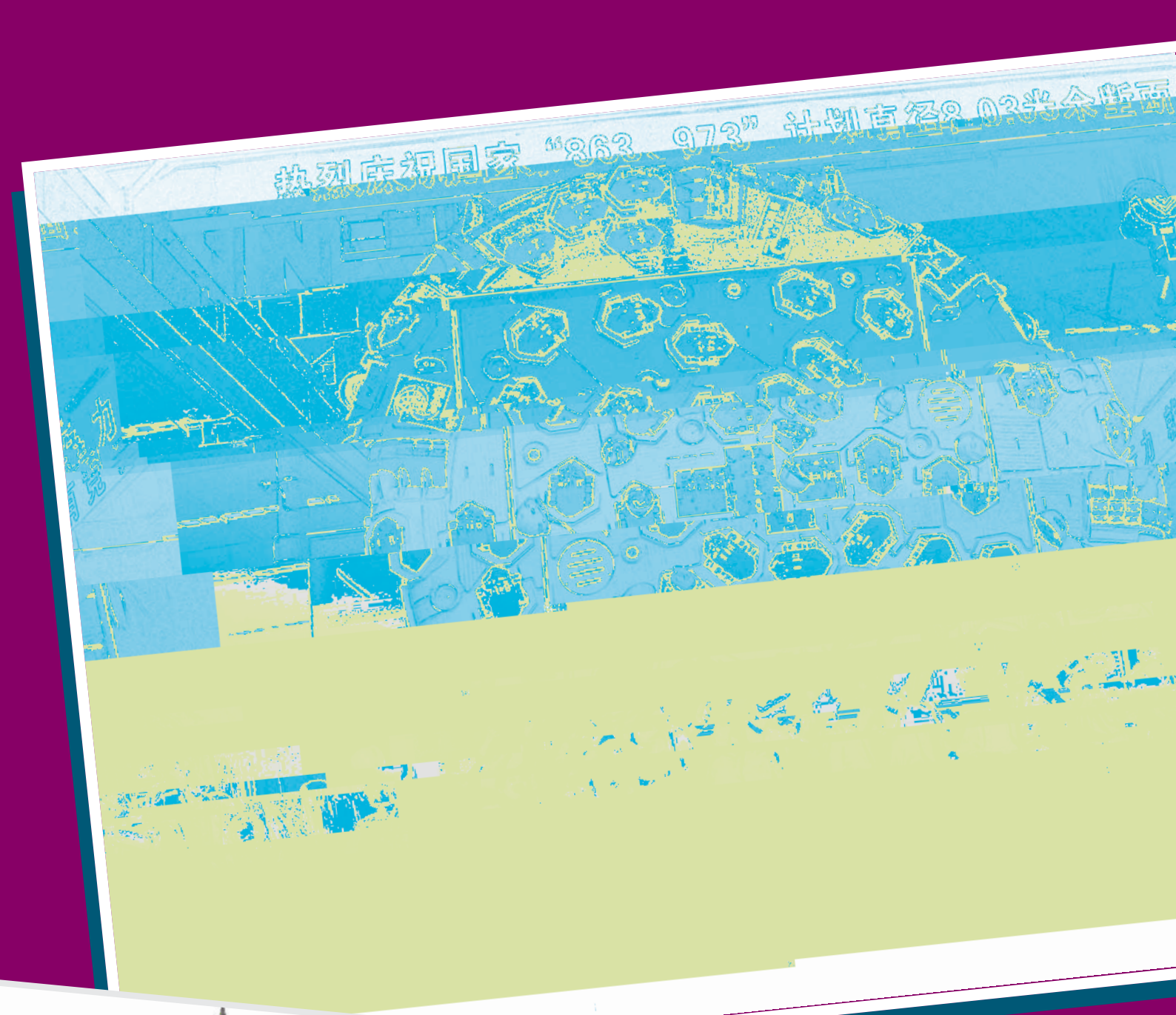


CONTENT

2 Company Profile
3 Financial Summary
5 Chairman's Report
6 Changes in Share Capital and Information on Shareholders
13 Directors, Supervisors and Senior Management
16 Management Discussion and Analysis
28 Significant Events
42 Definition and Glossary of Technical Terms
43 Company Information
45 Report on Review of Condensed Consolidated Financial Statements
46 Condensed Consolidated Financial Statements

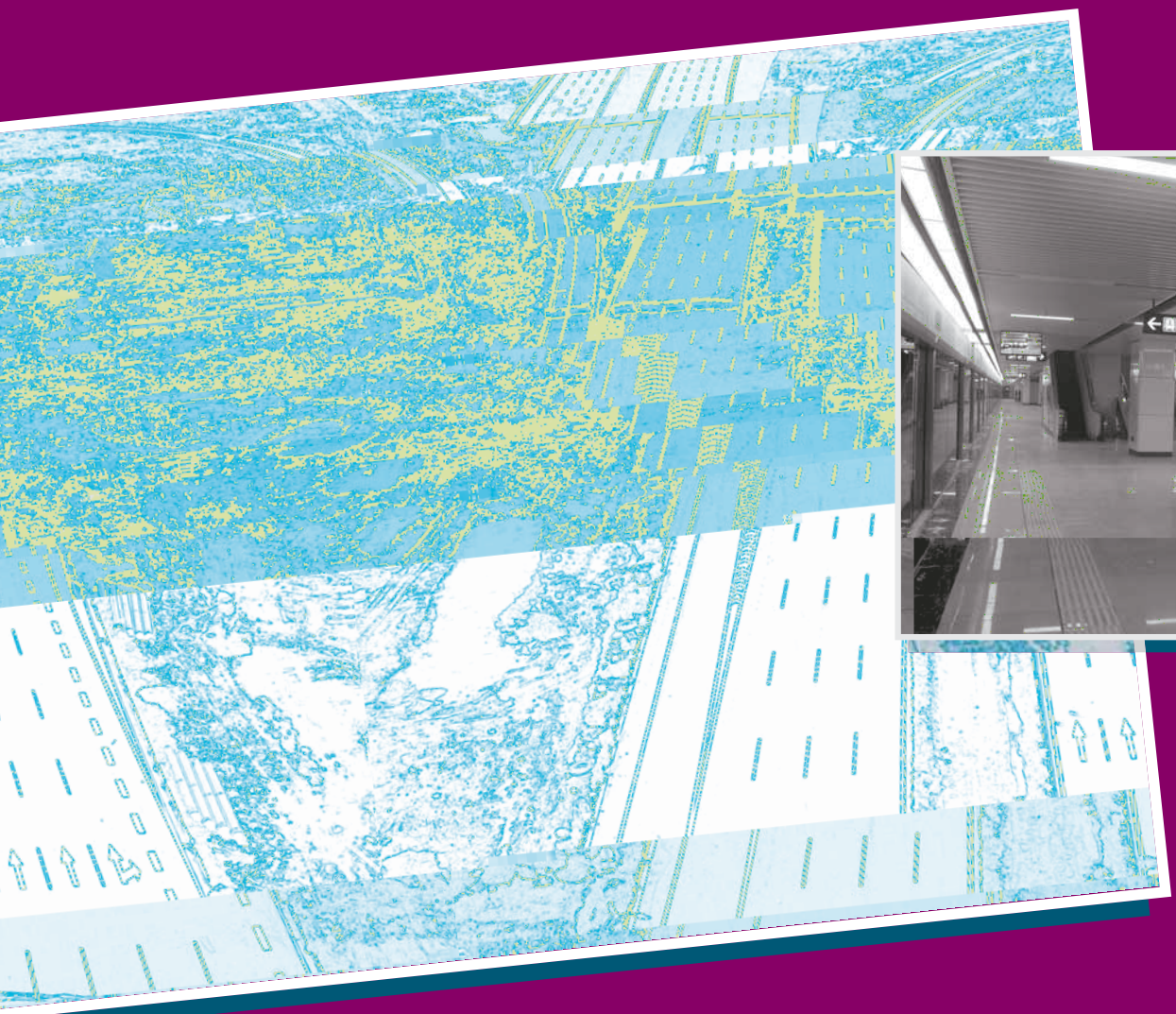
Company Profile

The Company was established as a joint stock company with limited liability in the People's Republic of China ("**PRC**") under the Company Law of the PRC on 12 September 2007. The A shares and H shares issued by the Company were listed on the Shanghai Stock Exchange and the main board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 3 December 2007 and 7 December 2007, respectively.

We are one of the largest multi-functional integrated construction groups in the PRC and Asia in terms of the total revenue of the engineering contract, and rank 71st on the 2015 Fortune Global 500 list. We offer a full range of construction-related services, including infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing, and also expand to other businesses such as property development and mining development.

We have outstanding advantages in the construction of infrastructure facilities such as railway, highways, municipal works and urban rails. In particular, we hold leading positions in the design and construction of bridges, tunnels and electrified railways, and the design and manufacturing of bridge steel structures and turnouts in the PRC, which has achieved advanced international standards. While we operate in every province across the PRC, we have also explored extensive global markets.

Adhering to the motto of "strive to challenge limits and achieve excellence", the Company is committed to the continuous development of the Company to create a brighter and better future.

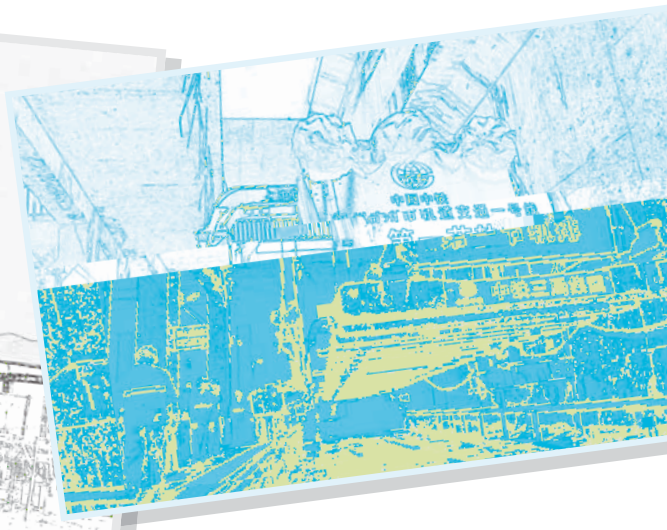


Financial Summary

Financial data presented in this Interim Report are prepared in accordance with International Financial Reporting Standard and, unless otherwise specified, are consolidated amounts of the Company and its subsidiaries and are denominated in Renminbi.

Summary of Consolidated Statement of Profit or Loss and Other Comprehensive Income

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



Summary of Consolidated Statement of Financial Position

Chairman's Report

Dear Shareholders and Investors,

The first half of 2015 passed quickly. With a grave sense of responsibility and mission, the board of directors (the "**Board**") and management of the Company, with their hearts set on reform and development, made remarkable achievements and committed unyielding efforts to forging ahead. Following the national strategic deployment of the Four Developing Regions and the Three Supporting Belts, we focused on seizing opportunities while sustaining growth to maintain our market share. We sought reforms while accelerating transformation to stimulate our workplace vitality by accomplishing our innovation-driven, structure-optimised, synergy-driven and transformative mission. We carried out efforts to strengthen our management while enhancing efficiency to enhance the operating efficiency of the Company by applying strict corporate governance and precise management. We also strived to manage risks and maintain stability. Through our unyielding commitment to operations that fully comply with the relevant laws, we have reinforced our market influence and industry leading position. We have been ranked 71st on the 2015 Fortune Global 500 list, a record high for us.

We committed considerable effort to developing all kinds of businesses across the globe. In the first half of 2015, with a clear view of market trends, the Board and the management of the Company adapted to the "new normal" and took new approaches to facilitating new forms of development. We improved our gross profit margin by rectifying our shortcomings, strengthening internal controls and risk management, reinforcing the fundamental management of construction projects, emphasising centralised management of production and blocking profit-loss loopholes. We integrated our resources and completed the internal reorganisation of our overseas business by focusing on collaborative development and synergies in areas such as investment, foreign trade, R&D, operations, design, construction, manufactur onTj⊠r17 Tw⊠(to fap-onvef our od synergies sourc0290aopmfcommive enaled, Tc⊠rooice5 Fortune ds nngthehe Compdnufactur od 790a5, weratio56.3594ur Devecoufactur od⊠⊠ Tcholesionyence wibe.spo

Changes in Share Capital and Information on Shareholders

1 Changes in Share Capital

(1) Changes in share capital

(i) Changes in share capital

During the reporting period, there was no change in share capital and shareholding structure of the Company. The Company completed the non-public issuance of 1,544,401,543 A shares in July 2015. Upon the completion of the issuance, the share capital of the Company increased from 21,299,900,000 shares to 22,844,301,543 shares. Details of the changes in the shareholding structure of the Company before and after the non-public issuance are as follows:

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

(ii) Explanation to the changes in share capital

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

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

1 Changes in Share Capital 股份變動

(2) Changes in shares with selling restrictions

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

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

2 Information on Shareholders

(1) Number of shareholders and their shareholdings

As at 30 June 2015, the Company had a total of 1,285,337 shareholders. Based on the information that is available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float in compliance with the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

2 Information on Shareholders

(1) Number of shareholders and their shareholdings

(i) Shareholdings of the top ten shareholders

No.	Name of shareholder	Increase/ decrease during the reporting period	Total number of shares held	Shareholding percentage	Number of shares with selling restriction	Condition of pledged or frozen shares		Nature of shareholder
						Condition of shares	Quantity	
1	CRECG	0	11,950,010,000	56.10	0	Nil	0	State-owned
2	HKSCC Nominees Limited	+19,296,637	4,167,774,842	19.57	0	Nil	0	Other
3	Huaxia Life Insurance Co. Ltd. – Universal Life Insurance Products	+124,721,939	124,721,939	0.59	0	Nil	0	Other
4	Industrial and Commercial Bank of China – SSE 50 Trading – Index Securities Investment Open-ended Fund	+54,750,136	54,750,136	0.26	0	Nil	0	Other
5	Hong Kong Securities Clearing Company Limited	+1,097,823	50,784,161	0.24	0	Nil	0	Other
6	China Merchants Bank – Penghua Zhongzheng Highway Industry Index Classified Securities Investment Fund	+32,171,707	32,171,707	0.15	0	Nil	0	Other
7	Qian Weidong	+21,401,010	32,118,289	0.15	0	Nil	0	Other
8	Bank of China – Changsheng Zhongzheng Shenwan One-Belt-One-Road Subject Index Classified Securities Investment Fund	+18,936,552	18,936,552	0.09	0	Nil	0	Other
9	China Merchants Bank – Anxin Zhongzheng One-Belt-One-Road Subject Index Classified Securities Investment Fund	+18,063,278	18,063,278	0.08	0	Nil	0	Other
10	CSOP Asset Management Limited – CSOP FTSE China A50 ETF	−26,904,334	17,307,766	0.08	0	Nil	0	Other

Statement on the related relations and concerted actions between the shareholders above	CRECG, the largest shareholder, does not have related relations or perform concerted actions with the above other nine shareholders. The Company is not aware of any related relationships or concerted action relationships between the above shareholders.

2 Information on Shareholders [illegible]

(1) Number of shareholders and their shareholdings [illegible]

(ii) Shareholdings of the top ten shareholders without selling restrictions

[illegible]

	Name of shareholder	Number of shares held without selling restrictions	Type and quantity of shares Type	Quantity
1	CRECG	11,950,010,000	RMB-denominated ordinary shares	11,950,010,000
2	HKSCC Nominees Limited [illegible]	4,167,774,842	Overseas listed foreign shares	4,167,774,842
3	Huaxia Life Insurance Co. Ltd. – Universal Life Insurance Products	124,721,939	RMB-denominated ordinary shares	124,721,939
4	Industrial and Commercial Bank of China – SSE 50 Trading – Index Securities Investment Open-ended Fund	54,750,136	RMB-denominated ordinary shares	54,750,136
5	Hong Kong Securities Clearing Company Limited [illegible]	50,784,161	RMB-denominated ordinary shares	50,784,161
6	China Merchants Bank – Penghua Zhongzheng Highway Industry Index Classified Securities Investment Fund	32,171,707	RMB-denominated ordinary shares	32,171,707
7	Qian Weidong	32,118,289	RMB-denominated ordinary shares	32,118,289
8	Bank of China – Changsheng Zhongzheng Shenwan One-Belt-One-Road Subject Index Classified Securities Investment Fund	18,936,552	RMB-denominated ordinary shares	18,936,552
9	China Merchants Bank – Anxin Zhongzheng One-Belt-One-Road Subject Index Classified Securities Investment Fund	18,063,278	RMB-denominated ordinary shares	18,063,278
10	CSOP Asset Management Limited – CSOP FTSE China A50 ETF	17,307,766	RMB-denominated ordinary shares	17,307,766

Statement on the related relations and concerted actions between the shareholders above	CRECG, the largest shareholder, does not have related relations or perform concerted actions with the above other nine shareholders. The Company is not aware of any related relationships or concerted action relationships between the above shareholders.

[illegible]

[illegible]

[illegible]

2 Information on Shareholders

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

Not applicable

3 Changes in the Controlling Shareholder and the Ultimate Controller

Not applicable

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

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

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

Save as disclosed below, as at 30 June 2015, none of the directors, chief executive and supervisors of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"):

Name of Director/ Supervisor	Capacity	Number of A Shares held (long position)	Approximate percentage of issued A Shares	Approximate percentage of total issued shares
Directors				
Mr. LI Changjin	Beneficial owner	105,700	0.0006	0.0005
Mr. YAO Guiqing	Beneficial owner	100,112	0.0006	0.0005
Mr. DAI Hegen	Beneficial owner	106,000	0.0006	0.0005
Supervisor				
Ms. LIU Jianyuan	Beneficial owner	1,200	0.000007	0.000006

6 Interests and Short Positions of Substantial Shareholders and Other Persons in Shares and Underlying Shares

The Company has been notified of the following interests or short positions in the shares or underlying shares of the Company as at 30 June 2015 as recorded in the register required to be maintained under Section 336 of the SFO:

Holders of A Shares

Name of substantial shareholder	Capacity	Number of A Shares held	Nature of interest	Approximate percentage of issued A Shares	Approximate percentage of total issued shares
CRECG	Beneficial owner	11,950,010,000	Long position	69.91	56.10

Holders of H Shares

Name of substantial shareholder	Capacity	Number of H Shares held	Nature of interest	Approximate percentage of issued H Shares	Approximate percentage of total issued shares
National Council for Social Security Fund of the PRC	Beneficial owner	332,600,000	Long position	7.91	1.56
Blackrock, Inc.	Interest of controlled corporations	361,173,895	Long position	8.58	1.70
Deutsche Bank Aktiengesellschaft	Interest of controlled corporations	229,803,271	Long position	5.46	1.08
		123,424,962	Short position	2.93	0.58
		10,406,000	Lending pool	0.25	0.05
Lehman Brothers Holdings Inc.	Interest of controlled corporations	210,186,560	Long position	5.00	0.99
		94,560,550	Short position	2.25	0.44

Directors, Super isors and Senior Management

1 Directors

The directors of the Company during the six months ended 30 June 2015 are as follows:

Name	Age	Position
LI Changjin (½ — ¶)	56	Chairman, Executive Director
YAO Guiqing (ü í ö)	60	Vice Chairman, Executive Director
DAI Hegen (Ö q ì) (resigned on 2 July 2015)	49	Executive Director
GUO Peizhang (Æ C Ý)	65	Independent Non-executive Director
WEN Baoman (r)	64	Independent Non-executive Director
ZHENG Qingzhi (M ö })	63	Independent Non-executive Director
NGAI Wai Fung (g ¤)	53	Independent Non-executive Director

2 Supervisors

The supervisors of the Company during the six month ended 30 June 2015 are as follows:

Name	Age	Position
LIU Chengjun (Ó)	51	Chairman of the Supervisory Committee, Shareholder Representative Supervisor
LIU Jianyuan (')	53	Employee Representative Supervisor
WANG Hongguang (î ƒ ˆ)	56	Employee Representative Supervisor
CHEN Wenxin (Ó Ö4¥)	51	Shareholder Representative Supervisor
FAN Jinghua (ê ¾ 6)	49	Employee Representative Supervisor

3 Senior Management

The senior management of the Company during the six months ended 30 June 2015 are as follows:

Name	Age	Position
DAI Hegen (Ö q ì) (resigned on 2 July 2015)	49	President
LIU Hui (>)	55	Vice President and Chief Engineer
MA Li (õ b)	57	Vice President
ZHOU Mengbo (t — *)	50	Vice President
ZHANG Xian (Ý)	54	Vice President
XU Tingwang (¢ ' ö)	59	Vice President
YANG Liang (@)	46	Chief Financial Officer
YU Tengqun (r \ Ê)	45	Secretary to the Board, General Legal Advisor and Joint Company Secretary
TAM Chun Chung (È È À)	42	Joint Company Secretary and Qualified Accountant

4 Change of Directors, Supervisors and Senior Management

There was no change of directors, supervisors and senior management during the reporting period. On 2 July 2015, the Board received the resignation letter from Mr. Dai Hegen, a then executive director and President of the Company. Due to change of job assignments, Mr. Dai Hegen had resigned from the positions as executive director and President of the Company, the Chairman and a member of the Safety, Health and Environmental Protection Committee, and a member of each of the Strategy Committee and the Nomination Committee of the Board. In accordance with the recommendation of the State-owned Assets Supervision and Administration Commission of the State Council and the nomination from CRECG, Mr. Zhang Zongyan has been put forward as a candidate for executive director and President of the Company. On 13 July 2015, the twelfth meeting of the third session of the Board considered and approved the Proposal on the Appointment of Mr. Zhang Zongyan as President of China Railway Group Limited, in which the Board appointed Mr. Zhang Zongyan as the President of the Company with the term of office commencing from the date of the relevant Board resolution until the expiry of the term of office of the third session of the Board. The meeting also considered and approved the Proposal on the Nomination of Mr. Zhang Zongyan as a Candidate for Executive Director of the Company, in which the Board nominated Mr. Zhang Zongyan as a candidate for executive director of the Company with the term of office commencing from the date on which the relevant proposal is approved by the Company's shareholders at general meeting until the expiry of the term of office of the third session of the Board.

5 Human Resources and Emolument Policy

The Company attaches the importance to recruiting, incentivising, developing and retaining talents and pays close attention to the fairness of its remuneration policy. The Company implemented a policy for annual remuneration adjustment with reference to market terms and work performance. The remuneration of the Company's employees comprises basic salary, performance-based bonus and allowances. In accordance with applicable PRC laws, the Company entered into an employment contract with each of its employees. Such contracts include provisions on wages, vacation, employee benefits, training programs, health and safety, confidentiality obligations and grounds for termination.

In accordance with applicable regulations, the Company makes contributions to the employees' pension contribution plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance. The amount of contributions is based on the specified percentages of an employee's total salaries as required by relevant PRC authorities. The Company also makes contributions to an employee housing provident fund in accordance with applicable PRC regulations. In addition to statutory contributions, the Company also provides voluntary benefits to current employees and retired employees. These benefits include supplemental medical insurance plans and supplemental pension plans, for both current and retired employees, and annuities for our current employees.

The Company invests in continuing education and training programs for management and technical staff with an aim to continuously upgrading their skills and knowledge. In addition to sending some of the top managers overseas for training, the Company also offers management courses to its senior managers and annual project management training for its project managers.

The remuneration of executive directors of the Company is on an annual basis and consists of basic salary and performance-based bonus. The remuneration of the independent non-executive directors is a fixed salary depending on position. Remuneration of the directors is determined with reference to the prevailing market terms and in accordance with applicable regulations.

5 Human Resources and Emolument Policy

As at 30 June 2015, the number of employees hired by the Group was 288,307. The following table sets forth a breakdown of the Group's employees by division as at 30 June 2015:

Division	Number of employees as at 30 June 2015
Production	139,585
Sales and Marketing	21,213
Engineering and Technology	97,143
Finance	13,733
Administration	16,633
Total	288,307

6 Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, as amended, as the code of conduct regarding securities transactions by directors and supervisors. The Company has made enquiries to all directors and supervisors, each director and supervisor confirmed that he or she has complied with the required standard set out in the Model Code throughout the period from 1 January 2015 to 30 June 2015.

Management Discussion and Analysis

1 Overview

The Group's principal business activities are infrastructure construction, survey, design and consulting services, engineering equipment and components manufacturing, property development and other businesses.

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

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

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

2 Consolidated Results of Operations

Revenue

In the first half of 2015, due to the decrease in revenue from merchandise trading and property development business, the Group's total revenue decreased year-on-year by 1.07% to RMB264.518 billion. In the first half of 2015, the number of infrastructure projects opened for bidding was significantly decreased due to the temporary effect brought by the reform of the country's investment and financing structures. The value of the Group's new contracts came to RMB331.47 billion, down 19.4% year on year. New contracts for infrastructure construction business decreased year-on-year by 16.5% to RMB276.69 billion, including RMB68.11 billion from railway (representing a year-on-year decrease of 25.85% and a market share of 46% in primary railway market), RMB45.19 billion from highway (representing a year-on-year decrease of 34.6%) and RMB163.39 billion from municipal and other works (representing a year-on-year decrease of 4.2%). New contracts for survey, design and consulting services business amounted to RMB8.36 billion (representing a year-on-year increase of 31.4%) while new contracts for engineering equipment and component manufacturing business amounted to RMB10.1 billion (representing a year-on-year increase of 4.7%). At 30 June 2015, contract backlog increased by 0.9% to RMB1,817.86 billion from the end of 2014. Among them, RMB1,470.23 billion is from infrastructure construction business (representing an increase of 1.3% from the end of 2014), RMB24.36 billion is from survey, design and consulting services business (representing an increase of 12.3% from the end of 2014) and RMB22.64 billion is from engineering equipment and component manufacturing business (representing an increase of 9% from the end of 2014).

Cost of sales and gross profit

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

2 Consolidated Results of Operations

Other income

The Group's other income primarily consists of income from sundry operations supplemental to our principal business (such as sales of materials, rental, transportation and hotel operation), dividend income, relocation compensation, subsidies from government and other revenues. For the six months ended 30 June 2015, the Group's other income increased by 47.45% to RMB1.100 billion from RMB0.746 billion for the corresponding period of last year. The increase of other income was mainly due to the increase of income from sales of materials.

Other expenses

The Group's other expense primarily includes expenditures on research and development. For the six months ended 30 June 2015, other expense increased by 5.60% from RMB3.126 billion of the same period of last year to RMB3.301 billion, mainly due to the fact that the Group, by adhering to the technological development plan under the "Twelfth Five-Year Plan", further improved its technological innovation capacities in high speed railway, big span bridge, deep water base, long tunnel, high-storey building construction, construction equipment, energy saving and environmental protection areas.

Other gains and losses

The Group's other gains and losses mainly include impairment loss on trade and other receivables, foreign exchange gains/losses, increase/decrease in the fair value of held-for-trading financial assets, gains/losses on disposal of fixed assets, available-for-sale financial assets and interests in subsidiaries. The other losses of RMB1.657 billion for the first half of 2015 (six months ended 30 June 2014: other losses of RMB0.756 billion) included impairment loss on trade and other receivables of RMB1.713 billion and foreign exchange gains of RMB0.120 billion.

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. For the six months ended 30 June 2015, the Group's selling and marketing expenses was RMB0.971 billion, representing a decrease of 15.5% from RMB1.149 billion for the same period of last year. Selling and marketing expenses as a percentage of total revenue was 0.37% for the first half of 2015, representing a decrease from 0.43% for the first half of 2014.

Administrative expenses

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

Interest income

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

Interest expenses

2 Consolidated Results of Operations

Income tax expense

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

Profit for the period attributable to owners of the company

As a result of the foregoing factors, the profit for the period attributable to owners of the Company for the six months ended 30 June 2015 increased by 12.71% to RMB4.577 billion from RMB4.061 billion for the corresponding period of 2014. The profit margin of the profit for the period attributable to owners of the Company for the first half of 2015 was 1.73%, an increase from 1.52% for the corresponding period of 2014.

3 Segment Results

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

Business segments	Segment revenue RMB bn	Growth rate %	Profit before tax RMB bn	Growth rate %	Profit before tax margin[1] %	Segment revenue as a percentage of total %	Profit before tax as a percentage of total %
Infrastructure Construction	240,609	3.80	7,997	48.45	3.32	85.41	93.64
Survey, Design and Consulting Services	5,596	19.22	573	83.65	10.24	1.99	6.71
Engineering Equipment and							

3 Segment Results

Survey, design and consulting services business

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

Engineering equipment and component manufacturing business

Revenue from the operation of the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway related equipment, bridge steel structures and engineering machinery. Segment revenue of the engineering equipment and component manufacturing business of the Group decreased by 7.09% to RMB6.876 billion for the six months ended 30 June 2015. Gross profit margin and profit before tax margin were 18.99% and 6.21% respectively (first half of 2014: 20.98% and 5.95% respectively). This was mainly because the decrease in transportation and installation expenses and selling expenses mitigated the decrease in gross profit margin owing to the increase in sales of steel structure products which has lower gross profit margin.

Property development business

Revenue from our property development business primarily derives from the development, sale and management of a wide range of residential properties and commercial properties in the PRC. In the first half of 2015, the effect of regulation and control on the property development market continued. For the six months ended 30 June 2015, segment revenue from property development business decreased by 21.23% to RMB8.308 billion. Gross profit margin and profit before tax margin were 21.35% and 5.90% respectively (first half of 2014: 24.22% and 12.12% respectively). Such decrease was mainly due to the fact that the Group lowered the selling price of certain projects in order to accelerate the inventory turnover and

3 Segment Results

Other Businesses

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

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

4 Cash Flow

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

Capital expenditure

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

Working capital

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

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

4 Cash Flow

Working capital

As at 30 June 2015, trade and bills receivables was RMB166.528 billion, an increase of 5.06% from RMB158.515 billion as at the end of 2014. The turnover days of trade and bills receivables increased from 89 days for 2014 to 111 days for the first half of 2015. It was mainly due to the increase in receivable from construction projects and retention receivables which are not yet due. According to the ageing analysis of the trade and bills receivables, most of the Group's trade and bills receivables were of less than 6 months and the trade and bills receivables of more than one year accounted for 29.05% (31 December 2014: 33.14%) of the total amount, reflecting a sound receivables management capability of the Group.

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

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

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

5 Borrowings

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

5 Borrowings 借款

The Group's borrowings are primarily denominated in Renminbi and the Group's foreign currency borrowings are primarily denominated in U.S. dollars and Euros. The following table sets forth the carrying amounts of the Group's foreign currency borrowings as at 30 June 2015 and 31 December 2014.

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

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

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

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

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

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

6 Contingent Liabilities

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

	As at	
	30 June 2015	31 December 2014
	RMB million	[illegible]
Pending lawsuits		
– arising in the ordinary course of business [illegible]	**934**	680
– overseas lawsuit [illegible]	**854**	854
Total	**1,788**	1,534

[illegible]

[illegible] COVEC [illegible]

[illegible] Consortium [illegible] PGDNRM [illegible]

PLN [illegible]

[illegible]

6 Contingent Liabilities

[illegible] EXACO [illegible] MKM [illegible]

[illegible] CRRG [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

7 Business Risks

The Group is exposed to a variety of business risks, including market risk, operation risk, management risk, policy risk, financial risk, investment risk and interest rate risk in the ordinary course of business.

(1) Market risk: Various expectations from the government could have adverse impact on the market where the Group operates, such as expectations on growth of national and regional economies, usage of and need for expansion in infrastructure and overall growth of related industries. In addition, the political and economic instabilities in overseas market could bring uncertainties to the Group•s overseas market development, which may affect the normal project implementation.

(2) Operation risk: For infrastructure construction business, the bidding prices of construction contracting projects are greatly affected by market competition. Meanwhile, there are also certain operation risks for the Group to control the cost and to engage labour subcontractors.

(3) Management risk: Considering the Group•s incapability to fully control all the actions of its non-wholly owned subsidiaries, high risk of the construction industry, the rapid growth in the business scale of the Group in recent years as well as the widened operational scope, project management becomes increasingly difficult, posing a severe challenge to the safety and quality management of the projects, which could result in management risks.

(4) Policy risk: Changes in the foreign exchange administration system, preferential taxation policies and policies for real estates industry in the PRC could have certain adverse impacts on the Group.

(5) Financial risk: Delay in payment by its customers could affect the Group•s working capital and cash flow, and the failure to obtain sufficient funding could also affect the expansion plan and development prospects of the Group.

(6) Investment risk: Investment risks mainly includes relevant advance payments for projects, decrease in investment of infrastructural projects by non-governmental investment institutions resulted from changes in policies, and significant outlay of working capital over extended periods.

(7) Interest rate risk: Currently, the Group•s size of financing is relatively large, changes in interest rate policies therefore will have an impact on the Group•s financial costs and economic performance.

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

8 Prospect

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

Significant E ents

1 Material Litigation, Arbitration and Matters Generally Concerned by Media

(1) Litigation, arbitration or matters generally concerned by media which were disclosed in an announcement without subsequent progress

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

(2) Litigation and arbitration which were not disclosed in an announcement or might have subsequent progress

Not applicable

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

Not applicable

2 Events Regarding Bankruptcy and Restructuring

Not applicable

3 Events Regarding Assets Transactions and Merger

Not applicable

4 Implementation of Share Incentive Scheme of the Company and its Effects

Not applicable

5 Significant Related Party Transactions

(1) Related party transactions in ordinary course of business

(i) Matters which were disclosed in an announcement without subsequent progress or changes

Not applicable

(ii) Matters which were disclosed in an announcement with subsequent progress or changes

Related parties	Related relationship	Type of related party transaction	Particulars of the related party transaction	Pricing method of related party transaction	Price of the related party transaction	Amount of related party transaction	Percentage of transaction value to the same type of transactions
China Railway Hongda Asset Management Center	Wholly owned subsidiary of parent company	Receipt of labor services	Lease office premises	Contract price	12,860	12,860	Less than 1%
China Railway Hongda Asset Management Center	Wholly owned subsidiary of parent company	Receipt of labor services	Receipt of comprehensive services	Contract price	16,381	16,381	Less than 1%
Total					29,241	29,241	

Description of related party transactions	The above two transactions resulted from the implementation of the comprehensive services agreement and premises leasing agreement entered into by the Company and CRECG on 28 March 2013. The terms of both agreements are three years. The total transaction amount involved was within the authority of the Board and was approved in the 19th meeting of the second session of the Board, which complied with the relevant requirements of The Rules Governing the Listing of Stock on Shanghai Stock Exchange. Meanwhile, the premises leasing agreement was exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as the annual caps of such transactions were within the de minimis exemption under the Hong Kong Listing Rules. The comprehensive services agreement was exempted from the independent shareholders' approval requirement under the Hong Kong Listing Rules.

(iii) Matters which were not disclosed in an announcement

Not applicable

5 Significant Related Party Transactions

(5) Other related parties transactions

(ii) Related party transactions in relation to financial services

Item	Related party	[illegible]	
		30 June 2015	31 December 2014
Deposits taking [illegible]	CRECG	3,961,504	2,983,369

[illegible]

(iii) Other related party transactions

Item	Related party	[illegible]	
		January to June 2015	January to June 2014
Interest expenses ([illegible]	CRECG	51,837	38,698

[illegible]

6 Material Contracts and Their Performance

(1) Trusteeship, contracting and leasing

Not applicable

(2) Guarantees

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

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	147,092.48
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	4,032,869.68
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	–2,656,061.20
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	30,109,959.00
Aggregate guarantee of the Company (including those provided to subsidiaries)	
Aggregate guarantee (A+B)	34,142,828.68
Percentage of aggregate guarantee to net assets of the Company (%)	28.23
Representing:	
Amount of guarantee provided for shareholders, ultimate controller and their related parties (C)	
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratios over 70% (D)	30,149,109.98
Excess amount of aggregate guarantee over 50% of net assets (E)	
Aggregate amount of the above three categories (C+D+E)	30,149,109.98
Statement on the contingent joint and several liability in connection with unexpired guarantee	–
Statement on guarantee	As at 30 June 2015, the Company's aggregate guarantee in relation to real estate mortgage is RMB19,348.436 million.

6 Material Contracts and Their Performance

(3) Other material contracts or transactions

Material contracts executed before the reporting period but remained effective during the reporting period:

(i) Infrastructure construction business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum RMB'000	Construction period
Railway						
1	China Railway Major Bridge Engineering	Fujian Fupin Railway Co., Ltd.	New Fuzhou-Pingtan railway pre-construction stage FPZQ-3 Section	2013-10	879,909	2,007 calendar days
2	China Railway Major Bridge Engineering	The China Railway Corporation	New Hutong Railway Hutong Yangtze River Bridge HTQ-2 Section	2014-02	751,789	1,645 calendar days
3	China Railway No. 1 Engineering	Zhengxi Passengers Railway Co., Ltd.	New Zhengzhou-Xuzhou passenger railway line ZXZQ-6 Section	2013-01	367,356	48 months
Highway						
1	China Railway Major Bridge Engineering	Bangladesh Ministry of Transportation Bridge Authority	Main Bridge of Bangladesh Padma Multi-functional Bridge Project	2014-06	967,490	3.5 years
2	China Railway	Jingxin Highway Linhe-Baigeda Section (in Alxa League) Construction Management Office	Jingxin Highway Linhe-Baigeda (in Alxa League) LBAMSG-2 Section	2014-12	869,121	30 months
3	China Railway Major Bridge Engineering	Hong Kong-Zhuhai-Macao Bridge Authority	Section CB05 of the Main Project, Bridge Engineering, Civil Engineering and Construction of Composite Beams of Hong Kong-Zhuhai-Macao Bridge	2012-06	373,885	36 months
Municipal Works						
1	China Railway	Shenzhen Metro Group Co., Ltd.	BT Project of Shenzhen City Railway Line 11	2012-06	2,555,000	48 months
2	China Railway No. 4 Engineering	Guangdong Pearl River Delta Rail Transport Co., Ltd.	Pre-construction of Guangzhou north to Qingyuan section of Guangzhou-Qingyuan intercity railway	2013-09	275,746	38 months
3	China Railway Harbor Bureau	Hainan Ruyi Island Resort Investment Co., Ltd.	EPC Construction Contract for Land Reclamation (West Section) of Haikou Ruyi Island Project	2014-05	240,921	548 calendar days

6 Material Contracts and Their Performance

(3) Other material contracts or transactions

(ii) Survey, design and consulting services business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum	Construction period
1	China Railway Eryuan Engineering	Ethiopian Railway Corporation	EPC Contract of Sebeta-Adama-Mieso (Sections 1 and 2) of Addis Ababa-Djibouti Railway Project	2011-10	208,153	48 months
2	China Railway Eryuan Engineering	Shanghai-Kunming Railway Passenger Line Guizhou Co., Ltd.	Survey and design contract of the new Changsha-Kunming Railway Passenger Line (Guizhou Section)	2010-09	112,604	72 months
3	China Railway Eryuan Engineering	Yunnan-Guizhou Railway Yunnan Co., Ltd.	The new Yungui Railway (Yunnan section) Project Survey and Design	2011-05	81,000	72 months

(iii) Engineering equipment and component manufacturing business

6 Material Contracts and Their Performance

(3) Other material contracts or transactions

Material contracts signed during the reporting period:

(i) Infrastructure construction business

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum	Construction period
Railway						
1	China Railway No. 3 Engineering, China Railway No. 4 Engineering, China Railway No. 5 Engineering	Qianzhangchang Railway Co., Ltd.	Preliminary construction project of Sections QZCZQ-5, QZCZQ-10, QZCZQ-7 of the new Cenjiang-Zhangjiajie-Changde Railway	2015-03	763,619	1,721 calendar days
2	China Railway No. 1 Engineering, China Railway No. 5 Engineering, China Railway No. 9 Engineering	Qinghai Tibet Railway Company	Construction project of Sections LLZQ-10, LLZQ-3, LLZQ-2 of Lhasa-Linzhi segment of the new Sichuan-Tibet Railway	2015-06	592,879	77 months
3	China Railway Major Bridge Engineering	Jingfu Passenger Railway Line Anhui Co., Ltd.	Construction project of Section SHZQ-1 of Wuhu Yangtze River Road-Rail Bridge of Shangqiu-Hefei-Hangzhou Railway and associated works	2015-01	549,654	1,460 calendar days
Highway						
1	China Railway No. 1 Engineering, COVEC	East Timor Public Affairs Bureau and Petroleum and Mineral Resources Bureau	Construction project of Suai-Beaco Highway Road, Section 1: Suai-Fatukai/Mola Section, East Timor	2015-01	182,741	730 calendar days
2	China Railway No. 7 Engineering	Nanning Urban Development Investment Co., Ltd.	Construction project of Section 2 of the second highway of Nanning Wuxu Airport	2015-03	123,000	300 calendar days
3	China Railway No. 3 Engineering	Shanxi Shuozhou Highway Co., Ltd.	Construction project of Section SG4 of roadbed, bridge tunnel and surface of Youyu-Pinglu section of Xizong Highway	2015-06	92,513	30 months
Municipal Works						
1	China Railway	Nanning City Railway Group Co. Ltd.	Construction Contract of Section 02 of Phase one of Line 3 of Nanning City Railway (Keyuan Road and Pingle Road)	2015-06	456,913	1,340 calendar days
2	China Railway No. 1 Engineering	Wuhan Metro Group Co., Ltd.	Construction Contract for Construction (Section 22) of Phase One of Wuhan City Railway Line 7	2015-03	132,563	720 calendar days
3	China Railway Construction Engineering Group	New World China Land (Haikou) Co., Ltd.	Construction of Haikou Meilisha Commercial and Residential Development Project, Hainan	2015-06	120,166	798 calendar days

6 Material Contracts and Their Performance

(4) Particulars of material properties

(i) Property held for investment

Building name	Location	Use	Tenure	Interest of the Company and subsidiaries
Tanmulin Hotel	No. 2, Xinhua Neighbourhood, Dongxing Temple Road, Ziliujing District, Zigong City, Sichuan	Hotel	Medium term lease	100%
Huaxi Changan Center Building A1, Floor 1-2	No. 69 Fuxing Road, Haidian District, Beijing	Commercial	Medium term lease	100%
Gongti Building 3/F Section 2	Restaurant No. 3, 3/F Section 2, Workers Stadium Building, Chaoyang District, Beijing	Commercial	Medium term lease	100%
Huilong Bay Yichulianghua Mall	No.1 Shawan Road, Jinniu District, Chengdu, Sichuan	Commercial	Medium term lease	100%
Beijing Chaowai Research Building and Ancillary Space	No. 227, Chaowai Road, Chaoyang District, Beijing	Commercial	Medium term lease	100%
Tianyu Shopping Center	No. 17 North Part of Yanta Road, Xi'an City	Commercial	Medium term lease	100%
Celebrity Resort Huashuiwan	Huashuiwan Town, Dayi County, Chengdu, Sichuan	Hotel	Medium term lease	100%
15-17/F, Jingxin Building	A2 Dongsanhuanbei Road, Chaoyang District, Beijing	Commercial	Medium term lease	100%
China Railway Consultation Mansion	15 Guang'an Road, Fengtai District, Beijing	Commercial	Medium term lease	100%

6 Material Contracts and Their Performance

(4) Particulars of material properties

(ii) Property held for development and/or for selling

Name of building or project	Location	Existing land use	Site area	Floor area	Stage of completion	Expected completion date	Interest of the Company and subsidiaries
China Railway International Eco City Phase I	Gujiao Town, Longli County, Guizhou	Comprehensive	8,000,000	6,150,000	Under construction	2019	100%
China Railway International Eco City Phase II	Gujiao Town, Longli County, Guizhou	Comprehensive	3,000,000	5,260,000	Under construction	2022	100%
Guiyang China Railway • Yidu International	No. 1 North Part Jinyang Avenue, Jinyang District, Guiyang	Commercial, Residential	1,060,000	2,306,000	Under construction	2018	80%
Bairuijing Central Living Area	No. 586, Wuluo Road, Wuchang District, Wuhan, Hubei	Residential	528,000	1,060,000	Under construction	2015	67%
China Railway Nord Center Phase III	Zhongguancun Science Park, Sihezhuang, Huaxiang, Fengtai District, Beijing	Commercial, Financial	55,400	166,400	Under construction	2016	100%

7 Performance Status of Undertakings

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

Undertaking Background	Type of undertaking	Undertaking Party	Contents of the undertaking	Timing and duration of undertaking	Whether there is deadline for performance	Whether duly complied	If not duly complied, describe the specific reasons	If not duly complied, describe future plans
Undertaking related to the Initial Public Offering	Dealing with the competition	CRECG	Upon the establishment of China Railway in accordance with the law, CRECG and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or procure the engagement or participation in any business that competes, or is likely to compete with the core businesses of China Railway and its subsidiaries. If CRECG or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the principal businesses of China Railway, it shall notify China Railway in writing of such business opportunity immediately upon becoming aware of it, and warrants that priority and a preemptive right of first refusal in respect of the business opportunity shall be available to China Railway or its subsidiaries. If CRECG or any of its subsidiaries intends to transfer, sell, lease or license or otherwise assign to any third parties or permit them any new business opportunity, assets or interests that it may acquire in future and which may compete or is likely to compete, directly or indirectly, with the core businesses of China Railway, CRECG warrants that such business opportunity, assets or interests will first be offered to China Railway or its subsidiaries.	Nil	No	Yes	–	–

[illegible]

8 Appointment and Removal of Auditors

Not applicable

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

Not applicable

10 Convertible Corporate Bonds

Not applicable

11 Corporate Governance

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

12 Other Significant Events

(1) Analysis and explanation of the Board on the reasons for and impacts of the changes in accounting policies, accounting estimates and auditing methods

Not applicable

(2) Analysis and explanation of the Board on the reasons for and impacts of correcting material mistakes of the prior periods

Not applicable

13 Compliance with Corporate Governance Code

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

14 Review of Interim Financial Report

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

Definition and Glossary of Technical Terms

1	the Company, China Railway	China Railway Group Limited
2	the Group	the Company and its subsidiaries
3	CRECG	China Railway Engineering Corporation
4	BT	"Build-Transfer" mode
5	BOT	"Build-Operate-Transfer" mode
6	PPP	"Public-Private-Partnership" mode
7	Turnout	a component used for changing the route of a train where a single track splits into two tracks. Turnout is applied in railway tracks
8	One Belt One Road	the Silk Road Economic Belt and 21st-Century Maritime Silk Road
9	Four Developing Regions	the development of West China, revitalisation of Northeast China, rise of Central China and leading position of East China
10	Three Supporting Belts	One Belt One Road, co-development of Beijing-Tianjin-Hebei and Yantze River Economic Belt
11	Seven Investment Projects	major network development in information, power grid, and oil and gas, health and nursing care, ecological and environmental protection, clean energy, food and hydrology, transportation, and oil & gas & mineral resources protection
12	Four Major Constructions	Urban rail transit, modern logistics, new industries, and increase core competitiveness in manufacturing industry

Registered Office

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No.128 South 4th Ring Road West
Fengtai District
Beijing 100070
PRC

Principal Place of Business in Hong Kong

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Kowloon, Hong Kong

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8/F, Tower W2
The Towers, Oriental Plaza
1 East Chang An Avenue
Beijing, PRC

International

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35/F, One Pacific Place
88 Queensway
Hong Kong

Legal Advisors

For PRC Law

Jia Yuan Law Firm
F407, Ocean Plaza
158 Fuxing Men Nei Street
Beijing 100031
PRC

For Hong Kong Law

Linklaters
10/F, Alexandra House
Chater Road
Hong Kong

Shares Registrars

A Shares

China Securities Depository and Clearing Corporation Limited, Shanghai Branch
36/F, China Insurance Building
No.166, Lu Jia Zui Road East
Pudong New District, Shanghai
PRC

H Shares

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Listing Information

A Shares

Place of listing: Shanghai Stock Exchange
Stock name: China Railway
Stock code: 601390

H Shares

Place of listing: The Stock Exchange of Hong Kong Limited
Stock name: China Railway
Stock code: 390

Principal Bankers

The Export-Import Bank Of China
Industrial and Commercial Bank of China
China Construction Bank
Agricultural Bank of China
Bank of China
Bank of Communications
China Minsheng Bank
China Merchants Bank
China CITIC Bank

Company Website

http://www.crec.cn

Report on Re ie of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF CHINA RAILWAY GROUP LIMITED
[illegible]

Introduction

We have reviewed the condensed consolidated financial statements of China Railway Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 80, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
[illegible]
Hong Kong

28 August 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensi e Income

		Six months ended	
		30/6/2015	30/6/2014
		RMB million	RMB million
		(Unaudited)	(Unaudited)
Revenue		**264,518**	267,380
Cost of sales		**(242,987)**	(247,256)
Gross profit		**21,531**	20,124
Other income		**1,100**	746
Other expenses		**(3,301)**	(3,126)
Other gains and losses		**(1,657)**	(756)
Selling and marketing expenses		**(971)**	(1,149)
Administrative expenses		**(8,194)**	(7,509)
Interest income		**1,143**	1,288
Interest expenses		**(3,049)**	(3,290)
Share of profits of joint ventures		**59**	81
Share of profits (losses) of associates		**4**	(82)
Profit before tax		**6,665**	6,327
Income tax expense		**(2,260)**	(2,028)
Profit for the period		**4,405**	4,299
Other comprehensive income (expense), net of income tax			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		**(74)**	(157)
Income tax relating to remeasurement of defined benefit obligations that will not be reclassified to profit or loss		**13**	28
		(61)	(129)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(141)**	130
Reclassification adjustments for the cumulative exchange differences included in profit or loss upon disposal of foreign operation		**–**	10
Fair value gain (loss) on available-for-sale financial assets		**248**	(19)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets		**(63)**	(7)
Share of other comprehensive income of associates		**3**	2
Others		**(3)**	2
Income tax relating to items that may be reclassified subsequently		**(33)**	5
		11	123

		Six months ended	
		30/6/2015	30/6/2014
		RMB million	RMB million
		(Unaudited)	(Unaudited)
Other comprehensive expense for the period, net of income tax		**(50)**	(6)
Total comprehensive income for the period		**4,355**	4,293
Profit for the period attributable to:			
Owners of the Company		**4,577**	4,061
Holders of perpetual notes		**227**	–
Non-controlling interests		**(399)**	238
		4,405	4,299
Total comprehensive income for the period attributable to:			
Owners of the Company		**4,525**	4,060
Holders of perpetual notes		**227**	–
Non-controlling interests		**(397)**	233
		4,355	4,293
		RMB	RMB
Earnings per share (Basic)		**0.215**	0.191

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

Condensed Consolidated Statement of Changes in Equit

Condensed Consolidated Statement of Cash Flo s

		30/6/2015 RMB million (Unaudited)	30/6/2014 RMB million (Unaudited)
Net cash used in operating activities		**(16,424)**	(9,677)
Net cash used in investing activities			
Additions of property, plant and equipment		**(2,790)**	(3,051)
Deposits for acquisition of property, plant and equipment		**(498)**	(424)
Disposal of property, plant and equipment		**60**	142
Deposits paid for land use rights		**–**	(75)
Additions of lease prepayments		**(26)**	(645)
Additions of intangible assets		**(1,246)**	(64)
Additions of mining assets		**(377)**	–
Acquisition of subsidiaries		**(113)**	–
Disposal of subsidiaries		**14**	377)–

Condensed Consolidated Statement of Cash Flows (Continued)

		30/6/2015 RMB million (Unaudited)	30/6/2014 RMB million (Unaudited)
Net cash from financing activities			
Disposal of non-controlling interests in a subsidiary		749	–
Acquisition of additional interests in subsidiaries		(2)	(15)
Issue of perpetual notes		8,958	–
Capital contributions from non-controlling shareholders of subsidiaries		91	292
Net proceeds from issue of debentures		3,391	749
Repayment of debentures		(1,300)	–
New bank borrowings		55,139	55,520
Repayment of bank borrowings		(48,924)	(46,392)
New other borrowings		4,168	10,630
Repayment of other borrowings		(3,140)	(868)
Interests paid		(5,470)	(6,029)
Repayments of obligations under finance leases		(458)	(148)
Dividends paid to non-controlling shareholders of subsidiaries		(144)	(195)
Dividends paid to owners of the Company		(1,660)	–
Dividends paid to holders of perpetual notes		(29)	–
		11,369	13,544
Net decrease in cash and cash equivalents		(7,429)	(3,935)
Effect of foreign exchange rate changes		68	28
Cash and cash equivalents at the beginning of the period		68,679	75,658
Cash and cash equivalents at the end of the period		61,318	71,751

Notes to the Condensed Consolidated Financial Statements

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

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

3. Segment Information

The Group's reportable and operating segments are as follows:

(i) Construction of railways, highways, bridges, tunnels, metropolitan railways (including subways and light railways), buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works ("Infrastructure construction");

(ii) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects ("Survey, design and consulting services");

(iii) Design, research and development, manufacture and sale of turnouts and other railway related equipment and materials, steel structures and engineering machinery ("Engineering equipment and component manufacturing");

(iv) Development, sale and management of residential and commercial properties ("Property development"); and

(v) Mining, merchandise trading and other ancillary business ("Other businesses").

Inter-segment revenue is charged at cost plus a percentage of mark up.

3. Segment Information

The segment information regarding the Group's operating segments is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

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

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total segments RMB million
Six months ended 30 June 2014						
External revenue	228,143	4,433	6,454	10,470	26,195	275,695
Inter-segment revenue	2,548	208	761	–	2,214	5,731
Other operating income	1,104	53	186	77	207	1,627
Inter-segment other operating income	–	–	–	–	238	238
Segment revenue	231,795	4,694	7,401	10,547	28,854	283,291
Segment results						
Profit before tax	5,387	312	440	1,278	915	8,332
Segment results included:						
Share of profits (losses) of joint ventures	61	(3)	18	–	5	81
Share of losses of associates	(38)	(25)	–	–	(19)	(82)
Interest income	1,425	16	6	178	115	1,740
Interest expenses	(2,078)	(69)	(97)	(245)	(1,257)	(3,746)

3. Segment Information

Segment revenues and results

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

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

(a) Sales tax is included in operating expenses under segment reporting and is classified as a reduction against revenue in the condensed consolidated statement of profit or loss and other comprehensive income.

(b) Other operating income is included in revenue under segment reporting and is classified as other income in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Land appreciation tax is included in operating expenses under segment reporting and is classified as income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income.

3. Segment Information

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

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

Segment liabilities

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

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than deferred tax assets and current income tax recoverable excluding prepaid land appreciation tax which is allocated to operating segments; and
- all liabilities are allocated to operating segments other than deferred tax liabilities and current income tax liabilities excluding land appreciation tax payable which is allocated to operating segments.

4. Other Income and Expenses

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

5. Other Gains and Losses

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

6. Interest Income and Expenses

	Six months ended	
	30/6/2015	30/6/2014
	RMB million	RMB million
Interest income from:		
Cash and cash equivalents and restricted cash	**453**	567
Imputed interest income on retention receivables	**613**	553
Other loans and receivables	**77**	168
Total interest income	**1,143**	1,288
Interest expenses on:		
Bank borrowings:		
Wholly repayable within five years	**3,172**	3,514
Not wholly repayable within five years	**658**	654
Short-term debentures	**6**	–
Long-term debentures	**882**	953
Other long-term borrowings	**400**	488
Other short-term borrowings	**97**	62
Finance leases	**39**	25
	5,254	5,696
Imputed interest expenses on retention payables	**67**	69
Imputed interest expenses on defined benefit obligations	**53**	104
Bank charges	**45**	16
Total borrowing costs	**5,419**	5,885
Less: amount capitalised	**(2,370)**	(2,595)
Total interest expenses	**3,049**	3,290

7. Income Tax Expense

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

7. Income Tax Expense

The majority of the entities in the Group are located in Mainland China. Pursuant to the relevant laws and regulations, the statutory EIT rate of 25% (six months ended 30 June 2014: 25%) is applied to the Group except for certain subsidiaries which were either exempted from EIT or entitled to the preferential tax rate of 12.5%, 15% or 20% (six months ended 30 June 2014: 12.5%, 15% or 20%) during the current interim period.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

8. Profit for the Period

Profit for the period has been arrived at after charging (crediting):

	Six months ended	
	30/6/2015	30/6/2014
	RMB million	RMB million
Depreciation and amortisation of:		
Property, plant and equipment	**2,968**	2,863
Lease prepayments	**112**	99
Investment properties	**66**	55
Intangible assets (included in administrative expenses)	**23**	20
Intangible assets (included in cost of sales)	**301**	282
Mining assets (included in cost of sales)	**31**	19
Total depreciation and amortisation	**3,501**	3,338
Allowance reversed for foreseeable loss on construction contracts	**–**	(9)
Employee benefits expense:		
Contributions payable to state-managed retirement plans	**2,004**	1,848
Contributions payable to supplementary pension plans	**124**	108

9. Dividend

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

The final dividend of RMB0.066 per share in respect of the year ended 31 December 2013, amounting to RMB1,406 million in aggregate, was declared on 26 June 2014 and subsequently paid in August 2014.

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

10. Earnings Per Share

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

No diluted earnings per share are presented as there are no potential ordinary shares outstanding during both periods.

11. Movements in Property, Plant and Equipment

During the current interim period, the Group incurred costs for construction in progress of RMB1,026 million (six months ended 30 June 2014: RMB1,195 million) and acquired buildings at a cost of RMB206 million (six months ended 30 June 2014: RMB173 million), infrastructure construction equipment at a cost of RMB1,080 million (six months ended 30 June 2014: RMB974 million), transportation equipment at a cost of RMB385 million (six months ended 30 June 2014: RMB481 million), manufacturing equipment at a cost of RMB62 million (six months ended 30 June 2014: RMB110 million), testing equipment and instruments at a cost of RMB92 million (six months ended 30 June 2014: RMB111 million), and other equipment at a cost of RMB142 million (six months ended 30 June 2014: RMB179 million) for the purpose of expanding the Group's business.

Bank borrowings amounting to RMB223 million (31 December 2014: RMB294 million) are secured by certain property, plant and equipment with an aggregate carrying amount of RMB299 million (31 December 2014: RMB521 million) (see Note 19).

The Group is in the process of applying for the title certificates for certain of its buildings with an aggregate carrying amount of RMB1,405 million (31 December 2014: RMB1,262 million) as at 30 June 2015. The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use these buildings.

12. Intangible Assets

During the current interim period, addition to intangible assets amounting to RMB1,246 million (six months ended 30 June 2014: RMB66 million), which comprised construction costs of toll road under service concession arrangements of RMB1,169 million (six months ended 30 June 2014: Nil), construction costs of Public-Rent-House under service concession arrangements of RMB34 million (six months ended 30 June 2014: RMB50 million), computer software of RMB17 million (six months ended 30 June 2014: RMB16 million) and other intangible assets of RMB26 million (six months ended 30 June 2014: Nil).

The rights in respect of toll road income under eight (31 December 2014: eight) concession agreements with an aggregate carrying amount of RMB31,273 million (31 December 2014: RMB31,560 million) are pledged to obtain bank borrowings amounting to RMB18,718 million (31 December 2014: RMB19,100 million) (see Note 19).

13. Properties Under Development for Sale

As at 30 June 2015, properties under development for sale amounting to RMB24,811 million (31 December 2014: RMB23,175 million) have been pledged to secure bank borrowings amounting to RMB11,090 million (31 December 2014: RMB10,621 million).

14. Trade and other Receivables

The majority of the Group's revenue is generated through construction projects and settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. For sales of products, a credit period of 180 days is normally granted to large or long-established customers with good repayment history. Receivables from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

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

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

The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts at the reporting date, based on invoice date:

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

Included in trade and bills receivables are bills discounted with recourse amounting to RMB13 million (31 December 2014: RMB25 million) to obtain bank borrowings amounting to RMB13 million (31 December 2014: RMB25 million). (See Note 19) The Group continues to recognise the full carrying amount of the bills receivables discounted and has recognised the cash received as secured bank borrowings.

Trade receivables of RMB1,696 million (31 December 2014: RMB2,438 million) and RMB682 million (31 December 2014: RMB691 million) were pledged or factored to secure bank borrowings amounting to RMB887 million (31 December 2014: RMB2,069 million) and other long-term borrowings amounting to RMB172 million (31 December 2014: RMB172 million). (See Note 19)

15. Amounts Due from (to) Customers for Contract Work

	30/6/2015 RMB million	31/12/2014 RMB million
Contract costs incurred plus recognised profits less recognised losses	2,833,798	2,638,177
Less: progress billings	(2,742,036)	(2,556,934)
	91,762	81,243
Analysed for reporting purpose as:		
Amounts due from contract customers	110,145	102,200
Amounts due to contract customers	(18,383)	(20,957)
	91,762	81,243

16. Share Capital

	At 1 January 2014, 31 December 2014 and 30 June 2015 Number of shares '000	At 1 January 2014, 31 December 2014 and 30 June 2015 Nominal value RMB million
Registered capital		
A Shares of RMB1.00 each	17,092,510	17,093
H Shares of RMB1.00 each	4,207,390	4,207
	21,299,900	21,300
Issued and fully paid		
A Shares of RMB1.00 each	17,092,510	17,093
H Shares of RMB1.00 each	4,207,390	4,207
	21,299,900	21,300

17. Perpetual Notes

The Company issued the first tranche, the second tranche and the third tranche of perpetual notes on 1 July 2014, 21 January 2015 and 11 June 2015 with a total principal amount of RMB3 billion, RMB4 billion and RMB3 billion respectively. In addition the Company issued the first tranche of private perpetual notes on 3 April 2015 with a total principal amount of RMB2 billion.

The notes will have a perpetual term until redemption by the Company in accordance with the terms of issuance, and will mature at the redemption by the Company. At the fifth and thereafter each interest payment date, the Company has the right to redeem the notes with principal amount plus all deferred interests.

As long as the compulsory interest payment events have not occurred, the Company has the right to choose the deferred interests payment at each coupon date to the next without times limit of deferral, which does not cause the Company for breach of contract. The compound interests will be charged to the deferred interests by the interest rate of the deferred period.

The Company could not defer current interests and all deferred interests before 12 months of the interest payment date when below compulsory interest payment events occur:

- to declare and pay dividend to ordinary shareholders;
- to decrease share capital.

These perpetual notes do not have specific maturity. The Company has the right to defer interests or to redeem the notes. The Company does not have the contractual obligation to deliver cash or other financial assets to other parties. So the perpetual notes are recognised as an equity.

As at 30 June 2015, the interest of certain perpetual notes of RMB6 million (31 December 2014: RMB98 million) for the period was not accrued because the compulsory interest payment events have not occurred.

During the current interim period, the dividends of certain perpetual notes of RMB319 million (six months ended 30 June 2014: Nil) for the period was declared because the compulsory interest payment event has occurred.

18. Trade and Other Payables

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

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

The balances of other payables mainly include payments made by the third parties on behalf of the Group, guarantee money payables and others.

The following is an aged analysis of trade and bills payables at the reporting date, based on invoice date:

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

19. Borrowings

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

On 14 May 2015, a wholly owned subsidiary of the Group, China Railway Resources Group Co., Ltd., issued the first tranche of the private placement note, which was included in "long-term debentures, unsecured", of a principal amount of RMB1,000 million with a maturity date of 14 May 2018. The note bears interest at a fixed rate of 6.40% per annum. Interest is payable annually in arrears.

Bank borrowings carry interest at rates ranging from 1.33% to 9.00% (31 December 2014: 1.53% to 10%) per annum.

Short-term debentures were issued at fixed rates ranging from 4.25% to 4.50% (31 December 2014: Nil) per annum.

Other short-term borrowings carry interest at variable rates ranging from 5.00% to 10.50% (31 December 2014: 5.00% to 11.5%) per annum.

Long-term debentures were issued at fixed rates ranging from 3.85% to 7.20% (31 December 2014: 3.85% to 7.20%) per annum.

Other long-term borrowings carry interest at fixed or variable rates ranging from 5.54% to 10.50% (31 December 2014: 6.15% to 10.50%) per annum.

Saved as disclosed in other notes to the condensed consolidated financial statements, the Group also pledged the following as securities of its borrowings.

As at 30 June 2015, the Group pledged its rights to collect cash flows in relation to certain backlog construction projects with contract value of RMB10,208 million (31 December 2014: RMB10,325 million) to secure bank borrowings amounting to RMB5,836 million (31 December 2014: RMB5,277 million).

20. Acquisition of Subsidiaries

(a) Acquisition of business

During the current interim period, in order to continue the expansion of the Group's activities, the Group performed the following acquisition. The Group held 50% interest in R - C ; e £ ê Þ " ª , ® ! ("Baoji Baodeli") before this acquisition.

20. Acquisition of Subsidiaries

(a) Acquisition of business

Bargain purchase gains arising on acquisition

	RMB Million
Consideration transferred	106
Plus: non-controlling interests	6
Less: fair value for identifiable net assets acquired	(112)
Bargain purchase gains arising on acquisition	–

Net cash outflows on acquisition of subsidiaries

	RMB million
Consideration paid in cash	(50)
Less: cash and cash equivalent balances acquired	36
	(14)

(b) Acquisition of assets through acquisition of subsidiaries

During the current interim period, the Group acquired certain assets through acquisition of a 51% interest in Ì¿Ä 5 Þ"®! ("Hainan Hongan") for a consideration of RMB37 million and a 51% interest in Ì÷Ä5 Þ"®! ("Hainan Shengan") for a consideration of RMB62 million. The acquisitions were accounted for as acquisition of assets and liabilities as the subsidiaries are not businesses.

The carrying amounts of net assets acquired are as follows:

	Hainan Hongan RMB million	Hainan Shengan RMB million	Total RMB million
Fair value of net assets acquired:			
Properties under development for sale	74	129	203
Trade and other receivables	3	4	7
Trade and other payables	(5)	(12)	(17)
Net assets acquired	72	121	193
Non-controlling interests	(35)	(59)	(94)
	37	62	99

Net cash outflows arising from acquisitions

	Hongan RMB million	Sheng an RMB million	Total RMB million
Consideration paid in cash	(37)	(62)	(99)
Less: cash and cash equivalent balances acquired	–	–	–
Total	(37)	(62)	(99)

21. Disposal of Subsidiaries

During the current interim period, the Group disposed of its entire equity interest in µ =6ì Ã Ä 8 Þ " ® ! (a wholly-owned subsidiary of the Company) for a total consideration of RMB14 million.

Consideration received

	RMB million
Consideration received in cash and cash equivalents	14

Analysis of asset and liabilities over which control was lost

	RMB million
Current assets	
Properties under development for sale	619
Other current assets	18
Current liabilities	
Trade and other payables	(627)
Net assets disposed of	10

Gain on disposal of a subsidiary

	RMB million
Consideration received	14
Net assets disposed of	(10)
Gain on disposal	4

Net cash inflow on disposal of a subsidiary

	RMB million
Consideration received in cash and cash equivalents	14
Less: cash and cash equivalent balances disposed of	–
	14

During the prior interim period, the Group disposed of its entire interests in á ; ¥ ² e Þ " ® ! (a non-wholly owned subsidiary of the Company) and / • › - 8 ³ ¥ * Þ " ® ! (a non-wholly owned subsidiary of the Company) for a total consideration of RMB3 million.

22. Contingent Liabilities

	30/6/2015 RMB million	31/12/2014 RMB million
Pending lawsuits		
– arising in the ordinary course of business [illegible]	934	680
– overseas lawsuits [illegible]	854	854
	1,788	1,534

[illegible]

(a) The Group has been named in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice.

No provision has been made for those pending lawsuits where the management considered that the claims will not be successful. The aggregate sum of those unprovided claims is disclosed in the table above.

(b) Two subsidiaries of the Group, China Overseas Engineering Group Co., Ltd. ("COVEC") and China Railway Tunnel Group Co., Ltd., established a consortium (the "Consortium") with another two independent parties in 2009 for the design and construction of certain sections of the A2 motorway Stryków – Konotopa, which is owned by the Polish General Directorate for National Roads and Motorways in Poland ("PGDNRM"). The Group's share of the total contract amount and performance bond are approximately Polish Zloty ("PLN") 1,160 million (equivalent to approximately USD402 million or RMB2,741 million) and PLN116 million (equivalent to approximately USD40 million or RMB274 million), respectively. During the construction work, the construction contract incurred losses due to various factors. The Consortium sent termination notices dated 3 June 2011 to PGDNRM and PGDNRM sent termination notices dated 13 June 2011 to the Consortium.

On 29 September 2011, PGDNRM applied to the Poland Warsaw District Court for a payment order demanding COVEC, Poland branch of COVEC and another independent party in the Consortium collectively or individually for penalties and interests of an aggregate amount of PLN129 million (equivalent to approximately USD42 million or RMB263 million), whereas all parties in the Consortium bear liabilities joint and severally. The lawyer of the Consortium then raised an objection to the payment order and the payment order became void under Polish law. The relevant parties have since commenced to resolve the matter in dispute under litigation procedures.

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

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

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

22. Contingent Liabilities

(c) Exploitations Artisanales Au Congo ("EXACO") was a former shareholder of La Miniere De Kalumbwe Myunga sprl ("MKM"), an indirectly owned subsidiary of the Company. As at 30 August 2011, EXACO had disposed of its entire interests in MKM. In November 2012, EXACO was of the view that MKM and China Railway Resources Global Holding Limited ("CRRG") (which is also an indirectly owned subsidiary of the Company and the controlling shareholder of MKM) breached relevant terms and other relevant obligations pursuant to the undertakings under the initial agreement signed before the share transfer agreement. EXACO applied to the Congo district court for a compensation of their losses amounting to USD136 million (equivalent to approximately RMB829 million).

MKM and CRRG had raised objection to the jurisdiction of the local courts according to the relevant arbitration clause. Until November 2013, although MKM and CRRG did not receive the verdict, MKM and CRRG filed an appeal with the Lubumbashi Court of Appeal on 26 November 2013 due to prudent consideration and the needs to push the case on. And when the Lubumbashi Count of Appeal ordered certiorari from the local court, MKM and CRRG found that the local court made a judgment to MKM and CRRG for a total of USD31 million compensation (equivalent to approximately RMB189 million) on 8 February 2013. MKM and CRRG appealed to the Supreme Court for the fraud of the presiding judge of the local court existing in the above case. On 23 July 2014, the Supreme Court convicted and canceled the above judgment amounting to USD31 million compensation made by the local court on 8 February 2013.

In addition, on 15 January 2014, EXACO made another request to the Commercial Court of Lubumbashi for not receiving the fee of the previous 43.5% share transfer. EXACO applied to the Court for a compensation from CRRG amounting to USD109 million (equivalent to approximately RMB671 million), and for taking protective measures against MKM. On 20 January 2014, the Commercial Court of Lubumbashi agreed to take the protective measures, but did not hear the request of compensation. MKM and CRRG immediately filed an appeal. The Lubumbashi Court of Appeal ruled the protective measures not be executed on 30 January 2014. MKM and CRRG have appealed to the Supreme Court for the fraud of the presiding judge of the Commercial Court of Lubumbashi in the above case. On 5 June 2015, the Supreme Court convicted and canceled the above judgment on protective measures made by the local court on 20 January 2014. As of the date of issuance of the condensed consolidated financial statements, the case is in the process of transferring jurisdiction and has not yet been substantive hearing.

The Directors are of the view that these lawsuits filed by EXACO have violated the arbitration clause, and there is no factual or legal basis about these lawsuits. However, due to the various uncertainties of the case, the Directors consider that it is premature to assess the outcome of this case.

The Group has provided guarantees to banks in respect of banking facilities utilised by certain related companies and third parties. The maximum exposure of these financial guarantees to the Group is as follows:

	30/6/2015		31/12/2014	
	RMB million	**Expiry period**	RMB million	Expiry period
Guarantees given to banks in respect of banking facilities to:				
Associates	3,041	2015-2025	2,940	2015-2025
Joint ventures	300	2017-2018	230	2017-2018
Other government-related enterprises	54	2015	54	2015
Property purchasers	18,442	2015-2020	17,149	2015-2019
An investee of the Group	12	2016	12	2016
A former subsidiary	626	2021-2023	650	2021-2023
	22,475		21,035	

23. Commitments

Capital expenditure

	30/6/2015 RMB million	31/12/2014 RMB million
Contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	652	972

Investment commitment

According to relevant agreements, the Group has the following commitments:

	30/6/2015 RMB million	31/12/2014 RMB million
Investment commitment to an associate	19,711	19,730

The above amount represents the Group's commitment in respect of the Group's investment in certain mining projects (including development and construction expenditures) in the Democratic Republic of the Congo pursuant to co-operation agreements signed between the co-operation partners. The co-operation partners have been discussing the mining project details and negotiating the investment amounts. The negotiation was still in progress as at the date of issuance of these condensed consolidated financial statements. The amount of investment commitment disclosed above was based on the latest status of the negotiation between the co-operation partners which is subject to change as the project and the negotiation progress in the future.

24. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

24. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/financial liabilities	Fair value as at (RMB in million) 30/6/2015		31/12/2014		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1) Interest rate swaps classified as held-for-trading financial assets/liabilities	**Assets/Liabilities**	**Amount**	**Assets/Liabilities**	**Amount**	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
	Assets	1	Assets	1				
	Liabilities	233	Liabilities	286				
2) Foreign currency forward contract classified as held-for-trading financial liabilities	Liabilities	–	Liabilities	18	Level 2	Discounted cash flow. Future cash flows are estimated based on forward foreign exchange rate (from observable yield curves at the end of the reporting period) and contracted foreign exchange rate, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3) Listed equity securities classified as held-for-trading financial assets	Listed equity securities in Mainland China and Hong Kong:		Listed equity securities in Mainland China and Hong Kong:		Level 1	Quoted bid prices in an active market.	N/A	N/A
	Industry	**Amount**	**Industry**	**Amount**				
	Finance	14	Finance	14				
	Mining	53	Mining	52				
	Transportation	22	Transportation	22				
	Others	19	Others	20				
	Total	108	Total	108				
4) Listed equity securities classified as available-for-sale financial assets	Listed equity securities in Mainland China:		Listed equity securities in Mainland China:		Level 1	Quoted bid prices in an active market.	N/A	N/A
	Industry	**Amount**	**Industry**	**Amount**				
	Finance	998	Finance	745				
5) Listed equity securities classified as available-for-sale financial assets	Listed equity securities in Hong Kong:		Listed equity securities in Hong Kong:		Level 1	Quoted bid prices in an active market.	N/A	N/A
	Industry	**Amount**	**Industry**	**Amount**				
	Mining	5	Mining	6				
	Total	5	Total	6				
6) Unlisted open-end equity funds classified as available-for-sale financial assets	Unlisted open-end equity funds in Mainland China:		Unlisted open-end equity funds in Mainland China:		Level 1	Quoted bid prices in an active market.	N/A	N/A
	Industry	**Amount**	**Industry**	**Amount**				
	Finance	175	Finance	143				
7) Unlisted entrusted products classified as available-for-sale financial assets	Unlisted entrusted products in Mainland China:		Unlisted entrusted products in Mainland China:		Level 3	Discounted cash flow. The key input is the yield rate of the similar products	The yield rate of the similar products in similar industries.	The higher the yield rate of the similar products, the lower the fair value.
	Industry	**Amount**	**Industry**	**Amount**				
	Real estate	1,134	Real estate	1,631				
	Construction	1,992	Construction	2,314				
	Finance	828	Finance	849				
	Manufacture	194	Manufacture	489				
	Mining	40	Mining	70				
	Others	525	Others	601				
	Total	4,713	Total	5,954				

24. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group owns equity interest in North Asia Resources Holding Limited ("North Asia") which is classified as available-for-sale investment and measured at fair value at each reporting date. Being in the stock trading restricted period, the fair value of the investment as at 31 December 2014 was measured based on quoted prices (adjusted) to reflect liquidity risk and was classified as Level 2 of the fair value hierarchy. The restricted period of North Asia has been ended during the current interim period, the fair value of the investment as at 30 June 2015 was determined based on a quoted price on Hong Kong Exchanges and Clearing limited and was classified as Level 1 of the fair value hierarchy.

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values:

	30/6/2015		31/12/2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	RMB million	**RMB million**	RMB million	RMB million
Financial assets				
Loan receivables – fixed rate	**17,152**	**16,922**	12,230	12,130
Financial liabilities				
Bank borrowings – fixed rate	**992**	**915**	1,310	1,282
Long-term debentures – fixed rate	**35,849**	**35,762**	36,091	34,010
Other long-term borrowings – fixed rate	**4,300**	**4,305**	5,280	5,284

The fair values hierarchy of the fair value of fixed rate loans receivables, bank borrowing, long-term debentures and other long-term borrowings are included in level 2. The fair values of the above financial assets and liabilities included in the level 2 category have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

24. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale-Unlisted entrusted products million
At 1 January 2015	5,954
Total gains:	
– in other comprehensive income	(19)
– cumulative gain reclassified from equity to profit or loss on disposal	(52)
Purchases	1,276
Settlements	(2,446)
At 30 June 2015	4,713

25. Related Party Transactions

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or under significant influence by the PRC government ("government-related entities"). In addition, the Group itself is part of a larger group of companies under CRECG (CRECG and its subsidiaries are referred to as the "CRECG Group") which is controlled by the PRC government.

During the current interim period, the Group had conducted business with government-related entities, including the provision of infrastructure construction services to and purchases from government-related entities, deposits with and borrowings from banks which are government-related entities. The Directors consider that transactions with these government-related entities are within normal business operations and are carried out on market terms. The Group has also developed service and product pricing policies and these policies do not depend on whether or not the customers are government-related entities.

The following is a summary of significant related party transactions between the Group and its related parties (other than transactions with government-related entities which are not individually or collectively significant) during the period and balances arising from related party transactions at the end of the reporting period.

25. Related Party Transactions

Significant related party transactions

The Group had the following significant transactions with related parties:

	Six months ended	
	30/6/2015	30/6/2014
	RMB million	RMB million
[illegible] CRCG[illegible]		
Revenue from construction contracts	16	–
Service expenses paid	16	17
Rental expense	13	9
Interest expense	52	39
[illegible]		
Revenue from construction contracts	26	–
Revenue from sales of goods	29	27
Interest income	33	–
Purchases	572	347
Progress billing on behalf of customers	3,678	–
[illegible]		
Revenue from construction contracts	274	257
Revenue from rendering of services	87	48
Progress billing on behalf of customers	3,155	2,689
Revenue from sales of goods	377	244
Interest income	48	18
Rental income	2	3
Purchases	5	3
Service expense paid	1	8
[illegible]		
Revenue from construction contracts	154,938	138,455
Revenue from design and other services	3,350	3,942
Revenue from sales of goods	7,344	6,320
Purchases	47,902	42,463
Interest income on bank balances	348	431
Interest expenses on bank borrowings	2,531	3,170

25. Related Party Transactions

Balances with related parties

	30/6/2015 RMB million	31/12/2014 RMB million
[illegible]		
Trade receivables	6	4
Advance to supplier	74	74
Trade payables	8	8
Other payables	109	135
Borrowings – current	5,220	4,242
[illegible]		
Trade receivables	514	1,126
Other receivables	1,195	912
Advance to suppliers	22	31
Amounts due from customers for contract work	269	360
Trade payables	164	182
Other payables	1,294	382
Advance from customers	278	1,105
Loans receivables	1,324	1,227
Borrowings – current	10	–
[illegible]		
Trade receivables	2,497	2,615
Other receivables	1,226	1,394
Advance to suppliers	–	3
Amounts due from customers for contract work	15	–
Trade payables	2	7
Other payables	219	139
Advance from customers	220	831
Loans receivable	1,910	1,706
Borrowings – current	–	451
Dividends receivable	38	39
[illegible]		
Trade receivables	82,727	89,359
Other receivables	25,484	28,227
Bank balances	32,966	36,908
Trade payables	42,440	46,678
Other payables	41,767	45,141
Bank borrowings	87,280	84,934
Debentures and other borrowings	43,483	42,500

In addition, the Group provided guarantees to banks in respect of banking facilities utilised by two associates, an investee of the Group and a government-related entity, the maximum exposure of which has been disclosed in Note 22.

26. Event After the End Of the Reporting Period

Subsequent to 30 June 2015, the following significant events took place:

(a) On 9 July 2015, CRECG, the controlling shareholder of the Company, acquired 1,500,000 A shares of the Company in the secondary market. After the acquisition, CRECG held 11,951,510,000 A shares of the Company, representing approximately 56.11% of the total issued share capital of the Company.

(b) The Company completed the non-public issuance (the "Issuance") of 1,544,401,543 A shares in July 2015 which was approved by State-owned Assets Supervision and Administration Commission of the State Council and China Securities Regulatory Commission. The issue price is RMB7.77 per A share. The total proceeds raised through the Issuance on 10 July 2015 amounted to RMB12,000 million. After deducting the relevant expenses for the Issuance, the net proceeds from the Issuance amounted to RMB11,879 million. The total issued share capital of the Company has increased to 22,844,301,543 shares. CRECG has participated in the subscription for A shares.

Up to the date of issuance of the condensed consolidated financial statements, CRECG holds 12,260,390,308 A shares of the Company, representing approximately 53.67% of the total issued share capital of the Company.

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