

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**China Railway Signal & Communication Corporation Limited\***  
**中國鐵路通信信號股份有限公司**

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

**(Stock Code: 03969)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2015**

The board of directors of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司) (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2015. This announcement contains the full text of the 2015 interim report of the Company and is in compliance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

**PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND  
INTERIM REPORT**

This interim results announcement will be published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.crsc.cn](http://www.crsc.cn).

The 2015 interim report will be dispatched to the Company's shareholders in due course and will be published on the aforesaid websites of the Company and The Stock Exchange of Hong Kong Limited.

By order of the Board  
**China Railway Signal & Communication Corporation Limited\***  
**ZHOU Zhiliang**  
*Chairman*

Beijing, the People's Republic of China, August 26, 2015

*As of the date of this announcement, the executive directors of the Company are Mr. ZHOU Zhiliang, Ms. LI Yanqing and Mr. YIN Gang, and the independent non-executive directors of the Company are Mr. WANG Jiajie, Mr. SUN Patrick, Mr. CHEN Jin'en and Mr. GAO Shutang.*

*\* For identification only.*

# CONTENTS

<b>Corporate Information</b>	2
<b>Financial Summary</b>	4
<b>Management Discussion and Analysis</b>	6
<b>Other Events</b>	19
<b>Movements in Share Capital and Information on Shareholders</b>	20
<b>Directors, Supervisors and Senior Management</b>	25
<b>Report on Review of Interim Condensed Consolidated Financial Statements</b>	33
<b>Interim Condensed Consolidated Statement of Comprehensive Income</b>	35
<b>Interim Condensed Consolidated Statement of Financial Position</b>	36
<b>Interim Condensed Consolidated Statement of Changes In Equity</b>	38
<b>Interim Condensed Consolidated Statement of Cash Flows</b>	40
<b>Notes to the Interim Condensed Consolidated Financial Statements</b>	42
<b>Definition</b>	72

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. ZHOU Zhiliang (*Chairman*)  
Ms. LI Yanqing (*Vice Chairwoman*)  
Mr. YIN Gang (*President*)

### Independent Non-executive Directors

Mr. WANG Jiajie  
Mr. SUN Patrick  
Mr. CHEN Jin'en  
Mr. GAO Shutang

## SUPERVISORS

Ms. TIAN Liyan (*Chairwoman*)  
Mr. GAO Fan  
Ms. ZHAO Xiumei

## JOINT COMPANY SECRETARIES

Mr. HU Shaofeng  
Ms. NG Wing Shan (ACIS, ACS)

## AUTHORIZED REPRESENTATIVES

Mr. ZHOU Zhiliang  
Ms. NG Wing Shan (ACIS, ACS)

## BOARD COMMITTEES

### Strategy and Investment Committee

Mr. ZHOU Zhiliang (*Chairman*)  
Ms. LI Yanqing  
Mr. WANG Jiajie  
Mr. CHEN Jin'en  
Mr. GAO Shutang

### Remuneration and Evaluation Committee

Mr. GAO Shutang (*Chairman*)  
Mr. SUN Patrick  
Mr. CHEN Jin'en

### Audit and Risk Management Committee

Mr. SUN Patrick (*Chairman*)  
Mr. WANG Jiajie  
Mr. GAO Shutang

### Nomination Committee

Mr. CHEN Jin'en (*Chairman*)  
Ms. LI Yanqing  
Mr. WANG Jiajie

### Quality and Safety Committee

Mr. YIN Gang (*Chairman*)  
Ms. LI Yanqing  
Mr. GAO Shutang

## REGISTERED OFFICE

B 49 Xisihuan South Road  
Fengtai District  
Beijing, PRC

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

B 49 Xisihuan South Road  
Fengtai District  
Beijing, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Tesbury Centre  
28 Queen's Road East  
Wan Chai  
Hong Kong

## STOCK ABBREVIATION AND STOCK CODE

China CRSC (03969)

# CORPORATE INFORMATION

## H SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

## COMPANY WEBSITE

[www.crsc.cn](http://www.crsc.cn)

## INVESTOR RELATIONS

Tel: +86-10-51842558  
Fax: +86-10-51846610  
Email: [ir@crsc.cn](mailto:ir@crsc.cn)  
Address: B 49 Xisihuan South Road  
Fengtai District, Beijing, PRC  
Postal Code: 100166

## COMPLIANCE ADVISOR

Haitong International Capital Limited  
22th Floor, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

## LEGAL ADVISERS

### Hong Kong Legal Adviser

Clifford Chance  
27th Floor, Jardine House  
1 Connaught Place  
Central  
Hong Kong

### PRC Legal Adviser

Beijing DeHeng Law Offices  
12th Floor, Tower B  
Focus Place  
19 Finance Street  
Xicheng District  
Beijing, PRC

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
22th Floor, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

# FINANCIAL SUMMARY

Financial data recorded in this interim report are the consolidated data of the Company and its subsidiaries prepared in accordance with the IFRS and denominated in RMB, unless otherwise stated.

## (1) SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		Period-
	2015	2014	on-period
	RMB'000	RMB'000	change
			%
<b>Revenue</b>			
Design and integration	3,459,642	2,237,263	54.6
Equipment manufacturing	3,528,386	3,047,409	15.8
System implementation	3,387,611	2,847,611	19.0
Others	1,384,016	334,676	313.5
<b>Total</b>	<b>11,759,655</b>	<b>8,466,959</b>	<b>38.9</b>
<b>Gross profit</b>	<b>2,986,726</b>	<b>2,143,951</b>	<b>39.3</b>
<b>Profit before tax</b>	<b>1,442,186</b>	<b>1,025,934</b>	<b>40.6</b>
<b>Profit for the period</b>	<b>1,189,354</b>	<b>844,657</b>	<b>40.8</b>
<b>Profit attributable to owners of the parent</b>	<b>1,134,803</b>	<b>841,938</b>	<b>34.8</b>
<b>Basic earnings per Share (RMB)</b>	<b>0.16</b>	<b>0.12</b>	<b>33.3</b>

# FINANCIAL SUMMARY

## (2) SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	June 30, 2015 RMB'000	December 31, 2014 RMB'000	Change of June 30, 2015 as compared to December 31, 2014 %
<b>ASSETS</b>			
Current assets	24,051,632	21,826,919	10.2
Non-current assets	7,392,591	6,749,629	9.5
<b>Total assets</b>	<b>31,444,223</b>	<b>28,576,548</b>	<b>10.0</b>
<b>LIABILITIES</b>			
Current liabilities	20,858,177	14,993,866	39.1
Non-current liabilities	1,046,662	1,107,383	(5.5)
<b>Total liabilities</b>	<b>21,904,839</b>	<b>16,101,249</b>	<b>36.0</b>
<b>Total equity</b>	<b>9,539,384</b>	<b>12,475,299</b>	<b>(23.5)</b>
<b>Total equity and liabilities</b>	<b>31,444,223</b>	<b>28,576,548</b>	<b>10.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The Group derives revenue mainly from the PRC. The Group is a pioneer and market leader in the PRC rail transportation control system industry and a key enterprise to ensure the safe and efficient operation of the PRC rail transportation. With a strong focus on product design and R&D and through its “three-in-one” business model for rail transportation control system (that combines design and integration, equipment manufacturing and system implementation), the Group has become the only rail transportation control system solution provider in the world who is capable of independently providing the entire suite of products and services with competitive advantages across the industry value chain. The Group’s comprehensive offerings enable it to provide its customers with a complete and convenient one-stop solution, which reduces their construction, operation and management costs and mitigates the incompatibility risks of complex rail transportation connections. In turn, the Group’s one-stop solution business model enhances its ability to customize its products and services to address customers’ needs and become more competitive in bidding for new projects. In addition, the Group’s business model also promotes the synergies among its individual business lines, reduces its marketing costs and lays a solid foundation for it to develop its maintenance and upgrade services after its systems and equipment are put into operation.

In the first half of 2015, the Group continued to leverage the industry growth and abundant resources of the Group, to further develop seven business sectors, including signal and communication, power supply and electrification, general project management business, capital operation, overseas business, emerging businesses and informatization.

In the first half of 2015, the Group recorded a revenue of RMB11,759.7 million, gross profit of RMB2,986.7 million and profit attributable to equity shareholders of the Company of RMB1,134.8 million. On August 7, 2015, the H Shares of the Company were successfully listed on the Hong Kong Stock Exchange, signifying a significant breakthrough of the Company in terms of the capital internationalization.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### (I) Analysis on Principal Business

#### Analysis of changes in the relevant items of the income statements

	<b>January to June 2015</b>	January to June 2014	<b>Change</b>
	<b>(RMB'000)</b>		<b>(%)</b>
Revenue	<b>11,759,655</b>	8,466,959	38.9
Cost of sales	<b>(8,772,929)</b>	(6,323,008)	38.7
Gross profit	<b>2,986,726</b>	2,143,951	39.3
Other income and gains	<b>89,498</b>	103,290	(13.4)
Selling and distribution expenses	<b>(291,145)</b>	(255,873)	13.8
Administrative expenses	<b>(1,307,338)</b>	(1,030,922)	26.8
Other expenses	<b>(59,078)</b>	(19,730)	199.4
Finance costs	<b>(8,295)</b>	(7,987)	3.9
Share of profits and losses of associates and joint ventures	<b>31,818</b>	93,205	(65.9)
Profit before tax	<b>1,442,186</b>	1,025,934	40.6
Income tax expense	<b>(252,832)</b>	(181,277)	39.5
Profit for the period	<b>1,189,354</b>	844,657	40.8

#### *Revenue*

The Group generates its revenue primarily from the following products and services:

- Design and integration: mainly includes engineering design and system integration services for rail transportation control system projects, and integrated solutions designed to achieve functionality and performance of control system;
- Equipment manufacturing: mainly includes manufacturing and sale of signal system products, communication information system products and other products;
- System implementation: mainly includes construction, installation, testing and maintenance services for rail transportation control system projects; and
- Other businesses: mainly includes municipal engineering and related construction services and commodities trading.



# MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the Group recorded a revenue of RMB11,759.7 million, representing an increase of 38.9% over the same period last year. Revenue from the design and integration business segment of the Group increased significantly, which was mainly attributable to (i) an increase in business volume due to the enhanced investment in the transit transportation industry by the PRC government; and (ii) the Group's acquisition of CRSC CASCO, which mainly engages in the design and integration business in urban transit sector, on December 31, 2014. The increase in revenue from the equipment manufacturing and system implementation business segments of the Group was mainly attributable to the increase in business volume and business scale due to the enhanced investment in the transit transportation industry by the PRC government. The increase in revenue from other business segments of the Group was mainly attributable to the revenue generated by the companies engaging in other businesses which the Group acquired in the second half of 2014.

## *Cost of Sales*

During the reporting period, the Group's cost of sales was RMB8,772.9 million, representing an increase of 38.7% over the same period last year, which was basically in line with the increase in the total revenue of the Group.

## *Gross Profit*

During the reporting period, the Group's gross profit was RMB2,986.7 million, representing an increase of 39.3% over the same period last year. The gross profit margin of the Group remained basically stable at 25.4% as compared to that of 25.3% in the same period last year.

## *Other Income and Gains*

During the reporting period, the Group's other income and gains were RMB89.5 million, representing a decrease of 13.4% over the same period last year, which was mainly attributable to gains on disposal of property, plant and equipment of RMB14.0 million in the first half of 2014 as compared to RMB0.1 million in the first half of 2015.

## *Selling and Distribution Expenses*

During the reporting period, the Group's selling and distribution expenses were RMB291.1 million, representing an increase of 13.8% over the same period last year, which was mainly attributable to the increase in labor costs as a result of the combined effect of an increase in the average wage, which was within the normal range, and an increase in the total number of the Group's selling and distribution staff including those from the subsidiaries the Group acquired in 2014.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Administrative Expenses*

During the reporting period, the Group's administrative expenses were RMB1,307.3 million, representing an increase of 26.8% over the same period last year, which was mainly attributable to (i) the increase in research and development expenses as the Group enhanced its research and development efforts, (ii) the increase in labor costs as a result of the combined effect of an increase in the average wage, which was within the normal range, and an increase in the total number of the Group's administrative staff including those from the subsidiaries the Group acquired in 2014, and (iii) the increase in depreciation and amortization as a result of the increase in the Group's total fixed assets.

## *Other Expenses*

During the reporting period, the Group's other expenses were RMB59.1 million, representing an increase of 199.4% over the same period last year, which was mainly attributable to the provision for impairment.

## *Finance Costs*

During the reporting period, the Group's finance costs were RMB8.3 million, representing an increase of 3.9% over the same period last year, which was mainly attributable to the higher average bank borrowings balance in the period from January to June 2015 over the same period of 2014.

## *Share of profits and losses of associates and joint ventures*

During the reporting period, the Group's share of profits of associates and joint ventures were RMB31.8 million, representing a decrease of 65.9% over the same period last year, which was mainly attributable to the change of CRSC CASCO from a former joint venture of the Group to a subsidiary of the Group since the completion of our acquisition of CRSC CASCO on December 31, 2014. Therefore, the Group's share of profits of joint ventures declined significantly in 2015.

## *Profit before Tax*

As a result of the foregoing, during the reporting period, the Group's profit before tax was RMB1,442.2 million, representing an increase of 40.6% over the same period last year.

## *Income Tax Expenses*

During the reporting period, the Group's income tax expenses were RMB252.8 million, representing an increase of 39.5% over the same period last year. During the reporting period, the Group's effective income tax rate was approximately 17.5%.

## *Profit for the period*

As a result of the foregoing, during the reporting period, the Group's profit for the period was RMB1,189.4 million, representing an increase of 40.8% over the same period last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) Net Cash Flows

### Analysis of changes in the relevant items of the statements of cash flow

	January to June 2015 (RMB'000)	January to June 2014	Change (%)
Net cash flow from operating activities	279,747	1,258,495	(77.8)
Net cash flow from/(used in) investing activities	(547,068)	629,636	(186.9)
Net cash flow from/(used in) financing activities	(892,181)	65,812	(1,455.7)

During the reporting period, the Group recorded net cash inflow from operating activities of RMB279.7 million, representing a decrease of 77.8% over the same period last year, which was mainly attributable to the increased cash outflow used in purchasing activities during the reporting period, as the Company enhanced its production inputs to make sure the projects were completed as scheduled.

During the reporting period, the Group recorded net cash outflow from investing activities of RMB547.1 million, representing a decrease of 186.9% as compared to net cash inflow from investing activities over the same period last year, mainly because the Group's cash inflow from investing activities fell short of cash outflow during the reporting period as compared to the same period last year. During the same period last year, the Group's cash inflow from investing activities was attributable to the significant decrease in time deposits with maturity of more than three months as well as the inflow of cash and cash equivalents arising from the acquisition of subsidiaries, while the cash outflow used in investing activities during the reporting period was mainly attributable to payments for fixed assets and land use rights.

During the reporting period, the Group recorded net cash outflow from financing activities of RMB892.2 million, representing a decrease of 1,455.7% as compared to net cash inflow from financing activities over the same period last year, which was mainly attributable to the combined effect of payment of dividends to shareholders and bank credit borrowings during the reporting period.

## (III) Others

### A. *Material changes in the Group's profit composition or sources of profit*

During the reporting period, there were no material changes in the Group's profit composition or sources of profit.

### B. *Progress in the implementation of the Groups' material asset reorganisation*

During the reporting period, the Group did not conduct any material asset reorganisation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DEBT STRUCTURE, LIQUIDITY AND CASH FLOW

### Borrowings and Notes

As at June 30, 2015, the Group had total borrowings of approximately RMB2,794.1 million, representing an increase of 779.8% from RMB317.6 million as at December 31, 2014, which was mainly attributable to the increase in short-term interest bearing borrowings to meet potential working capital needs during the reporting period. Pursuant to the loan agreements entered into between the Group and several commercial banks in the PRC in respect of such loans, the Group is required to notify the lender in writing or obtain the lender's prior written consent before the Group raises additional debt financings.

As at June 30, 2015, all of the Group's total borrowings were denominated in RMB and unsecured.

As at June 30, 2015, the long-term interest bearing borrowings and short-term interest bearing borrowings of the Group amounted to RMB44.1 million and RMB2,750.0 million, respectively. The table below sets forth the maturity profile of the loans and other borrowings repayable of the Group as at December 31, 2014 and June 30, 2015:

	June 30, 2015	December 31, 2014
	(RMB'000)	
<b>Bank loans repayable</b>		
Within one year	2,750,000	227,626
One to two years	43,421	48,138
Three to five years (both inclusive)	—	40,921
<i>Sub-total</i>	<u>2,793,421</u>	<u>316,685</u>
<b>Other borrowings</b>		
Three to five years (both inclusive)	727	—
Over five years	—	873
<i>Sub-total</i>	<u>727</u>	<u>873</u>
<b>Total</b>	<u><u>2,794,148</u></u>	<u><u>317,558</u></u>

As at June 30, 2015, the Group's total bank and other borrowings at floating interest rates amounted to RMB2,594.1 million, as compared to RMB117.6 million as at December 31, 2014.

### Net Current Assets

As at June 30, 2015, the Group's net current assets amounted to RMB3,193.5 million, representing a decrease of 53.3% from that as at December 31, 2014, which was mainly attributable to (i) the increase in trade and bill payables due to the increase in business volume, and (ii) the increase in short-term bank loans of the Group in June 2015 in order to meeting potential capital needs.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Commitments

As at June 30, 2015, the Group had capital commitments of RMB71.3 million contracted for but not yet incurred, which would be mainly used for purchase of property, plant and equipment, and capital commitments of RMB355.0 million contracted for but not yet incurred, which would be mainly used for acquisition of subsidiaries. The table below sets forth the Group's capital commitments as at December 31, 2014 and June 30, 2015:

	June 30, 2015	December 31, 2014
	(RMB'000)	
<b>Capital commitments used for purchase of property, plant and equipment</b>		
– Contracted for but not provided	71,313	28,908
– Authorised but not contracted for	1,081,579	1,085,776
<i>Sub-total</i>	<u>1,152,892</u>	<u>1,114,684</u>
<b>Capital commitments used for acquisition of subsidiaries and joint ventures</b>		
– Contracted for but not provided	355,000	—
– Authorised but not contracted for	—	121,540
<i>Sub-total</i>	<u>355,000</u>	<u>121,540</u>
<b>Total</b>	<u><u>1,507,892</u></u>	<u><u>1,236,224</u></u>

## Cash Flow

As at June 30, 2015, the Group had bank facilities of approximately RMB22,280 million granted by commercial banks to the Company, of which RMB12,953 million was unutilized and unrestricted. As at June 30, 2015, the Group had cash and cash equivalents of approximately RMB5,193.7 million, of which RMB5,096.7 million was denominated in RMB and RMB97.0 million was denominated in foreign currencies.

## Gearing ratio

Gearing ratio is calculated by total debt divided by total equity as of the respective dates and multiplied by 100%. Total debt is defined as the sum of long-term and short-term interest-bearing debts. As at June 30, 2015, the Group's gearing ratio was 29.3%, representing an increase of 26.8 percentage points from 2.5% as at December 31, 2014, which was mainly because (i) we declared special dividends in February 2015 and recorded dividends payables of RMB3,951.1 million with respect to the undistributed distributable profit for the period up to June 30, 2015 as of June 30, 2015, which reduced our total equity; and (ii) we had an increase in short-term interest bearing borrowings of RMB2,500 million to meet potential working capital needs in the first half of 2015, which increased our total debt.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Pledge of Assets*

As at June 30, 2015, the Group did not pledged any of its assets for its bank loans, other borrowings, other payables and accruals.

## *Contingent Liabilities*

As at June 30, 2015, the Group had no material contingent liabilities.

## QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

The Group is exposed to various types of market risks in the ordinary course of its business, including credit risk, liquidity risk, interest rate risk and currency risk. The Group manages its exposure to these and other market risks through regular operating and financing activities.

### **Credit Risk**

The Group's credit risk is primarily attributable to cash at bank and on hand, trade and bills receivables, prepayments, deposits and other receivables, and other non-current assets. The Group has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. All of the Group's cash at bank and on hand are deposited in regulated PRC banks for which the Group believes the credit risk is low.

### **Liquidity Risk**

The Group is committed to ensuring the continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that its outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. The Group regularly monitors current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

In addition, the Group actively and regularly reviews and manages its capital structure to maintain a balance between higher equity returns that might be associated with a higher level of borrowings and the advantages and security provided by maintaining a sound capital position. The Group makes adjustments to the capital structure in light of changes in economic conditions. No changes were made in the objectives, policies or procedures for managing capital during the reporting period.

### **Interest Rate Risk**

The Group is exposed to the risk of changes in market interest rates related primarily to its interest-bearing bank borrowings with a variable interest rate. The Group reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the reporting period, the Company did not use interest rate swaps to hedge interest rate risk.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Currency Risk

The functional currency of the Group is RMB and most of its transactions are settled in RMB. The Group sometimes uses, however, foreign currencies to settle its invoices from overseas operations and its purchases of components from overseas suppliers and pay for certain expenses. Therefore, fluctuations in foreign exchange currency rates (for example, one-time significant depreciation of the RMB exchange rate in August 2015) may increase our procurement costs, and our profitability would decline due to foreign currency exchange losses. RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. During the reporting period, the Company did not use any instruments to hedge currency risk.

## BUSINESS REVIEW

### (I) Board's Discussion and Analysis on Operations of the Group for the Reporting Period

#### A. Analysis on Core Business

##### (1) Revenue breakdown by business segment and product

The table below sets forth the Group's revenue breakdown by business during the reporting period:

By business	Revenue (RMB'000)	Cost of sales	Gross profit margin (%)	Increase/ (decrease) in revenue as compared to the same period last year	Increase/ (decrease) in cost of sales as compared to the same period last year	Increase/ (decrease) in gross profit margin as compared to the same period last year
				(%)	(%)	(%)
Design and integration	3,459,642	2,241,370	35.2	54.6	50.1	2.0
Equipment manufacturing	3,528,386	2,202,238	37.6	15.8	12.8	1.6
System implementation	3,387,611	3,101,957	8.4	19.0	19.1	(0.1)
Other businesses	1,384,016	1,227,364	11.3	313.5	347.0	(6.6)
<b>Total</b>	<b>11,759,655</b>	<b>8,772,929</b>	<b>25.4</b>	<b>38.9</b>	<b>38.7</b>	<b>0.1</b>

Design and integration: revenue from the design and integration business increased by 54.6% over the same period last year, which was mainly attributable to (i) an increase in business volume due to the enhanced investment in the transit transportation industry by the PRC government; and (ii) the Group's acquisition of CRSC CASCO, which mainly engages in the design and integration business in urban transit sector, on December 31, 2014.

# MANAGEMENT DISCUSSION AND ANALYSIS

Equipment manufacturing: revenue from the equipment manufacturing business increased by 15.8% over the same period last year, which was mainly attributable to the increase in business volume and business scale during the reporting period due to the enhanced investment in the transit transportation industry by the PRC government.

System implementation: revenue from the system implementation services increased by 19.0% over the same period last year, which was mainly attributable to the increase in business volume and business scale during the reporting period due to the enhanced investment in the transit transportation industry by the PRC government.

Other businesses: Revenue from other businesses increased by 313.5% over the same period last year, which was mainly attributable to the revenue generated by the companies engaging in other businesses which the Group acquired in the second half of 2014.

The Group's revenue increased by 38.9% over the same period last year with the percentage of the design and integration business, equipment manufacturing business, system implementation services business and other businesses in total revenue of 29.4%, 30.0%, 28.8% and 11.8%, respectively.

## (2) Revenue breakdown by region

The table below sets forth the Group's revenue breakdown by region during the reporting period:

Item	January to June 2015		January to June 2014		Change
	Revenue (RMB'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)	
Domestic market	11,629,052	98.9	8,005,960	94.6	45.3
Overseas market	130,603	1.1	460,999	5.4	(71.7)
<b>Total</b>	<b>11,759,655</b>	<b>100.0</b>	<b>8,466,959</b>	<b>100.0</b>	<b>38.9</b>

During the reporting period, the Group's revenue from domestic market increased by 45.3%, while the Group's revenue from overseas market decreased by 71.7%. The increase in the revenue from domestic market was mainly attributable to the increase in business volume and business scale during the reporting period due to the enhanced investment in the transit transportation industry by the PRC government as well as acquisitions completed by the Group in the second half of 2014. The decrease in the revenue from overseas market during the reporting period was mainly attributable to the projects with large amount undertaken in prior years had been completed last year, while overseas projects newly signed in the first half of the year in the amount of RMB1,120 million have just commenced construction, as result of which the revenue recognised in accordance with relevant project schedules decreased in the first half of the year, and most of the revenue from such projects will be recognised in the second half of the year.



# MANAGEMENT DISCUSSION AND ANALYSIS

## *B. Major Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures*

There were no major acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the reporting period.

## *C. Core Competitiveness*

The Group has industry-leading design and R&D capabilities for rail transportation control system and the world-leading equipment manufacturing capability. The Group provides rail transportation control system products and services, and rail transportation control system solution to its domestic and international customers. With relentless focus on design and R&D at the core of its business, the Group has led the formulation of predominantly all industry standards for rail transportation control systems in the PRC.

With a strong focus on product design and R&D and through its “three-in-one” business model for rail transportation control system (that combines design and integration, equipment manufacturing and system implementation), the Group has become the only rail transportation control system solution provider in the world who is capable of independently providing the entire suite of products and services with competitive advantages across the industry value chain. The Group is able to provide equipment, services and technical support to its customers on system solutions, manufacturing, equipment installation and debugging, network optimization, inspection and testing. The Group possesses leading technologies, techniques and know-how in every segment of the rail transportation control system industry and have strong system integration capabilities. The Group’s comprehensive offerings enable it to provide its customers with a complete and convenient one-stop solution, which reduces their construction, operation and management costs and mitigates the incompatibility risks of complex rail transportation connections. In turn, the Group’s one-stop solution business model enhances its ability to customize its products and services to address customers’ needs and become more competitive in bidding for new projects. In addition, the Group’s business model also promotes the synergies among its individual business lines, reduces its marketing costs and lays a solid foundation for it to develop its maintenance and upgrade services after its systems and equipment are put into operation.

The Group possesses world-class R&D capabilities and state-of-the-art technologies, including the CTCS-3 technology, CBTC technology, track circuit transmission technology, CIPS technology and MATC technology. The high-speed railways in China are operated at a speed of over 300km/h, which has extremely high technical requirements on railway control system. With capability to develop and manufacture all key equipments of CTCS-3, the Group’s self-developed technologies have reached the same level of sophistication as the technologies developed by its European peers, which represent the most advanced technology in the world nowadays. The Group has been investing substantial resources to enhance its R&D capabilities and been devoted to technical innovation and advanced product development of the rail transportation control systems.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *D. Employees and Remuneration Policies*

Cultivating and maintaining a team of capable and motivated managerial, technical and other employees is critical to the Group's success. The Group's recruitment and retaining policies for employees take into account a number of factors, including market conditions and its business demands and expansion plans. The Group carries out employee performance appraisals, and its subsidiaries have established diversified forms of dynamic appraisal mechanisms. The employee performance appraisals are conducted on regular basis and, the result of which will have an impact on employees' salary and remuneration. As of June 30, 2015, the Group had 15,251 full-time employees, and its total labor costs for the six months ended June 30, 2015 reached RMB1,416.5 million. The Group aims to recruit, train and retain talented professionals through a multiple recruiting and training process and offer competitive performance-based remuneration packages and career development opportunities. The Group believes these initiatives have contributed to the enhanced performance and productivity of employees.

The remuneration of the Directors, Supervisors and Senior Management of the Company is determined with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and Senior Management, employment conditions of other positions in the Company and desirability of performance-based remuneration. The Remuneration and Appraisal Committee of the Company is responsible for reviewing and examining the remuneration policies and plans of the Directors, president and other Senior Management of the Company from time to time.

## *E. Use of Proceeds*

Gross proceeds from the initial public offering of the Group was approximately HK\$11,025.0 million. The net proceeds will be applied for the purposes set out in the section headed "Future Plans and Use of Proceeds" in the prospectus dated July 28, 2015 of the Company.

## **(II) Business Outlook for the Second Half of 2015**

The macroeconomy, urbanization and national policy are the major macro factors driving the continuous development of the rail transportation control system industry in the PRC. From the macroeconomy, during the past few years, the economy in the PRC has been growing steadily, with the nominal GDP increased from RMB34.1 trillion in 2009 to RMB63.6 trillion in 2014, at a CAGR of 13.3%. Infrastructure investment, as one of the major components of government spending in the PRC, will continue to increase with the PRC government's intention to stabilize the GDP growth rate. In respect of urbanization, as urbanization progresses and population density increases, the demand for intercity transportation, urban transit and modern tram will continue to increase. In respect of national policy, the PRC government has promulgated a number of national policies that benefit the rail transportation control system industry, such as the policies on Four Horizontal and Four Vertical High-Speed Railway Corridors Project, the Thirteenth Five-Year Plan, diversifying financing sources in the construction of intercity railway projects, and strengthening the railway construction in the central and western regions. These policies will pave the way for the expansion of the domestic rail transportation industry in the PRC. In addition, the One Belt and One Road Strategy and the High-Speed Railway Diplomacy will be a strong push for Chinese rail transportation enterprises to gain more overseas exposure.

# MANAGEMENT DISCUSSION AND ANALYSIS

By seizing the above opportunities and leveraging its existing dominant market position and significant first-mover advantages, the Group will continue to optimize its R&D system, expand the industry value chain, venture into new businesses, grow its international business and enhance its general project management business and capital management capabilities. The aggregate amount for contracts entered into in the first half of 2015 amounted to RMB18,512.3 million, representing an increase of 3.9% as compared with the corresponding period of the previous year. In particular, the Company's development of overseas markets has realized a cumulative aggregate amount of RMB1,120 million for export contract, representing an increase of 1,115.6% as compared with the corresponding period of the previous year. At present, the Company is carrying out all production and operation activities in an orderly manner. The Company's results are expected to grow steadily with the tenders by China Railway Corporation and other markets in the second half of 2015, creating conditions for achieving the annual target.

### (III) Development of the Proposed Acquisition

Pursuant to the documents including the shareholder's resolution of Zhengzhou Zhongyuan Railway Engineering Co., Ltd. (鄭州中原鐵道工程有限責任公司, "Zhengzhou Zhongyuan") dated December 25, 2014 and the confirmation letter dated March 14, 2015 entered into by the Company, Henan Zhongyuan Railway Investment Management Group Ltd. (河南中原鐵道投資管理集團有限公司, "Henan Zhongyuan") and Zhengzhou Zhongyuan, Henan Zhongyuan (as the sole shareholder of Zhengzhou Zhongyuan currently) approved the Company's proposed acquisition of 65% of the equity interest in Zhengzhou Zhongyuan by way of capital increase. In May 2015, the Company and Henan Zhongyuan entered into a capital contribution agreement, pursuant to which the Company and Henan Zhongyuan agreed to increase the registered share capital of Zhengzhou Zhongyuan to RMB500.0 million, with the Company and Henan Zhongyuan contributing RMB325.0 million and RMB175.0 million, respectively. Upon completion of the Proposed Acquisition, the Company and Henan Zhongyuan will hold 65% and 35% of the equity interest in Zhengzhou Zhongyuan, respectively.

Up to the date of this interim report, the Company has neither paid the above-mentioned consideration nor acquired control over Zhengzhou Zhongyuan. We will complete the delivery procedures of such acquisition as soon as possible while the actual completion time will depend on various uncertainties.

## CORPORATE GOVERNANCE CODE

The Company's H Shares were listed on the main board of the Hong Kong Stock Exchange (the "Stock Exchange") on August 7, 2015 (the "Listing"). In order to ensure that the Company is able to fully perform its obligations under the Listing Rules, the Company has established a modern and effective corporate governance structure and endeavored to continuously improve its internal control and corporate governance mechanism.

Upon Listing, the Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The Board is of the view that the Company has complied with all the code provisions as set out in the Corporate Governance Code throughout the period from the Listing Date up to the Latest Practicable Date.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES BY THE COMPANY OR ANY OF ITS SUBSIDIARIES

Throughout the period from the Listing Date up to the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## DISTRIBUTION OF PROFIT

### Special Dividends

According to the resolutions passed on February 6, 2015, which were amended and supplemented on May 21, 2015 by the shareholders, the Company declared dividends representing all of the undistributed distributable profits of the Company accrued up to June 30, 2015 to its then existing shareholders. Please refer to Note 8 regarding dividends in the Notes to the Condensed Consolidated Interim Financial Statements of this interim report and the section "– Dividend and Dividend Policy" set out on page 357 in the prospectus dated July 28, 2015 of the Company for details.

## REVIEW OF THE INTERIM REPORT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company consists of Mr. SUN Patrick (the chairman), Mr. WANG Jiajie and Mr. GAO Shutang. The Audit and Risk Management Committee has reviewed the unaudited interim financial statements and the interim report of the Company for the six months ended June 30, 2015.

## SUBSEQUENT EVENTS

### Successful Issue and Listing of H Shares on the Main Board of the Hong Kong Stock Exchange

On August 7, 2015, upon approval by the Hong Kong Stock Exchange, 1,750,000,000 overseas listed foreign shares (H Shares) issued by the Company and 175,000,000 H Shares converted from state-owned shares by the Company's shareholders of state-owned shares, CRSC Corporation Group, SINOMACH, CCT Group, CRHC and CICC Jiacheng to National Council for Social Security Fund of the PRC, totalling 1,925,000,000 H Shares, were listed on the main board of the Hong Kong Stock Exchange and dealing in such H Shares commenced. H Shares are abbreviated as "中國通號" (Chinese) and "CHINA CRSC" (English). The stock code for the H Shares is "3969".

Please also refer to the prospectus dated July 28, 2015 of the Company for further details.

# MOVEMENTS IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## SHARE CAPITAL

On August 7, 2015, the overseas listed foreign shares (H Shares) of the Company were listed on the main board of the Stock Exchange.

As at the Listing Date, the Company's total share capital was RMB8,750,000,000, divided into 8,750,000,000 Shares with a nominal value of RMB1.00 each, of which, 6,825,000,000 Shares were Domestic Shares and 1,925,000,000 Shares were H Shares.

## DIRECTORS', SUPERVISORS' AND THE COMPANY'S CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As the Company was not listed on the Stock Exchange as of June 30, 2015, the provisions of Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Directors, Supervisors or chief executive of the Company during the six months ended June 30, 2015.

As at the Listing Date, none of the Directors, Supervisors and chief executive of the Company had any interests and/or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As the Company was not listed on the Stock Exchange as of June 30, 2015, the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company during the six months ended June 30, 2015.

# MOVEMENTS IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

As at the Listing Date, so far as is known to the Directors, the following persons (other than Directors, Supervisors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Class of shares	Capacity	Number of shares held	Approximate percentage of shares in the total shares in issue of the Company	Approximate percentage of shares in the relevant class of shares of the Company
China Railway Signal & Communication Corporation	Domestic Shares	Beneficial owner	6,608,296,773 (Long position)	96.82%	75.52%
Guangdong Finance Investment International Co., Ltd	H Shares	Beneficial owner	123,063,000 (Long position)	1.41%	6.39%
Genertec Hong Kong International Capital Ltd.	H Shares	Beneficial owner	98,450,000 (Long position)	1.13%	5.11%
China Shipping (Group) Company <sup>(1)</sup>	H Shares	Interests in a controlled corporation	123,063,000 (Long position)	1.41%	6.39%
China Shipping (Hong Kong) Holdings Co., Limited <sup>(1)</sup>	H Shares	Beneficial owner	123,063,000 (Long position)	1.41%	6.39%
Shanghai Zhenhua Heavy Industries Co., Ltd. <sup>(2)</sup>	H Shares	Interests in a controlled corporation	123,063,000 (Long position)	1.41%	6.39%
Shanghai Zhenhua Port Machinery (Hong Kong) Company Limited <sup>(2)</sup>	H Shares	Beneficial owner	123,063,000 (Long position)	1.41%	6.39%
National Council for Social Security Fund of the PRC	H Shares	Beneficial owner	175,000,000 (Long position)	2.00%	9.09%
The Goldman Sachs Group, Inc. <sup>(3)</sup>	H Shares	Interests held jointly	262,500,000 (Long position)	3.00%	13.64%
		Interests in a controlled corporation	45,463,000 (Long position)	0.52%	2.37%
		Interests in a controlled corporation	262,500,000 (Short position)	3.00%	13.64%
Goldman Sachs (Cayman) Holding Company <sup>(3)</sup>	H Shares	Interests held jointly	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Interests in a controlled corporation	262,500,000 (Short position)	3.00%	13.64%

# MOVEMENTS IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Name of shareholder	Class of shares	Capacity	Number of shares held	Approximate percentage of shares in the total shares in issue of the Company (%)	Approximate percentage of shares in the relevant class of shares of the Company (%)
Goldman Sachs (Asia) Corporate Holdings L.P. <sup>(3)</sup>	H Shares	Interests held jointly	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Interests in a controlled corporation	262,500,000 (Short position)	3.00%	13.64%
Goldman Sachs Holdings (Hong Kong) Limited <sup>(3)</sup>	H Shares	Interests held jointly	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Interests in a controlled corporation	262,500,000 (Short position)	3.00%	13.64%
Goldman Sachs (Asia) L.L.C. <sup>(3)</sup>	H Shares	Interests held jointly	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Beneficial owner	262,500,000 (Short position)	3.00%	13.64%
GS India Holdings (Delaware) L.L.C. <sup>(3)</sup>	H Shares	Interests held jointly	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Interests in a controlled corporation	262,500,000 (Short position)	3.00%	13.64%
Central Huijin Investment Ltd. <sup>(4)</sup>	H Shares	Interests in a controlled corporation	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Interests in a controlled corporation	262,500,000 (Short position)	3.00%	13.64%
BOC International Holdings Limited <sup>(4)</sup>	H Shares	Interests in a controlled corporation	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Interests in a controlled corporation	262,500,000 (Short position)	3.00%	13.64%
Bank of China Limited <sup>(4)</sup>	H Shares	Interests in a controlled corporation	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Interests in a controlled corporation	262,500,000 (Short position)	3.00%	13.64%
BOCI Asia Limited <sup>(4)</sup>	H Shares	Beneficial owner	262,500,000 (Long position)	3.00%	13.64%
	H Shares	Beneficial owner	262,500,000 (Short position)	3.00%	13.64%
China Railway Group Investment (Hong Kong) Limited <sup>(5)</sup>	H Shares	Beneficial owner	123,063,000 (Long position)	1.41%	6.39%
China Railway Engineering Corporation <sup>(5)</sup>	H Shares	Interest in a controlled corporation	123,063,000 (Long Position)	1.41%	6.39%
China Railway Group Limited <sup>(5)</sup>	H Shares	Interest in a controlled corporation	123,063,000 (Long Position)	1.41%	6.39%
China Railway International Group Co., Limited <sup>(5)</sup>	H Shares	Interest in a controlled corporation	123,063,000 (Long Position)	1.41%	6.39%
Macquarie Group Limited <sup>(6)</sup>	H Shares	Interest in a controlled corporation	262,500,000 (Long Position)	3.00%	13.64%
	H Shares	Interest in a controlled corporation	262,500,000 (Short Position)	3.00%	13.64%

Notes:

1. China Shipping (Group) Company was interested in those shares through China Shipping (Hong Kong) Holdings Co., Limited.
2. Shanghai Zhenhua Heavy Industries Co., Ltd. was interested in those shares through Shanghai Zhenhua Port Machinery (Hong Kong) Company Limited.

# MOVEMENTS IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

3. The Goldman Sachs Group, Inc. was interested in 262,500,000 shares (long position) and 262,500,000 shares (short position) through GS India Holdings (Delaware) L.L.C., Goldman Sachs (Cayman) Holding Company, Goldman Sachs (Asia) Corporate Holdings L.P., Goldman Sachs Holdings (Hong Kong) Limited and Goldman Sachs (Asia) L.L.C., and was interested in 45,463,000 shares (long position) through Goldman Sachs (UK) L.L.C., Goldman Sachs Group UK Limited and Goldman Sachs International. The above 262,500,000 shares (long position) are interests held jointly with Citigroup Global Markets Asia Limited, Morgan Stanley Asia Limited, UBS AG Hong Kong Branch, Macquarie Capital Securities Limited, BOCI Asia Limited and China Merchants Securities (HK) Co., Limited.
4. Central Huijin Investment Ltd. was interested in those shares through Bank of China Limited, BOC International Holdings Limited and BOCI Asia Limited.
5. China Railway Engineering Corporation was interested in those shares through China Railway Group Limited, China Railway International Group Co., Limited and China Railway Group Investment (Hong Kong) Limited.
6. Macquarie Group Limited was interested in those shares through Macquarie Capital Securities Limited. The 262,500,000 (Long position) are interests held jointly with Citigroup Global Markets Asia Limited, Morgan Stanley Asia Limited, UBS AG Hong Kong Branch, BOCI Asia Limited, Goldman Sachs (Asia) L.L.C. and China Merchants Securities (HK) Co., Limited

Save as disclosed above, as at the Listing Date, the Directors are not aware of any persons (other than the Directors, Supervisors and chief executive of the Company) who have interests and/or short positions in the Shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

## INTERESTS IN OTHER MEMBERS OF THE COMPANY

So far as the Directors are aware, as at the Listing Date, the following persons (other than the Company) have, directly or indirectly, interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of shareholder in other members of the Group	Name of other member of the Group	Registered share capital interested <sup>(1)</sup>	Approximately percentage of shareholding (%)
Wu Jiang (吳江)	CRSC Wanquan Signal Equipment Company Ltd. (通號萬全信號設備有限公司)	RMB10.12 million	12.0
Zhao Zhengping (趙正平)	CRSC Wanquan Signal Equipment Company Ltd. (通號萬全信號設備有限公司)	RMB15.18 million	18.0
Wei Zhongan (魏中安)	CRSC (Zhengzhou) Zhongan Engineering Co., Ltd. (中國鐵路通信信號(鄭州)中安工程有限公司)	RMB50.00 million	40.0
Shanghai Wangshi Industrial Co., Ltd. (上海王獅實業有限公司)	Shanghai Zhong Tie Communication Signal International Engineering Ltd. (上海中鐵通信信號國際工程有限公司)	RMB12.50 million	25.0
Shanghai Suwei Communication Technology Co., Ltd. (上海蘇威通信科技有限公司)	Shanghai Zhong Tie Communication Signal International Engineering Ltd. (上海中鐵通信信號國際工程有限公司)	RMB5.00 million	10.0
Shanghai Suwei Communication Technology Co., Ltd. (上海蘇威通信科技有限公司)	Shanghai Zhong Tie Communication Signal Testing Ltd. (上海中鐵通信信號測試有限公司)	RMB1.75 million	17.5



# MOVEMENTS IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Name of shareholder in other members of the Group	Name of other member of the Group	Registered share capital interested <sup>(1)</sup>	Approximately percentage of shareholding (%)
Jiangxi Huide Xinda Industrial Co., Ltd. (江西省匯德信達實業有限公司)	Shanghai Zhong Tie Communication Signal Testing Ltd. (上海中鐵通信信號測試有限公司)	RMB1.75 million	17.5
Shanghai Wangcheng Communication Science and Technology Development Co., Ltd. (上海網程通信科技發展有限公司)	CR Shanghai Communication Signal Designing Co., Ltd (上海中鐵通信信號設計有限公司)	RMB0.29 million	29.0
Alstom Investment Company Limited (阿爾斯通投資(上海)有限公司)	Casco Signal Ltd. (卡斯柯信號有限公司)	RMB98.00 million	49.0
Zenitel Norway AS	Beijing Nera Stentofon Communication Equipment Co., Ltd. (北京挪拉斯坦特芬通信設備有限公司)	RMB2.71 million	13.5
Eltek AS	Beijing Nera Stentofon Communication Equipment Co., Ltd. (北京挪拉斯坦特芬通信設備有限公司)	RMB3.14 million	15.6
Guizhou Construction Engineering Group (貴州建工集團有限公司)	CRSC Guizhou Construction Company Ltd.* (中國鐵路通信信號貴州建設有限公司)	RMB50.00 million	10.0
Zhengzhou Railway Coal Transportation and Marketing Co., Ltd. (鄭州鐵路煤炭運銷有限公司)	CRSC (Henan) Gang Qu Railway Logistics Ltd. (通號(河南)港區鐵路物流有限公司)	RMB0.80 million	40.0
Xiangtan Electric Manufacturing Group Co., Ltd. (湘電集團有限公司)	Tong Hao Railway Vehicles Co., Ltd. (通號軌道車輛有限公司)	RMB58.14 million	17.0
INEKON GROUP, a.s.	Tong Hao Railway Vehicles Co., Ltd. (通號軌道車輛有限公司)	RMB58.14 million	17.0

**Note:**

1. Registered share capital represents the registered share capital that is contributed by relevant shareholders.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of the interim report, the Directors, Supervisors and Senior Management of the Company are as follows:

### **Directors**

#### *Executive Directors*

Mr. ZHOU Zhiliang (周志亮)

Ms. LI Yanqing (李燕青)

Mr. YIN Gang (尹剛)

#### *Independent Non-executive Directors*

Mr. WANG Jiajie (王嘉傑)

Mr. SUN Patrick (辛定華)

Mr. CHEN Jin'en (陳津恩)

Mr. GAO Shutang (高樹堂)

### **Supervisors**

Ms. TIAN Liyan (田麗豔)

Mr. GAO Fan (高帆)

Ms. ZHAO Xiumei (趙秀梅)

### **Senior Management**

Mr. YIN Gang (尹剛)

Mr. KONG Ning (孔寧)

Mr. CHEN Hong (陳紅)

Mr. HUANG Weizhong (黃衛中)

Mr. HU Shaofeng (胡少峰)

Biographies of the Directors, Supervisors and Senior Management mentioned above are set out on page 26 in the report.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions of the Company carried out by all the Directors and Supervisors. The Company has made specific enquiries to all the Directors and Supervisors, and all the Directors and Supervisors have confirmed that they have complied with the standards as set out in the Model Code throughout the period from the Listing Date up to the Latest Practicable Date.

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Directors

#### *Executive Directors*

**Mr. ZHOU Zhiliang**, aged 50, has been the Company’s chairman since January 31, 2012, and is mainly responsible for overseeing the overall work of the Board and formulating the Company’s strategies. Mr. Zhou has been the general manager of CRSC Corporation Group since January 2012. Mr. Zhou was a vice president of CRCC (listed on the Stock Exchange, stock code: 1186; listed on the Shanghai Stock Exchange, stock code: 601186) from October 2007 to January 2012, during which Mr. Zhou served as chairman of China Railway Construction Investment Group Co., Ltd. (中國鐵建投資有限公司) from March 2011 to January 2012. From December 2004 to October 2007, Mr. Zhou was a deputy general manager of China Railway Construction Corp. (中國鐵道建築總公司). From November 2001 to December 2004, Mr. Zhou was the director of China Railway No.4 Survey & Design Group Co., Ltd. (鐵道部第四勘察設計院). From November 1996 to November 2001, Mr. Zhou successively served as director at No.2 Railway Survey and Design Department (第二勘測設計處) of, director at No.2 Railway Survey and Design Institute (第二勘測設計研究處) of, and chairman of Labor Union of China Railway No.4 Survey & Design Group Co., Ltd..

Mr. Zhou graduated from China University of Mining & Technology (中國礦業學院) in July 1985 with a bachelor’s degree in engineering and majored in hydrogeology and engineering geology, and from Tsinghua University School of Economic and Management with an EMBA degree in January 2008. In December 2010, Mr. Zhou was conferred the title of Professor of Engineering by Technological Qualification Review Committee for Senior Engineers of CRCC (中國鐵建股份有限公司工程系列正高級專業技術職務任職資格評審委員會).

**Ms. LI Yanqing**, aged 59, has been the Company’s vice chairwoman since December 29, 2010, and is mainly responsible for assisting with the work of our chairman, and supervising the implementation of Board resolutions. Ms. LI was the Deputy General Manager of CRSC Corporation Group from January 2000 to August 2001 and from December 2003 to May 2015. From June 1997 to January 2000, Ms. Li was successively the vice director and director of the Personnel Department of CRSC Corporation Group, director of Personnel and Education Department of CRSC Corporation Group, director of HR Department of CRSC Corporation Group. From September 1996 to June 1997, Ms. Li also served as the vice director of Students’ Affairs Office of North Jiaotong University. From July 1988 to September 1996, Ms. Li was a faculty of communication control department of North Jiaotong University (北方交通大學), during which, Ms. Li was a visiting scholar at Education Department of UK University of East Anglia from May 1995 to May 1996.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Li graduated from railway telecommunication department of North Jiaotong University in March 1982, with a Bachelor's degree in engineering and majored in railway signal. In December 1999, Ms. Li was conferred the title of Senior Engineer by Ministry of Qualifications Review Committee for Senior Engineering (Management) Titles.

**Mr. YIN Gang**, aged 52, has been appointed as an executive Director since May 21, 2015 and president of the Company since May 22, 2015, and is mainly responsible for overseeing the management of the Company's daily production and operations. From December 2010 to May 2015, Mr. Yin was a vice president of the Company, during which, Mr. Yin served as the chairman of CRSCD from January 2012 to November 2012 and as Board secretary of our Company from April 2011 to May 2013. From August 2001 to May 2015, Mr. Yin was the deputy general manager of CRSC Corporation Group. From December 1996 to August 2001, Mr. Yin successively served as deputy general manager and general manager of Shenyang Railway Signal Factory (瀋陽鐵路信號工廠) (the predecessor of Shenyang Railway Communication Co., Ltd. (瀋陽鐵路信號有限責任公司)).

Mr. Yin graduated from Dalian Railway Institute (大連鐵道學院) in July 1983, with a bachelor's degree in engineering and majored in metal material and heat treatment. In December 1999, he was conferred the title of Senior Engineer by the Qualification Review Committee for Senior Engineering Technical Position of China Railway Signal & Communication Company.

### *Independent Non-executive Directors*

**Mr. WANG Jiajie**, aged 64, has been appointed as the Company's independent non-executive Director since May 21, 2015, and is mainly responsible for providing advice with regard to corporate governance, connected transactions, the Company's business strategies, nomination of the Directors and senior management of the Company and auditing and risk management. Mr. Wang is currently the arbitrator of China International Economic and Trade Arbitration Commission and the arbitrator of Beijing Arbitration Commission. Before joining our Company, Mr. Wang served in several positions in China General Technology (Group) Holding Co., Ltd. (中國通用技術(集團)控股有限責任公司), including serving as its general counsel from December 2004 to December 2010 and as the general manager of its legal department from July 1999 to December 2004. Mr. Wang also served in several positions in China National Technical Imp. & Exp. Corp. (中國技術進出口總公司), including serving as the general manager of its legal department from November 1998 to July 1999; and the vice general manager of its legal department from December 1991 to November 1998.

Mr. Wang graduated from the law school of Renmin University of China (中國人民大學) with a master's degree in laws in July 1987 and from the legal department of the second campus of Renmin University of China with a bachelor's degree in law in February 1983.

**Mr. SUN Patrick**, aged 56, has been appointed as the Company's independent non-executive Director since May 21, 2015, and is mainly responsible for providing advice with regard to corporate governance, connected transactions, remuneration of the Directors and senior management of the Company and auditing and risk management.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Sun currently serves as independent non-executive directors of several companies listed on the Hong Kong Stock Exchange, including CRR Corporation Limited (中國中車股份有限公司) (listed on the Hong Kong Stock Exchange, stock code: 1766) since May 2015, China Railway Construction Corporation Limited (中國鐵建股份有限公司) (listed on the Hong Kong Stock Exchange, stock code: 1186) since October 2014, Sihuan Pharmaceutical Holdings Group Ltd. (四環醫藥控股集團有限公司) (listed on the Hong Kong Stock Exchange, stock code: 0460) since October 2010, China NT Pharma Group Company (中國泰凌醫藥集團有限公司) (listed on the Hong Kong Stock Exchange, stock code: 1011) since March 2010, Trinity Limited (利邦控股有限公司) (listed on the Hong Kong Stock Exchange, stock code: 0891) since October 2008. Mr. Sun served as an independent non-executive director of China Railway Group Limited (中國中鐵股份有限公司) (listed on the Hong Kong Stock Exchange, stock code: 0390; listed on the Shanghai Stock Exchange, stock code: 601390) from September 2007 to June 2014, Solomon Systech (International) Limited (listed on the Hong Kong Stock Exchange, stock code: 2878) from February 2004 to June 2015, and China CNR Corporation Limited (中國北車股份有限公司) (stock code: 06199, delisted from the Hong Kong Stock Exchange) from February 2012 to May 2015. Mr. Sun served as a non-executive director of Renhe Commercial Holdings Company Limited (人和商業控股有限公司) (listed on the Stock Exchange, stock code: 1387) from December 2011 to December 2012. From August 2006 to October 2009, Mr. Sun served as executive director and president of Value Convergence Holdings Limited (匯盈控股有限公司) (listed on the Hong Kong Stock Exchange, stock code: 0821); from September 2004 to July 2007, Mr. Sun served as an independent non-executive director of The Link Real Estate Investment Trust (領匯房地產投資信託基金) (listed on the Hong Kong Stock Exchange, stock code: 0823); from September 2004 to May 2006, Mr. Sun was an executive director of Sunwah Kingsway Capital Holdings Limited (新華匯富金融控股有限公司) (listed on the Stock Exchange, stock code:188). Mr. Sun also served as senior country officer and head of investment banking for Hong Kong of J.P. Morgan (wholesale and investment banking business) from 2000 to 2002, and group executive director and head of investment banking department of Jardine Fleming Holdings Limited (怡富集團) from 1996 to 2000.

Mr. Sun was Deputy Convenor of the Listing Committee of the Hong Kong Stock Exchange from December 1996 to March 2000, and Deputy Chairman of the Listing Committee from March 2000 to December 2000, a member of the SFC Takeovers and Mergers Panel from April 1999 to March 2001, and the chairman of the Chamber of Hong Kong Listed Companies from June 2013 to June 2015.

Mr. Sun obtained a bachelor's degree in economics from the Wharton School of University of Pennsylvania in May 1981 and completed the Stanford Executive Program at Stanford Graduate School of Business in 2000. Mr. Sun was certified as a Fellow of the Hong Kong Institute of Certified Public Accountants in November 2009 and as a Fellow of the Association of Chartered Certified Accountants in April 1992.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. CHEN Jin'en**, aged 61, has been appointed as an independent non-executive Director since May 21, 2015, and is mainly responsible for providing advice with regard to corporate governance, connected transactions, the Company's business strategies, nomination and remuneration of the Directors and senior management of the Company. Before joining our Company, from March 2010 to August 2013, Mr. Chen was the vice chairman of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司). Mr. Chen also served as a non-executive director of Billion Industrial Holdings Limited (listed on the Hong Kong Stock Exchange, stock code: 2299) from September 2012 to March 2013. Mr. Chen also served several positions in China Energy Conservation Investment Co., Ltd. (中國節能投資公司), including serving as its deputy general manager from October 2004 to March 2010, its vice chairman from September 2001 to October 2004. From November 2000 to September 2001, Mr. Chen was the head of the working department of the supervisory committee of Central Work Committee for Enterprises (中央企業工委). From August 1998 to November 2000, Mr. Chen was the deputy director of General Administration Office of Special Inspector of Ministry of Personnel (人事部稽查特派員總署辦公室). From July 1988 to August 1998, Mr. Chen served as a deputy director, director and assistant supervisor of the Department of Title of Ministry of Personnel (人事部職稱司).

Mr. Chen graduated from City University of Macau with a master's degree in business administration in July 2000, and from Nanjing University of Aeronautics and Astronautics (南京航空航天大學), majoring in aircraft design in July 1978.

**Mr. GAO Shutang**, aged 65, has been appointed as an independent non-executive Director since May 21, 2015, and is mainly responsible for providing advice with regard to corporate governance, connected transactions, the Company's business strategies, remuneration of Directors and senior management, auditing and risk management, and product quality and production safety management. Before joining in our Company, Mr. Gao served as a director of China Railway Engineering Corporation (中國鐵路工程總公司) from September 2006 to September 2007 and as chairman of the supervisory committee of China Railway Group Limited (中國中鐵股份有限公司) (listed on the Hong Kong Stock exchange, stock code: 390; listed on the Shanghai Stock Exchange, stock code: 601390) from September 2007 to June 2009, during which periods, from September 2007 to December 2009, he served as the director of China Railway Group Limited Hongda Center (中鐵宏達中心). From May 2001 to September 2006, Mr. Gao was the secretary to the disciplinary committee of China Railway Engineering Corporation. Mr. Gao served as the chairman of the board of directors of China Railway Group Limited the Fifth Bureau Group (中鐵五局集團) from August 2002 to December 2003. He also served as the chairman of China Railway Electrification Engineering Group Co. (中鐵電氣化局集團有限公司) from December 2003 to January 2008. From July 2009 to July 2013, Mr. Gao was the chairman of the third session of the supervision committee of Beijing Public Company Association (北京上市公司協會).

Mr. Gao graduated from the Correspondence School of Party School of CPC Central Committee (中央黨校函授學院) in the PRC in December 1996, majored in economics and management.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## SUPERVISORS

**Ms. TIAN Liyan**, aged 41, has been appointed as the chairwoman of the Supervisory Committee of our Company since May 21, 2015, and is mainly responsible for overall work of the Supervisory Committee, organizing and supervising the management and the Board of Directors, making relevant suggestions. Ms. Tian has served several positions in CRSCD, including serving as its general counsel since August 2013, as one of its directors since February 2012 and as its chief accountant since February 2007. Ms. Tian has also been a director of Thales Transport Automation Control Systems (Beijing) Co., Ltd. (北京泰雷茲交通自動化控制系統有限公司) since October 2013. From June 2012 to October 2013, Ms. Tian was a supervisor of Thales Transport Automation Control Systems (Beijing) Co., Ltd.. From November 2005 to February 2007, Ms. Tian was the deputy chief accountant and head of the asset and finance department of the CRSCD; from October 2005 to November 2005, Ms. Tian was an accountant and deputy head of the asset and finance department of CRSCD; from July 1999 to October 2005, Ms. Tian was also a manager of the audit department of Deloitte Touche Tohmatsu CPA Ltd. (Beijing Branch).

Ms. Tian graduated from the accounting department of Dongbei University of Finance and Economics (東北財經大學) with a master's degree in economics in April 1997, and graduated from the accounting department of Shanxi Finance and Economics College (山西財經學院) with a bachelor's degree in economics in July 1994. Ms. Tian obtained CPA certificate in January 2000 and was appointed as a senior accountant by CRSCD in May 2012.

**Mr. GAO Fan**, aged 40, has been appointed as a Supervisor since May 21, 2015, and is mainly responsible for supervising operations and financial issues. Mr. Gao has been a deputy general manager of the investment development department of CRHC since July 2014 and was a deputy general manager of comprehensive business department of CRHC from January 2012 to October 2014. Mr. Gao also served as the general manager of business development department of Zhuhai Zhen Rong Company (珠海振戎公司) from February 2004 to December 2011 and a project manager of Zhen Rong International Petroleum Company Limited (振戎國際石油有限公司) from December 2001 to November 2006. From April 1999 to November 2001, Mr. Gao was also a project manager of corporate business department in the headquarters of the Bank of China Limited.

Mr. Gao graduated from the international finance department of Harbin Institute of Technology (哈爾濱工業大學) in August 1998, with a bachelor's degree in economics.

**Ms. ZHAO Xiumei**, aged 41, has been appointed as an employee representative Supervisor since May 21, 2015, and is mainly responsible for supervising operations and financial activities. Ms. Zhao has served as a supervisor of the legal department of our Company since December 2010. Ms. Zhao also served as a supervisor of the legal department of CRSC Corporation Group from December 2005 to December 2010, and a translator and an administrative supervisor of the general office of CRSC Corporation Group from May 2002 to December 2005. Ms. Zhao worked at CRSC Corporation Group Three Series System Control Communication Technology Co., Ltd. (中國鐵路通信信號總公司三系程控通信技術公司) from August 1996 to June 2002, during which, Ms. Zhao served as a translator of the Committee of Railway Cooperation Organization (Warsaw, Poland) from May 1998 to April 2002.

Ms. Zhao graduated from Northern Jiaotong University (北方交通大學) with a bachelor's degree in arts and majored in Russian (Technology) in July 1996, and graduated from Renmin University of China (中國人民大學) with a master's degree in law and majored in economic law in January 2008. Ms. Zhao has obtained enterprise legal adviser qualification certificate in October 2006.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## Senior Management

**Mr. YIN Gang**, aged 52, is the president of the Company. For biography of Mr. Yin, please see the section headed “—Directors”.

**Mr. KONG Ning**, aged 50, has been the Company’s chief accountant since December 29, 2010, and is mainly in charge of our financial work. Mr. Kong was the chief accountant of CRSC Corporation Group from November 2004 to May 2015. Mr. Kong served as head of finance department in the finance department of China Huanqiu Contracting & Engineering Corporation (中國寰球化學工程公司) and the chief accountant of HQCEC (HB) (華北規劃設計院) from August 2001 to November 2004; as the deputy chief of financial department of Medicament Joint Venture Company (安徽省醫藥聯合經營公司) in Anhui province (renamed as Anhui Hua Shi Medicament Co., Ltd. (安徽華氏醫藥有限公司)) from April 1996 to August 2001.

Mr. Kong graduated from Anhui Ma’anshan Business Technical College (安徽省馬鞍山商業專科學校) in July 1986, with a college diploma in business financial accounting; in June 2009, he graduated from Dongbei University of Finance and Economics (東北財經大學), with an EMBA degree. In November 2003, Mr. Kong was conferred the title of Senior Accountant by the Qualification Review Committee for Senior Accountant Professional Technology Positions of China National Nonmetallic Mineral Industry (Group) Corporation (中國非金屬礦工業(集團)總公司).

**Mr. CHEN Hong**, aged 52, has been the Company’s vice president since April 2013, and is mainly responsible for assisting the president in daily production and operation. Mr. Chen was an employee representative Director from December 2010 to May 2015, chairman of our labor union from April 2011 to April 2013, and assistant to president of our Company from February 2012 to April 2013. Mr. Chen was chairman of China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd. (中國鐵路通信信號上海工程局集團有限公司) (“CRSCS”) from September 2013 to October 2014, chairman of CRSC Innovation Investment Company Ltd. (通號創新投資有限公司) from August 2012 to February 2014. Mr. Chen was chairman of labor union of CRSC Corporation Group from March 2007 to April 2013. Mr. Chen also served as office director of CRSC Corporation Group from November 2004 to March 2007. Mr. Chen successively served as deputy general manager of China Railway Signal & Communication Shanghai Engineering Co., Ltd. (中國鐵路通信信號上海工程公司) (the predecessor of CRSCS) from June 2000 to November 2004, and office manager, project manager and assistant to general manager of this company from June 1992 to June 2000.

Mr. Chen graduated from Luoyang Railway Electrical Engineering School (洛陽鐵路電務工程學院) as a secondary student majoring in railway communications in July 1981, and graduated from the Correspondence School of Party School of the CPC Central Committee (中央黨校函授學院) with a bachelor’s degree in administrative management in December 2001. In December 2009, Mr. Chen was conferred the title of Senior Engineer by Technological Qualification Review Committee for Senior Engineers of CRSC Corporation Group.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. HUANG Weizhong**, aged 49, has been the Company's Vice President since April 18, 2013, mainly responsible for assisting the president in daily production and operation. Mr. Huang served as the chairman of CRSCD from November 2012 to September 2014, as the director and general manager of CRSCD from November 2010 to November 2012, as the vice president of CRSCD from January 2004 to November 2010, as the director of CRSCD from December 1996 to January 2004.

Mr. Huang graduated from Southwest Jiaotong University (西南交通大學) in July 1987, with a Bachelor's degree in engineering and majoring in automatic control; and graduated from Fordham University in the United States in May 2003, with a MBA degree. In December 2005, Mr. Huang was conferred the title of Senior Engineer by the Qualification Review Committee for Senior Engineers of the MOR.

**Mr. HU Shaofeng**, aged 48, has been the Company's Board Secretary since May 2013 and the deputy chief accountant since July 2012, and is mainly in charge of information disclosure, investor relationship coordination, and preparation of general meetings and Board meetings. Mr. Hu has been the director of CRSC Innovation Investment Company Ltd. (通號創新投資有限公司) since August 2012. Mr. Hu served as deputy general manager, chief accountant and general counsel of China Railway Construction Heavy Industry Co., Ltd. (中國鐵建重工集團有限公司) from December 2011 to July 2012. Mr. Hu served as the chief accountant of China Railway Track Systems Group Co., Ltd. (中鐵軌道系統集團) from May 2007 to December 2011. Mr. Hu served as deputy chief accountant of the China Railway No.4 Survey & Design Group Co., Ltd. (鐵道部第四勘察設計院) from February 2004 to October 2006, as the director of financial department of the China Railway No. 4 Survey & Design Group Co., Ltd. from February 2004 to April 2005, as the assistant to director and deputy director of financial department of the China Railway No. 4 Survey & Design Group Co., Ltd. from February 2002 to February 2004.

Mr. Hu graduated from Zhongnan University of Economics (中南財經大學) in July 1990, with a bachelor's degree in economics and majoring in industrial economics; in June 2007, Mr. Hu graduated from Wuhan University (武漢大學) with a Master's degree in software engineering (financial informatization major). In December 2005, Mr. Hu was conferred the title of Senior Engineer by Qualification Review Committee for Senior Accounting Professional Technical Positions of China Railway Construction Corporation.

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

Tel : +852 2846 9888  
Fax : +852 2868 4432  
ey.com

## To the shareholders of China Railway Signal & Communication Corporation Limited

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

### INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of China Railway Signal & Communication Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") require the preparation of a report on interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONCLUSION

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

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

26 August 2015

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>11,759,655</b>	8,466,959
Cost of sales	6	<b>(8,772,929)</b>	(6,323,008)
Gross profit		<b>2,986,726</b>	2,143,951
Other income and gains	4	<b>89,498</b>	103,290
Selling and distribution expenses		<b>(291,145)</b>	(255,873)
Administrative expenses		<b>(1,307,338)</b>	(1,030,922)
Other expenses		<b>(59,078)</b>	(19,730)
Finance costs	5	<b>(8,295)</b>	(7,987)
Share of profits and losses of:			
Joint ventures		<b>19,967</b>	75,245
Associates		<b>11,851</b>	17,960
<b>PROFIT BEFORE TAX</b>	6	<b>1,442,186</b>	1,025,934
Income tax expense	7	<b>(252,832)</b>	(181,277)
<b>PROFIT FOR THE PERIOD</b>		<b>1,189,354</b>	844,657
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans, net of tax		<b>(5,195)</b>	(31,610)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>1,184,159</b>	813,047
Profit attributable to:			
Owners of the parent		<b>1,134,803</b>	841,938
Non-controlling interests		<b>54,551</b>	2,719
		<b>1,189,354</b>	844,657
Total comprehensive income attributable to:			
Owners of the parent		<b>1,129,608</b>	810,328
Non-controlling interests		<b>54,551</b>	2,719
		<b>1,184,159</b>	813,047
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	9	<b>0.16</b>	0.12

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,746,072	2,749,777
Prepaid land lease payments		2,234,943	2,011,580
Goodwill		236,699	236,699
Other intangible assets		624,235	689,148
Investments in joint ventures		166,622	141,655
Investments in associates		185,930	202,464
Available-for-sale investments		2,359	2,359
Deferred tax assets		143,385	115,405
Trade receivables	12	867,692	595,955
Prepayments, deposits and other receivables	13	184,654	4,587
Total non-current assets		<u>7,392,591</u>	<u>6,749,629</u>
<b>CURRENT ASSETS</b>			
Prepaid land lease payments		53,694	47,330
Inventories		2,792,736	2,861,486
Trade and bills receivables	12	9,134,100	7,324,348
Prepayments, deposits and other receivables	13	2,228,517	1,959,649
Amounts due from contract customers	11	4,423,607	3,110,558
Tax recoverable		25,444	14,374
Pledged deposits	14	199,805	163,466
Cash and cash equivalents	14	5,193,729	6,345,708
Total current assets		<u>24,051,632</u>	<u>21,826,919</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	9,512,510	6,985,712
Amounts due to contract customers	11	3,828,005	3,136,332
Other payables, advances from customers and accruals	16	4,547,945	4,416,537
Interest-bearing bank and other borrowings	17	2,750,000	227,626
Provisions for supplementary retirement benefits		71,416	71,916
Tax payable		133,047	144,049
Government grants		15,254	11,694
Total current liabilities		<u>20,858,177</u>	<u>14,993,866</u>
<b>NET CURRENT ASSETS</b>		<u>3,193,455</u>	<u>6,833,053</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,586,046</u>	<u>13,582,682</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Trade payables	15	59,264	75,012
Interest-bearing bank and other borrowings	17	44,148	89,932
Provisions for supplementary retirement benefits		611,742	618,692
Deferred tax liabilities		80,645	88,767
Government grants		123,540	130,379
Provision		127,323	104,601
Total non-current liabilities		<u>1,046,662</u>	<u>1,107,383</u>
Net assets		<u>9,539,384</u>	<u>12,475,299</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		7,000,000	7,000,000
Reserves		1,881,967	4,663,725
		<u>8,881,967</u>	<u>11,663,725</u>
Non-controlling interests		657,417	811,574
Total equity		<u>9,539,384</u>	<u>12,475,299</u>

Director **Zhou Zhiliang**

Director **Yin Gang**

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve*	Special reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2015	7,000,000	422,404	158,600	288,204	3,794,517	11,663,725	811,574	12,475,299
Profit for the period	—	—	—	—	1,134,803	1,134,803	54,551	1,189,354
Other comprehensive loss for the period:								
Re-measurement losses on defined benefit plans, net of tax	—	(5,195)	—	—	—	(5,195)	—	(5,195)
Total comprehensive income/ (loss) for the period	—	(5,195)	—	—	1,134,803	1,129,608	54,551	1,184,159
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	2,352	2,352
Capital contribution from a shareholder	—	37,673	—	—	—	37,673	—	37,673
Acquisition of non-controlling interests	—	2,098	—	—	—	2,098	(54,166)	(52,068)
Special dividends declared	—	—	—	—	(3,951,137)	(3,951,137)	—	(3,951,137)
Dividends declared to non-controlling interests	—	—	—	—	—	—	(156,894)	(156,894)
Transfer to special reserve (note (i))	—	—	76,395	—	(76,395)	—	—	—
Utilisation of special reserve (note (i))	—	—	(56,984)	—	56,984	—	—	—
As at 30 June 2015	<u>7,000,000</u>	<u>456,980</u>	<u>178,011</u>	<u>288,204</u>	<u>958,772</u>	<u>8,881,967</u>	<u>657,417</u>	<u>9,539,384</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve*	Special reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2014	7,000,000	523,129	138,916	187,943	2,131,684	9,981,672	17,212	9,998,884
Profit for the period	—	—	—	—	841,938	841,938	2,719	844,657
Other comprehensive loss for the period:								
Re-measurement losses on defined benefit plans, net of tax	—	(31,610)	—	—	—	(31,610)	—	(31,610)
Total comprehensive income/ (loss) for the period	—	(31,610)	—	—	841,938	810,328	2,719	813,047
Acquisitions of subsidiaries	—	—	—	—	—	—	150,501	150,501
Transfer to special reserve (note (i))	—	—	64,537	—	(64,537)	—	—	—
Utilisation of special reserve (note (i))	—	—	(38,743)	—	38,743	—	—	—
Others	—	(1,016)	—	—	—	(1,016)	—	(1,016)
As at 30 June 2014	<u>7,000,000</u>	<u>490,503</u>	<u>164,710</u>	<u>187,943</u>	<u>2,947,828</u>	<u>10,790,984</u>	<u>170,432</u>	<u>10,961,416</u>

\* As at 30 June 2015, these reserve accounts comprise the consolidated reserves of RMB1,881,967,000 (Unaudited) (30 June 2014: RMB3,790,984,000 (Unaudited)) in the interim condensed consolidated statements of financial position.

## Notes:

- (i) In preparation of the interim condensed consolidated financial statements, China Railway Signals Communication Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") has appropriated certain amounts of retained profits to a special reserve fund for each of the six months ended 30 June 2015 and 2014 respectively, for safety production expense purposes as required by the directives issued by relevant PRC government authorities. The Group charged the safety production expenses to profit or loss when such expenses were incurred, and at the same time the corresponding amounts of special reserve fund were utilised and transferred back to retained profits.





# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of items of property, plant and equipment		(210,564)	(213,659)
Payments for acquisition of prepaid land lease payments		(254,575)	(567,585)
Payments for acquisition of other intangible assets		(6,472)	(22,455)
Additional investment in a joint venture		(20,000)	(33,000)
Proceeds from disposal of items of property, plant and equipment		1,903	13,015
Dividends received from associates and joint ventures		20,435	18,950
Acquisitions of subsidiaries, net of cash acquired		(7,006)	612,968
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months		(6,378)	800,800
Repayment of advances to a non-controlling shareholder		100,000	—
Increase in advances to a joint venture		(180,000)	—
Interest received		15,589	20,602
Net cash flows from/(used in) investing activities		(547,068)	629,636
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans and other borrowings		2,500,000	100,000
Repayment of bank loans and other borrowings		(23,410)	(22,332)
Interest paid		(8,313)	(11,856)
Acquisition of non-controlling interests		(52,068)	—
Dividends paid to shareholders		(3,305,248)	—
Dividends paid to non-controlling shareholders		(43,167)	—
Capital contribution from a shareholder		37,673	—
Capital contribution from a non-controlling shareholder		2,352	—
Net cash flows from/(used in) financing activities		(892,181)	65,812
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		(1,159,502)	1,953,943
Cash and cash equivalents at beginning of the period		5,917,548	3,171,451
Effect of exchange rate changes on cash and cash equivalents		1,145	1,059
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	14	<b>4,759,191</b>	<b>5,126,453</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 1. CORPORATE INFORMATION

China Railway Signal & Communication Corporation Limited was established as a joint stock company with limited liability on 29 December 2010 in the People's Republic of China (the "PRC") as part of the Reorganisation of China Railway Signal & Communication Corporation ("CRSC Corporation Group"). CRSC Corporation Group was the holding company of the subsidiaries now comprising the Group prior to the Reorganisation.

The shares of the Company were listed on the Main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 7 August 2015.

The registered office address of the Company is B 49 Xisihuan Road South, Fengtai District, Beijing, the PRC.

The Group are primarily engaged in rendering of rail transportation control system projects, in the PRC.

In the opinion of the directors of the Company, the Company's holding company is CRSC Corporation Group, which is wholly-owned by the State-owned Assets Supervision and Administration Commission ("SASAC") of the PRC.

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard ("IASs") 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, in connection with the shares of the Company on the Stock Exchange, and should be read in conjunction with the Group's financial information for each of the years ended 31 December 2012, 2013 and 2014, and the three months ended 31 March 2015 included in the accountants' report (the "Accountants' Report") set out in Appendix I to the Company's prospectus (the "Prospectus") dated 28 July 2015.

The interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

### 2.2 Impact of amended International Financial Reporting Standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Accountants' Report.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the interim condensed consolidated financial statements.

IFRS 9	<i>Financial Instruments</i> <sup>2</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
IFRS 14	<i>Regulatory Deferral Accounts</i> <sup>3</sup>
IFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
Amendments to IAS 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
<i>Annual Improvements 2012-2014 Cycles</i>	Amendments to a number of IFRSs <sup>1</sup>

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 3. OPERATING SEGMENT INFORMATION

The Group's revenue and contribution to consolidated results are mainly derived from rendering of rail transportation control system projects, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management (e.g. the president and vice president) for purposes of resource arrangement and performance assessment. Accordingly, no segment analysis is presented other than entity-wide disclosures.

### Geographical information

#### (a) Revenue from external customers

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Mainland China	11,629,052	8,005,960
Other countries	130,603	460,999
	<u>11,759,655</u>	<u>8,466,959</u>

The revenue information above is based on the locations of customers.

#### (a) Non-current assets

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
	Mainland China	<u>6,194,501</u>

All the non-current assets are located in Mainland China. The non-current asset information above excludes deferred tax assets and financial instruments.

### Information about major customers

No revenue from a single customer amounted to 10% or more to the Group's revenue during the six months ended 30 June 2015 and 2014.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents: (1) the net invoiced value of goods sold, after allowance for returns and trade discounts and excludes sales taxes and intra-group transactions; (2) the values of services rendered, and (3) revenue from construction contract.

An analysis of the Group's revenue, other income and gains is as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Design and integration	<b>3,459,642</b>	2,237,263
Equipment manufacturing	<b>3,528,386</b>	3,047,409
System implementation	<b>3,387,611</b>	2,847,611
Others	<b>1,384,016</b>	334,676
	<b>11,759,655</b>	8,466,959
<b>Other income and gains</b>		
Interest income	<b>36,002</b>	28,242
Government grants	<b>46,950</b>	56,263
Gains on disposal of items of property, plant and equipment	<b>109</b>	14,025
Others	<b>6,437</b>	4,760
	<b>89,498</b>	103,290

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 5. FINANCE COSTS

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Interest on bank loans and other borrowings wholly repayable:		
Within five years	7,307	11,489
Above five years	11	11
Interest on discounted bills receivable	977	333
Interest capitalised	—	(3,846)
	<u>8,295</u>	<u>7,987</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cost of sales	8,772,929	6,323,008
Depreciation of items of property, plant and equipment	168,273	140,329
Amortisation of prepaid land lease payments	24,848	16,423
Amortisation of other intangible assets	71,385	15,504
Total depreciation and amortisation	<u>264,506</u>	<u>172,256</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 6. PROFIT BEFORE TAX (Continued)

		Six months ended 30 June	
		2015	2014
Notes		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
	Impairment of trade receivables	29,959	6,149
	Impairment of deposits and other receivables	24,261	1,748
	Impairment/(reversal of impairment) of inventories	19	(14)
	Provision/(reversal) for foreseeable losses on contracts	(2,906)	1,507
	Lease expenses under operating leases of land and buildings	33,115	36,441
	Auditors' remuneration	2,508	786
	Employee benefit expenses (including Directors' and Supervisors' remuneration):		
	Wages, salaries and allowances	924,707	709,702
	Retirement benefit costs:		
	– Defined contribution retirement schemes	180,268	144,833
	– Defined benefit retirement schemes and early retirement costs	23,747	23,436
	Total retirement benefit costs	204,015	168,269
	Welfare and other expenses	287,806	208,468
	Research and development costs	404,773	366,023
	Government grants	(46,950)	(56,263)
	Product warranty provision:		
	Additional provision	39,138	17,128
	Reversal of provision	(979)	(395)
		38,159	16,733
	Interest income	(36,002)	(28,242)
	Write-off of deferred development costs	—	25,376
	Gains on disposal of items of property, plant and equipment	(109)	(14,025)
	Losses on forward commodity purchase contracts	1,903	10,093
	Foreign exchange differences, net	5,862	233



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 7. INCOME TAX EXPENSE

The Company and certain subsidiaries have been accredited as “high and new technology enterprises” and were entitled to a preferential income tax rate of 15% for the six months ended 30 June 2015 and 2014 respectively, in accordance with the PRC Corporate Income Tax Law. Other entities within the Group in Mainland China have been subject to corporate income tax at the statutory rate of 25%.

In 2015, the Company and certain subsidiaries submitted applications to renew the certificates of “high and new technology enterprise” for another three years of 2015, 2016 and 2017. Based on the self-assessments, the Directors consider that the Company and those subsidiaries should be able to obtain the renewal of certificates of “high and new technology enterprise” from relevant authorities and to continuously be entitled to the preferential tax rate of 15% during the years from 2015 to 2017.

In addition, one of the subsidiaries of the Company is entitled to the preferential tax rate of 15% as it operates in the western region in the Mainland China and engages in the industries which are entitled to preferential tax treatment pursuant to the applicable tax laws and regulations.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the six months ended 30 June 2015 and 2014.

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current income tax - Mainland China:		
Charge for the period	<b>277,116</b>	217,420
Underprovision for the prior periods	<b>11,818</b>	6,338
Deferred income tax	<b>(36,102)</b>	(42,481)
Tax charge for the period	<b><u>252,832</u></b>	<u>181,277</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 7. INCOME TAX EXPENSE (Continued)

A reconciliation of the income tax expenses applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the six months ended 30 June 2015 and 2014 is as follows:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit before tax	<u>1,442,186</u>	<u>1,025,934</u>
Income tax charge at the statutory income tax rate of 25%	360,547	256,484
Effect of the preferential income tax rates for some entities	(106,640)	(62,694)
Income not subject to tax	(764)	(240)
Expenses not deductible for tax purposes	14,809	15,705
Tax losses and deductible temporary differences not recognised	5,365	8,567
Utilisation of tax losses and deductible temporary differences not recognised in previous periods	(6,599)	(3,480)
Additional tax deduction for research and development costs	(11,141)	(16,769)
Tax effect of share of profits of joint ventures and associates	(7,955)	(23,301)
Adjustments in respect of current tax of previous periods	11,818	6,338
Others	(6,608)	667
Tax charge for the period at the effective rate	<u>252,832</u>	<u>181,277</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 8. DIVIDENDS

The dividends during the six months period ended 30 June 2015 and 2014 are set out below:

	Note	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Special dividend declared to owners of the parent	(i)	<u>3,951,137</u>	<u>—</u>

- (i) Pursuant to a resolution passed by the shareholders of the Company on 6 February 2015, which was amended and supplemented by the resolution of the shareholders of the Company passed on 21 May 2015, all the shareholders of the Company prior to the completion of the listing of shares of the Company on the mainboard of the Stock Exchange are entitled to a special dividend, which represents an amount equal to the distributable retained profits of the Group attributable to the owners of the Company earned and accrued up to 30 June 2015.

The first part of the special dividend representing the distributable retained profits of the Group attributable to the owners of the Company up to 31 December 2014 (the "First Special Dividend") is the lower of retained profits of the Group attributable to the owners of the Company as at 31 December 2014, after deducting any appropriation to the statutory and discretionary reserve funds, determined in accordance with PRC GAAP and IFRSs. The final amount of the First Special Dividend of RMB3,227.7 million was approved by the shareholders of the Company and paid on 21 May 2015 and 30 June 2015, respectively.

The second part of the special dividend representing the distributable net profits of the Group attributable to the owners of the Company generated in the period from 1 January 2015 to 30 June 2015 (the "Second Special Dividend") is the lower of the distributable net profits of the Group attributable to the owners of the Company during the period from 1 January 2015 to 30 June 2015, after deducting any appropriation to the statutory and discretionary reserve funds, determined in accordance with PRC GAAP and IFRSs. The amount of the Second Special Dividend of RMB723.4 million was estimated by the Company based on the distributable net profits of the Group up to 30 June 2015.

The Company will arrange a special audit of consolidated financial statement of the Company for the six months ended 30 June 2015. The audit is expected to be completed and the Company will pay the Second Special Dividend within six months after the listing of shares of the Company on the mainboard of the Stock Exchange. The final declaration and payment of the Second Special Dividend are subject to the approval of the Board of Directors.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares in issue during the six months period ended 30 June 2015 and 2014.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2015 and 2014.

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Earnings:		
Profit for the year attributable to owners of the parent	<u>1,134,803</u>	<u>841,938</u>

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	<u>7,000,000,000</u>	<u>7,000,000,000</u>

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 30 June 2015, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB166,362,000 (Unaudited) (six months period ended 30 June 2014: RMB195,921,000 (Unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB1,794,000 (Unaudited) (six months period ended 30 June 2014: RMB12,025,000 (Unaudited)) were disposed of which resulted in a net gain on disposal of approximately RMB109,000 (Unaudited) (six months period ended 30 June 2014: RMB14,025,000 (Unaudited)).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 11. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	<b>As at 31 December 2014 RMB'000 (Audited)</b>
Amount due from contract customers	<b>4,423,607</b>	3,110,558
Amount due to contract customers	<b>(3,828,005)</b>	(3,136,332)
	<b><u>595,602</u></b>	<u>(25,774)</u>
	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	<b>As at 31 December 2014 RMB'000 (Audited)</b>
Contract costs incurred plus recognised profits less recognised losses to date	<b>69,009,497</b>	64,999,980
Less: Progress billings received and receivable	<b>(68,413,895)</b>	(65,025,754)
	<b><u>595,602</u></b>	<u>(25,774)</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 12. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period offered by the Group is six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

	Note	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Trade receivables		10,072,168	7,569,475
Provision for impairment		(463,528)	(433,582)
Trade receivables, net		9,608,640	7,135,893
Bills receivable		393,152	784,410
		10,001,792	7,920,303
Portion classified as non-current assets	(i)	(867,692)	(595,955)
Current portion		9,134,100	7,324,348

- (i) The non-current portion of trade receivables mainly represents the amounts of retentions held by customers and other long term receivables from certain construction projects at each of the reporting dates.

The approximate amounts of retentions held by customers for contract works as at the reporting date included in trade receivables are approximately as follows:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Amounts of retentions in trade receivables	520,812	305,545

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 12. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of the Group's trade and bills receivables, based on the billing date and net of provision for impairment of trade receivables, as at the reporting date is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Within 1 year	7,578,076	6,142,789
1 to 2 years	1,360,813	1,295,643
2 to 3 years	842,150	336,235
Over 3 years	220,753	145,636
	<b>10,001,792</b>	<b>7,920,303</b>

The movements in provision for impairment of trade receivables are as follows:

	<b>Six months ended 30 June 2015 RMB'000 (Unaudited)</b>	Year ended 31 December 2014 RMB'000 (Audited)
At beginning of the period/year	433,582	414,778
Impairment losses recognised	61,624	54,059
Acquisitions of subsidiaries	—	11,398
Amounts written off as uncollectible	(13)	(4,715)
Impairment losses reversed	(31,665)	(41,938)
At end of the period/year	<b>463,528</b>	<b>433,582</b>

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of RMB132,098,000 (Unaudited) (31 December 2014: RMB109,298,000) with an aggregate carrying amount before provision of RMB207,121,000 (Unaudited) as at 30 June 2015 (31 December 2014: RMB146,829,000).

The individually impaired trade receivables relate to customers that were in default in principal payments or were in financial difficulties and only a portion of the receivables is expected to be recovered.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 12. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of trade receivables, that are neither individually nor collectively considered to be impaired, is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Neither past due nor impaired	<b>495,635</b>	460,878
Past due but not impaired:		
Less than 6 months past due	<b>46,938</b>	43,159
Over 6 months past due	<b>33,817</b>	42,227
	<b>576,390</b>	546,264

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The amounts due from CRSC Corporation Group, fellow subsidiaries and other related parties included in the trade receivables are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
CRSC Corporation Group	<b>97,297</b>	147,048
Fellow subsidiaries	<b>251</b>	340
Associates	<b>252</b>	1,476
Associates of a fellow subsidiary	<b>18,893</b>	32,458
A Joint venture	—	999
A non-controlling shareholder's affiliates	—	374
Total	<b>116,693</b>	182,695

The above amounts are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to other major customers of the Group.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Deposits and other receivables		1,479,705	1,185,347
Provision for impairment of deposits and other receivables		(40,786)	(16,525)
		<u>1,438,919</u>	<u>1,168,822</u>
Prepayments to suppliers		740,124	650,672
Deductible input VAT		24,428	37,992
Dividend receivables		29,700	6,750
Advance to a non-controlling shareholder		—	100,000
Advance to a joint venture		180,000	—
		<u>2,413,171</u>	<u>1,964,236</u>
Portion classified as non-current assets	(i)	<u>(184,654)</u>	<u>(4,587)</u>
Current portion		<u>2,228,517</u>	<u>1,959,649</u>

- (i) The non-current portion of deposits and other receivables mainly represents performance guarantee amounts held by customers as at the reporting date.

The movements in provision for impairment of deposits and other receivables are as follows:

	Six months ended 30 June 2015 RMB'000 (Unaudited)	Year ended 31 December 2014 RMB'000 (Audited)
At beginning of the period/year	16,525	20,474
Impairment losses recognised	24,288	3,490
Acquisitions of subsidiaries	—	6,706
Disposal of a subsidiary	—	(276)
Impairment losses reversed	(27)	(3,668)
Amount written off as uncollectible	—	(10,201)
	<u>40,786</u>	<u>16,525</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Included in the above provision for impairment of other receivables were provisions for individually impaired other receivables of RMB6,722,000 (Unaudited) (31 December 2014: RMB7,296,000) with an aggregate carrying amounts before provision of RMB8,296,000 (Unaudited) as at 30 June 2015 (31 December 2014: RMB7,486,000).

An ageing analysis of the deposits and other receivables, that are neither individually nor collectively considered to be impaired, is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	<b>As at 31 December 2014 RMB'000 (Audited)</b>
Neither past due nor impaired	<b>1,085,052</b>	733,166
Past due but not impaired:		
Less than 6 months past due	<b>49,138</b>	64,053
Over 6 months past due	<b>65,535</b>	112,807
	<b>1,199,725</b>	910,026

None of the above balances disclosed is impaired, as they related to balances for which there was no recent history of default.

The amounts due from CRSC Corporation Group, fellow subsidiaries, and other related parties included in the prepayments, deposits and other receivables are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	<b>As at 31 December 2014 RMB'000 (Audited)</b>
CRSC Corporation Group	<b>51,810</b>	43,440
Fellow subsidiaries	<b>2,733</b>	2,510
Joint ventures	<b>191,329</b>	5,212
Associates	<b>46,205</b>	2,914
A non-controlling shareholder and its affiliates	<b>16,851</b>	123,693
Total	<b>308,928</b>	177,769

Except for advance to a non-controlling shareholder and a joint venture, the above balances are unsecured, non-interest-bearing and have no fixed terms of settlement. Advance to a non-controlling shareholder of RMB100,000,000 was unsecured, bear interest at a rate 5.4% per annum and was repaid in April 2015. Advance to a joint venture of RMB180,000,000 is unsecured, bear interest at an expected rate range from 6.0% to 8.0% per annum and no fixed terms of settlement.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Cash and bank balances	<b>2,867,983</b>	5,368,738
Time deposits	<b>2,525,551</b>	1,140,436
	<b>5,393,534</b>	6,509,174
Less: Pledged bank balances for bidding and performance guarantees and guarantees for letters of credits	<b>(199,805)</b>	(163,466)
Cash and cash equivalents in the condensed consolidated statements of financial position	<b>5,193,729</b>	6,345,708
Less: Non-pledged time deposits with original maturity of more than three months when acquired	<b>(434,538)</b>	(428,160)
Cash and cash equivalents in the condensed consolidated statements of cash flows	<b>4,759,191</b>	5,917,548
Cash and bank balances and time deposits denominated in		
– RMB	<b>5,296,580</b>	6,366,300
– Other currencies	<b>96,954</b>	142,874
	<b>5,393,534</b>	6,509,174

The RMB is not freely convertible into other currencies. However, under the Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 15. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables, as at the reporting date, based on the invoice date, is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Trade payables	<b>9,289,305</b>	6,683,093
Bills payable	<b>282,469</b>	377,631
	<b>9,571,774</b>	7,060,724
Portion classified as non-current liabilities	<b>(59,264)</b>	(75,012)
Current portion	<b>9,512,510</b>	6,985,712

  

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Within 1 year	<b>8,105,974</b>	5,462,818
1 to 2 years	<b>986,802</b>	1,075,883
2 to 3 years	<b>246,531</b>	209,448
Over 3 years	<b>232,467</b>	312,575
	<b>9,571,774</b>	7,060,724

Trade payables are non-interest-bearing and are normally settled within six to eight months.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 15. TRADE AND BILLS PAYABLES (Continued)

The amounts due to CRSC Corporation Group, fellow subsidiaries and other related parties included in the trade payables are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	<b>As at 31 December 2014 RMB'000 (Audited)</b>
CRSC Corporation Group	2,343	—
Fellow subsidiaries	198,983	188,364
An associate of CRSC Corporation Group	3,677	1,761
Associates	64,500	80,366
Associates of a fellow subsidiary	77,718	77,342
Joint ventures	1,655	2,062
A non-controlling shareholder's affiliates	105,082	75,186
	<b>453,958</b>	<b>425,081</b>

## 16. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	<b>As at 31 December 2014 RMB'000 (Audited)</b>
Advances from customers	2,030,234	2,919,160
Accrued salaries, wages and benefits	467,556	443,862
Other taxes payable	442,818	265,748
Dividends payable to shareholders	837,126	77,510
Payables for acquisition of items of property, plant and equipment	306,489	349,737
Other payables	463,722	360,520
	<b>4,547,945</b>	<b>4,416,537</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 16. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS (Continued)

The amounts due to CRSC Corporation Group, fellow subsidiaries and other related parties, included in other payables, advances from customers and accruals are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
CRSC Corporation Group	741,342	92,411
Fellow subsidiaries	2,287	4,802
An associate	1,061	4,494
An associate of a fellow subsidiary	170	170
A non-controlling shareholder and its affiliates	14,373	7,006
	<b>759,233</b>	<b>108,883</b>

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement.

## 17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2015 (Unaudited)			As at 31 December 2014 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current:						
Bank loans – unsecured	4.34-5.00	2015-2016	2,750,000	6.00-6.65	2015	227,626
Non-current:						
Bank loans – unsecured	6.15-6.90	2016-2017	43,421	6.15-6.65	2016-2017	89,059
Other loans – unsecured	3.30	2020	727	3.30	2020	873
			<b>44,148</b>			<b>89,932</b>
Total			<b>2,794,148</b>			<b>317,558</b>
Interest-bearing bank and other borrowings denominated in:						
– RMB			<b>2,794,148</b>			<b>317,558</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 17. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

The maturity profile of the interest-bearing bank and other borrowings, as at the reporting date is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Bank loans repayable:		
Within one year	2,750,000	227,626
In the second year	43,421	48,138
In the third to fifth years, inclusive	—	40,921
	<b>2,793,421</b>	<b>316,685</b>
Other borrowings repayable:		
In the third to fifth years, inclusive	727	—
Beyond five years	—	873
	<b>727</b>	<b>873</b>
	<b>2,794,148</b>	<b>317,558</b>

Bank and other borrowings bear interests at fixed rates and floating rates as follows:

	<b>As at 30 June 2015 (Unaudited)</b>		As at 31 December 2014 (Audited)	
	<b>Fixed rate RMB'000</b>	<b>Floating rate RMB'000</b>	Fixed rate RMB'000	Floating rate RMB'000
Bank loans:				
Unsecured	200,000	2,593,421	200,000	116,685
Other borrowings:				
Unsecured	—	727	—	873
	<b>200,000</b>	<b>2,594,148</b>	<b>200,000</b>	<b>117,558</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 18. OPERATING LEASE ARRANGEMENTS

### As lessee

As at the reporting date, the Group had the following total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Within one year	31,970	15,309
In the second to fifth years, inclusive	34,201	8,633
After five years	—	148
	<b>66,171</b>	<b>24,090</b>

## 19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Capital expenditure in respect of property, plant and equipment:		
– Contracted, but not provided for	71,313	28,908
– Authorised, but not contracted for	1,081,579	1,085,776
	<b>1,152,892</b>	<b>1,114,684</b>
Acquisition of subsidiaries and a joint venture:		
– Contracted, but not provided for	355,000	—
– Authorised, but not contracted for	—	121,540
	<b>1,507,892</b>	<b>1,236,224</b>



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 20. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties for the six months ended 30 June 2015 and 2014:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Sales of products:</b>		
CRSC Corporation Group	20,124	1,982
Fellow subsidiaries	—	1,504
Associates	20,789	23,903
Associates of a fellow subsidiary	24,073	30,593
Joint ventures	4,624	41,932
	<u>69,610</u>	<u>99,914</u>
<b>Purchase of products:</b>		
Fellow subsidiaries	35,693	36,714
An associate of CRSC Corporation Group	6,893	5,541
Associates	161,658	58,882
Associates of a fellow subsidiary	45,657	38,114
Joint ventures	4,011	72,282
A non-controlling shareholder's affiliates	114,543	—
	<u>368,455</u>	<u>211,533</u>
<b>Services provided to:</b>		
An associate	2,972	1,306
Joint ventures	3,213	3,897
	<u>6,185</u>	<u>5,203</u>
<b>Services provided by:</b>		
Fellow subsidiaries	1,974	1,049
Associates of a fellow subsidiary	348	—
A non-controlling shareholder's affiliates	1,066	—
	<u>3,388</u>	<u>1,049</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 20. RELATED PARTY TRANSACTIONS (Continued)

- (a) The Group had the following material transactions with related parties for the six months ended 30 June 2015 and 2014: (Continued)

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Rental income received or receivable from:</b>		
Associates of a fellow subsidiary	441	466
Joint ventures	616	4,353
	<u>1,057</u>	<u>4,819</u>
<b>Rental expenses paid or payable to:</b>		
Fellow subsidiaries	271	386
<b>Interest expenses paid or payable to:</b>		
A joint venture	—	1,215
<b>Borrowings provided by:</b>		
A joint venture	—	100,000
<b>Borrowings provided to:</b>		
A joint venture	180,000	—
<b>Interest income received or receivable by:</b>		
A non-controlling shareholder	1,550	—

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively “State-owned Enterprises” (“SOEs”). During the six months ended 30 June 2015 and 2014, the Group entered into extensive transactions with other SOEs, such as bank deposits, bank borrowings, the rendering and receiving of design and integration, equipment manufacturing and system implementation services, and purchase and sale of inventory and machinery. In the opinion of the Directors, the transactions with SOEs were activities conducted in the ordinary course of business, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for rendering services and such pricing policies do not depend on whether or not the customers are SOEs.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 20. RELATED PARTY TRANSACTIONS (Continued)

### (b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 12, 13, 15 and 16 of the financial statement.

### (c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Short term employee benefits	2,133	3,430
Pension scheme contributions	361	382
	<u>2,494</u>	<u>3,812</u>

### (d) Commitments with related parties

As at the reporting date, the Group entered into several construction contracts and service contracts with related parties. The material commitments are as follows:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
	<b>Sales of products:</b>	
An associate	32,101	2,642
A joint venture	1,789	—
An associate of a fellow subsidiary	4,649	—
	<u>38,539</u>	<u>2,642</u>
<b>Purchase of products:</b>		
An associate	48,477	21,050
An associate of a fellow subsidiary	7,668	10,480
A non-controlling shareholder's affiliates	138,298	139,781
Fellow subsidiaries	2,845	—
	<u>197,288</u>	<u>171,311</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
<b>Financial assets</b>		
Available-for-sale financial investments:		
Available-for-sale investments	2,359	2,359
Loans and receivables:		
Trade and bills receivables	10,001,792	7,920,303
Financial assets included in prepayments, deposits and other receivables	1,648,619	1,275,572
Pledged deposits	199,805	163,466
Cash and bank balances	5,193,729	6,345,708
	<u>17,046,304</u>	<u>15,707,408</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Interest-bearing bank and other borrowings	2,794,148	317,558
Trade and bills payables	9,571,774	7,060,724
Financial liabilities included in other payables, advances from customers and accruals	1,607,337	787,767
	<u>13,973,259</u>	<u>8,166,049</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values as at the end of the reporting period, are as follows:

	Carrying amount		Fair value	
	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
<b>Financial assets</b>				
Loans and receivables:				
Trade receivables, non-current portion	867,692	595,955	845,461	573,849
Financial assets included in prepayments, deposits and other receivables, non-current portion	184,654	4,587	187,243	4,438
	<b>1,052,346</b>	<b>600,542</b>	<b>1,032,704</b>	<b>578,287</b>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost:				
Interest-bearing bank and other borrowings	2,794,148	317,558	2,783,593	316,324
Trade payables, non-current portion	59,264	75,012	57,937	72,571
	<b>2,853,412</b>	<b>392,570</b>	<b>2,841,530</b>	<b>388,895</b>

Management has assessed that the fair values of cash and bank balances, pledged deposits, the current portion of trade and bills receivables, the current portion of trade and bills payables, the current portion of financial assets included in prepayments, deposits and other receivables and the current portion of financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with senior management twice a year for financial reporting.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of trade receivables, non-current portion of financial assets included in prepayments, deposits and other receivables, non-current portion of trade payables, and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risks for trade and bills payables, and interest-bearing bank and other borrowings as at 31 December 2014 and 30 June 2015 were assessed to be insignificant.

The fair values of unlisted available-for-sale equity investments cannot be measured reliably because they do not have quoted market prices in an active market and the range of reasonable fair value estimates is so significant.

### Fair value hierarchy:

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets for which fair values are disclosed:

30 June 2015

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Trade receivables, non-current portion	—	—	845,461	845,461
Financial assets included in prepayments, deposits and other receivables, non-current portion	—	—	187,243	187,243
	—	—	1,032,704	1,032,704

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

**Fair value hierarchy:** (Continued)

**Assets for which fair values are disclosed:** (Continued)

31 December 2014

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Trade receivables, non-current portion	—	—	573,849	573,849
Financial assets included in prepayments, deposits and other receivables, non-current portion	—	—	4,438	4,438
	—	—	578,287	578,287

**Liabilities for which fair values are disclosed:**

30 June 2015

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Trade payables, non-current portion	—	—	57,937	57,937
Interest-bearing bank and other borrowings	—	2,783,593	—	2,783,593
	—	2,783,593	57,937	2,841,530

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

**Fair value hierarchy:** (Continued)

**Liabilities for which fair values are disclosed:** (Continued)

31 December 2014

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Trade payables, non-current portion	—	—	72,571	72,571
Interest-bearing bank and other borrowings	—	316,324	—	316,324
	—	316,324	72,571	388,895

## 23. EVENTS AFTER THE REPORTING PERIOD

In July and August 2015, the Company issued 1,750,000,000 new H shares to the public at an issue price of HK\$6.30 per share, and the gross proceeds, before expenses, received therefrom was approximately HK\$11,025 million.

## 24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 26 August 2015.



## DEFINITION

“Board” or “Board of Directors”	the board of Directors of the Company
“CAGR”	compound annual growth rate
“CCT Group”	China Chengtong Holdings Group Ltd. (中國誠通控股集團有限公司), a wholly state-owned enterprise with limited liability established in the PRC on January 22, 1998, one of its Shareholders and one of the promoters of the Company
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of the prospectus, Hong Kong, Macau and Taiwan
“CICC Jiacheng”	CICC Jiacheng Investment Management Co., Ltd. (中金佳成投資管理有限公司), a limited liability company established in the PRC on October 26, 2007, one of its Shareholders and one of the promoters of the Company, and wholly owned by the China International Capital Corporation Limited (中國國際金融有限公司)
“Company” or “our Company”	China Railway Signal & Communication Corporation Limited (中國鐵路通信信號股份有限公司), a joint stock limited liability company established in the PRC on December 29, 2010
“connected transaction”	shall have the meaning given to it in the Hong Kong Listing Rules, unless the context otherwise requires
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules, and refers to the controlling shareholder of the Company, being CRSC Corporation Group as of the Latest Practicable Date
“CRHC”	China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司), a wholly state-owned enterprise with limited liability established in the PRC on December 1, 2010, one of its Shareholders and one of the promoters of the Company
“CRSC” or “Group”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require), or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“CRSC CASCO”	Casco Signal Ltd. (卡斯柯信號有限公司), a limited liability company established in the PRC on March 5, 1986 and a direct non-wholly owned subsidiary of the Company. It is owned as to 51% by the Company and as to 49% by ALSTOM IC respectively

## DEFINITION

“CRSC Corporation Group”	China Railway Signal & Communication Corporation (中國鐵路通信信號集團公司), a wholly state-owned enterprise approved to be established by MOR on May 8, 1981 and registered in the PRC on January 7, 1984, its sole Controlling Shareholder and one of the promoters of the Company
“CRSCD”	Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. (北京全路通信信號研究設計院有限公司) (formerly known as Beijing National Railway Research & Design Institute (北京全路通信信號研究設計院)), a limited liability company established in the PRC on November 18, 1994 and a direct wholly-owned subsidiary of the Company
“Director(s)” or “our Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares issued by the Company, with a nominal value of RMB1.00, which are subscribed for or credited as paid in Renminbi
“GDP”	gross domestic product
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards which include standards and interpretations promulgated by the International Accounting Standards Board (IASB)
“Latest Practicable Date”	August 26, 2015, being the latest practicable date for the purposes of ascertaining certain information contained in the interim report
“Listing Date”	August 7, 2015, the date on which the Company’s overseas listed foreign shares (H Shares) are listed on the main board of the Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

## DEFINITION

“R&D”	research and development
“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of the PRC
“Senior Management”	the senior management of the Company
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“SINOMACH”	China National Machinery Industry Corporation (中國機械工業集團有限公司), a wholly state-owned enterprise with limited liability incorporated in the PRC on May 21, 1988, one of its Shareholders and one of the promoters of the Company
“subsidiary”	shall have the meanings given to it in the Hong Kong Listing Rules, unless the context otherwise requires
“substantial shareholder”	shall have the meanings given to it in the Hong Kong Listing Rules, unless the context otherwise requires
“Supervisors”	the supervisors of the Company