中國中鐵股份有限公司

CHINA RAILWAY GROUP LIMITED

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

(Stock Code: 390)

RESULTS ANNOUNCEMENT FOR THE YEAR OF 2014

The board of directors of China Railway Group Limited (the "**Company**" or "**China Railway**") is pleased to announce the annual audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014.

1 CORPORATE INFORMATION

Basic Information

Stock Name:	China Railway (A Share)	China Railway (H Share)
Stock Code:	601390	390
Stock exchange on which shares are listed:	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered address:	918, Block 1, No. 128, South 4th Ring Road West, Fengtai District, Beijing, People's Republic of China	
Postal Code:	100070	
Website:	www.crec.cn	
E-mail:	ir@crec.cn	

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2 SUMMARY OF ACCOUNTING DATA

2.1 Key Accounting Data Prepared under International Financial Reporting Standard ("IFRS")

2.1.1 Summary of consolidated statement of profit or loss

	For the year ended 31 December					Change 2014 vs 2013
	2014	2013	2012	2011	2010	
			RMB million			*(%)*
Revenue						
Infrastructure Construction	**518,022**	456,272	396,906	392,540	416,513	13.5
Survey, Design and Consulting Services	**10,265**	9,180	9,069	8,926	9,279	11.8
Engineering Equipment and Component Manufacturing	**14,519**	13,711	11,464	11,147	12,210	5.9
Property Development	**29,255**	27,566	20,175	17,135	11,945	6.1
Other Businesses	**54,963**	68,958	56,432	42,211	32,535	–20.3
Inter-segment Eliminations and Adjustments	**(36,858)**	(35,293)	(28,421)	(29,743)	(26,320)	
Total	**590,166**	540,394	465,625	442,216	456,162	9.2
Gross Profit	**48,515**	40,340	35,561	32,253	27,143	20.3
Profit before Tax	**16,233**	14,819	11,130	10,086	10,548	9.5
Profit for the Year	**10,676**	10,075	8,069	7,310	8,211	6.0
Profit for the Year attributable to Owners of the Company	**10,262**	9,374	7,390	6,760	7,398	9.5
Basic Earnings per Share (RMB)	**0.482**	0.440	0.347	0.317	0.347	9.5

2.1.2 Summary of consolidated statement of financial position

	As at 31 December					Change 2014 vs 2013
	2014	2013	2012	2011	2010	
			RMB million			*(%)*
Assets						
Current Assets	**545,525**	503,090	434,855	360,099	298,732	8.4
Non-current Assets	**137,353**	124,940	115,806	108,602	92,867	9.9
Total Assets	**682,878**	628,030	550,661	468,701	391,599	8.7
Liabilities						
Current Liabilities	**471,140**	420,242	366,119	305,572	264,980	12.1
Non-current Liabilities	**102,844**	111,158	96,552	82,598	52,501	–7.5
Total Liabilities	**573,984**	531,400	462,671	388,170	317,481	8.0
Total Equity	**108,894**	96,630	87,990	80,531	74,118	12.7
Total Equity and Liabilities	**682,878**	628,030	550,661	468,701	391,599	8.7

2.2 Differences between Chinese Accounting Standard ("CAS") and IFRS

	Net assets as at 31 December 2014	**Profit for the year ended 31 December 2014**
	RMB million	*RMB million*
Amount attributable to the ordinary shareholders of the Company stated in the financial statements prepared in accordance with CAS	98,720	10,360
Adjustments as required by IFRS:		
– Recognition of loss on shares conversion scheme of a subsidiary	(170)	–
Amount attributable to the owners of the Company and holders of perpetual notes stated in the financial statements prepared in accordance with IFRS	98,550	10,360

3 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

3.1 Changes in Share Capital

During the reporting period, there was no change in share capital and shareholding structure of the Company.

3.2 Number of Shareholders and Their Shareholdings

As at the end of the reporting period, the Company had a total of 765,436 shareholders. The total number of shareholders at the end of the fifth day prior to this announcement was 859,594.

3.2.1 Shareholdings of the top ten shareholders

Unit: Shares

No.	Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/ decrease during the reporting period	Number of shares with selling restrictions	Number of pledged or frozen shares: Condition of shares	Number of pledged or frozen shares: Quantity
1	China Railway Engineering Corporation ("**CRECG**")	State-owned	56.1	11,950,010,000	0	0	Nil	0
2	HKSCC Nominees Limited (Note 1)	Other	19.4	4,148,478,205	+5,962,696	0	Nil	0
3	No. 3 Transfer Account of National Council for Social Security Fund	Other	2.2	467,500,000	0	0	Nil	0
4	Hong Kong Securities Clearing Company Limited (Note 2)	Other	0.2	49,686,338	+49,686,338	0	Nil	0
5	CSOP Asset Management Limited – CSOP FTSE China A50 ETF	Other	0.2	44,212,100	+44,212,100	0	Nil	0
6	Bank of China – Harvest SSE-SZSE 300 Tradable Open-ended Index Securities Investment Fund	Other	0.2	37,323,562	+9,735,312	0	Pledged/ frozen	267,300
7	Industrial and Commercial Bank of China Co., Ltd – Huatai Bairui SSE-SZSW 300 Tradable Open-ended Index Securities Investment Fund	Other	0.1	27,766,204	+13,545,239	0	Nil	0
8	Bill & Melinda Gates Foundation Trust	Other	0.1	25,000,090	0	0	Nil	0
9	Industrial and Commercial Bank of China – Invesco Great Wall Selected Blue Chip Equity Securities Investment Fund	Other	0.1	24,000,000	+24,000,000	0	Nil	0
10	Abu Dhabi Investment Authority	Other	0.1	23,364,434	+23,364,434	0	Nil	0
	Statement on the connected relations and concerted actions between the shareholders above:	CRECG, the controlling shareholder, does not have connected relations or perform concerted actions with the above other 9 shareholders. The Company is not aware of any connected relationships or concerted action relationships between the above shareholders.						

Note 1: H shares held by HKSCC Nominees Limited are held on behalf of its various clients.

Note 2: A Shares held by Hong Kong Securities Clearing Company Limited are held on behalf of its various Southbound Investors of the Company.

Note 3: The numbers shown in the table are based on the register of members of the Company as at 31 December 2014.

3.2.2 *Shareholding of the top ten shareholders without selling restrictions*

No.	Name of shareholder	Number of shares held without selling restrictions	Type and quantity of shares: Type	Type and quantity of shares: Quantity
1	CRECG	11,950,010,000	RMB-denominated ordinary shares	11,950,010,000
2	HKSCC Nominees Limited (Note 1)	4,148,478,205	Overseas listed foreign shares	4,148,478,205
3	No. 3 Transfer Account of National Council for Social Security Fund	467,500,000	RMB-denominated ordinary shares	467,500,000
4	Hong Kong Securities Clearing Company Limited (Note 2)	49,686,338	RMB-denominated ordinary shares	49,686,338
5	CSOP Asset Management Limited – CSOP FTSE China A50 ETF	44,212,100	RMB-denominated ordinary shares	44,212,100
6	Bank of China – Harvest SSE-SZSE 300 Tradable Open-ended Index Securities Investment Fund	37,323,562	RMB-denominated ordinary shares	37,323,562
7	Industrial and Commercial Bank of China Co., Ltd – Huatai Bairui SSE-SZSW 300 Tradable Open-ended Index Securities Investment Fund	27,766,204	RMB-denominated ordinary shares	27,766,204
8	Bill & Melinda Gates Foundation Trust	25,000,090	RMB-denominated ordinary shares	25,000,090
9	Industrial and Commercial Bank of China – Invesco Great Wall Selected Blue Chip Equity Securities Investment Fund	24,000,000	RMB-denominated ordinary shares	24,000,000
10	Abu Dhabi Investment Authority	23,364,434	RMB-denominated ordinary shares	23,364,434
	Statement on the connected relations and concerted actions between the shareholders above:	CRECG, the controlling shareholder, does not have connected relations or perform concerted actions with the above other 9 shareholders. The Company is not aware of any connected relationships or concerted action relationships between the above shareholders.		

Note 1: H Shares held by HKSCC Nominees Limited are held on behalf of its various clients.

Note 2: A Shares held by Hong Kong Securities Clearing Company Limited are held on behalf of its various Southbound Investors of the Company.

Note 3: The numbers shown in the table are based on the register of members of the Company as at 31 December 2014.

As of the end of the reporting period, all of the 21,299,900,000 shares of the Company are tradable without selling restrictions.

3.3 Substantial Shareholders and Holders of Interests or Short Positions Required to be Disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 31 December 2014, the Company had been informed by the following persons that they had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"):

Holders of A shares

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

Holders of H shares

Name of substantial shareholders	Capacity	Number of H shares held *(Shares)*	Nature of interest	Approximate percentage of issued H shares *(%)*	Approximate percentage of total issued shares *(%)*
National Council for Social Security Fund of the PRC	Beneficial owner	332,600,000	Long position	7.91	1.56
BlackRock, Inc.	Interest of controlled corporations	331,645,857	Long position	7.88	1.56
		92,000	Short position	0.002	0.0004
Deutsche Bank Aktiengesellschaft	Interest of controlled corporations (Note 1)	229,803,271	Long position	5.46	1.08
		123,424,962	Short position	2.93	0.58
		10,406,000	Lending Pool	0.25	0.05
JPMorgan Chase & Co.	(Note 2)	210,298,004	Long position	4.99	0.99
		7,181,797	Short position	0.17	0.03
		168,451,963	Lending Pool	4.00	0.79
Lehman Brothers Holdings Inc.	Interest of controlled corporations	210,186,560	Long position	5.00	0.99
		94,560,550	Short position	2.25	0.44

Notes:

1. According to the Corporate Substantial Shareholder Notice filed by Deutsche Bank Aktiengesellschaft with the The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") dated 13 January 2014, the interests held by Deutsche Bank Aktiengesellschaft were held in the following capacities:

Capacity	Number of H Shares (Long position)	Number of H Shares (Short position)
Beneficial owner	139,171,310	123,424,962
Person having a security interest in shares	17,515,361	–
Interest of controlled corporations	54,042,600	–
Custodian corporation	10,406,000	–
Others	8,688,000	–

2. *According to the Corporate Substantial Shareholder Notice filed by JPMorgan Chase & Co. with the Hong Kong Stock Exchange dated 27 October 2014, the interests held by JPMorgan Chase & Co. were held in the following capacities:*

Capacity	Number of H Shares (Long position)	Number of H Shares (Short position)
Beneficial owner	24,946,455	7,955,296
Investment manager	2,017,000	–
Custodian corporation	179,738,722	–

3. *The interests or short positions include the underlying shares as follows:*

	Long Position				Short Position			
Name of substantial shareholders	Listed equity derivative payment in kind	Listed equity derivatives settled in cash	Non-listed equity derivatives payment in kind	Non-listed equity derivatives settled in cash	Listed equity derivatives payment in kind	Listed equity derivatives settled in cash	Non-listed equity derivatives payment in kind	Non-listed equity derivatives settled in cash
Black Rock, Inc.	–	–	–	4,710,000	–	–	–	–
Deutsche Bank Aktiengesellschaft	–	–	–	17,624,000	–	–	–	10,166,000
JPMorgan Chase & Co.	130,000	–	355	4,396,831	31,000	–	255,404	7,668,892
Lehman Brothers Holdings Inc.	–	–	10,000,000	–	–	–	60,000	–

Apart from the foregoing, as at 31 December 2014, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest of or any short position in the issued share capital of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

3.4 Information on Controlling Shareholder and the Ultimate Controller

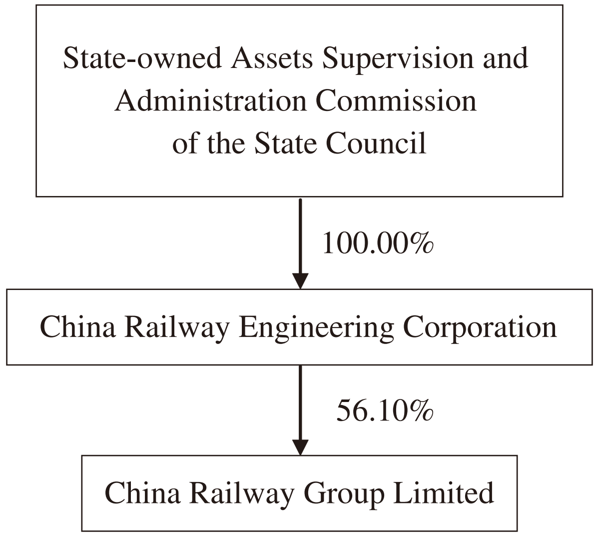
3.4.1 Details of controlling shareholder

Name of controlling shareholder:	China Railway Engineering Corporation
Legal representative:	LI Changjin
Date of establishment:	7 March 1990
Organization code:	10201654-8
Registered capital:	RMB11,405,415,000
Principal business:	Construction works, related engineering technological research, survey, design, services, manufacturing of specialized equipment and development and operation of real estate.
Future development strategy:	CRECG will conscientiously perform its obligations as an investor, and complete various tasks including equity management and asset management.
Details of controlling interests and investments in other domestic and foreign-listed companies during the reporting period:	Nil

3.4.2 Details of ultimate controller

Ultimate controller – State-owned Assets Supervision and Administration Commission of the State Council, which is the ministry level institution directly under the State Council, and was set up in accordance with the Institutional Reform Plan of the State Council and the Notice of the State Council on Establishment of Institutions passed at the First Session of the 10th National People's Congress. The State-owned Assets Supervision and Administration Commission is authorised by the State Council to perform its duties as an investor on behalf of the State. The scope of supervision of the State-owned Assets Supervision and Administration Commission extends to the state-owned assets of central government owned enterprises (excluding financial enterprises). Currently, the State-owned Assets Supervision and Administration Commission is holding 100% of the shares of CRECG.

3.4.3 The interests and controlling relationships between the Company and the ultimate controller



4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Review and Outlook

The Group has committed unyielding efforts to forge ahead through the hardships it faced last year. In 2014, the Group made remarkable achievements driven by the ever-challenging tasks of reform and development by focusing more energy and working at a most intense pace. Looking back at the year 2014, with a grave sense of responsibility and mission, we actively confronted the complicated and ever-changing domestic and global economic situations, standardized our corporate governance, ensured that our operations abide by all relevant laws, deepened reforms, and remained innovation-driven. Corporate governance was restructured to become more highly effective, we enhanced our ability to manage and control our operations, expedite the integration of assets and financing, and constantly made innovations in our modes of business. We have accomplished all these major tasks in production and operations. Our key economic indicators once again suggest that we have achieved historical highs, and have written a new and colorful chapter in our history, with the Company ranking 86th among the top 500 companies in the world by “Fortune” in 2014.

We reap what we sow. In retrospect, 2014 made us particularly proud. For the past year, we firmly grasped opportunities arising from strategic objectives that included the infrastructure construction targets and the central government's implementation of the "One Belt and One Road" policy. We actively sought development by deepening reforms, and promoting industry transformation and upgrade. We also enhanced our efficiency through scientific innovation and detailed management. The synergistic development of construction and production, survey and design, research and development of technology, manufacture of equipment, development of real estates, licensed operations, and finance operations of the Company were implemented in an orderly fashion. A series of significant and challenging construction projects featuring advanced design concepts, complicated structures and forms, complex technology and high levels of difficulty in construction, were completed as scheduled, demonstrating our leading position in the industry. We are sincerely thankful for the recognition from all sectors of society, the considerable support and assistance from all of the Company's shareholders, as well as the dedication and commitment of our staff. In particular, Party and State leaders such as Xi Jinping and Li Keqiang, who paid multiple visits to China Railway Group, expressed their trust in the Group. Their endorsement provides the utmost encouragement and motivation to us in our future development.

With the courage to leap, we begin a new chapter; with the pursuit for excellence, we made remarkable achievements. This year, which marks the final year of the "12th Five-Year Plan", the new session of board of directors, supervisory committee and management of the Company will maintain its unshakable confidence in deepening reforms and engaging in scientific development, aims to become a stronger world-class company. We will capitalize on the deepening of reforms to grasp valuable opportunities for development. In order to realize our strategic goals, we will follow the guidelines of "understanding the new normal, adjusting to the new normal and developing under the new normal", engage in the strategic deployment of "big four segments" and "three pillars", and focus on the principles of "seizing opportunities while sustaining growth, deepening reforms while accelerating transformation, strengthening management while enhancing efficiency and controlling risks while maintaining stability". In addition, we will continue to work hard to achieve further development and better results so as to serve society, repay our shareholders and care for our employees.

4.2 Business Overview

The Group is one of the largest multi-functional integrated construction groups both in the PRC and Asia, which enables us to offer a full range of construction, design and industrial products related services to our customers. The Group holds a leading position in fields such as infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing both in the PRC and Asia. Leveraging on our traditional platform in infrastructure construction, the Group further integrated and expanded into other businesses such as property development and mining development in order to increase our profitability.

4.2.1 Industry Development Overview

(1) Infrastructure Construction

In 2014, the State pushed forward the policies on an inter-connected network of infrastructural facilities, “One Belt and One Road”, Beijing and Tianjin regions coordinated development and Yangtze River Economic Belt, continuously improved efficiency and quality of foreign investment and promoted the international development of priority industries. Meanwhile, the State stepped up its efforts in the construction of key projects, and implemented and moved forward the overall planning for a number of key projects in respect of railway in mid-west, urban infrastructure, general aviation airports, water conservancy projects and environment protection in the central and western regions.

In 2014, the State sustained more efforts in fixed asset investment, the investment in railways, highways and waterways for the whole year was approximately RMB2,500 billion, of which the fixed asset investment in railway was RMB808.8 billion, representing a year-on-year increase of 21.8%, new railway operating mileage was 8,427 kilometers. Highway maintained its good momentum with new highway mileage of 93,800 kilometers for the whole year, 7,450 kilometers of which was for expressway. The State continued to promote urbanization construction through overall enhancement in urban infrastructure construction, in particular the construction of high-capacity public transport such as subway and light rail, which contributed to 409 kilometers for new urban rail transit lines for the whole year.

(2) Survey, Design and Consulting Services Business

The increase of China’s infrastructure construction investment in 2014 also contributed to the development of survey, design and consulting services industry, which remains in strong developing momentum.

(3) Engineering Equipment and Component Manufacturing Business

The added value of large-scale industries recorded a year-on-year increase of 8.3% in 2014, among which added values of railway, ship, aircraft, aerospace and other transportation equipment manufacturers increased by 12.7% (2013: 4.8%).

(4) Property Development Business

China's investment in property development was RMB9,503.6 billion in 2014, representing a year-on-year nominal increase of 10.5% (actual increase of 9.9%, net of price factor), and a decrease in growth of 9.3 percentage points as compared with 2013, among which investment in residential buildings was RMB6,435.2 billion, representing a year-on-year increase of 9.2%; the sales area of commodity housing was 1,206.49 million square meters, representing a year-on-year decrease of 7.6%, and the sales of commodity housing was RMB7,629.2 billion, representing a year-on-year decrease of 6.3%.

4.2.2 Business Development Overview

In 2014, the management of the Group embraced the opportunity to expand and firmly followed the core notion of "emphasising reforms while changing the mechanism, strengthening management while enhancing efficiency, making refinements to facilitate the implementation, and controlling risks while maintaining stability". With great determination and strong initiatives, the Group conducted an in-depth reform on 16 projects and 60 tasks in full swing, speeded up systematic innovation and mechanism transformation, proactively changed operation philosophy, created a new operating model, increased the quality of its operations, and exercised stringent control on operational risk, thereby pushing forward the harmonious development of three principle businesses, being domestic operation, international operation and industrial investment. Furthermore, the Group achieved an ongoing management improvement due to its full focus on refined project management and increased efforts in the development and reform of its operating personnel, and experienced a new round of internal reorganization to further optimize the resource allocation. The Group outperformed in respect of every operating indicator for the full year through its strengthened efforts in the integration of different segments with the financial sector, and innovated business operating mode, which drove up its market competitiveness.

The following table sets out the details of new contracts entered into by the Group in 2014:

Unit: '00,000,000 Currency: RMB

Business Segment Category	**2014**	2013	Year-on-year Change
Infrastructure construction business	**7,082.1**	7,312.7	–3.2%
– railway	**2,488.8**	2,169.0	14.7%
– highway	**947.2**	1,078.0	–12.1%
– municipal works and others	**3,646.2**	4,065.7	–10.3%
Survey, design and consulting services business	**134.2**	135.3	–0.8%
Engineering equipment and component manufacturing business	**226.9**	185.7	22.2%
Property development business	**317.9**	321.3	–1.1%
Other business	**1,585.0**	1,341.5	18.2%
Total	**9,346.1**	9,296.5	0.5%

In 2014, the Group's new contract value basically maintained at the same level as that of last year. At the same time as capturing the opportunities from infrastructure market firmly, the Group no longer simply pursued for the overall scale of new contracts but placed more emphasis on the quality of new contracts. This helped the Group maintain its development in a healthier and more efficient way. Meanwhile, the Group strengthened its market shares in such fields as railways, highways and urban rail in an active manner, and further extended its reach into the markets in respect of water and electricity, airports, waterways and eco-environment protection with a view to achieving regional operations and increasing its market shares.

As at 31 December 2014, the Group's contract backlog was abundant, amounting to RMB1,801.02 billion, representing a year-on-year increase of 5%, among which infrastructure construction business was RMB1,450.78 billion, representing a year-on-year growth of 4.7%; survey, design and consulting services business was RMB21.69 billion, representing a year-on-year increase of 3.4%; engineering equipment and component manufacturing business was RMB20.77 billion, representing a year-on-year growth of 7.2%.

(1) Infrastructure Construction Business

The revenue of infrastructure construction business of the Group was RMB518.022 billion in 2014, representing a year-on-year growth of 13.5%. The value of new contracts amounted to RMB708.21 billion, representing a year-on-year decrease of 3.2%. As of 31 December 2014, the Group's contract backlog of infrastructure construction business was RMB1,450.78 billion, representing a year-on-year increase of 4.7%.

(i) Railway Construction

The value of new contracts of railway construction of the Group amounted to RMB248.88 billion in 2014, representing a year-on-year growth of 14.7%. The market shares of tier-one railway market reached 46%. As at 31 December 2014, the Group's contract backlog of railway construction was RMB530.29 billion. The Group completed track laying of 4,876 kilometers of main railway line (new tracks and double tracks) and 5,961 kilometers of the main line of the electrified railway network in total. A number of key railway projects such as Lanzhou-Xinjiang high speed railway, Guiyang-Guangzhou high speed railway, Nanning-Guangzhou high speed railway and Hangzhou-Changsha high speed railway completed and commissioned, making great contribution to the railway development of our country.

(ii) Highway Construction

The value of new contracts of highway construction of the Group amounted to RMB94.72 billion in 2014, representing a year-on-year decrease of 12.1%. As at 31 December 2014, the Group's contract backlog of highway construction was RMB202.88 billion. The Group completed 1,083 kilometers of highway construction in total, of which 703 kilometers was construction of expressway, representing approximately 10% of national completed expressway mileage. A number of highways, such as Guazhou-Dunhuang freeway, Shanghai-Chengdu freeway, Sichuan Suining-Ziyang-Meishan freeway commissioned successively. Hongtushan tunnel, the controlling project of Yushu-Qumalai highway, line S308 in Qinghai Province completed successfully, and Wuhan Yingwuzhou Yangtze River Bridge undertaken by the Group completed and commissioned.

(iii) Municipal Works and Other Construction

The value of new contracts of municipal works and other construction of the Group amounted to RMB364.62 billion in 2014, representing a year-on-year decrease of 10.3%, among which the value of new contracts for urban rail construction amounted to RMB129.24 billion, representing a year-on-year growth of 13.8% and a market share of approximately 50%. As at 31 December 2014, the Group's contract backlog of municipal works and other construction reached RMB717.61 billion, among which the contract backlog for urban rail construction amounted to RMB227.95 billion. In 2014, the Group involved in the construction of urban light rail and metro lines, among which civil engineering and laying works accounted for 181 kilometers and 201 kilometers respectively. A number of key and difficult projects, such as Beijing Metro, Shenzhen Metro, Zhengzhou Metro, Chengdu Metro and Shijiazhuang Metro constructed by the Group were in smooth progress.

(2) Survey, Design and Consulting Services Business

In 2014, the revenue of survey, design and consulting services business of the Group was RMB10.265 billion, representing a year-on-year increase of 11.8%; the value of new contracts amounted to RMB13.42 billion, substantially the same as last year. As of 31 December 2014, the Group's contract backlog of survey, design and consulting services business was RMB21.69 billion. In 2014, the Group organized and completed 86 pre-planning and the pre-feasibility studies for railway projects such as "13th Five-Year Plan"of railways in Southwest Region, creating favorable conditions for the future implementation of such projects. The Group obtained a major scientific and technical project from China Railway Corporation, which the research on key technologies applied in the construction of Sichuan-Tibet Railway and implemented the mode of "through-train technology and innovation" for major projects such as Chengdu-Lanzhou Railway and Sichuan-Tibet Railway. A series of trial specialized researches were carried out in respect of key technologies such as the "integrated survey technology for railway projects in alpine-cold depopulated zone", high ground stress and soft rock deformation. The Group also participated in the survey and design for a number of projects including Chongqing-Guang'an Section of Beijing-Kunming Expressway Double Track and Duwen Jialing River Bridge of Nanchong etc. Feasibility study with regard to the extended line of Phase I of Changchun Rail Line 3 as well as consultation and valuation for projects such as the review of the construction drawing of the capacity expansion revamping project of Nanping-Longyan Railway was conducted.

(3) Engineering Equipment and Component Manufacturing Business

In 2014, the Group's revenue on engineering equipment and component manufacturing business was RMB14.519 billion, representing a year-on-year increase of 5.9%; the value of new contracts amounted to RMB22.69 billion, representing a year-on-year increase of 22.2%. As at 31 December 2014, the Group's contract backlog of engineering equipment and component manufacturing business was RMB20.77 billion. The respective market share of large bridge steel structures and passenger railway and high-speed turnouts was more than 70%. As the country's largest and the world's second largest shield developer and manufacturer, the Group greatly improved its production and operation capacity in shields, and equipped itself with an annual production capacity of 60 units of shields. 43 units of shields were sold and 35 were manufactured in 2014. Meanwhile, while continuing to consolidate the existing domestic shield market, the Group stepped further into the international market, selling its shield products to countries such as Malaysia and Singapore.

(4) Property Development Business

In 2014, the Group not only proactively responded to the early adjustment of restrictive policies on real estate purchase and loans, integrated development resources, but also slowed down pace of investment, accelerated construction progress and enhanced sales and marketing efforts. The completed gross floor area for the year was 3.19 million square meters, representing a year-on-year decrease of 8.9%. Sales amounted to RMB26.8 billion, representing a year-on-year decrease of 19.3% while sales area was 2.75 million square meters, representing a year-on-year decrease of 25.1%. RMB29.255 billion of revenue was realized, representing a year-on-year growth of 6.1%. Despite the fact that the real estate market was experiencing a downward trend throughout the country in general, Beijing Nobel Center Phase II, Guangzhou Panyu Nobel Mingdu, Shenzhen Bantian China Railway Nobel, Wuhan Bairuijing Central Business District, Shanghai Qingpu China Railway Yidu, Tianjin Nobel Center achieved satisfactory sales results. As at 31 December 2014, the Group had a total of 126 property development projects. The project area under development of the Group amounted to 25.68 million square meters with a gross floor area of 47.92 million square meters. Land reserve area and gross floor area available for development was 13.29 million square meters and 20.73 million square meters respectively.

(5) Other Businesses

In 2014, the Group's other businesses realized revenue of RMB54.963 billion, representing a year-on-year decrease of 20.3%. Affected by a continuing decline in global commodity prices and demand for energy, mining development faced great challenges. Nevertheless, mining development projects such as MKM Copper-Cobalt Mine, Luishia Copper-Cobalt Mine and Cobalt-Salt Mine in Congo successively entered a better operational state. The overall operation of expressway projects remained satisfactory with continuous increase in revenue. The revenue scale of merchandise trading business decreased as a result of business focus on purchase of commodities for the Group. Type and scale of trust-related products issued increased continuously in view of rapid development in financial business and increasing market demands. The newly established finance company operated smoothly.

4.2.3 Technology Research Development and Technological Achievements

In 2014, the Group actively implemented the technology development planning stated in "12th Five-Year Plan". Extensive use of new technologies, new processes, new materials and new equipment played an important role in the Group's business development and the overall improvement of project and product quality. The strategy of development through technology substantially increased the Group's technology innovation capability. In 2014, 957 new research projects were developed by the Group, with support from national funds amounting to RMB28.52 million.

In 2014, the operation and management of the Group's National Engineering Laboratory of High Speed Railway Construction, National Key Laboratory of Shield Tunneling and Drilling Technology, Postdoctoral Work Stations, Corporate Technology Center, BIM Technology Application, Research and Development Center and professional research and development centers of bridges, tunnels, electrification, advanced engineering materials and inspection technology, railways and construction equipment ran smoothly. 578 scientific and technological achievements passed the appraisal, assessment, or acceptance test. New intelligent control technology in train braking response of long-span floating railway cable-stayed bridge was awarded National Technological Invention Prize. 2 scientific achievements, namely, package technology and application for safety risk control of metro construction and upgraded projects of China Railway innovative system, were rewarded National Advanced Science and Technology Prizes. The Group won 283 Provincial Advanced Science and Technology Prizes, including nationally recognized awards organized by the masses, 49 Provincial Surveying and Design Awards, 11 Provincial Consulting Achievement Awards. The Group was granted 904 patents, 197 of which were invention patents and the valid patents ranked first among the front runners among the construction enterprises in China. 39 National-level Engineering Methods and 238 Provincial-level Engineering Methods were obtained. The Group also participated in the preparation of 10 national technical standards and 87 industrial technical standards.

4.2.4 Prospects

The country coordinated and implemented the strategies of "4 developing regions" and "3 supporting belts", which provided new growth and development opportunities for the infrastructure market. In terms of railway construction, the investment in 2015 will stay over RMB800 billion, with newly operated mileage over 8,000 kilometers. The continuously intensified revolution of the investment and financing system gradually perfects the financing platform for railway development funds. At the same time, the Going Out Strategy of China's High Speed Railway provides new opportunities for the Group's expansion in international market. With regard to highway construction, the country will push forward the implementation of National Highway Network Planning, placing emphasis on the actual construction of national highway network with the guidance of investment policy. Meanwhile, more efforts will be put in the reconstruction of national and provincial highways to speed up the construction of roads with dead end and overly narrow width. As for city infrastructure, New Urbanization Plan (2014-2020) issued by the country clearly states that importance should be attached to pressing onward new urbanization construction, enhancing comprehensive transportation network support, reconstructing and upgrading the function of urban center, improving urban basic public service, enhancing the construction of municipal utilities and public services, continuing with the construction of large-capacity public transportation system like metro, light rail etc. with scientific and orderly steps, raising the integration level of the comprehensive transportation of city clusters. Meanwhile, with the integration of infrastructures and the emergence of numerous investment opportunities for new technologies, new products, new industrial states and new commercial patterns, the country's investment and financing system of key innovation areas encourages investment from all circles of the society. Guidelines on how to practice Public – Private – Partnership (PPP), as well as many investment projects which encouraged participation from private funds had been introduced to promote the key role of the investment. The aforesaid indicates a positive prospect for infrastructure in 2015, which has created favorable policy environment and business opportunities for the Group's future development.

On the other hand, during the development process, as downward pressure on economy is mounting in the PRC, more and more fundamental conflicts are protruding, and the conflict resulting from excess capacity is ever-increasing. As in-depth adjustment in real estate market and mining market continues, the supply-and-demand conflict is increasing severe due to high inventory and low sales-through rate in real estate market. Though many local governments hold back their active regulation and control over the real estate market, followed by a series of policies in relation to cancelling purchase restrictions and encouraging purchase, conflict between supply and demand and a lack of confidence for house buyers still exist. Meanwhile, the country intensifies its efforts to clear the financing platform of local governments, hitting the development of some leading businesses such as enterprise infrastructure investment and real estate to a certain extent. Moreover, the policy regarding the replacement of business tax with value-added tax for construction industry is about to take effect. All the above mentioned conditions expose the development of enterprises to more difficult challenges.

Generally, the future development of construction market remains substantially the same. The Group is still experiencing a significant period in terms of strategies and opportunities. Therefore, we are confident and determined in the promotion of sustainable development of the Company.

4.2.5 Operation Plan

In 2015, the Group plans to achieve total revenue of approximately RMB590.0 billion, costs of operation of approximately RMB525.6 billion, aggregate of selling, administrative and finance expenses of approximately RMB30.0 billion. It is estimated that the amount of new contracts to be entered into will be approximately RMB750.0 billion. The Group will promptly adjust its operation plan to suit market conditions and to reflect the actual implementation of the plan.

In 2015, the Group's estimated that the total fund for investment will be RMB81.5 billion, of which RMB10.1 billion is for capital expenditure, RMB57.1 billion is for industrial investment and RMB14.3 billion is for financial and equity investment. Hence, the Group will strengthen the fund centralization effort to increase the efficiency and effectiveness of the use of operating fund. Meanwhile, the Group will continue to promote the work on recovery of accounts receivables and inventory that RMB55.0 billion is expected to be recovered and effectively solved part of the funding requirement. Hence, the amount of new fund required for the year will be approximately RMB26.5 billion.

In 2015, in order to ensure the continuous and healthy development of the Group's business and investment projects, the Group will adopt several measures for fund raising. First is continuous effort on recoverability of trade receivables to ensure continuous net cash inflow from operations. Second is active exploration of equity raising from the capital market. In particular, the Group intended to raise equity fund through non-public issuance of new A shares to not more than 10 target investors. Such proposal was approved by the seventh meeting of the third session of the board of directors of the Company on 10 January 2015 with approval from SASAC on non-public issuance of new A shares of the Company obtained on 3 March 2015. Relating works on equity refinancing is progressing steadily. In addition, the Company will choose the right timing to issue the remaining quota of perpetual medium-term note within the registered validity period as well as active exploration on other equity financing options. Third is active exploration of domestic and overseas debt financing channels such as direct or indirect financing through borrowings from financial institutions and issuance of domestic or overseas bonds. Currently, the Group has sufficient unutilized credit facilities that there is room for development for various types of low-cost debentures, including short-term financing bills, private bonds, company bonds and overseas bonds. Fourth is issuance of sector funds and asset-backed securities to raise funds for project investment.

4.3 Financial Performance Overview

In the year of 2014, the Group achieved revenue of RMB590.166 billion, representing a year-on-year increase of 9.2%. Net profit for the year increased by 6.0% year-on-year to RMB10.676 billion while profit for the year attributable to owners of the Company increased by 9.5% year-on-year to RMB10.262 billion.

4.4 Consolidated Results of Operations

Revenue

The Group is mainly engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses. The Group's total revenue increased year-on-year by 9.2% to RMB590.166 billion for 2014, which was attributable to the promising growth of railway, highway, building construction and urban rail businesses.

Cost of sales and gross profit

The Group's cost of sales primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel), employee compensation and benefits and depreciation and amortization expenses. In 2014, the Group's cost of sales recorded a year-on-year increase of 8.3% to RMB541.651 billion while gross profit of the Group increased year-on-year by 20.3% to RMB48.515 billion. The overall gross profit margin for 2014 was 8.2%, an increase of 0.7 percentage point from 7.5% for 2013. It was mainly due to (1) the promising growth of urban rail business which has relatively higher gross profit margin and (2) the decrease in construction cost as a result of the decrease in price of raw materials.

Other income

The Group's other income primarily consists of profits from sundry operations supplemental to our principal revenue-generating activities, such as sales of materials, dividend income, relocation compensation and subsidies from government, and other income. In 2014, the Group's other income was RMB2.220 billion, decreased by 12.4% from RMB2.533 billion of last year. The decrease of other income was primarily due to the decrease in relocation compensation and revenue from sales of materials.

Other expenses

The Group's other expenses primarily includes expenditures on research and development. In 2014, other expenses increased by 14.0% from RMB8.516 billion of last year to RMB9.710 billion, mainly due to the fact that the Group further improved its technological self-development and innovation capabilities and enhanced energy saving and emission reduction efforts.

Other gains and losses

The Group's other gains and losses mainly include impairment loss on trade and other receivables, foreign exchange gains/losses, increase/decrease in the fair value of available-for-sale financial assets, gains/losses on disposal of fixed assets and subsidiaries. The other losses of RMB1.247 billion in 2014 (2013: other gains of RMB0.843 billion) primarily included impairment loss on trade and other receivables of RMB2.456 billion and net foreign exchange gain of RMB1.450 billion.

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. In 2014, the Group's selling and marketing expenses amounted to RMB2.334 billion, representing a year-on-year increase of 0.3%. The selling and marketing expenses as a percentage of the total revenue for 2014 was 0.4%, same as that for 2013.

Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortization of its assets related to administration. In 2014, the Group's administrative expenses increased year-on-year by 19.5% to RMB17.195 billion. Administrative expenses as a percentage of revenue for 2014 was 2.9%, remained at a similar level to 2.7% for 2013.

Interest income

In 2014, the interest income was RMB2.516 billion, representing a decrease of 3.3% from 2013.

Interest expenses

In 2014, the interest expenses was RMB6.791 billion, representing an increase of 6.7% from 2013.

Profit before tax

As a result of the foregoing factors, the profit before tax for 2014 increased by RMB1.414 billion, or 9.5% to RMB16.233 billion from RMB14.819 billion for 2013.

Income tax expense

In 2014, the income tax expense increased year-on-year by 17.1% to RMB5.557 billion. By excluding the impact of land appreciation tax, the effective income tax rate of the Group increased from 23.2% for 2013 to 28.6% for 2014, mainly because some subsidiaries of the Company sustained losses, certain of which are expected to be non-recoverable, and impairment losses on assets made by certain enterprises are not deductible against income tax expense.

Profit for the year attributable to owners of the Company

As a result of the foregoing factors, profit for the year attributable to owners of the Company for 2014 increased by 9.5% to RMB10.262 billion from RMB9.374 billion for 2013.

Profit for the year attributable to holders of perpetual notes

On 1 July 2014, the Company issued the first tranche of perpetual notes with a total principal amount of RMB3 billion. The perpetual notes are recognised as an equity in the consolidated statement of financial position and its coupon rate for the first five years is 6.5% per annum. In 2014, profit for the year attributable to holders of perpetual notes of RMB98 million represents the interest for the period from 1 July 2014 to 31 December 2014.

4.5 Segment Results

The revenue and results of each segment of the Group's business for the year ended 31 December 2014 are set forth in the table below.

Business Segment	Segment Revenue	Growth Rate	Profit Before Tax	Growth Rate	Profit Before Tax Margin[1]	Segment Revenue as a Percentage of Total	Profit Before Tax as a Percentage of Total
	RMB million	*(%)*	*RMB million*	*(%)*	*(%)*	*(%)*	*(%)*
Infrastructure Construction	518,022	13.5	11,642	51.5	2.2	82.6	64.7
Survey, Design and Consulting Services	10,265	11.8	1,018	7.7	9.9	1.6	5.7
Engineering Equipment and Component Manufacturing	14,519	5.9	1,089	35.6	7.5	2.3	6.0
Property Development	29,255	6.1	4,373	10.3	14.9	4.7	24.3
Other Businesses	54,963	(20.3)	(121)	(105.9)	(0.2)	8.8	(0.7)
Inter-segment Elimination and Adjustments	(36,858)		(1,768)				
Total	**590,166**	**9.2**	**16,233**	**9.5**	**2.8**	**100.0**	**100.0**

[1] *Profit before tax margin is the profit before tax divided by the segment revenue.*

Infrastructure construction business

Revenue from the operation of the Group's infrastructure construction business is mainly derived from railway, highway and municipal works construction. Revenue from the operation of the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In 2014, the revenue from the infrastructure construction business accounted for 82.6% of the total revenue of the Group (2013: 79.2%). In 2014, segment revenue from the Group's infrastructure construction business increased by 13.5% year-on-year to RMB518.022 billion. It was mainly due to the smooth progress of the Group's railway projects under construction and the significant growth in highways and urban rail businesses in 2014. Profit before tax margin of the infrastructure construction segment for 2014 was 2.2%, representing an increase from 1.7% of last year. It was mainly due to (1) the promising growth of urban rail business which has relatively higher gross profit margin and (2) the decrease in construction cost as a result of the decrease in price of raw materials.

Survey, design and consulting services business

Revenue from the operation of the survey, design and consulting services business primarily derives from providing a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services on infrastructure construction projects, including integrated "one-stop" solutions as well as specialized services in the areas of railway electrification, bridge, tunnel and machinery design. In 2014, segment revenue of survey, design and consulting services business increased year-on-year by 11.8% to RMB10.265 billion. The profit before tax margin for the segment for 2014 was 9.9%, representing a decrease from 10.3% for 2013. It was mainly due to (1) the increase in labour cost and expenses resulting from increase in design-driven construction contracts and (2) increase in outsourcing expenditure as a result of the growth in the Group's design business.

Engineering equipment and component manufacturing business

Revenue from the operation of the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway-related equipment, bridge steel structures and engineering machinery. In 2014, due to the increase in sale of turnouts and shields, segment revenue of the engineering equipment and component manufacturing business of the Group increased by 5.9% year-on-year to RMB14.519 billion. Profit before tax margin was 7.5% for 2014, representing an increase from 5.9% for 2013. The increase in profit before tax margin was mainly due to (1) increase in sale of shields and turnouts which have higher gross profit margin and (2) decrease in production cost of shields attributable to the increase in use of domestic key parts.

Property development business

Revenue from the Group's property development business primarily derives from the development, sale and management of a wide range of residential properties targeting middle and upper-middle income purchasers and commercial properties in the PRC. In 2014, the Group actively responded to the downturn of the national property market by optimizing its construction and sales plan of property development projects in order to accelerate sales. Revenue from property development business increased year-on-year by 6.1% to RMB29.255 billion. Profit before tax margin was 14.9% for 2014, similar to 14.4% for 2013.

Other Business

The Group has progressively implemented the "limited and interrelated" diversification strategy. Revenue from other businesses decreased year-on-year by 20.3% to RMB54.963 billion in 2014. Among which, (1) revenue from expressway operation was RMB2.195 billion, year-on-year increase of 4.0%; (2) revenue from mining was RMB2.36 billion, year-on-year increase of 25.2%; (3) revenue from merchandise trading was RMB36.857 billion, year-on-year decrease of 30.2% and (4) revenue from financial business was RMB2.231 billion, a year-on-year increase of 35.6%. In 2014, loss before tax of other businesses was RMB121 million, primarily due to the impairment loss on trade and other receivables of RMB1.558 billion made in 2014.

As at 31 December 2014, the Group's mining resources information is shown below.

No	Project name	Type	Grade	Reserve		Group's share	Planned total investment	Accumulated investment	Investment in the reporting period	Planned completion date	Project progress
				Unit	*Quantity*	*(%)*	*(billion)*	*(billion)*	*(billion)*		
1	Sunite-ZuoQi Manglai Coal Mine, Inner Mongolia	Lignite	N/A	Billion tonne	0.92	46	1.363	0.542	–	Completed	Commenced production
2	Muli Coal Mine, Haixizhou of Qinghai	Coking Coal	N/A	Billion tonne	0.248	80	2.34	0.443	0.035	2015.11	Construction in progress
3	Luming Molybdenum Mine, Yichun City of Heilongjiang	Molybdenum	0.09%	Thousand tonne	739.7	83	4.217	4.131	0.055	Completed	Commenced trial production
4	Luishia Copper-Cobalt Mine, Congo	Cooper	2.55%	Thousand tonne	790.9	72	1.657	1.77	0.234	Completed	Commenced production
		Cobalt	0.201%		66.8						
5	MKM Copper-Cobalt Mine, Congo	Cooper	3.36%	Thousand tonne	201.2	80.2	1.195	1.199	–	Completed	Commenced production
		Cobalt	0.22%		19.4						
6	Sicomines Copper-Cobalt Mine, Congo	Cooper	2.55%	Thousand tonne	8,545	41.72	24.915	9.379	0.727	2018.01	Construction in progress
		Cobalt	0.20%		571						
7	Wulan Lead and Zinc Mine, Guoxinxin Company, Inner Mongolia	Lead	1.67%	Thousand tonne	287.9	100	–	–	–	–	Commenced production
		Zinc	4.80%		825.2						
		Silver	80.2g/t	Tonne	1,379						
8	Muhaer Lead and Zinc Mine, Guoxinxin Company, Inner Mongolia	Lead	0.75%	Thousand tonne	81.7	100	–	–	–	–	Exploration and feasibility study in progress
		Zinc	3.50%		382.6						
		Silver	108.33g/t	Tonne	1,184.64						
9	Gold mine, Guoxinxin Eerdesi Company, Inner Mongolia	Gold	3g/t	Tonne	3	100	–	–	–	–	Intended for sale
10	Lead and Zinc Mine, Guoxianglong Company, Inner Mongolia	Lead	6.28%	Thousand tonne	151.6	100	–	–	–	–	Commenced production
		Zinc	3.81%		91.8						
		Silver	234.67g/t	Tonne	566						

Note: Items 7 to 10 in the above table represent new mines acquired in 2014 by China Railway Resources Group Co. Ltd., a subsidiary of the Company.

4.6 Cash Flow

In 2014, the net cash inflow from operating activities of the Group amounted to RMB19.447 billion, representing an improvement in net cash inflow from operating activities of RMB7.995 billion for 2013, which was primarily attributable to the significant achievement on the recoverability of trade receivables through the Group's active implementation of management enhancement. In 2014, the net cash outflow from investing activities of the Group amounted to RMB12.332 billion, which was basically the same as RMB12.162 billion for 2013. In 2014, the net cash outflow from financing activities of the Group amounted to RMB14.067 billion while there was a net cash inflow from financing activities of RMB12.164 billion for 2013. It was mainly because (1) repayment of certain bank loans as a result of a significant improvement in operating cashflow and (2) increase in efficiency on fund utilization through the Group's strengthened effort on fund centralization.

Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrading of the Group's production facilities. The Group's total capital expenditure (excluding acquisition of subsidiaries) for 2014 was RMB11.870 billion (2013: RMB10.540 billion).

The following table sets forth the Group's capital expenditure by business segment in 2014.

For the year ended 31 December 2014	Infrastructure construction	Survey, design and consulting services	Engineering equipment and component manufacturing	Property development	Other businesses	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Property, plant and equipment	7,604	173	710	355	1,719	10,561
Lease prepayments	142	9	122	300	352	925
Intangible assets	22	7	7	7	324	367
Mining assets	–	–	–	–	17	17
Total	**7,768**	**189**	**839**	**662**	**2,412**	**11,870**

Working capital

	As at 31 December	
	2014	2013
	RMB million	*RMB million*
Inventories	**44,955**	46,581
Properties under development for sale	**70,986**	69,211
Trade and bills receivables	**158,515**	133,886
Trade and bills payables	**245,447**	206,292
Turnover of inventory (days)	**30**	32
Turnover of trade and bills receivables (days)	**89**	80
Turnover of trade and bills payables (days)	**150**	139

As the end of 2014, the balance of the Group's inventories and properties under development for sale was basically the same as that at the end of 2013. The Group's inventory turnover days was 30 days in 2014, basically the same as 32 days for 2013. The Group's trade and bills receivables increased by 18.4% from the end of 2013 to RMB158.515 billion as at the end of 2014, which was mainly due to the increase in receivables from construction projects and increase in retention receivables which are not yet due. Also, the turnover days of trade and bills receivables was 89 days as the end of 2014, an increase of 9 days as compared to that at the end of 2013.

According to the ageing analysis of the Group's trade and bills receivables, most of the Group's trade and bills receivables were of less than 6 months and the trade and bills receivables of more than one year accounted for 33.1% (31 December 2013: 32.0%) of the total receivables, which reflected the sound receivables management capability of the Group.

Trade and bills receivables

	As at 31 December	
	2014	2013
	RMB million	*RMB million*
Less than six months	**79,673**	70,686
Six months to one year	**26,318**	20,388
One year to two years	**30,220**	24,781
Two years to three years	**12,582**	10,160
More than three years	**9,722**	7,871
Total	**158,515**	133,886

The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. The Group's trade and bills payables increased by 19.0% from end of 2013 to RMB245.447 billion as at the end of 2014. It was mainly due to the expansion of the Group's business scale and increase in trade and bills receivables caused the corresponding increase in payables of raw materials and construction projects. The turnover days of trade and bills payables was 150 days in 2014, representing an increase from 139 days in 2013. According to the ageing analysis of the Group's trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 12.2% (31 December 2013: 11.5%) of the total payables.

Trade and bills payables

	As at 31 December	
	2014	2013
	RMB million	*RMB million*
Less than one year	**215,448**	182,473
One year to two years	**18,811**	14,308
Two years to three years	**5,764**	5,173
More than three years	**5,424**	4,338
Total	**245,447**	206,292

4.7 Borrowings

The following table sets forth the Group's total borrowings as at 31 December 2014 and 2013. 48.8% of the Group's borrowings were short-term borrowings (31 December 2013: 44.2%). The Group is generally capable of making timely repayments.

	As at 31 December	
	2014	2013
	RMB million	*RMB million*
Bank borrowings		
Secured	**37,261**	38,571
Unsecured	**93,522**	98,320
	130,783	136,891
Short-term debentures, unsecured	**–**	40
Long-term debentures, unsecured	**36,091**	35,688
Other short-term borrowings, unsecured	**8,348**	4,713
Other short-term borrowings, secured	**500**	295
Other long-term borrowings, unsecured	**7,120**	6,620
Other long-term borrowings, secured	**72**	2,185
Total	**182,914**	186,432
Long-term borrowings	**93,655**	104,084
Short-term borrowings	**89,259**	82,348
Total	**182,914**	186,432

Bank borrowings carry interest rates ranging from 1.53% to 10.0% (2013: 1.97% to 10.0%) per annum. Long-term debentures carry fixed interest rates ranging from 3.85% to 7.2% per annum (2013: 3.85% to 7.2%). Other short-term borrowings carry interest rates ranging from 5.0% to 11.5% (2013: 5.9% to 13.5%) per annum. Other long-term borrowings carry interest rates ranging from 6.15% to 10.5% (2013: 4.39% to 11.5%) per annum.

The following table sets forth the maturity of the Group's borrowings as at 31 December 2014 and 2013.

	As at 31 December	
	2014	2013
	RMB million	*RMB million*
Less than one year	**89,259**	82,348
One year to two years	**26,946**	31,326
Two years to three years	**9,794**	18,055
Three years to four years	**9,499**	7,177
Four years to five years	**3,576**	9.109
More than five years	**43,840**	38,417
Total	**182,914**	186,432

As at 31 December 2014 and 2013, the Group's bank borrowings comprised fixed-rate bank borrowings amounting to RMB1.310 billion and RMB4.458 billion and floating-rate bank borrowings amounting to RMB129.473 billion and RMB132.433 billion, respectively.

The Group's borrowings are primarily denominated in Renminbi and the Group's foreign currency borrowings are primarily denominated in U.S. dollars and Euro dollars. The following table sets forth the carrying amounts of the Group's foreign currency borrowings as at 31 December 2014 and 2013.

	As at 31 December	
	2014	2013
	RMB million	*RMB million*
USD	**4,867**	5,312
Euro	**145**	204
Others	**431**	41
Total	**5,443**	5,557

The following table sets forth the details of the Group's secured borrowings as at 31 December 2014 and 2013.

	As at 31 December			
	2014		2013	
	Secured borrowings *RMB million*	**Carrying value of pledged assets and rights**	Secured borrowings *RMB million*	Carrying value of pledged assets and rights
Property, plant and equipment	**294**	**521**	303	514
Lease prepayments	**275**	**1,912**	–	–
Intangible assets	**19,100**	**31,560**	19,715	32,154
Properties under development for sale	**10,621**	**23,175**	15,313	35,356
Bills receivable	**25**	**25**	323	323
Accounts receivable	**2,241**	**3,129**	4,690	6,246
Rights of return on equity investments	**–**	**–**	370	551
Rights to collect cash flows in relation to certain construction projects	**5,277**	**10,325**	337	1,468
Total	**37,833**	**70,647**	41,051	76,612

As at 31 December 2014, the Group's unused credit line facility from banks was RMB136.139 billion (2013: RMB134.756 billion).

As at 31 December 2014, the Group's gearing ratio (total liabilities/total assets) was 84.1%, representing a decrease of 0.5 percentage point as compared with 84.6% for 2013. The Group has been primarily financing its working capital and other capital requirements through internal funds generated from operations, and mainly through borrowings in case of any deficiencies. In 2014, the Group completed the issue of private placement notes of RMB750 million.

4.8 Contingent Liabilities

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

	As at 31 December	
	2014	2013
	RMB million	*RMB million*
Pending lawsuits:		
– arising in the ordinary course of business *(Note 1)*	**680**	840
– overseas lawsuits *(Note 2 & Note 3)*	**854**	1,117
	1,534	1,957

Note 1: The Group has been named in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for those pending lawsuits where the management considered that the claims will not be successful. The aggregate sum of these unprovided claims is disclosed in the table above.

Note 2: Two subsidiaries of the Group, China Overseas Engineering Group Co., Ltd. ("COVEC") and China Railway Tunnel Group Co., Ltd., established a consortium (the "Consortium") with two independent parties in 2009 for the design and construction of certain sections of the A2 motorway Stryków – Konotopa, which is owned by the Polish General Directorate for National Roads and Motorways in Poland ("PGDNRM"). The Group's share of the total contract amount and performance bond are approximately Polish Zloty ("PLN") 1,160 million (approximately USD402 million or RMB2,741 million) and PLN116 million (approximately USD40 million or RMB274 million), respectively. During the construction work, the construction contract incurred losses due to various factors. The Consortium sent termination notices dated 3 June 2011 to PGDNRM and PGDNRM sent termination notices dated 13 June 2011 to the Consortium.

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

During the year of 2014, the Consortium began to settle the above case through the negotiation with PGDNRM by coordination of relevant parties. The Consortium withdrew the protective measures of the performance bond and agreed the banks to pay the Group's performance bond of Polish Zloty ("PLN") 1,160 million (equivalent to approximately RMB209 million) to PGDNRM at the beginning of 2015, which loss has been recognised in the Group's consolidated financial statements for the year then ended.

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

Note 3: Exploitations Artisanales Au Congo ("EXACO") was a former shareholder of La Miniere De Kalumbwe Myunga sprl ("MKM"), an indirectly owned subsidiary of the Company. As at 30 August 2011, EXACO had disposed of its entire interests in MKM. In November 2012, EXACO was of the view that MKM and China Railway Resources Global Holding Limited ("CRRG") (which is also an indirectly owned subsidiary of the Company and the controlling shareholder of MKM) breached relevant terms and other relevant obligations pursuant to the undertakings under the initial agreement signed before the share transfer agreement. EXACO applied to the Congo district court for a compensation of their losses amounting to USD136 million (equivalent to approximately RMB829 million). MKM and CRRG had raised objection to the jurisdiction of the local courts according to the relevant arbitration clause. Until November 2013, although MKM and CRRG did not receive the verdict, MKM and CRRG filed an appeal with the Lubumbashi Court of Appeal on 26 November 2013 due to prudent consideration and the needs to push the case on. And when the Lubumbashi Count of Appeal ordered certiorari from the local court, MKM and CRRG found that the local court made a judgment to MKM and CRRG for a total of USD31 million compensation (equivalent to approximately RMB189 million) on 8 February 2013. MKM and CRRG appealed to the Supreme Court for the fraud of the presiding judge of the local court existing in the above case. On 23 July 2014, the Supreme Court convicted and canceled the above judgment amounting to USD31 million compensation made by the local court on 8 February 2013.

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

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

The Group has provided guarantees to banks in respect of banking facilities utilized by certain related companies and third parties resulting in certain contingent liabilities. The following table sets forth the maximum exposure of these guarantees to the Group.

	As at 31 December			
	2014		2013	
	Amount *RMB million*	**Expiry period**	Amount *RMB million*	Expiry period
Guarantees given to banks in respect of banking facilities to:				
Associates	**2,940**	**2015-2025**	2,169	2014-2025
A joint venture	**230**	**2017-2018**	–	–
Other government-related enterprises	**54**	**2015**	55	2014
Property purchasers	**17,149**	**2015-2019**	14,877	2014-2019
An investees of the Group	**12**	**2016**	12	2016
A former subsidiary	**650**	**2021-2023**	758	2022
	21,035		17,871	

4.9 Business Risks

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

(1) **Market risk:** Various expectations from the government could have adverse impact on the market where the Group operates, such as expectation on growth level of both national and regional economy, usage of infrastructure and expectation on future expansion of demand and expectation on the overall growth level of related industries. In addition, the instability of political and economic environment of overseas market could bring uncertainties to the Group's overseas market development, which may affect the normal project implementation.

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

(3) **Management risk:** With the Group's incapability to fully control all the actions of its non-wholly owned subsidiaries, plus high risk of the construction industry, and the rapid growth in the business scale of the Group in recent years as well as the gradually wider span of its operation, project management becomes more and more difficult, posing a severe challenge to the safety and quality management for the projects, cadre ethics and enterprise stability, which could result in management risks.

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

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

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

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

To guard against the occurrence of various types of risks, the Group taps various types of risks into the business process through the establishment and operation of the internal control system, pursuant to which the Group can decompose and identify the critical control point of business processes, develop specific control measures, establish procedures critical control documents, implement the responsibilities of the various types of risks and critical control point, work closely with the day-to-day management and control, and control risk factors and elements. In addition, the Group strictly supervises the important control aspects of earlier stage of research, planning, reviewing, auditing, approval and decision-making; enhances process control and post-assessment work; and makes measures to deal with risks and contingency plans, aiming to guarantee overall controllability of the Group's various types of risk.

5 SIGNIFICANT EVENTS

5.1 Material Litigation, Arbitration and Matters Generally Concerned by Media

5.1.1 Litigation, arbitration and matters generally concerned by media which were disclosed in announcement without subsequent progress

Not applicable.

5.1.2 Litigation, arbitrations which were not disclosed in announcement and may have subsequent progress

Outline and category	Query Link
Poland A2 Highway construction disputes: The consortium comprising China Overseas Engineering Group Co., Ltd. (subsidiary of the Company), China Railway Tunnel Group Co., Ltd. and two third-party companies terminated the contact and had dispute with PGDNRM, the project owner, in respect of the bid won for sections A and C of Poland A2 Highway.	Interim Report of 2011 and subsequent regular reports of China Railway Group Limited is available at Shanghai Stock Exchange http://www.sse.com.cn

During the reporting period, the above litigation progressed as follows:

The Consortium has commenced to settle the above case through the negotiation with PGDNRM by taking relevant authority as mediator. The involved subsidiary of the Company has withdrawn the protective measures for the performance bond while the bank that issued the performance bond has paid the performance bond of Polish Zloty116 million (equivalent to approximately RMB209 million) to PGDNRM at the beginning of 2015. On 25 February 2015, the Poland Warsaw District Court decided to suspend the lawsuit procedure due to the amicable motion of all parties.

5.1.3 Matters generally concerned by media which were not disclosed in announcement and may have subsequent progress

Not applicable.

5.2 Defalcation and Debt Repayment During the Reporting Period

Not applicable.

5.3 Events regarding Bankruptcy and Restructuring

Not applicable.

5.4 Asset Transactions and Mergers

Not applicable.

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

Not applicable.

5.6 Significant Connected Transactions

5.6.1 Connected transactions in ordinary course of business

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

Not applicable.

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

Unit: Thousand Currency: RMB

Connected persons	**Connected relationship**	**Type of connected transaction**	**Particulars of the connected transaction**	**Pricing method of connected transaction**	**Price of connected transaction**	**Amount of connected transaction**	**Percentage of transaction value to the same type of transactions**
China Railway Hongda Asset Management Center	Wholly owned subsidiary of parent company	Receipt of services	Lease office premises etc	Contract price	38,046	38,046	Less than 1%
China Railway Hongda Asset Management Center	Wholly owned subsidiary of parent company	Receipt of services	Receipt of comprehensive services	Contract price	38,898	38,898	Less than 1%
Total					76,944	76,944	

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

(iii) Matters were not disclosed in provisional announcement

Not applicable.

5.6.2 Connected transactions in relation to acquisition and disposal of asset

During the reporting period, the Company did not have any connected transactions in relation to acquisition and disposal of asset.

5.6.3 Significant connected transactions in relation to joint external investment

During the reporting period, there was no significant connected transactions in relation to joint external investment by the Company.

5.6.4 Amounts due from/to connected persons

Not applicable.

5.6.5 Other connected transactions

(i) Connected person guarantees

Unit: Thousand   Currency: RMB

Guarantor	Guarantee	Guaranteed amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled
China Railway Group Limited *(Note 1)*	Lince Railway Co., Ltd.	783,000	June 2008	June 2025	No
China Railway Engineering Corporation *(Note 2)*	China Railway Group Limited	5,000,000	January 2010	January 2020	No
China Railway Engineering Corporation *(Note 2)*	China Railway Group Limited	3,500,000	October 2010	October 2025	No
China Railway Engineering Corporation *(Note 2)*	China Railway Group Limited	2,500,000	October 2010	October 2020	No
China Railway Engineering Corporation *(Note 2)*	China Railway Group Limited	1,000,000	January 2010	January 2015	No

Note 1: At the 2007 annual general meeting of the Company held on 25 June 2008, the proposal of "Provision of a Guarantee with Respect to the Loans for Lince Railway Co., Ltd. and China Railway Engineering Sunite Railway Co., Ltd." was considered and approved, thereby it was agreed that a guarantee should be provided with respect to the bank loan for Lince Railway Co., Ltd. in the amount of RMB820.7 million for a guarantee period of 17 years. In June 2008, the Company and Huhhot Xincheng Dongjie Sub-branch of the Industrial and Commercial Bank of China Limited entered into a Guarantee Contract agreeing that a guarantee in the total amount of RMB783 million (resulted from the total loan amount of RMB2.7 billion multiplied by the shareholding percentage of 29%) with a joint and several liability and a guarantee period commencing on 30 June 2008 and ending on 20 June 2025 should be provided to Lince Railway Co., Ltd..

Note 2: These are unconditional and irrevocable joint and several liability guarantees provided by CRECG for the entire amount of the 5-year and 10-year corporate bonds issued by the Company in January 2010 and the 10-year and 15-year corporate bonds issued by the Company in October 2010. As at 31 December 2014, the remaining payable amount of above-mentioned corporate bonds was RMB11,958.037 million (31 December 2013: RMB11,951.506 million).

(ii) Fund borrowing from/to connected persons

Unit: Thousand Currency: RMB

Connected person	Borrowings made in the current period	Commencement date	Due date	Interest rate (%)	Balance at period end
Borrowed from					
China Railway Engineering Corporation *(Note)*	1,258,190	December 2014	December 2015	5.00	1,258,190
China Railway Engineering Corporation *(Note)*	700,000	March 2014	December 2014	4.20	–

Note: The resolution of "China Railway Group Limited's application for entrusted loan in the amount not exceeding RMB2 billion from China Railway Engineering Corporation" was resolved in the 16th meeting of the second session of the Board of Directors of the Company, and was exempted from disclosure by the Shanghai Stock Exchange. Based on the operational needs, the Company applied to CRECG for entrusted loan amounted to RMB626.16 million and RMB626.93 million for the year 2012 and 2013 respectively. During the reporting period, the Company applied again to CRECG for entrusted loan amounted to RMB5.10 million and RMB700.00 million respectively based on its operational needs, and renewed the entrust loan applied in 2012 and 2013.

(iii) Connected transactions in relation to financial services

Unit: Thousand Currency: RMB

Item	Related party	31 December 2014	31 December 2013
Deposits taking *(Note)*	China Railway Engineering Corporation	2,983,369	–

Note: In order to increase the utilization efficiency of funds, reduce settlement fees, lower interest expenses and obtain funding support, the "Resolution in relation to the Financial Services Framework Agreement between China Railway Finance Co., Ltd. and China Railway Engineering Corporation" was considered and passed at the 27th meeting of the second session of the Board convened by the Company on 29 April 2014, in which it is approved that China Railway Finance Co., Ltd., the subsidiary of the Company will sign the "Financial Services Framework Agreement" (the agreement will expire on 31 December 2015) with China Railway Engineering Corporation, the controlling shareholder of the Company, and provide deposit, loan and other financial services to China Railway Engineering Corporation pursuant to the agreement. For details of the Financial Services Framework Agreement, please see the relevant announcements of Company dated 30 April 2014 and disclosed at the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange.

During the reporting period, the maximum daily amount of deposits (including interest accrued) provided by China Railway Finance Co., Ltd. to China Railway Engineering Corporation did not exceed the maximum amount stipulated in the Financial Services Framework Agreement. Such deposit services are exempted from all reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

(iv) Other connected transactions

Unit: Thousand   Currency: RMB

Item	**Connected person**	**From January to December 2014**	**From January to December 2013**
Interest expenses	CRECG	92,327	26,226

Note: The interest expenses arise from the interest payable by the Company to CRECG for the entrust loan and the interest payable by its subsidiary China Railway Finance Co., Ltd. to CRECG for the taking of deposits.

5.7 Material Contracts and Their Performance

5.7.1 Trusteeship, contracting and leasing

Not applicable.

5.7.2 *Guarantees*

Unit: Thousand Currency: RMB

Guarantee provided by the Company (excluding those to subsidiaries)													
Guarantor	**Relationship between guarantor and listed company**	**Guarantee**	**Guaranteed amount**	**Commencement date of guarantee (agreement execution date)**	**Commencement date of guarantee**	**Expiry date of guarantee**	**Type of guarantee**	**Guarantee fully fulfilled**	**Overdue**	**Overdue amount**	**Counter guarantee available**	**Guarantee provided to related parties**	**Connected person relationship**
China Railway Group Limited	The same entity	Lince Railway Co., Ltd	783,000	2008/6/30	2008/6/30	2025/6/20	Suretyship of joint and several liability	No	No	0	No	Yes	Associate
China Railway Group Limited	The same entity	Inner Mongolia Guobai Railway Co., Ltd	370,000	2008/11/24	2008/11/24	2020/11/30	Suretyship of joint and several liability	No	No	0	No	Yes	Associate
China Railway No. 2 Engineering Group Co. Ltd.	Wholly owned subsidiary	China Railway Bohai Train Ferry Co., Ltd	11,930	2004/12/24	2004/12/24	2016/12/23	Suretyship of joint and several liability	No	No	0	No	No	
China Railway Electrification Engineering Group Co., Ltd.	Wholly owned subsidiary	Nanjing China Railway Electrification Investment Management Co., Ltd.	649,500	2012/9/30	2012/9/30	2023/12/11	Suretyship of joint and several liability	No	No	0	No	No	
China Railway Tunnel Group Co., Ltd.	Wholly owned subsidiary	China Shanghai Foreign Trade Co., Ltd.ng Co., Ltd.	53,847.2	2011/12/29	2011/12/29	2015/12/28	Suretyship of joint and several liability	No	No	0	No	No	
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly owned subsidiary	Wuhan Mobei Road & Bridge Co., Ltd.	502,500	2014/9/23	2014/9/23	2017/12/28	Suretyship of joint and several liability	No	No	0	No	Yes	Associate
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly owned subsidiary	Wuhan Yingwuzhou Bridge Co., Ltd	1,285,000	2013/2/8	2013/2/8	2019/1/13	Suretyship of joint and several liability	No	No	0	No	Yes	Associate
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly owned subsidiary	Yichang Miaozui River Bridge Construction Engineering Co., Ltd.	230,000	2013/12/20	2013/12/20	2018/12/19	Suretyship of joint and several liability	No	No	0	No	Yes	Joint Venture

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	1,605,000
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	3,885,777.2
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	11,246,219.5
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	32,766,020.2
Aggregate guarantee of the Company (including those provided to subsidiaries)	
Aggregate guarantee (A+B)	36,651,797.4
Percentage of aggregate guarantee to net assets of the Company (%)	33.61
Representing:	
Amount of guarantee provided for shareholders, ultimate controller and their related parties (C)	
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratios over 70% (D)	29,921,598.7
Excess amount of aggregate guarantee over 50% of net assets (E)	
Aggregate amount of the above three categories (C+D+E)	29,921,598.7
Statement on the contingent joint and several liability in connection with unexpired guarantee	–
Statement on guarantee	As at 31 December 2014, the Group's aggregate guarantee in relation to real estate mortgage was RMB16,680.113 million.

5.7.3 *Other material contracts*

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

(i) Infrastructure construction business

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum (RMB'0,000)	Construction period
Railway						
1	China Railway Major Bridge Engineering	Fujian Fuping Railway Co., Ltd.	New Fuzhou-Pingtan railway pre-construction stage FPZQ-3 Section	2013-10	879,909	2007 calendar days
2	China Railway No. 1 Engineering	Zhengxi Passengers Railway Co., Ltd.	New Zhengzhou-Xuzhou passenger railway line ZXZQ-6 Section	2013-01	367,356	48 months
3	China Railway Electrification Engineering	Jinyulu Railway Passage Co., Ltd.	System integration of new railway channel of Central-south of Shanxi (including Linxian North to Mengmen section of Luliang to Linxian (Mengmen) railway) and related engineering ZNZH-1 Section	2013-09	344,892	396 calendar days
Highway						
1	China Railway Major Bridge Engineering	Hong Kong-Zhuhai-Macao Bridge Authority	Section CB05 of the Main Project, Bridge Engineering, Civil Engineering and Construction of Composite Beams of Hong Kong-Zhuhai-Macao Bridge	2012-06	373,885	36 months
2	China Railway No. 10 Engineering	Guangdong Chaohui Highway Co., Ltd.	Chaozhou, Guangdong Province to Huizhou Expressway project Mark TJ1	2013-07	182,600	39 months
3	China Railway No. 5 Engineering	Qinghai Shixia to Jiuzhi Highway Construction Headquarter	Section DJ16 and HD6 of Huashixia to Jiuzhi section (Province border) of Chengdu to Xiangride Highway, Qinghai province	2013-07	109,458	24 months
Municipal Works						
1	China Railway	Shenzhen Metro Group Co., Ltd.	BT Project of Shenzhen City Railway Line 11	2012-06	2,555,000	48 months
2	China Railway No. 4 Engineering	Guangdong Pearl River Delta Rail Transport Co., Ltd.	Pre-construction of Guangzhou north to Qingyuan section of Guangzhou-Qingyuan intercity railway	2013-09	275,746	38 months
3	China Railway Major Bridge Engineering	Wuhan Construction and Investment Development Group Co., Ltd.	Construction of Yangtze River Bridge of Wuhan Yingwuzhou	2011-04	247,500	44 months

(ii) Survey and design business

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum (RMB'0,000)	Construction period
1	China Railway Eryuan Engineering	Ethiopian Railway Corporation	Turnkey Contract of Sebeta-Adama-Mieso EPC for Addis AbabaDjibouti Railway Project (Sections 1 and 2	2011-10	208,153	48 months
2	China Railway Eryuan Engineering	Bangladesh Railway Administration	Construction of the second railway line project of Dongji-Paibuluobazhaer Bengal, including the main track signal project EPC Contract of Dhaka-Chittagong	2011-07	130,597	36 months
3	China Railway Eryuan Engineering	Yunnan-Guizhou Railway Yunnan Co., Ltd.	The new Yungui Railway (Yunnan section) Project Survey and Design Contract	2011-05	81,000	72 months

(iii) Engineering equipment and component manufacturing business

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum (RMB'0,000)	Construction period
Steel Structure						
1	China Railway Shanhaiguan Bridge	Hong Kong-Zhuhai-Macao Bridge Authority	Purchasing and Manufacturing Contract CB01 of steel box girder for the Bridge Project of Main Project of Hong Kong-ZhuhaiMacao Bridge	2012-04	283,912	36 months
2	China Railway Shanhaiguan Bridge	Highway Bureau of Liaoning Province Communications Department	China-Korea Yalu River Border Highway Bridge	2011-12	36,340	31 months
3	China Railway Science and Technology	Guizhou Expressway Co., Ltd.	Production Contract of Beipanjiang Steel Truss Bridge of Bijie to Duge highway of Guizhou Province	2013-09	31,175	28 months
Turnout						
1	China Railway Turnout & Bridge	Lanzhou-Xinjiang Railway Co., Ltd.	Lanzhou-Xinjiang Railway 2nd double line (Gan Qing section) turnout purchase contract	2012-11	38,964	36 months
2	China Railway Shanhaiguan Bridge	Chengyu Passenger Railway Line Co., Ltd	New Chengdu-Chongqing Railway Passenger Line Project	2013-06	27,891	16 months
3	China Railway Shanhaiguan Bridge	Jinyulu Railway Passage Co., Ltd.	New railway channel of Central-south of Shanxi Project (Wa Tang – Tang Yin East section)	2013-11	18,642	9 months
Construction Machinery						
1	China Railway Engineering Equipment	China State Civil Engineering Construction Co., Ltd.	Shield procurement contracts	2013-06	8,670	8 months
2	China Railway Engineering Equipment	Taiwan New Taipei Qiang Quan Co., Ltd.	Manufacturing Contract of Steel Fiber	2012-03	5,800	36 months
3	China Railway Science and Technology	Sichuan Yibin Harbour Co., Ltd.	Manufacturing contract of portal crane	2013-06	4,181	8 months

(iv) Property development business

No.	Project name	Project location	Project type	Planning area ('0,000 sq.m.)
1	Guiyang China Railway • Yidu International	Guiyang, Guizhou	Residential	230.6
2	Bairuijing Central Living Area	Wuhan, Hubei	Residential	105.5
3	Nobel Mingdu	Jinan, Shandong	Residential	89.34
4	China Railway • Huaxu Meibang	Qingdao, Shandong	Residential	53.45
5	Dalian Nobel Binhai Garden	Dalian, Liaoning	Residential	52.09

(v) Other businesses

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum (RMB'0,000)	Construction period	Operation (Repurchase) term
BOT							
1	China Railway No. 2 Engineering	Yulin Bureau of communications	BOT Project of Yulin (Shaanxi)-Shenmu Expressway	2007-10	517,000	36 months	30 years
2	China Railway	Guangxi Department of communications	BOT Project of Guangxi Cenxi-Xingye Expressway	2005-08	516,361	36 months	28 years
3	China Railway	Yunan Department of communications	BOT Project of Yunan Funing-Guangnan, Guangnan-Yanshan Expressway	2005-12	644,000	36 months	27 years

2. Material contracts signed during the reporting period:

(i) Infrastructure construction business

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum (RMB'0,000)	Construction period
Railway						
1	China Railway Major Bridge Engineering	The China Railway Corporation	New Hutong Railway Hutong Yangtze River Bridge HTQ-2 Section	2014-02	751,789	1,645 calendar days
2	China Railway No. 5 Engineering	Jingshen Passenger Railway Line Liaoning Co., Ltd.	New Beijing – Shenyang Passenger Railway Line (Liaoning Section) construction JSLNTJ-6 Section	2014-06	277,955	1,708 calendar days
3	China Railway No. 6 Engineering	Huzhang Passenger Railway Line Co.,Ltd.	New Zhangjiakou – Hohhot railway construction ZHZQ-7 Section	2014-04	266,056	1,465 calendar days
Highway						
1	China Railway Major Bridge Engineering	Bangladesh Ministry of Transportation Bridge Authority	Main Bridge of Bangladesh Padma Multi-functional Bridge Project	2014-06	967,490	3.5 years
2	China Railway	Jingxin Highway Linhe-Baigeda Section (in Alxa League) Construction Management Office	Jingxin Highway Linhe-Baigeda (in Alxa League) LBAMSG-2 Section	2014-12	869,121	30 months
3	China Railway No. 1 Engineering	Yunnan Fulong Highway Construction Headquarter	Yunnan Province Funing-Diangui Boundary (Longliu) Highway 1 Section	2014-01	107,878	30 months
Municipal Works						
1	China Railway Harbor Bureau	Hainan Ruyi Island Resort Investment Co., Ltd.	EPC Construction Contract for Land Reclamation (West Section) of Haikou Ruyi Island Project	2014-05	240,921	548 calendar days
2	China Railway No. 4 Engineering	Guizhou southeast high investment properties Limited	Kaili Future City Phase II Plots No. 10-13 Building Construction Project	2014-12	188,000	5 years
3	China Railway Electrification Engineering	Beijing Urban Rapid Rail Construction Management Ltd.	Construction Contract for Engineering and Electrical Systems of Beijing Subway Line 16 Project	2014-05	162,908	12 months

(ii) Survey and design business

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum (RMB'0,000)	Construction Period
1	China Railway Major Bridge Engineering	The China Railway Corporation Project Management Center	New Hutong Railway Hutong Yangtze River Bridge Project	2014-02	40,600	4 years
2	China Railway Major Bridge Engineering	Fujian Fuping Railway Co., Ltd.	New Fuzhou-Pingtan railway Pingtan Cross-Strait Highway-Railway Bridge Project	2014-01	29,940	2014 to expiry of engineering warranty period
3	China Railway Consultancy	Mengxi Huazhong Railway Company	West Inner Mongolia-Central China Coal Transportation Railway Channel	2014-12	23,963	Until all obligations under the contract are performed

(iii) Engineering equipment and component manufacturing business

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum (RMB'0,000)	Construction Period
Steel Structure						
1	China Railway Science and Technology Engineering	Ningbo Meishan Island Development Investment Co,. Ltd.	Construction Contract of Meishan Chunxiao Bridge Steel Structure	2014-06	34,302	24 months
2	China Railway Turnout & Bridge	Xiamen Engineering Heavy Industries Steel Structure Co., Ltd.	Steel Box Girder Installation and Manufacturing Contract for Xianyue Road and Chenggong Avenue Interchange Reconstruction and Development Project	2014-04	14,270.9	9 months
Turnout						
1	China Railway Shanhaiguan Bridge	Daxi Passenger Railway Line Co., Ltd.	Daxi Railway Passenger Line Project	2014-01	35,855.6	5 months
2	China Railway Shanhaiguan Bridge	Hukun Passenger Railway Line Zhejiang Co., Ltd./Guizhou Co., Ltd.	Hukun Railway Passenger Line Project	2014-01	20,803.3	3 months
Construction Machinery						
1	China Railway Engineering Equipment	CCCC Tunnel Engineering Co., Ltd.	Shield Purchase Contract	2014-06	8,270	7 months
2	China Railway Shanhaiguan Bridge	Mozambique Ports and Railways (CFM)	Mozambique Vehicle Maintenance Contract	2014-04	US$5.776 million	15 months

(iv) Property development business

No.	Project name	Project location	Project type	Planning area ('0,000 sq.m.)
1	Century Golden Bridge	Wuhan, Hubei	Residential, Office	55.4
2	Jinghe Garden	Hengshui, Hebei	Residential	51
3	Mentougou Dongxincheng Land	Beijing	Residential	19.4

5.7.4 *Particulars of material properties*

(i) Property held for investment

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

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

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

5.8 Performance Status of Undertakings

1. Undertakings by the Company or shareholders holding more than 5% of the shares of the Company, controlling shareholders and ultimate controller given or subsisting in the reporting period or continuing during the reporting period

Undertaking	Details of undertaking	Performance status
Undertaking made by CRECG upon the issuance of shares	Upon the establishment of China Railway in accordance with the law, CRECG and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or assist in the engagement or participation in any business that competes, or is likely to compete with the core businesses of China Railway and its subsidiaries. If CRECG or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the core businesses of China Railway, it shall notify China Railway in writing of such business opportunity immediately upon becoming aware of it, and warrants that priority and a pre-emptive right of first refusal in respect of the business opportunity shall be available to China Railway or its subsidiaries. If CRECG or any of its subsidiaries intends to transfer, sell, lease or license or otherwise assign to any third parties or permit the use of any new business opportunity, assets or interests that it may acquire in future and which may compete or is likely to compete, directly or indirectly, with the core businesses of China Railway, CRECG warrants that such business opportunity, assets or interests will first be offered to China Railway or its subsidiaries.	CRECG has strictly complied with the above undertaking.

2. Profit forecast has been made in respect of the assets or projects of the Company and such profit forecast applies to the reporting period. The Company's statement of whether its assets or projects meet the original profit forecast and the reason therefor.

   Not applicable.

5.9 Appointment and Removal of Auditors

Unit: ten thousand Currency: RMB

	Former appointment	Current appointment
Name of domestic auditors	Deloitte Touche Tohmatsu CPA LLP	Deloitte Touche Tohmatsu CPA LLP
Remuneration of domestic auditors	4,050	4,050
Term of domestic auditors	7 years	8 years
Name of international auditors	Deloitte Touche Tohmatsu	Deloitte Touche Tohmatsu
Remuneration of international auditors	250	250
Term of international auditors	7 years	8 years

	Name	Remuneration
Auditor for internal control audit	Deloitte Touche Tohmatsu CPA LLP	251

5.10 Penalty and Rectification Order against the Listed Company and its Directors, Supervisors, Senior Management, Shareholders Holding more than 5% of the Shares of the Company, Ultimate Controller and Acquirer

Not applicable.

5.11 Risks of Suspension of Listing and Delisting

1. Reasons for suspension and delisting and the measures taken by the Company to end the suspension or delisting

   Not applicable.

2. Detailed arrangement and plan of investor relations management work after delisting

   Not applicable.

5.12 Convertible Corporate Bonds

Not applicable.

5.13 Impacts of the Application of New Accounting Standards on Consolidated Financial Statements

In 2014, the Ministry of Finance successively formulated seven accounting standards including the Accounting Standard for Business Enterprises No. 9 – Employee Compensation, which the domestic enterprises are required to adopt from 1 July 2014, and encouraged overseas listed companies to adopt in advance. Given the fact that the Company was listed in both domestic and overseas markets, pursuant to the Rule No. 1 of Interpretation No. 2 of the Accounting Standard for Business Enterprises and the approval of the board of directors of the Company, standards including the Accounting Standard for Business Enterprises No. 9 – Employee Compensation, the Accounting Standard for Business Enterprises No. 30 – Presentation of Financial Statements, the Accounting Standard for Business Enterprises No. 33 – Consolidated Financial Statements, the Accounting Standard for Business Enterprises No. 39 – Fair Value Measurement, the Accounting Standard for Business Enterprises No. 40 – Joint Venture Arrangements, the Accounting Standard for Business Enterprises No. 2 – Long-term Equity Investments and the Accounting Standard for Business Enterprises No. 41 – Disclosure of Interests in Other Entities had been adopted in the Company's 2013 Annual Report and 2014 Interim Report in advance. In the 2014 Annual Report, Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments was adopted.

1. *Impacts of the change of the Long-term Equity Investments Standard on consolidated financial statements – part 1*

Unit:'000 Currency: RMB

Investees	Basic information of the transaction	As at 1 January 2013 Equity attributable to shareholders of the parent company as at 1 January 2013 (+/–)	As at 31 December 2013 Long-term equity investments (+/–)	Financial assets available for sale (+/–)	Equity attributable to shareholders of the parent company (+/–)
Taizhongyin Railway Co., Ltd.		–	–2,000,000	2,000,000	–
Beijing Dongzhimen Airport Express Co., Ltd.		–	–185,000	185,000	–
China Railway Bohai Train Ferry Co., Ltd		–	–180,000	180,000	–
Other		–	–882,074	882,074	–
Total		–	–3,247,074	3,247,074	–

Notes to "Impacts of the change of the Long-term Equity Investments Standard on consolidated financial statements – part 1":

Before 1 January 2014, the Company recorded equity instrument investments over which the Company had no control, joint control or material influence on the investees, and which had no quoted price in active markets, and the fair value of which cannot be reliably measured, in long-term equity investments.

Accounting Standard for Business Enterprises No. 2 – Long-term Equity Investments, issued in March 2014, reduces the scope of the standard and excludes the above equity instrument investments from its scope of application. In the meantime, the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments applied to other equity investments that are not mentioned in Accounting Standard for Business Enterprises No. 2.

The Company adopted retrospective adjustment for the above changes in accounting policies.

2. Impacts of the change of the Long-term Equity Investments Standard on consolidated financial statements – part 2

Not applicable.

3. Impacts of the change of the Employee Compensation Standard

Not applicable.

4. Impacts after the change of scope of consolidation

Not applicable.

5. Impacts of the change of the classification of joint ventures arrangements

Not applicable.

6. Impact of other changes of standards

Not applicable.

7. Other

Not applicable.

5.14 Other Significant Events

Not applicable.

6 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** **RMB million**	2013 RMB million
Revenue	*3 & 4*	**590,166**	540,394
Cost of sales		**(541,651)**	(500,054)
Gross profit		**48,515**	40,340
Other income	*5*	**2,220**	2,533
Other expenses	*5*	**(9,710)**	(8,516)
Other gains and losses	*6*	**(1,247)**	843
Selling and marketing expenses		**(2,334)**	(2,327)
Administrative expenses		**(17,195)**	(14,395)
Interest income		**2,516**	2,603
Interest expenses		**(6,791)**	(6,363)
Share of profits of joint ventures		**127**	84
Share of profits of associates		**132**	17
Profit before tax		**16,233**	14,819
Income tax expense	*7*	**(5,557)**	(4,744)
Profit for the year		**10,676**	10,075
Other comprehensive income (expense), net of income tax			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		**(24)**	944
Income tax relating to remeasurement of defined benefit obligations that will not be reclassified to profit or loss		**12**	(180)
		(12)	764

	NOTES	2014 RMB million	2013 RMB million
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**10**	(305)
Reclassification adjustments for the cumulative exchange differences included in profit or loss upon disposal of foreign operation		**11**	–
Fair value gain (loss) on available-for-sale financial assets		**397**	(2)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets		**(106)**	(17)
Share of other comprehensive expense of joint ventures and associates		**(20)**	(9)
Others		**–**	(2)
Income tax relating to items that may be reclassified subsequently		**(42)**	5
		250	(330)
Other comprehensive income for the year, net of income tax		**238**	434
Total comprehensive income for the year		**10,914**	10,509
Profit for the year attributable to:			
Owners of the Company		**10,262**	9,374
Holders of perpetual notes		**98**	–
Non-controlling interests		**316**	701
		10,676	10,075
Total comprehensive income for the year attributable to:			
Owners of the Company		**10,522**	9,830
Holders of perpetual notes		**98**	–
Non-controlling interests		**294**	679
		10,914	10,509
		RMB	RMB
Earnings per share			
Basic	*8*	**0.482**	0.440

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	NOTES	**31/12/2014 RMB million**	31/12/2013 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment		**48,166**	44,183
Deposits for acquisition of property, plant and equipment		**732**	478
Lease prepayments		**8,795**	8,077
Deposits for land use rights		**178**	217
Deposits for investment		**221**	–
Investment properties		**2,688**	2,036
Intangible assets		**34,621**	33,214
Mining assets		**5,228**	3,333
Interests in joint ventures		**2,206**	915
Interests in associates		**4,184**	4,803
Goodwill		**829**	830
Available-for-sale financial assets		**8,787**	7,749
Other loans and receivables		**8,100**	7,599
Deferred tax assets		**4,281**	4,000
Other prepayments		**202**	71
Trade and other receivables	*10*	**8,135**	7,435
		137,353	124,940
Current assets			
Lease prepayments		**223**	200
Properties held for sale		**23,376**	19,223
Properties under development for sale		**70,986**	69,211
Inventories		**44,955**	46,581
Available-for-sale financial assets		**1,733**	–
Trade and other receivables	*10*	**219,758**	191,516
Amounts due from customers for contract work		**102,200**	90,560
Current income tax recoverable		**701**	605
Other loans and receivables		**4,130**	3,639
Held-for-trading financial assets		**109**	132
Restricted cash		**8,675**	5,765
Cash and cash equivalents		**68,679**	75,658
		545,525	503,090
Total assets		**682,878**	628,030

	NOTES	**31/12/2014 RMB million**	31/12/2013 RMB million
EQUITY			
Share capital		**21,300**	21,300
Share premium and reserves		**74,170**	65,163
Equity attributable to owners of the Company		**95,470**	86,463
Perpetual notes		**3,080**	–
Non-controlling interests		**10,344**	10,167
Total equity		**108,894**	96,630
LIABILITIES			
Non-current liabilities			
Other payables	*11*	**782**	614
Borrowings		**93,655**	104,084
Obligations under finance lease		**1,690**	268
Financial guarantee contracts		**–**	1
Retirement and other supplemental benefit obligations		**3,972**	4,280
Provisions		**260**	260
Deferred government grant		**1,382**	695
Deferred tax liabilities		**1,103**	956
		102,844	111,158
Current liabilities			
Trade and other payables	*11*	**355,193**	310,598
Amounts due to customers for contract work		**20,957**	22,996
Current income tax liabilities		**3,861**	2,936
Borrowings		**89,259**	82,348
Obligations under finance lease		**756**	507
Financial guarantee contracts		**1**	–
Retirement and other supplemental benefit obligations		**551**	612
Provisions		**258**	59
Held-for-trading financial liabilities		**304**	186
		471,140	420,242
Total liabilities		**573,984**	531,400
Total equity and liabilities		**682,878**	628,030
Net current assets		**74,385**	82,848
Total assets less current liabilities		**211,738**	207,788

Notes:

1 GENERAL INFORMATION

The Company was established in the PRC on 12 September 2007 as a joint stock company with limited liability, as part of the group reorganisation ("**Reorganisation**") of CRECG in preparation for the listing of the Company's A shares on Shanghai Stock Exchange and H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKSE**"). The address of the Company's registered office is 918, Block 1, No. 128 South 4th Ring Road West, Fengtai District, Beijing, the PRC. The Company's ultimate holding company is CRECG, incorporated in the PRC.

The consolidated financial statements are presented in Renminbi, the functional currency of the Company and most of its subsidiaries.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development, mining and merchandise trading, financial trust management and comprehensive financial services.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied, for the first time, the following interpretation and amendments to International Financial Reporting Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities;
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities;
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets;
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting;
IFRIC – Int 21	Levies

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

IFRIC – Int 21 Levies

The Group has applied IFRIC – Int 21 *Levies* for the first time in the current year. IFRIC – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC – Int 21 has been applied retrospectively. The application of this Interpretation has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The Group has not early applied the following new or revised International Financial Reporting Standards and interpretations that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[3]
IFRS 9	Financial Instruments[5]
IFRS 15	Revenue from Contracts with Customers[4]
Amendments to IFRS 11	Accounting for Acquisitions of interests in Joint Operations[3]
Amendments to IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 10, IFRS 12 and IAS28	Investment Entities: Applying the Consolidation and Exception[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16, IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IAS 16, IAS 41	Agriculture: Bearer Plants[3]
Amendments to IAS 19	Defined Benefits Plans: Employee Contributions[2]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]

1 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2018.

Except as described below, the application of the new or revised IFRSs and interpretations in the current year will have no effect on the Group's financial performance and positions and/or on the disclosures set out in these consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the "Directors") anticipate that the adoption of IFRS 9 may affect the measurement of the available-for-sale equity investment currently measured at cost less impairment. Other than the available-for-sale equity investment and the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised cost, the Directors do not expect IFRS 9 will have a material impact on the results and financial position of the Group based on an analysis of the Group's investment as at 31 December 2014.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3 REVENUE

An analysis of the Group's revenue for the year is as follows:

	2014 RMB million	2013 RMB million
Revenue from:		
Construction contracts	**491,524**	430,868
Rendering of other services	**18,884**	17,119
Sale of properties	**28,064**	26,392
Sale of goods	**51,694**	66,015
	590,166	540,394

4 SEGMENT INFORMATION

Information reported to the Board of Directors of the Group, being the chief operating decision maker for the purposes of resource allocation and assessment of segment performance, is prepared in accordance with relevant accounting principles and financial regulations applicable to enterprises established in the PRC (the "**PRC GAAP**"), which resulted in the difference in the basis of measurement of segment results, segment assets and segment liabilities.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

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

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

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

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

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

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

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

Segment revenues and results

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

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total segments RMB million
Year ended 31 December 2014						
External revenue	**508,141**	**9,592**	**12,480**	**29,022**	**49,606**	**608,841**
Inter-segment revenue	**6,404**	**598**	**1,774**	**–**	**4,944**	**13,720**
Other operating income	**2,851**	**75**	**265**	**233**	**294**	**3,718**
Inter-segment other operating income	**626**	**–**	**–**	**–**	**119**	**745**
Segment revenue	**518,022**	**10,265**	**14,519**	**29,255**	**54,963**	**627,024**
Segment results Profit before tax	**11,642**	**1,018**	**1,089**	**4,373**	**(121)**	**18,001**
Segment results included:						
Share of profits (losses) of joint ventures	**42**	**(5)**	**45**	**–**	**45**	**127**
Share of profits (losses) of associates	**178**	**(25)**	**12**	**–**	**(33)**	**132**
Interest income	**3,169**	**37**	**24**	**267**	**313**	**3,810**
Interest expenses	**(4,695)**	**(150)**	**(178)**	**(506)**	**(2,476)**	**(8,005)**

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total segments RMBmillion
Year ended 31 December 2013						
External revenue	445,952	8,560	11,322	27,293	64,249	557,376
Inter-segment revenue	8,285	560	2,213	57	3,535	14,650
Other operating income	2,035	60	176	216	580	3,067
Inter-segment other operating income	–	–	–	–	594	594
Segment revenue	456,272	9,180	13,711	27,566	68,958	575,687
Segment results Profit before tax	7,682	945	803	3,966	2,057	15,453
Segment results included:						
Share of profits (losses) of joint ventures	64	(3)	22	–	1	84
Share of profits (losses) of associates	33	(6)	3	1	(14)	17
Interest income	2,796	54	21	240	225	3,336
Interest expenses	(4,282)	(150)	(152)	(344)	(2,340)	(7,268)

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

	2014	2013
	RMB million	RMB million
Segment revenue	**627,024**	575,687
Inter-segment elimination	**(14,465)**	(15,244)
Reconciling items:		
Reclassification of sales tax *(note (a))*	**(18,675)**	(16,982)
Reclassification of other operating income *(note (b))*	**(3,718)**	(3,067)
Total consolidated revenue, as reported	**590,166**	540,394
Segment interest income	**3,810**	3,336
Inter-segment elimination	**(1,611)**	(1,112)
Reclassification of interest income obtained from other loans and receivables	**317**	379
Total consolidated interest income, as reported	**2,516**	2,603
Segment interest expenses	**(8,005)**	(7,268)
Inter-segment elimination	**1,214**	904
Reclassification of amortisation of financial guarantee contracts	**–**	1
Total consolidated interest expenses, as reported	**(6,791)**	(6,363)
Segment results	**18,001**	15,453
Inter-segment elimination	**(2,688)**	(1,942)
Reconciling items:		
Land appreciation tax *(note (c))*	**920**	1,308
Total consolidated profit before tax, as reported	**16,233**	14,819

Notes:

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

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

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

Segment assets and liabilities

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

	Infrastructure construction RMB million	**Survey, design and consulting services RMB million**	**Engineering equipment and component manufacturing RMB million**	**Property development RMB million**	**Other businesses RMB million**	**Total segments RMB million**
At 31 December 2014						
ASSETS						
Segment assets	**486,974**	**13,145**	**24,908**	**130,379**	**139,356**	**794,762**
Segment assets included:						
Interests in joint ventures	**426**	**47**	**199**	**–**	**1,534**	**2,206**
Interests in associates	**3,011**	**32**	**74**	**54**	**1,013**	**4,184**
LIABILITIES						
Segment liabilities	**434,299**	**8,057**	**16,958**	**109,347**	**113,985**	**682,646**

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total segments RMB million
At 31 December 2013						
ASSETS						
Segment assets	424,903	11,206	23,837	124,111	108,526	692,583
Segment assets included:						
Interests in joint ventures	609	74	179	–	53	915
Interests in associates	3,568	49	71	83	1,032	4,803
LIABILITIES						
Segment liabilities	381,663	6,892	16,492	105,003	83,579	593,629

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

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

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

	31/12/2014	31/12/2013
	RMB million	RMB million
Segment assets	**794,762**	692,583
Inter-segment elimination	**(116,618)**	(68,923)
Reconciling items:		
Deferred tax assets	**4,281**	4,000
Shares conversion scheme of subsidiaries *(note (d))*	**(170)**	(170)
Current income tax recoverable	**701**	605
Prepaid land appreciation tax included in income tax recoverable	**(78)**	(65)
Total consolidated assets, as reported	**682,878**	628,030
Segment liabilities	**682,646**	593,629
Inter-segment elimination	**(112,998)**	(65,545)
Reconciling items:		
Deferred tax liabilities	**1,103**	956
Current income tax liabilities	**3,861**	2,936
Land appreciation tax payable included in current income tax liabilities	**(628)**	(576)
Total consolidated liabilities, as reported	**573,984**	531,400

Note:

(d) Loss on shares conversion scheme of subsidiaries is recorded in segment assets in segment reporting and is adjusted to other gains and losses in the consolidated statement of profit or loss and other comprehensive income in prior years.

Other segment information

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Consolidated RMB million
Year ended 31 December 2014						
Capital expenditure:						
Property, plant and equipment	**7,604**	**173**	**710**	**355**	**1,719**	**10,561**
Lease prepayments	**142**	**9**	**122**	**300**	**352**	**925**
Intangible assets	**22**	**7**	**7**	**7**	**324**	**367**
Mining assets	**–**	**–**	**–**	**–**	**17**	**17**
Acquisition of subsidiaries	**–**	**6**	**–**	**–**	**4,498**	**4,504**
Total	**7,768**	**195**	**839**	**662**	**6,910**	**16,374**
Depreciation and amortisation:						
Property, plant and equipment	**4,795**	**187**	**307**	**86**	**554**	**5,929**
Lease prepayments	**141**	**7**	**23**	**5**	**27**	**203**
Investment properties	**33**	**9**	**1**	**30**	**36**	**109**
Intangible assets	**18**	**13**	**4**	**2**	**625**	**662**
Mining assets	**–**	**–**	**–**	**–**	**68**	**68**
	4,987	**216**	**335**	**123**	**1,310**	**6,971**
(Gain) loss on disposal and/or write-off of property, plant and equipment	**24**	**(9)**	**1**	**–**	**(2)**	**14**
Gain on disposal of lease prepayments	**(12)**	**–**	**–**	**–**	**–**	**(12)**
Gain on disposal of intangible assets	**–**	**–**	**–**	**–**	**22**	**22**
Allowance for foreseeable loss on construction contracts	**114**	**–**	**–**	**–**	**–**	**114**
Impairment loss on property, plant and equipment	**–**	**–**	**–**	**–**	**107**	**107**
Impairment loss on trade and other receivables	**726**	**–**	**69**	**103**	**1,558**	**2,456**
Reversal of impairment loss on other loans and receivables	**(252)**	**–**	**–**	**–**	**3**	**(249)**
Impairment loss on mining assets	**–**	**–**	**–**	**–**	**54**	**54**
Impairment loss on available-for-sale financial assets	**9**	**–**	**–**	**–**	**1**	**10**

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Consolidated RMB million
Year ended 31 December 2013						
Capital expenditure:						
Property, plant and equipment	5,967	214	528	79	2,701	9,489
Lease prepayments	144	2	222	–	42	410
Investment properties	183	–	–	–	17	200
Intangible assets	245	6	19	3	147	420
Mining assets	–	–	–	–	21	21
Total	6,539	222	769	82	2,928	10,540
Depreciation and amortisation:						
Property, plant and equipment	4,431	210	352	60	480	5,533
Lease prepayments	135	9	18	6	54	222
Investment properties	18	7	1	22	52	100
Intangible assets	39	5	4	1	752	801
Mining assets	–	–	–	–	65	65
	4,623	231	375	89	1,403	6,721
(Gain) loss on disposal and/or write-off of property, plant and equipment	(60)	(3)	1	–	(12)	(74)
Gain on disposal of lease prepayments	(12)	–	–	–	–	(12)
Gain on disposal of intangible assets	–	–	(1)	–	–	(1)
Gain on disposal of investment properties	–	–	–	(1)	–	(1)
Allowance for foreseeable loss on construction contracts	50	–	–	–	–	50
Impairment loss on trade and other receivables	401	7	53	25	102	588
Impairment loss on other loans and receivables	2	–	–	–	–	2
Impairment loss on goodwill	22	5	–	–	–	27

Majority of the Group's revenue and non-current assets were derived from and located in Mainland China and, therefore, no geographical information is presented.

Revenue from major customers

Revenue from a wholly state-owned enterprise of the PRC arising from infrastructure construction, survey, design and consulting service and engineering equipment and component manufacturing is approximately RMB188,092 million (2013: RMB176,088 million), which contributed 31.8% (2013: 32.6%) of the total revenue of the Group. Other than this customer, no other single customer contributed 10% or more to the Group's revenue for the years ended 31 December 2014 and 2013.

5 OTHER INCOME AND EXPENSES

	2014	2013
	RMB million	RMB million
Other income from:		
Dividend income	**111**	67
Government subsidies *(note (a))*	**521**	553
Compensation income	**40**	26
Relocation compensation	**96**	434
Amortisation of financial guarantee contracts	**–**	1
Income from sundry operations *(note (b))*	**1,049**	1,210
Waiver of trade and other payables	**19**	31
Others	**384**	211
	2,220	2,533
Other expenses on:		
Research and development expenditure	**9,710**	8,516
	9,710	8,516

Notes:

(a) Government subsidies relating to expenses include various government subsidies received by the group entities from the relevant government bodies in connection with enterprise expansion, technology advancement, environmental protection measures enhancement and product development, etc. All subsidies were recognised at the time the Group fulfilled the relevant criteria and when the related expenses incurred.

Government subsidies relating to assets include government subsidies obtained by the group entities in relation to the acquisition of property, plant and equipment, which were included in the consolidated statement of financial position as deferred government grant and credited to profit or loss on a straight-line basis over the expected useful lives of the relevant assets.

(b) The balances comprise profits from sundry operations incidental to the main revenue-generating activities of the Group including sales of materials, rental income, transportation income and hotel operation income, etc.

6 OTHER GAINS AND LOSSES

	2014	2013
	RMB million	RMB million
Gain (loss) on disposal and/or write-off of:		
Property, plant and equipment	**(14)**	74
Lease prepayments	**12**	12
Intangible assets	**–**	1
Mining assets	**(22)**	–
Investment properties	**–**	1
Interests in associates	**3**	1
Interests in a joint venture	**(207)**	(1)
Available-for-sale financial assets	**21**	49
Cumulative gain on disposal of available-for-sale investments	**106**	17
Impairment loss recognised in respect of goodwill	**–**	(27)
Impairment loss on property, plant and equipment	**(107)**	–
Impairment loss on mining assets	**(54)**	–
Impairment loss (recognised) reversed on financial assets		
Available-for-sale financial assets	**(10)**	(3)
Trade and other receivables	**(2,456)**	(588)
Other loans and receivables	**249**	(2)
Loss arising on change in fair value of financial assets/liabilities classified as held-for-trading	**(233)**	(46)
Gain on disposal of subsidiaries	**11**	427
Excess of fair value of the previously-held investments	**4**	–
Foreign exchange gains, net	**1,450**	928
	(1,247)	843

7 INCOME TAX EXPENSE

	2014	2013
	RMB million	RMB million
Current tax		
Enterprise Income Tax ("**EIT**")	**4,719**	3,516
Land Appreciation Tax ("**LAT**")	**920**	1,308
Underprovision in prior years	**75**	12
Deferred tax	**(157)**	(92)
	5,557	4,744

The majority of the entities in the Group are located in Mainland China. Pursuant to the relevant laws and regulations, the statutory EIT rate of 25% (2013: 25%) is applied to the Group except for certain subsidiaries which were either exempted from EIT or entitled to the preferential tax rate of 12.5%, 15%, or 20% (2013: 12.5%, 15%, 20%) for the year ended 31 December 2014.

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

The tax charge for the year can be reconciled to profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	RMB million	RMB million
Profit before tax	**16,233**	14,819
Tax at PRC EIT rate of 25% (2013: 25%) *(Note)*	**4,058**	3,704
Tax effect of:		
Non-deductible expenses	**200**	157
Non-taxable income	**(83)**	(127)
Tax losses not recognised as deferred tax assets	**593**	491
Utilisation of tax losses previously not recognised as deferred tax assets	**(103)**	(50)
Utilisation of other deductible temporary differences previously not recognised as deferred tax assets	**(18)**	(30)
Other deductible temporary differences not recognised as deferred tax assets	**442**	93
Preferential tax rates on income of group entities and other income tax credits	**(561)**	(576)
Share of profits of joint ventures	**(32)**	(22)
Share of profits of associates	**(33)**	(4)
Deferred tax changes resulting from changes in applicable tax rates	**19**	56
LAT	**920**	1,308
Tax effect of LAT	**(230)**	(327)
Underprovision in respect of prior years	**75**	12
Others	**310**	59
Income tax expense for the year	**5,557**	4,744

Note: The PRC Enterprise Income Tax rate is used as it is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.

Income tax recognised directly in other comprehensive income

	2014	2013
	RMB million	RMB million
Deferred tax		
Retirement and other supplemental benefit obligations	**12**	(180)
Fair value changes of available-for-sale financial assets	**(42)**	5
Total income tax recognised in other comprehensive income	**(30)**	(175)

8 EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2014 is calculated by dividing the profit attributable to owners of the Company of RMB10,262 million (2013: RMB9,374 million) by 21,299,900,000 shares (2013: 21,299,900,000 shares) in issue during the year.

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

9 DIVIDEND

The final dividend of RMB0.078 per share in respect of the year ended 31 December 2014 amounting to approximately RMB1,661 million in aggregate has been proposed by the Directors and is subject to approval by the shareholders in general meeting.

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

10 TRADE AND OTHER RECEIVABLES

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

	31/12/2014	31/12/2013
	RMB million	RMB million
Trade and bills receivables	**161,623**	136,058
Less: impairment	**(3,108)**	(2,172)
	158,515	133,886
Other receivables (net of impairment)	**37,738**	33,753
Advance to suppliers	**31,640**	31,312
	227,893	198,951
Less: Amount due after one year included in non-current assets	**(8,135)**	(7,435)
Amount due within one year included in current assets	**219,758**	191,516

The Group's major customers are the wholly state-owned entities and other government-related enterprises, which have good credit standing and strong economic background. More than 90% of the trade receivables that are neither past due nor impaired are from customers with good payment history.

Included in trade and bills receivables are retention receivables of RMB53,336 million (2013: RMB48,528 million). Retention receivables are interest-free and recoverable at the end of the retention period of the respective construction contract. The Group's normal operating cycle with respect to this construction contract is usually more than one year.

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

	31/12/2014	31/12/2013
	RMB million	RMB million
Less than six months	**79,673**	70,686
Six months to one year	**26,318**	20,388
One year to two years	**30,220**	24,781
Two years to three years	**12,582**	10,160
More than three years	**9,722**	7,871
	158,515	133,886

The Directors consider that there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Movements in allowance for doubtful debts of individually impaired trade receivables and other receivables during the year are as follows:

	2014	2013
	RMB million	RMB million
At beginning of the year	**3,355**	2,806
Impairment loss recognised during the year	**2,456**	588
Written-off	**(26)**	(34)
Decrease through disposal of subsidiaries	**(26)**	(5)
At end of the year	**5,759**	3,355
Attributable to:		
Trade receivables	**3,108**	2,172
Other receivables	**2,651**	1,183
	5,759	3,355

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Age of impaired trade receivables

	31/12/2014	31/12/2013
	RMB million	RMB million
Less than six months	**454**	320
Six months to one year	**148**	92
One year to two years	**726**	385
Two years to three years	**427**	326
More than three years	**1,353**	1,049
	3,108	2,172

11 TRADE AND OTHER PAYABLES

	31/12/2014	31/12/2013
	RMB million	RMB million
Trade and bills payables	**245,447**	206,292
Advance from customers	**59,788**	57,251
Accrued payroll and welfare	**2,741**	2,607
Other taxes	**9,447**	9,289
Deposit received in advance	**148**	157
Dividend payables	**61**	153
Other payables	**38,343**	35,463
	355,975	311,212
Analysed for reporting purposes as:		
Non-current	**782**	614
Current	**355,193**	310,598
	355,975	311,212

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB5,292 million (2013: RMB4,685 million). Retention payables are interest-free and payable at the end of the retention period of the respective construction contract. The Group's normal operating cycle with respect to the construction contract is usually more than one year.

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

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

	31/12/2014	31/12/2013
	RMB million	RMB million
Less than one year	**215,448**	182,473
One year to two years	**18,811**	14,308
Two years to three years	**5,764**	5,173
More than three years	**5,424**	4,338
	245,447	206,292

7 AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2014.

8 DIVIDENDS

The board of directors of the Company recommended the payment of a final dividend in the amount of RMB0.078 per share (including tax), totalling approximately RMB1.661 billion for the year ended 31 December 2014 (2013: RMB0.066 per share (including tax) totalling approximately RMB1.406 billion). The distribution plan will be implemented upon approval at the 2014 annual general meeting of the Company.

9 REPURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries sell any securities of the Company, nor did they repurchase or redeem any of the securities of the Company during the year ended 31 December 2014.

10 COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

As a company listed on the Main Board of the Hong Kong Stock Exchange, the Company is committed to comply with the requirements under the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company has complied with all provisions of the Corporate Governance Code during the reporting period.

11 PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2014 Annual Report prepared in accordance with the IFRS will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2014 Annual Report and its abstract prepared in accordance with CAS will be released on the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.crec.cn).

By Order of the Board
China Railway Group Limited
Chairman
LI Changjin

30 March 2015

As at the date of this announcement, the executive directors of the Company are LI Changjin (Chairman), YAO Guiqing and DAI Hegen; and the independent non-executive directors are GUO Peizhang, WEN Baoman, ZHENG Qingzhi and NGAI Wai Fung.