



中国中车股份有限公司
CRRC CORPORATION LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock code: 1766

Driving Value
FOR YOU



Interim Report 2018

IMPORTANT

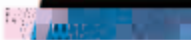
- I. The board of directors (the "Board") and the supervisory committee (the "Supervisory Committee") of the Company and its director(s) (the "Director(s)"), supervisor(s) (the "Supervisor(s)") and senior management (the "Senior Management") hereby warrant the truthfulness, accuracy and completeness of the contents of this interim report and that there is no false representation, misleading statement or material omission in this report, for which they will assume, severally and jointly, legal responsibility.
- II. This interim report has been considered and approved by the fourth meeting of the second session of the Board and all the Directors attended the meeting of the Board.
- III. The interim report is unaudited.
- IV. Mr. Liu Hualong, Chairman of the Company, Ms. Zhan Yanjing, the Chief Financial Officer and Mr. Wang Jian, the head of accounting department (person in charge of accounting affairs), hereby state to guarantee the truthfulness, accuracy and completeness of the financial report in the interim report.
- V. The Company does not have any proposal on profit distribution or transfer of capital reserve fund during the reporting period considered and approved by the Board.
- VI. Disclaimer for forward-looking statements

This report contains forward-looking statements that are based on subjective assumptions and judgements on future policies and economic trends and are subject to a variety of uncertainties. The actual results or trends may differ from these forward-looking statements.

Investors should be aware that the forward-looking statements included in this report in relation to future plans, development strategies, etc. do not constitute any substantive commitment to investors by the Company.

- VII. There was no appropriation of funds by the controlling shareholder and its associates for non-operating purposes.
- VIII. There was no provision of guarantee by the Company in favour of any external party in violation of the prescribed decision-making procedures.
- IX. Major risk reminder

The major risk factors faced by the Company include policy risks, market risks, product quality risks, industry structure adjustment risks and exchange rate risks, which have been described in detail in this report. Please refer to the description of "potential risks" in "Report of Directors".
- X. Unless specified otherwise, the recording currency used in this report is Renminbi.



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COMPANY INFORMATION

- Name of the Company: 中國中車股份有限公司
 Simplified Name of the Company: 中國中車
 Name of the Company in English: CRRC Corporation Limited
 Simplified Name of the Company in English: CRRC
 Legal Representative: Li Hua

	Secretary to the Board	Securities Affairs Representative
Name	Xu Jun	Tan Ming
Address	No. 16, China World Financial Resources Building, Hamao Road, Beijing	No. 16, China World Financial Resources Building, Hamao Road, Beijing
Telephone	010-51862188	010-51862188
Facsimile	010-63984785	010-63984785
E-mail	crcc@crcc.com.cn	crcc@crcc.com.cn

- Registered Office: No. 16, China World Financial Resources Building, Hamao Road, Beijing 100036
 Principal Office: No. 16, China World Financial Resources Building, Hamao Road, Beijing 100036
 Branch Office: No. 16, China World Financial Resources Building, Hamao Road, Beijing 100036
 E-mail: crcc@crcc.com.cn

- Name of the Shareholder: China Securities Depository and Clearing Corporation Limited
 Address: CSRC
 Website: www.csdc.com.cn
 Headquarters: Beijing
 Place of listing of the shares: Baotou No. 16, China World Financial Resources Building, Hamao Road, Beijing

Type of shares	Place of listing of the shares	Stock abbreviation	Stock code	Stock abbreviation before change
A-shares	SSE	中國中車	601766	中國南車
H-shares	HKSE	CRRC	1766	CSR

- Director: Li Hua

- 7. PRC 有限公司
 DONGTIAN TONGYUAN CONSULTING SERVICE (HONG KONG) LIMITED
 30/F, BAY CENTRAL
 222 YAANGAR EAST
 SARAJA
 PRC
- 8. 有限公司
 XINJIANG TANGTIAN HONG KONG LIMITED
 35/F, OPA PA PA
 88 QUEEN AVE
 HONG KONG
- 9. 有限公司
 SHENYANG TANGTIAN HONG KONG LIMITED
 35/F, OPA PA PA
 88 QUEEN AVE
 HONG KONG
- 10. 有限公司
 A. HONG KONG
 B. JAILA LA F
 F408 OPA PA, 158/F, AVE, B, PRC
- 11. 有限公司
 U. HONG KONG, 41/F, OPA PA, C, PA PA
 1 HAIR RAY, WA, HONG KONG
- 12. 有限公司
 CASI DONGYUAN CONSULTING SERVICE (HONG KONG) LIMITED
 36/F, CALIBRA B, 166 LAI EAT AVE, RONG NONG, SARAJA
- 13. 有限公司
 C. HONG KONG, 17M/F, HONG KONG, 183 QUEEN RAY EAST WA, HONG KONG

RESULTS HIGHLIGHTS

From January to June 2018, Company Revenue increased by RMB84,600 million, up 2.56% from RMB82,574.5 million in the same period of 2017. Profit after tax increased by RMB4,940,424 million, up 7.40% from RMB4,600,029 million in the same period of 2017. Profit attributable to shareholders of the Company increased by RMB4,117,547 million, up 12.16% from RMB3,671,143 million in the same period of 2017.

Revenue (RMB' 000)

From January to June 2018:

84,600,147

From January to June 2017:
86,825,745

-2.56%



Profit after tax (RMB' 000)

From January to June 2018:

4,940,424

From January to June 2017:
4,600,029

+7.40%



Profit attributable to shareholders of the Company (RMB' 000)

From January to June 2018:

4,117,547

From January to June 2017:
3,671,143

+12.16%



Basic earnings per share (RMB/share)

From January to June 2018:

0.14

From January to June 2017:
0.13

+11.67%



Total assets (RMB' 000)

30 June 2018:

376,033,676

31 December 2017:
375,170,887

+0.23%



Total liabilities (RMB' 000)

30 June 2018:

234,240,424

31 December 2017:
233,301,484

+0.40%



Total equity (RMB' 000)

30 June 2018:

141,793,252

31 December 2017:
141,869,403

-0.05%



Including: equity attributable to shareholders of the Company (RMB' 000)

30 June 2018:

120,993,678

31 December 2017:
121,558,591

-0.44%



Shareholders' equity per share (RMB/share)

30 June 2018:

4.22

31 December 2017:
4.24

-0.47%



A. BUSINESS OVERVIEW

I. Main businesses, operation model and industry situation of the Company during the reporting period

(I) Main businesses of the Company

1. Railway equipment businesses

The Company's railway equipment businesses include: (1) production and sales of EMU and freight cars; (2) EMU and freight cars; (3) maintenance and repair of EMU and freight cars; (4) production and sales of railway equipment.

With the continuous development of China's railway industry, the demand for railway equipment is increasing. The Company has established a complete production and sales system for EMU and freight cars, and has a strong market position. In 2018, the Company's railway equipment businesses achieved significant results. The production and sales of EMU and freight cars increased significantly, and the maintenance and repair of EMU and freight cars also showed a strong growth trend. The production and sales of railway equipment also showed a steady increase. The Company's railway equipment businesses have a strong competitive advantage in the market, and the Company will continue to strengthen its production and sales capabilities, and expand its market share.

2. Rapid transit vehicles and urban infrastructure businesses

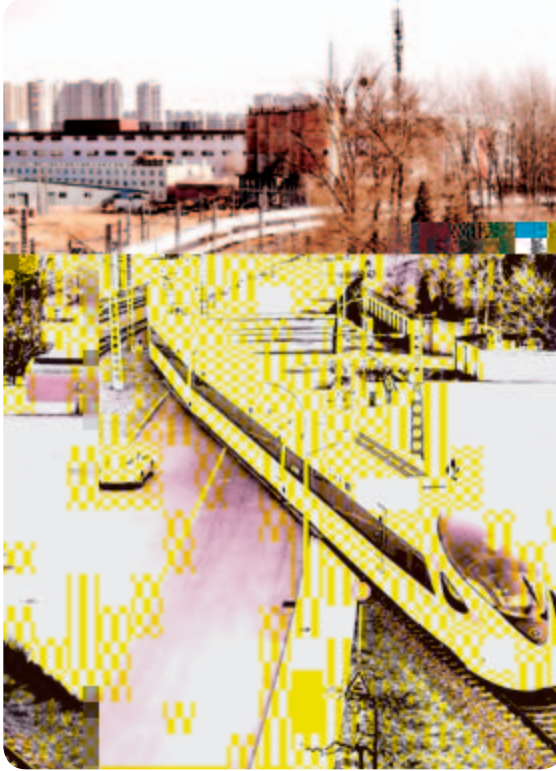
The Company's rapid transit vehicles and urban infrastructure businesses include: (1) production and sales of rapid transit vehicles; (2) production and sales of urban infrastructure equipment; (3) production and sales of urban infrastructure services.

With the continuous development of China's urban infrastructure industry, the demand for rapid transit vehicles and urban infrastructure equipment is increasing. The Company has established a complete production and sales system for rapid transit vehicles and urban infrastructure equipment, and has a strong market position. In 2018, the Company's rapid transit vehicles and urban infrastructure businesses achieved significant results. The production and sales of rapid transit vehicles and urban infrastructure equipment increased significantly, and the production and sales of urban infrastructure services also showed a strong growth trend. The Company's rapid transit vehicles and urban infrastructure businesses have a strong competitive advantage in the market, and the Company will continue to strengthen its production and sales capabilities, and expand its market share.



(II) Operation mode of rolling stock industry

1. **Production model:** CRRC is a leading manufacturer of rolling stock in China. It has established a complete production system for various types of rolling stock, including high-speed trains, freight trains, and passenger trains. CRRC's production model is characterized by large-scale production and high efficiency.
2. **Purchasing model:** CRRC's purchasing model is based on the principle of "buying what you need". It purchases raw materials and components from various suppliers to ensure the quality and stability of its production. CRRC has established a long-term and stable relationship with its suppliers, ensuring the timely delivery of raw materials and components.
3. **Selling model:** CRRC's selling model is based on the principle of "selling what you produce". It sells its products to various customers, including government departments, enterprises, and individuals. CRRC has established a wide sales network and a strong brand reputation, ensuring the timely delivery of its products to its customers.



(III) Industry situation

The Ministry of Railways issued the "Medium and Long-term Railway Network Planning" (《中長期鐵路網規劃》) in 2016, which is the first time in China's railway history that a long-term railway network plan has been formulated. The plan is a key part of the "13th Five-Year Plan" (《十三屆五年期規劃》), and it is expected that by 2020, the total length of China's railway network will reach 150,000 kilometers, with a total investment of 30,000 billion yuan. The plan also includes the "13th Five-Year Plan" (《十三屆五年期規劃》) for the modern integrated transportation system development (《「十三屆」現代綜合交通運輸體系發展規劃》), which is a key part of the "13th Five-Year Plan" (《十三屆五年期規劃》) and the "Made in China 2025" (《中國製造2025》) initiative. The plan is expected to be completed by 2020, and it will significantly improve the efficiency and capacity of China's railway network, and promote the development of the modern integrated transportation system.

2. **Distinct industrial resources advantages.** CRRC has 100% ownership in CRRC Group, which is a state-owned enterprise. CRRC Group is a leading manufacturer of rail vehicles in China and has a long history of providing high-quality rail vehicles to customers around the world. CRRC Group has a strong R&D capability and a mature production system. CRRC Group has a complete industrial chain, covering the design, manufacturing, assembly, testing, and maintenance of rail vehicles. CRRC Group has a strong brand influence and a wide customer base. CRRC Group has a strong financial strength and a good credit rating. CRRC Group has a strong talent pool and a good corporate culture. CRRC Group has a strong social responsibility and a good public image. CRRC Group has a strong international operation capability and a good market performance. CRRC Group has a strong industrial resources advantages and a good competitive advantage.

3. **Continued enhancement of our international operation capability.** SM is a leading manufacturer of rail vehicles in China and has a long history of providing high-quality rail vehicles to customers around the world. SM has a strong R&D capability and a mature production system. SM has a complete industrial chain, covering the design, manufacturing, assembly, testing, and maintenance of rail vehicles. SM has a strong brand influence and a wide customer base. SM has a strong financial strength and a good credit rating. SM has a strong talent pool and a good corporate culture. SM has a strong social responsibility and a good public image. SM has a strong international operation capability and a good market performance. SM has a strong industrial resources advantages and a good competitive advantage.



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

During the first half of 2018, the Company achieved a total operating income of RMB84.600 million, an increase of 2.56% compared with RMB81.900 million in the same period of 2017. The total operating cost was RMB4.118 million, an increase of 4.27% compared with RMB3.950 million in the same period of 2017. The total operating profit was RMB80.482 million, a decrease of 10.77% compared with RMB90.850 million in the same period of 2017. The net profit attributable to shareholders was RMB10.542 million, a decrease of 38.20% compared with RMB16.968 million in the same period of 2017.

I. Discussion and analysis of operation

(I) Analysis of main businesses

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

Item	Unit: '000 Q ¹ : RMB		
	From January to June 2018 Amount (RMB'000)	From January to June 2017 Amount (RMB'000)	Change %
Revenue	84,600,147	86,825,745	-2.56
Cost of sales	65,329,302	68,242,146	-4.27
Selling expenses	2,512,512	2,815,874	-10.77
Administrative expenses	6,476,289	6,086,660	6.40
Finance expenses	822,172	594,915	38.20
Non-current asset impairment losses	-10,541,846	-17,509,782	-
Non-current liability impairment losses	-1,802,801	4,169,351	-
Non-current asset disposal gains	-10,539,470	9,287,831	-
Research and development expenses	4,114,200	4,351,670	-5.46
Revenue change			-2.56%
Revenue change			-4.27%
Revenue change			-10.77%
Revenue change			6.40%
Revenue change			38.20%
Revenue change	RMB10,542	RMB6,968	

REPORT OF DIRECTORS

Revenue increased by RMB1,803 million, or 0.01%, compared with the corresponding period of the previous year. Cost of sales decreased by RMB4,169 million, or 0.01%, compared with the corresponding period of the previous year.

Revenue increased by RMB10,539 million, or 0.01%, compared with the corresponding period of the previous year. Cost of sales decreased by RMB9,288 million, or 0.01%, compared with the corresponding period of the previous year.

Revenue increased by 5.46% compared with the corresponding period of the previous year.

2. Others

Details are provided in the following table:

(II) Analysis of operation by industry, products or geographical locations

1. Main businesses by industry and by business type

Main businesses by industry Unit: '000 CNY

By industry	Revenue	Cost of sales	Gross profit margin (%)	Increase/ (decrease) in revenue as compared to the corresponding period of the previous year (%)	Increase/ (decrease) in cost of sales as compared to the corresponding period of the previous year (%)	Increase/ (decrease) in gross profit margin as compared to the corresponding period of the previous year

Revenue	84,600,147	65,329,302	22.78	-2.56	-4.27	1.38
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Main businesses by business type

Unit: '000 Q¹ : RMB

By business	Revenue	Cost of sales	Gross profit margin (%)	Increase/ (decrease) in revenue as compared to the corresponding period of the previous year (%)	Increase/ (decrease) in cost of sales as compared to the corresponding period of the previous year (%)	Increase/ (decrease) in gross profit margin as compared to the corresponding period of the previous year
				year (%)	year (%)	
Railway	44,576,435	33,583,318	24.66	5.74	4.07	Increase 1.21
Railway material	12,903,159	10,605,704	17.81	-4.29	-5.23	Increase 0.82
Non-railway	20,859,993	15,677,390	24.84	0.26	3.78	Decrease 2.56
Material	6,260,560	5,462,890	12.74	-39.69	-43.55	Increase 5.95
Total	84,600,147	65,329,302	22.78	-2.56	-4.27	Increase 1.38
Revenue			5.74%			
Overall			4.07%			

REPORT OF DIRECTORS

Revenue from operations attributable to the Group was 4.29% above the corresponding period in 2018, a result of the following factors:

- Revenue from operations attributable to the Group was 5.23% above the corresponding period in 2018, a result of the following factors:
- Revenue from operations attributable to the Group was 3.78% above the corresponding period in 2018, a result of the following factors:

Revenue from operations attributable to the Group was 0.26% above the corresponding period in 2018, a result of the following factors:

- Revenue from operations attributable to the Group was 3.78% above the corresponding period in 2018, a result of the following factors:

Revenue from operations attributable to the Group was 39.69% above the corresponding period in 2018, a result of the following factors:

(III) Explanation of significant changes in profit due to non-principal business

During the reporting period, CRRC Corporation's main business is stable and the profit is maintained.

(IV) Analysis of Assets and Liabilities

Unit: '000 Q: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of total assets (%)	Amount at the end of the period compared to amount at the end of the previous period (%)
Equity	2,163,999	0.58			100.00
Fixed assets	581,532	0.15			100.00
Current assets	2,179,764	0.58			100.00
Debt	2,136,847	0.57			100.00
Liabilities	74,219,379	19.74	55,092,104	14.68	34.72
Dividends payable	15,391,896	4.09			100.00
Current liabilities	14,115,784	3.75			100.00
Bank deposits	8,243,845	2.19	27,071,265	7.22	-69.55
Financial assets	4,443,029	1.18	2,569,294	0.68	72.93
Capital	31,071,571	8.26	56,264,129	15.00	-44.78
Debt	1,776,306	0.47			100.00
Total assets					
Total Equity					
Total Liabilities					
Total Assets					

(V) Debt structure, liquidity and cash flow

1. Capital structure

As at 30 June 2018, the Company's capital structure is as follows: 62.29% and 62.19% respectively.

2. Significant capital expenses and capital commitments

(1) Significant capital expenses

From January to June 2018, the Company's significant capital expenses are as follows:

	From January to June 2018 Amount (RMB'000)	From January to June 2017 Amount (RMB'000)
Interest expense		
Property, plant and equipment	3,492,232	3,000,274
Intangible assets	10,360	379,755
Other assets	130,498	64,875
Investment	139	
Total	3,633,229	3,444,904

(2) Capital commitments

As at 30 June 2018, the Company's capital commitments are RMB 5,832 million, of which RMB 2,145 million are non-current capital commitments and RMB 3,687 million are current capital commitments.

3. Particulars of contingent liabilities of the Company

Significant contingent liabilities of the Company are as follows: Significant contingent liabilities of the Company are as follows:

4. Particulars of pledge of assets of the Company

As at 30 June 2018, the Company's assets pledged are as follows: RMB 7,077 million, of which RMB 4,643 million are non-current assets and RMB 2,434 million are current assets. RMB 244 million are pledged to banks and RMB 38 million are pledged to other financial institutions.

REPORT OF DIRECTORS

5. Borrowings, corporate bonds and notes

As at 30 June 2018, the Company's bank borrowings were RMB39,261 million, an increase of RMB 47,629 million as at 31 December 2017.

As at 30 June 2018, the Company's bank borrowings were RMB24,763 million, an increase of RMB 11,743 million as at 31 December 2017. US dollar borrowings were RMB 1,753 million as at 31 December 2017.

The Company's bank borrowings were RMB 7,484 million as at 30 June 2018, an increase of RMB 31,777 million as at 31 December 2017.

As at 30 June 2018, the Company's bank borrowings were RMB 9,495 million, an increase of RMB 7,396 million as at 31 December 2017.

The Company's bank borrowings were RMB 7,396 million as at 31 December 2017 as at 30 June 2018:

	30 June 2018 Amount (RMB'000)	31 D 2017 Amount (RMB'000)
Working capital loans	31,777,702	34,043,108
Operating loans	2,352,031	5,128,334
Trade payables	4,880,728	3,077,430
Other payables	250,998	5,379,718
Total	39,261,459	47,628,590

As at 30 June 2018, the Company's bank borrowings were RMB39,261 million, an increase of 17.57% from RMB47,629 million as at 31 December 2017, an increase of RMB 47,629 million as at 31 December 2017.

6. Cash flow

As at 30 June 2018, the Company's cash and cash equivalents were RMB24,682 million, an increase of RMB15,280 million as at 31 December 2017. RMB6,390 million as at 31 December 2017, an increase of RMB1,119 million as at 31 December 2017.



(VI) Analysis on investment

1. General analysis of external investment in equity

As at 31 December 2018, the Company held equity investments of RMB12,540 million, of which RMB1,326 million (11.83%) were listed equity investments. The Company held equity investments of RMB1,090 million, of which RMB149 million were listed equity investments. For the year ended 31 December 2018, the Company's equity investments

(1) Significant equity investment

The Company's significant equity investments are as follows:

(2) Significant non-equity investment

The Company's significant non-equity investments are as follows:

REPORT OF DIRECTORS

(3) Financial assets measured at fair value

Unit: '000 Q¹ : RMB

Item	Opening balance (Adjusted under new standards)	Gains (losses) from changes in fair value during the current period	Aggregate changes in fair value included in equity	Provision for impairment during the current period	Other changes (increase/ decrease) during the current period	Closing balance
1. 交易性金融资产	3,046,592	68,398	-	-	1,328,039	4,443,029
- 交易性金融资产	2,563	2,931	-	-	-	5,494
- 交易性金融资产	2,591,060	85,587	-	-	1,316,769	3,993,416
- 交易性金融资产	452,969	-20,120	-	-	11,270	444,119
2. 可供出售金融资产	2,387,370	-	-388,962	-	165,591	2,163,999
- 可供出售金融资产	2,168,889	-	-391,810	-	-58,437	1,718,642
- 可供出售金融资产	218,481	-	2,848	-	224,028	445,357
3. 其他权益工具投资	14,477,989	-	-6,885	33,762	920,792	15,391,896
- 其他权益工具投资	14,477,989	-	-6,885	33,762	920,792	15,391,896
4. 其他非流动金融资产	605,953	-24,421	-	-	-	581,532
- 其他非流动金融资产	605,953	-24,421	-	-	-	581,532
合计	20,517,904	43,977	-395,847	33,762	2,414,422	22,580,456

2. Use of proceeds

(1) A shares

For the period ended 30 June 2018, the Company has used the proceeds from the offering of A shares in accordance with the terms of the Prospectus, as approved by the State Securities Administration (SSA) of the People's Republic of China (PRC) and the Shanghai Stock Exchange (SSE) in its 2018 Interim Report (《中國中車股份有限公司2018年上半年A股募集資金存放與實際使用情況的專項報告》) on 24 April 2018 in accordance with the Company's articles of association and the SSE.

(2) H shares

On 12 October 2014, the Company received the approval of the State Administration for Foreign Exchange (SAFE) and the China Securities Regulatory Commission (CSRC) (證監許可[2014]404號) (《關於核准中國北車股份有限公司發行境外上市外資股的批覆》(證監許可[2014]404號)) issued by CSRC, on 12 October 2014, CNR to issue up to 1,939,724,000 H shares (including 1,939,724,000 H shares) at a price of HKD10.28 per share. As at 30 June 2018, a total of 1,939,724,000 H shares have been issued at a price of HKD9.050 per share. The Company has received a total of HKD115,000,000 from the issue of H shares. As at 30 June 2018, the Company has used a total of HKD1,093,000,000 for the purpose of the H shares.

On 5 February 2016, the Company issued H shares at a price of US\$600 per share. The Company has received a total of US\$595.80 million from the issue of H shares. As at 30 June 2018, the Company has used a total of US\$486.21 million for the purpose of the H shares. (1) a total of US\$46.90 million, (2) a total of US\$56.00 million, and (3) a total of US\$383.31 million. The Company has used a total of US\$9.22 million for the purpose of the H shares. As at 30 June 2018, the Company has used a total of US\$118.81 million for the purpose of the H shares.

4. Structured entities controlled by the Company

The Company has no structured entities controlled by the Company.

5. Material disposal of assets and equity interests

The Company has no material disposal of assets and equity interests.

II. Other events

Potential risks

1. Policy risks

China's economic growth has slowed down in recent years, and the government has implemented a series of measures to stimulate economic growth. The Company's business operations are closely related to the Chinese economy, and the Company will continue to monitor the changes in the macroeconomic environment and adjust its business strategy accordingly.

Risks related to the Company's business operations include: (1) Changes in the macroeconomic environment; (2) Changes in the industry competition; (3) Changes in the Company's business strategy; (4) Changes in the Company's management team.

2. Market risks

(1) The Company's business operations are closely related to the Chinese market, and the Company will continue to monitor the changes in the market environment and adjust its business strategy accordingly.

Risks related to the Company's business operations include: (1) Changes in the market environment; (2) Changes in the industry competition; (3) Changes in the Company's business strategy; (4) Changes in the Company's management team.



3. Risks related to product quality

In the past year, CRRC has been committed to product quality and safety, and has taken a series of measures to improve product quality and safety. CRRC has established a product quality and safety management system, and has implemented a series of measures to improve product quality and safety. CRRC has also established a product quality and safety management system, and has implemented a series of measures to improve product quality and safety.

Regarding product quality, CRRC has established a product quality and safety management system, and has implemented a series of measures to improve product quality and safety. CRRC has also established a product quality and safety management system, and has implemented a series of measures to improve product quality and safety.

4. Risks related to industrial structure adjustment

During the past year, CRRC has been committed to industrial structure adjustment, and has taken a series of measures to improve industrial structure adjustment. CRRC has established an industrial structure adjustment management system, and has implemented a series of measures to improve industrial structure adjustment.

Regarding industrial structure adjustment, CRRC has established an industrial structure adjustment management system, and has implemented a series of measures to improve industrial structure adjustment. CRRC has also established an industrial structure adjustment management system, and has implemented a series of measures to improve industrial structure adjustment.

5. Exchange rate risks

With the development of international trade, CRRC has been exposed to exchange rate risks. CRRC has established an exchange rate risk management system, and has implemented a series of measures to improve exchange rate risk management.

Regarding exchange rate risks, CRRC has established an exchange rate risk management system, and has implemented a series of measures to improve exchange rate risk management. CRRC has also established an exchange rate risk management system, and has implemented a series of measures to improve exchange rate risk management.

SIGNIFICANT EVENTS

Background	Type	Covenants	Undertakings	Validity period	Whether duration specified	Whether timely and strictly performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
<p> 2015年12月，CRRC 与 CNRC 签署了《关于规范与中国中车股份有限公司关联交易的承诺函》（以下简称“承诺函”），承诺函中约定，CRRC 与 CNRC 在 2015 年 12 月 31 日前，就 CRRC 与 CNRC 之间的关联交易进行清理，并于 2016 年 1 月 1 日起，CRRC 与 CNRC 之间的关联交易按照 CNRC 的关联交易政策执行。 </p>	CRRCG		<p> 2015 年 12 月 31 日，CRRC 与 CNRC 签署了《关于规范与中国中车股份有限公司关联交易的承诺函》（以下简称“承诺函”），承诺函中约定，CRRC 与 CNRC 在 2015 年 12 月 31 日前，就 CRRC 与 CNRC 之间的关联交易进行清理，并于 2016 年 1 月 1 日起，CRRC 与 CNRC 之间的关联交易按照 CNRC 的关联交易政策执行。 </p>	2015 年 12 月 31 日至 2016 年 1 月 1 日	N	Y		
<p> 2008 年 12 月，CRRC 与 CSR 签署了《关于规范与中国中车股份有限公司关联交易的承诺函》（以下简称“承诺函”），承诺函中约定，CRRC 与 CSR 在 2008 年 12 月 31 日前，就 CRRC 与 CSR 之间的关联交易进行清理，并于 2009 年 1 月 1 日起，CRRC 与 CSR 之间的关联交易按照 CSR 的关联交易政策执行。 </p>	CRRCG		<p> 2008 年 12 月 31 日，CRRC 与 CSR 签署了《关于规范与中国中车股份有限公司关联交易的承诺函》（以下简称“承诺函”），承诺函中约定，CRRC 与 CSR 在 2008 年 12 月 31 日前，就 CRRC 与 CSR 之间的关联交易进行清理，并于 2009 年 1 月 1 日起，CRRC 与 CSR 之间的关联交易按照 CSR 的关联交易政策执行。 </p>	2008 年 12 月 31 日至 2009 年 1 月 1 日	N	Y		
<p> 2009 年 10 月，CRRC 与 CNR 签署了《关于规范与中国中车股份有限公司关联交易的承诺函》（以下简称“承诺函”），承诺函中约定，CRRC 与 CNR 在 2009 年 10 月 31 日前，就 CRRC 与 CNR 之间的关联交易进行清理，并于 2010 年 1 月 1 日起，CRRC 与 CNR 之间的关联交易按照 CNR 的关联交易政策执行。 </p>	CRRCG		<p> 2009 年 10 月 31 日，CRRC 与 CNR 签署了《关于规范与中国中车股份有限公司关联交易的承诺函》（以下简称“承诺函”），承诺函中约定，CRRC 与 CNR 在 2009 年 10 月 31 日前，就 CRRC 与 CNR 之间的关联交易进行清理，并于 2010 年 1 月 1 日起，CRRC 与 CNR 之间的关联交易按照 CNR 的关联交易政策执行。 </p>	2009 年 10 月 31 日至 2010 年 1 月 1 日	N	Y		

SIGNIFICANT EVENTS

VII. SHARE OPTION SCHEME OF THE COMPANY AND THEIR IMPACTS

During the reporting period, the Company has not exercised any share options under the share option scheme.

VIII. SIGNIFICANT CONTRACTS AND THEIR IMPLEMENTATION

(I) Guarantees

Unit: '000 Q^u : RMB

Guarantees provided by the Company to external parties (excluding guarantees provided by the Company in favour of its subsidiaries)

Guarantor	Relationship between the guarantor and the listed company	Guaranteed	Guaranteed Amount	Date of guarantee			Guarantee Type	Whether the guarantee has been fulfilled		Outstanding amount of guarantee		Whether the guarantee is provided to a connected party or not	Connected relationship
				(Date of signing agreement)	Commencement Date	Maturity date		Guarantee	Guarantee overdued	guarantee	Counter guarantee		
CRRC Corporation Limited, China-Singapore Suzhou Industrial Park Municipal Public Works Construction Co., Ltd* (中新蘇州工業園區市政公用工程建設有限公司), a wholly-owned subsidiary of the Company, and CRRC China Merchants (Tianjin) Equity Investment Fund Management Co., Ltd.* (中車招銀(天津)股權投資基金管理有限公司), a non-whollyowned subsidiary of the Company	CRRC Corporation Limited, its wholly owned subsidiary and holding subsidiary	Wuhu Yunda Rail Transport Construction and Operation Limited* (蕪湖市運達軌道交通建設運營有限公司)	7,441,000	27 April 2017	20 June 2017	20 June 2047	Joint and several liability guarantee	No	No	—	No	No	—

SIGNIFICANT EVENTS

Guarantees provided by the Company to external parties (excluding guarantees provided by the Company in favour of its subsidiaries)

Guarantor	Relationship between the guarantor and the listed company	Guaranteed Amount	Date of guarantee (Date of signing agreement)	Commencement Date	Maturity date	Guarantee Type	Whether the guarantee has been fulfilled	Guarantee overdued	Outstanding amount of guarantee overdue	Counter guarantee	Whether the guarantee is provided to a connected party or not	Connected relationship
Ta iraa a i / C a a i - sa b												
Ta iraa a i / C a a i - sa b		(A)										7,441,000
Ta iraa a i / C a a i - sa b												7,438,630
Ta iraa a i / C a a i - sa b												46,578,108
Ta iraa a i / C a a i - sa b												54,019,108
P a a iraa a i / C a a i - sa b												44.65
P a a iraa a i / C a a i - sa b												-
A iraa a i / C a a i - sa b												34,131,425
T a a i / C a a i - sa b		60%										-
T a a i / C a a i - sa b		(C+D+E)										34,131,425
E a a iraa a i / C a a i - sa b												-
E a a iraa a i / C a a i - sa b												-

P a a iraa a i / C a a i - sa b = Ta iraa a i / C a a i - sa b + A iraa a i / C a a i - sa b + T a a i / C a a i - sa b + E a a iraa a i / C a a i - sa b

C a a i - sa b = RMB7,439

A iraa a i / C a a i - sa b = RMB54,019

T a a i / C a a i - sa b = RMB21,548

E a a iraa a i / C a a i - sa b = RMB25,030

G a a iraa a i / C a a i - sa b = RMB7,441

O a L A a a iraa a i / C a a i - sa b = RMB3,576

RMB3,944

RMB46,499

A iraa a i / C a a i - sa b = RMB34,131

A a a iraa a i / C a a i - sa b = RMB70%

(II) Other material contracts

D a a iraa a i / C a a i - sa b = F a a iraa a i / C a a i - sa b + A iraa a i / C a a i - sa b + T a a i / C a a i - sa b + E a a iraa a i / C a a i - sa b

a i / C a a i - sa b 3 A 2018 a / 5 J 2018 i / C a a i - sa b SSE a /

S E a a iraa a i / C a a i - sa b

SIGNIFICANT EVENTS

IX. INFORMATION ON THE CONVERTIBLE CORPORATE BONDS

On 5 February 2016, CRR Corporation issued convertible corporate bonds with a total principal amount of US\$600,000,000 (‘Convertible Bonds’ or ‘Bonds’). The Bonds were issued on 5 February 2016 with a par value of US\$250,000 and a coupon rate of 100% of the prevailing one-month interbank offer rate of Hong Kong dollar (‘HK\$’) 9.65% per annum. The Bonds were issued at a discount of HK\$9.15 per HK\$100 of par value. The Bonds were issued in the form of registered bonds and are listed on the Shanghai Stock Exchange (‘SSE’) under the name of CRR Corporation.

The Bonds were issued on 26 January 2016, 5 February 2016, 7 March 2016, 27 July 2016, 29 July 2017, 25 August 2017 and 12 July 2018 in the Shanghai Stock Exchange (‘SSE’) under the name of CRR Corporation.

(I) Dilution impact of the Convertible Bonds on shares

As at 30 June 2018, the total number of shares issued by CRR Corporation is 1,191,191,191 shares. The Bonds were issued at a discount of HK\$9.15 per HK\$100 of par value. The total number of shares issued by CRR Corporation in connection with the Bonds is 510,832,786 shares. The total number of shares issued by CRR Corporation as at 30 June 2018 is 1,191,191,191 shares. The dilution impact of the Bonds on shares is as follows:

Name of shareholders	Numbers of shares	Percentage of issued share capital enlarged by the issuance of conversion shares
CRR Corporation	15,964,633,616 Shares	54.66%
Renmin Bank	510,832,786 Shares	1.75%
Shanghai Bank	4,371,066,040 Shares	14.96%
Other shareholders	8,363,164,432 Shares	28.63%
Total	29,209,696,874 Shares	100%

Notes:

(1) As at 30 June 2018, CRR Corporation has 15,491,375,889 Shares. On 13 August 2018, CRR Corporation issued 373,085,233 Shares to Beijing Chengtong Investment Co., Ltd. (北京誠通金控投資有限公司) and China National Investment Co., Ltd. (國新投資有限公司). As at 30 June 2018, CRR Corporation has 14,745,205,423 Shares.

(2) As at 30 June 2018, CRR Corporation has 473,257,727 Shares. CRR Corporation issued 459,424,941 Shares to Renmin Bank.

As at 30 June 2018, the total number of shares issued by CRR Corporation is 1,191,191,191 shares. The Bonds were issued at a discount of HK\$9.15 per HK\$100 of par value. The total number of shares issued by CRR Corporation as at 30 June 2018 is 1,191,191,191 shares.

(II) Principal terms of Convertible Bonds

The following table summarizes the principal terms of the Convertible Bonds issued by the Company:

1. Conversion right

The Convertible Bonds are convertible into the Company's ordinary shares at the option of the bondholders. The conversion price is HK\$9.50 for the Convertible Bonds issued on 17 March 2016 and 26 January 2021. The conversion price is (1) HK\$9.29 for the Convertible Bonds issued on 30 July 2017 and (2) RMB0.15 (approximately HK\$0.22) for the Convertible Bonds issued on 31 March 2018. The conversion price is HK\$9.15 for the Convertible Bonds issued on 19 July 2018. The conversion price is HK\$7.902 for the Convertible Bonds issued on 19 July 2018. The conversion price is US\$1.00 for the Convertible Bonds issued on 19 July 2018.

The Convertible Bonds are convertible into the Company's ordinary shares at the option of the bondholders. The conversion price is HK\$9.50 for the Convertible Bonds issued on 17 March 2016 and 26 January 2021. The conversion price is (1) HK\$9.29 for the Convertible Bonds issued on 30 July 2017 and (2) RMB0.15 (approximately HK\$0.22) for the Convertible Bonds issued on 31 March 2018. The conversion price is HK\$9.15 for the Convertible Bonds issued on 19 July 2018. The conversion price is HK\$7.902 for the Convertible Bonds issued on 19 July 2018. The conversion price is US\$1.00 for the Convertible Bonds issued on 19 July 2018.

2. Redemption option of the issuer**(1) Redemption at maturity**

Upon maturity, the issuer has the option to redeem the Convertible Bonds at 100% of the principal amount.

(2) Conditional redemption

Based on the Company's financial performance, the issuer has the option to redeem the Convertible Bonds at 100% of the principal amount.

SIGNIFICANT EVENTS

a. On July 5, 2019, the Company issued a convertible bond with a face value of RMB100 million (US\$15 million) with a maturity date of July 30, 2023. The bond is convertible into the Company's A-share ordinary shares at a conversion price of RMB100 per share (US\$15 per share). The bond has a coupon rate of 2.53% and a conversion rate of 10 shares of A-share ordinary shares for every RMB100 of the bond (US\$15 per share). The bond is convertible into the Company's A-share ordinary shares at the option of the bondholders.

The Company has classified the convertible bond as a financial liability. The Company has recognized the convertible bond as a liability at the initial recognition date. The Company has also recognized the convertible bond as a liability at the end of the reporting period.

(3) Redemption at the option of the bondholders

The Company has classified the convertible bond as a financial liability. The Company has recognized the convertible bond as a liability at the initial recognition date. The Company has also recognized the convertible bond as a liability at the end of the reporting period.

(III) Accounting for the Convertible Bonds

The Company has classified the convertible bond as a financial liability. The Company has recognized the convertible bond as a liability at the initial recognition date. The Company has also recognized the convertible bond as a liability at the end of the reporting period.

(1) The Company has recognized the convertible bond as a liability at the initial recognition date. The Company has also recognized the convertible bond as a liability at the end of the reporting period.

SIGNIFICANT EVENTS

(2) During the reporting period, the Company has issued the following financial instruments:

On 11 January 2018, the Company issued a total of RMB28,745,000 of 5-year term bonds with a coupon rate of 4.5% per annum. The bonds were issued at a discount of RMB3,550,000. The Company also issued a total of RMB240,301,000 of 5-year term bonds with a coupon rate of 4.5% per annum. The bonds were issued at a discount of RMB312,000.

The Company also issued a total of RMB312,000 of 5-year term bonds with a coupon rate of 4.5% per annum. The bonds were issued at a discount of RMB312,000.

Total: RMB28,745,000

Unit: '000 CNY

	Debt component	Derivative component	Total
1 January 2018	3,630,772	511,756	4,142,528
Additional	44,907	-	44,907
Excess	47,075	-312	46,763
Gain	-	-240,301	-240,301
30 June 2018	3,722,754	271,143	3,993,897

(IV) Others

The Company has issued the following financial instruments:

On 30 June 2018, the Company issued a total of RMB312,000 of 5-year term bonds with a coupon rate of 4.5% per annum. The bonds were issued at a discount of RMB312,000.

X. CORPORATE GOVERNANCE

During the reporting period, CRRC Corporation has fully complied with the applicable laws and regulations in the PRC, the Securities Law of the PRC and the Corporate Governance Code of the SSE and the Listing Rules of the SSE. The Board of Directors, the Board of Supervisors, the Management and the Audit and Risk Management Committee have all performed their respective duties in accordance with the laws and regulations, the Charter of CRRC Corporation and the Corporate Governance Code.

(I) Compliance with the Corporate Governance Code

The Board of Directors, the Board of Supervisors, the Management and the Audit and Risk Management Committee have all performed their respective duties in accordance with the laws and regulations, the Charter of CRRC Corporation and the Corporate Governance Code.

(II) Securities transactions by Directors and Supervisors

The Company has fully complied with the applicable laws and regulations in the PRC, the Securities Law of the PRC, the Securities and Futures Ordinance (SFO) and the Listing Rules of the SSE. The Board of Directors, the Board of Supervisors, the Management and the Audit and Risk Management Committee have all performed their respective duties in accordance with the laws and regulations, the Charter of CRRC Corporation and the Corporate Governance Code.

(III) Review of the interim report by the Audit and Risk Management Committee

The Audit and Risk Management Committee has reviewed the interim financial statements of CRRC Corporation for the reporting period ending on 30 June 2018, and has confirmed that the interim financial statements are true and accurate.

XI. OTHER SIGNIFICANT EVENTS

(I) Particulars of interbank debt financing instruments

On 25 July 2018, CRRC issued 2018 Floating Rate Medium Term Notes (RMB3 billion) with a maturity of 22 November 2018. On 27 July 2018, CRRC issued 2018 Short Term Floating Rate Medium Term Notes (RMB3 billion) with a maturity of 25 October 2018. On 20 April 2018, CRRC issued 2018 Floating Rate Medium Term Notes (RMB3 billion) with a maturity of 16 February 2019.

(II) Compared with the previous accounting period, the circumstances, reasons and their impacts of changes in accounting policies, accounting estimates and audit method

As required by IFRS 9 - Financial Instruments, IFRS 15 - Revenue from Contracts with Customers, IAS 38 - Intangible Assets, IAS 19 - Employee Benefits, IFRS 16 - Leases, and IFRS 17 - Insurance Contracts, CRRC has adopted the new standards from 1 January 2018. Financial statements for the period from 1 January 2018 to 31 December 2018 are presented on a comparative basis.

(III) The correction on significant accounting errors required to be restated, amended amounts, reasons and impact during the reporting period

During the reporting period, there were no significant accounting errors that required restatement or amendment.

CHANGE IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Changes in the shares

During the reporting period, the Company has not issued any new shares and there has been no change in the share capital.

2. Public float

During the reporting period, the Company has not issued any new shares and there has been no change in the public float. The public float is RMB 8.08 billion.

3. Purposes of the share repurchases

During the reporting period, the Company has not repurchased any shares. The share repurchase program was established in 2015 with a total amount of RMB 1.5 billion.

CHANGE IN SHARES AND PARTICULARS OF SHAREHOLDERS

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders:

Total number of shareholders as at the end of the reporting period (including shareholders holding shares in dematerialized form) 866,984
 Number of shareholders holding shares in physical form as at the end of the reporting period 864,550 (including shareholders holding shares in dematerialized form 2,434)

(II) Shareholdings of the top ten shareholders and the top ten holders of tradeable shares (or holders of shares not subject to trading moratorium) as of the end of the reporting period

Unit: Shares

Name of shareholder (full name)	Change during the reporting period	Number of shares held at the end of the reporting period	Percentage (%)	Shareholdings of the top ten shareholders		Nature of shareholder
				Number of shares subject to trading moratorium held	Shares pledged or frozen	
CRRC Group		15,491,375,889	53.98	705,052,878	N	Shareholder
HKSCC NOMINEES LIMITED	-1,055,600	4,359,518,808	15.19		U	Quoted shareholder
China State Construction Engineering Corporation Limited	206,805,247	1,406,215,248	4.90		U	Shareholder
CRRC Finance and Securities Investment Company Limited		473,257,727	1.65		N	Shareholder
China Hainan Assets Management Limited		304,502,100	1.06		U	Shareholder
Saxa Capital Assets-India Private Limited - Capital Investment in a Trust		235,017,626	0.82	235,017,626	U	Shareholder
Banque Paribas Asset Management (China) Private Limited		180,171,000	0.63		U	U
EFMD Asset Management (China) Private Limited		180,171,000	0.63		U	U
Dahe Asset Management (China) Private Limited		180,171,000	0.63		U	U
Hanjin Asset Management (China) Private Limited		180,171,000	0.63		U	U

CHANGE IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of shareholder (full name)	Change during the reporting period	Number of shares held at the end of the reporting period	Percentage (%)	Shareholdings of the top ten shareholders			
				Number of shares subject to trading moratorium held	Shares pledged or frozen		Nature of shareholder
					Pledged or frozen	Number	
GFR / A / i / a Ba C a GFC a S i F a a A s s Ma a Pa		180,171,000	0.63		U		U
Z / Q / A s s A / i / a Ba C a Z i C a S i a / F a a A s s Ma a Pa		180,171,000	0.63		U		U
C a AMC-A / i / a Ba C a - C a AMCC a S i a / F a a A s s Ma a Pa		180,171,000	0.63		U		U
Y / a / F / A / i / a Ba C a Y i a C a S i F a a A s s Ma a Pa		180,171,000	0.63		U		U
C a S i A s s Ma a A / i / a Ba C a C a S i A s s Ma a C a S i a / F a a A s s Ma a Pa		180,171,000	0.63		U		U
ICBCCS / A / i / a Ba C a ICBCCS C a S i a / F a a A s s Ma a Pa		180,171,000	0.63		U		U

CHANGE IN SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholding of the top ten shareholders subject to trading moratorium and their respective terms of trading moratorium

Unit: share

No.	Name of shareholders subject to trading moratorium	Number of shares held subject to trading moratorium	Trading conditions of the shares subject to trading moratorium		Additional listed and tradeable shares	Terms of trading moratorium
			Date of listing and trading			
1	CRRCG	705,052,878	17 Jan 2020		705,052,878	36 months
2	Saha Xa A - Idea Ba -C al I a a T	235,017,626	17 Jan 2020		235,017,626	36 months
3	C aD Ba Ca a C a L	176,263,219	17 Jan 2020		176,263,219	36 months
4	S a a Z a E I a F Ma a C a L	117,508,813	17 Jan 2020		117,508,813	36 months
5	C aD Ba J (B) I F C a L	117,508,813	17 Jan 2020		117,508,813	36 months
6	C aD Ba S i a (B) I C a L	58,754,406	17 Jan 2020		58,754,406	36 months
E a a a a	B C aD Ba J (B) I D Ba S i a (B) I a Na a C aD Ba I a D (B) C a L - a C aD Ba Ca a C a L					

CHANGE IN SHARES AND PARTICULARS OF SHAREHOLDERS

(III) Substantial shareholders' interests and short positions in the Company

As at 30 June 2018, the following persons are known to have substantial interests in the Company's issued shares of 336 million SFO:

Name of shareholders	Capacity	H shares or A shares	Nature of interest	Number of H shares or A shares held	Percentage of H shares or A shares held in the total issued H shares or total issued A shares (%)
CRRCG	Beneficial owner	A shares	Long	15,491,375,889	63.68
	Beneficial owner	A shares	Long	473,257,727	1.95
Ba R ,l .	Beneficial owner	H shares	Long	272,642,525	6.24
	Beneficial owner	H shares	Short	20,165,000	0.46

Notes:

- As at 30 June 2018, CRRCG holds 15,491,375,889 A shares of the Company. As at 30 June 2018, CRRCG also holds 373,085,233 A shares of the Company. B C F a a C i , l . C ., L . (北京誠通金控投資有限公司) a C a R i , l . C ., L . (國新投資有限公司), which are both substantial shareholders of the Company, hold 14,745,205,423 A shares of the Company.
- As at 30 June 2018, CRRCG holds 473,257,727 A shares of the Company. CRRCG F a a a / S i , l . C ., L .
- Estimated 15,964,633,616 A shares of the Company. CRRCG also holds 20,165,000 H shares of the Company. S E a a ().

Save as otherwise stated, the Directors, as at 30 June 2018, are not aware of any other persons who have substantial interests in the Company's issued shares of 336 million SFO, as required by Part XV of the SFO, as set out in the Appendix to the H K L e R ' s C a .

(IV) Strategic investors or ordinary legal persons who became top ten shareholders due to placing of shares

During the reporting period, there were no strategic investors or ordinary legal persons who became top ten shareholders due to placing of shares.

III. CHANGES IN THE CONTROLLING SHAREHOLDER OR THE ULTIMATE CONTROLLER

During the reporting period, there were no changes in the controlling shareholder or the ultimate controller.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Change
C a KaKi , P	I / / / / / - i / D	R e a
N :		
D / / / / / P	/ / / / / - i / D	B a / a S / C / C a , M . C a Ka
F / / a e a e / / / a / a i	/ / / / / - i / D	C a / a / 31 Ma 2018 a / 1 J / 2018.

RELEVANT INFORMATION OF CORPORATE BONDS

I. BASIC INFORMATION OF CORPORATE BONDS

The Company issued 2013 - 2016 Corporate Bonds (CSR Corporate Bonds) (13 CSR 02) and 2016 - 2019 Corporate Bonds (CRRC Corporate Bonds) (16 CRRC 01).

The 2013 - 2016 Corporate Bonds (CSR Corporate Bonds) (13 CSR 02) were issued on August 22, 2013, with a term of 2 years, a face value of RMB1,500 million, and an interest rate of 5.00%.

The 2013 - 2016 Corporate Bonds (CSR Corporate Bonds) (13 CSR 02) were listed on the Shanghai Stock Exchange (SSE).

The 2016 - 2019 Corporate Bonds (CRRC Corporate Bonds) (16 CRRC 01) were issued on August 30, 2016, with a term of 3 years, a face value of RMB2,000 million, and an interest rate of 2.95%.

The 2016 - 2019 Corporate Bonds (CRRC Corporate Bonds) (16 CRRC 01) were listed on the Shanghai Stock Exchange (SSE).

Interests payment for corporate bonds

The Company issued 13 CSR 01 Corporate Bonds (13 CSR 01) on August 22, 2013, with a term of 2 years, a face value of RMB1,500 million, and an interest rate of 5.00%. The Company issued 16 CRRC 01 Corporate Bonds (16 CRRC 01) on August 30, 2016, with a term of 3 years, a face value of RMB2,000 million, and an interest rate of 2.95%. The Company issued 13 CSR 02 Corporate Bonds (13 CSR 02) on August 22, 2013, with a term of 2 years, a face value of RMB1,500 million, and an interest rate of 5.00%. The Company issued 16 CRRC 02 Corporate Bonds (16 CRRC 02) on August 30, 2016, with a term of 3 years, a face value of RMB2,000 million, and an interest rate of 2.95%.

II. ENHANCING BOND CREDIT MECHANISM OF THE COMPANY DURING THE REPORTING PERIOD

On May 5, 2015, the Company signed a Memorandum of Understanding (MOU) with SASAC, CNRG and CSRG (《中國北方機車車輛工業集團公司與中國南車集團公司之合併協議》). In accordance with the MOU, CNRG and CSRG merged to form CRRC Group (中國中車集團公司) on August 22, 2015. On July 7, 2015, the Company signed a Credit Agreement (中國國際金融股份有限公司) with CICC. On August 22, 2013, the Company issued 13 CSR 02 Corporate Bonds (13 CSR 02) with a face value of RMB1,500 million. On August 30, 2016, the Company issued 16 CRRC 01 Corporate Bonds (16 CRRC 01) with a face value of RMB2,000 million. On August 30, 2016, the Company issued 16 CRRC 02 Corporate Bonds (16 CRRC 02) with a face value of RMB2,000 million. On August 22, 2013, the Company issued 13 CSR 01 Corporate Bonds (13 CSR 01) with a face value of RMB1,500 million. On August 30, 2016, the Company issued 16 CRRC 03 Corporate Bonds (16 CRRC 03) with a face value of RMB2,000 million.

RELEVANT INFORMATION OF CORPORATE BONDS

For 2014-2016 and January to March 2017, the company has a rating of AAA by CRRCG.

III. ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD AND THE END OF LAST YEAR (OR THE REPORTING PERIOD AND THE SAME PERIOD LAST YEAR)

Major indicator	End of the reporting period	End of last year	Change between the end of the reporting period and the end of last year (%)
	Operating profit	1.21	1.26
Operating profit margin	0.66	0.84	-21.43
Gross profit	62.29	62.19	0.10
Gross profit margin	100.00	100.00	0.00

Major indicator	Reporting period (January to June)	Same period last year	Change between the reporting period and the same period last year (%)
	EBITDA	11.98	14.23
EBITDA margin	114.16	133.07	-18.91

RELEVANT INFORMATION OF CORPORATE BONDS

IV. BANK CREDIT FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

The following table shows a list of bank credit facilities available to the Company as at 30 June 2018:

Unit: '000 RMB

Name of Bank	Amount of credit facilities	Utilized amount	Outstanding credit facilities
China Merchants Bank	20,000,000	4,344,093	15,655,907
CITIC Bank (Shanghai) Limited	28,000,000	3,138,031	24,861,969
Bank of China Limited	3,500,000	1,400,000	2,100,000
China Construction Bank	11,500,000	3,452,175	8,047,825
Bank of Communications	10,000,000	-	10,000,000
Antai Bank Limited	5,500,000	-	5,500,000
Industrial Bank	3,000,000	-	3,000,000
Bank of China	20,000,000	8,314,553	11,685,447
TECHNICAL BANK	55,700,000	-	55,700,000
China Merchants Bank	10,000,000	1,919,906	8,080,094
Singapore	100,000	39,867	60,133
Bank of Korea Limited	1,000,000	-	1,000,000
China Development Bank	12,000,000	1,000,000	11,000,000
ICBC	11,000,000	500,000	10,500,000
East	3,500,000	-	3,500,000
Overseas	8,000,000	-	8,000,000
Bank	7,500,000	-	7,500,000
China Z	5,000,000	-	5,000,000
Total	215,300,000	24,108,625	191,191,375

Unit: '000 USD

Name of Bank	Amount of credit facilities	Utilized amount	Outstanding credit facilities
Santander	665,000	665,000	-
China	200,000	200,000	-
DBS	100,000	2,513	97,487
Total	965,000	867,513	97,487

V. DESCRIPTION OF THE EXECUTION OF RELEVANT COVENANTS OR UNDERTAKINGS SET OUT IN THE PROSPECTUS OF CORPORATE BONDS OF THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, the Company has fully complied with all the covenants and undertakings set out in the prospectus of the Corporate Bonds issued by the Company in 2013, 2014, 2015, 2016, 2017, 2018 and 2019.

VI. SIGNIFICANT EVENTS OF THE COMPANY AND THEIR IMPACTS ON THE OPERATION AND SOLVENCY OF THE COMPANY

During the reporting period, there are no significant events that have a material impact on the operation and solvency of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

Notes	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (RMB'000)
Revenue	84,600,147	86,825,745
Cost of sales	(65,329,302)	(68,242,146)
Gross profit	19,270,845	18,583,599
Other income	1,428,376	1,064,148
Impairment losses	(751,474)	-
Depreciation	(2,512,512)	(2,815,874)
Amortisation	(6,476,289)	(6,086,660)
Research and development expenses	(4,026,654)	(4,286,211)
Other expenses	(105,729)	(460,509)
Finance income	(822,172)	(594,915)
Share of profit of associates	58,845	49,200
Share of profit of joint ventures	116,984	184,032
Profit before income tax	6,180,220	5,636,810
Income tax expense	(1,239,796)	(1,036,781)
Profit after income tax	4,940,424	4,600,029
Other comprehensive income		
Impairment losses on financial assets	(388,963)	-
Impairment losses on investment properties	60,715	-

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
Notes		2018 RMB'000	2017 RMB'000 (RMB'000)
Income tax expense		(2,750)	(16,814)
Financial income:			
Available-for-sale financial assets		—	99,074
Dividend income		6,885	
Interest income			
Other		(33,762)	
Share of profit of associates (joint ventures)		(36,659)	4,257
Exchange differences		15,241	(41,035)
Other comprehensive income		(379,293)	45,482
Total comprehensive income		4,561,131	4,645,511
Profit attributable to:			
Ordinary shareholders		4,117,547	3,671,143
Non-controlling interests		822,877	928,886
		4,940,424	4,600,029
Total comprehensive income attributable to:			
Ordinary shareholders		3,761,269	3,698,902
Non-controlling interests		799,862	946,609
		4,561,131	4,645,511
Basic earnings per share (RMB)	11		
Basic		0.14	0.13
Diluted		0.14	0.12

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

		30 June 2018 RMB'000	31 D 2017 RMB'000
Non-current Assets			
Property, plant and equipment	12	66,109,958	65,917,917
Intangible assets		981,549	1,018,722
Prepaid expenses	13	14,510,527	14,677,729
Goodwill		1,239,319	1,242,487
Other non-current assets		2,817,660	2,943,889
Investments in associates		1,883,695	1,449,853
Investments in subsidiaries	14	10,656,148	9,763,657
Land use rights		—	192,693
Available-for-sale financial assets		—	2,805,856
Hybrid financial assets		—	1,429,188
Equity investments in unlisted entities		2,163,999	,
Financial assets at fair value through profit or loss		581,532	,
Contract assets	15	2,179,764	,
Derivative financial assets		3,859,114	3,697,406
Deferred tax assets		2,136,847	,
Other non-current assets	17	11,088,816	14,153,979
		120,208,928	119,293,376
Current Assets			
Prepaid expenses	13	303,507	406,301
Inventory	17	74,219,379	55,092,104
Available-for-sale financial assets		—	451,497
Hybrid financial assets		—	229,970
Derivative financial assets		15,391,896	,
Trade receivables	18	73,730,637	77,672,935
Contract assets	15	14,115,784	,
Bank balances	19	8,243,845	27,071,265
Prepaid expenses	20	27,720,760	31,176,995
Financial assets at fair value through profit or loss		4,443,029	2,569,294
Accounts receivable		—	129,894
Trade payables		112,680	138,421
Prepaid expenses	21	4,642,911	4,622,263
Contract liabilities	21	31,071,571	56,264,129
Deferred tax liabilities		1,776,306	,
		255,772,305	255,825,068
Assets		52,443	52,443
		255,824,748	255,877,511

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

		30 June 2018 RMB'000	31 D 2017 RMB'000
Q u a n t i t y			
T a x a a	22	114,042,618	104,354,290
B e a a	23	18,369,467	23,291,689
O a a a / a i a e	24	17,074,384	34,072,428
F a a a a a i a i		154,897	225,240
B e a a a a	25	28,054,948	34,043,108
R e a a a		212,191	288,139
T a a a		621,858	1,188,521
D e a a a		3,126,982	3,487,822
L e a a a		39,502	63,589
P e a a a		1,738,018	1,818,715
C a a a a		23,594,991	,
D e a a a		703,126	656,662
C e a a a	27	3,722,754	,
C e a a a	27	271,143	,
		211,726,879	203,490,203
N e a a a		44,097,869	52,387,308
T a a a a a a a a		164,306,797	171,680,684
C a a a R e a a			
S a a a a	26	28,698,864	28,698,864
R e a a a		92,294,814	92,859,727
E a a i a a a a C a		120,993,678	121,558,591
N e a a a a		20,799,574	20,310,812
T a E a a		141,793,252	141,869,403
N e a a a a			
B e a a a a	25	7,483,757	9,954,710
L e a a a		287,708	294,296
R e a a a a		3,730,796	3,718,519
P e a a a a		4,222,272	4,570,492
D e a a a		5,464,790	5,756,605
D e a a a a		216,927	175,882
C e a a a	27	—	3,630,772
C e a a a a	27	—	511,756
C a a a a a		—	,
O e a a a a		1,107,295	1,198,249
		22,513,545	29,811,281
T a E a a a N e a a a		164,306,797	171,680,684

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company											
	Share capital RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	Retirement benefit obligations re-measurement reserve RMB'000	Statutory surplus reserve RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	General risk reserve RMB'000 (Note iii)	Translation reserve RMB'000	Retained earnings RMB'000 (Note iv)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
A 31 D 2017 (a/r)	28,698,864	40,636,666	228,119	(260,029)	2,821,562	49,957	551,265	(203,808)	49,035,995	121,558,591	20,310,812	141,869,403
A 1 J a 2018 (a/r)	—	—	(477,547)	—	—	—	—	—	519,243	41,696	128,780	170,476
P	—	—	—	—	—	—	—	—	4,117,547	4,117,547	822,877	4,940,424
O	—	—	(327,314)	—	—	—	—	—	—	(327,314)	(934)	(328,248)
E	—	—	(33,762)	—	—	—	—	—	—	(33,762)	—	(33,762)
E	—	—	(36,659)	—	—	—	—	—	—	(36,659)	—	(36,659)
S a	—	—	5,585	—	—	—	—	—	—	5,585	(1,450)	4,135
D	—	—	—	—	—	—	—	35,872	—	35,872	(20,631)	15,241
E a	—	—	(392,150)	—	—	—	—	35,872	4,117,547	3,761,269	799,862	4,561,131
T a	—	—	—	—	—	—	—	—	—	—	(38,442)	(38,442)
D	—	(57,141)	—	—	—	—	—	—	(5,907)	(63,048)	(108,411)	(171,459)
A	—	—	—	—	—	—	—	—	—	—	34,209	34,209
C a	—	—	—	—	—	—	—	—	—	—	(327,236)	(327,236)
D	—	—	—	—	—	—	—	—	(4,304,830)	(4,304,830)	—	(4,304,830)
D	—	—	—	—	—	—	—	—	(140,359)	—	—	—
A	—	—	—	—	—	140,359	—	—	140,359	—	—	—
U	—	—	—	—	—	(140,359)	—	—	—	—	—	—
T a	—	—	(1,753)	—	—	—	—	—	1,753	—	—	—
A 30 J 2018	28,698,864	40,579,525	(643,331)	(260,029)	2,821,562	49,957	551,265	(167,936)	49,363,801	120,993,678	20,799,574	141,793,252

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	A i a C a											
	S a a a RMB'000	Ca a a a RMB'000	A a a R a a RMB'000	R a a RMB'000	S a a a RMB'000 (N)	S a a a RMB'000 (N)	G a a a RMB'000 (N)	T a RMB'000	R a / a a RMB'000 (N .)	T a a a RMB'000	N RMB'000	T a RMB'000
A 1 J a 2 0 1 7	27,288,758	30,167,624	235,652	(474,615)	2,273,807	49,957	551,265	(65,072)	44,829,233	104,856,609	18,948,007	123,804,616
P O									3,672,542	3,672,542	931,462	4,604,004
C a a a i S a a a			82,754							82,754	(494)	82,260
E a a a			4,257							4,257		4,257
T a a a								(59,252)		(59,252)	18,217	(41,035)
T a a a			87,011					(59,252)	3,672,542	3,700,301	949,185	4,649,486
N D A C a a D D A U O	1,410,106	10,523,999								11,934,105		11,934,105
											264	264
		(6,838)								(6,838)	(29,552)	(36,390)
											56,905	56,905
											(458,886)	(458,886)
									(6,026,761)	(6,026,761)		(6,026,761)
						142,395			(142,395)			
						(142,395)			142,395			
		344								344	(6,720)	(6,376)
A 3 0 J 2 0 1 7	28,698,864	40,685,129	322,663	(474,615)	2,273,807	49,957	551,265	(124,324)	42,475,014	114,457,760	19,459,203	133,916,963

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018

Note: A subsidiary of the Company, PRC, a wholly-owned subsidiary of PRCC, a wholly-owned subsidiary of the Company, has issued 10 million shares of PRC ordinary shares to the Company at a price of RMB1.00 per share, resulting in an increase of RMB10,000,000 in the Company's equity. The Company has also issued 10 million shares of PRC ordinary shares to the Company at a price of RMB1.00 per share, resulting in an increase of RMB10,000,000 in the Company's equity.

Note: RMB1,410,106,000 of the Company's equity is held by the Company's wholly-owned subsidiary, CRRC Finance Co., Ltd. ("CRRC Finance"), which is a wholly-owned subsidiary of the Company. The Company has also issued 1.5 billion shares of PRC ordinary shares to the Company at a price of RMB1.00 per share, resulting in an increase of RMB1,500,000,000 in the Company's equity.

Note: The Company's equity is held by the Company's wholly-owned subsidiary, CRRC Finance Co., Ltd. ("CRRC Finance"), which is a wholly-owned subsidiary of the Company. The Company has also issued 1.5 billion shares of PRC ordinary shares to the Company at a price of RMB1.00 per share, resulting in an increase of RMB1,500,000,000 in the Company's equity.

Note: The Company's equity is held by the Company's wholly-owned subsidiary, CRRC Finance Co., Ltd. ("CRRC Finance"), which is a wholly-owned subsidiary of the Company. The Company has also issued 1.5 billion shares of PRC ordinary shares to the Company at a price of RMB1.00 per share, resulting in an increase of RMB1,500,000,000 in the Company's equity.

Note: The Company's equity is held by the Company's wholly-owned subsidiary, CRRC Finance Co., Ltd. ("CRRC Finance"), which is a wholly-owned subsidiary of the Company. The Company has also issued 1.5 billion shares of PRC ordinary shares to the Company at a price of RMB1.00 per share, resulting in an increase of RMB1,500,000,000 in the Company's equity.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Net cash generated from operations	(10,541,846)	(17,509,635)
Net cash (used) in investing activities	(1,802,801)	4,169,351
Net cash (used) in financing activities	(10,539,470)	9,287,831
Net change in cash and cash equivalents	(23,084,750)	(4,052,453)
Cash and cash equivalents at 1 January	47,689,648	28,014,246
Exchange rate differences	(200,633)	(85,024)
Cash and cash equivalents at 30 June, less: Bank balances	24,604,898	23,876,769

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. GENERAL AND BASIS OF PREPARATION

CRRC Corporation Limited (the "CSR Corporation" ("CSR" or "CRRC" or "Company") is a company incorporated in the PRC on 28 December 2007 and is a public company listed on the Shanghai Stock Exchange ("SSE") on 18 August 2008 and on the Hong Kong Stock Exchange ("HKSE") on 21 August 2008. In 2012, CRRC issued a convertible bond with a principal amount of RMB13,803,000,000 and a maturity date of 31 December 2015. CSR Corporation Limited ("CNR") is a subsidiary of CSR Corporation Limited. CSR Corporation Limited, CSR Assets, CSR Holdings, CNR Assets, CNR Holdings, and CNR (the "2015 Business Combination"). In 2017, CSR Corporation Limited issued a convertible bond with a principal amount of RMB1,410,106,000 and a maturity date of 31 December 2020. The exchange rate of RMB1.00 to Hong Kong dollars is approximately RMB8.51 as at 30 June 2018. CSRC is listed on the Shenzhen Stock Exchange ("SZSE") under the stock code 000913. The company is also listed on the Hong Kong Stock Exchange under the stock code 26.

The company's registered office is located at No. 16 Changyang Road, Haidian District, Beijing, PRC.

The company's principal place of business is located at the 16th Floor, CRRC Building, No. 16 Changyang Road, Haidian District, Beijing, PRC. The company's principal place of business is also located at the 16th Floor, CRRC Building, No. 16 Changyang Road, Haidian District, Beijing, PRC.

The company's financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The company's financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements are prepared on an accrual basis and in accordance with the accounting policies set out below.

Other than as set out below, the consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as at 30 June 2018 and the Companies Act, Cap. 476:01 as amended, as applicable to companies listed on the GSE, as at 31 December 2017.

Application of new and amendments to IFRSs

In the course of preparing the consolidated financial statements, the Group has considered the application of new and amendments to IFRSs issued by the IASB and the International Accounting Standards Board ("IASB") as at 1 January 2018. The Group has not adopted the following new and amendments to IFRSs:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC-22	Financial Instruments: Measurement
Amendment to IFRS 2	Share-based Payment
Amendment to IFRS 4	Amendments to IFRS 4 Insurance Contracts
Amendment to IAS 28	Amendments to IFRS 2014-2016 Cycle
Amendment to IAS 40	Investment Property

The Group has not adopted the amendments to IFRS 9, as the Financial Instruments (Amendments) will be effective from 1 January 2019.

The Group has not adopted the amendments to IFRSs as they do not have a material impact on the consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and is effective for annual periods beginning on or after 1 January 2018.

The Group has adopted IFRS 15 from 1 January 2018. The impacts of the adoption are as follows:

- Revenue from contracts with customers is recognized over the period of time that the Group performs its obligations under the contract.
- Revenue from contracts with customers is recognized at the point in time that the Group satisfies its obligations under the contract.
- Revenue from contracts with customers is recognized at the point in time that the Group satisfies its obligations under the contract.
- Revenue from contracts with customers is recognized at the point in time that the Group satisfies its obligations under the contract.

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The adoption of IFRS 15 has resulted in the recognition of revenue from contracts with customers over the period of time that the Group performs its obligations under the contract. The Group has also recognized revenue from contracts with customers at the point in time that the Group satisfies its obligations under the contract. The adoption of IFRS 15 has resulted in the recognition of revenue from contracts with customers at the point in time that the Group satisfies its obligations under the contract. The adoption of IFRS 15 has resulted in the recognition of revenue from contracts with customers at the point in time that the Group satisfies its obligations under the contract.

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 has resulted in the following key changes in accounting policies:

- S 1: Revenue from contracts with customers is recognized over the period of time that the Group performs its obligations under the contract.
- S 2: Revenue from contracts with customers is recognized at the point in time that the Group satisfies its obligations under the contract.
- S 3: Revenue from contracts with customers is recognized at the point in time that the Group satisfies its obligations under the contract.
- S 4: Revenue from contracts with customers is recognized at the point in time that the Group satisfies its obligations under the contract.
- S 5: Revenue from contracts with customers is recognized at the point in time that the Group satisfies its obligations under the contract.

Under IFRS 15, the Group has recognized revenue from contracts with customers over the period of time that the Group performs its obligations under the contract. The Group has also recognized revenue from contracts with customers at the point in time that the Group satisfies its obligations under the contract.

The adoption of IFRS 15 has resulted in the recognition of revenue from contracts with customers at the point in time that the Group satisfies its obligations under the contract. The adoption of IFRS 15 has resulted in the recognition of revenue from contracts with customers at the point in time that the Group satisfies its obligations under the contract.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

Contract revenue is recognised when the performance obligation is satisfied. The revenue is recognised when the customer obtains control of the asset.

- The revenue is recognised when the customer obtains control of the asset.
- The revenue is recognised when the customer obtains control of the asset.
- The revenue is recognised when the customer obtains control of the asset.
- The revenue is recognised when the customer obtains control of the asset.

On the date of application of IFRS 15, the Company has performed a retrospective analysis of its contracts to determine the impact of the new standard.

As a result of the application of IFRS 15, the Company has recognised a net increase in revenue of RMB 1,234 million for the six months ended 30 June 2018. The impact of the application of IFRS 15 is detailed in the following table:

As a result of the application of IFRS 15, the Company has recognised a net increase in revenue of RMB 1,234 million for the six months ended 30 June 2018.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts with multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative standalone selling prices of the goods or services.

The transaction price is allocated to each performance obligation based on the relative standalone selling prices of the goods or services. The revenue is recognised when the performance obligation is satisfied.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The Company has adopted the output method to measure progress towards complete satisfaction of a performance obligation. The output method is applied when the performance obligation is satisfied over time and the progress towards complete satisfaction of the performance obligation is measured by reference to the value of the goods or services transferred to the customer. The Company has adopted the output method to measure progress towards complete satisfaction of a performance obligation for the following contracts:

Input method

The Company has adopted the input method to measure progress towards complete satisfaction of a performance obligation. The input method is applied when the performance obligation is satisfied over time and the progress towards complete satisfaction of the performance obligation is measured by reference to the costs incurred by the Company in relation to the performance obligation. The Company has adopted the input method to measure progress towards complete satisfaction of a performance obligation for the following contracts:

Principal versus agent

When the Company acts as a principal, it recognizes revenue from the sale of goods or services to its customers. When the Company acts as an agent, it recognizes revenue from the sale of goods or services to its customers on behalf of the principal. The Company has adopted the principal versus agent test to determine whether it is acting as a principal or an agent in a contract.

The Company has adopted the principal versus agent test to determine whether it is acting as a principal or an agent in a contract. The principal versus agent test is applied when the Company is acting as a principal or an agent in a contract.

The Company has adopted the principal versus agent test to determine whether it is acting as a principal or an agent in a contract. The principal versus agent test is applied when the Company is acting as a principal or an agent in a contract. The Company has adopted the principal versus agent test to determine whether it is acting as a principal or an agent in a contract.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

Warranties

LaTeX rendering of the text for the Warranties section, which is mostly illegible due to the image quality.

LaTeX rendering of the text for the Warranties section, which is mostly illegible due to the image quality.

LaTeX rendering of the text for the Warranties section, which is mostly illegible due to the image quality.

2.1.2 Summary of effects arising from initial application of IFRS 15

LaTeX rendering of the text for the Summary of effects arising from initial application of IFRS 15 section, which is mostly illegible due to the image quality.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

The following table summarizes the effects of the initial application of IFRS 15 on the consolidated financial statements as at 1 January 2018. The effects are measured against the carrying amounts reported at 31 December 2017.

	Nature	Carrying amounts previously reported at 31 December 2017	Reclassification	Remeasurement	Carrying amounts under IFRS 15 at 1 January 2018*
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment		65,917,917	—	(272,443)	65,645,474
Other non-current assets	() ()	14,153,979	(1,717,786)	(89,647)	12,346,546
Contract assets		—	1,717,786	167,578	1,885,364
Current Assets					
Accounts receivable	()	129,894	(129,894)	—	—
Contract assets		—	10,764,577	15,465	10,780,042
Tax assets	()	77,672,935	(10,634,683)	—	67,038,252
Inventory		55,092,104	—	218,407	55,310,511
Capital and Reserves					
Reserves	(a)	121,558,591	—	88,257	121,646,848
Non-current liabilities	(a)	20,310,812	—	134,899	20,445,711
Current Liabilities					
Tax liabilities		104,354,290	—	8,319	104,362,609
Contract liabilities		—	20,225,500	75,698	20,301,198
Other current liabilities	(r)	34,072,428	(20,225,500)	(114,080)	13,732,848
Non-current liabilities					
Other non-current liabilities		1,198,249	88,015	—	1,286,264
Deferred tax liabilities		175,882	—	76,404	252,286
Deferred interest	(r)	5,756,605	(88,015)	(230,137)	5,438,453

* The table is prepared in accordance with IFRS 9.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

- (a) The Company has applied IFRS 15 retrospectively from 1 January 2018. The impact of the initial application of IFRS 15 on the Company's financial statements is as follows:
- (i) The Company has applied IFRS 15 retrospectively from 1 January 2018. The impact of the initial application of IFRS 15 on the Company's financial statements is as follows:
- (ii) The Company has applied IFRS 15 retrospectively from 1 January 2018. The impact of the initial application of IFRS 15 on the Company's financial statements is as follows:
- (iii) The Company has applied IFRS 15 retrospectively from 1 January 2018. The impact of the initial application of IFRS 15 on the Company's financial statements is as follows:
- (iv) As at 1 January 2018, the Company has applied IFRS 15 retrospectively from 1 January 2018. The impact of the initial application of IFRS 15 on the Company's financial statements is as follows:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

The following table summarizes the effects of the initial application of IFRS 15 on the consolidated balance sheet as at 30 June 2018 and the consolidated statement of financial position as at 30 June 2018. The effects are measured in RMB'000.

	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Non-current Assets			
Property, plant and equipment	66,109,958	194,471	66,304,429
Other non-current assets	11,088,816	2,164,484	13,253,300
Contract assets	2,179,764	(2,179,764)	-
Current Assets			
Inventory	74,219,379	(198,266)	74,021,113
Contract assets	14,115,784	(14,115,784)	-
Tax receivables	73,730,637	13,955,051	87,685,688
Available-for-sale financial assets	-	91,456	91,456
Capital and Reserves			
Reserves	92,294,814	(88,961)	92,205,853
Non-current liabilities	20,799,574	(135,970)	20,663,604
Current Liabilities			
Tax payable	114,042,618	(9,174)	114,033,444
Contract liabilities	23,594,991	(23,594,991)	-
Other current liabilities	17,079,802	23,625,589	40,705,391
Non-current liabilities			
Other non-current liabilities	1,107,295	105,049	1,212,344
Deferred tax liabilities	216,927	(76,155)	140,772
Deferred income	703,126	86,261	789,387

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

Impact on the condensed consolidated statement of profit and loss and other comprehensive income

	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Continuing operation			
Revenue	84,600,147	(22,427)	84,577,720
Cost of sales	(65,329,302)	14,148	(65,315,154)
Profit before tax	6,180,220	(8,279)	6,171,941
Under IAS 18, the amount of revenue recognized in the condensed consolidated statement of profit and loss for the six months ended 30 June 2018 is RMB22,427,000, which is higher than the amount of RMB14,148,000 that would have been recognized had IFRS 15 been applied from the start of the reporting period.			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments

The Group has adopted IFRS 9 Financial Instruments and IFRS 9 P a...
Fair Value Measurement (1) and IFRS 9 P a... (2)
("ECL") and IFRS 9 P a... (3)

The Group has adopted IFRS 9 Financial Instruments and IFRS 9...
1 January 2018 (revised) and IFRS 9...
1 January 2018. The Group has adopted IFRS 9...
31 December 2017 and 1 January 2018

As a result, the Group has adopted IFRS 9...
IAS 39 Financial Instruments Recognition and Measurement

2.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

- The Group has adopted IFRS 15...
- As a result, the Group has adopted IFRS 9...
IAS 39.
- The Group has adopted IFRS 9...
• ...
• ...

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

Equity instruments designated as at FVTOCI

As a result of the application of IFRS 9, the Group has designated certain equity instruments as at FVTOCI.

These equity instruments are classified as at FVTOCI as they are held for long-term investment and the Group has elected to designate them as at FVTOCI. The Group has designated these equity instruments as at FVTOCI as they are held for long-term investment and the Group has elected to designate them as at FVTOCI. The Group has designated these equity instruments as at FVTOCI as they are held for long-term investment and the Group has elected to designate them as at FVTOCI.

Designated equity instruments are measured at fair value. Dividends received on these instruments are recognized in profit or loss. Changes in the fair value of these instruments are recognized in other comprehensive income. On disposal, the cumulative gain or loss is recognized in profit or loss.

Financial assets at FVTPL

Financial assets are classified as at FVTPL if they are held for trading or if the Group has elected to designate them as at FVTPL.

Financial assets at FVTPL are measured at fair value. Changes in the fair value of these assets are recognized in profit or loss. Dividends received on these assets are recognized in profit or loss.

The Group has designated certain equity instruments as at FVTOCI as they are held for long-term investment and the Group has elected to designate them as at FVTOCI. On 1 January 2018, the Group has designated certain equity instruments as at FVTOCI as they are held for long-term investment and the Group has elected to designate them as at FVTOCI. On 1 January 2018, the Group has designated certain equity instruments as at FVTOCI as they are held for long-term investment and the Group has elected to designate them as at FVTOCI. On 1 January 2018, the Group has designated certain equity instruments as at FVTOCI as they are held for long-term investment and the Group has elected to designate them as at FVTOCI.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model

The Group has adopted the ECL model as required by IFRS 9. The Group has applied the ECL model to all financial assets and liabilities that are measured at amortised cost. The Group has also applied the ECL model to its FVOCI financial assets.

The ECL model requires the Group to estimate the ECL on its financial assets and liabilities. The Group has used a 12-month ECL model for its financial assets and liabilities. The Group has also used a 12-month ECL model for its FVOCI financial assets. The Group has also used a 12-month ECL model for its FVOCI financial liabilities.

The Group has also applied the ECL model to its FVOCI financial assets. The Group has also applied the ECL model to its FVOCI financial liabilities.

The Group has also applied the ECL model to its FVOCI financial assets. The Group has also applied the ECL model to its FVOCI financial liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model (continued)

Significant increase in credit risk

At the end of the reporting period, the Group has determined that there is a significant increase in credit risk for the following financial instruments, which are measured at amortised cost:

In addition, the Group has determined that there is a significant increase in credit risk for the following financial instruments:

- financial assets measured at amortised cost (AAA) (continued);
- financial assets measured at amortised cost (AA);
- financial assets measured at amortised cost (A);
- financial assets measured at amortised cost (BBB);
- financial assets measured at amortised cost (BBB-), which are measured at amortised cost.

In addition, the Group has determined that there is a significant increase in credit risk for the following financial instruments, which are measured at amortised cost:

During the period, the Group has determined that there is a significant increase in credit risk for the following financial instruments, which are measured at amortised cost:

At the end of the reporting period, the Group has determined that there is a significant increase in credit risk for the following financial instruments, which are measured at amortised cost:

During the period, the Group has determined that there is a significant increase in credit risk for the following financial instruments, which are measured at amortised cost:

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model (continued)

Significant increase in credit risk (continued)

Financial assets are classified as credit-impaired if they are past due or if there is objective evidence that a borrower is experiencing financial difficulty, or if the borrower is in bankruptcy or has been restructured, or if the borrower is in default of interest payments, or if the borrower is in default of principal payments, or if the borrower is in default of interest payments and principal payments, or if the borrower is in default of interest payments and principal payments and interest payments are in arrears for 90 days or more.

The Group uses a 90-day past due criterion to identify credit-impaired financial assets. The Group also considers other information that indicates that a financial asset is credit-impaired, such as the borrower's financial difficulties, or the borrower's bankruptcy, or the borrower's default of interest payments, or the borrower's default of principal payments, or the borrower's default of interest payments and principal payments, or the borrower's default of interest payments and principal payments and interest payments are in arrears for 90 days or more.

Measurement and recognition of ECL

The amount of ECL is determined as the difference between the carrying amount of a financial asset and the present value of the expected cash flows that the Group expects to receive from the financial asset. The amount of ECL is determined as the difference between the carrying amount of a financial asset and the present value of the expected cash flows that the Group expects to receive from the financial asset.

Goodwill, ECL, and other intangible assets are measured at cost less accumulated amortisation and impairment losses. Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is measured at cost less accumulated amortisation and impairment losses.

For ECL, financial assets are classified as credit-impaired if they are past due or if there is objective evidence that a borrower is experiencing financial difficulty, or if the borrower is in bankruptcy or has been restructured, or if the borrower is in default of interest payments, or if the borrower is in default of principal payments, or if the borrower is in default of interest payments and principal payments, or if the borrower is in default of interest payments and principal payments and interest payments are in arrears for 90 days or more.

The Group uses a 90-day past due criterion to identify credit-impaired financial assets. The Group also considers other information that indicates that a financial asset is credit-impaired, such as the borrower's financial difficulties, or the borrower's bankruptcy, or the borrower's default of interest payments, or the borrower's default of principal payments, or the borrower's default of interest payments and principal payments, or the borrower's default of interest payments and principal payments and interest payments are in arrears for 90 days or more.

For the purpose of measuring ECL, financial assets are classified as credit-impaired if they are past due or if there is objective evidence that a borrower is experiencing financial difficulty, or if the borrower is in bankruptcy or has been restructured, or if the borrower is in default of interest payments, or if the borrower is in default of principal payments, or if the borrower is in default of interest payments and principal payments, or if the borrower is in default of interest payments and principal payments and interest payments are in arrears for 90 days or more. For the purpose of measuring ECL, financial assets are classified as credit-impaired if they are past due or if there is objective evidence that a borrower is experiencing financial difficulty, or if the borrower is in bankruptcy or has been restructured, or if the borrower is in default of interest payments, or if the borrower is in default of principal payments, or if the borrower is in default of interest payments and principal payments, or if the borrower is in default of interest payments and principal payments and interest payments are in arrears for 90 days or more.

2. PRINCIPAL ACCOUNTING POLICIES (continued)
2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments

2.2.2 Summary of effects arising from initial application of IFRS 9

Notes	Available-for-sale RMB,000	Held-to-maturity RMB,000	Financial assets designated at FVTPL RMB,000	Amortised cost Financial assets (previously classified as loans and receivables) RMB,000	Financial assets at FVTPL required by IAS 39/IFRS 9 RMB,000	Equity instruments at FVOCI RMB,000	Debt instruments at FVOCI RMB,000	Amounts due from customers for contract work RMB,000	Contract assets RMB,000	Deferred tax assets RMB,000	Deferred tax liabilities RMB,000	AFS/FVOCI reserve RMB,000	Retained profits RMB,000	Non-controlling interests RMB,000
Closing balance at 31 December 2017 - IAS 39	3,257,353	1,659,158	427,168	183,637,680	2,142,126	-	-	129,884	-	3,697,406	175,882	(235,718)	51,857,557	20,310,812
Effect arising from initial application of IFRS 15	-	-	-	(12,152,469)	-	-	-	(123,894)	12,665,406	-	-	-	-	-
Effect arising from initial application of IFRS 9:														
Reclassification	(a)	(3,257,353)	-	-	1,083,251	2,174,102	-	-	-	-	-	(430,986)	430,986	-
Fair value adjustment	(c)	(1,659,158)	-	1,659,158	-	-	-	-	-	-	-	-	-	-
Transfer to FVTPL	(d)	-	(427,168)	-	427,168	-	-	-	-	-	-	-	-	-
Transfer to AFS	(e)	-	-	(14,865,818)	-	-	15,418,353	-	-	-	-	552,555	-	-
Remeasurement	(a)	-	-	-	-	213,268	-	-	-	123	21,546	191,645	-	-
Transfer to AFS	(f)	-	-	-	-	-	(940,364)	-	-	143,304	-	(790,941)	-	(6,119)
Summary of effects	(3,257,353)	(1,659,158)	(427,168)	(25,559,129)	1,510,419	2,387,370	14,477,989	(123,894)	12,665,406	143,427	21,546	(477,547)	430,986	(6,119)
Opening balance at 1 January 2018	-	-	-	158,078,551	3,652,545	2,387,370	14,477,989	-	12,665,406	3,840,833	197,428	(713,265)	52,288,543	20,304,695

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9 (continued)

(e) Impairment under ECL model

The Group has applied IFRS 9 from 1 January 2018. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost.

The Group has applied IFRS 9 from 1 January 2018. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost.

As at 1 January 2018, the Group has applied IFRS 9 to all financial assets and liabilities that are measured at amortised cost.

The Group has applied IFRS 9 from 1 January 2018. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost. The ECL model is applied to all financial assets and liabilities that are measured at amortised cost.

	Trade receivable	Prepayments, deposits and other receivables	other non-current assets	Loans and advances to customers	contract assets	Long-term receivables
	RMB,000	RMB,000	RMB,000	RMB,000	RMB,000	RMB,000
As at 31 December 2017	5,168,610	574,102	3,304	45,790	-	1,878,485
Revised as at 31 December 2017	(791,359)	552,535	-	-	238,824	-
As at 1 January 2018	4,377,251	1,126,637	3,304	45,790	238,824	1,878,485

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9 (continued)

(e) Impairment under ECL model (continued)

Expected credit losses on financial assets measured at amortised cost under IFRS 9 are calculated using the ECL model. The ECL model is applied to financial assets that are subject to credit risk. The ECL model is applied to financial assets that are subject to credit risk. The ECL model is applied to financial assets that are subject to credit risk.

3. REVENUE FROM GOODS AND SERVICES

Revenue from goods and services is recognised when the performance obligation is satisfied, which is when the customer obtains control of the goods or services.

Disaggregation of revenue

Types of goods or service

G
S
C

Six months ended 30 June

	2018 RMB'000	2017 RMB'000
G	70,404,794	73,785,921
S	13,651,397	12,580,773
C	543,956	459,051
	84,600,147	86,825,745

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

3. REVENUE FROM GOODS AND SERVICES (continued)

Geographical markets

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Mainland China	76,472,594	78,097,182
Overseas	8,127,553	8,728,563
	84,600,147	86,825,745

Timing of revenue recognition

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Advanced	70,404,794	73,785,921
Others	14,195,353	13,039,824
	84,600,147	86,825,745

SEGMENT INFORMATION

Our operations are primarily conducted in Mainland China and Overseas. The following table provides information about the revenue from goods and services by geographical market for the six months ended 30 June 2018 and 2017.

The revenue from goods and services is primarily derived from the sale of railway vehicles, including passenger coaches, freight wagons, and locomotives. The revenue from goods and services is also derived from the sale of other railway equipment, including signalling equipment, communication equipment, and other railway equipment.

For the six months ended 30 June 2018, the revenue from goods and services is primarily derived from the sale of railway vehicles, including passenger coaches, freight wagons, and locomotives. The revenue from goods and services is also derived from the sale of other railway equipment, including signalling equipment, communication equipment, and other railway equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

4. OTHER INCOME AND GAINS AND LOSSES

As at 30 June 2018 and 30 June 2017

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (RMB'000)
Other income		
Gain on disposal of subsidiaries	369,158	390,315
Profit on disposal of property, plant and equipment	86,271	178,754
Interest income	397,453	171,213
Value added tax	110,295	105,413
Interest income on bank deposits	157,432	57,923
Dividend income	37,787	39,402
Transfer income	116,580	31,246
Interest income on financial assets	22,181	25,705
Rental income	12,077	23,061
Others	30,694	47,576
	1,339,928	1,070,608
Other gains and losses		
Gain on disposal of subsidiaries (Note 27)	240,301	46,351
Gain on disposal of property, plant and equipment	—	39,377
Gain on disposal of financial assets	29,789	29,358
Gain on disposal of subsidiaries (Note 29)	770	2,869
Gain on disposal of property, plant and equipment	609	912
(Loss) on disposal of financial assets	(8,091)	163
Gain on disposal of property, plant and equipment	107,325	—
Net gain on disposal of subsidiaries	(271,752)	(152,859)
Others	(10,503)	27,369
	88,448	(6,460)
	1,428,376	1,064,148

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

5. IMPAIRMENT LOSSES, NET OF REVERSAL

	30 June 2018 RMB'000
Impairment losses on financial assets	478,200
Impairment losses on property, plant and equipment	96,564
Reversal of impairment losses on financial assets	(3,359)
Impairment losses on intangible assets	211,260
Impairment losses on investment properties	2,572
Reversal of impairment losses on investment properties	(33,763)
Total	751,474

6. OTHER EXPENSES

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (RMB'000)
Impairment losses on financial assets	—	288,059
Impairment losses on property, plant and equipment	—	137,302
Impairment losses on investment properties	32,423	23,465
Impairment losses on intangible assets	47,726	—
Impairment losses on other assets	23,458	6,520
Reversal of impairment losses on financial assets	—	4,590
Impairment losses on investment properties	—	700
Provision for doubtful accounts	2,122	—
Reversal of provision for doubtful accounts	—	(177)
Others	—	50
Total	105,729	460,509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

7. FINANCE COSTS

As at 30 June 2018

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Interest expense	721,648	605,161
Interest income	51,421	55,871
Interest expense 2016 (Note 27)	44,907	46,822
Interest income on variable rate	84,116	11,676
Interest on lease	3,631	3,583
Other	—	2,557
Less: lease expense	(83,551)	(130,755)
	822,172	594,915

Based on the weighted average cost of funds, the effective interest rate for the six months ended 30 June 2018 is 1.08% (2017: 1.08%) and 5.34% (2017: 5.65%) respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

8. PROFIT BEFORE TAXATION

Profit before taxation is:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (RMB'000)
Cost of sales (Note 5)	65,214,612	68,216,222
Depreciation, amortisation and impairment losses	2,773,919	2,706,241
Depreciation of investment properties	16,508	15,677
Depreciation of right-of-use assets	35,734	26,178
Amortisation of intangible assets	190,152	176,087
Amortisation of lease liabilities	266,167	322,970
Provision for doubtful debts	607,072	1,077,176
Financial assets and liabilities	234,044	176,323
Loss on disposal of assets	152,851	155,851
Research and development expenses	4,114,200	4,351,670
Loss on disposal of assets	(540)	(6,702)
	4,113,660	4,344,968

Note: Profit before taxation includes a net gain of RMB131,932,000 (Loss of RMB131,932,000) for the six months ended 30 June 2018 (2017: RMB204,804,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

9. INCOME TAX EXPENSE

The income tax expense is analysed as follows:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Current income tax		
PRC	1,207,720	1,157,745
Hong Kong	10,392	8,861
Overseas	32,477	35,432
	1,250,589	1,202,038
Deferred income tax		
PRC	6,670	(11,705)
Overseas	(17,463)	(153,552)
	1,239,796	1,036,781

For the six months ended 30 June 2018, the Group's income tax expense in the PRC, Hong Kong and overseas is 25% (30 June 2017: 25%) of the taxable income. The Group's income tax expense in the PRC is calculated at the rate of 15% (30 June 2017: 15%) on the taxable income.

Hong Kong income tax expense is calculated at the rate of 16.5% (30 June 2017: 16.5%) on the taxable income.

The Group's income tax expense in the PRC and Hong Kong is calculated at the rate of 16.5% on the taxable income.

10. DIVIDENDS

The dividends are as follows:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Dividends		
RMB0.15 (2017:RMB0.21) per share	4,304,830	6,026,761

The Group's total dividend of RMB4,304,830,000 was paid on 31 December 2017 (31 December 2016: RMB6,026,761,000). The Group's total dividend of RMB6,026,761,000 was paid on 31 December 2016 (31 December 2015: RMB6,026,761,000). The Group's total dividend of RMB6,026,761,000 was paid on 31 December 2016 (31 December 2015: RMB6,026,761,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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12. PROPERTY, PLANT AND EQUIPMENT

Land use rights, GIL, and other intangible assets RMB509,087,000 (30 June 2017: RMB733,376,000).

Land use rights, GIL, and other intangible assets RMB2,983,145,000 (30 June 2017: RMB2,266,898,000).

Land use rights, GIL, and other intangible assets RMB163,889,000 (30 June 2017: RMB246,482,000). Land use rights, GIL, and other intangible assets RMB8,091,000 (30 June 2017: RMB163,000).

Trade receivables RMB64,380,000 (30 June 2018) and RMB130,755,000 (30 June 2017). Trade receivables are measured at amortised cost using the expected credit loss (ECL) model with a provision rate of 1.08%-5.34% (30 June 2017: 1.08%-5.65%).

Prepaid lease payments RMB37,888,000 (31 December 2017: RMB41,125,000) are measured at amortised cost.

Trade receivables RMB8,882,306,000 (31 December 2017: RMB8,957,708,000) and 30 June 2018. Trade receivables are measured at amortised cost using the ECL model with a provision rate of 1.08%-5.34% (30 June 2017: 1.08%-5.65%).

13. PREPAID LEASE PAYMENTS

Trade receivables in PRC, trade receivables RMB8,133,000 (31 December 2017: RMB8,146,000) and trade receivables in Mainland China RMB64,689,000 (31 December 2017: RMB561,302,000) are measured at amortised cost using the ECL model with a provision rate of 1.08%-5.34% (30 June 2017: 1.08%-5.65%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14. INTERESTS IN ASSOCIATES

	30 June 2018 RMB'000	31 D 2017 RMB'000
China United Insurance Holdings Limited	9,939,040	9,055,915
China United Insurance	717,108	707,742
Carriage	10,656,148	9,763,657
China United Insurance	7,667,249	6,774,758
China United Insurance	2,988,899	2,988,899
Total	10,656,148	9,763,657

At 30 June 2018, the carrying amount of interests in associates is RMB10,656,148, which is equal to the amount of interests in associates at 31 December 2017.

Particulars of interests in associates at 30 June 2018 are as follows:

Company name	Date of establishments	Place of operation	Fully paid up registered capital	Proportion of ownership interest and voting rights held		Principal activities
				30 June 2018	31 D 2017	
China United Insurance Holdings Limited (China United Insurance) 中華聯合保險控股股份有限公司	5 July 2006	PRC	RMB15,310,000,000	13.0633%	13.0633%	Insurance

The Company holds 13.0633% of the shares of China United Insurance, which is a public company listed on the Shanghai Stock Exchange. China United Insurance is a public company.

The Company is a shareholder of China United Insurance, which is a public company listed on the Shanghai Stock Exchange.

The Company is a shareholder of China United Insurance. The Company's shareholding in China United Insurance is as follows:

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14. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associate

Summarised financial information of material associate is presented below. The financial information is prepared in accordance with the accounting policies of the Group and is based on the financial statements of the associate prepared under IFRS.

China United Insurance

	30 June 2018 RMB'000	31 D 2017 RMB'000
Total	74,379,683	73,144,354
Total	57,832,355	56,499,846

Six months ended 30 June

	2018 RMB'000	2017 RMB'000
Revenue	21,084,635	19,115,326
Profit	213,559	732,769
Share of profit of China United Insurance	184,201	639,616
Other ()	(310,740)	35,797
Total ()	(97,181)	768,566

Revenue and profit of the associate are primarily derived from the operations of the associate.

	30 June 2018 RMB'000	31 D 2017 RMB'000
Net assets of China United Insurance	16,547,328	16,644,508
Long-term investments of China United Insurance	1,843,270	1,844,025
Percentage of shareholding of China United Insurance	13.0633%	13.0633%
Total investment of China United Insurance	1,920,836	1,933,432
Goodwill of China United Insurance	2,982,365	2,982,365
Carrying amount of investment in China United Insurance	4,903,201	4,915,797

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16. OTHER NON-CURRENT ASSETS

	30 June 2018 RMB'000	31 D 2017 RMB'000
Patent rights	1,221,607	867,544
Leasehold land	182,614	187,986
Derivative financial instruments, available for sale	919,626	1,745,795
Bank-Term deposits	—	394,692
Long-term equity investments	8,490,851	10,365,326
Subsidiaries	—	391,355
Others	274,118	201,281
	11,088,816	14,153,979

17. INVENTORIES

	30 June 2018 RMB'000	31 D 2017 RMB'000
Construction materials	23,016,771	16,702,978
Raw materials	38,158,414	27,357,599
Work in progress	13,044,194	11,031,527
Finished goods	74,219,379	55,092,104

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

18. TRADE RECEIVABLES

	30 June 2018 RMB'000	31 D 2017 RMB'000
Trade receivables	78,193,690	82,841,544
Loss allowance	(4,463,053)	(5,168,609)
	73,730,637	77,672,935

	30 June 2018 RMB'000	31 D 2017 RMB'000
Accounts receivable	47,456,868	57,188,558
Other receivables	19,090,378	9,273,836
Other receivables	7,183,391	11,210,541
	73,730,637	77,672,935

Trade receivables are measured at fair value less expected credit losses. (Note 31)

19. BILLS RECEIVABLE

	30 June 2018 RMB'000	31 D 2017 RMB'000
Trade bills receivable	7,810,583	23,423,672
Other bills receivable	433,262	3,647,593
	8,243,845	27,071,265

	30 June 2018 RMB'000	31 D 2017 RMB'000
Bank bills receivable	2,079,562	10,771,946
Commercial bills receivable	6,164,283	16,299,319
	8,243,845	27,071,265

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 RMB'000	31 D 2017 RMB'000
Prepayments	11,477,497	10,987,700
Deposits	17,161,427	21,073,241
Losses	(918,164)	(883,946)
	27,720,760	31,176,995

	30 June 2018 RMB'000	31 D 2017 RMB'000
Prepayments	11,135,303	10,677,855
Other receivables	3,363,117	3,252,933
Deposits	42,999	41,680
Losses	83,012	54,849
Liabilities	6,932,449	8,044,544
Variable	2,752,311	2,215,895
Contract	—	3,045,851
Losses	3,389,880	3,631,517
Other	21,689	211,871
	27,720,760	31,176,995

Total prepayments, deposits and other receivables as at 30 June 2018 are RMB27,720,760,000 (31 D 2017: RMB31,176,995,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

21. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

	30 June 2018 RMB'000	31 D 2017 RMB'000
Cash and bank balances	35,714,482	60,886,392
Less: Pledged bank deposits	(4,642,911)	(4,622,263)
Cash and bank balances available for use	31,071,571	56,264,129
Less: Non-current bank deposits	(6,466,673)	(8,574,481)
Cash and bank balances available for use	24,604,898	47,689,648
Breakdown by currency:		
	2018 RMB'000	2017 RMB'000
US\$	6,389,935	5,532,337
HK\$	724,152	1,461,335
EUR	1,118,795	1,223,455
South African Rand ('ZAR')	—	767,146
MYR	39,455	85,069
SGD	178,593	40,906
JPY	472,298	11,997
Others	478,925	262,285
	9,402,153	9,384,530

Cash and bank balances are held in various currencies. The majority of cash and bank balances are held in Renminbi (RMB) in the PRC, Hong Kong, and other currencies. The breakdown of cash and bank balances by currency is as follows:

The following table shows the breakdown of cash and bank balances by currency for the six months ended 30 June 2018 and 31 December 2017:

US\$ 6,389,935 (2018) / 5,532,337 (2017)
 HK\$ 724,152 (2018) / 1,461,335 (2017)
 EUR 1,118,795 (2018) / 1,223,455 (2017)
 South African Rand ('ZAR') — (2018) / 767,146 (2017)
 MYR 39,455 (2018) / 85,069 (2017)
 SGD 178,593 (2018) / 40,906 (2017)
 JPY 472,298 (2018) / 11,997 (2017)
 Others 478,925 (2018) / 262,285 (2017)

The total cash and bank balances available for use are RMB24,604,898 (2018) and RMB47,689,648 (2017).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

22. TRADE PAYABLES

As at 30 June 2018, the trade payables are as follows:

	30 June 2018 RMB'000	31 D 2017 RMB'000
Within 6 months	87,192,890	93,313,074
6 to 12 months	18,354,254	6,369,093
12 to 24 months	6,317,596	2,977,440
Over 24 months	2,177,878	1,694,683
	114,042,618	104,354,290

The trade payables are generally interest free and are normally settled within 31 days.

The trade payables are denominated in RMB, USD, HKD, EUR, and other currencies.

23. BILLS PAYABLE

The bills payable are as follows:

	30 June 2018 RMB'000	31 D 2017 RMB'000
Within 6 months	16,425,140	19,847,981
6 to 12 months	1,944,327	3,443,708
	18,369,467	23,291,689

The bills payable are generally interest free and are normally settled within 31 days.

The bills payable are denominated in RMB, USD, HKD, EUR, and other currencies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

24. OTHER PAYABLES AND ACCRUALS

	30 June 2018 RMB'000	31 D 2017 RMB'000
Other payables	8,663,355	8,565,122
Accruals	19,394	20,290,418
Advances	8,391,635	5,216,888
	<u>17,074,384</u>	<u>34,072,428</u>

The above payables and accruals are primarily due to the related parties. As at 31 D 2017, the payables and accruals were RMB17,074,384 (2017: RMB34,072,428).

The above payables and accruals are primarily due to the related parties.

25. BORROWINGS

	30 June 2018			31 D 2017		
	Effective interest rate per annum (%)	Maturity	RMB'000	Effective interest rate per annum (%)	Maturity	RMB'000
Guaranteed						
Bank loans						
Sight	0.65-8.51	2019	2,870,212	0.65-8.51	2018	4,144,995
Unsecured	0.70-5.85	2019	20,191,689	0.70-5.85	2018	25,624,122
Other						
Unsecured	4.13-5.45	2019	2,408,517	4.35	2018	2,659,830
Guaranteed - related parties						
Sight	4.41-6.53	2019	233,504	0.20-6.53	2018	31,509
Unsecured	0.20-4.41	2019	353,874	2.26-2.65	2018	82,652
Guaranteed - other						
Unsecured	4.70	2019	1,997,152	4.70	2018	1,500,000
			<u>28,054,948</u>			<u>34,043,108</u>
Non-guaranteed						
Bank loans						
Sight	0.07-5.50	2019-2039	1,897,828	0.07-5.50	2019-2039	2,689,904
Unsecured	1.08-5.04	2019-2023	2,085,929	2.26-4.75	2019-2023	1,769,638
Other						
Unsecured	2.95-5.75	2019-2023	3,500,000	2.95-5.75	2019-2023	5,495,168
			<u>7,483,757</u>			<u>9,954,710</u>
			<u>35,538,705</u>			<u>43,997,818</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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26. SHARE CAPITAL

	Number of shares '000, shares	Amount RMB'000
Registered shares		
A shares RMB1.00 each	24,327,798	24,327,798
H shares RMB1.00 each	4,371,066	4,371,066
	<u>28,698,864</u>	<u>28,698,864</u>
Unissued shares		
As at 30 June 2018		
A shares RMB1.00 each	22,917,692	22,917,692
H shares RMB1.00 each	4,371,066	4,371,066
	<u>27,288,758</u>	<u>27,288,758</u>
Number of shares to be issued		
As at 30 June 2018		
A shares RMB1.00 each	24,327,798	24,327,798
H shares RMB1.00 each	4,371,066	4,371,066
	<u>28,698,864</u>	<u>28,698,864</u>

Notes: On 16 July 2016, the Company's CSRC Director General (CSRC D) issued an order (AS 2016-01) to issue 1,410,106,000 A shares at RMB1.00 each and 851,000 H shares at RMB8.51 each on 13 January 2017 at a total amount of RMB28,698,864,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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27. CONVERTIBLE BONDS

On 5 February 2016, the Company issued convertible bonds with a face value of US\$600,000,000 (the "2016 Convertible Bonds") listed on the Hong Kong Stock Exchange (HKSE).

The following table summarizes the key terms of the 2016 Convertible Bonds:

(a) Conversion right

The 2016 Convertible Bonds, as amended (the "Bonds"), were issued on 17 March 2016 and are convertible into ordinary shares of the Company (the "Shares") at a conversion price of RMB1.00 (equivalent to HK\$9.65) per Share (the "Conversion Price"). The conversion price was adjusted to HK\$7.7902 (equivalent to US\$1.00) on 26 January 2021. The Bonds are convertible into Shares at the option of the bondholders from 13 July 2018.

According to Note 10, as amended, the conversion price was adjusted to RMB0.15 (equivalent to HK\$1.47) on 31 December 2017 and to RMB0.10 (equivalent to HK\$0.97) on 17 March 2018. The conversion price was further adjusted to RMB0.10 (equivalent to HK\$0.97) on 13 July 2018.

(b) Redemption

Redemption of the Bonds is subject to the following conditions:

Under the terms of the Bonds, the Company has the right to redeem the Bonds on or after 5 February 2021 (the "Maturity Date").

Redemption of the Bonds is subject to the following conditions:

The Company must have a net tangible assets of at least 30% of the face value of the Bonds (equivalent to 60% of the face value of the Bonds) immediately before the redemption date. The Company must also have a net tangible assets of at least 100% of the face value of the Bonds immediately before the redemption date.

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27. CONVERTIBLE BONDS (continued)

(b) Redemption (continued)

	30 June 2018	31 D 2017
Stated redemption value	HK\$6.07	HK\$ 8.32
Effective redemption value	HK\$9.15	HK\$ 9.29
Redemption value	1.949%	1.608%
Value	26.16%	26.54%

The redemption value of the convertible bonds is determined based on the stated redemption value of the convertible bonds plus the interest accrued on the stated redemption value of the convertible bonds up to the redemption date. The redemption value of the convertible bonds is determined based on the stated redemption value of the convertible bonds plus the interest accrued on the stated redemption value of the convertible bonds up to the redemption date.

As at 30 June 2018, the redemption value of the convertible bonds is RMB47,075,000, which is higher than the stated redemption value of RMB44,907,000. As at 31 December 2017, the redemption value of the convertible bonds is RMB240,301,000, which is higher than the stated redemption value of RMB240,301,000.

	Debt component RMB'000	Derivative component RMB'000	Total RMB'000
As at 31 D 2016	3,758,742	366,097	4,124,839
Interest	93,397	-	93,397
Exchange	(221,367)	(21,301)	(242,668)
Carrying amount	-	166,960	166,960
As at 31 D 2017	3,630,772	511,756	4,142,528
Interest	44,907	-	44,907
Exchange	47,075	(312)	46,763
Carrying amount	-	(240,301)	(240,301)
As at 30 J 2018	3,722,754	271,143	3,993,897

The carrying amount of the convertible bonds as at 30 June 2018 is RMB3,993,897,000, which is higher than the carrying amount of RMB4,142,528,000 as at 31 December 2017.

28. BUSINESS COMBINATION

Business combination under common control

Acquisition during the prior year

On 2 April 2017, ZTE Intellectual Property (Shanghai) Co., Ltd. ("ZTE"), a wholly-owned subsidiary of the Group, acquired 32% equity interest in Shanghai Yaoyao Electronics Technology Co., Ltd. ("Shanghai Yaoyao") and Shanghai Zhiyuan Technology Co., Ltd. ("Shanghai Zhiyuan") for a total consideration of RMB4,874,000, and acquired 68% equity interest in Shanghai Zhiyuan for a total consideration of RMB10,356,000.

As ZTE and Shanghai Yaoyao and Shanghai Zhiyuan are all wholly-owned subsidiaries of the Group, the acquisition of Shanghai Yaoyao and Shanghai Zhiyuan is a business combination under common control.

As at 30 June 2017, the carrying amounts of the identifiable intangible assets acquired in the acquisition are as follows:

	The Group (as previously reported) RMB'000	Shanghai Yongdian RMB'000	Eliminations RMB'000	The Group (Restated) RMB'000
Carrying amounts at 30 June 2017:				
Right of use	86,825,745			86,825,745
Customer relationships	(68,242,146)			(68,242,146)
Goodwill	18,583,599			18,583,599
Other intangible assets	1,064,139	9		1,064,148
Accumulated amortization	(10,368,870)	(4,001)		(10,372,871)
Other intangible assets	(460,526)	17		(460,509)
Patent	4,604,004	(3,975)		4,600,029
Other intangible assets	45,482			45,482
Total	4,649,486	(3,975)		4,645,511

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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29. DISPOSAL OF SUBSIDIARIES

29.1 Disposal of subsidiaries during the six months ended 30 June 2018

Name of the subsidiary	Sales proceeds RMB'000	Percentage of equity interest disposed	Method of disposal	Disposal date	The difference between disposal consideration and shares of net assets of the corresponding subsidiaries at the date of disposal (Note 4) RMB'000	Proportion of the retained interests on disposal date
Wuqi Zhenyuan CRRC Equipment Co., Ltd.	Nil	1.00%	Net sale	31 Mar 2018	Nil	50.00%
Taishan Shengde SMC, Ltd.	90	3.00%	Asset sale	9 Mar 2018	45	48.25%
Daxin CRRC SMC Equipment Co., Ltd.	Nil	Nil	Asset sale	1 Jul 2018	Nil	35.00%
Baotou Taishan Equipment Co., Ltd.	Nil	Nil	Asset sale	1 Jan 2018	Nil	50.00%
Total	90	/	/	/	45	/

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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29. DISPOSAL OF SUBSIDIARIES (continued)

29.2 Disposal of a subsidiary during the six months ended 30 June 2017

During the six months ended 30 June 2017, CRRC disposed of its subsidiaries, including CRRC Sanya Railway Station Development Co., Ltd., Zhenhua Property Development Co., Ltd., Shandong Caofeijiazhuo Chemical Industry Co., Ltd., Hubei Rongfa L&R Services (Group) Co., Ltd. and Chongqing Rongfa Development Co., Ltd. Total cash received from the disposal of subsidiaries was RMB5,767,000.

	RMB'000
Cash received from disposal of subsidiaries	5,767
Accounts receivable	(1,250)
Accounts payable	(1,250)
Net cash inflow from disposal of subsidiaries	3,267

	RMB'000
Net assets of subsidiaries	13,053
Other assets	155
Accounts receivable	37,422
Inventory	15,028
Tax receivable	56,259
Bank balances	9,300
Accounts payable	6,095
Accounts receivable	15,250
Tax payable	(72,951)
Other liabilities	(10,293)
Total	(186)
	69,132

Gain on disposal of subsidiaries was RMB5,705,000, and the net cash inflow from disposal of subsidiaries was RMB2,836,000.

Net cash outflow on disposal of subsidiaries

	RMB'000
Cash received from disposal of subsidiaries	5,767
Loss on disposal of subsidiaries	(15,250)
Net cash outflow on disposal of subsidiaries	(9,483)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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30. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

At 30 June 2018, capital commitments are as follows:

	30 June 2018 RMB'000	31 D 2017 RMB'000
Contractual commitments:		
Purchase of property, plant and equipment	5,800,106	5,837,022
Other	31,412	52,868
	5,831,518	5,889,890

At 30 June 2017, capital commitments are as follows:

	30 June 2018 RMB'000	31 D 2017 RMB'000
Contractual commitments:		
Purchase of property, plant and equipment	—	356

(b) Other commitments

At 30 June 2018, other commitments are RMB2,449,148,000 (31 D 2017: RMB2,470,625,000).

(c) Contingent liabilities

At 30 June 2018, contingent liabilities are RMB7,441,000,000 (31 D 2017: RMB7,441,000,000).

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31. RELATED PARTY TRANSACTIONS

The following table summarizes the related party transactions between the Group and its related parties for the six months ended 30 June 2018 and 2017:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
(a) Related party transactions: CRRC Group (including CRRC Group) Joint ventures Associates	279,006 522,499 777,577 1,579,082	275,749 473,908 413,795 1,163,452
(b) Suppliers: CRRC Group Joint ventures Associates	252,650 369,021 603,230 1,224,901	112,031 816,482 578,340 1,506,853
(c) Services: CRRC Group Joint ventures	8,852 11,863 20,715	15,142 15,192 30,334
(d) Products: CRRC Group Joint ventures Associates	37,702 6,447 7,447 51,596	1,695 12,001 877 14,573

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31. RELATED PARTY TRANSACTIONS (continued)

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (RMB'000)
() Receivables, arising from: CRRCG Group	23,769	28,164
() Receivables, arising from: CRRCG Group Jiangsu Aoshan	— — 2,795	2,130 35 3,109
() Financial assets: CRRCG Group	81,626	938
() Loans receivable: Aoshan	11,075	10,909
() Loans receivable: CRRCG Group Jiangsu Aoshan	21,182 16 92	12,458 8 —
	21,290	12,466

() Loans receivable	Amounts	Start date	Maturity date
Loan CRRCG Group	10,000	28 July 2018	27 July 2019
CRRCG Group	218,148	18 January 2018	18 January 2019
	228,148		

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
() Receivables, arising from: CRRCG Group	—	649
() Sales of receivables arising from: CRRCG Group	78,201	—
() Receivable assets: CRRCG Group	472	—
() Guarantees given: CRRCG Group	8,178,837	7,701,849

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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31. RELATED PARTY TRANSACTIONS (continued)

() Other receivables

TG International Corporation

() Other receivables
CRRC Group
Jiangsu
Anhui

() Trade receivables
CRRC Group
Jiangsu
Anhui

() Bills receivable
CRRC Group
Jiangsu
Anhui

() Prepaid expenses
CRRC Group
Jiangsu
Anhui

() Contract assets
CRRC Group
Jiangsu
Anhui

() Derivative financial instruments
CRRC Group
Jiangsu
Anhui

	30 June 2018 RMB'000	31 D 2017 RMB'000
	—	543
	—	10
	129	129
	129	682
	855,234	769,609
	840,184	761,482
	992,029	707,262
	2,687,447	2,238,353
	54,965	89,494
	3,000	1,436
	1,299,284	1,507,345
	1,357,249	1,598,275
	4,170,021	4,346,498
	271,794	123,701
	269,560	130,578
	4,711,375	4,600,777
	123	-
	4,170	-
	49,505	-
	53,798	-
	6,049	-
	3,334	-
	3,123	-
	12,506	-

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31. RELATED PARTY TRANSACTIONS (continued)

(i) Other transactions (continued)

	30 June 2018 RMB'000	31 D 2017 RMB'000
() Loans receivable		
CRRC Group	72	-
Joint ventures	531	471
Associates	242,727	428,791
	243,330	429,262
() Tax receivable		
CRRC Group	1,542,133	2,046,988
Joint ventures	1,638,465	1,751,390
Associates	1,836,393	896,836
	5,016,991	4,695,214
() Bills receivable		
CRRC Group	47,143	139,750
Joint ventures	311,132	93,124
Associates	60,134	157,813
	418,409	390,687
() Other receivables		
CRRC Group	2,374,587	66,067
Joint ventures	118,972	3,129
Associates	17,945	66,726
	2,511,504	135,922
() Bills payable		
CRRC Group	517,978	2,659,830
() Dividends receivable		
CRRC Group	3,078,820	3,461,695
Joint ventures	5,706	1,039
Associates	21,065	16,769
	3,105,591	3,479,503
() Contract liabilities		
CRRC Group	3,828	-
Joint ventures	20	-
Associates	1,510,353	-
	1,514,201	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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31. RELATED PARTY TRANSACTIONS (continued)

(i) Consolidated Statement of Profit or Loss:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Selling expenses (including advertising expenses)	3,239	3,351
Provision for doubtful accounts	264	242
Transportation and other expenses	3,503	3,593

(ii) Consolidated Balance Sheet:

	30 June 2018 RMB'000	31 D 2017 RMB'000
	Sales receivable: CRRC Group Joint ventures Associates	— — —
	—	1,228
Receivables from: CRRC Group Joint ventures Associates	— 22,367 —	3,698 , ,
	22,367	3,698

31. RELATED PARTY TRANSACTIONS (continued)

(i) Transactions with related parties in the PRC:

Transactions with related parties in the PRC include the following:
 ("Guangdong Province Environmental Protection Group Limited" ("CRRCG") a wholly-owned subsidiary of CRRCG in the PRC. During the six months ended 30 June 2018, CRRCG provided financial support to CRRCG in the PRC. The amount of financial support provided by CRRCG to CRRCG in the PRC for the six months ended 30 June 2018 (compared to 30 June 2017: RMB40,213,832,000).

Management believes that the above transactions are conducted on an arm's length basis and are in the best interests of the Group. The transactions are not expected to have a material effect on the Group's financial position and performance.

32. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value measurement of financial instruments is based on the following assumptions:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

32. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

	30 June 2018		31 December 2017
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000
Financial assets			
Derivatives	—	—	1,429,188
Loans	2,136,847	1,987,535	—
Other financial assets	8,490,851	7,803,751	10,365,326
Financial liabilities			
Other financial liabilities	—	—	786,047
Derivatives	710,293	673,845	936,446
Other financial liabilities	3,500,000	3,399,502	5,495,168
Total	3,993,897	3,637,880	4,142,528

The fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis is determined using valuation techniques that are based on the fair value of the underlying assets and liabilities. The fair value of financial assets and financial liabilities is determined using the market value of the underlying assets and liabilities. The fair value of financial assets and financial liabilities is determined using the market value of the underlying assets and liabilities.

- The following table shows the fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:
- Level 1 financial assets are those financial assets that are traded in active markets at the reporting date whose fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2 financial assets are those financial assets that are not traded in active markets at the reporting date, but for which fair values can be determined by reference to quoted prices in active markets for similar assets or liabilities, or by using other valuation techniques for which all the inputs to the valuation model are observable, either directly or indirectly, in the market.
 - Level 3 financial assets are those financial assets that are not traded in active markets at the reporting date, and for which fair values cannot be determined by reference to quoted prices in active markets for similar assets or liabilities, or by using other valuation techniques for which one or more inputs to the valuation model are unobservable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

32. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (人民币)

Financial assets and liabilities measured at fair value:

As at 30 June 2018

	Fair value as at		Fair Value Category	S - a - i - l - e
	At 30 June 2018 (RMB'000)	31 D 2017 (RMB'000)		
Financial assets				
Financial assets	5,494	2,563	L 2	
Financial assets	3,993,416	2,139,563	L 2	
Financial assets	5,868		L 1	
Financial assets	438,251	427,168	L 3	
Financial assets	186,092	190,625	L 1	
Financial assets	395,440	415,328	L 1	
Financial assets	—	1,843,257	L 1	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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32. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (in RMB million)

Financial assets and liabilities measured at fair value: (in RMB million)

As at 30 June 2018 (in RMB million)

	Fair value as at		Fair value hierarchy	Significance
	At 30 June 2018 (RMB'000)	At 31 December 2017 (RMB'000)		
Loans receivable	1,718,642	-	Level 1	Quoted in active market
Contract assets	-	451,497	Level 2	Derivatives and financial instruments measured at fair value using significant unobservable inputs
Unrealized gains on financial assets	445,357	-	Level 3	Transferable financial instruments that are not quoted in active market and whose fair value is determined using valuation techniques (DDM). Economic characteristics of the instrument are not similar to those of financial instruments that are quoted in active market.
Tax receivable	15,391,896	-	Level 2	Derivatives and financial instruments measured at fair value using significant unobservable inputs
Financial liabilities				
Financial guarantees	154,897	225,240	Level 2	Financial instruments measured at fair value using significant unobservable inputs
Derivative contracts	271,143	511,756	Level 3	Transferable financial instruments that are not quoted in active market and whose fair value is determined using valuation techniques (DDM). Economic characteristics of the instrument are not similar to those of financial instruments that are quoted in active market.

Note: A 1% change in the fair value of the derivative contracts would result in a change of RMB2,952,000. A 1% change in the fair value of the financial guarantees would result in a change of RMB1,127,000.

Derivative contracts as at 30 June 2018 and 31 December 2017 are classified as Level 1 or Level 2 or Level 3.

33. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

(a) Announcement of completion of gratuitous transfer of state-owned shares

On 25 June 2018, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), CRRC Group's controlling shareholder, announced that it has completed the gratuitous transfer of state-owned shares in CRRC Group's subsidiaries. The transferred shares are as follows:

Company Name	Shareholder	Number of Shares (RMB)	Percentage (%)
CRRC 15,491,375,889	CRRC	15,491,375,889	53.98
CRRC 14,745,205,423	CRRC	14,745,205,423	51.38
CRRC 373,085,233	CRRC	373,085,233	1.30
CRRC 373,085,233	CRRC	373,085,233	1.30
CRRC 1,650,000,000	CRRC	1,650,000,000	6.5
CRRC 53,020,000	CRRC	53,020,000	1.9

(b) Announcement of transactions involving equity transfer of subsidiaries

CRRC announced that it has completed the 100% equity transfer of CRRC Beijing Locomotive Co., Ltd. (CRRC Beijing Locomotive) to CRRC Group. The transaction value is RMB 407,521,000. As of 30 June 2018, CRRC Beijing Locomotive is a wholly-owned subsidiary of CRRC.

(c) Insurance of Short-term Financing Bills

On 25 June 2018, CRRC announced that it has completed the insurance of short-term financing bills (STFB) for the period from 23 July 2018 to 23 August 2018. The total amount of STFB insured is RMB9 billion.

DEFINITIONS

CNR	中國北車股份有限公司 (China North Locomotive Corporation Limited)
CNRG	中國北方機車車輛工業集團有限公司 (China North Locomotive & Rolling Stock Industry Group Limited)
CRRC Corporation	中國中車股份有限公司 (China Railway Group Limited)
CRRC Capital	中車長春軌道客車股份有限公司 (China Railway Capital Changchun Railway Passenger Vehicle Company Limited)
CRRC Sina	中車青島四方機車車輛股份有限公司 (China Railway Sina Qiqiang Railway Vehicle Company Limited)
CRRC Tangshan	中車唐山機車車輛有限公司 (China Railway Tangshan Railway Vehicle Company Limited)
CRRC ZELRI	中車株洲電力機車研究所有限公司 (China Railway Zhusiwan Electric Locomotive Research Institute Company Limited)
CRRC Zhusiwan	中車株洲電力機車有限公司 (China Railway Zhusiwan Electric Locomotive Company Limited)
CRRC GROUP	中國中車集團有限公司 (China Railway Group Company Limited)
CSR	中國南車股份有限公司 (China South Locomotive Corporation Limited)
CSRC	中國證券監督管理委員會 (China Securities Regulatory Commission)
CSR Group	中國南車集團有限公司 (China South Locomotive Group Company Limited)
Finance	中車財務有限公司 (China Railway Finance Company Limited)
HK Listing	香港上市 (Hong Kong Listing)
MCC	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)
SASAC	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)
SFO	證券及期貨事務監察委員會 (Securities and Futures Commission)
SSE	上海證券交易所 (Shanghai Stock Exchange)
SEA	香港上市 (Hong Kong Listing)
TE	株洲中車時代電氣股份有限公司 (Zhusiwan CRRC Times Electric Company Limited)
TNM	株洲時代新材料科技股份有限公司 (Zhusiwan Times New Materials Technology Company Limited)