening balance	Additional investment	Share of profits	Distribution of dividends	Closing balance	Percentage of ownership in equity	
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,534	—	—	(241)	2,293	49	49
Shekou Xinghua Enterprise Co., Ltd.	16,693	40,878	—	—	—	40,878	32.90	32.90
Chongqing Yurong Highway Co., Ltd.	783,800	587,850	195,950	—	—	783,800	40	40
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	—	—	—	100,000	20	20
Nanchang Xinlong Property Management Co., Ltd.	90,000	89,475	—	—	—	89,475	37.54	37.54
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	55,381	—	1,855	—	57,236	37.50	37.50
Others		39,740	10,977	155	(194)	50,678		
		915,858	206,927	2,010	(435)	1,124,360		

Company name	2012							
	Movements							Percentage of voting rights
	Investment cost	Opening balance	Additional investment	Share of profits/ (losses)	Distribution of dividends	Disposal	Closing balance	Percentage of ownership in equity
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,511	—	235	(212)	—	2,534	49
Shekou Xinghua Enterprise Co., Ltd.	16,693	38,680	—	2,198	—	—	40,878	32.90
Chongqing Yurong Highway Co., Ltd.	587,850	391,900	195,950	—	—	—	587,850	40
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	40,000	60,000	—	—	—	100,000	20
Nanchang Xinlong Property Management Co., Ltd.	90,000	90,015	—	(540)	—	—	89,475	37.54
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	57,440	—	10,095	(12,154)	—	55,381	37.50
Others		42,691	(55)	(3,301)	—	405	39,740	
		663,237	255,895	8,687	(12,366)	405	915,858	

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term equity investments (continued)

(3) Equity investments under the cost method

Company name	For the six months ended 30 June 2013 (unaudited)					
	Investment cost	Opening balance	Movements during the period	Closing balance	Percentage of ownership in equity	Percentage of voting rights
Jilin Dong'ao Engineering Co., Ltd.	—	10,000	(10,000)	—	—	—
Vossloh Fastening Systems (China) Co., Ltd.	56,969	56,969	—	56,969	16.20	16.20
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	10,000	—	10,000	16.00	16.00
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	3,085	—	3,085	15.00	15.00
Wuhan Johnson Pearl Plaza Head Falcon Electric Appliance Co., Ltd.	1,600	1,600	—	1,600	10.00	10.00
Beijing Railway Hotel Company Limited	15,000	15,000	—	15,000	8.10	8.10
Shanghai Zhouji Development Co., Ltd.	3,123	3,123	—	3,123	7.00	7.00
Beijing-Guangzhou Passenger Railway Henan Company Limited Shijiazhuang-Taiyuan	1,700,000	1,700,000	—	1,700,000	5.00	5.00
Passenger Railway Co., Ltd.	200,000	200,000	—	200,000	3.65	3.65
Essence Securities Co., Ltd.	268,452	268,452	—	268,452	2.09	2.09
Inner Mongolia Jitong Railway Co., Ltd.	13,082	13,082	—	13,082	0.43	0.43
China Resources Land (Beijing) Co., Ltd.	5,485	5,485	—	5,485	0.24	0.24
Guotai Jun'an Securities Corporation Limited	7,660	7,660	—	7,660	0.16	0.16
Others		187,346	16,264	203,610		
		2,541,802	6,264	2,548,066		

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term equity investments (continued)

(3) Equity investments under the cost method (continued)

Company name	2012					
	Investment cost	Opening balance	Movements during the year	Closing balance	Percentage of ownership in equity	Percentage of voting rights
Jilin Dong'ao Engineering Co., Ltd.	10,000	10,000	—	10,000	16.67	16.67
Vossloh Fastening Systems (China) Co., Ltd.	56,969	56,969	—	56,969	16.20	16.20
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	10,000	—	10,000	16.00	16.00
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	3,085	—	3,085	15.00	15.00
Wuhan Johnson Pearl Plaza Head Falcon Electric Appliance Co., Ltd.	1,600	1,600	—	1,600	10.00	10.00
Beijing Railway Hotel Company Limited	15,000	15,000	—	15,000	8.10	8.10
Shanghai Zhouji Development Co., Ltd.	3,123	3,123	—	3,123	7.00	7.00
Beijing-Guangzhou Passenger Railway Henan Company Limited	1,700,000	1,500,000	200,000	1,700,000	5.00	5.00
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	200,000	200,000	—	200,000	3.65	3.65
Essence Securities Co., Ltd.	268,452	260,615	7,837	268,452	2.09	2.09
Inner Mongolia Jitong Railway Co., Ltd.	13,802	12,145	937	13,082	0.43	0.43
China Resources Land (Beijing) Co., Ltd.	5,485	5,485	—	5,485	0.24	0.24
Guotai Jun'an Securities Corporation Limited	7,660	7,660	—	7,660	0.16	0.16
Zhuzhou Bridge Engineering Group Co., Ltd.	—	592	(592)	—	—	—
Others	—	185,006	2,340	187,346	—	—
		2,331,280	210,522	2,541,802		

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term equity investments (continued)

(4) Provision for impairment

Company name	For the six months ended 30 June 2013		
	Opening balance	Write-off (Unaudited)	Closing balance (Unaudited)
Associate: VIP Development Limited	1,478	(24)	1,454
Jointly-controlled entity: China Railway Communications International Engineering and Technology Co., Ltd.	10,578	—	10,578
Equity investments, at cost: Shanghai Zhouji Development Co., Ltd.	3,123	—	3,123
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	6,182	—	6,182
Others	1,757	(60)	1,697
	11,062	(60)	11,002
	23,118	(84)	23,034

Company name	2012			
	Opening balance	Provision	Write-off	Closing balance
Associate: VIP Development Limited	1,500	—	(22)	1,478
Jointly-controlled entity: China Railway Communications International Engineering and Technology Co., Ltd.	10,578	—	—	10,578
Equity investments, at cost: Shiyan Rongzhou Vehicle Interior Decoration Co., Ltd.	4,000	—	(4,000)	—
Shanghai Zhouji Development Co., Ltd.	3,123	—	—	3,123
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	4,928	1,254	—	6,182
Others	1,757	—	—	1,757
	13,808	1,254	(4,000)	11,062
	25,886	1,254	(4,022)	23,118

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Fixed assets

	For the six months ended 30 June 2013				
	Opening balance	Additions	Transferred from construction in progress (Note V.13)	Disposals	Closing balance
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross carrying amount:					
Buildings	10,595,235	384,758	187,325	(137,696)	11,029,622
Machinery	33,407,455	1,281,711	525,702	(492,557)	34,722,311
Vehicles	11,927,460	664,459	125,884	(271,765)	12,446,038
Production equipment	6,222,004	301,960	46,391	(88,263)	6,482,092
Measuring and testing equipment	2,477,294	111,194	2,656	(36,044)	2,555,100
Other equipment	13,457,289	1,559,690	11,702	(540,606)	14,488,075
	78,086,737	4,303,772	899,660	(1,566,931)	81,723,238
Accumulated depreciation:					
Buildings	(2,621,382)	(196,429)	—	40,573	(2,777,238)
Machinery	(15,129,981)	(1,675,146)	—	360,114	(16,445,013)
Vehicles	(8,033,661)	(879,178)	—	244,938	(8,667,901)
Production equipment	(2,643,253)	(314,355)	—	79,490	(2,878,118)
Measuring and testing equipment	(1,596,536)	(190,672)	—	35,777	(1,751,431)
Other equipment	(9,537,984)	(1,506,452)	—	509,544	(10,534,892)
	(39,562,797)	(4,762,232)	—	1,270,436	(43,054,593)
Net carrying amount:					
Buildings	7,973,853	188,329	187,325	(97,123)	8,252,384
Machinery	18,277,474	(393,435)	525,702	(132,443)	18,277,298
Vehicles	3,893,799	(214,719)	125,884	(26,827)	3,778,137
Production equipment	3,578,751	(12,395)	46,391	(8,773)	3,603,974
Measuring and testing equipment	880,758	(79,478)	2,656	(267)	803,669
Other equipment	3,919,305	53,238	11,702	(31,062)	3,953,183
	38,523,940	(458,460)	899,660	(296,495)	38,668,645
Provision for impairment:					
Buildings	(82,297)	—	—	1,933	(80,364)
Machinery	(354,408)	—	—	8,720	(345,688)
Vehicles	(90,392)	—	—	1,759	(88,633)
Production equipment	(22,100)	—	—	99	(22,001)
Measuring and testing equipment	(5,990)	—	—	24	(5,966)
Other equipment	(32,810)	—	—	32	(32,778)
	(587,997)	—	—	12,567	(575,430)
Carrying amount:					
Buildings	7,891,556	188,329	187,325	(95,190)	8,172,020
Machinery	17,923,066	(393,435)	525,702	(123,723)	17,931,610
Vehicles	3,803,407	(214,719)	125,884	(25,068)	3,689,504
Production equipment	3,556,651	(12,395)	46,391	(8,674)	3,581,973
Measuring and testing equipment	874,768	(79,478)	2,656	(243)	797,703
Other equipment	3,886,495	53,238	11,702	(31,030)	3,920,405
	37,935,943	(458,460)	899,660	(283,928)	38,093,215

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Fixed assets (continued)

	2012					
	Opening balance	Additions	Acquisition of subsidiary	Transferred from construction in progress (Note V.13)	Disposals	Closing balance
Gross carrying amount:						
Buildings	9,567,492	619,791	41,920	756,876	(390,844)	10,595,235
Machinery	30,317,123	2,811,762	57,359	1,373,116	(1,151,905)	33,407,455
Vehicles	10,864,979	1,346,581	31,586	107,077	(422,763)	11,927,460
Production equipment	5,871,853	709,098	18,287	45,785	(423,019)	6,222,004
Measuring and testing equipment	2,421,441	181,317	—	9,349	(134,813)	2,477,294
Other equipment	11,954,134	2,278,737	29,736	57,894	(863,212)	13,457,289
	70,997,022	7,947,286	178,888	2,350,097	(3,386,556)	78,086,737
Accumulated depreciation:						
Buildings	(2,304,743)	(382,759)	(15,792)	—	81,912	(2,621,382)
Machinery	(12,450,208)	(3,397,666)	(30,700)	—	748,593	(15,129,981)
Vehicles	(6,551,255)	(1,798,058)	(18,043)	—	333,695	(8,033,661)
Production equipment	(2,177,782)	(636,459)	(15,903)	—	186,891	(2,643,253)
Measuring and testing equipment	(1,291,561)	(388,882)	—	—	83,907	(1,596,536)
Other equipment	(7,116,342)	(2,905,793)	(20,433)	—	504,584	(9,537,984)
	(31,891,891)	(9,509,617)	(100,871)	—	1,939,582	(39,562,797)
Net carrying amount:						
Buildings	7,262,749	237,032	26,128	756,876	(308,932)	7,973,853
Machinery	17,866,915	(585,904)	26,659	1,373,116	(403,312)	18,277,474
Vehicles	4,313,724	(451,477)	13,543	107,077	(89,068)	3,893,799
Production equipment	3,694,071	72,639	2,384	45,785	(236,128)	3,578,751
Measuring and testing equipment	1,129,880	(207,565)	—	9,349	(50,906)	880,758
Other equipment	4,837,792	(627,056)	9,303	57,894	(358,628)	3,919,305
	39,105,131	(1,562,331)	78,017	2,350,097	(1,446,974)	38,523,940
Provision for impairment:						
Buildings	(82,786)	—	—	—	489	(82,297)
Machinery	(359,688)	—	—	—	5,280	(354,408)
Vehicles	(92,124)	—	—	—	1,732	(90,392)
Production equipment	(22,231)	—	—	—	131	(22,100)
Measuring and testing equipment	(7,410)	—	—	—	1,420	(5,990)
Other equipment	(33,440)	—	—	—	630	(32,810)
	(597,679)	—	—	—	9,682	(587,997)
Carrying amount:						
Buildings	7,179,963	237,032	26,128	756,876	(308,443)	7,891,556
Machinery	17,507,227	(585,904)	26,659	1,373,116	(398,032)	17,923,066
Vehicles	4,221,600	(451,477)	13,543	107,077	(87,336)	3,803,407
Production equipment	3,671,840	72,639	2,384	45,785	(235,997)	3,556,651
Measuring and testing equipment	1,122,470	(207,565)	—	9,349	(49,486)	874,768
Other equipment	4,804,352	(627,056)	9,303	57,894	(357,998)	3,886,495
	38,507,452	(1,562,331)	78,017	2,350,097	(1,437,292)	37,935,943

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Fixed assets (continued)

Fixed assets with title restriction are stated in Note V.18.

Fixed assets that are temporarily idle are as follows:

	As at 30 June 2013 (unaudited)			
	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	4,196	(909)	—	3,287
Vehicles	113	(107)	—	6
Production equipment	26,215	(3,309)	—	22,906
Measuring and testing equipment	2	(2)	—	—
Other equipment	10,033	(8,714)	—	1,319
	40,559	(13,041)	—	27,518

	As at 31 December 2012			
	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	2,484	(243)	—	2,241
Vehicles	563	(188)	—	375
Production equipment	25,628	(3,308)	—	22,320
Measuring and testing equipment	60	(8)	—	52
Other equipment	3,422	(3,149)	—	273
	32,157	(6,896)	—	25,261

Fixed assets held under finance leases are as follows:

	30 June 2013 (Unaudited)	31 December 2012
Gross carrying amount	4,511,862	4,021,026
Accumulated depreciation	(1,088,763)	(713,807)
Carrying amount	3,423,099	3,307,219

As at 30 June 2013 and 31 December 2012, the Group's fixed assets held under finance leases were all construction machinery.

As at 30 June 2013, the Group was in the process of applying for the title certificates of certain buildings with an aggregate carrying amount of RMB19,451,000 (31 December 2012: RMB19,740,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Company's management is also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2013.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress

	30 June 2013 (Unaudited)			31 December 2012		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	127,540	—	127,540	212,684	—	212,684
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	106,654	—	106,654	86,233	—	86,233
Tianjin Office building of China Railway 13 th Bureau Group Co., Ltd.	228,623	—	228,623	143,509	—	143,509
TBM Changzhutan of China Railway 14 th Bureau Group Co., Ltd.	—	—	—	234,080	—	234,080
Hi-Tech and Originality Science Plaza of China Railway 17 th Bureau Group Co., Ltd.	91,109	—	91,109	76,404	—	76,404
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	93,268	—	93,268	68,770	—	68,770
Jianan Apartment of China Railway 18 th Bureau Group Co., Ltd.	52,139	—	52,139	34,140	—	34,140
Earth Pressure Balance-6410 of China Railway 19 th Bureau Group Co., Ltd.	8,835	—	8,835	96,750	—	96,750
Office Building of No.3 Engineering Co., Ltd. of China Railway 19 th Bureau Group Co., Ltd.	71,019	—	71,019	50,967	—	50,967
Office Building of No.6 Engineering Co., Ltd. of China Railway 19 th Bureau Group Co., Ltd.	47,436	—	47,436	—	—	—
Office Building of China Railway 20 th Bureau Group Co., Ltd.	49,844	—	49,844	43,775	—	43,775
Factory and Base of Yanliang No.1 new manufacturing plant of China Railway 20 th Bureau Group Co., Ltd.	61,671	—	61,671	—	—	—
WeiNan Office building of China Railway 20 th Bureau Group Co., Ltd.	36,814	—	36,814	18,954	—	18,954
Office Center of China Railway 21 st Bureau Group Co., Ltd.	—	—	—	50,537	—	50,537
XieXin Office building of China Railway 23 rd Bureau Group Co., Ltd.	42,736	—	42,736	—	—	—
Office Building of China Railway 25 th Bureau Group Co., Ltd.	79,929	—	79,929	79,329	—	79,329
Jingyan Hotel integrated service building project of China Railway Construction Electrification Bureau	82,097	—	82,097	9,639	—	9,639
Research Building in Kunming of China Railway 4 th Survey and Design Group Co., Ltd.	116,470	—	116,470	108,485	—	108,485
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	46,106	—	46,106	46,081	—	46,081
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	115,402	—	115,402	—	—	—
Tongji Yixian Building of China Railway Material Group Co., Ltd.	55,670	—	55,670	—	—	—
Equipment Installation Project of Equipment Branch of China Railway Construction Heavy Industry Co., Ltd.	13,388	—	13,388	51,064	—	51,064
Second-stage Housing Construction Project of Equipment Branch of China Railway Construction Heavy Industry Co., Ltd.	240,152	—	240,152	226,352	—	226,352
Plant of Lanzhou Tunnel Equipment Company of China Railway Construction Heavy Industry Co., Ltd.	335	—	335	152,201	—	152,201
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	117,032	—	117,032	3,830	—	3,830
Others	608,757	(9,563)	599,194	550,425	(9,563)	540,862
	2,493,026	(9,563)	2,483,463	2,344,209	(9,563)	2,334,646

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress (continued)

	For the six months ended 30 June 2013 (Unaudited)							Proportion of investment to budget %
	Budget	Opening balance	Additions	Transferred to fixed assets	Disposals	Closing balance	Source of funds	
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	369,680	212,684	135,243	(216,973)	(3,414)	127,540	Self-funding	94
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	300,000	86,233	20,421	—	—	106,654	Self-funding	36
Tianjin Office building of China Railway 13 th Bureau Group Co., Ltd.	260,000	143,509	85,114	—	—	228,623	Self-funding	88
TBM of Changzhutan of China Railway 14 th Bureau Group., Ltd.	234,909	234,080	829	(234,909)	—	—	Loan	100
Hi-Tech and Originality Science Plaza of China Railway 17 th Bureau Group Co., Ltd.	93,000	76,404	14,705	—	—	91,109	Self-funding	98
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	128,000	68,770	24,498	—	—	93,268	Self-funding	73
Jianan Apartment of China Railway 18 th Bureau Group Co., Ltd.	230,000	34,140	17,999	—	—	52,139	Self-funding	23
Earth Pressure Balance-6410 of China Railway 19 th Bureau Group Co., Ltd.	185,110	96,750	8,835	(96,750)	—	8,835	Loan	57
Office Building of No.3 Engineering Co., Ltd. of China Railway 19 th Bureau Group Co., Ltd.	77,000	50,967	20,052	—	—	71,019	Self-funding	92
Office Building of No.6 Engineering Co., Ltd. of China Railway 19 th Bureau Group Co., Ltd.	51,680	—	47,436	—	—	47,436	Self-funding	92
Office Building of China Railway 20 th Bureau Group Co., Ltd.	50,500	43,775	6,069	—	—	49,844	Self-funding	99
Factory and Base of Yanliang No.1 new manufacturing plant of China Railway 20 th Bureau Group Co., Ltd.	95,266	—	61,671	—	—	61,671	Self-funding	65
WeilNan Office building of China Railway 20 th Bureau Group Co., Ltd.	81,000	18,954	17,860	—	—	36,814	Self-funding	45
Office Center of China Railway 21 st Bureau Group Co., Ltd.	210,000	50,537	—	(50,537)	—	—	Self-funding	100
XieXin Office building of China Railway 23 rd Bureau Group Co., Ltd.	46,000	—	42,736	—	—	42,736	Self-funding	93
Office Building of China Railway 25 th Bureau Group Co., Ltd.	80,500	79,329	600	—	—	79,929	Self-funding	99
Jingyan Hotel integrated service building project of China Railway Construction Electrification Bureau	536,264	9,639	72,458	—	—	82,097	Self-funding	15

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress (continued)

	For the six months ended 30 June 2013 (Unaudited)							Proportion of investment to budget %
	Budget	Opening balance	Additions	Transferred to fixed assets	Disposals	Closing balance	Source of funds	
Research Building in Kunming of China Railway 4 th Survey and Design Group Co., Ltd.	135,000	108,485	7,985	—	—	116,470	Self-funding	86
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	194,529	46,081	25	—	—	46,106	Self-funding	24
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	—	115,402	—	—	115,402	Self-funding	48
Tongji Yixian Building of China Railway Material Group Co., Ltd.	75,000	—	55,670	—	—	55,670	Self-funding	74
Equipment Installation Project of Equipment Branch of China Railway Construction Heavy Industry Co., Ltd.	110,000	51,064	3,273	(40,949)	—	13,388	Self-funding	49
Second-stage Housing Construction Project of Equipment Branch of China Railway Construction Heavy Industry Co., Ltd.	250,000	226,352	13,800	—	—	240,152	Self-funding	96
Plant of Lanzhou Tunnel Equipment Company of China Railway Construction Heavy Industry Co., Ltd.	450,000	152,201	110,950	(262,816)	—	335	Self-funding	58
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	528,770	3,830	113,202	—	—	117,032	Self-funding	22
Others		550,425	195,698	(116,201)	(21,165)	608,757		
Total		2,344,209	1,192,531	(1,019,135)	(24,579)	2,493,026		
Provision for impairment		(9,563)	—	—	—	(9,563)		
Carrying amount		2,334,646	1,192,531	(1,019,135) (Note a)	(24,579)	2,483,463		

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress (continued)

	2012							Proportion of investment to budget %
	Budget	Opening balance	Additions	Transferred to fixed assets	Disposals	Closing balance	Source of funds	
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	407,818	75,695	299,498	(161,431)	(1,078)	212,684	Self-funding	92
Office Building of Electrification Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	218,211	195,450	22,761	(218,211)	—	—	Self-funding	100
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	300,000	43,029	43,204	—	—	86,233	Self-funding	29
Tianjin Office building of China Railway 13 th Bureau Group Co., Ltd.	250,000	53,441	90,068	—	—	143,509	Self-funding	57
TBM of Changzhutan of China Railway 14 th Bureau Group., Ltd.	362,506	3,604	351,311	(120,835)	—	234,080	Loan	98
Slurry Balance TBM of China Railway 14 th Bureau Group Co., Ltd. (Herrenknecht)	169,869	102,380	67,489	(169,869)	—	—	Loan	100
9-meter Slurry Balance TBM 623 of China Railway 15 th Bureau Group Co., Ltd.	220,000	126,646	54,916	(181,562)	—	—	Self-funding	83
9-meter Slurry Balance TBM 624 of China Railway 15 th Bureau Group Co., Ltd.	220,000	126,646	54,916	(181,562)	—	—	Self-funding	83
Slurry Treatment Equipment of China Railway 15 th Bureau Group Co., Ltd. for Guangshengang Railway Project	46,350	46,350	—	(46,350)	—	—	Self-funding	100
Two sets of Earth Pressure Balance TBM EPB8800 of China Railway 16 th Bureau Group Co., Ltd. (Herrenknecht)	101,194	89,147	12,047	(101,194)	—	—	Self-funding	100
Hi-Tech and Originality Science Plaza of China Railway 17 th Bureau Group Co., Ltd.	80,000	34,766	41,638	—	—	76,404	Self-funding	96
Compound TBM of Tunnel Engineering Co., Ltd. of China Railway 18 th Bureau Group Co., Ltd.	170,000	80,042	89,702	(169,744)	—	—	Loan	100
Yinhan Jiwei Qintling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	236,000	—	68,770	—	—	68,770	Loan	29
Earth Pressure Balance-6410 of China Railway 19 th Bureau Group Co., Ltd.	96,750	—	96,750	—	—	96,750	Self-funding	100
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	150,000	—	50,967	—	—	50,967	Loan	34
Office Center of China Railway 21 st Bureau Group Co., Ltd.	210,000	—	50,537	—	—	50,537	Self-funding	24

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress (continued)

	2012						Source of funds	Proportion of investment to budget %
	Budget	Opening balance	Additions	Transferred to fixed assets	Disposals	Closing balance		
The Office Building of No. 6 Engineering Corporation Ltd. of China Railway 21 st Bureau Group Co., Ltd.	75,196	75,196	—	(54,999)	(20,197)	—	Self-funding	100
Earth Pressure Balance TBM of China Railway 23 rd Bureau Group Co., Ltd.	91,807	53,630	38,177	(91,807)	—	—	Self-funding	100
Office Building of China Railway 25 th Bureau Group Co., Ltd.	79,329	—	79,329	—	—	79,329	Self-funding	100
Research Building in Kunming of China Railway 4 th Survey and Design Group., Ltd.	135,000	150	108,335	—	—	108,485	Self-funding	80
Kunming Industrial Base of Kunming China Railway Large Road Maintenance Machinery Co., Ltd.	124,904	49,746	75,158	(124,904)	—	—	Loan	100
Plant, Office Building and Science Research Center of China Railway Construction Heavy Industry Co., Ltd.	32,363	32,363	—	(31,485)	(878)	—	Self-funding	100
Equipment Installation Project of Equipment Branch of China Railway Construction Heavy Industry Co., Ltd.	110,000	35,051	16,500	(487)	—	51,064	Self-funding	47
Second-stage Housing Construction Project of Equipment Branch of China Railway Construction Heavy Industry Co., Ltd.	226,352	173,386	52,966	—	—	226,352	Self-funding	100
Plant of Lanzhou Tunnel Equipment Company of China Railway Construction Heavy Industry Co., Ltd.	250,000	3,762	148,745	(306)	—	152,201	Self-funding	61
Others		663,752	963,588	(824,889)	(95,607)	706,844		
Total		2,064,232	2,877,372	(2,479,635)	(117,760)	2,344,209		
Provision for impairment (Note b)		—	(9,563)	—	—	(9,563)		
Carrying amount		2,064,232	2,867,809	(2,479,635) (Note a)	(117,760)	2,334,646		

Note (a): For the six months ended 30 June 2013, the construction in progress with a carrying amount of RMB899,660,000 (2012: RMB2,350,097,000) was transferred to fixed assets; RMB68,937,000 (2012: RMB129,538,000) was transferred to intangible assets; RMB50,538,000 (2012: Nil) was transferred to properties held for sale.

Note (b): Other additions during the year 2012 included the carrying amount of impairment provisions made by Hangsheng before the acquisition of Hangsheng by CRCC Harbour & Channel Engineering Bureau Group Co., Ltd., a subsidiary of the Company.

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress (continued)

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

	For the six months ended 30 June 2013 (Unaudited)			
	Progress (%)	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year (%)
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	73	20	13	6.40
Office building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	92	508	—	—
TBM of Changzhutan of China Railway 14 th Bureau Group., Ltd.	100	11,000	829	6.21
		11,528	842	

	2012			
	Progress (%)	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year (%)
Office building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	34	508	508	6.18
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	29	7	7	6.60
Slurry Balance TBM of China Railway 14 th Bureau Group Co., Ltd. (Herrenknecht)	100	—	3,806	6.72
TBM of Changzhutan of China Railway 14 th Bureau Group., Ltd.	98	10,171	10,171	6.72
Others		8,584	1,319	
		19,270	15,811	

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets

	For the six months ended 30 June 2013			Closing balance (Unaudited)
	Opening balance	Additions (Unaudited)	Disposals (Unaudited)	
Gross carrying amount:				
Land use rights	6,025,909	140,403	(68,587)	6,097,725
Concession assets	2,741,871	792,008	—	3,533,879
Mining rights	176,127	—	—	176,127
Others	168,621	12,984	(683)	180,922
	9,112,528	945,395	(69,270)	9,988,653
Accumulated amortization:				
Land use rights	(660,182)	(62,112)	13,557	(708,737)
Concession assets	(140,558)	(13,642)	—	(154,200)
Mining rights	(16,435)	(2,451)	—	(18,886)
Others	(82,473)	(11,287)	582	(93,178)
	(899,648)	(89,492)	14,139	(975,001)
Net carrying amount:				
Land use rights	5,365,727	78,291	(55,030)	5,388,988
Concession assets	2,601,313	778,366	—	3,379,679
Mining rights	159,692	(2,451)	—	157,241
Others	86,148	1,697	(101)	87,744
	8,212,880	855,903	(55,131)	9,013,652
Provision for impairment:				
Land use rights	(9,044)	—	—	(9,044)
Concession assets	—	—	—	—
Mining rights	—	—	—	—
Others	—	—	—	—
	(9,044)	—	—	(9,044)
Carrying amount:				
Land use rights	5,356,683	78,291	(55,030)	5,379,944
Concession assets	2,601,313	778,366	—	3,379,679
Mining rights	159,692	(2,451)	—	157,241
Others	86,148	1,697	(101)	87,744
	8,203,836	855,903	(55,131)	9,004,608

Notes to Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

	Opening balance	Additions	2012 Acquisition of a subsidiary	Disposals	Closing balance
Gross carrying amount:					
Land use rights	5,676,495	367,745	162,205	(180,536)	6,025,909
Concession assets	1,532,908	1,208,963	—	—	2,741,871
Mining rights	176,127	—	—	—	176,127
Others	142,298	29,905	—	(3,582)	168,621
	7,527,828	1,606,613	162,205	(184,118)	9,112,528
Accumulated amortization:					
Land use rights	(538,579)	(126,397)	(9,724)	14,518	(660,182)
Concession assets	(113,274)	(27,284)	—	—	(140,558)
Mining rights	(10,888)	(5,547)	—	—	(16,435)
Others	(64,798)	(20,194)	—	2,519	(82,473)
	(727,539)	(179,422)	(9,724)	17,037	(899,648)
Net carrying amount:					
Land use rights	5,137,916	241,348	152,481	(166,018)	5,365,727
Concession assets	1,419,634	1,181,679	—	—	2,601,313
Mining rights	165,239	(5,547)	—	—	159,692
Others	77,500	9,711	—	(1,063)	86,148
	6,800,289	1,427,191	152,481	(167,081)	8,212,880
Provision for impairment:					
Land use rights	(9,044)	—	—	—	(9,044)
Concession assets	—	—	—	—	—
Mining rights	—	—	—	—	—
Others	—	—	—	—	—
	(9,044)	—	—	—	(9,044)
Carrying amount:					
Land use rights	5,128,872	241,348	152,481	(166,018)	5,356,683
Concession assets	1,419,634	1,181,679	—	—	2,601,313
Mining rights	165,239	(5,547)	—	—	159,692
Others	77,500	9,711	—	(1,063)	86,148
	6,791,245	1,427,191	152,481	(167,081)	8,203,836

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

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

	30 June 2012 (Unaudited)	31 December 2011
Long term of not less than 50 years	237,407	494,976
Medium term of less than 50 years but not less than 10 years	5,041,312	4,522,125
Short term of less than 10 years	101,225	339,582
	5,379,944	5,356,683

As at 30 June 2013, the amortization of land use rights in the next year will be RMB106,611,000 (31 December 2012: RMB142,160,000).

Intangible assets with title restriction are stated in Note V.18.

As at 30 June 2013, 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 RMB12,015,000 (31 December 2012: RMB28,935,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land, and also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2013.

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

	For the six months ended 30 June 2013 (Unaudited)			
	Progress (%)	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year (%)
Ji'nan to Leling Highway Project	47	93,172	43,144	6.31
Jiyang Guest-greeting Yellow River Bridge concession rights	100	32,235	—	—

	2012			
	Progress (%)	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year (%)
Ji'nan to Leling Highway Project	36	50,028	62,989	6.29
Jiyang Guest-greeting Yellow River Bridge concession rights	100	39,820	—	—

15. Goodwill

The Goodwill arose from the Group's acquisition of Hangsheng by CRCC Harbour & Channel Engineering Bureau Group Co., Ltd, in 2012, which has not changed in the period.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets and liabilities

Deferred tax assets and liabilities are presented without taking into account the offsetting of the following balances:

Recognized deferred tax assets and liabilities are presented as follows:

	30 June 2013 (Unaudited)	31 December 2012
Deferred tax assets		
Provision for early retirement benefits	822,740	884,355
Provision for impairment of assets	200,294	203,510
Deductible tax losses	71,135	67,774
Accruals and provisions	108,046	77,298
Available-for-sale financial assets	25,179	19,012
Additional tax deduction on asset revaluation surplus arising from a prior restructuring	559,830	570,727
Others	173,948	167,428
	1,961,172	1,990,104
Deferred tax liabilities		
Recognition of difference on revenue of construction contracts	66,989	66,989
Available-for-sale financial assets	13,702	18,181
Others	173,228	173,808
	253,919	258,978

Unrecognized deferred tax assets are presented as follows:

	30 June 2013 (Unaudited)	31 December 2012
Deductible tax losses	224,286	195,253

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

	30 June 2013 (Unaudited)
30 June 2014	77,112
30 June 2015	219,144
30 June 2016	124,946
30 June 2017	174,223
30 June 2018	337,540
	932,965
	31 December 2012
2013	48,223
2014	86,182
2015	254,677
2016	195,830
2017	210,969
	795,881

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Provision for impairment of assets

	For the six months ended 30 June 2013 (Unaudited)				Closing balance
	Opening balance	Provision	Reversal	Write-off	
Provision for bad debts	1,025,701	44,180	(48,948)	(7,858)	1,013,075
Provision for decline in value of inventories	299,156	32,081	(14,112)	(27,265)	289,860
Provision for impairment of long-term equity investments	23,118	—	—	(84)	23,034
Provision for impairment of fixed assets	587,997	—	—	(12,567)	575,430
Provision for impairment of construction in progress	9,563	—	—	—	9,563
Provision for impairment of intangible assets	9,044	—	—	—	9,044
	1,954,579	76,261	(63,060)	(47,774)	1,920,006

	2012					Closing balance
	Opening balance	Provision	Other addition	Reversal	Write-off	
Provision for bad debts	807,811	325,011	100,537	(172,081)	(35,577)	1,025,701
Provision for decline in value of inventories	183,668	197,451	1,114	(19,766)	(63,311)	299,156
Provision for impairment of long-term equity investments	25,886	1,254	—	—	(4,022)	23,118
Provision for impairment of fixed assets	597,679	—	—	—	(9,682)	587,997
Provision for impairment of construction in progress	—	—	9,563	—	—	9,563
Provision for impairment of intangible assets	9,044	—	—	—	—	9,044
	1,624,088	523,716	111,214	(191,847)	(112,592)	1,954,579

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Assets with title restrictions

	For the six months ended 30 June 2013				
	Opening balance	Increase (unaudited)	Decrease (unaudited)	Closing balance (unaudited)	
Pledged assets:					
Cash	25,000	—	(25,000)	—	Note(a)
Accounts receivable	1,626,033	5,051,846	(1,626,033)	5,051,846	Note(b)
Bills receivable	474,667	—	(474,667)	—	Note(c)
Inventories	15,214,762	2,747,498	(7,538,179)	10,424,081	Note(d)
Fixed assets	61,447	2,612	(318)	63,741	Note(e)
Intangible assets					
— land use rights	148,678	87,063	(148,678)	87,063	Note(e)
Intangible assets					
— concession rights	417,950	—	(10,077)	407,873	Note(f)
Assets whose titles are restricted for other reasons (Note a):					
Cash — security deposit for acceptance bills	3,723,384	6,013,812	(7,077,247)	2,659,949	
Cash — security deposit for letters of credit	218,307	289,402	(420,682)	87,027	
Cash — security deposit for performance bonds	3,155	17,721	(2,395)	18,481	
Cash — security deposit for letters of guarantee	190,793	219,800	(75,156)	335,437	
Cash — others	476,770	485,552	(773,445)	188,877	
	4,612,409	7,026,287	(8,348,925)	3,289,771	
	22,580,946	14,915,306	(18,171,877)	19,324,375	

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Assets with title restrictions (continued)

	Opening balance	Increase	2012 Decrease	Closing balance	
Pledged assets:					
Cash	—	25,000	—	25,000	Note(a)
Accounts receivable	4,718,929	1,626,033	(4,718,929)	1,626,033	Note(b)
Bills receivable	394,130	474,667	(394,130)	474,667	Note(c)
Inventories	12,821,131	17,426,349	(15,032,718)	15,214,762	Note(d)
Fixed assets	79,446	—	(17,999)	61,447	Note(e)
Intangible assets					
— land use rights	86,148	148,678	(86,148)	148,678	Note(e)
Intangible assets					
— concession rights	438,103	—	(20,153)	417,950	Note(f)
Assets whose titles are restricted for other reasons (Note a):					
Cash — security deposit for acceptance bills	2,101,221	10,041,742	(8,419,579)	3,723,384	
Cash — security deposit for letters of credit	102,343	193,259	(77,295)	218,307	
Cash — security deposit for performance bonds	22,971	143,095	(162,911)	3,155	
Cash — security deposit for letters of guarantee	166,544	165,874	(141,625)	190,793	
Cash — others	190,909	439,698	(153,837)	476,770	
	2,583,988	10,983,668	(8,955,247)	4,612,409	
	21,121,875	30,684,395	(29,225,324)	22,580,946	

Notes:

- (a) As at 30 June 2013, the Group held restricted cash and bank balances of RMB3,289,771,000 (31 December 2012: RMB4,637,409,000).
- As at 30 June 2013, no deposits of the Group's (31 December 2012: RMB25,000,000) were pledged to obtain short-term loans.(31 December 2012: RMB15,000,000) (Note V.19(a)).
- (b) As at 30 June 2013, the Group's accounts receivable of RMB5,051,846,000 (31 December 2012: RMB1,626,033,000) were pledged to obtain short-term loans of RMB1,403,051,000 (31 December 2012: RMB1,334,813,000) and long-term loans of RMB2,402,469,000 (31 December 2012: nil) (Notes V.19 (a) and 31(d)).
- (c) As at 30 June 2013, no bills receivable of the Group's (31 December 2012: RMB474,667,000) were pledged to obtain short-term loans (31 December 2012: RMB320,000,000) (Note V.19 (a)).
- (d) As at 30 June 2013, the Group's inventories of RMB10,424,081,000 (31 December 2012: RMB15,214,762,000) were mortgaged to obtain long-term loans of RMB6,111,559,000 (31 December 2012: RMB8,124,793,000) (Notes V.31 (c)).
- (e) As at 30 June 2013, Group's buildings of RMB63,741,000 (31 December 2012: RMB61,447,000) and land use rights of RMB87,063,000 (31 December 2012: RMB148,678,000) were mortgaged to obtain short-term loans of RMB93,300,000 (31 December 2012: RMB115,500,000) and long-term loans of RMB7,261,000 (31 December 2012: RMB7,558,000). Amortization of these land use rights for the six months ended 30 June 2013 was RMB1,410,000 (2012: RMB2,838,000) (Notes V.19(b) and 31(a)).
- (f) As at 30 June 2013, the Group's concession assets of RMB407,873,000 (31 December 2012: RMB417,950,000) were pledged to obtain a long-term loan of RMB149,770,000 (31 December 2012: RMB149,770,000). Amortization of these concession assets for six months ended 30 June 2013 was RMB10,077,000 (2012: RMB20,153,000) (Notes V. 31(b)).

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Short-term loans

	30 June 2013 (Unaudited)	31 December 2012	
Pledged loans	2,402,991	1,669,813	Note (a)
Mortgaged loans	93,300	115,500	Note (b)
Guaranteed loans	5,746,939	5,532,000	Note (c)
Loans on credit	39,106,977	31,379,380	
	47,350,207	38,696,693	

Notes:

(a) As at 30 June 2013, no short-term loans (31 December 2012: RMB15,000,000) were secured by the pledge of the Group's fixed deposit (31 December 2012: RMB25,000,000) (Note V.18(a)).

As at 30 June 2013, certain short-term loans with a carrying amount of RMB1,403,051,000 (31 December 2012: RMB1,334,813,000) were secured by the pledge of the Group's accounts receivable with an amount of RMB1,956,622,000 (31 December 2012: RMB1,626,033,000) (Note V.18(b)).

As at 30 June 2013, certain short-term loans with a carrying amount of RMB400,000,000 (31 December 2012: nil) were secured by the pledge of the Group's bills receivable with an amount of RMB400,000,000 (31 December 2012: nil) issued by companies within the group; No short-term loans (31 December 2012: RMB320,000,000) were secured by the pledge of the Group's bills receivable (31 December 2012: RMB474,667,000) (Note V.18(c)).

As at 30 June 2013, certain short-term loans with an amount of RMB599,940,000 (31 December 2012: nil) were secured by the pledge of the Group's letters of credit with an amount of RMB599,940,000 (31 December 2012: nil).

(b) As at 30 June 2013, certain short-term loans with a carrying amount of RMB93,300,000 (31 December 2012: RMB115,500,000) were secured by the mortgages of the Group's buildings with an amount of RMB44,284,000 (31 December 2012: RMB41,990,000) and land use rights with an amount of RMB87,063,000 (31 December 2012: RMB148,678,000) (Note V.18(e)).

(c) As at 30 June 2013, all guaranteed loans were guaranteed by the entities comprising the Group.

As at 30 June 2013, interest rates for the above loans ranged from 2.67% to 8.13% per annum (31 December 2012: from 3.02% to 9.81%).

As at 30 June 2013, there were no short-term loans defaulted by the Group (31 December 2012: nil).

20. Due to customers

	30 June 2013 (Unaudited)	31 December 2012
Due to customers	549,542	1,738,943

Within the aforesaid balance of amounts due to customers, amounts due to shareholders who held 5% or more of the Company's voting rights were as follows:

	30 June 2013 (Unaudited)	31 December 2012
CRCCG	473,053	1,590,697

Further details of the deposits from other related parties are stated in Note VI.6.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Bills payable

	30 June 2013 (Unaudited)	31 December 2012
Commercial acceptance bills	1,255,711	807,016
Bank acceptance bills	20,026,644	21,206,179
	21,282,355	22,013,195

As at 30 June 2013, bills with an amount of RMB21,282,355,000 will be due in the next accounting year (31 December 2012: RMB22,013,195,000).

22. Accounts payable

Accounts payable are non-interest-bearing and are usually paid within the agreed period as follows:

	30 June 2013 (Unaudited)	31 December 2012
Within 1 year	154,644,374	153,735,553
1 to 2 years	2,811,579	3,761,825
2 to 3 years	468,461	545,216
More than 3 years	748,135	819,840
	158,672,549	158,862,434

As at 30 June 2013, significant accounts payable aged over one year were as follows:

	Relationship with the Group	30 June 2013	Reasons for payables not being settled
Company 1	Third party	62,376	Construction costs unsettled
Company 2	Third party	50,715	Construction costs unsettled
Company 3	Third party	46,274	Construction costs unsettled
Company 4	Third party	39,691	Construction costs unsettled
Company 5	Third party	31,810	Construction costs unsettled
		230,866	

As at 31 December 2012, significant accounts payable aged over one year were as follows:

	Relationship with the Group	31 December 2012	Reasons for payables not being settled
Company 1	Third party	45,250	Material procurement costs unsettled
Company 2	Third party	44,786	Construction costs unsettled
Company 3	Third party	38,339	Construction costs unsettled
Company 4	Third party	38,195	Construction costs unsettled
Company 5	Third party	33,370	Construction costs unsettled
		199,940	

As at 30 June 2013, there were no accounts payable due to shareholders who held 5% or more of the Company's voting rights (31 December 2012: nil).

Further details of the accounts payable due to other related parties are stated in Note VI.6.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Advances from customers

	30 June 2013 (Unaudited)	31 December 2012
Advances for construction contracts	32,106,177	24,016,078
Gross amount due to contract customers (Note V.7 (3))	10,385,858	13,661,414
Advances for the sale of properties (Note)	19,259,299	11,044,401
Advances for the sale of materials	6,506,977	5,633,272
Advances for the sale of products	558,736	301,433
Others	1,739,132	7,441,158
	70,556,179	62,097,756

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

Property name	30 June 2013 (Unaudited)	Percentage of accumulated pre-sales in advance	Estimated completion date
Beijing Wutong Yuan Project	3,943,119	76	August 2015
CRCC Liwan International City Project	1,892,754	63	May 2014
Tianjin CRCC International City Project I	1,612,511	73	August 2013
CRCC Wutong Garden Project	941,526	89	August 2014
Jinan CRCC International City Project	818,416	61	December 2014
Hefei CRCC International City Project II	789,547	76	December 2015
CRCC Haixi Project	775,322	95	December 2013
Hangzhou CRCC International City Project	664,199	24	June 2016
Beijing CRCC International City Lexianghui Project	655,029	93	June 2014
Beijing CRCC International City CRCC Plaza Project	578,849	29	October 2014
CRCC Lingxiu City Project	497,110	70	December 2017
CRCC Beijing Shanyu City Project	431,692	89	December 2014
CRCC Jingnan Yipin Project II	427,573	70	August 2013
Chengdu High-tech Zones Project	377,057	13	December 2013
Tiantian Garden IV Project	348,189	59	October 2013
Wuhan 1818 Center Project	303,362	51	December 2014
Huatie Everyday Project	226,188	65	August 2013
Xi'an CRCC International City Project	225,207	47	December 2018
Liuzhou CRCC Golden Landing Project	224,025	90	December 2013
Others	3,527,624		
	19,259,299		

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Advances from customers (continued)

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

Property name	31 December 2012	Percentage of accumulated pre-sales in advance	Estimated completion date
Beijing Wutong Yuan Project I	2,680,010	97	August 2015
CRCC Liwan International City Project	1,211,599	37	May 2014
Tianjin CRCC International City Project I	874,220	39	May 2013
CRCC Haixi Project	732,190	95	January 2013
CRCC Wutong Garden Project	649,018	76	August 2014
Beijing CRCC International City Project	645,528	90	December 2015
CRCC Lingxiu City Project	474,855	60	December 2017
Jinan CRCC International City Project	289,687	33	December 2014
CRCC Jingnan Yipin Project II	273,640	55	December 2012
Hefei CRCC International City Project II	263,290	53	December 2015
CRCC Lucky Garden Project	217,533	23	June 2013
River Palace Project	203,341	85	April 2013
Tiantian Garden IV Project	196,196	36	August 2013
Hangzhou CRCC International City Project	176,020	6	June 2016
CRCC Bei Cheng Hua Fu Project	164,207	49	December 2012
Chongqing Cha Yuan New Zone			
Tongjing International City Q Group Project	150,233	82	December 2012
Huatie Everyday Project	120,902	45	May 2013
Wuhan 1818 Center Project	116,447	47	December 2014
CRCC Mingshan Xiushui Project I	110,043	25	May 2014
Liuzhou CRCC Golden Landing Project	106,355	44	December 2013
Others	1,389,087		
	11,044,401		

As at 30 June 2013, significant advances from customers aged over one year were as follows:

	Relationship with the Group	30 June 2013	Reasons for being outstanding
Company 1	Third party	2,890,826	Work performed not billed
Company 2	Third party	373,732	Work performed not billed
Company 3	Third party	329,218	Real estate development project not delivered
Company 4	Third party	312,103	Real estate development project not delivered
Company 5	Third party	247,985	Work performed not billed
		4,153,864	

As at 31 December 2012, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2012	Reasons for being outstanding
Company 1	Third party	3,009,768	Work performed not billed
Company 2	Third party	631,087	Work performed not billed
Company 3	Third party	243,410	Work performed not billed
Company 4	Third party	65,134	Work performed not billed
Company 5	Third party	39,444	Work performed not billed
		3,988,843	

As at 30 June 2013, there were no advances from customers due to shareholders who held 5% or more of the Company's voting rights (31 December 2012: nil).

Further details of the advances from customers due to other related parties are stated in Note VI.6.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Employee benefits payable

	For the six months ended 30 June 2013			
	Opening balance	Accrued (Unaudited)	Paid (Unaudited)	Closing balance (Unaudited)
Salaries, bonuses, allowances and subsidies	4,487,145	10,510,079	(10,760,527)	4,236,697
Staff welfare	—	491,773	(491,773)	—
Social insurance	3,055,022	2,633,665	(3,268,814)	2,419,873
Including:				
Medical insurance	1,046,026	830,840	(955,975)	920,891
Basic pension	1,594,024	1,396,742	(1,940,836)	1,049,930
Contribution to pension annuity	150,777	192,642	(156,033)	187,386
Unemployment insurance	133,364	103,523	(114,180)	122,707
Work injury insurance	91,145	71,671	(68,512)	94,304
Maternity insurance	39,686	38,247	(33,278)	44,655
Early retirement benefits (current portion)	813,347	440,932	(350,946)	903,333
Housing funds	995,142	727,619	(1,052,202)	670,559
Union fund and employee education fund	544,443	327,026	(216,891)	654,578
Others	95,493	644,653	(354,680)	385,466
	9,990,592	15,775,747	(16,495,833)	9,270,506

	2012			
	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	4,185,112	17,811,444	(17,509,411)	4,487,145
Staff welfare	—	839,224	(839,224)	—
Social insurance	2,884,551	4,499,058	(4,328,587)	3,055,022
Including:				
Medical insurance	1,179,481	1,281,403	(1,414,858)	1,046,026
Basic pension	1,296,000	2,502,417	(2,204,393)	1,594,024
Contribution to pension annuity	138,575	344,502	(332,300)	150,777
Unemployment insurance	142,410	177,228	(186,274)	133,364
Work injury insurance	89,614	126,816	(125,285)	91,145
Maternity insurance	38,471	66,692	(65,477)	39,686
Early retirement benefits (current portion)	867,267	866,830	(920,750)	813,347
Housing funds	948,616	1,262,407	(1,215,881)	995,142
Union fund and employee education fund	553,783	490,190	(499,530)	544,443
Others	147,188	778,764	(830,459)	95,493
	9,586,517	26,547,917	(26,143,842)	9,990,592

	30 June 2013 (Unaudited)	31 December 2012
Early retirement benefits obligations (Note)	3,794,662	3,983,961
Less: current portion	(903,333)	(813,347)
Non-current portion	2,891,329	3,170,614

Note: Certain employees of the Group had completed their respective early retirement plan applications. Early retirement benefits were recognized in the period in which the relevant entities of the Group have entered into agreements with the employees specifying the terms of redundancy, or after the individual employee has been advised of the specific terms. The specific terms vary among the terminated and early retired employees depending on various factors including their positions, length of service, and salary levels at the time of application, minimum compensation levels set by the local regulatory authorities, and the district in which the employee is located.

The Group's obligations in respect of the early retirement benefits at the end of the reporting period were computed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. which is a member of the Society of Actuaries of the United States of America, using the projected unit cost method.

As at 30 June 2013, there were no employee benefits payable in arrears (31 December 2012: nil).

Notes To Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Taxes payable

	30 June 2013 (Unaudited)	31 December 2012
Value-added tax	67,341	128,731
Business tax	4,135,023	4,526,242
Corporate income tax	1,349,970	1,956,629
Individual income tax	581,613	685,249
City maintenance and construction tax	305,629	314,717
Resource tax	3,140	7,207
Others	43,507	186,454
	6,486,223	7,805,229

26. Interest payables

	30 June 2013 (Unaudited)	31 December 2012
Interest payables for corporate bonds	620,029	192,820
Interest payables for short-term loans	66,273	43,316
Interest payables for long-term loans	883	467
	687,185	236,603

27. Dividends payable

	30 June 2013 (Unaudited)	31 December 2012
CRCCG	832,287	—
Public shareholders of A shares	269,500	—
Public shareholders of H shares	207,630	—
NSSF	47,713	—
Others	117,819	108,388
	1,474,949	108,388

Note: At the annual general meeting held on 6 June 2013, the Company's shareholders resolved to approve the final dividend for the year ended 31 December 2012 of RMB0.11 per share (In 2012, dividend were distributed for the year ended 31 December 2011 of RMB0.1 per share), which amounted to RMB1,357,130,000 based on the total number of shares of 12,337,541,500 in issue.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Other payables

	30 June 2013 (Unaudited)	31 December 2012
Guarantee deposits	11,921,575	11,338,894
Payables for advances	9,437,245	8,766,887
Accrued business taxes and surcharges	4,444,364	4,168,353
Others (Note)	13,393,424	10,580,870
	39,196,608	34,855,004

Note: In accordance with the Notice Relating to the Allocation of State-owned Capital Operating Budget to CRCCG for 2008 (Cai Qi [2008] No. 260) (財政部關於下達中國鐵道建築總公司2008年中央國有資本經營預算(撥款)的通知) (財企[2008]260號) and the Notice Relating to the Allocation of the Wenchuan Earthquake Reconstruction Funds to State-owned Enterprises for 2008 (Cai Qi [2008] No. 399) (財政部關於撥付2008年中央企業汶川地震災後恢復重建基金的通知)(財企[2008]399號) issued by the Ministry of Finance, the Ministry of Finance injected an amount of RMB189,660,000 to CRCCG for the reconstruction work in relation to the earthquake in Wenchuan County of Sichuan Province in the PRC in 2008. Thereafter, CRCCG contributed the fund received from the Ministry of Finance into the Company and the Company has recorded this amount in other payables — payables for CRCCG as at 30 June 2013 and 31 December 2012, accordingly (Note VI.6(e)).

Amounts due to shareholders who held 5% or more of the Company's voting rights were as follows:

	30 June 2013 (Unaudited)	31 December 2012
CRCCG	219,742	194,840

Further details of the other payables due to other related parties are stated in Note VI.6.

As at 30 June 2013, significant other payables aged over one year were as follows:

	Relationship with the Group	30 June 2013 (Unaudited)	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
CRCCG	Ultimate holding company	189,660	Reconstruction funds
Company 2	Third party	38,575	Payables not settled
Company 3	Third party	17,450	Payables not settled
Company 4	Third party	14,098	Payables not settled
		511,399	

Among the significant other payables aged over one year as at 30 June 2013, an aggregate amount of RMB1,018,000 has been repaid after the balance sheet date.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Other payables (continued)

As at 31 December 2012, significant other payables aged over one year were as follows:

	Relationship with the Group	31 December 2012	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
CRCCG	Ultimate holding company	189,660	Reconstruction funds
Company 2	Third party	74,421	Deposit not due
Company 3	Third party	40,435	Payables not settled
Company 4	Third party	18,212	Payables not settled
		574,344	

Among the significant other payables aged over one year as at 31 December 2012, an aggregate amount of RMB3,812,000 has been repaid after the balance sheet date.

29. Current portion of non-current liabilities

		30 June 2013 (Unaudited)	31 December 2012
Current portion of long-term loans	(Note V.31)	5,211,791	9,704,426
Current portion of long-term payables	(Note V.33)	833,482	727,838
		6,045,273	10,432,264

Current portion of long-term loans are presented as follows:

	30 June 2013 (Unaudited)	31 December 2012
Pledged loans (Note V.31(b))	27,670	27,670
Mortgaged loans (Note V.31(c))	1,268,500	2,811,548
Guaranteed loans	1,971,104	2,655,092
Loans on credit	1,944,517	4,210,116
		9,704,426

As at 30 June 2013, the five largest balances in the current portion of long-term loans were as follows:

Term		Currency	Interest rate	30 June 2013	
			%	Foreign amounts	RMB equivalent (Unaudited)
Company 1	From 2012-4-27 to 2014-4-25	USD	5.05	100,000	617,870
Company 2	From 2011-12-21 to 2013-12-21	RMB	10.25	—	498,000
Company 3	From 2011-12-22 to 2013-12-22	RMB	10.25	—	498,000
Company 4	From 2011-12-26 to 2013-12-26	RMB	10.25	—	495,000
Company 5	From 2012-02-29 to 2014-02-28	RMB	6.72	—	280,000
					2,388,870

Notes To Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Current portion of non-current liabilities (continued)

As at 31 December 2012, the five largest balances in the current portion of long-term loans were as follows:

	Term	Currency	Interest rate %	31 December 2012	
				Foreign amounts	RMB equivalent
Company 1	From 2010-2-4 to 2013-2-3	RMB	4.86	—	1,754,608
Company 2	From 2011-6-30 to 2013-6-27	USD	3.90	250,000	1,571,375
Company 3	From 2011-12-8 to 2013-12-7	RMB	10.25	—	1,494,000
Company 4	From 2011-6-24 to 2013-6-24	USD	5.34	136,000	854,828
Company 5	From 2011-6-29 to 2013-6-29	RMB	11.50	—	500,000
					6,174,811

As at 30 June 2013, there was no current portion from the long-term loans defaulted by the Group (31 December 2012: nil).

As at 30 June 2013, the five largest balances in the current portion of long-term payables were as follows:

Term		Initial amount	Annual interest rate %	Accrued interest (Unaudited)	Closing balance (Unaudited)	Conditions and terms
Company 1	From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	24,530	93,411	Nil
Company 2	From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	25,054	92,007	Nil
Company 3	From 2011-1-27 to 2013-9-30	114,000	Benchmark rate of three-year bank loans	207	54,547	Nil
Company 4	From 2011-6-29 to 2018-6-29	311,015	Benchmark rate of over-five-year bank loans	14,884	44,431	Nil
Company 5	From 2011-9-2 to 2016-9-2	220,000	Benchmark rate of five-year bank loans — floating 5%	9,243	43,157	Nil
		1,697,060		73,918	327,553	

As at 31 December 2012, the five largest balances in the current portion of long-term payables were as follows:

Term		Initial amount	Annual interest rate %	Accrued interest	Closing balance	Conditions and terms
Company 1	From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	34,094	92,007	Nil
Company 2	From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	27,481	90,461	Nil
Company 3	From 2011-1-27 to 2013-9-30	114,000	Benchmark rate of three-year bank loans	1,231	67,212	Nil
Company 4	From 2011-5-26 to 2016-5-26	291,355	Benchmark rate of five-year bank loans — floating 10%	9,336	48,000	Nil
Company 5	From 2011-6-29 to 2018-6-29	311,015	Benchmark rate of over-five-year bank loans	15,119	44,431	Nil
		1,768,415		87,261	342,111	

As at 30 June 2013, there was no current portion of bonds payable (31 December 2012: nil).

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other current liabilities

	30 June 2013 (Unaudited)	31 December 2012
Current portion of deferred income (Note V.35)	22,557	22,622
Short-term unsecured financing bonds and private placement note (Note)	21,240,352	21,952,069
	21,262,909	21,974,691

Note: Other current liabilities represent short-term unsecured financing bonds and private placement note with a fixed interest rate issued by the Group and its subsidiaries. The principal and the interests will be repaid at the end of the term. Movement of the bonds are as follows:

	Opening balance	Increase	Decrease	Closing balance
30 June 2013 (Unaudited)	21,952,069	2,921,964	(3,633,681)	21,240,352
2012	7,504,783	22,292,167	(7,844,881)	21,952,069

As at 30 June 2013, the balances of the short-term unsecured financing bonds and private placement note were as follows:

Bonds	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest (Unaudited)	Closing balance (Unaudited)
China Railway Co., Ltd. – 2012 first tranche	10,000,000	18 Jul 2012	3.60%	365 days	342,247	10,342,247
China Railway Co., Ltd. – 2012 second tranche SCP	5,000,000	5 Nov 2012	4.30%	270 days	139,603	5,139,603
China Railway Co., Ltd. – 2013 first tranche	2,500,000	29 May 2013	4.00%	365 days	8,219	2,508,219
China Railway 14th Bureau Group Co., Ltd. – 2012 first tranche	400,000	20 Jul 2012	4.23%	365 days	16,920	416,920
China Railway 15th Bureau Group Co., Ltd. – 2012 second tranche	250,000	30 Aug 2012	4.82%	365 days	9,720	259,720
China Railway 19th Bureau Group Co., Ltd. – 2012 first issue of private placement note	2,000,000	20 Dec 2012	5.73%	365 days	59,655	2,059,655
China Railway 21st Bureau Group Co., Ltd. – 2012 first tranche	500,000	14 Dec 2012	5.21%	365 days	13,988	513,988
	20,650,000				590,352	21,240,352

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other current liabilities (continued)

As at 31 December 2012, the balances of the short-term unsecured financing bonds and private placement note were as follows:

Bonds	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest	Closing balance
China Railway Co., Ltd. – 2012 first tranche	10,000,000	18 Jul 2012	3.60%	365 days	162,740	10,162,740
China Railway Co., Ltd. – 2012 first tranche SCP	1,000,000	18 Oct 2012	4.05%	180 days	8,100	1,008,100
China Railway Co., Ltd. – 2012 second tranche SCP	5,000,000	5 Nov 2012	4.30%	270 days	32,986	5,032,986
China Railway 13th Bureau Group Co., Ltd. – 2012 first tranche	250,000	24 Apr 2012	5.15%	365 days	8,583	258,583
China Railway 14th Bureau Group Co., Ltd. – 2012 first tranche	400,000	20 Jul 2012	4.23%	365 days	7,231	407,231
China Railway 15th Bureau Group Co., Ltd. – 2012 first tranche	250,000	29 Feb 2012	5.88%	365 days	12,324	262,324
China Railway 15th Bureau Group Co., Ltd. – 2012 first tranche	250,000	30 Aug 2012	4.82%	365 days	4,042	254,042
China Railway 17th Bureau Group Co., Ltd. – 2012 first tranche	400,000	11 Jan 2012	6.73%	366 days	25,948	425,948
China Railway 19th Bureau Group Co., Ltd. – 2012 first issue of private placement note	2,000,000	20 Dec 2012	5.73%	365 days	3,454	2,003,454
China Railway 20th Bureau Group Co., Ltd. – 2012 first tranche	500,000	27 Jun 2012	4.16%	365 days	10,656	510,656
China Railway 21st Bureau Group Co., Ltd. – 2012 first tranche	500,000	14 Dec 2012	5.21%	365 days	1,071	501,071
China Railway 22nd Bureau Group Co., Ltd. – 2012 first tranche	500,000	23 Mar 2012	5.27%	365 days	20,250	520,250
China Railway 25th Bureau Group Co., Ltd. – 2012 first tranche	200,000	28 Feb 2012	5.88%	366 days	9,832	209,832
China Railway Materials Co., Ltd. – 2012 first tranche	380,000	27 Mar 2012	5.27%	365 days	14,852	394,852
	21,630,000				322,069	21,952,069

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Long-term loans

	30 June 2013 (Unaudited)	31 December 2012
Pledged loans (Note (b) and Note (d))	2,524,569	122,100
Mortgaged loans (Note (a) and Note (c))	4,850,320	5,320,803
Guaranteed loans (Note (e))	3,496,426	2,070,703
Loans on credit	13,607,698	9,416,495
	24,479,013	16,930,101

Notes:

- (a) As at 30 June 2013, long-term bank loans with a carrying amount of RMB7,261,000 (31 December 2012: RMB7,558,000) were secured by mortgages of the Group's buildings with a carrying amount of RMB19,457,000 (31 December 2012: RMB19,457,000) (Note V.18(e)).
- (b) As at 30 June 2013, long-term bank loans with an amount of RMB149,770,000, including long-term loans due within one year of RMB27,670,000 (31 December 2012: RMB149,770,000, including long-term loans due within one year of RMB27,670,000) were secured by a pledge of the Group's concession assets of the BOT Project of Jiyang Guest-greeting Yellow River Bridge with a carrying amount of RMB407,873,000 (31 December 2012: RMB417,950,000) (Note V.18(f)).
- (c) As at 30 June 2013, long-term bank loans with an amount of RMB6,111,559,000, including long-term loans due within one year of RMB1,268,500,000 (31 December 2012: RMB8,124,793,000, including long-term loans due within one year of RMB2,811,548,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB10,424,081,000 (31 December 2012: RMB15,214,762,000) (Note V.18(d)).
- (d) As at 30 June 2013, long-term bank loans with an amount of RMB2,402,469,000 (31 December 2012: nil) were secured by a pledge of the Group's accounts receivable with a carrying amount of RMB3,095,224,000 (31 December 2012: nil) (Note V.18(b)).
- (e) As at 30 June 2013, the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group.

As at 30 June 2013, there were no long-term loans defaulted by the Group (31 December 2012: nil).

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

	30 June 2013 (Unaudited)	31 December 2012
Within one year (Note V.29)	5,211,791	9,704,426
In the second year	12,667,361	9,350,930
In the third to fifth years, inclusive	10,002,219	6,271,386
Beyond five years	1,809,433	1,307,785
	29,690,804	26,634,527

An amount due to a shareholder who held 5% or more of the Company's voting rights is as follows:

	30 June 2013 (Unaudited)	31 December 2012
CRCCG	82,110	82,110

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Long-term loans (continued)

As at 30 June 2013, the five largest long-term loans were as follows:

	Starting date	Maturity date	Currency	Interest rate %	30 June 2013 (Unaudited)	
					Foreign currency	RMB equivalent
Loan 1	2013-04-11	2015-04-10	USD	3.41	316,000	1,952,469
Loan 2	2011-09-27	2014-09-26	RMB	4.67	—	1,770,000
Loan 3	2012-08-21	2014-08-21	USD	5.34	200,000	1,235,740
Loan 4	2011-12-08	2014-12-07	RMB	6.77	—	1,000,000
Loan 5	2012-11-23	2015-11-22	RMB	4.50	—	1,000,000
						6,958,209

As at 31 December 2012, the five largest long-term loans were as follows:

	Starting date	Maturity date	Currency	Interest rate %	31 December 2012	
					Foreign currency	RMB equivalent
Loan 1	2011-09-26	2014-09-26	RMB	4.67	—	1,780,000
Loan 2	2012-08-21	2014-08-21	USD	5.34	200,000	1,257,100
Loan 3	2011-12-08	2014-12-07	RMB	6.77	—	1,000,000
Loan 4	2012-04-29	2015-04-29	RMB	6.00	—	629,426
Loan 5	2012-04-27	2014-04-25	USD	5.05	100,000	628,550
						5,295,076

32. Bonds payable

Bonds payable represent unsecured medium-term notes, private placement notes with fixed interest rate and 10-year dollar bonds with fixed interest rate guaranteed by the Company. Bonds' interest is paid regularly whereas the principal is paid at maturity date.

	For the six months ended 30 June 2013			
	Opening balance	Additions (Unaudited)	Deductions (Unaudited)	Closing balance (Unaudited)
Bonds payable	14,459,980	16,338,079	—	30,798,059

	2012			
	Opening balance	Additions	Decrease	Closing balance
Bonds payable	12,392,517	2,067,463	—	14,459,980

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Bonds payable (continued)

As at 30 June 2013, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount Issued	Interest rate per annum	Interest accrued in the period (Unaudited)	Interest payable at period end (Note V. 26) (Unaudited)	Closing balance (Unaudited)
First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	93,724	156,896	4,982,918
First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	225,282	320,772	7,434,894
First issue of medium-term notes in 2013	10,000,000	20 Jun 2013	7 years	10,000,000	5.1%	13,875	13,875	9,930,098
China Railway 14 th Bureau Group Co., Ltd. — 2012 first issue of private placement	400,000	27 Aug 2012	5 years	400,000	6.7%	14,605	23,538	400,000
China Railway 15 th Bureau Group Co., Ltd.-2012 first issue of private placement note	400,000	23 Nov 2012	3 years	400,000	6.5%	12,252	15,030	400,000
China Railway 15 th Bureau Group Co., Ltd.-2013 first issue of private placement note	400,000	28 Mar 2013	3 years	400,000	6.5%	5,625	5,625	400,000
China Railway 17 th Bureau Group Co., Ltd.-2013 first issue of private placement note	500,000	21 Mar 2013	3 years	500,000	5.88%	2,940	2,940	500,000
China Railway 23 rd Bureau Group Co., Ltd. — 2012 first issue of private placement note	350,000	09 Aug 2012	2 years	350,000	5.9%	9,809	18,011	350,000
China Railway 25 th Bureau Group Co., Ltd. — 2012 first issue of private placement note	400,000	06 Aug 2012	3 years	400,000	6.1%	12,100	21,927	400,000
China Railway 25 th Bureau Group Co., Ltd. — 2012 second issue of private placement note	500,000	09 Nov 2012	2 years	500,000	6.2%	15,373	19,789	500,000
China Railway 24 th Bureau Group Co., Ltd.-2013 first issue of Private placement note	600,000	11 Apr 2013	3 years	600,000	5.4%	—	—	607,290
CRCC Yuxiang Limited 3.5PCT Guaranteed Note Due 2023	4,942,960	16 May 2013	10 years	4,942,960	3.5%	21,626	21,626	4,892,859
				30,992,960		427,211	620,029	30,798,059

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Bonds payable (continued)

As at 31 December 2012, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount Issued	Interest rate per annum	Interest accrued in the year	Interest payable at year end (Note V. 26)	Closing balance
First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	189,175	63,173	4,979,030
First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	471,261	95,490	7,430,950
China Railway 14 th Bureau Group Co., Ltd. – 2012 first issue of private placement	400,000	27 Aug 2012	5 years	400,000	6.7%	8,933	8,933	400,000
China Railway 15 th Bureau Group Co., Ltd. – 2012 first issue of Private placement note	400,000	23 Nov 2012	3 years	400,000	6.5%	2,778	2,778	400,000
China Railway 23 rd Bureau Group Co., Ltd. – 2012 first issue of private placement note	350,000	09 Aug 2012	2 years	350,000	5.9%	8,203	8,203	350,000
China Railway 25 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	06 Aug 2012	3 years	400,000	6.1%	9,827	9,827	400,000
China Railway 25 th Bureau Group Co., Ltd. – 2012 second issue of private placement note	500,000	09 Nov 2012	2 years	500,000	6.2%	4,416	4,416	500,000
				14,550,000		694,593	192,820	14,459,980

33. Long-term payables

	30 June 2013 (Unaudited)	31 December 2012
Retention money payables	56,187	139,795
Finance lease payables	2,913,228	3,012,161
Others	222,281	144,696
	3,191,696	3,296,652

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

	30 June 2013 (Unaudited)	31 December 2012
Within one year (Note V.29)	833,482	727,838
In the second year	1,000,109	1,041,965
In the third to fifth years, inclusive	1,949,333	2,027,023
Beyond five years	242,254	227,664
	4,025,178	4,024,490

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term payables (continued)

As at 30 June 2013, the five highest amounts of long-term payables were as follows:

	Term	Initial amount	Annual interest rate %	Accrued interest (Unaudited)	Closing balance (Unaudited)	Borrowing terms
Company 1	From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	76,353	460,037	Nil
Company 2	From 2012-7-31 to 2017-7-30	362,000	Benchmark rate of three to five-year bank loans floating 5%	41,866	338,800	Nil
Company 3	From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	34,682	319,143	Nil
Company 4	From 2011-6-29 to 2018-6-29	311,015	Benchmark rate of over-five-year bank loans	23,868	177,723	Nil
Company 5	From 2011-5-26 to 2016-5-26	291,355	Benchmark rate of five-year bank loans floating 10%	14,470	135,704	Nil
		2,016,415		191,239	1,431,407	

As at 31 December 2012, the five highest amounts of long-term payables were as follows:

	Term	Initial amount	Annual interest rate %	Accrued interest	Closing balance	Borrowing terms
Company 1	From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	85,594	460,037	Nil
Company 2	From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	46,158	366,637	Nil
Company 3	From 2012-7-31 to 2017-7-30	362,000	Benchmark rate of three to five-year bank loans floating 5%	54,165	362,000	Nil
Company 4	From 2011-6-29 to 2018-6-29	311,015	Benchmark rate of over-five-year bank loans	31,539	199,938	Nil
Company 5	From 2011-5-26 to 2016-5-26	291,355	Benchmark rate of five-year bank loans floating 10%	15,254	144,000	Nil
		2,016,415		232,710	1,532,612	

As at 30 June 2013, no independent third party has provided guarantee for the Group's finance leases (31 December 2012: nil).

As at 30 June 2013 and 31 December 2012, the Group's finance lease payables were for the lease of machinery and equipment and were measured in RMB.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Special payables

	For the six months ended 30 June 2013			
	Opening balance	Additions (Unaudited)	Deductions (Unaudited)	Closing balance (Unaudited)
Research and development funds	78,206	5,900	(10,357)	73,749
Specific project funds	166,587	156,024	(53,071)	269,540
Others	550	—	(8)	542
	245,343	161,924	(63,436)	343,831

	2012			
	Opening balance	Additions	Decrease	Closing balance
Research and development funds	89,867	22,059	(33,720)	78,206
Specific project funds	213,855	188,116	(235,384)	166,587
Others	664	—	(114)	550
	304,386	210,175	(269,218)	245,343

35. Other non-current liabilities

	30 June 2013 (Unaudited)	31 December 2012
Deferred income	146,572	158,536
Employee benefits payable	2,891,329	3,170,614
	3,037,901	3,329,150
Deferred income including:		
Government grants related to assets	154,677	165,558
Government grants related to income	6,331	6,339
Others	8,121	9,261
	169,129	181,158
Less: current portion of deferred income	(22,557)	(22,622)
	146,572	158,536

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Share capital

	For the six months ended 30 June 2013		
	Opening balance	Movements during the period (Unaudited)	Closing balance (Unaudited)
Restricted shares			
— NSSF	245,000	—	245,000
Unrestricted shares			
— RMB ordinary shares (A shares)	10,016,246	—	10,016,246
— Overseas listed foreign shares (H shares)	2,076,296	—	2,076,296
	12,337,542	—	12,337,542

	2012		
	Opening balance	Movements during the year	Closing balance
Restricted shares			
— NSSF	245,000	—	245,000
Unrestricted shares			
— RMB ordinary shares (A shares)	10,016,246	—	10,016,246
— Overseas listed foreign shares (H shares)	2,076,296	—	2,076,296
	12,337,542	—	12,337,542

37. Capital reserve

	For the six months ended 30 June 2013			
	Opening balance	Additions (Unaudited)	Deductions (Unaudited)	Closing balance
Share premium	34,746,711	—	—	34,746,711
Others	(798,513)	10,646	(69,513)	(857,380)
	33,948,198	10,646	(69,513)	33,889,331

		2012		
	Opening balance	Additions	Deductions	Closing balance
Share premium	34,746,711	—	—	34,746,711
Others	(749,035)	87,733	(137,211)	(798,513)
	33,997,676	87,733	(137,211)	33,948,198

Increase in the capital reserve is due to the increase of the deferred tax assets related to the fluctuation of the fair value of available-for-sale financial assets. Decrease in the capital reserve is due to decrease of the fair value of available-for-sale financial assets and purchasing of non-controlling interests.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Special reserve

The Group provided for and utilized safety production expenses according to the Circular on *Printing and Issuing the Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilization* (2012. No.16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note II.31.

39. Surplus reserve

		For the six months ended 30 June 2013			
		Opening balance	Additions (Unaudited)	Deductions (Unaudited)	Closing balance (Unaudited)
Statutory surplus reserve	Note	1,217,159	—	—	1,217,159

		2012			
		Opening balance	Additions	Deductions	Closing balance
Statutory surplus reserve	Note	855,536	361,623	—	1,217,159

Note: In accordance with the Company Law and the Company's Articles of Association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorised to allocate discretionary surplus reserve from profit after tax after the allocation of statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

40. Retained earnings

		For the six months ended 30 June 2013 (Unaudited)	2012
Retained earnings at beginning of the period/year		24,222,006	17,338,492
Net profit attributable to the owners		4,673,699	8,478,891
Less: Appropriation for surplus reserve		—	(361,623)
Distribution of cash dividends	Note	(1,357,130)	(1,233,754)
Retained earnings at end of period/year		27,538,575	24,222,006

Note: In accordance with the resolution at the 2012 annual general meeting of shareholders on 6 June 2013, the Company declared a final cash dividend for the year ended 31 December 2012 of RMB0.11 per share (31 December 2011: RMB0.1), which amounted to RMB1,375,130,000 based on 12,337,541,500 ordinary shares in issue. (31 December 2011: RMB1,233,754,000).

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Revenue and cost of sales

Operating revenue represents the invoice value of goods sold that net of returns and trade discounts, which contains appropriate proportion of construction contracts revenue, the value of the service provided and net amount of lease income received.

The operating revenue is as follows:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Revenue from principal operations	235,221,329	183,784,204
Other operating revenue	816,294	747,706
	236,037,623	184,531,910

The operating cost is as follows:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Cost of sales	212,333,969	165,292,988

An analysis of the Group's operating revenue and cost of sales by sector is as follows:

(Unaudited) Sectors	For the six months ended 30 June			
	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Construction operations	193,470,285	174,837,255	162,257,125	146,270,226
Manufacturing operations	4,666,688	3,590,596	3,488,165	2,696,486
Real estate operations	4,468,388	3,161,489	1,360,169	907,486
Survey, design and consultancy operations	3,176,933	2,115,084	2,798,794	1,829,611
Other business operations	30,255,329	28,629,545	14,627,657	13,589,179
	236,037,623	212,333,969	184,531,910	165,292,988

Information related to the Group's operating revenue and cost of sales is analyzed by region as follows:

(Unaudited) Regions	For the six months ended 30 June			
	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Mainland China	227,426,393	204,357,162	176,613,378	158,252,014
Outside Mainland China	8,611,230	7,976,807	7,918,532	7,040,974
	236,037,623	212,333,969	184,531,910	165,292,988

Notes To Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Revenue and cost of sales (continued)

For the six months ended 30 June 2013, operating revenues from the five largest customers were as follows:

	Amount (Unaudited)	Percentage of total operating revenue
Customer 1	3,864,981	1.64
Customer 2	3,281,087	1.39
Customer 3	2,864,007	1.21
Customer 4	2,813,420	1.19
Customer 5	2,808,759	1.19
	15,632,254	6.62

For the period ended on 30 June 2012, operating revenues from the five largest customers were as follows:

	Amount (Unaudited)	Percentage of total operating revenue
Customer 1	3,881,090	2.10
Customer 2	3,456,116	1.87
Customer 3	2,530,747	1.37
Customer 4	2,414,222	1.31
Customer 5	2,291,365	1.24
	14,573,540	7.89

42. Business tax and surcharges

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Business tax	5,819,111	4,654,319
City maintenance and construction tax	324,043	246,310
Others	524,404	341,323
	6,667,558	5,241,952

Details of applicable taxes of the Group are stated in to Note III "Taxes" for details of applicable tax rates of business tax and surcharges.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Selling and distribution expenses

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Employee compensation costs	350,992	245,382
Advertising and agency expenses	300,829	217,957
Transportation expenses	233,248	117,103
Others	110,555	86,149
	995,624	666,591

44. General and administrative expenses

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Employee compensation costs	3,723,859	3,049,734
Research and development expenses	2,873,916	2,455,725
Office and traveling expenses	622,593	574,547
Depreciation expenses	358,364	414,949
Others	1,297,409	1,394,392
	8,876,141	7,889,347

45. Finance costs

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Interest expenses	3,232,553	2,829,039
Less: interest income	(1,206,743)	(1,000,087)
capitalized interest	(584,452)	(475,746)
Exchange (gains)/losses	(35,265)	121,133
Bank charges and others	214,541	235,408
	1,620,634	1,709,747

The amount of capitalized interest has been included in the balances of construction in progress (Note V.13), intangible assets (Note V.14) and properties under development (Note V.7(a)).

46. Impairment losses/(reversal)

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Reversal of provisions for bad debts	(4,768)	(33,666)
Provisions for decline in value of inventories	17,969	5,837
Impairment of fixed assets	—	2,536
	13,201	(25,293)

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Gains on fair value changes

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Financial assets held for trading	12,724	1,748

48. Investment income

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Share of net profits of associates	2,010	1,653
Share of net profits of jointly controlled entities	3,635	29,947
Investment income from disposal of long-term equity investments	2,552	86,885
Investment income gained during the period in which the Company held available-for-sale financial assets	2,728	4,447
Dividend income received from long-term equity investments	713	1,488
	11,638	124,420

Among the above income from long-term equity investments under the equity method, the five highest amounts of investment income from investees or the amounts of investment income from investees which accounted for more than 5% of the Group's total profit are presented as follows:

	For the six months ended 30 June		Reason for fluctuation
	2013 (Unaudited)	2012 (Unaudited)	
Chongqing Monorail Transportation Engineering Co., Ltd.	1,855	1,077	Increase in profits
China-Africa Lekkil Investment Co., Ltd.	1,370	(6,351)	Increase in profits
PetroChina-CRCC Petroleum Marketing Co., Ltd.	1,308	32,295	Decrease in profits
CRCC-HC-CR15G JV	957	4,003	Decrease in profits
Nanjing PetroChina-CRCC Petroleum Marketing Co., Ltd.	414	—	Increase in profits
	5,904	31,024	

As at 30 June 2013, the remittance of the Group's investment income was not subject to significant restrictions.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Non-operating income

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Government grants	113,072	98,836
Gains on disposal of non-current assets	80,200	41,985
Including:		
Gains on disposal of fixed assets	72,102	41,625
Gains on disposal of intangible assets	8,098	360
Gains on compensation, penalties and fines	19,432	13,191
Gains on debt restructuring	4,846	1,970
Others	61,552	41,492
	279,102	197,474

Government grants credited to profit or loss for the year are as follows:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Enterprise development funding	78,268	45,688
Refund of taxes	10,701	8,013
Equipment funding from the Ministry of Railways	8,150	8,000
Economic and technological cooperation special funds	4,225	—
Relocation compensation	977	29,045
Others	10,751	8,090
	113,072	98,836

50. Non-operating expenses

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Loss on compensation, penalties and fines	18,474	17,078
Abnormal losses	7,549	13
Loss on disposal of non-current assets	6,729	35,206
Including:		
Loss on disposal of fixed assets	6,402	31,372
Loss on disposal of intangible assets	327	3,834
Donations	2,089	1,140
Loss on stocktaking	211	2,635
Others	14,141	14,050
	49,193	70,122

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Income tax expenses

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Current tax expenses — Mainland China	1,025,724	764,489
Current tax expenses — Hong Kong	1,252	312
Current tax expenses — Others	10,051	10,377
Deferred tax expenses	34,519	12,262
	1,071,546	787,440

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

A reconciliation of the income tax expense applicable to total profit at the statutory income tax rate to the income tax expense at the Group's effective tax rate is as follows:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Total profit	5,784,767	4,010,098
Income tax at the statutory income tax rate (Note (a))	1,446,192	1,002,525
Tax effect of lower tax rates for some subsidiaries	(245,969)	(145,592)
Tax effect of share of profits and losses of jointly controlled entities and associates	(1,266)	(7,355)
Income not subject to tax	(7,039)	(7,783)
Expenses not deductible for tax purpose	61,465	74,712
Tax losses utilised from previous years	(21,128)	(31,461)
Income tax benefits on locally purchased machinery and research and development expenses	(188,508)	(120,312)
Tax losses not recognized	84,399	162,845
Adjustments in respect of current income tax of previous periods	(54,500)	(83,146)
Others	(2,100)	(56,993)
Tax expense at the Group's effective tax rate	1,071,546	787,440

Notes:

- The income tax of the Group is calculated based on the estimated taxable profit arising in China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at the applicable tax rate according to existing laws, interpretations and practices of the country/jurisdiction in which the Group operates.
- The share of tax attributed to jointly-controlled entities and associates amounting to RMB427,000 (2012: RMB3,193,000) and RMB281,000 (2012: RMB681,000), respectively, is included in the "Investment income-share of profits and losses of associates and jointly-controlled entities" on the face of the consolidated income statement.

Notes To Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Earnings per share

The basic earnings per share is calculated based on the net profit of the year attributable to the ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the year.

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Earnings		
Net profit attributable to ordinary shareholders of the Company	4,673,699	3,188,436
Shares		
Weighted average number of the outstanding ordinary shares of the Company (Note)	12,337,541,500	12,337,541,500
Basic earnings per share (RMB/share)	0.38	0.26

Note: As disclosed in Note I to these financial statements, after the issuance of A shares and H shares in 2008, the Company has issued an aggregate of 12,337,541,500 outstanding ordinary shares.

The Company holds no potential ordinary shares that are dilutive.

53. Other comprehensive income/(loss)

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
(Losses)/gains from available-for-sale financial assets	(41,304)	7,564
Less: tax effects of available-for-sale financial assets	10,646	(1,638)
	(30,658)	5,926
Exchange differences on foreign currency translation	64,953	(73,880)
	34,295	(67,954)

54. Notes to consolidated statement of cash flows

Cash paid for other operating activities:

(1) Cash received relating to other operating activities:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Business management	172,711	147,311
Rental income of fixed assets	146,205	171,908
Sale of raw material	132,118	174,351
Government grants	74,524	87,338
Training income	62,392	27,082
Property management income	18,307	42,264
Others	402,894	306,358
	1,009,151	956,612

Notes To Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Notes to consolidated statement of cash flows (continued)

(2) Cash paid relating to other operating activities:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Deposits	1,594,244	1,140,628
Office and transportation expenses	929,178	711,378
Agency service fees	270,183	185,556
Repair and maintenance expenses	168,512	200,205
Others	751,420	527,889
	3,713,537	2,765,656

55. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the consolidated statement of cash flows

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Reconciliation of net profit to cash flows used in operating activities		
Net profit	4,713,221	3,222,658
Plus:		
Provision/(reversal) for impairment of assets	13,201	(25,293)
Depreciation of fixed assets	4,762,232	4,535,350
Amortization of intangible assets	89,492	95,507
Gains from disposal of fixed assets, intangible assets and other long-term assets	(73,471)	(6,779)
Gains from changes in fair value	(12,724)	(1,748)
Finance costs	1,406,093	1,474,339
Investment income	(11,638)	(124,420)
Decrease in deferred tax assets	28,932	12,506
Increase/(decrease) in deferred tax liabilities	5,587	(431)
Increase in inventories	(16,038,949)	(13,431,528)
Increase in operating receivables	(13,180,231)	(9,367,574)
Increase in operating payables	8,531,745	10,299,764
Net cash flows used in operating activities	(9,766,510)	(3,317,649)

Changes in cash and cash equivalents:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Cash at the end of year	83,459,637	67,087,744
Less: opening balance of cash	(81,269,028)	(60,466,792)
Plus: closing balance of cash equivalents	5,181,006	2,790,653
Less: opening balance of cash equivalents	(1,077,197)	(13,700,791)
Net increase/(decrease) in cash and cash equivalents	6,294,418	(4,289,186)

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Supplementary information to the consolidated statement of cash flows (continued)

(2) Cash and cash equivalents

	30 June 2013 (Unaudited)	31 December 2012
Cash	83,459,637	81,269,028
Including: cash on hand	630,590	519,350
bank deposits on demand	82,829,047	80,749,678
Cash equivalents	5,181,006	1,077,197
Closing balance of cash and cash equivalents	88,640,643	82,346,225

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

Company name	Nature of enterprise	Place of registration	Legal representative	Business scope	Registered capital	Percentage of ownership interest in the Company	Percentage of voting rights in the Company	Organization code
CRCCG	State-owned enterprise	Beijing	Meng Fengchao	Construction and management	5,969,888	61.33	61.33	10001066-0

2. Subsidiaries

Refer to Note XI — 3(ii) “Subsidiaries”.

3. Jointly-controlled enterprises and associates

Company name	Relationship With the Group	Organization code
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	15826465-5
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	77846939-5
Nanchang Xinlong Real Estate Co., Ltd.	Associate	78145661-6
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate	66411483-6
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	66268036-7
Chongqing Yurong Highway Co., Ltd.	Associate	55675000-X
Gansu China Railway Construction and Estate Investment Co., Ltd.	Associate	55627243-1
Wuhan Lvyin Lawn Engineering Co., Ltd.	Associate	71199357-1
Wuhan Beitong Technology Co., Ltd.	Associate	722741230
Guangzhou Zhonglu Hangsheng Engineering Co., Ltd.	Associate	77565388-3
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	Associate	582464912
China Railway Communications International Engineering and Technology Co., Ltd.	Jointly-controlled entity	79748689-5
CRCC-Tongguan Investment Co., Ltd.	Jointly-controlled entity	69896533-X
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Jointly-controlled entity	697727508
Groupement CITIC-CRCC Joint Venture	Jointly-controlled entity	N/A
China-Africa Lekkil Investment Co., Ltd.	Jointly-controlled entity	78550080-5
HK ACE Joint Venture	Jointly-controlled entity	N/A
CLPE-CRCC-HG Joint Venture	Jointly-controlled entity	N/A
Chun Wo-Henryvicy-CRCC Joint Venture	Jointly-controlled entity	N/A
Chun Wo-Henryvicy-CRCC-Queensland Rail Joint Venture	Jointly-controlled entity	N/A
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity	N/A

Notes To Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties

Company name	Related party relationship	Organization code
China Civil (Hong Kong) Building Limited	Fellow subsidiary	N/A
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary	76141766-0
Chongqing Tiefsa Suiyu Highway Co., Ltd.	Fellow subsidiary	76593295-0
Same Fast Limited	Fellow subsidiary	N/A
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	73506582-5
China Railway Construction (Hong Kong) Co., Ltd.	Fellow subsidiary	N/A
Jinli Assets Management Center	Fellow subsidiary	71093514-2

5. Related party transactions

(1) Construction operations revenue

(Note (a))	For the six months ended 30 June			
	2013 (Unaudited)		2012 (Unaudited)	
	Amount	Percentage	Amount	Percentage
Chongqing Yurong Highway Co., Ltd.	872,840	0.45	918,526	0.57
Chongqing Monorail Transportation Engineering Co., Ltd.	132,385	0.07	88,457	0.05
Groupement CITIC-CRCC Joint Venture	129,479	0.07	152,566	0.09
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	109,464	0.06	10,393	0.01
CRCC-HC-CR 15G Joint Venture	69,759	0.03	9,972	0.01
CRCCG (Note (e))	23,680	0.01	59,230	0.04
CRCC-Tongguan Investment Co., Ltd.	9,697	0.01	—	—
Chongqing Tiefsa Suiyu Highway Co., Ltd. (Note (e))	245	—	187	—
	1,347,549	0.70	1,239,331	0.77

(2) Survey, design and consultancy operations revenue

(Note (b))	For the six months ended 30 June			
	2013 (Unaudited)		2012 (Unaudited)	
	Amount	Percentage	Amount	Percentage
CRCCG (Note (e))	—	—	560	0.02

(3) Other income

(Note (c))	For the six months ended 30 June			
	2013 (Unaudited)		2012 (Unaudited)	
	Amount	Percentage	Amount	Percentage
Chongqing Monorail Transportation Engineering Co., Ltd.	1,816	—	4,824	0.02
Beijing Tongda Jingcheng Highway Co., Ltd. (Note (e))	—	—	143	—
	1,816	—	4,967	0.02

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(4) Purchase of goods and rendering of services

(Note (d))	For the six months ended 30 June			
	2013 (Unaudited)		2012 (Unaudited)	
	Amount	Percentage	Amount	Percentage
Petrochina-CRCC Petroleum Marketing Co., Ltd.	209,636	0.10	287,503	0.17

(5) Other expenses

(Note (c))	For the six months ended 30 June			
	2013 (Unaudited)		2012 (Unaudited)	
	Amount	Percentage	Amount	Percentage
CRCCG (Note (e))	24,341	0.01	17,214	0.01
Jinli Assets Management Center (Note (e))	752	—	490	—
Beijing Tongda Jingcheng Highway Co. Ltd. (Note (e))	46	—	—	—
Chongqing Tiesha Suiyu Highway Co., Ltd. (Note (e))	25	—	—	—
	25,164	0.01	17,704	0.01

(6) Related party guarantee

Granted to a related party

	30 June 2013 (Unaudited)			
	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,067,204	25 May 2010	25 May 2015	No

	31 December 2012			
	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,067,204	25 May 2010	25 May 2015	No

Notes:

- (a) The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.
- (b) The terms of the survey, design and consultancy service agreements entered into by the Group and related parties were mutually agreed by the parties.
- (c) The terms of the agreements relating to rendering or receiving other services entered into by the Group and related parties were mutually agreed by the parties.
- (d) The terms of the purchase agreements of goods and services entered into by the Group and related parties were mutually agreed by the parties.
- (e) The above related party transactions also constitute a connected transaction or continuous related party transactions defined in chapter 14A of the Hong Kong Listing Rules.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

	30 June 2013 (Unaudited)		31 December 2012	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable (Note (a))				
CRCCG (Note (b))	334,576	—	369,840	—
Chongqing Yurong Highway Co., Ltd.	212,301	—	—	—
Chongqing Monorail Transportation Engineering Co., Ltd.	44,825	—	57,894	—
CRCC-HC-CR15G Joint Venture	4,975	—	22,759	—
Chongqing Tiefsa Suiyu Highway Co., Ltd.	4,175	—	4,803	—
Xi'an Tianchuang Real Estate Co., Ltd.	584	—	584	—
Nanchang Railway 2nd Construction Engineering Co., Ltd.	530	—	530	—
Beijing Tongda Jingcheng Highway Co., Ltd.	30	—	30	—
	601,996	—	456,440	—
Inventories — Gross amount due from contract customers (Note (a))				
Chongqing Yurong Highway Co., Ltd.	307,945	—	390,185	—
Chongqing Monorail Transportation Engineering Co., Ltd.	101,550	—	44,876	—
Groupement CITIC-CRCC Joint Venture	101,247	—	15,962	—
CRCCG (Note (c))	37,726	—	31,579	—
	548,468	—	482,602	—

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	30 June 2013 (Unaudited)		31 December 2012	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Advance to supplier (Note (a))				
PetroChina-CRCC Petroleum Marketing Co., Ltd.	5,269	—	4,382	—
Dividends receivable (Note (a))				
Chongqing Monorail Transportation Engineering Co., Ltd.	1,714	—	1,714	—
Other receivables (Note (a))				
Nanchang Railway 2nd Construction Engineering Co., Ltd.	6,158	32	6,139	31
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	1,833	—	1,828	—
Chongqing Monorail Transportation Engineering Co., Ltd.	939	—	939	—
Groupement CITIC-CRCC Joint Venture	230	—	—	—
Nanchang Xinlong Real Estate Co., Ltd.	—	—	26,599	475
Shaanxi Jiuzheng Medical Technology Co., Ltd.	—	—	917	349
	9,160	32	36,422	855
Current portion of non-current assets				
CRCCG (Note (d))	500,000	—	500,000	—
Long-term receivables				
CRCC-Tongguan Investment Co., Ltd.	337,632	—	169,529	—
CRCCG (Note (d))	—	—	500,000	—
	337,632	—	669,529	—

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	30 June 2013 (Unaudited)	31 December 2012
Advances from customers — Gross amount due to contract customers (Note (a))		
Hubei Jiaotou Ziyun Railway Co., Ltd.	35,273	—
CRCC-Tongguan Investment Co., Ltd.	3,993	—
	39,266	—
Account payables (Note (a))		
Wuhan Lvyin Lawn Engineering Co., Ltd.	6	—
Guangzhou Zhonglu Hangsheng Engineering Co., Ltd.	—	38,340
	6	38,340
Dividends payables		
CRCCG	832,287	—
Other payables (Note (a))		
CRCCG (Note (e))	219,742	194,840
Xi'an Tianchuang Real Estate Co., Ltd.	26,548	26,548
Gansu China Railway Construction and Estate Investment Co., Ltd.	21,193	21,193
Jinli Assets Management Center	2,263	3,533
China Railway Communications International Engineering and Technology Co., Ltd.	746	746
Shaanxi Jiuzheng Medical Technology Co., Ltd.	450	—
Guangzhou Zhonglu Hangsheng Engineering Co., Ltd.	—	9,563
	270,942	256,423
Due to customers (Note (f))		
CRCCG	473,053	1,590,697
Jinli Assets Management Center	67,761	82,166
Beijing Tongda Jingcheng Highway Co., Ltd.	7,972	1,059
Chongqing Tiefa Suiyu Highway Co., Ltd.	756	5,353
	549,542	1,679,275
Long-term loans		
CRCCG (Note (g))	82,110	82,110

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

Notes:

- (a) The amounts due from/to the related parties were interest-free, unsecured, and with no fixed terms of repayment.
- (b) The gross amounts due from CRCCG mainly arose from China Railway 14th Bureau Group Co., Ltd. and China Railway 15th Bureau Group Co., Ltd., subsidiaries of the Group, which provide construction services for the Nanjing Changjiang Tunnel Project to CRCCG, and from China Railway Construction Group Ltd., one of the Group's subsidiaries, which constructed the Research Building for CRCCG.
- (c) The gross amount due from CRCCG mainly arose from China Railway Construction Group Ltd., one of the Group's subsidiaries, which constructed the Research Building for CRCCG.
- (d) The long-term receivable represented the balance due from the CRCCG in regard to the transfer consideration of Mecca Light Rail Project. The Company entered into the Agreement on the Arrangement of Matters in relation to the Mecca Light Rail Project about remaining rights and obligations of CRCCG. Pursuant to the Agreement, the Company transferred all the rights and obligations of the Company arising from the Mecca Light Rail Project to CRCCG on 31 October 2010. In consideration of the aforesaid arrangement, CRCCG shall pay RMB2,077,000,000 to the Company. As at 30 June 2013, an amount of RMB500,000,000 shall be paid within one year by CRCCG.
- (e) The amount due to CRCCG mainly represented the amount deposited by CRCCG in the finance balancing center of the Group, and the fund contributed by CRCCG for the reconstruction work in relation to the earthquake in Wenchuan County of Sichuan Province in the PRC in 2008, which was funded to CRCCG by the Ministry of Finance of the PRC.
- (f) The amounts due to CRCCG and other companies controlled by the same parent company of CRCCG are the deposits in the Finance Company.
- (g) According to The Treasury Department's notification of 2012 central state capital budget about the special funds of safety production, the Treasury Department allocate RMB82,110,000 to CRCCG. According to Strengthening Corporation Financial Information Management Interim Provisions, CRCCG transferred this amount to the Group by entrusted loans. At the same time, as the contracts state, if the Company increases its shares or lists its shares on financial markets, this amount will transfer from entrusted loans to equity investments.

7. Parent and subsidiaries

	30 June 2013 (Unaudited)	31 December 2012
Investments in subsidiaries		
Unlisted, measured at cost	58,755,699	58,685,699
Loans to subsidiaries	33,338,472	29,324,562
	92,094,171	88,010,261

As at 30 June 2013, the account receivable due from a subsidiary in the current assets of the Company was RMB199,758,000 (31 December 2012: RMB108,931,000) and the carrying amount of the current debt due to subsidiaries in the current liabilities was RMB8,237,841,000 (31 December 2012: RMB6,220,480,000). Except for the amounts deposited in the Company by the subsidiaries which bear the prevailing interest rate in the market stipulated by financial institutes, other current liabilities are unsecured, interest-free and shall be paid on demand or within one year.

The loans included in the investments in subsidiaries are interest-bearing at the prevailing interest rate in the market stipulated by financial institutes, unsecured and with no fixed terms of repayment.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

VII. CONTINGENCIES

1. The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when management can reasonably estimate the outcome of the legal proceedings and claims taking into account legal advice. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

2 Guarantees

The Group and the Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

The Group	30 June 2013 (Unaudited)	31 December 2012
Jointly-controlled entity	1,067,204	1,067,204
An investee of the Group	117,600	117,600
Guarantee for mortgage loans	7,823,227	6,693,283
	9,008,031	7,878,087

As at 30 June 2013, the Group provided guarantees for external parties with a total amount of RMB1,184,804,000 (31 December 2012: RMB1,184,804,000), excluding the guarantee by phases for mortgage loans to the purchasers of the Group's commodity properties, which amounted to RMB7,823,227,000 (31 December 2012: RMB6,693,283,000).

The aforementioned guarantees were provided by the Group by phases for the mortgage loans provided by the banks to the purchasers of the Group's commodity properties.

The Company	30 June 2013 (Unaudited)	31 December 2012
Subsidiaries	8,608,072	3,453,073
Jointly-controlled entity	1,067,204	1,067,204
An investee of the Company	117,600	117,600
	9,792,876	4,637,877

In addition, certain interest-bearing bank and other loans of the Company of approximately RMB50,268,000 (31 December 2012: RMB53,305,000) were guaranteed by the subsidiaries of the Company as at 30 June 2013.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

VIII. COMMITMENTS

	30 June 2013 (Unaudited)	31 December 2012
Capital commitments		
Contracted, but not provided for	265,378	617,794
Authorized by the board, but not contracted for	—	48,000
	265,378	665,794
Investment commitments		
Contracted, but not fulfilled	115,000	115,000
Authorized by the board, but not contracted for	800,000	800,000
	915,000	915,000
Other commitments (Note)		
Contracted, but not provided for	3,080,000	—
Authorized by the board, but not contracted for	—	4,000,000
	3,080,000	4,000,000

Note: The Company's wholly-owned subsidiary, China Railway 17th Bureau Group Company ("CR17B") signed the Agreement of the Investment and Construction Project from Xi'an North Railway Station to Airport Track Transportation with Shaanxi Coal Industry Company Limited on 19 March 2013. According to the Agreement, capital investment for the Project totaling RMB1,080,000,000 shall be made by CR17B.

The Company entered into a Build-Transfer project contract with Changchun Subway Co., Ltd. ("Changchun Subway") on 18 March 2013, pursuant to which the Company will inject capital in an aggregate amount of RMB4 billion to Changchun Subway, in three tranches. The Company's share of capital contribution in Changchun Subway shall not exceed 20% upon and after each tranche of capital contribution. The State-owned Assets Supervision and Administration Commission of Changchun Municipal People's Government or its designated department will repurchase all capital contributed by the Company at the original value of RMB4 billion according to the schedule as agreed in the contract. By 30 June 2013, the Group has paid the capital of RMB2 billion.

IX. EVENT AFTER THE BALANCE SHEET DATE

- In accordance with the resolution at the 2013 annual general meeting of shareholders on 6 Jun 2013, the Company proposed a final cash dividend for the year ended 31 December 2012 of RMB0.11 (tax included) per share, which amounted to RMB1,357,130,000 based on the total number of shares of 12,337,541,500 in issue. Up to 31 July 2013, the above-mentioned cash dividends have been paid out.
- On 7 August 2013, the Company and the Controlling Shareholder paid RMB4,418,000,000 and RMB282,000,000 to the Company's subsidiary, CRCC Finance Company Limited as its registered capital, which increased from RMB1,300,000,000 to RMB6,000,000,000. The change of business registration was completed on 8 August 2013.
- By the approval date of the financial statements, save as aforesaid, no other significant event took place subsequent to 30 June 2013.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS

1. Leases

As the lessee

Finance leases: As at 30 June 2013, the balance of unrecognized financing charges was RMB574,036,000 (31 December 2012: RMB639,641,000), which was amortized using the effective interest rate method over the lease terms. The future minimum lease payments under non-cancellable finance leases are as follows:

	30 June 2013 (Unaudited)	31 December 2012
Less than 1 year (including 1 year)	911,488	889,581
Over 1 to 2 years (including 2 years)	1,118,978	1,087,191
Over 2 to 5 years (including 5 years)	2,124,159	2,196,596
Over 5 years	142,254	181,129
	4,296,879	4,354,497

Details of fixed assets leased under finance leases are stated in Note V.12.

As the lessee

Significant operating leases: According to the leases entered into with the lessors, the minimum lease payments under non-cancellable leases are as follows:

	30 June 2013 (Unaudited)	31 December 2012
Less than 1 year (including 1 year)	26,816	60,473
Over 1 to 2 years (including 2 years)	13,030	32,586
Over 2 to 3 years (including 3 years)	12,038	11,941
Over 3 years	13,200	14,539
	65,084	119,539

For the period ended 30 June 2013, payments under operating leases recognized in profit or loss for the year amounted to RMB35,761,000 (30 June 2012: RMB52,942,000).

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Assets and liabilities measured at fair value

	For the six months ended 30 June 2013			
	Opening balance	Profit from changes in fair value in the period (Unaudited)	Accumulated changes in fair value charged to equity (Unaudited)	Closing balance (Unaudited)
Financial assets				
Financial assets at fair value through profit or loss	115,025	12,724	—	126,352
Available-for-sale financial assets	264,970	—	(41,304)	223,666
	379,995	12,724	(41,304)	350,018

	2012				
	Opening balance	Investment disposal	Profit from changes in fair value in the year	Accumulated changes in fair value charged to equity	Closing balance
Financial assets					
Financial assets at fair value through profit or loss	46,919	64,866	3,240	—	115,025
Available-for-sale financial assets	242,097	—	—	22,873	264,970
	289,016	64,866	3,240	22,873	379,995

3. Segment reporting

Operating segments

For management purposes, the Group is organized into the following four operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services, as well as technology and equipment research and development services;
- (3) The manufacturing operations segment engages in research and development, production and sale of large track maintenance machinery as well as the manufacturing of components for railway construction;
- (4) The real estate operations segment engages in the development, construction and sale of real estate; and
- (5) The other business operations segment mainly comprises logistics businesses and other business operations.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Segment reporting (continued)

Operating segments (continued)

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.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Inter-segment transfers are transacted with reference to the fair values used in the transactions carried out with third parties.

	For the six months ended 30 June 2013 (Unaudited)						Total
	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	
Revenue from external customers	193,470,285	3,176,933	4,666,688	4,468,388	30,255,329	—	236,037,623
Inter-segment sales	1,384,055	1,000	716,834	—	3,287,255	(5,389,144)	—
	194,854,340	3,177,933	5,383,522	4,468,388	33,542,584	(5,389,144)	236,037,623
Share of profits and losses of jointly-controlled entities and associates	4,182	(259)	—	—	1,722	—	5,645
Impairment losses recognized/ (reversed)	(8,105)	3,121	6,897	(146)	11,434	—	13,201
Depreciation and amortization	4,487,789	80,018	148,949	14,666	120,302	—	4,851,724
Profit before tax	3,393,974	386,612	419,615	546,870	767,742	269,954	5,784,767
Segment assets ⁽ⁱ⁾	408,466,117	13,418,203	14,614,309	79,607,761	50,140,895	(44,568,122)	521,679,163
Segment liabilities ⁽ⁱ⁾	359,316,058	10,299,223	9,833,785	66,484,609	43,930,634	(44,925,405)	444,938,904
Other segment information							
Investments in jointly-controlled entities and associates	3,120,593	9,833	33,117	57,684	77,011	—	3,298,238
Increase in non-current assets other than long-term equity investments	5,667,223	152,269	295,718	44,021	213,530	—	6,372,761

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Segment reporting (continued)

Operating segments (continued)

	For the six months ended 30 June 2012 (Unaudited)						Total
	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Others	Eliminations and adjustments	
Revenue from external customers	162,257,125	2,798,794	3,488,165	1,360,169	14,627,657	—	184,531,910
Inter-segment sales	1,377,724	1,387	585,927	—	1,937,397	(3,902,435)	—
	163,634,849	2,800,181	4,074,092	1,360,169	16,565,054	(3,902,435)	184,531,910
Share of profits and losses of jointly-controlled entities and associates	(156)	(540)	—	—	32,296	—	31,600
Impairment losses recognized/(reversed)	(26,714)	3,050	1,188	(5)	(2,812)	—	(25,293)
Depreciation and amortization	4,272,306	102,589	143,109	11,396	101,457	—	4,630,857
Profit before tax	2,772,713	344,545	309,473	172,306	373,380	37,681	4,010,098
Segment assets ⁽ⁱ⁾	358,526,070	12,198,072	13,088,090	64,991,429	29,449,200	(35,803,839)	442,449,022
Segment liabilities ⁽ⁱⁱ⁾	314,442,871	9,225,416	8,729,257	54,970,542	24,131,779	(36,537,866)	374,961,999
Other segment information							
Investments in jointly-controlled entities and associates	2,152,422	10,955	32,739	69,094	86,800	—	2,352,010
Increase in non-current assets other than long-term equity investments	3,849,706	48,696	378,042	11,727	95,396	—	4,383,567

(i) Segment assets did not include deferred tax assets of RMB1,961,172,000 (31 December 2012: RMB1,990,104,000) as the Group did not manage these assets based on operating segments. In addition, inter-segment receivables of RMB46,529,294,000 (31 December 2012: RMB37,608,101,000) were eliminated on consolidation.

(ii) Segment liabilities did not include deferred tax liabilities of RMB253,919,000 (31 December 2012: RMB258,978,000) and corporate income tax payable of RMB1,349,970,000 (31 December 2012: RMB1,956,629,000) as the Group did not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB46,529,294,000 (31 December 2012: RMB37,608,101,000) were eliminated on consolidation.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Segment reporting (continued)

Group Information

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Mainland China	227,426,393	176,613,378
Outside Mainland China	8,611,230	7,918,532
	236,037,623	184,531,910

Non-current assets (i)

	For the six months ended 30 June 2013 (Unaudited)	31 December 2012
Mainland China	50,502,500	49,145,364
Outside Mainland China	2,526,340	2,548,708
	53,028,840	51,694,072

In the geographical information above, revenue from external customers is based on the location of the customers. Non-current asset information above is based on the location of the non-current assets.

(i) Non-current assets consisted of property, plant and equipment, construction in progress, intangible assets, long-term prepaid expenses and investments in jointly-controlled entities and associates.

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer during the six-month period ended 30 June 2013 and during the year of 2012.

4. Financial instruments and their risks

Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, deposits from customers, bonds payable, other current liabilities, finance lease liabilities, and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable, bills receivable, other receivables, accounts payable, bill payables and other payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The senior management of the Company meets at least four times a year to analyze and formulate measures to manage the Group's exposure to these risks. In addition, the Board of Directors of the Company holds meetings at least two times a year to analyze and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum level, the Group did not use any derivatives and other instruments for hedging purposes and the Group did not hold or issue derivative financial instruments for trading purposes for the year ended 30 June 2013.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

30 June 2013 (Unaudited)

Financial assets	Financial assets at fair value through profit or loss	Held-to- maturity investments	Loans and receivables	Available-for- sale financial assets	Total
Held-to-maturity investments	—	1,245	—	—	1,245
Available-for-sale financial assets	—	—	—	223,666	223,666
Long-term equity investments under cost method	—	—	—	2,537,064	2,537,064
Bills receivable	—	—	2,472,217	—	2,472,217
Accounts receivable	—	—	67,404,095	—	67,404,095
Interest receivable	—	—	137,186	—	137,186
Dividends receivable	—	—	5,290	—	5,290
Other receivables	—	—	37,636,556	—	37,636,556
Long-term receivables	—	—	18,407,863	—	18,407,863
Current portion of non-current assets	—	—	13,165,710	—	13,165,710
Financial assets held for trading	126,352	—	—	—	126,352
Cash and bank balances	—	—	96,161,572	—	96,161,572
	126,352	1,245	235,390,489	2,760,730	238,278,816

Financial liabilities	Financial liabilities at amortized cost
Short-term loans	47,350,207
Due to customers	549,542
Bills payable	21,282,355
Accounts payable	158,672,549
Interest payables	687,185
Dividends payable	1,474,949
Other payables	39,196,608
Current portion of non-current liabilities	6,045,273
Other current liabilities	21,240,352
Long-term loans	24,479,013
Bonds payable	30,798,059
Long-term payables	3,191,696
	354,967,788

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Financial instruments by category (continued)

31 December 2012

Financial assets	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
Held-to-maturity investments	—	1,269	—	—	1,269
Available-for-sale financial assets	—	—	—	264,970	264,970
Long-term equity investments					
under cost method	—	—	—	2,530,740	2,530,740
Bills receivable	—	—	2,300,570	—	2,300,570
Accounts receivable	—	—	71,711,636	—	71,711,636
Interest receivable	—	—	81,250	—	81,250
Dividends receivable	—	—	12,507	—	12,507
Other receivables	—	—	30,968,057	—	30,968,057
Long-term receivables	—	—	7,693,901	—	7,693,901
Current portion of non-current assets	—	—	13,427,892	—	13,427,892
Financial assets held for trading	115,025	—	—	—	115,025
Cash and bank balances	—	—	92,274,144	—	92,274,144
	115,025	1,269	218,469,957	2,795,710	221,381,961

Financial liabilities	Financial liabilities at amortized cost
Short-term loans	38,696,693
Due to customers	1,738,943
Bills payable	22,013,195
Accounts payable	158,862,434
Interest payables	236,603
Dividends payable	108,388
Other payables	34,855,004
Current portion of non-current liabilities	10,432,264
Other current liabilities	21,952,069
Long-term loans	16,930,101
Bonds payable	14,459,980
Long-term payables	3,296,652
	323,582,326

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Credit risk

Credit risk is the risk of financial loss on one party of a financial instrument due to the failure of another party to meet its obligations.

The Group trades only with recognized and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note VII.2 to the financial statements. Substantially all of the Group's cash and bank balances are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

As the Group's major customers are PRC government agencies at the national, provincial and local levels and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

As at 30 June 2013 and 2012, further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable, other receivables and long-term receivables which are neither past due nor impaired or past due but not impaired are disclosed in Notes V.4, 6 and 9, respectively, to the financial statements.

Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities.

The Group monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Due to the capital intensive nature of the Group's businesses, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities from several PRC banks of up to RMB718.7 billion as at 30 June 2013, of which an amount of approximately RMB290.3 billion has been utilized.

The Group's policy is that not more than 75% of borrowings shall mature in the following 12 months based on the carrying amount of borrowings reflected in the financial statements. As at 30 June 2013, 57.2% (31 December 2012: 69.4%) of the Group's borrowings would mature in less than one year.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at the balance sheet date, based on the undiscounted contractual cash flows:

	30 June 2013 (Unaudited)					
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term loans	—	47,350,207	—	—	—	47,350,207
Due to customers	549,542	—	—	—	—	549,542
Other current liabilities	—	21,240,352	—	—	—	21,240,352
Bills payable	—	21,282,355	—	—	—	21,282,355
Accounts payable	—	158,672,549	—	—	—	158,672,549
Interest payables	—	687,185	—	—	—	687,185
Dividends payable	—	1,474,949	—	—	—	1,474,949
Other payables	—	39,196,608	—	—	—	39,196,608
Current portion of non-current liabilities	—	6,045,273	—	—	—	6,045,273
Long-term loans	—	—	12,667,361	10,002,219	1,809,433	24,479,013
Bonds payable	—	—	850,000	7,690,208	22,257,851	30,798,059
Long-term payables	—	—	1,000,109	1,949,333	242,254	3,191,696
Unrecognized financing charges in connection with finance leases	—	186,213	179,373	199,669	8,809	574,064
Interest payments on financial liabilities	—	3,823,534	1,798,649	3,677,772	3,027,529	12,327,484
Guarantees provided to a jointly controlled entity and a third party (excluding the guarantee for mortgage loans)	1,184,804	—	—	—	—	1,184,804
	1,734,346	299,959,225	16,495,492	23,519,201	27,345,876	369,054,140

	31 December 2012					
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term loans	—	38,696,693	—	—	—	38,696,693
Due to customers	1,698,909	40,034	—	—	—	1,738,943
Other current liabilities	—	21,952,069	—	—	—	21,952,069
Bills payable	—	22,013,195	—	—	—	22,013,195
Accounts payable	—	158,862,434	—	—	—	158,862,434
Interest payables	—	236,603	—	—	—	236,603
Dividends payable	—	108,388	—	—	—	108,388
Other payables	—	34,855,004	—	—	—	34,855,004
Current portion of non-current liabilities	—	10,432,264	—	—	—	10,432,264
Long-term loans	—	—	9,350,929	6,271,386	1,307,786	16,930,101
Bonds payable	—	—	850,000	6,179,030	7,430,950	14,459,980
Long-term payables	—	—	1,041,965	2,027,023	227,664	3,296,652
Unrecognized financing charges in connection with finance leases	—	186,886	217,973	219,564	15,218	639,641
Interest payments on financial liabilities	—	2,484,296	906,687	1,950,574	2,101,155	7,442,712
Guarantees provided to a jointly controlled entity and a third party (excluding the guarantee for mortgage loans)	1,184,804	—	—	—	—	1,184,804
	2,883,713	289,867,866	12,367,554	16,647,577	11,082,773	332,849,483

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. It mainly includes interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Interest-bearing borrowings, cash and short term deposits are stated at amortized cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the consolidated income statement as earned/incurred.

As at 30 June 2013, floating interest rate loans accounted for about 49.4% of the Group's borrowings, and fixed interest rate loans accounted for approximately 50.6%. Management would adjust the proportion of floating rate assets based on changes in the market interest rates to reduce the significant impact of the interest rate risk.

If there were a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by one percentage point, with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB312,876,000 for the year (30 June 2012: RMB281,674,000), 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 2013 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from now until the end of the next annual reporting period.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. With the majority of the Group's businesses transacted in RMB, RMB is defined as the Group's functional currency. The RMB is not freely convertible into foreign currencies and conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group has not entered into any hedging transactions for the period ended 30 June 2013 and the year ended 31 December 2012 in order to reduce the Group's exposure to foreign currency risk in this regard.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of United States dollar, Euro, Nigerian naira, Algerian dinar, Hong Kong dollar, Saudi Arabian riyal, Singapore dollar, with all other variables held constant, of the Group's net profit.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Market risk (continued)

Effect on net profit

		Increase/ (decrease) in net profit For the six months ended 30 June	
		2013 (Unaudited)	2012 (Unaudited)
Increase in the United States dollar rate	3%	(17,100)	(91,800)
Decrease in the United States dollar rate	(3%)	17,100	91,800
Increase in the Euro rate	7%	(28,900)	(38,400)
Decrease in the Euro rate	(7%)	28,900	38,400
Increase in the Nigerian naira rate	6%	89,800	57,500
Decrease in the Nigerian naira rate	(6%)	(89,800)	(57,500)
Increase in the Algerian dinar rate	7%	3,300	7,700
Decrease in the Algerian dinar rate	(7%)	(3,300)	(7,700)
Increase in the Hong Kong dollar rate	3%	1,100	1,600
Decrease in the Hong Kong dollar rate	(3%)	(1,100)	(1,600)
Increase in the Singapore dollar rate	2%	(7,700)	—
Decrease in the Singapore dollar rate	(2%)	7,700	—

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 30 June 2013 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.

Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services and products commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividends payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the periods ended 30 June 2013 and 30 June 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes short-term loans, long-term loans, deposits from customers, other current liabilities, bills payable, accounts payable, employee benefits payable, interest payables, dividends payable, other payables, current portion of non-current liabilities, bonds payable and long-term payables less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated balance sheet.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Market risk (continued)

Capital management (continued)

The Group's strategy was to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios at the end of the reporting periods were presented as follows:

	30 June 2013 (Unaudited)	31 December 2012
Short-term loans	47,350,207	38,696,693
Long-term loans	24,479,013	16,930,101
Due to customers	549,542	1,738,943
Other current liabilities	21,240,352	21,952,069
Bills payable	21,282,355	22,013,195
Accounts payable	158,672,549	158,862,434
Employee benefits payable (excluded provision for early retirement benefits) (Note V.24)	8,367,173	9,177,245
Interest payables	687,185	236,603
Dividends payable	1,474,949	108,388
Other payables	39,196,608	34,855,004
Current portion of non-current liabilities	6,045,273	10,432,264
Bonds payable	30,798,059	14,459,980
Long-term payables	3,191,696	3,296,652
Less: cash and bank balances	(96,161,572)	(92,274,144)
Net debt	267,173,389	240,485,427
Total equity	76,740,259	73,329,307
Total equity and net debt	343,913,648	313,814,734
Gearing ratio	78%	77%

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following methods and assumptions were used to estimate fair values:

The fair values of cash and bank balances, bills receivable, accounts receivable, amounts due to customers, bills payable, accounts payable and similar instruments are approximate to their carrying amounts due to the short term maturities of these instruments.

The fair values of unlisted held-to-maturity investments, long-term receivables, long-term and short-term loans, other current liabilities, bonds payable and similar instruments are calculated by discounting the estimated future cash flows using rates currently available for other instruments with substantially equivalent terms and characteristics.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Fair value (continued)

The fair values of listed financial instruments are determined based on the quoted market prices.

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2013 (Unaudited)	31 December 2012	30 June 2013 (Unaudited)	31 December 2012
Financial assets				
Held-to-maturity investments	1,245	1,269	1,245	1,269
Available-for-sale financial assets	223,666	264,970	223,666	264,970
Long-term equity investments under the cost method	2,537,064	2,530,740	2,537,064	2,530,740
Bills receivable	2,472,217	2,300,570	2,472,217	2,300,570
Accounts receivable	67,404,095	71,711,636	67,404,095	71,711,636
Interest receivable	137,186	81,250	137,186	81,250
Dividends receivable	5,290	12,507	5,290	12,507
Other receivables	37,636,556	30,968,057	37,636,556	30,968,057
Current portion of non-current assets	13,165,710	13,427,892	13,165,710	13,427,892
Long-term receivables	18,407,863	7,693,901	18,407,863	7,693,901
Financial assets held for trading	126,352	115,025	126,352	115,025
Cash and bank balances	96,161,572	92,274,144	96,161,572	92,274,144
	238,278,816	221,381,961	238,278,816	221,381,961
Financial liabilities				
Short-term loans	47,350,207	38,696,693	47,350,207	38,696,693
Due to customers	549,542	1,738,943	549,542	1,738,943
Other current liabilities	21,240,352	21,952,069	21,240,352	21,952,069
Bills payable	21,282,355	22,013,195	21,282,355	22,013,195
Accounts payable	158,672,549	158,862,434	158,672,549	158,862,434
Interest payables	687,185	236,603	687,185	236,603
Dividends payable	1,474,949	108,388	1,474,949	108,388
Other payables	39,196,608	34,855,004	39,196,608	34,855,004
Current portion of non-current liabilities	6,045,273	10,432,264	6,045,273	10,432,264
Long-term loans	24,479,013	16,930,101	24,306,361	16,830,843
Bonds payable	30,798,059	14,459,980	30,798,059	14,459,980
Long-term payables	3,191,696	3,296,652	3,162,102	3,289,852
	354,967,788	323,582,326	354,765,542	323,476,268

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

5. Other financial information

(i) Supplementary information to the balance sheet

Group

	30 June 2013 (Unaudited)	31 December 2012
Net current assets		
Current assets	445,343,450	416,286,859
Less: current liabilities	(382,834,485)	(368,811,792)
Net current assets	62,508,965	47,475,067
Total assets less current liabilities		
Total assets	521,679,163	480,661,303
Less: current liabilities	(382,834,485)	(368,811,792)
Total assets less current liabilities	138,844,678	111,849,511

Company

	30 June 2013 (Unaudited)	31 December 2012
Net current assets		
Current assets	59,435,303	43,756,990
Less: current liabilities	(34,118,027)	(29,480,446)
Net current assets	25,317,276	14,276,544
Total assets less current liabilities		
Total assets	120,018,542	103,787,177
Less: current liabilities	(34,118,027)	(29,480,446)
Total assets less current liabilities	85,900,515	74,306,731

(ii) Directors' and supervisors' remuneration

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Directors' and supervisors' remuneration	2,308	2,375

6. Comparative amounts

Some comparative amounts have been restated to conform with the current period's presentation.

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

An ageing analysis of accounts receivable is as follows:

	30 June 2013	31 December 2012
Within 1 year	355,767	388,483
1 to 2 years	153,023	150,892
	508,790	539,375

Accounts receivable by category are as follows:

	30 June 2013 (Unaudited)			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	153,023	30.08	—	—
Individually not significant but subject to separate provision for bad debts	355,767	69.92	—	—
	508,790	100.00	—	—

	31 December 2012			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	537,478	99.65	—	—
Individually not significant but subject to separate provision for bad debts	1,897	0.35	—	—
	539,375	100.00	—	—

As at 30 June 2013, no amount due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of accounts receivable (31 December 2012: nil).

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (continued)

As at 30 June 2013, significant accounts receivable were as follows:

	Relationship with the Company	Amount (Unaudited)	Ageing	Percentage of total accounts receivable
Company 1	Third party	355,767	Within 1 year	69.92
Company 2	Third party	76,512	1 to 2 years	15.04
Company 3	Third party	76,511	1 to 2 years	15.04
		508,790		100.00

As at 31 December 2012, significant accounts receivable were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total accounts receivable
Company 1	Third party	386,586	Within 1 year	71.67
Company 2	Third party	75,446	1 to 2 years	13.99
Company 3	Third party	75,446	1 to 2 years	13.99
Others		1,897	Within 1 year	0.35
		539,375		100.00

2. Other receivables

An ageing analysis of other receivables is as follows:

	30 June 2013 (Unaudited)	31 December 2012
Within 1 year	15,034,614	11,425,388
1 to 2 years	18,521,025	18,518,816
2 to 3 years	3	8
Over 3 years	167,212	165,587
	33,722,854	30,109,799

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2 Other receivables (continued)

Other receivables by category are as follows:

	30 June 2013 (Unaudited)			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	33,644,645	99.77	—	—
Individually not significant but subject to separate provision for bad debts	78,209	0.23	—	—
	33,722,854	100	—	—

	31 December 2012			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	29,968,355	99.53	—	—
Individually not significant but subject to separate provision for bad debts	141,444	0.47	—	—
	30,109,799	100.00	—	—

As at 30 June 2013, the five highest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables
Company 1	Subsidiary	18,515,000	1 to 2 years	54.90
Company 2	Subsidiary	7,417,504	Within 1 year	22.00
Company 3	Subsidiary	1,079,094	Within 1 year	3.20
Company 4	Subsidiary	750,000	Within 1 year	2.22
Company 5	Subsidiary	540,927	Within 1 year	1.61
		28,302,525		83.93

As at 31 December 2012, the five highest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables
Company 1	Subsidiary	18,515,000	1 to 2 years	61.49
Company 2	Subsidiary	4,141,994	Within 1 year	13.76
Company 3	Subsidiary	1,068,894	Within 1 year	3.55
Company 4	Subsidiary	1,033,000	Within 1 year	3.43
Company 5	Subsidiary	750,000	Within 1 year	2.49
		25,508,888		84.72

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2 Other receivables (continued)

As at 30 June 2013, there was no balance due from shareholders that held 5% or more of the Company's voting rights included in the aforesaid balance of other receivables (31 December 2012: nil).

As at 30 June 2013, other receivables from related parties were as follows:

	30 June 2013 (Unaudited)	31 December 2012
Subsidiaries	33,627,214	30,034,497

3. Long-term equity investments

		30 June 2013 (Unaudited)	31 December 2012
Cost method			
Equity investment in entities with no joint control or significant influence	(i)	8,652	8,652
Subsidiaries	(ii)	58,755,699	58,685,699
Equity method			
Jointly-controlled entities	(iii)	652,534	651,164
		59,416,885	59,345,515

Note: All the long-term equity investments are invested in unlisted companies.

(i) Equity investment in entity with no joint control or significant influence

Company name	Investment cost	Opening balance	Decrease	Closing balance (Unaudited)	Percentage of ownership	Percentage of voting rights
Guotai Jun'an Securities Corporation Limited	8,652	8,652	—	8,652	0.16	0.16

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(ii) Subsidiaries

Company name	30 June 2013 Percentage of equity interest attributable to the Company (Unaudited)	30 June 2013 Carrying amount (Unaudited)	31 December 2012 Carrying amount
China Civil Engineering Construction Ltd.	100.00	2,254,969	2,254,969
China Railway 11 th Bureau Group Co., Ltd.	100.00	1,893,912	1,893,912
China Railway 12 th Bureau Group Co., Ltd.	100.00	2,075,868	2,075,868
China Railway 13 th Bureau Group Co., Ltd.	100.00	1,396,621	1,396,621
China Railway 14 th Bureau Group Co., Ltd.	100.00	2,130,105	2,130,105
China Railway 15 th Bureau Group Co., Ltd.	100.00	1,446,941	1,446,941
China Railway 16 th Bureau Group Co., Ltd.	100.00	1,405,744	1,405,744
China Railway 17 th Bureau Group Co., Ltd.	100.00	1,714,582	1,714,582
China Railway 18 th Bureau Group Co., Ltd.	100.00	1,103,234	1,103,234
China Railway 19 th Bureau Group Co., Ltd.	100.00	1,454,638	1,454,638
China Railway 20 th Bureau Group Co., Ltd.	100.00	1,615,144	1,615,144
China Railway 21 st Bureau Group Co., Ltd.	100.00	1,557,251	1,557,251
China Railway 22 nd Bureau Group Co., Ltd.	100.00	1,387,558	1,387,558
China Railway 23 rd Bureau Group Co., Ltd.	100.00	1,476,847	1,476,847
China Railway 24 th Bureau Group Co., Ltd.	100.00	1,424,517	1,424,517
China Railway 25 th Bureau Group Co., Ltd.	100.00	1,107,177	1,107,177
China Railway Construction Group Ltd.	100.00	2,340,101	2,340,101
China Railway Electrification Bureau Group Co., Ltd.	100.00	1,105,530	1,105,530
China Railway Real Estate Group Co., Ltd.	100.00	7,062,941	7,062,941
China Railway First Survey and Design Institute Group Co., Ltd.	100.00	623,730	623,730
China Railway Fourth Survey and Design Institute Group Co., Ltd.	100.00	1,015,309	1,015,309
China Railway Fifth Survey and Design Institute Group Co., Ltd.	100.00	291,811	291,811

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(ii) Subsidiaries (continued)

Company name	30 June 2013 Percentage of equity interest attributable to the Company (Unaudited)	30 June 2013 Carrying amount (Unaudited)	31 December 2012 Carrying amount
China Railway Shanghai Design Institute Group Co., Ltd.	100.00	267,624	267,624
China Railway Goods and Materials Group Co., Ltd.	100.00	1,314,805	1,314,805
Kunming China Railway Large Road Maintenance Machinery Co., Ltd.	100.00	1,349,792	1,349,792
China Railway Construction Heavy Industry Co., Ltd.	100.00	1,234,810	1,234,810
Beijing Tiecheng Construction Supervision Co., Ltd.	80.02	26,385	26,385
Chenghe Insurance Broker Co., Ltd.	100.00	113,290	53,290
China Railway Construction (Beijing) Business Management Co., Ltd.	100.00	28,313	28,313
CRCC China-Africa Construction Limited	100.00	1,000,000	1,000,000
China Railway Construction Investment Co., Ltd.	100.00	10,000,000	10,000,000
China Railway Construction and Waterway Bureau Co., Ltd.	100.00	1,304,048	1,304,048
CRCC Finance Company Limited	94.00	1,222,000	1,222,000
CRCC International Group Co., Ltd.	100.00	3,000,102	3,000,102
CRCC Assets Management Company Co., Ltd.	100.00	10,000	—
		58,755,699	58,685,699

(iii) Investments in jointly-controlled entities

For the six months ended 30 June 2013 (Unaudited)

Company name	Movements								
	Investment cost	Opening balance	Increase	Share of the profits/ (losses)	Distribution of cash dividends	Transfer out	Closing balance	Percentage of equity %	Percentage of voting rights %
China-Africa Lekkil Investment Co., Ltd.	654,930	651,164	—	1,370	—	—	652,534	57.29	57.29

2012

Company name	Investment cost	Opening balance	Movements			Closing balance	Percentage of equity %	Percentage of voting rights %
			Increase	Share of the profits/ (losses)	Distribution of cash dividends			
CRCC-Tongguan Investment Co., Ltd.	—	1,200,000	—	—	—	(1,200,000)	—	—
China-Africa Lekkil Investment Co., Ltd.	654,930	69,083	584,930	(2,849)	—	—	651,164	57.29
Others	—	8,666	—	2,287	(130)	(10,813)	—	—
		1,277,739	584,930	(562)	(130)	(1,210,813)	651,164	

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales

The operating revenue is as follows:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Operating revenue from principal operations	255,013	331,439
Other operating revenue	322	1,030
	255,335	332,469

The operating cost is as follows:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Operating cost	247,384	228,684

Information related to the Company's operating revenue and cost of sales by sector is as follows:

Sectors	For the six months ended 30 June			
	2013 (Unaudited)		2012 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Construction operations	243,079	242,725	316,621	224,377
Others	12,256	4,659	15,848	4,307
	255,335	247,384	332,469	228,684

For period ended 30 June 2013, operating revenues from the three largest customers were as follows:

	Amount (Unaudited)	Percentage of total operating revenue
Customer 1	105,391	41.28
Customer 2	70,012	27.42
Customer 3	67,676	26.50
	243,079	95.20

For the period ended 30 June 2012, operating revenues from the two highest amounts of customers were as follows:

	Amount (Unaudited)	Percentage of total operating revenue
Customer 1	222,058	66.79
Customer 2	94,563	28.44
	316,621	95.23

Notes To Financial Statements (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Investment income

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Share of net profit/(loss) of the jointly-controlled entities	1,370	(4,063)
Investment income received from long-term equity investments under cost method	2,865,383	3,682,128
Other	—	2,523
	2,866,753	3,680,588

As at 30 June 2013, the remittance of the Company's investment income was not subject to significant restriction.

6. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Reconciliation of net profit to cash flows (used in)/from operating activities		
Net profit	2,668,550	3,146,594
Plus:		
Depreciation of fixed assets	5,532	6,166
Amortization of intangible assets	271	28
Losses from disposal of fixed assets	348	8
Losses from changes in fair value	(207)	(2,699)
Financial cost	66,213	493,144
Investment income	(2,866,753)	(3,680,588)
Decrease in deferred tax assets	52	679
Decrease in inventories	14,151	694,480
Increase in operating receivables	(3,424,904)	(769,539)
Decrease in operating payables	3,099,065	422,249
Net cash flows (used in)/from operating activities	(437,682)	310,522

Significant investing and financing activities not involving cash:

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Long term investment transferred into debts of subsidiaries	—	2,700,000
Debts of subsidiaries transferred into capital	—	1,220,000
	—	3,920,000

(2) Cash and cash equivalents

	30 June 2013 (Unaudited)	31 December 2012
Cash	722,214	571,231
Including: Cash on hand	277	268
Bank deposits on demand	721,937	570,963
Cash equivalents	20,955,483	9,513,605
Closing balance of cash and cash equivalents	21,677,697	10,084,836

Supplementary Information

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

1. SUMMARY OF NON-RECURRING PROFIT OR LOSS

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Gains from disposal of fixed assets, intangible assets and other long-term assets	73,471	6,779
Gains from disposal of long-term equity investments	2,552	86,885
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	104,922	90,686
Net gains from debt restructuring	3,827	1,852
Gains from changes in fair value of held-for-trading financial assets	12,724	1,748
Reversal of impairment for accounts receivable	48,948	71,087
Other non-operating income and expenses other than the above items	39,540	19,885
Impact on income tax	(71,496)	(69,730)
Impact on non-controlling interests (after tax)	(1,799)	(2,221)
Non-recurring profit or loss, net	212,689	206,971

Non-recurring profit or loss items included in non-operating income and non-operating expenses for the period ended 30 June 2013 and the year 31 December 2012 were as follows:

Non-operating income

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Gains on disposal of non-current assets	80,200	41,985
Including:		
Gains on disposal of fixed assets	72,102	41,625
Gains on disposal of intangible assets	8,098	360
Government grants	104,922	90,686
Gains on compensation, penalties and fines	19,432	13,191
Gains on debt restructuring	4,846	1,970
Others	61,552	41,492
	270,952	189,324

Supplementary Information (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

1. SUMMARY OF NON-RECURRING PROFIT OR LOSS (CONTINUED)

Non-operating expenses

	For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Loss on disposal of non-current assets	6,729	35,206
Including:		
Loss on disposal of fixed assets	6,402	31,372
Loss on disposal of intangible assets	327	3,834
Loss on compensation, penalties and fines	18,474	17,078
Donations	2,089	1,140
Loss on stocktaking	211	2,635
Others	21,690	14,063
	49,193	70,122

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

Group

(Unaudited)	For the six months ended 30 June 2013		
	Weighted average return on net assets (%)	EPS (RMB) Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	6.32	0.38	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	6.03	0.36	N/A

(Unaudited)	For the six months ended 30 June 2012		
	Weighted average return on net assets (%)	EPS (RMB) Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	4.86	0.26	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	4.54	0.24	N/A

The Company holds no potential ordinary shares that are dilutive.

The above weighted average return on equity and earnings per share are calculated in accordance with *Compilation Rules No.9 for Information Disclosure by Companies Offering Securities to the Public — Calculation and Disclosure of Return on Equity and Earnings Per Share* (Revised in 2010).

Supplementary Information (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

3. VARIANCE ANALYSIS ON MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

An analysis for the financial statement items (a) with fluctuation over 30% compared with the comparative period, (b) with the amount over 5% of the total assets as at the balance sheet date, (c) representing 10% of profit before tax for the reporting period, (d) that are accounts not designated by the Accounting Standards for Business Enterprises, or (e) with names not reflecting their nature or contents, is as follows:

- (1) As at 30 June 2013, cash and bank balances increased by 4.2% to RMB96,161,572,000 as compared to 31 December 2012, which was mainly due to the increase in loans and bonds payables issued by the Group to finance its business operations.
- (2) As at 30 June 2013, accounts receivable decreased by 6.0% to RMB67,404,095,000 as compared to 31 December 2012, which was mainly due to that the Group enhanced its debt collection, and recovered more accounts receivables.
- (3) As at 30 June 2013, advances to suppliers increased by 16.9% to RMB39,242,917,000 as compared to 31 December 2012, which was mainly due to increased advance payments to suppliers for materials and services.
- (4) As at 30 June 2013, interest receivables increased by 68.8% to RMB137,186,000 as compared to 31 December 2012, which was mainly due to accrued interest receivable for fixed bank deposits during the period.
- (5) As at 30 June 2013, dividends receivable decreased by 57.7% to RMB5,290,000 as compared to 31 December 2012, which was mainly due to receipt of dividends during the period.
- (6) As at 30 June 2013, other receivables increased by 21.5% to RMB37,636,556,000 as compared to 31 December 2012, which was mainly due to the increase in rental and purchase deposits, various other deposits and performance bonds paid for construction projects during the period.
- (7) As at 30 June 2013, inventories increased by 9.7% to RMB187,948,924,000 as compared to 31 December 2012, which was mainly due to the increase in properties under development and increase in the gross amount due from contract customers.
- (8) As at 30 June 2013, other current assets increased by 109.3% to RMB1,042,631,000 as compared to 31 December 2012, which was mainly due to the increase in deductible input VAT, as a result of the increase of logistic businesses.
- (9) As at 30 June 2013, long-term receivables increased by 139.3% to RMB18,407,863,000 as compared to 31 December 2012, which was mainly due to the increase in retention money receivables and accounts receivables for "Build-Transfer" projects.

Supplementary Information (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

3. VARIANCE ANALYSIS ON MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- (10) As at 30 June 2013, fixed assets increased by 0.4% to RMB38,093,215,000 as compared to 31 December 2012, no significant variation between two periods.
- (11) As at 30 June 2013, short-term loans increased by 22.4% to RMB47,350,207,000 as compared to 31 December 2012, which was mainly due to that more loans were withdrawn by the Group to finance its daily operations during the year.
- (12) As at 30 June 2013, accounts payable decreased by 0.1% to RMB158,672,549,000 as compared to 31 December 2012, no significant variation between two periods.
- (13) As at 30 June 2013, advances from customers increased by 13.6% to RMB70,556,179,000 as compared to 31 December 2012, which was mainly due to the increase in progress payments received by the Group as government required the construction project owners to make payment for the construction of the major railway projects on a more timely basis in order to ensure the smooth progress of the major on-going construction projects, and the increase in advances from customers regarding the sale of the properties for real estate companies.
- (14) As at 30 June 2013, interest payable increased by 190.4% to RMB687,185,000 as compared to 31 December 2012, which was mainly due to the increase in the corporate bonds issued by the Group which were not yet due for payment during the period.
- (15) As at 30 June 2013, dividends payable increased by 1,260.8% to RMB1,474,949,000 as compared to 31 December 2012, which was mainly due to the dividends declared, by certain subsidiaries but not paid by the end of the period.
- (16) As at 30 June 2013, other payables increased by 12.5% to RMB39,196,608,000 as compared to 31 December 2012, which was mainly due to the increase in accrued business taxes and surcharges, payables for advances, guarantees and deposits.
- (17) As at 30 June 2013, current portion of non-current liabilities decreased by 42.1% to RMB6,045,273,000 as compared to 31 December 2012, which was mainly due to the significant decrease of long-term loans due within one year.
- (18) As at 30 June 2013, long-term loans increased by 44.6% to RMB24,479,013,000 as compared to 31 December 2012, which was mainly due to more loans being withdrawn by the Group to finance its daily operations during the period.
- (19) As at 30 June 2013, bonds payables increased by 113.0% to RMB30,798,059,000 as compared to 31 December 2012, which was mainly due to the issuance of RMB10,000 million medium-term notes and RMB4,900 million overseas bonds.
- (20) As at 30 June 2013, special payables increased by 40.1% to RMB343,831,000 as compared to 31 December 2012, which was mainly due to the increase in special project funds.

Supplementary Information (continued)

30 June 2013

(All amounts in RMB'000 unless otherwise stated)

3. VARIANCE ANALYSIS ON MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- (21) For the six months ended 30 June 2013, revenue increased by 27.9% to RMB236,037,623,000 as compared to the corresponding period of 2012, which was mainly due to the increase of construction projects undertaken by the Group.
- (22) For the six months ended 30 June 2013, cost of sales increased by 28.5% to RMB212,333,969,000 as compared to the corresponding period of 2012, which was mainly due to the increase of construction projects undertaken by the Group.
- (23) For the six months ended 30 June 2013, business tax and surcharges increased by 27.2% to RMB6,667,558,000 as compared to the corresponding period of 2012, which was in line with the increase of revenue.
- (24) For the six months ended 30 June 2013, selling and distribution expenses increased by 49.4% to RMB995,624,000 as compared to the corresponding period of 2012, which was in line with the increase of the scale of operation.
- (25) For the six months ended 30 June 2013, general and administrative expenses increased by 12.5% to RMB8,876,141,000 as compared to the corresponding period of 2012, which was in line with the increase of the scale of operation.
- (26) For the six months ended 30 June 2013, finance cost decreased by 5.2% to RMB1,620,634,000 as compared to the corresponding period of 2012, which was mainly due to the decrease in exchange losses.
- (27) For the period ended 30 June 2013, impairment losses increased by 152.2% to RMB13,201,000 as compared to the impairment reversal in 2012, which was mainly due to no significant reversal of provision for bad debts and an increase in the provision of inventories in the current period.
- (28) For the six months ended 30 June 2013, gains from changes in fair value increased by 627.9% to RMB12,724,000 as compared to gains in the corresponding period of 2012, which was mainly due to the increase in the fair value of held-for-trading financial assets.
- (29) For the six months ended 30 June 2013, investment income decreased by 90.6% to RMB11,638,000 as compared to the corresponding period of 2012, which was mainly due to the decrease in gains from disposal of long-term equity investments.
- (30) For the six months ended 30 June 2013, non-operating income increased by 41.3% to RMB279,102,000 as compared the corresponding period of 2012, which was mainly due to the increase in gains on disposal of non-current assets.
- (31) For the six months ended 30 June 2013, income tax expenses increased by 36.1% to RMB1,071,546,000, which was mainly due to the increase in the profit before tax.

Documents For Inspection

The following documents will be available for inspection at the headquarters of the Company in Beijing by regulatory authorities and shareholders in accordance with the laws and regulations as well as the Articles of Association:

1. full text of the interim report signed by the legal representative;
2. full text of financial report signed and sealed by the person-in-charge of the Company, person-in-charge of accounting 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; and
4. Articles of Association.

China Railway Construction Corporation Limited

Chairman: **MENG Fengchao**

30 August 2013



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited