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中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

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

(Stock Code: 1186)

2014 ANNUAL RESULTS ANNOUNCEMENT

The Board of the Company is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2014. This announcement, containing the full text of the 2014 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. Printed version of the Company's 2014 Annual Report will be sent to H shareholders of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and of the Company at <http://www.crcc.cn> on or before 30 April 2015.

Important Notice

- I. The Board and the Supervisory Committee of the Company and the directors, supervisors and members of the senior management warrant the truthfulness, accuracy and completeness of the contents herein and confirm that there are no misrepresentations or misleading statements contained in, or material omissions from, this report, and accept joint and several legal responsibilities.
- II. All the directors of the Company attended the Board meeting.
- III. The 2014 financial report of the Company was prepared under the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and relevant regulations ("PRC GAAP"), for which Ernst & Young Hua Ming LLP has issued a standard unqualified audit report. Unless specifically indicated, Renminbi is the reporting currency in this annual report.
- IV. MENG Fengchao, chairman of the Company, WANG Xiuming, CFO, and CAO Xirui, Head of the Finance Department (person in charge of accounting), confirm that the financial report in this annual report is true, accurate and complete.
- V. The profit distribution plan or reserves-to-equity transfer plan during the Reporting Period as considered by the Board meeting:

According to the audited financial report of the Company for 2014, the undistributed profit of the parent company at the beginning of 2014 was RMB6,260,571,383.46. After adding the net profit of the Company of RMB3,029,649,137.18 during the year and deducting the cash dividends of RMB1,603,880,395.00 for 2013, the distributable profit of the parent company amounted to RMB7,686,340,125.64 at the end of the year. Pursuant to the Company Law and the Articles of Association, 10% of the net profit of the parent company, i.e. RMB302,964,913.72, was appropriated to statutory surplus reserve. After the appropriation, the distributable profit of the parent company to shareholders for the year amounted to RMB7,383,375,211.92. A cash dividend of RMB0.15 per share (tax inclusive) is proposed to be distributed based on the total share capital of 12,337,541,500 shares as at 31 December 2014 and the total amount of such cash dividend is RMB1,850,631,225.00. Upon the distribution, the undistributed profit of the parent company amounting to RMB5,532,743,986.92 will be carried forward to the next year.

This profit distribution plan is subject to consideration and approval at the 2014 annual general meeting of the Company.

- VI. Disclaimer of forward-looking statements:

Forward-looking statements, including future plan and development strategy, contained in this report do not constitute substantive commitments to investors by the Company. Investors should be reminded of such investment risks.
- VII. Whether the controlling shareholder of the Company or its associates has misappropriated the Company's funds for purposes other than for business?

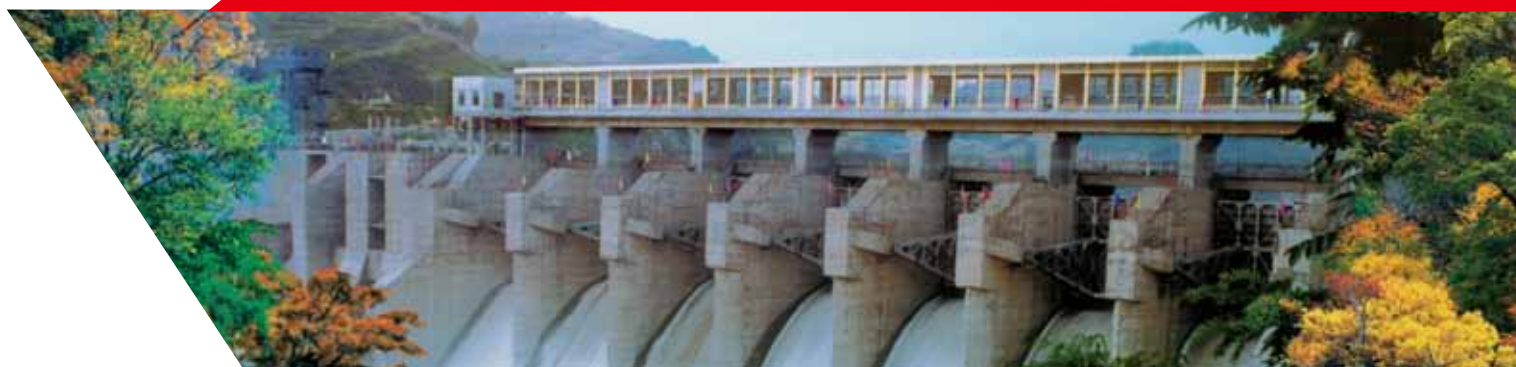
No
- VIII. Whether the Company has provided external guarantees in violation of any prescribed decision-making procedures

No
- IX. Others

The contents of this annual report are in compliance with all the requirements in relation to information to be disclosed in annual report under the Shanghai Listing Rules and the Hong Kong Listing Rules. In addition, this annual report will be simultaneously published in Mainland China and Hong Kong. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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Definitions and Important Risk Warnings

I. DEFINITIONS

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

Definition of frequently used terms

“Company” or “CRCC”	China Railway Construction Corporation Limited (中國鐵建股份有限公司)
“Group”	China Railway Construction Corporation Limited and its wholly-owned and non wholly-owned subsidiaries
“Controlling Shareholder” or “CRCCG”	China Railway Construction Corporation (中國鐵道建築總公司)
“General Meeting”	a general meeting of China Railway Construction Corporation Limited
“Board”	the board of directors of China Railway Construction Corporation Limited
“Independent director”	a person who assumes no duties in the Company except the duty of director, and has no relation with the Company and its substantial shareholders which could hinder his independent and objective judgments
“Supervisory Committee”	the supervisory committee of China Railway Construction Corporation Limited
“Articles of Association”	the articles of association of China Railway Construction Corporation Limited
“PRC” or “Mainland China”	the People’s Republic of China which, for the purposes of this report, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“the year” or “this year”	year 2014
“previous year” or “prior year”	year 2013
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Definitions and Important Risk Warnings (continued)

“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“CSRC”	China Securities Regulatory Commission
“Reporting Period”	from January to December 2014
“end of the Reporting Period”	31 December 2014
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Company Law”	the Company Law of the People's Republic of China
“Securities Law”	the Securities Law of the People's Republic of China
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council

II. IMPORTANT RISK WARNINGS

The main risks the Company may encounter are macro economic risk, account receivables risk, project management risk, and safety and quality risk. Please refer to the contents of the potential risks and countermeasures in the discussion and analysis concerning the future development of the Company in “Chapter 5, Report of the Directors”.

Basic Corporate Information

As the successor of the Railway Corps of the People's Liberation Army, China Railway Construction Corporation Limited was established by China Railway Construction Corporation as the sole promoter in Beijing on 5 November 2007 and is an ultra-large construction enterprise supervised by the SASAC. The Company successfully issued RMB denominated domestic shares (A shares) and overseas listed foreign shares (H shares), which were listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 10 March 2008 and 13 March 2008, respectively.

The Company is one of the strongest and largest scale integrated construction groups in China and in the world. It was included among the "Top 250 Global Contractors" consecutively by Engineering News-Record (ENR), an American magazine and ranked No.2 in 2014. It was listed among the Fortune "Global 500 Companies" consecutively, ranking No.80 in 2014. It was listed among the "Top 500 Chinese Enterprises" consecutively, ranking No.11 in 2014.

The business of the Company comprises construction, survey, design and consultancy, manufacturing, real estate development, logistics and materials trading, etc., which constitute a seamless industry chain covering scientific research, planning, survey, design, construction, supervision, maintenance, operation, investment and financing, etc. The Company has established a leading position in the industry of engineering design and construction of plateau railways, high-speed railways, highways, bridges, tunnels and urban rail transits. Since the 1980s, the Company has received 539 national-level awards in construction, survey, design and consultancy and other fields, including 66 National Prizes for Progress in Science and Technology, 99 National Prizes for "Four Excellences" in Survey and Design, 66 Zhan Tianyou Civil Engineering Awards, 213 National High-Quality Projects Awards and 95 Lu ban Prizes for China Construction. The Company holds 3,662 patents and 266 national-level engineering methods.

At present, the Company's operating businesses cover 31 provinces, autonomous regions, municipalities and Hong Kong and Macau special administrative regions in China, as well as 78 foreign countries in the world. The Company boasts a professional team consisting of one member of Chinese Academy of Engineering, 6 National Survey and Design Masters, 10 national candidates of the "Bai Qian Wan Talents Project (百千萬人才工程)", 1 Winner of National Award for Youth in Science and Technology and 244 experts who are recipients of special subsidies granted by the State Council.

I. CORPORATE INFORMATION

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

Basic Corporate Information (continued)

II. CONTACT PERSONS AND CONTACT METHODS

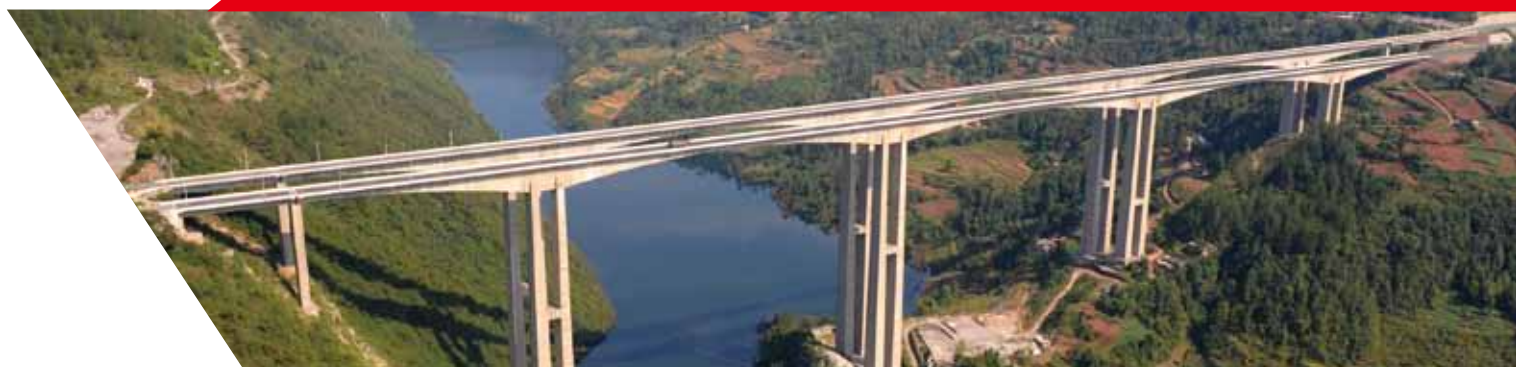
	Secretary to the Board	Joint Company Secretaries
Name	YU Xingxi	YU Xingxi, LAW Chun Biu
Correspondence address	East, No. 40 Fuxing Road, Haidian District, Beijing	East, No. 40 Fuxing Road, Haidian District, Beijing
Telephone	010-52688600	010-52688600
Fax	010-52688302	010-52688302
E-mail	ir@crcc.cn	ir@crcc.cn

III. BASIC INFORMATION

Registered office of the Company	East, No. 40 Fuxing Road, Haidian District, Beijing
Postal code of registered office of the Company	100855
Principal place of business in the PRC	East, No. 40 Fuxing Road, Haidian District, Beijing
Postal code of principal place of business in the PRC	100855
Principal place of business in Hong Kong	23/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
Website address of the Company:	www.crcc.cn
E-mail address	ir@crcc.cn

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times
Website designated by CSRC for publishing the annual report	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing the annual report	www.hkex.com.hk
Place of inspection of the annual report of the Company	Secretariat of the Board of CRCC, East, No. 40 Fuxing Road, Haidian District, Beijing



Basic Corporate Information (continued)

V. BASIC INFORMATION OF THE COMPANY'S SHARES

Basic Information of the Company's Shares			
Type of share	Place of listing	Stock abbreviation	Stock Code
A share	Shanghai Stock Exchange	China Rail Cons	601186
H share	Hong Kong Stock Exchange	China Rail Cons	1186

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

(I) **Basic information**

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

(II) **Related information of the first business registration of the Company**

Please refer to the contents in Basic Corporate Information in 2011 annual report for the first business registration of the Company.

(III) **Change in principal business of the Company since its listing**

No change.

(IV) **Change in controlling shareholder of the Company since its listing**

No change.

Basic Corporate Information (continued)

VII. OTHER INFORMATION

Auditors appointed by the Company	Name	Ernst & Young Hua Ming LLP
	Office address	Level 16, Ernst & Young Tower, Oriental Plaza, No.1, East Chang An Ave., Dongcheng District, Beijing
	Names of signing accountants	YANG Shujuan, SHEN Yan

Note: Pursuant to the amendments to the Hong Kong Listing Rules by the Hong Kong Stock Exchange and relevant requirements of the Ministry of Finance and the CSRC, a company incorporated in Mainland China and listed on the Hong Kong Stock Exchange is permitted to adopt the PRC GAAP to prepare its financial statements and to engage a domestic accounting firm recognized by the Ministry of Finance and the CSRC to provide relevant services according to the PRC auditing standards since 15 December 2010. Ernst & Young Hua Ming LLP is a domestic accounting firm recognized by the Ministry of Finance and the CSRC. Therefore, the Company appointed Ernst & Young Hua Ming LLP as its external auditor starting from the fiscal year of 2011 (no division of domestic and overseas).

VIII. OTHERS

Legal advisers appointed by the Company (As to Hong Kong law)	Name	Baker & McKenzie
	Office address	14th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong
Legal advisers appointed by the Company (As to the PRC law)	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing
Share registrar of H shares of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Highlights of Accounting Data and Financial Indicators

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY AT THE END OF THE REPORTING PERIOD FOR THE PAST THREE YEARS

(I) Major accounting data

Unit: thousand yuan Currency: RMB

Major accounting data	2014	2013			2012
		Adjusted	Before adjustment	increase or decrease at this year over the previous year (%)	
Revenue	591,968,452	586,789,590	586,789,590	0.88	484,312,928
Net profit attributable to shareholders of listed company	11,343,265	10,344,658	10,344,658	9.65	8,629,127
Net profit excluding non-recurring profit or loss attributable to shareholders of listed company	10,563,661	9,543,406	9,543,406	10.69	8,269,454
Net cash flows from operating activities	6,582,512	-9,313,980	-9,313,980	N/A	4,719,740

Major accounting data	At the end of 2014	At the end of 2013			At the end of 2012
		Adjusted	Before adjustment	increase or decrease at this year over the previous year (%)	
Net assets attributable to shareholders of listed company	90,935,729	80,986,894	80,986,894	12.28	71,840,919
Total assets	617,004,015	553,018,596	553,018,596	11.57	480,683,438

Highlights of Accounting Data and Financial Indicators (continued)

(II) Major financial data

Major financial indicators	2014	2013		increase or decrease at this year over the previous year (%)	2012
		Adjusted	Before adjustment		
Basic earnings per share (yuan per share)	0.92	0.84	0.84	9.52	0.70
Diluted earnings per share (yuan per share)	N/A	N/A	N/A	N/A	N/A
Basic earnings per share after deduction of non-recurring profit or loss (yuan per share)	0.86	0.77	0.77	11.69	0.67
Weighted average return on net asset (%)	13.24	13.59	13.59	Decreased by 0.35 percentage point	12.71
Weighted average return on net asset after deduction of non-recurring profit or loss (%)	12.33	12.54	12.54	Decreased by 0.21 percentage point	12.18

Explanation on the major accounting data and financial indicators of the company at the end of the Reporting Period for the past three years:

The retrospective adjustment made for the year represents the reclassification of asset items, which had no impact on the major accounting data and financial indicators set out above.



Highlights of Accounting Data and Financial Indicators (continued)

II. ACCOUNTING DATA DIFFERENCES BETWEEN THE PRC GAAP AND IFRSS

- (I) Difference arising from the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed simultaneously pursuant to the International Accounting Standards and the PRC GAAP

☒ N/A ☐ Applicable

- (II) Difference arising from the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed simultaneously pursuant to the Foreign Accounting Standards and the PRC GAAP

☒ N/A ☐ Applicable

- (III) Explanation on difference between foreign and domestic accounting standards:

Before the 2011 annual report, the Company used to prepare the A share financial report under the PRC GAAP, and the H share financial report in accordance with the International Accounting Standards and applicable disclosure requirements under the former Companies Ordinance. Pursuant to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong issued by the Hong Kong Stock Exchange in December 2010 and related amendments to the Hong Kong Listing Rules, as well as relevant documents issued by the Ministry of Finance of the PRC and CSRC, the Company no longer provides the annual reports prepared under the PRC GAAP and the International Accounting Standards to holders of A shares and holders of H shares respectively starting from the 2011 financial year, as considered and approved at the 2010 General Meeting of the Company held on 31 May 2011, but only the same version of annual report prepared under the PRC GAAP to all shareholders. All the financial information in this annual report, for the purpose of comparison, is based on the information prepared under the PRC GAAP.

Highlights of Accounting Data and Financial Indicators (continued)

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

☒ Applicable ☐ N/A

Unit: thousand yuan Currency: RMB

Non-recurring profit or loss items	Amount for 2014	Amount for 2013	Amount for 2012
Gains/(losses) from disposal of non-current assets	23,544	226,419	128,104
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity according to certain standards)	356,999	302,190	386,188
Losses from exchange of non-monetary assets	163	—	-30
Gains/(losses) from debt restructuring	5,536	5,432	2,666
Gains/(losses) from changes in fair value of financial assets held for trading and financial liabilities held for trading, (other than valid future hedging business relevant to the Company's normal business), as well as investment gains from disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets	35,877	4,244	3,240
Reversal of impairment for accounts receivable that had impairment test separately	468,852	150,313	172,081
Other non-operating income and expenses other than the above items	169,422	389,521	-210,325
Impact on minority interests	-15,691	-7,337	-1,770
Impact on income tax	-265,098	-269,530	-120,481
Total	779,604	801,252	359,673

IV. ITEMS MEASURED AT FAIR VALUE

Unit: thousand yuan Currency: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Change during the period	Impact on profit for the period
Financial assets at fair value through profit or loss	123,161	110,204	-12,957	16,169
Available-for-sale financial assets	231,897	586,872	354,975	18,766
Total	355,058	697,076	342,018	34,935

Chairman's Statement

Dear Honourable Shareholders,

I would like to extend my heartfelt gratitude to you for your care and supports for the Group for a long time. On behalf of the Board of the Company, I am pleased to present to the shareholders the annual report of CRCC for 2014.

2014 was a fruitful year for CRCC as it achieved good results in various tasks in the year. CRCC seized opportunities amidst challenges. It could renovate and reform when combating hardship; and it could achieve scientific development while undergoing transformation and upgrading.

Its development quality has been significantly enhanced. CRCC firmly grasped the enhancement in development quality as the core aim, made efforts in contracting and operating business, project management and control, capital operation, material procurement, collection and debt reduction and risk prevention and control, endeavoured to lower costs and boost efficiency, enhanced both quality and quantity, and achieved remarkable results. The newly signed contract of the year amounted to RMB827.7080 billion, and especially the amount of new overseas contract exceeded RMB100 billion for the first time, reaching RMB127.8027 billion; the operating revenues amounted to RMB591.9685 billion, reaping a total profit (Earning before Interest & Tax) of RMB14.9524 billion, net profit of RMB11.5716 billion and EPS of RMB0.92, hitting a record high; the net cash flow from the Company's operating activities turned from negative to positive, reaching RMB6.5825 billion, the highest level in nearly five years. The Company was ranked the 80th in "Global 500" by Fortune, 11th in the "Top 500 Chinese Enterprises" and 2nd in the "Top 250 International Contractors" by American magazine Engineering News Record (ENR). Moreover, the Company retained the highest credit rating for global construction industry by international credit rating agencies. The Company was honoured the "Listing Company Most Respected by Investors (最受投資者尊重的上市公司)", one of the "Top 100 Leading Listing Companies (中國上市公司百佳行業領軍企業)", the "Listing Company with the Strongest Core Competitiveness (中國上市公司最具核心競爭力企業)", "Top 100 Enterprise Award for China's Listed Companies (中國上市公司百強企業獎)", one of the "Top 100 HK Listing Companies (港股100強)", one of the "Top 300 Listing Companies (上市公司企業300強)", the "Best Enterprise for Information Disclosure of Listing Companies (最佳信息披露上市公司)", "Enterprise with Morality of Chinese Companies (中國道德企業獎)", one of the "Top 100 Chinese Listing Companies for Social Responsibilities Construction (全國上市公司社會責任建設100強)", "Outstanding Board of Directors (優秀董事會)" and other awards. The Company's influence, publicity and recognition have been continuously improved.

The Company has steadily promoted reform and adjustment. The Company actively promoted transformation and upgrading, and stepped up effort to develop overseas businesses with a rapid rise in the amount of new overseas contracts and revenue. It also actively promoted improvement in capital structure through initiating the listing of Kunming China Railway Large Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司) and non-public issuance of A shares of the Company. The relevant work is progressing according to plans in an orderly way. The Company actively encouraged reform of supervision and management system by setting up a branch of the auditing bureau and establishing discipline inspection teams. It also actively encouraged the reform of domestic operation mechanism and comprehensively implemented the strategy of regional operation.

Impressive achievements in technological innovation were attained. The Company carried out market-demand-based innovation and made significant achievements in innovating platform building with its national innovation platforms increasing to 13 and provincial-level technology centres to 46. Patent management work reached its new level with a rise of 995 new authorized patents. Abundant harvest was reaped in technology awards. The Company won one National Science and Technology Progress Award and a total of 510 science and technology awards and technical methods and 180 awards for survey,

Chairman's Statement (continued)

design and consultation at all levels; the Company presided over or participated in the preparation of over 80 international, national and industry technical standards and chaired the preparation of four international standards. New advances in management innovation were attained, 116 innovation results were selected in Group and the technological innovation goals of “12th Five-year Plan” were fully completed in advance.

The Board proposed, in line with the principles of keeping continuous and steady development of the Company and striving to give reasonable return on investment of shareholders, to increase the proportion of cash dividends of net profit attributable to listed company's shareholders in the annual consolidated financial statements from 15.50% in 2013 to 16.31% in 2014. Specific plan is to distribute cash dividend RMB0.15 per share (including tax), with an increase of 15.38% compared with RMB0.13 (including tax) of last year.

The Company's development will still benefit from a relatively favourable external environment in 2015. Under the strong pressure of economic downturn, the Central Government attaches great importance to optimizing economic development pattern and strategy by implementing “One Belt And One Road”, synergetic development of Beijing, Tianjin and Hebei and Yangtze River Economic Belt. More attention and support are offered to rebuilding of railways, highways and squatter settlements and to new urbanization construction. The Company will also perform high-speed rail cooperation or negotiation with over 20 countries and the establishment of financial institutions including BRIC Development Bank and Asian Infrastructure Investment Bank, providing a broad prospect for enterprises to develop domestic and international market.

In 2015, the development of the Company will focus on boosting quality and efficiency, stick to making steady progress, reform and innovation, transformation and upgrading and legal governance of the enterprise and stress successful carrying out of the “Five Tasks”. The five tasks include: a) the Company will run the campaign of “One Maintenance and One Reduction” to maintain growth and reduce debt to assets ratio to ensure that the annual growth target can be attained; b) the Company will advance structural adjustment and create new growth areas; c) the Company will encourage the reform of enterprises and enhance their vitality; d) the Company will strengthen the building of leadership and hone the operational and management capacity; e) the Company will comprehensively promote governing enterprises by law and build CRCC by the rule of law.

CRCC will take the initiative to adapt to the “new normal (新常态)”, seize new opportunities, seek new development and give back to the society, shareholders and employees with sound performance.

MENG Fengchao

Chairman of the Board

Beijing, PRC

30 March 2015



Report of Directors

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

(I) Discussion and Analysis of the Overall Operations

In 2014, amidst the macro market condition that downward pressure on economy increased while its development followed the pattern of new normal, the Group deepened the reform, strengthened management, blazed new trails in a pioneering spirit and made great effort to cope with difficulties that it encountered, given which it achieved all the targets successfully. The overall operations made steady progress with fruitful achievements in a favorable trend.

1. Value of new contracts remaining stable

In 2014, the Group over-fulfilled its annual target with value of new contracts amounting to RMB827,708.0 million, accounting for 108.04% of the value as set in the annual plan, of which the value of overseas new contracts amounted to RMB127,802.7 million, representing an increase of 59.74% as compared to the corresponding period last year and accounting for 15.44% of the total value of new contracts. As at the end of 2014, the value of outstanding contracts of the Group was RMB1,762,978.0 million, representing an increase of 1.10% as compared to the corresponding period last year, of which the value of outstanding overseas contracts amounted to RMB379,360.4 million, accounting for 21.52% of the total value of new contract. The key indicators are as follows:

Unit: '00 million

	Value of new contracts			Value of outstanding contracts		
	Reporting Period	Corresponding Period last year	Year-on-year growth	Reporting Period	Corresponding Period last year	Year-on-year growth
Construction operations	6,873.057	6,907.045	-0.49%	16,079.547	16,016.263	0.40%
Survey, design and supervision operations	100.152	91.923	8.95%	41.445	41.787	-0.82%
Manufacturing operations	152.729	120.189	27.07%	54.394	32.493	67.40%
Logistics and materials trading	870.468	1,122.711	-22.47%	1,240.040	1,182.307	4.88%
Real estate development	268.571	285.626	-5.97%	200.033	157.898	26.68%
Others	12.103	7.341	64.87%	14.321	6.963	105.67%
Total	8,277.080	8,534.835	-3.02%	17,629.780	17,437.711	1.10%

Report of Directors (continued)

In 2014, the value of new contracts for construction operations amounted to RMB687,305.7 million, accounting for 83.04% of the total value of new contracts and representing a decrease of 0.49% as compared to the corresponding period last year. Among this, the value of new contracts for railway construction amounted to RMB261,777.2 million, accounting for 38.09% of the value of new contracts in the construction operations segment and representing an increase of 21.18% as compared to the corresponding period last year; the value of new contracts for road projects amounted to RMB98,138.8 million, accounting for 14.28% of the value of new contracts in the construction operations segment and representing a decrease of 31.69% as compared to the corresponding period last year; the value of new contracts for urban rail transit amounted to RMB63,259.6 million, accounting for 9.20% of the value of new contracts in the construction operations segment and representing a decrease of 3.97% as compared to the corresponding period last year; the value of new contracts for housing construction amounted to RMB145,549.3 million, accounting for 21.18% of the value of new contracts in the construction operations segment and representing a decrease of 4.70% as compared to the corresponding period last year; the value of new contracts for municipal engineering amounted to RMB68,699.8 million, accounting for 10.00% of the value of new contract in the construction operations segment and representing an increase of 5.42% as compared to the corresponding period last year; the value of new contracts for hydraulic and electric engineering amounted to RMB14,496.9 million, accounting for 2.11% of the value of new contracts in the construction operations segment and representing a decrease of 13.34% as compared to the corresponding period last year; the value of new contracts for airport terminals amounted to RM7,224.0 million, accounting for 1.05% of the value of the new contracts in the construction operations segment and representing an increase of 63.05% as compared to the corresponding period last year. The decrease in the value of new contracts for highway projects was mainly due to the influence of decreased domestic investment. The rapid growth in the new contracts for airport terminals was mainly because its overall scale was relatively small. Therefore, it was normal to record a significant volatility.

In 2014, the value of new contracts for non-construction operations of the Group amounted to RMB140,402.3 million, accounting for 16.96% of the total value of new contracts and representing a decrease of 13.75% as compared to the corresponding period last year. Among this, the value of new contracts for survey, design and consultancy amounted to RMB10,015.2 million, representing an increase of 8.95% as compared to the corresponding period last year; the value of new contracts for manufacturing operations amounted to RMB15,272.9 million, representing an increase of 27.07% as compared to the corresponding period last year; the value of new contracts for logistics and materials trading amounted to RMB87,046.8 million, representing a decrease of 22.47% as compared to the corresponding period last year; the value of new contracts for real estate amounted to RMB26,857.1 million, representing a decrease of 5.97% as compared to the corresponding period last year.

Report of Directors (continued)

The Group has achieved sound performance of operation and contract through insisting on double drive forces of project operation and investment financing operation, positive interaction between construction capability and operation capability and attaching great importance to key industries, key areas and project operation. The Group has taken a favourable share in the bidding of major railway projects such as Beijing-Shenyang Passenger Dedicated Line, Harbin-Jiamusi Intercity Railway and Shenzhen-Maoming Railway, and has contracted large numbers of large-scale and high-quality key projects including Lanzhou Metro Line 1 and Jianyang-Pujiang Highway.

2. Achieving continuous improvement in the economic efficiency

The Group made substantial progress in terms of implementing regional operation model, optimizing project management, collating management system for overseas operation and improving the performance assessment system while its operation scale was consolidated to achieve the target of “growth guaranteed”. In the remediation of defective projects, debt risk control, rectification and reform through self-examination as well as the operation in the overseas market, desired results were obtained. During the Reporting Period, the Group recorded a revenue of RMB591,968.5 million, representing an increase of 0.88% as compared to the corresponding period last year. The net profit amounted to RMB11,571.6 million, representing an increase of 10.85% as compared to the corresponding period of last year while economic efficiency hit another historic record with remarkable improvement in operation quality.

Major operational and financial indicators

Unit: thousand yuan

	2014	2013	Growth
Revenue	591,968,452	586,789,590	0.88%
Operating cost	527,729,820	527,247,896	0.09%
Operating profit	14,380,590	12,283,412	17.07%
Operating margin	2.43%	2.09%	Increased by 0.34 percentage point
Net profit	11,571,565	10,439,383	10.85%

In 2014, the Group gained operating revenues of RMB99.9458 billion from non-construction contracting operations (transactions between branches are not offset) and a total profit (before tax) of RMB6.3882 billion, accounting for 16.33% and 43.54% respectively.

Report of Directors (continued)

3. Steady promotion of reform and adjustment with significant achievements of transformation and upgrading

The Group sticks to the policy of “rooting in construction while digging related and diversified business” and vigorously promotes industrial and product restructuring. Railway projects in construction contracting operations achieved rapid growth, especially in four types of construction (communications engineering, signal engineering, electrical engineering and electrification engineering), municipal construction and airport terminal construction. With regard to overseas operations, the Group laid emphasis on making use of national policies, enhancing high-level communications, innovating business model, undertaking regional penetration in backbone markets and seizing major projects, while gradually straightening out system and mechanism for overseas operation and management. Therefore, its annual new overseas contract amounted to RMB127.8027 billion, a year-on-year increase of 59.74%. The Group has contracted a host of major projects including Nigeria coastal railway project, development project of the Security Headquarters of Saudi Arabia Ministry of Internal Affairs and elevated highway project at Dhaka, Bangladesh. Nigerian Railway of Abuja-Kaduna and Ankara-Istanbul High Speed Railway were open to traffic and Benguela Railway in Angola was successfully completed and on a trial run, which were thought highly of by local governments and fully acknowledged by China’s leaders, so the Group won unprecedented popularity at home and abroad.

4. Fruitful achievements in technological innovation, energy conservation and emission reduction

(1) Information on technological innovation

The Company’s technological innovation platforms repeatedly reaped extraordinary achievements with national innovation platforms increasing to 13, contributing to continued improvement in ability of scientific and technological innovation; “Workstation of Academicians and Experts” of CRCC was officially established in Changsha, indicating a new upgrading of high-end talent and team platform building; Significant results of technological innovations were obtained with an annual investment in technology of RMB8.6832 billion, evidenced by the fact that “complete engineering technology of Yangtze River shield tunnel with a super large diameter in high-water pressure and shallow overburden complex topography and geology” charged by the Company was awarded the second prize of National Scientific and Technological Progress; 132 new patents were made; 50 new national technical methods were developed; 7 Tien-yow Jeme Civil Engineering Grand Prize were awarded; 4 projects won the “FIDIC Project Excellence Award” awarded by FIDIC and “Xi’an Metro Line 2” was the first metro project winning FIDIC award in the globe; 7 national survey, design and consultation awards were obtained. A series of key and difficult projects have been completed, including Nanpanjiang Bridge, Songhua River Bridge, high-altitude tunnel Guanjiao Tunnel and the first domestic frequent earthquake immersed-tube tunnel Haihe River Tunnel at the Central Avenue, and the first domestic large-diameter Tunnel Boring Machine (TBM) has successfully rolled off the production line. Various technological achievements have boosted publicity, influence and brand value of CRCC.

Report of Directors (continued)

(2) Energy conservation and emission reduction

The Group in 2014 earnestly implemented a series of national principles and policies on energy conservation and environmental protection and a variety of management measures. Additionally, it, by closely combining with its practical situations, started with further strengthening organizations and institutions of energy conservation and environmental protection, monitoring system and management system, seized the key aspects and promoted various management of energy conservation and environmental protection in a down-to-earth manner. The Group has also developed a reverse schedule for the achievement of goals and indicators of energy conservation and emission reduction, strengthened on-site monitoring and executed rewards and penalties to ensure the achievement of goals of energy conservation and emission reduction as set forth in the 12th Five-year Plan.

(II) Analysis of Main Businesses

Analysis on profit, revenue, cost and expenses is set out in “(III) Analysis of the operations in business segment and various regions” in this section.

1. Analysis on changes of relevant items in income statement and statement of cash flows

Unit: thousand yuan Currency: RMB

Item	During the period	During the corresponding period last year	Change (%)
Revenue	591,968,452	586,789,590	0.88
Operating costs	527,729,820	527,247,896	0.09
Selling and distribution expenses	3,251,606	2,509,220	29.59
General and administrative expenses	22,845,241	22,719,838	0.55
Finance costs	4,289,689	3,749,441	14.41
Income tax expenses	3,380,884	2,600,357	30.02
Net cash flow from operating activities	6,582,512	-9,313,980	N/A
Net cash flow from investment activities	-16,504,966	-19,996,501	N/A
Net cash flow from financing activities	14,621,958	29,600,182	-50.60
R&D expenditures	8,683,235	7,678,912	13.08
Operating profit	14,380,590	12,283,412	17.07
Operating margin	2.43%	2.09%	Increased by 0.34 percentage point
Net profit	11,571,565	10,439,383	10.85

Report of Directors (continued)

2. Revenue

(1) Analysis of factors causing changes in business revenue

The Group recorded a revenue of RMB591,968.5 million in 2014, representing an increase of 0.88% as compared to that in the corresponding period last year. For details of changes in the revenue of all segments, please refer to "(III) Analysis of the operations in business segment and various regions" in this section.

(2) Analysis of factors influencing the product revenue principally based on physical sales

N/A

(3) Order analysis

In 2014, the Group over-fulfilled its annual target with total value of new contracts amounting to RMB827,708.0 million, accounting for 108.04% of the value as set in the annual plan. Details please refer to "1. The value of new contracts remaining stable" in "(I) Discussion and Analysis of the Overall Operations" of this section.

(4) Analysis of the influence of new products and services

N/A

(5) Major customers

During the Reporting Period, the revenue from the top five customers amounted to RMB36,492.3 million, accounting for approximately 6.16% of the Group's total revenue in 2014 and representing an increase of 0.65 percentage point as compared to that of 2013. The major customers were railway bureaus and companies under the China Railway Corporation. The controlling shareholder and actual controller of the Company and the companies under its control were not connected to the major customers.

Unit: thousand yuan

Item	2014	2013
Total income from the top five customers	36,492,271	32,321,019
Percentage of total revenue	6.16%	5.51%

None of the directors or their respective associates (as defined in the Hong Kong Listing Rules) or the existing shareholders who owned, as to the knowledge of the directors, 5% or more of the Company's issued share capital held any interests in the top five customers.

Report of Directors (continued)

3. Costs

(1) Cost Analysis Table

Unit: thousand yuan

By segment	Item relating to cost composition	Amount for the period	Particulars by segment				Explanation
			Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the amount for the corresponding period last year in total (%)	Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	
Construction operations	—	464,777,729	84.80	422,453,342	77.97	10.02	—
Survey, design and consultancy operations	—	6,223,682	1.14	5,531,893	1.02	12.51	—
Manufacturing operations	—	9,340,550	1.70	9,705,573	1.79	-3.76	—
Real estate development operations	—	17,269,183	3.15	18,380,682	3.39	-6.05	—
Logistics and materials trading operations and other	—	50,499,092	9.21	85,751,320	15.83	-41.11	—
Sub-total of the above	—	548,110,236	100.00	541,822,810	100.00	1.16	—
In which:	Labour costs	144,484,921	26.36	124,768,200	23.03	15.80	—
	Materials costs	247,795,481	45.21	272,603,496	50.31	-9.10	—
	Machinery costs	60,502,210	11.04	66,875,365	12.34	-9.53	—
	Other costs	95,327,624	17.39	77,575,749	14.32	22.88	—
Inter-segment elimination	—	-20,380,416	—	-14,574,914	—	N/A	—
Total	—	527,729,820	—	527,247,896	—	0.09	—

Note: Pursuant to “No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report (Revision 2014)” of CSRC, the Company shall disclose the proportion of major components of costs for the year to the total cost by industry or product. Given the unique nature of the Company's business, the Company will analyze by segment.

Report of Directors (continued)

(2) Major suppliers

During the Reporting Period, the total purchasing amount of the Group from its top five suppliers of raw material and energy was RMB7,514.5 million, accounting for approximately 1.42% of the total purchasing amount of the Group for 2014 and representing a decrease of 1.46 percentage points as compared to that of 2013. The suppliers were mainly large steel enterprises and logistics and trade enterprises in China. The controlling shareholder and actual controller of the Company and the companies under its control were not connected to the major suppliers.

Unit: thousand yuan

Item	2014	2013
Purchasing amount to top five suppliers, in aggregate	7,514,502	15,159,851
Percentage of total purchasing amount	1.42%	2.88%

None of the directors or their respective associates (as defined in the Hong Kong Listing Rules) or the existing shareholders who owned, as to the knowledge of the directors, 5% or more of the Company's issued share capital held any interests in the Group's top five suppliers.

4. Expenses

In 2014, the Group's selling and distribution expenses amounted to RMB3,251.6 million, representing an increase of 29.59% as compared to that of 2013, of which distribution expense of construction operations recorded the most significant increase, up by 58.18% as compared to that of 2013. The increase in distribution expenses was mainly due to the increase in the remuneration of sales staff.

In 2014, the Group's general and administrative expenses amounted to RMB22,845.2 million, representing an increase of 0.55% as compared to that of 2013 without significant change.

In 2014, the Group's financial costs amounted to RMB4,289.7 million, representing an increase of 14.41% as compared to that of 2013, mainly because the Group increased loans to meet the fund demands, thus leading to higher interest expenses for the year than 2013.

Report of Directors (continued)

In 2014, the Group's income tax expenses amounted to RMB3,380.9 million, representing an increase of 30.02% as compared to that of 2013, mainly due to the increase in total profit for the year. The details of income tax expenses are shown in the following table:

Unit: thousand yuan

Item	2014	2013
Income tax expenses for the period	3,702,139	2,771,002
Deferred income tax expenses	-321,255	-170,645
Total income tax expenses	3,380,884	2,600,357

5. R&D expenditures

(1) Table of R&D Expenditures

Unit: thousand yuan

Expense-type R&D expenditures in current period	8,683,235
Capital R&D expenditures in current period	—
Total R&D expenditures	8,683,235
Proportion of total R&D expenditures in the net assets (%)	8.44
Proportion of total R&D expenditures in the revenue (%)	1.47

(2) Explanation

During the Reporting Period, the Group continued to maintain a high level on resources investment for technology research and development. Such supports mainly focused on railways across through alpine region, cross-sea bridges, big and long tunnels and shield tunnelling machines of large diameter. Thus far, the projects progressed smoothly. The research and development of these projects helped the Group capitalize on the latest construction technology and stay ahead in technology among its peers. Such research and development have also facilitated the transformation and upgrades of the Group and opened up new markets. In addition, they helped the Group further expand its business, resulting in higher revenue and lower costs. They also helped boost the Group's core competitiveness.

The total R&D expenditures accounted for 8.44% of the net assets, representing a decrease of 0.72 percentage point as compared to that of 2013. The total R&D expenditures accounted for 1.47% of the revenue, representing an increase of 0.16 percentage point as compared to that of 2013.

Report of Directors (continued)

6. Capital expenditures

The Group's capital expenditures are mainly used for the purchasing and technical upgrading of equipment and facilities, as well as for the construction of BOT projects. In 2014, the Group's capital expenditures amounted to RMB22,113.1 million, representing an increase of RMB5,269.4 million as compared to that of 2013. The increase in capital expenditures over the last year was mainly attributable to the increase in the Group's intangible assets for the year as compared with those of the previous year and the imbalance in the acquisition and construction of fixed assets among business segments during the year.

Unit: thousand yuan

Segment	2014	2013
Construction operations	12,330,201	12,890,271
Survey, design and consultancy operations	258,828	408,599
Manufacturing operations	190,732	532,676
Real estate development operations	174,877	78,908
Other businesses	9,158,438	2,933,252
Total	22,113,076	16,843,706

Other businesses are mainly the construction costs for BOT projects.

7. Cash flows

Analysis of changes in cash flows

Unit: thousand yuan

Item	2014	2013	Growth
Net cash flows from operating activities	6,582,512	-9,313,980	N/A
Net cash flows from investment activities	-16,504,966	-19,996,501	N/A
Net cash flows from financing activities	14,621,958	29,600,182	-50.60%

Report of Directors (continued)

In 2014, the Group's net cash flows from operating activities amounted to RMB6,582.5 million, representing an increase of RMB15,896.5 million as compared to that in the same period last year, mainly due to the increase in net cash flow generated from production and operation during the period.

In 2014, the Group's net cash flows from investing activities amounted to RMB-16,505.0 million, representing a decrease of RMB3,491.5 million in net outflow as compared to that of last year, mainly due to the decrease in restricted cash and bank balances.

In 2014, the Group's net cash flows from financing activities amounted to RMB14,622.0 million, representing a decrease of RMB14,978.2 million as compared to that of last year, mainly due to the lower demand for raising funds externally as the operational cash flow improved apparently.

8. Others

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

During the Reporting Period, the Group's profit composition or source incurred no material change.

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

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

As at 31 December 2014, all the Ultra Short-term Financing Bonds issued by the Company were due and paid in full. The balance of the Ultra Short-term Bonds in issue was nil.

Report of Directors (continued)

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

The 2012 Second Extraordinary General meeting of the Company held on 28 December 2012 considered and approved the Proposal in Relation to the Increase in Amounts for Registration and Issuance of Medium-term Notes and Short-term Financing Bonds of China Railway Construction Corporation Limited, approving the Company to register and issue short-term financing bonds with an aggregate balance of principal amount of not more than 40% of the net assets as stated in the audited financial report of the Company for each reporting period with the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會). On 28 March 2014, the Company issued the first tranche of short-term financing bonds of RMB3.5 billion for the year of 2014 with a duration of 365 days. Details please refer to relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) dated 28 December 2012 and 29 March 2014. As at 31 December 2014, the Company issued the short-term financing bonds with a balance of principal amount of RMB3.5 billion.

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

The general meetings held on 13 January 2009 and 31 May 2011 respectively by the Company considered and approved the Proposal in Relation to the Issue of Medium-Term Notes by the Company. The 2012 Second Extraordinary held on 28 December 2012 considered and approved the Proposal in Relation to the Increase in Amounts for Registration and Issue of Medium-Term Notes and Short-Term Financing Bonds of the Company, approving the Company to register and issue medium-term financing bonds with an aggregate balance of principal amount of not more than 40% of the net assets as stated in the audited financial report of the Company for each reporting period with the National Association of Financial Market Institutional Investors. On 27 August 2010, the Company issued the first tranche of medium-term notes of RMB5 billion for the year of 2010 with a duration of 5 years. On 14 October 2011, the Company issued the first tranche of medium-term notes of RMB7.5 billion for the year of 2011 with a duration of 7 years. On 20 June 2013, the Company issued the first tranche of medium-term notes of RMB10 billion for the year of 2013 with a duration of 7 years. Details please refer to relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) dated 14 January 2009, 1 June 2011, 19 October 2011, 29 December 2012 and 21 June 2013. As at 31 December 2014, the Company issued medium-term notes with a balance of principal amount of RMB22.5 billion.

Report of Directors (continued)

④ The implementation of the Proposal in Relation to the Issue of Overseas Bonds by the Company

The 2011 annual general meeting held by the Company on 12 June 2012 considered and approved the Proposal in Relation to the Issue of Overseas Bonds by the Company, approving the Company to issue overseas bonds with an aggregate balance of principal amount equivalent to no more than RMB5 billion. The 2012 annual general meeting of the Company convened on 6 June 2013 considered and approved the Proposal in Relation to the Increase of the Issuance Size of Overseas Bonds of the Company, approving the increase of issuance of overseas bonds of no more than RMB10 billion in Hong Kong or other overseas bond markets by the Company or a wholly-owned subsidiary of the Company. On 16 May 2013, the Company and CRCC Yuxiang Limited, a subsidiary of the Company entered into a Trust Deed with The Hong Kong and Shanghai Banking Corporation Limited, the custodian of the notes, in respect of the US\$800 million 3.5% guaranteed notes due 2023 issued by CRCC Yuxiang Limited.

On 1 August 2014, the Company and CRCC Yupeng Limited, a subsidiary of the Company entered into the Trust Deed with The Hong Kong and Shanghai Banking Corporation Limited, the trustee of the notes, in relation to the issuance of US\$800 million 3.95% senior guaranteed perpetual securities by CRCC Yupeng Limited. Such perpetual securities were presented as equity instrument in the consolidated financial statements.

For details, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) dated 13 June 2012, 17 May 2013, 7 June 2013 and 2 August 2014.

Report of Directors (continued)

- ⑤ The Implementation for the issue of non-public debt financing instruments by the Company's wholly-owned subsidiaries

As at 31 December 2014, the Company's wholly-owned subsidiaries issued non-public debt financing instruments with a balance of principal amount of RMB6.25 billion, and the issuing details are shown in the following table.

Unit: '00 million

Bond type	Company name	Issuing date	Maturity	Issuing size
Private placement notes	China Railway 25th Bureau Group Co., Ltd.	2012/8/6	Three years	4
Private placement notes	China Railway 14th Bureau Group Co., Ltd.	2012/8/27	Five years	4
Private placement notes	China Railway 15th Bureau Group Co., Ltd.	2012/11/23	Three years	4
Private placement notes	China Railway 17th Bureau Group Co., Ltd.	2013/3/21	Three years	5
Private placement notes	China Railway 15th Bureau Group Co., Ltd.	2013/3/28	Three years	4
Private placement notes	China Railway 24th Bureau Group Co., Ltd.	2013/4/11	Three years	6
Private placement notes	China Railway 23rd Bureau Group Co., Ltd.	2014/3/14	Two years	1.5
Private placement notes	China Railway 19th Bureau Group Co., Ltd.	2014/3/24	One year	10
Private placement notes	CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	2014/4/30	Three years	2
Private placement notes	China Railway 17th Bureau Group Co., Ltd.	2014/6/25	Three years	5
Private placement notes	China Railway 15th Bureau Group Co., Ltd.	2014/9/4	Three years	3
Private placement notes	China Railway 19th Bureau Group Co., Ltd.	2014/10/24	One year	10
Private placement notes	China Railway 25th Bureau Group Co., Ltd.	2014/10/28	Three years	4
Total	—	—	—	62.5

For specific details, please refer to V. "28. Current portion of non-current liabilities", "29. Other current liabilities" and "31. Bonds payable" in the Notes to Financial Statements of this report.

Report of Directors (continued)

(3) *Development strategy and progress for operating plan*

In 2014, facing the complicated and volatile economic environment both at home and abroad, the Group referred to the corporate development strategy of “being construction-driven, diversifying into relevant businesses, integrating operations and carrying out transformation and upgrades”. In strict adherence to the goals set in the corporate plan, it continued to enhance management system, consolidate the foundation for development, improve development quality, carry forward structural adjustment and promote its competitiveness, given which all operations and planning of the functions and strategies of the Group made progress steadily with fruitful achievements in a favourable trend. The targets set in the operating plan for the year including value of new contracts, revenue and profit were fulfilled successfully.

(4) *Foreign exchange risks and exchange losses*

Since the Group's business is mainly carried out in the PRC, the incomes, expenditures and over 90% of the financial assets and financial liabilities of the Group are denominated in Renminbi. Therefore, the foreign currency transaction risks of the Group are insignificant. As at 31 December 2014, the Group did not use foreign currency contract to hedge foreign exchange risks.

(5) *Financial Risks*

In the ordinary business course, the Group is confronted with various financial risks, including exposures to the risk of fair value and cash flow interest rate, foreign currency risk, credit risk and liquidity risk.

Report of Directors (continued)

(III) Analysis of the operations in business segment and various regions

The Group's main businesses include: construction operations, survey, design and consultancy, manufacturing operations, real estate development, logistics and materials trading, etc..

1. Performance of main businesses by segment

Unit: thousand yuan currency: RMB

By segment	Revenue	Operating costs	Main businesses by segment			
			Gross profit Margin (%)	Increase/decrease in revenue as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Construction operations	512,123,285	464,777,729	9.24	9.42	10.02	Decreased by 0.50 percentage point
Survey, design and consultancy operations	9,009,463	6,223,682	30.92	16.08	12.51	Increased by 2.19 percentage points
Manufacturing operations	11,902,338	9,340,550	21.52	1.25	-3.76	Increased by 4.08 percentage points
Real estate development operations	24,630,788	17,269,183	29.89	-0.32	-6.05	Increased by 4.28 percentage points
Logistics and materials trading and other	54,403,237	50,499,092	7.18	-39.10	-41.11	Increased by 3.17 percentage points
Inter-segment elimination	-20,100,659	-20,380,416	—	N/A	N/A	N/A
Total	591,968,452	527,729,820	10.85	0.88	0.09	Increased by 0.70 percentage point

Report of Directors (continued)

Explanation on the main businesses by segment and product

(1) Construction operations

As the core and traditional business of the Group, construction operations covered various fields, such as railways, highways, urban rail transit, water conservancy and hydroelectricity, housing construction, municipal utilities, bridges, tunnels and airports. The Group provided services in 31 provinces, autonomous regions and municipalities directly under the central government in the PRC as well as in Hong Kong and Macau SAR and took part in infrastructure construction projects in foreign countries and regions in Africa, Asia, the South America and Europe.

During the Reporting Period, the revenue and total profit from construction operations increased by 9.42% and 27.48% respectively as compared to those of 2013.

Construction operations (before elimination of inter-segment transactions)

Unit: thousand yuan

Item	2014	2013	Growth
Revenue	512,123,285	468,014,950	9.42%
Operating costs	464,777,729	422,453,342	10.02%
Gross profit	47,345,556	45,561,608	3.92%
Gross profit margin	9.24%	9.74%	Decreased by 0.50 percentage point
Selling and distribution expenses	874,486	552,854	58.18%
General and administrative expenses	19,058,388	19,440,946	-1.97%
Total profit	8,284,457	6,498,433	27.48%

The selling and distribution expenses of construction operations increased by 58.18% over that of 2013, mainly due to the increase in the remuneration of sales personnel during the period.

Report of Directors (continued)

(2) Survey, design and consultancy operations

The survey, design and consultancy operations are another major contributor to the revenue of the Group, the business scope of which covers the provision of survey, design and consultancy services relating to civil engineering and transportation infrastructure including railways, highways, urban rail transit, water conservancy and hydroelectricity facilities, airports, docks, industrial and civil buildings and municipal utilities.

During the Reporting Period, the Group's revenue from the survey, design and consultancy operations reached RMB9,009.5 million, representing an increase of 16.08% as compared to that of 2013, while the total profit increased by 2.60% as compared to that of 2013.

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

Unit: thousand yuan

Item	2014	2013	Growth
Revenue	9,009,463	7,761,454	16.08%
Operating costs	6,223,682	5,531,893	12.51%
Gross profit	2,785,781	2,229,561	24.95%
Gross profit margin	30.92%	28.73%	Increased by 2.19 percentage points
Selling and distribution expenses	807,245	640,738	25.99%
General and administrative expenses	1,121,342	698,252	60.59%
Total profit	970,123	945,549	2.60%

During the Reporting Period, the general and administrative expenses for survey, design and consultancy operations increased by 60.59%, mainly due to the increase in R&D expenditures during the period.

Report of Directors (continued)

(3) Manufacturing operations

The Group is Asia's largest and the world's second largest road maintenance machinery and equipment manufacturer, and also the shield manufacturer that has the largest production capacity, most complete equipment and most advanced technology in the PRC. It also produces engineering equipment such as various machinery and equipment for railway construction, large mining dump trucks and impact rollers, as well as parts and components for the tract system such as high-speed railway turnouts.

During the Reporting Period, the Group's revenue from the manufacturing operations amounted to RMB11,902.3 million, representing an increase of 1.25% as compared to that of 2013, and the total profit increased by 23.27% as compared to that of 2013.

Manufacturing operations (before elimination of inter-segment transactions)

Unit: thousand yuan

Item	2014	2013	Growth
Revenue	11,902,338	11,755,660	1.25%
Operating costs	9,340,550	9,705,573	-3.76%
Gross profit	2,561,788	2,050,087	24.96%
Gross profit margin	21.52%	17.44%	Increased by 4.08 percentage points
Selling and distribution expenses	322,784	294,318	9.67%
General and administrative expenses	1,110,869	998,064	11.30%
Total profit	1,019,238	826,802	23.27%

Report of Directors (continued)

(4) *Real estate development operations*

The real estate business is a principal business of the Company as approved by SASAC. During the Reporting Period, the domestic market saw overall down trend while the development of the Group's real estate segment was fundamentally sound and steady. Indicators for real estate operations such as business scale and profit were on the growth track in the first half of the year despite a slight decrease in the selling results of its real estate projects as compared to that of the corresponding period last year. In 2014, the real estate segment achieved a sales amount of RMB26,857.1 million, representing a decrease of 5.97% as compared to the corresponding period last year; a sales area of 3,010,000 square meters, remaining at the same level as compared to the corresponding period last year; a revenue of RMB24,630.8 million, representing a decrease of 0.32% as compared to the corresponding period last year; a total profit of RMB4,064.2 million, representing an increase of 12.41% as compared to the corresponding period last year. Before elimination of inter-segment transactions, the gross profit margin of the real estate development operations was 29.89%, representing an increase of 4.28 percentage points as compared to that of 2013.

In 2014, the Group actively mapped out plans for complete real estate projects in first-tier and second-tier cities with development prospect for real estate, broke into real estate market in Zhuhai and Nanchang, and continued to acquire new real estate projects in cities that enjoyed a relatively sound prospect for real estate market and for which the Group has formulated plans, including Beijing, Chengdu, Guangzhou, Wuhan, Chongqing and other cities. Throughout the year, the Company obtained 13 land parcels covering an area of 1,342 acres with a planned total floor area of approximately 3.28 million square meters in 11 cities including Beijing, Guangzhou, Hangzhou, Zhuhai, Chengdu, Chongqing, Wuhan and Nanchang; the amount of land transfer totalled RMB11,764,900,000, down 44.46% over the previous year. By the end of 2014, the Group has undertaken the development of 111 real estate projects in 45 cities such as Beijing, Shanghai, Tianjin, Chongqing, Guangzhou and Hangzhou with a total area of land for construction of 11.60 million square meters (equivalent to 17,400 acres) and a planned total floor area of about 36.81 million square meters. In 2014, 86 projects of the Group's real estate segment were on sale in 40 domestic cities and other areas and the sales of 10 projects exceeded RMB1 billion. National regional layout of the Group's real estate business was initially established, producing a relatively strong brand influence on the real estate industry.

Report of Directors (continued)

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

Unit: thousand yuan

Item	2014	2013	Growth
Revenue	24,630,788	24,709,613	-0.32%
Operating costs	17,269,183	18,380,682	-6.05%
Gross profit	7,361,605	6,328,931	16.32%
Gross profit margin	29.89%	25.61%	Increased by 4.28 percentage points
Selling and distribution expenses	566,053	481,236	17.62%
General and administrative expenses	516,234	450,749	14.53%
Total profit	4,064,218	3,615,513	12.41%

(5) Logistics and materials trading and other businesses

As the largest project logistics system service provider and the second largest railway goods and materials provider in China, the Group has over 70 regional business outlets, 1,330,000 square meters logistics space, and more than 40,000 linear meters of railway siding and 32,550 stere meters refined oil storage capacity covering all the major cities and logistic nodes in the country. The Group provides integrated circulation services through well-improved and efficient information-oriented, regional and marketized logistics service system. In recent years, the Group promoted transformation and upgrading logistics business, and extended engineering commodities supply chain upstream and downstream market, through which, the material trade, processing and manufacturing, international business, the agency business for central purchasing, e-commerce and other emerging areas had been opened up. The China Railway Goods and Material Co., Ltd. under the Group was ranked second among the Top 50 Logistic Enterprises in China by China Federation of Logistics & Purchasing in 2014.

During the Reporting Period, the revenue from and gross profit of logistics and materials trading and other businesses of the Group decreased by 39.10% and 75.41% respectively as compared with that of 2013, mainly due to the logistics and materials trading business downscaling.

Report of Directors (continued)

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

Unit: thousand yuan

Item	2014	2013	Growth
Revenue	54,403,237	89,330,397	-39.10%
Operating costs	50,499,092	85,751,320	-41.11%
Gross profit	3,904,145	3,579,077	9.08%
Gross profit margin	7.18%	4.01%	Increased by 3.17 percentage points
Selling and distribution expenses	681,038	540,074	26.10%
General and administrative expenses	1,038,408	1,131,827	-8.25%
Total profit	334,656	1,361,013	-75.41%

2. Main businesses by region

Unit: thousand yuan Currency: RMB

Region	Revenue	Increase/decrease in revenue as compared to last year (%)
Mainland China	568,343,251	0.50
Overseas	23,625,201	11.10
Total	591,968,452	0.88

Explanation on main businesses by region:

As at the end of 2014, the Group had overseas operating business distributed in 78 countries all over the world as well as in Hong Kong, Macao and other regions, and had 446 projects under construction in total. The overseas operations recorded stable growth.

Report of Directors (continued)

(IV) Analysis of Assets and Liabilities

1. Assets-Liabilities Analysis Table

Unit: thousand yuan

Name of project	Amount at the end of the period	Percentage of amount at the end of the period to the total assets (%)	Amount at the end of last period	Percentage of amount at the end of last period to the total assets (%)	Variable percentage of the amount at the end of the period as compared to that of last year (%)	Explanation
Total assets	617,004,015	100.00	553,018,596	100.00	11.57	—
Major asset items						
Cash and bank balances	98,087,787	15.90	93,433,837	16.90	4.98	—
Accounts receivable and long-term receivables	140,633,632	22.79	107,696,320	19.47	30.58	Mainly due to the increase in the amount receivables from "Build-Transfer" projects and construction projects.
Advances to suppliers	27,620,275	4.48	32,529,418	5.88	-15.09	—
Other receivables	34,536,768	5.60	30,980,916	5.60	11.48	—
Inventories	225,958,116	36.62	201,636,822	36.46	12.06	—
Fixed assets	41,560,528	6.73	40,515,332	7.33	2.56	—
Intangible assets	19,454,413	3.15	10,630,583	1.92	83.00	Mainly due to the increase in the cost of BOT projects of the Company in the year
Total liabilities	514,112,775	83.32	469,193,880	84.84	9.57	—
Major liability items						
Short-term loans	44,811,039	7.26	47,062,143	8.51	-4.78	—
Other current liabilities	5,741,517	0.93	8,689,636	1.57	-33.93	Mainly due to the repayment made by the Company in the year for matured short-term financing bonds issued in previous years.
Non-current liabilities due within a year	28,521,425	4.62	12,623,491	2.28	125.94	Mainly due to the increase in the long-term loan due within one year and the bonds payable due within one year.
Accounts payable and long-term payables	209,968,945	34.03	181,362,637	32.80	15.77	—
Advanced from customers	63,646,731	10.32	66,225,429	11.98	-3.89	—
Other payables	39,959,641	6.48	39,836,680	7.20	0.31	—
Long-term loans	53,098,729	8.61	41,796,520	7.56	27.04	Mainly due to greater capital required by the production and operation of the Group leading to an increase in borrowings
Bonds payable	25,692,667	4.16	29,888,586	5.40	-14.04	—
Employee benefits payable ^{Note}	9,928,503	1.61	9,407,531	1.70	5.54	—

Note: The "employee benefits payable" is the sum of the "employees' remuneration payable" in the current liabilities and the "long-term employee benefits payables" in the non-current liabilities plus the "long-term employee benefits payables due within one year".

Report of Directors (continued)

2. Changes in the measurement attributes of the assets at fair value and the prime assets

The Company regularizes and manages the accounting work related to the measurement at fair value strictly pursuant to the provisions of the Accounting Standards for Business Enterprises, and determines the fair value by an appropriate, reasonable method according to prudent principle.

Items related to measurement at fair value

Unit: thousand yuan

Item	Opening amount (adjusted retrospectively)	Profit or loss from changes in fair value in the current period	Accumulated changes in fair value charged to equity	Closing amount
1. Financial assets at fair value through profit or loss	123,161	8,293	—	110,204
2. Available-for-sale financial assets	231,897	—	497,362	586,872
Total	355,058	8,293	497,362	697,076

During the Reporting Period, the measurement attributes of the Group's prime assets was subject to no material change.

Report of Directors (continued)

3. Financial assets at the end of the Reporting Period

The Company classifies the financial assets mainly according to the characteristics of its own businesses, the risk management requirements and the purpose of holding such financial assets. The financial instruments of the Group (excluding the short-term financial instruments with little difference between carrying value and fair value) are set out below.

As at 31 December 2014, the Company's financial assets were as follows:

Unit: thousand yuan

Item	Financial assets at fair value through profit or loss	Held-to-maturity investment	Loans and accounts receivable	Available-for-sale financial assets	Total
Held-to-maturity investment	—	1,269	—	—	1,269
Available-for-sale financial assets	—	—	—	3,812,439	3,812,439
Bills receivable	—	—	2,897,507	—	2,897,507
Accounts receivable	—	—	115,414,242	—	115,414,242
Interest receivable	—	—	306,839	—	306,839
Dividends receivable	—	—	23,205	—	23,205
Other receivables	—	—	34,536,768	—	34,536,768
Long-term receivables	—	—	25,219,390	—	25,219,390
Non-current assets due within one year	—	—	12,657,740	—	12,657,740
Financial assets at fair value through profit or loss	110,204	—	—	—	110,204
Cash and bank balances	—	—	98,087,787	—	98,087,787
Total	110,204	1,269	289,143,478	3,812,439	293,067,390

Report of Directors (continued)

As at 31 December 2014, the Company's financial liabilities were as follows:

Unit: thousand yuan

Item	Amount
Short-term loans	44,811,039
Due to customers	808,433
Bills payable	21,356,148
Accounts payable	205,388,554
Interests payable	818,122
Dividends payable	131,967
Other payables	39,959,641
Non-current liabilities due within one year (excluding long-term employee benefits payable within one year)	27,897,683
Other current liabilities (excluding deferred income and others)	5,704,924
Long-term loans	53,098,729
Bonds payable	25,692,667
Long-term payables	4,580,391
Total	430,248,298

4. Working capital

(1) Contracted construction projects

Gross amount due from/to contract customers

Unit: thousand yuan

	2014	2013
Contract costs incurred to date	2,729,304,919	2,279,694,819
Total recognized gross profits less recognized losses, net	199,293,332	163,863,976
The provision for foreseeable contract losses	-254,986	-112,834
Less: progress billings	-2,846,213,971	-2,367,429,705
Total	82,129,294	76,016,256

Report of Directors (continued)

Contracted construction projects as at the end of the year

Unit: thousand yuan

	31 December 2014	31 December 2013
Gross amount due from contract customers	97,582,207	88,715,021
Gross amount due to contract customers	-15,452,913	-12,698,765
Total	82,129,294	76,016,256

(2) Accounts receivable and accounts payable

The following table sets forth the turnover days of the Group's accounts receivable and accounts payable for the dates indicated:

	2014	2013
Turnover days of accounts receivable ^{Note 1}	63	50
Turnover days of accounts payable ^{Note 2}	133	117

Note 1: The number of turnover days of accounts receivable is derived by dividing the arithmetic mean of the opening and closing balances of accounts receivable for the relevant year by revenue multiplying 365 days.

Note 2: The number of turnover days of accounts payable is derived by dividing the arithmetic mean of the opening and closing balances of accounts payable for the relevant year by operating costs multiplying 365 days.

Report of Directors (continued)

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

Unit: thousand yuan

	31 December 2014	31 December 2013
Within 1 year	106,134,493	81,793,582
1 to 2 years	7,655,257	4,851,995
2 to 3 years	2,031,216	1,155,707
Over 3 years	1,190,068	886,251
	117,011,034	88,687,535
Less: provision for bad debts	-1,596,792	-889,813
Total	115,414,242	87,797,722

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

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

Unit: thousand yuan

	31 December 2014	31 December 2013
Within 1 year	201,108,015	169,006,568
1 to 2 years	3,428,273	6,084,613
2 to 3 years	402,012	1,894,038
Over 3 years	450,254	806,556
Total	205,388,554	177,791,775

Report of Directors (continued)

5. Prepayments and other receivables

The Group's prepayments and other receivables decreased from RMB63,510.3 million as at 31 December 2013 to RMB62,157 million as at 31 December 2014.

6. Defined benefit plan

Certain employees of the Group had completely dealt with their respective long-term post-leaving. Post-employment benefit expenses were recognized in the period in which the relevant entities of the Group have entered into agreements with the employees specifying terms, or after the individual employee has been advised of the specific terms. The specific terms vary among the terminated and post-employment benefits depending on various factors including their positions, length of service, and the district in which the employee is located, etc.

The Group's obligations in respect of the defined benefit plan for post-leaving personnel at the ended of the reporting period were computed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. which is a member of the Society of Actuaries of the United States of America at 31 December 2014, using the projected cumulative unit credit method.

The plan has no defined benefit assets.

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for post-leaving personnel.

As at 31 December 2013 and 31 December 2014, the Group held the provisions of such obligations hereof amounting RMB3.1653 billion and RMB2.5211 billion respectively. Details of the defined benefits plan of the Company are set out in the V. 33 "long-term employee benefits payables" in the Notes to Financial Statements of this report.

7. Other payables and accruals

Other payables and accruals included prepayments, other payables, employee benefits payables (including long-term employee benefits payables), taxes payable and deferred income. As of 31 December 2013 and 31 December 2014, the Group had other payables and accruals of RMB123,351.5 million and RMB122,666.5 million respectively.

Report of Directors (continued)

8. Indebtedness

(1) Loans

The short-term loans of the Group as of 31 December 2014 and 31 December 2013 were as follows:

Unit: thousand yuan

	31 December 2014	31 December 2013
Pledged loans	2,288,412	3,711,544
Mortgaged loans	32,500	75,300
Guaranteed loans	5,937,810	6,767,486
Credit loans	36,552,317	36,507,813
Total	44,811,039	47,062,143

The other current liabilities of the Group as at 31 December 2014 and 31 December 2013 were as follows:

Unit: thousand yuan

	31 December 2014	31 December 2013
Other current liabilities	5,741,517	8,689,636

The long-term loans of the Group due within one year as of 31 December 2014 and 31 December 2013 were as follows:

Unit: thousand yuan

	31 December 2014	31 December 2013
Pledged loans	41,780	30,690
Mortgaged loans	2,942,951	2,575,220
Guaranteed loans	3,700,667	1,762,406
Credit loans	13,374,141	5,443,614
Total	20,059,539	9,811,930

Report of Directors (continued)

The long-term loans of the Group as of 31 December 2014 and 31 December 2013 were as follows:

Unit: thousand yuan

	31 December 2014	31 December 2013
Pledged loans	759,630	291,410
Mortgaged loans	10,076,507	7,009,840
Guaranteed loans	10,101,332	9,415,151
Credit loans	32,161,260	25,080,119
Total	53,098,729	41,796,520

The bonds payable of the Group as at 31 December 2014 and 31 December 2013 were as follows:

Unit: thousand yuan

	31 December 2014	31 December 2013
Bonds payable	25,692,667	29,888,586

Analysis on asset-liability ratio:

On 31 December 2013 and 31 December 2014, the ratio of capital to liability was 78% and 76% respectively. Such ratio is the result of the net liabilities divided by total equity and net debts. Net liabilities include the sum of all the borrowings, deposits, other current liabilities (excluding deferred revenue and others), notes payable, account payables, interest accrued, dividends payable, other payables, bonds payable, long-term payables and non-current liabilities due within one year (excluding employee benefit payable within one year), etc. after deducting cash and bank balances. Total equity includes the holder of the rights and interests and rights and interests of minority shareholders of the company.

Report of Directors (continued)

(2) Commitments

Unit: thousand yuan

Item	31 December 2014	31 December 2013
Capital commitments		
Contracted, but not provided for	492,832	378,719
Investment commitments contracted, but not fulfilled	615,000	115,000
Authorized by the Board but not contracted	—	500,000
Other commitments	615,000	615,000
Contracted, but not provided for	2,780,000	2,780,000

Note:

On 19 March 2013, the China Railway 17th Bureau Group Co., Ltd., a subsidiary of the Company, contracted on project investment with Shaanxi Coal Chemical Group Co., Ltd. Under the agreement, the China Railway 17th Bureau Group Co., Ltd. shall inject RMB 1,080 million. As of 31 December 2014, the China Railway 17th Bureau Group Co., Ltd. already paid RMB 300 million.

On 18 March 2013, the Company signed the Build-Transfer Contract with Changchun Subway Co., Ltd. Under the contract, the Company will inject a total capital of RMB 4,000 million to Changchun Subway Co., Ltd. in three times, and after any time of fund injection the Company's contribution ratio in the aforesaid company shall not be higher than 20%; as scheduled under the contract, the Changchun Municipal State-owned Assets Supervision and Administration Commission or the department entrusted by the Commission hereof will repurchase the above-mentioned entire capital contributed by the Company with a consideration of the original value, i.e., RMB4,000 million. As at 31 December 2014, the Company already paid RMB 2,000 million.

(3) Contingent liabilities

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

Report of Directors (continued)

(4) Mortgage and pledge of group's assets

Unit: thousand yuan

Item	31 December 2014	31 December 2013
Cash and bank balances	4,512,367	5,599,966
Accounts receivable	4,353,629	5,247,446
Inventories	40,437,760	25,090,918
Fixed assets	30,722	67,487
Intangible assets	377,644	479,906
Total	49,712,122	36,485,723

Details please refer to Notes V "58 assets with ownership or use rights restrictions" of Consolidated Financial Statements in financial report.

(V) Analysis of Core Competitiveness

1. Outstanding and unique corporate culture

Having inherited the fine tradition and style of the railway corps, the Group entails high degree of normalization and executive force, has the courage to accept challenge and constantly brings forth new ideas and carries forward the spirit of "being fearless of danger and difficulties, being bold to scale new heights, staying ahead in the industry and building a good reputation both at home and abroad" to create good brand advantages in the industry.

2. Experienced management team

The Group's management team has extensive industry management experience in respect of enterprise operation, financial management, capital operation and the development of corporate culture, and is able to control complicated and volatile situation.

3. Skilled workforce with solid professional knowledge

The Group has strong professional teams consisting of a number of Chinese Academy of Engineering academicians, national survey and design masters, experts enjoying special allowance of the State Council and engineering specialists.

Report of Directors (continued)

4. Abundant engineering construction resources

The Group has numerous engineering and technical equipment, professional, complete and high-level engineering construction qualifications and professional institutions of various types, as well as a complete industrial chain, enabling it to provide complete one-stop engineering construction services for customers. The Group's technology and equipment capability for the year had further strengthened. As at the end of 2014, the Group's shield equipment increased to 209 sets, and special equipment for the construction of concrete box girder for high-speed railways and passenger lines increased to 320 sets. The additional authorized patents for the year amounted to 995. The Group had 3,662 patents accumulatively and the number of patents increased rapidly with remarkable improvement also in quality.

5. Strong market development capability

The Group has established a complete business network, and vigorously promoted regional operation, advocated the regional operation and management mode featuring "market-orientation, unified management rational operation". Currently, regional operating institutions established by the Group and its subsidiaries had covered various provinces, autonomous regions and municipalities directly under the central government in China, which has become an important force for maintaining the growth of Group's operating scale. At organization level, it provided an important security for the sustainable development of its operations.

(VI) Analysis of Investment

1. Overall Analysis of Investment in External Equities

As at 31 December 2014, the carrying balance (original) of the Group's long term equity investment was RMB3.4845 billion, up RMB0.6360 billion compared to RMB2.8485 billion at the beginning of the year, representing the growth rate of 22.33%. In particular, the impairment provision for long term equity investment was RMB0.0106 billion, remaining unchanged during the year.

Report of Directors (continued)

(1) Investment in securities

No	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment (yuan)	Number of securities held (share)	Carrying value at the end of the period (yuan)	Percentage over total securities investment at the end of the period (%)	Profit/loss during the Reporting Period (yuan)
1	Stock	HK1258	ChiNF Mining	64,862,865	36,363,000	61,378,708	55.69	-2,316,178
2	Open-ended Fund ^{Note 1}	000652	Bosera-Yulong Hybrid	17,369,836	17,369,836	21,938,103	19.91	4,921,280
3	Stock	601618	MCC	59,265,109	10,600,000	21,574,017	19.58	9,600,235
4	Open-ended Fund ^{Note 2}	519606	Guotai Jinxin	3,908,303	3,908,303	4,553,173	4.13	748,333
5	Stock	600028	Sinopec	533,250	135,000	759,964	0.69	369,814
Other investment in securities held at the end of the period				/	/	/	/	/
Profit/loss from disposal of investment in securities during the Reporting Period ^{Note 3}				/	/	/	/	2,845,556
Total				145,939,363	/	110,203,965	100	16,169,040

Explanation on investment in securities

Note 1: Guotai Jinxin, or Guotai Jinxin Securities Investment Fund (code: 519606), is an open-ended fund transformed from Jinxin Fund (code: 500011), a contractual closed-ended fund previously held by the Company. Listing of Jinxin Fund was terminated on 15 September 2014 and the so transformed Guotai Jinxin has become available for subscription and been redeemable since 28 October 2014. The shares held by the Company changed accordingly.

Note 2: Bosera Yulong Hybrid Fund, or Bosera Yulong Flexible Hybrid Securities Investment Fund (code: 000652), is an open-ended fund transformed from Yulong Fund (code: 184692), a contractual closed-ended fund previously held by the Company. Since 3 June 2014 when listing of Yulong Fund was terminated, manager of the fund, i.e. Agricultural Bank of China Limited converted shares of the previous Yulong Fund on 4 July 2014 and the shares held by the Company changed accordingly.

Note 3: During the Reporting Period, the Company subscribed for and sold 43,519,000 H shares of China CNR (HK6199) listed on the Main Board of the Hong Kong Stock Exchange, details of which please refer to "(4) sale and purchase of shares of other listed companies" in this section, and disposed of 15,300,000 shares of Anshun Fund (500009), which were all its shares held by the Company on the secondary market of the Shanghai Stock Exchange.

Report of Directors (continued)

(2) Shareholdings in other listed companies

Unit: thousand yuan

Stock code	Abbreviated stock name	Amount of initial investment	Percentage of interests in the investee	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in equity of owners during the Reporting Period	Accounting item	Source of shares
601328	Bank of Communications	49,892	0.07	295,677	14,684	128,707	Available-for-sale financial assets	Original issue stock
HK3898	CSR Times Electric	9,800	0.90	227,395	3,430	217,595	Available-for-sale financial assets	Original issue stock
002159	Sante Cableway	3,000	0.99	23,988	60	4,690	Available-for-sale financial assets	Original issue stock
600885	Hongfa Electroacoustic	1,440	0.71	20,399	—	131	Available-for-sale financial assets	Original issue stock
600809	Shanxi Fenjiu	708	0.05	9,156	460	1,436	Available-for-sale financial assets	Original issue stock
000759	Wuhan Zhongbai	1,058	0.14	8,538	115	1,754	Available-for-sale financial assets	Original issue stock
601169	Bank of Beijing	2	—	1,269	17	542	Available-for-sale financial assets	Original issue stock
600322	Tianjin Reality Development	160	0.03	450	—	120	Available-for-sale financial assets	Original issue stock
Total	—	66,060	/	586,872	18,766	354,975	/	/

(3) Shareholdings in non-listed financial enterprises

Unit: thousand yuan

Name of investees	Cost of investment (yuan)	Number of shares held (share)	Percentage of interests in the investee (%)	Carrying value at the end of the period (yuan)	Profit/loss during the Reporting Period (yuan)	Changes in equity of owners during the Reporting Period (yuan)	Accounting item	Source of shares
Guotai Junan Securities Co., Ltd.	7,660,000	7,660,000	0.16	7,660,000	380,207	—	Available-for-sale financial assets	initiator
Essence Securities Co. Ltd.	268,452,467	66,952,467	2.09	268,452,467	—	—	Available-for-sale financial assets	initiator
Total	276,112,467	74,612,467	/	276,112,467	380,207	—	/	/

Report of Directors (continued)

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

Stock name	Number of shares at the beginning of the period (share)	Number of shares purchased during the Reporting Period (share)	Capital utilised (yuan)	Number of shares sold during the Reporting Period (share)	Number of shares at the end of the period (share)	Investment returns (yuan)
China CNR (stock code: HK6199)	0	43,519,000	177,193,418	43,519,000	0	2,412,656

During the Reporting Period, the total investment returns from sales of new shares acquired by subscription amounted to RMB2,412,656.

Explanation on sale and purchase of shares of other listed companies:

During the Reporting Period, the Company subscribed and sold 43,519,000 H shares of China CNR which are listed on the Main Board of the Hong Kong Stock Exchange (HK6199).

Report of Directors (continued)

2. Entrusted Financial Management and Entrusted Loan of Non-Financial Companies

(1) Entrusted Financial Management

Unit: thousand yuan Currency: RMB

Name of counterparty	Type of entrusted financial management	Value of entrusted financial management	Commence date	Termination date	Determination of compensation	Expected earnings	Actual principal amount recovered	Actual earnings	Whether proceeded under legal procedures	provision	connected transaction or not	involving litigation or not	Capital source and whether for fund raising	Connected relationship
Agricultural Bank of China Limited.	Open-ended wealth management product	9,600	6 September 2013	13 January 2014	Amount of earnings is subject to the holding period of the product	86	9,600	86	Yes	0	No	No	proprietary fund, not proceeds raised	
Total	/	9,600	/	/	/	86	9,600	86	/	0	/	/	/	/
Principal overdue but yet to recover and accumulated earnings (yuan)						0								
Explanation on entrusted financial management						Nil								

(2) Entrusted Loan

During the Reporting Period, the Company had no entrusted loan.

3. Use of proceeds

(1) Overall use of proceeds

☐ Applicable ☒ N/A

(2) Projects funded by raised proceeds

☐ Applicable ☒ N/A

(3) Changes in projects funded by raised proceeds

☐ Applicable ☒ N/A

Report of Directors (continued)

4. Analysis of Major Subsidiaries and Companies Invested by the Company

(1) Major Subsidiaries

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

Unit: thousand yuan

Name of the Company	Registered capital	Major financial indicators for 2014			Principal operations	Industry
		Total Assets	Net Assets	Net Profits		
China Civil Engineering Construction Corporation	1,210,000	15,401,118	2,106,308	(63,111)	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	1,031,850	37,600,749	6,160,823	596,635	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	1,060,677	38,889,009	5,383,631	963,722	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd. ^{Note 1}	2,000,000	27,885,811	3,651,944	380,453	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	1,110,000	28,347,982	3,283,439	420,926	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	1,117,210	22,991,767	2,072,339	45,242	Construction	Construction
China Railway 16th Bureau Group Co., Ltd. ^{Note 2}	1,268,300	26,562,699	2,595,357	401,787	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	1,105,470	29,438,960	3,595,211	485,348	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	1,130,000	28,795,963	3,775,533	470,794	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	1,095,469	28,787,489	3,326,451	435,326	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	1,130,850	26,350,843	2,636,834	339,633	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	1,150,000	19,536,946	2,218,821	288,805	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	1,057,000	16,974,394	2,399,155	316,682	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd. ^{Note 2}	1,185,000	16,721,286	1,882,244	85,153	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	1,050,000	14,238,825	1,917,588	300,625	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	910,720	11,861,175	1,255,185	70,889	Construction	Construction
China Railway Construction Group Ltd.	2,500,000	38,587,871	4,902,353	623,046	Construction	Construction
China Railway Electrification Bureau Group Co., Ltd.	710,000	16,624,541	3,104,032	748,403	Construction	Construction
China Railway Real Estate Group Co., Ltd.	7,000,000	79,789,753	14,699,944	2,447,944	Real estate development and operations	Real Estate
China Railway Goods and Materials Co., Ltd.	2,000,000	21,696,818	3,216,173	(758,113)	Purchase and sales of goods and materials	Logistics
Kunming China Railway Large Maintenance Machinery Co., Ltd.	987,984	4,249,463	2,908,170	350,503	Industrial manufacturing	Industry
China Railway Construction Investment Co., Ltd.	6,275,510	40,046,614	12,308,372	1,016,039	Project investment	Investment
CRCC Finance Company Limited	6,000,000	42,319,260	6,964,804	620,556	Financial Agency	Finance
China Railway Urban Construction Group Co., Ltd. ^{Note 3}	2,000,000	9,657,816	2,137,020	136,438	Construction	Construction

Report of Directors (continued)

Note 1: The corporate name of China Railway 13th Bureau Group Co., Ltd. was changed to China Railway Construction Bridge Engineering Bureau Group Co., Ltd. on 27 March 2014. The registered capital was increased by RMB955,190,000. The registered capital was RMB2,000,000,000 after the change of business registration. The relevant change of business registration was completed on 27 March 2014.

Note 2: The Company made capital contribution of RMB200,000,000 to China Railway 16th Bureau Group Co., Ltd., the subsidiary of the Company, made capital contribution of RMB220,000,000 to China Railway 23rd Bureau Group Co., Ltd., and made capital contribution of RMB1,200,000,000 to China Railway Construction Group Ltd. during the year.

Note 3: On 20 February 2014, China Railway Urban Construction Group Co., Ltd. (formerly known as China Railway Construction Urban Construction Co., Ltd. changed its company name to China Railway Urban Construction Group Co., Ltd.

During the Reporting Period, China Railway Real Estate Group Co., Ltd., a subsidiary of the Company, accounted for larger proportion of the consolidated operating results of the Group. China Railway Real Estate Group Co., Ltd. recorded revenue of RMB18,122.5 million and operating profit of RMB3,321.1 million for 2014. The net profit amounted to RMB2,447.9 million for 2014, representing an increase of 14.90% as compared to the corresponding period last year and accounting for 21.15% of net profit of RMB11,571.6 million of the Group.

(2) *Major companies in which the Company invested*

There was no important company invested by the Company. For detailed information, please see Note V. "10. Investment in jointly-controlled entities and associates" in the Notes to Financial Statements of this report.

Report of Directors (continued)

5. Projects not funded by raised proceeds

☒ Applicable ☐ N/A

Unit: 0'000 Currency: RMB

Project name	Project amount	Progress of projects	Amount invested during the year	Actual amount invested in aggregate	Revenue of projects
BOT Project for Ziyuan-Xing'an Express-way in Guangxi	930,800	Commenced construction on 21 January 2014 for a term of four years. The working progress is normal.	141,173	182,287	No revenue during construction period
BOT Project for Ji-nan-Leling Highway	754,189	The project was completed at the end of 2014, satisfying condition for opening of traffic.	295,530	793,852	No revenue during construction period
BOT Project for Chengyu Expressway Double-line (Chongqing Section)	853,978	The project has been commenced operation since 25 December 2013.	85,289	822,109	No revenue during the trial operation period
BOT Project for Jianyang-Pujiang Express-way in Sichuan	1,567,850	Project construction for a term of 3 years. The resettlement was in a smooth progress. The project has been commenced operation on 1 October 2014.	228,454	224,695	No revenue during construction period
BT Project for Urban Rail Transit Works in Blue Sili-con Valley in Qingdao	1,678,226	Financing and construction procedures of the project have been completed. The progress of the project is normal.	78,257	171,035	The revenue remains uncertain as the project has not been completed yet
BT Project for Chongqing Rail Transit (Huannan Section)	700,000	The project was at the resettlement stage. The controlled construction started working.	88,141	108,280	The revenue remains uncertain as the project has not been completed yet
Project for Level-1 land development of Phase 1 of the project (A Area) in the Western City Centre of Zhuhai	765,400	Development in phases and at the initial stage of land requisition.	24,860	24,860	The revenue remains uncertain as the project has not been completed yet
Project for Level-1 land development of Phase 1 of the project (B Area) in the Western City Centre of Zhuhai	984,800	Development in phases and at the initial stage of land requisition.	10,593	65,666	The land did not meet transfer condition. No revenue was accrued.
Project for Level-1 land development in Cuijia Datan, Lanzhou	1,000,000	Development in phases and first batch of land was transferred. Funds were being recovered gradually.	13,687	188,754	The revenue remains uncertain as the project has not been completed yet
Renovation Project of Dongtiying Shanty Town, Fengtai District, Beijing	860,560	Project financing was included in the financing and united lending platform of Shanty Town of Beijing. The purchase of resettlement property was completed. The project was at the planning and adjustment stage.	147,430	157,432	The revenue remains uncertain as the project has not been completed yet
Total	10,095,803	/	1,113,414	2,738,970	/

Projects not Funded by Proceeds

The total investment of the BOT project for the second line of Chengyu Expressway (Chongqing section) was RMB8,539.78 million with principal of RMB2,134.90 million. The Group held the equity interests in such project as to 40% which had not been included in the consolidated financial statements of the Company. The second line of Chengyu Expressway (Sichuan section) had not been put into operation as it had not completed construction at the same time. According to the approval of Chongqing Municipality, the project was accounted on the trial operation basis.

Report of Directors (continued)

(VII) *Entities with Special Purpose under the Control of the Company*

No entities with special purpose were under the control of the Group.

II. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT BY THE BOARD

(I) *Competitive Landscape and Development Trends*

It is a crucial time of strategic opportunity for the development of the Company. From the aspect of macro-economy, under the new normal economic pattern where economic structure is being optimizing, new growth points is coming up while quality and efficiency are improving, China will continue to adopt proactive financial policies and prudent monetary policies in 2015. The three major strategies, namely "One Belt, One Road", Synergetic Cooperation in the Beijing-Tianjin-Hebei Region and Yangtze River Economic Zone are energetically carried out while new urbanization is carried forward steadily. It is expected to achieve a growth of around 7% and 15% in GDP and fixed asset investment respectively. All of the above will create an advantageous environment for corporate transformation and generate growth momentum. When it comes to the big picture of in-depth reform, 2015 is crucial to China to deepen the reform at all aspects. Among the reforms promoted by the central government, top priority is given to the reform of state-owned enterprise and state-owned assets in which breakthrough will be found in such fields as developing mixed ownership economy, improving systems of modern enterprises and solving problems left over by history, and thus enterprises will be revitalized at the system and mechanism level and corporate governance level. As for the market demand and industry condition, in 2015, the state will continue to increase investment in infrastructures including railways, highways, rail transit, major water conservancy, electricity and shantytowns transformation, among which there are 60 proposed new railway projects nationwide with total investment of approximately RMB1 trillion, indicating a strong demand in the domestic infrastructure market. In particular, China initiated the reform of investment and financing mechanism in the key infrastructure areas such as railway, highway, municipal facility, water conservancy and energy at the end of 2014 while actively promoting the cooperation between the government and social capital (the PPP model), which will definitely further stimulate the demand in the infrastructure market and deliver a positive influence on corporate development. In the meantime, the state will continue to energetically carry forward the "going-out" strategy in terms of organization, system, mechanism, commerce, diplomacy, finance, etc. in 2015, in which transportation infrastructure projects including railways are the core of the "going-out" layout. Given this, the overseas market will continue to be expanded, providing unprecedented opportunity for the overseas operations of the Company.

Report of Directors (continued)

(II) **Development Strategies of the Company**

The development strategies of the Group are: construction-oriented, relevant diversification, integrated operation and advance through transformation, so as to develop into a high-value creative multinational construction industry group with world-leading economic power, world-leading technological power and world-leading competitive power.

Construction-oriented — Construction engineering is the pillar industry and foothold of the Group. It is also the premise and foundation of industrial restructuring and business expansion. The main strategic focus in the future will continue to adhere to general construction contracting as the core business, and the major mission of development is to “enlarge the scale, strengthen the efficiency and build the brand”, so as to develop the traditional construction industry into a modern construction industry.

Relevant diversification — To fully utilize the competitive advantage of the Group’s main business and the corporate brand reputation, make use of the construction engineering industry as the connection and industrial restructuring as the means, so as to build a diversified industrial development system with reasonable layout, distinct functions, business clustering, strong characteristics, cooperative division of labor, development diversification and low-carbon environmental friendliness in accordance to the cycle characteristics of industrial development.

Integrated operation — Through the operating model with vertical and horizontal business expansion of the industrial chain, integration of engineering design and construction, integration of capital operation and related industrial operation, and integration of international and domestic operation, to strengthen business collaboration mechanism and means of control, expand the brand influence of CRCCG, facilitate system integration and complementary advantages, and improve overall operational efficiency.

Advance through transformation — Adhering to transform in development, and develop ideas in transformation, comprehensively promote the eight major transformations and strengthen the ten capabilities. The eight major transformations: The first is to transform from relying mainly on railway construction to multi-discipline construction within and beyond railway. The second is to transform from relying on construction engineering to lead growth to relying on industrial diversification to lead development together. The third is to transform from the target of boosting scale to the target of development based on structural quality efficiency. The fourth is to transform from domestic market-oriented to a balance development in both the domestic and the international markets. The fifth is to transform from the labor-intensive business model to the integration of management, technology and capital. The sixth is to transform from production factor-driven to technological advancement, employee quality enhancement and innovation-driven. The seventh is to transform from extensification and experience-based development to leaning, connotation-based and intensification development. The eighth is to transform from homogenization, integration, decentralization development to specialization, differentiation and industrial concentration agglomeration development. Committed to enhance the ten capabilities: The first is to enhance the capability of strategic decision-making. The second is to enhance the capability of profit-making. The third is to enhance the capability of market expansion. The fourth is to enhance the capability of capital operation. The fifth is to enhance the capability of scientific and technological innovation. The sixth is to enhance the capability of project management. The seventh is to enhance the capability of coordinated development. The eighth is to enhance the capability of internal control and risk prevention, control and management. The ninth is to enhance the capability of merger and acquisition. The tenth is to enhance the capability of the headquarter to control, coordinate, supervise and serve.

Report of Directors (continued)

(III) Operation Plan

In the 2015 annual budget of the Group, the value of new contract is RMB819.7 billion, revenue from operations amounted to RMB610 billion, costs and taxes amounted to RMB596 billion. To achieve the operating goal, the Company shall carry forward regional operation thoroughly with efforts to enhance regional operation ability to enlarge its market share. It will focus on strengthening the coordination and cooperation among internal groups and segments to best leverage the advantages of the Group and thus facilitate the rapid development of the enterprise. The Company will vigorously implement the strategy of “motivating development by innovation” and endeavor to cultivate new growth point in economy and competitive edges while promoting the transformation and upgrading, carrying out structural adjustment as well as strengthen and optimize non-construction operations.

(IV) Capital Requirement of the Company to Maintain Current Business and Complete Investment Projects in Progress

In order to achieve the business goals for 2015 and satisfy the development needs of the Company's various businesses, the Company will ensure the satisfaction of capital requirement for its operations through internal resources, issuance of new shares, bank loans and bank acceptances, issues of bonds and other ways.

(V) Potential Risks faced by the Company

The Group will continue to strengthen risk management and standardize the procedure thereof. Internal and external risk information of the enterprise will be collected on a continuous basis in respect of strategy risk, market risk, operation risk, finance risk, legal risk and others, whilst risk assessment will be carried out throughout the whole system, to give a comprehensive and factual view on the risk condition of the enterprise. Material risks that the Group may face include macro-economic risk, risk of account receivables, project management risk and risk of safety and quality.

1. Macro-economic risk

The growth in global economy may pick up slightly when the economic development of the PRC has entered into the stage of “new normal” where the overall economy remains stable with increasing downward pressure. Given that the trade protectionism is heating up globally and the composite costs including land and labor cost keep rising, the international financial market continue to be unrest. The competitions in infrastructure construction are intense both at home and abroad which require increasing capital strength, investment accountability and project safety. In the international market, various countries are crowding into the high-speed rail segment which is sensitive to geography, politics, economy and culture. Despite difficulties and challenges posed to the development of the enterprise, there still are favorable opportunity and condition for corporate development. At present, with the continuous recovery of developed economics, especially the vigorous economic growth in the United States, the global economy grows at a faster pace. The fundamentals are generally favorable for the economic development of the PRC when a series of directional adjustment policies and measures are issued to cope with the downward pressure on economy. Facing the current macro-economic circumstance, the Group will obtain a complete picture on the main trend in the domestic and overseas economy and industry through comprehensive and in-depth study, to clearly identify the situation and challenges that the Company is facing. In the meantime, the Company will seize the positive conditions and favorable factors for development while adopting various effective measures to achieve sound and rapid development.

Report of Directors (continued)

2. Risk of account receivables

As the enterprise is expanding and the sales revenue achieved with the help of commercial credit keeps growing, the risk of account receivables is increasing accordingly. The Group attaches high importance to the management of account receivables. Stick to the philosophy of “recovering all the receivables and collecting all the debts is another way of marketing and revenue-generating (清收清欠就是營銷、清收清欠就是創效)”, the Group considered receivables recovering and debts collecting as a regular management, a key measure to safeguard the monetization of profits generated from construction projects, an effective mean to rectify projects suffering losses, and an essential method to improve the Company’s gearing ratio and operating cash flow. The Group will establish management systems to clarify accountability and carry out assessment, by which account receivables, amount due from contract customers and repurchase consideration of BT projects will be analyzed item by item to recognize the ownership for amount collection. A regular analysis and report mechanism will be set up to facilitate the recovery of account receivables in a timely manner, speed up the turnover of capital, improve the asset quality and reduce operation and finance risks.

3. Project management risk

Project management risk is closely related to the industry where the Company carries out operations. The main business of the Company is construction operations which has complicated product structure and unfixed locations with personnel of high mobility and wide range. Many business activities of the Company were conducted outdoors, at heights, in the water area and underground where the working environment is harsh and vulnerable to such natural conditions as climate and geological conditions, and therefore have certain inherent risks. The Company constantly innovates management mechanism and standardizes the on-site management to further specify the positioning of the management of each level in the project management. Professional training and pre-job safety training for on-site personnel are carried out constantly while importance is attached to the training for and management of project managers to enhance the construction of on-site project team in an ongoing manner. The project management is systemized, normalized and standardized step by step through implementing advanced project management measures and promoting duplicable technical process models. By organizing comprehensive examination on construction project management and the thorough inspection on production safety, the Company identifies and promptly solves the problems arising from key and difficult projects in the respect of project management, safety quality, construction progress and energy saving and environmental protection, and therefore guarantees that the progress, quality and safety of construction projects are under control and that such project can be carried out smoothly and orderly.

Report of Directors (continued)

4. Risks of Safety and Quality

Affected by the nature of the industry and the construction environment, especially the enlarging scale of projects, the Company has many engineering points, wide operation area, and long work lines which bring about various risk factors such as landslides, debris flows, floods, gas, water flushes, etc., exposing the Company to certain risk in terms of production safety and quality. The Company has always valued the safety and quality management. It seriously implements the state requirements regarding safety and quality, identifies and tackles potential safety and quality problems in an in-depth manner, continues to increase investment in production safety, actively strives for premium quality, strictly deals with production safety accidents and consolidates the foundation for safety and quality operation. The Company also procures its affiliated units to clarify the main accountability for the production safety and enters into safety guarantee letters by category at all level to better clarify the accountability for safety management. Safety and quality related educational trainings are deepened while efforts are made to implement measures that link the remuneration of frontier personnel to safety performance, so as to procure all the staff to pay more attention to safety operation and try their best to lower the risks and losses caused by safety and quality accidents.

III. EXPLANATION FROM THE BOARD ON THE “MODIFIED AUDIT REPORT” FROM ACCOUNTING FIRM

(I) *Explanation from the Board and Supervisory Committee on the “Modified Audit Report” from Accounting Firm*

☐ Applicable ☒ N/A

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

☒ Applicable ☐ N/A

Regarding this financial statement, the change of accounting policies during the Reporting Period by reason of the adoption of the above Accounting Standards for Business Enterprises has been applied to the Company and retrospective adjustments have been made to the comparative financial information. For specific details, please refer to “VI. Significant Events — 13. effects of the implementation of new accounting standards on consolidated financial statements”.

(III) *Analysis and Explanation from the Board on the Reasons and Impact of the Correction on Material Preliminary Errors.*

☐ Applicable ☒ N/A

Report of Directors (continued)

IV. REVIEW ON THE FINANCIAL STATEMENTS BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company has reviewed the financial statements of the Company for the year ended 31 December 2014.

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

(I) *The Formulation, Implementation or Adjustment of the Cash Dividend Policy*

1. Details of implementation of the cash dividend policy during the Reporting Period are as follows:

It was resolved at the 31st meeting of the second session of the Board convened by the Company on 27-28 March 2014 that a cash dividend for 2013 of RMB0.13 (tax inclusive) per share based on the total share capital of 12,337,541,500 shares as at 31 December 2013 was declared, totaling RMB1,603,880,395.00. The profit distribution plan had been considered and passed at the 2013 annual general meeting convened on 18 June 2014. As at 5 August 2014, the distribution of the above cash dividend was completed.

2. Formulation, Execution or Adjustment of Cash Dividend Policy

While maintaining the sustainable and stable development, the Company highly valued reasonable investment return to its shareholders. According to relevant regulations under the “Guidelines for the Articles of Association of Listed Companies (2014 Revision)” (SFC Announcement [2014] No. 47) and the “No.3 Guideline for the Supervision of Listed Companies — Cash Dividends of Listed Companies” (SFC Announcement [2013] No. 43) by the China Securities Regulatory Commission, the Company made amendments to the “Articles of Association” to further optimize the cash dividend distribution policy and make clear the approval procedure for the profit distribution policy and the abovementioned were considered and approved at the first extraordinary General Meeting of the Company for 2015 held on 5 February 2015. The Company’s profit distribution policy is consistent with “Articles” and review process requirements, standards, and the proportion of dividend clear, clear, relevant decision-making procedures and mechanisms complete. The board of directors of the company fulfillment of due diligence responsibilities, the cash dividend policy bill issued agreed independent advice. Whether companies in a number of ways for the small and medium-sized shareholders the chance to fully express their views and demands, fully safeguard the legitimate rights and interests of minority shareholders. During the Reporting Period, in order to facilitate investors to have more comprehensive and further understanding of cash dividend distribution for 2013, the Company held on 13 May 2014 an online illustration meeting, with the investors’ corresponding issues hereof under common concern answered; on 18 June 2014, through the combination of on-site open and online voting, the Company considered and adopted the Proposal Regarding 2013 Annual Profit Distribution Plan at the 2013 annual general meeting.

Report of Directors (continued)

(II) Profit Distribution Plan of the Company for 2014

1. Profit Distribution Plan for 2014

According to the audited financial report of the Company for 2014, the undistributed profit of the parent as at the beginning of 2014 was RMB6,260,571,383.46. After taking into consideration of the net profit of RMB3,029,649,137.18 recorded for the parent of the year and deducting the cash dividend of RMB1,603,880,395.00 for 2013, the distributable profit for the parent at the end of the year was RMB7,686,340,125.64. Pursuant to relevant provisions of the Company Law and the Articles of Association, upon the appropriation of 10% of the net profit recorded as the statutory reserve for the parent for 2014 of RMB302,964,913.72, and after withdrawing the statutory reserve, the profit of the parent for the year distributable to the shareholders is RMB7,383,375,211.92. Based on the total share capital of 12,337,541,500 shares as at 31 December 2014, a total of cash dividend of RMB1,850,631,225.00 will be distributed on the basis of cash dividend of RMB0.15 (tax inclusive) per share. After the distribution, the undistributed profit of the parent will be RMB5,532,743,986.92, which will be carried forward to the next year.

This profit distribution plan should be submitted and approved by the shareholders at the 2014 annual general meeting.

2. Explanation on Profit Distribution Plan for 2014

(1) *Reasons for the ratio of total cash dividend proposed to be distributed to the net profit attributable to the shareholders of the listed company for the year below 30%:*

Taking into account both the characteristics of the industry in which the enterprise is operating and the current condition of development, the Company is still in the stage of rapid development and strategic adjustment. On one hand, with the ever-expanding operating scale of the Company, there is increasing demand for working capital. On the other hand, in order to adhere to the development concept of deepening reform and be enterprising and innovative, the Company has increased the investment in areas such as industrial manufacturing and real estate development every year. In this respect, the Company faces more pressure on funding. Considering the current capital structure, debt repayment capability and development plans of the Company at this stage, the above cash dividend plan has been formulated with an aim to enhance the quality and speed of the Company's development for delivering long-term and on-going return to investors. The plan meets the requirements of the Articles of Association and the Shareholders' Return Plan of the Company in the Coming Three Years (2012-2014) of "such profit to be distributed in cash on a yearly basis must not be less than 15% of the distributable profit realized in the consolidated statement as contained in that year's consolidated financial statements" and is consistent with a policy of on-going and stable profit distribution policy. It also satisfies the long-term benefits of shareholders and favours the long-term and sustainable development of the Company.

Report of Directors (continued)

(2) The specific use and anticipated income of the reserved undistributed profit

The undistributed profit retained by the Company had, on one hand, been utilized to supplement working capital, and had been utilized to invest in survey, design and supervision operations, manufacturing operations, real estate development operations and other businesses. Reviewing the condition in recent years, the yield of net assets from relevant business segment has been above lending rate of banks. Using retained profit to increase the investment in these segments so as to expand the scale and enhance production capacity is favourable for improving the Company's profitability and thus bringing better returns to investors. In the meantime, the asset liability ratio of the Company was still relatively high. In order to optimize the financial condition, reduce operating risks and enhance the creditability and financing capability of the enterprise, it is integral to sustain the stable growth of net assets.

3. Capitalisation from capital reserves of the Company for 2014

There was no capitalisation from capital reserves of the Company for 2014.

(III) Profit Distribution or Reserves-to-Equity Transfer Plans of the Company for the Previous Three Years, including the Reporting Period:

Unit: '000 Currency: RMB

Year of dividend distribution	Number of bonus shares for every 10 shares (share)	Value of per 10 shares (RMB) (tax inclusive)	Number of shares for every 10 shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to shareholders of the Company in the consolidated statement during the year of dividend distribution	Percentage in net profit attributable to shareholders of the Company in the consolidated statement (%)
2014	—	1.50	—	1,850,631	11,343,265	16.31
2013	—	1.30	—	1,603,880	10,344,658	15.50
2012	—	1.10	—	1,357,130	8,629,127	15.73

(IV) The Inclusion of Shares Repurchased through Cash Offer in Cash Dividend

Not applicable.

Report of Directors (continued)

VI. ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITY

(I) *Activities in Social Responsibilities*

2014 Social Responsibility Report of CRCC (《中國鐵建股份有限公司2014年社會責任報告》) is published on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company, websites: www.sse.com.cn, www.hkex.com.hk and www.crcc.cn.

(II) *Environmental Protection Status of the Listed Company and its Subsidiaries that is Stipulated by the National Environmental Protection Departments as Heavy Pollution Industries*

Neither the Company nor its group companies are stipulated by the National Environmental Protection Departments as heavy pollution industries.

In 2014, the Company had over 4,200 medium to large scale projects under construction. Regarding the production, operation, management and construction of the projects, the Company persisted in implementing the laws, regulations and systems on environmental protection carried out by the State and local government. Also, it proactively launched measures to strictly control the damages to the biological environment by the pollutions from dust, noise, water, light, soil, radioactive materials and other pollutions at construction sites. Treatments for solid waste and construction waste were in line with the national standard and the administrative measures on environmental protection issued by the local government where the project construction located. Protection on the wild life and plants and biological revegetation were carried out at different construction sites in a disciplined manner. In 2014, 31 projects of the Group were awarded the “National Green Construction Model Projects in the Construction Industry”. The Group did not have any material issues or accidents on environment pollution and was well-commented by construction units and the local government.

Report of Directors (continued)

VII. OTHER DISCLOSURE

(I) **Taxation on Dividend**

In accordance with the relevant regulations on taxation in the PRC, a PRC enterprise distributes annual dividends for the year 2008 and onward to their H shareholders who are overseas non-resident enterprises (any H shares registered under the name of HKSCC Nominees Limited, other institutional nominees, trustees, or other organizations or groups, shall be deemed as shares being held by a non-resident enterprise shareholder), enterprise income tax shall be withheld at a uniform rate of 10% by the relevant PRC enterprise.

Pursuant to the changes in the relevant laws and regulations on taxation in the PRC, during the distribution of the dividend of the Company for 2010 and the following years, individual holders of the Company's H shares whose names appear on the register of members of H shares of the Company are no longer exempted from individual income tax. For individual holders of H shares whose country/region of domicile is a country/region which has entered into a tax treaty with the PRC or a tax arrangement between mainland China and Hong Kong (Macau), the Company will usually withhold and pay individual income tax at the rate of 10% (the applicable tax rate for Hong Kong and Macau residents is 10%) of the dividend income attributable to such shareholders on behalf of them without subject to application procedures. For individual holders of H shares who are not applicable to the rate of 10%, they may pay the individual income tax with reference to the provisions under the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No.348) (《關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)).

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of the dividends paid by the Company.

(II) **Share Capital**

Details of the share capital of the Company are set out in Note V. "37 share capital" to the financial statements of this report.

During the Reporting Period, none of the Company or its subsidiaries had issued any convertible or redeemable securities, options, warrants or any other similar rights.

(III) **Capital Reserves, Surplus Reserves and Special Reserves**

Changes to capital reserves, surplus reserves and special reserves of the Group and the Company in the year are set out in the Consolidated Statement of Changes in Equity and Notes V. "38, 41 and 40" to the financial statements in the audited financial statements of this report.

(IV) **Property, Plant and Equipment**

Details of the changes in the property, plant and equipment are set out in the Note V. "12 Fixed assets" to the consolidated financial statements of this report.

Report of Directors (continued)

(V) Distributable Reserves

The distributable reserve of the Company as at 31 December 2014 was approximately RMB7,383,400,000.

(VI) Designated Deposits and Overdue Time Deposits

As at 31 December 2014, the Group had no designated deposits placed with any financial institutions in China, nor any time deposits which could not be recovered upon maturity.

(VII) Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the PRC laws, according to which the Company would be obliged to offer new shares on a pro rata basis to its existing shareholders.

(VIII) Management Contracts

There was no management or administration contract in respect of all of, or substantial part of, the Company's business for the year.

(IX) Donation

During the Reporting Period, the charitable donations and other donations of the Group aggregated to RMB5,086,000.

(X) The Directors' Interests in the Businesses that Compete with the Company

None of the directors of the Company is interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Significant Events

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

☐ Applicable ☒ N/A

II. OCCUPATION OF FUNDS AND REPAYMENT OF DEBTS AND LIABILITIES DURING THE REPORTING PERIOD

☐ Applicable ☒ N/A

III. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

The Company was not involved in any matter relating to insolvency or restructuring during the Reporting Period.

IV. TRANSACTION OF ASSETS AND MERGER OF BUSINESS

☐ Applicable ☒ N/A

V. SHARE INCENTIVE PLAN AND IMPACTS THEREOF

☐ Applicable ☒ N/A

VI. CONNECTED TRANSACTIONS, MATERIAL RELATED PARTY TRANSACTIONS AND CLAIMS AND LIABILITIES WITH RELATED PARTIES

☒ Applicable ☐ N/A

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

(I) **Non-exempt Continuing Connected Transactions (Disclosure pursuant to the requirements of the Hong Kong Stock Exchange)**

1. Continuing connected transactions under the Services Provision Framework Agreement between the Company and CRCCG

CRCCG, being the Controlling Shareholder and connected person of the Company, retained certain ancillary operations in the process of the restructuring and listing of the Company. Following the listing of the H shares of the Company on the Hong Kong Stock Exchange, these ancillary operations continued to provide ancillary construction survey and supervisory services and designing services to the Company and/or its subsidiaries.

In order to regulate the above continuing connected transactions between the Group and CRCCG, among others, the Company and CRCCG entered into the Services Mutual Provision Framework Agreement (as supplemented by a supplemental agreement dated 29 January 2008) on 5 November 2007, and set the relevant annual caps for the continuing connected transactions contemplated thereunder.

Significant Events (continued)

Since the abovementioned Services Mutual Provision Framework Agreement (and the supplemental agreement) expired on 31 October 2010, and the annual caps for the continuing connected transactions determined by the Company under the above agreement executed in 2007 expired on 31 December 2009, in order to regulate such continuing connected transactions, the Company and CRCCG renewed this framework agreement on 28 December 2009 on the same terms and conditions with an effective period from 1 January 2010 to 31 December 2012 (the former Services Mutual Provision Framework Agreement and the supplemental agreement terminated on the date of such effective date) and set the annual caps for the continuing connected transactions thereunder for the three years ended 31 December 2012.

Given that both the Services Mutual Provision Framework Agreement entered into between the Company and CRCCG on 28 December 2009 and the annual caps of the related continuing connected transactions set thereunder expired on 31 December 2012, and in a bid to regulate the continuing connected transactions for purchase of related services by the Group from CRCCG and/or its associates, the Company and CRCCG entered into the Services Provision Framework Agreement on 28 December 2012 for a term from 1 January 2013 to 31 December 2015, and set the annual caps of the continuing connected transactions thereunder for the three years ending 31 December 2015.

Set out below are the approved annual cap and actual amount of transaction in relation to non-exempt continuing connected transactions under the aforementioned Services Provision Framework Agreement by the Group and CRCCG and/or its associates for the year ended 31 December 2014:

Unit: thousand yuan

Nature of transaction	Annual cap of 2014	Consolidated amount of transaction of the Group in 2014
Expense Expense of the Group for provision of services by CRCCG and/or its associates under the Services Provision Framework Agreement	600,000	448,916

Significant Events (continued)

2. Continuing connected transaction under the Property Leasing Framework Agreement and its supplementary agreement between the Company and CRCCG

The Company entered into the Property Leasing Framework Agreement with CRCCG on 5 November 2007, for a term of 10 years commencing from 5 November 2007. The principal term of the Property Leasing Framework Agreement is that CRCCG and/or its related parties/associates have agreed to lease certain of their lawfully owned properties (hereinafter as “Leased Properties”) to the Company and/or its subsidiaries on the terms and conditions set out in the Property Leasing Framework Agreement, and the Company and/or its subsidiaries have agreed to pay consideration for the lease of the Leased Properties as provided for under the Property Leasing Framework Agreement.

In order to regulate the continuing connected transactions for the lease of properties by the Group from CRCCG and/or its related parties/associates, the Company and CRCCG entered into a supplementary agreement to the Property Leasing Framework Agreement on 28 December 2012, to amend Article 2.2 of the Property Leasing Framework Agreement as follows: Leased Properties include the properties that had been leased to the Company and/or its subsidiaries by CRCCG and/or its related parties/associates at the time of the incorporation of the Company and certain properties built thereafter. In addition, CRCCG and/or its related parties/associates confirm that at the time of delivery, the Leased Properties are under good conditions satisfying the requirements of the Company and/or its subsidiaries. Save for the above amendments, other terms of the Property Leasing Framework Agreement entered into on 5 November 2007 remain the same and shall continue to be legally binding.

Besides, the Company entered into the Land Use Rights Leasing Framework Agreement with CRCCG on 5 November 2007, for a term of 20 years commencing from 5 November 2007. The principal term of Land Use Rights Leasing Framework Agreement is that CRCCG and/or its related parties/associates have agreed to lease certain of their lawfully owned land use rights to the Company and/or its subsidiaries on the terms and conditions set out in the Land Use Rights Leasing Framework Agreement, and the Company and/or its subsidiaries agreed to pay the consideration as provided for in the Land Use Rights Leasing Framework Agreement.

The Company set the annual caps for the transactions of leasing of property and land use rights by the Company from CRCCG and/or its associates under the abovementioned Property Leasing Framework Agreement (as supplemented by a supplementary agreement dated 28 December 2012) and the Land Use Rights Leasing Framework Agreement for the three years ending 31 December 2015.

Significant Events (continued)

Set out below are approved annual cap and actual amount of transaction of the non-exempt continuing connected transactions under the Property Leasing Framework Agreement (as supplemented by a supplementary agreement dated 28 December 2012) and the Land Use Rights Leasing Framework Agreement for the year ended 31 December 2014:

Unit: thousand yuan

Nature of transaction	Annual cap of 2014	Consolidated amount of transaction of the Group in 2014
Expense Expense payable by the Group for leasing properties and land use rights from CRCCG and/or its associates under the Property Leasing Framework Agreement (as supplemented by a supplementary agreement dated 28 December 2012) and the Land Use Rights Leasing Framework Agreement	300,000	87,222

The proposed annual caps of the continuing connected transactions mentioned in paragraphs 1 and 2 above were determined based on the estimated amount of transactions involved with reference to the historical transaction volumes. For details of the abovementioned continuing connected transactions, please refer to the announcement of continuing connected transactions dated 29 December 2012 as published by the Company.

Independent non-executive directors of the Company have reviewed such non-exempt continuing connected transactions mentioned in paragraphs 1 and 2 above and confirmed that:

- (i) the above connected transactions were conducted by the Group in the ordinary course of business;
- (ii) the terms of the above connected transactions were fair and reasonable, and in the interest of the shareholders as a whole;
- (iii) the above connected transactions were conducted upon normal commercial terms or, where comparisons were available, on terms no less favorable than those available from/to independent third parties; and
- (iv) the above connected transactions were conducted in accordance with the terms of the agreements governing such transactions.

Significant Events (continued)

The Company's auditors had provided a letter to the Board of the Company stating the following with respect to the non-exempt continuing connected transactions mentioned in paragraphs 1 and 2 above:

- (i) nothing had come to the auditors' attention that had caused them to believe that the continuing connected transactions as disclosed had not been approved by the Board;
- (ii) in respect of the continuing connected transactions relating to the provision of goods and services by the Group, nothing had come to the auditors' attention that caused them to believe that such transactions had not been consistent with the pricing policy of the Company in all material aspects;
- (iii) nothing had come to the auditors' attention that caused them to believe that such transactions had not complied with the requirements under relevant agreements in all material aspects; and
- (iv) nothing had come to the auditors' attention that caused them to believe that the continuing connected transactions as disclosed had exceeded the 2014 annual caps set out in the continuing connected transactions announcement dated 29 December 2012.

Besides, certain related party transactions in Note X. "5. Related party transactions" to the financial statements in this report also constituted continuing connected transactions as defined under Chapter 14A of the Hong Kong Listing Rules. Such related party transactions have already complied with the disclosure requirements of Chapter 14A of the Hong Kong Listing Rules.

Significant Events (continued)

(II) **The Related Party Transactions in Relation to the Ordinary Operations (Disclosure pursuant to the requirements of the Shanghai Stock Exchange)**

According to the requirements of “No. 2 Guidelines for the Content and Format of Information Disclosure by Companies with Public Issue of Securities-Content and Format of Annual Report (as revised in 2014)” by the China Securities Regulatory Commission (CSRC), the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Related Party Transactions of Listed Companies in Shanghai Stock Exchange, the related parties involved in related party transactions of the Company mainly include CRCCG, the controlling shareholder and subsidiaries controlled by it.

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

Summary of the event	Document for inspection
The Company convened the seventeenth meeting of the second session of the Board on 28 December 2012, during which it considered and approved the Proposal of Renewing the Transaction of Cap Continuing Connected Transaction and Relevant Framework Agreement from 2013 to 2015 (《關於2013-2015年持續關連交易上限和相關框架協議續簽的議案》); agreed to enter into the Provision of Services Framework Agreement (《服務提供框架協議》) and the Supplemental Agreement of Property Leasing Framework Agreement (《〈房屋租賃框架協議〉之補充協議》) and set up the annual transaction cap for each of the years from 2013 to 2015 under the agreements. Prior to submitting to the Board meeting of the Company for consideration, the proposal had already obtained approval from the independent non-executive directors of the Company. As the Board was considering relevant proposals, the independent non-executive directors of the Company issued their independent opinions which indicated their approval to the agreement: — the voting procedures complied with the requirements of regulatory legal documents such as laws and regulations and the Articles of Association. The pricing methods of each of the transactions were objective and fair. The arrangement of transaction procedures complied with requirements of regulatory legal documents such as laws and regulations and was fair and reasonable. The transactions are favourable to the development of the Company and no harm had been made to the interest of the Company and its shareholders, especially the minority.	For details of disclosures, please refer to the relevant announcement dated 29 December 2012 as published on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and our corporate website (www.crcc.cn).

Significant Events (continued)

Major related party transactions in relation to ordinary operations of the Group during the year 2014 are as follows:

Unit: thousand yuan

Related party	Related party transactions type	Related party transactions content	Pricing principle of related party transactions	Related party transactions price	Related party transactions amount	Proportion in the same category of transactions	Settlement method of related party transactions	Market price	Reason for the difference between transaction price and market price
11 units including Shaanxi Railway Engineering Investigation Co., Ltd.	Expenditure for labor service	Survey and design consultation	Agreement pricing	—	448,916	0.09%	Cash	—	—
Controlling shareholder, Jinli Assets Management Center	Property leasing expense	Property leasing	Agreement pricing	—	87,222	0.02%	Cash	—	—

- Events disclosed in the temporary announcements and with progress or change in subsequent implementation

N/A

- Events undisclosed in the temporary announcements

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

Significant Events (continued)

(III) Compliance with the Non-competition Agreement

CRCCG stated that in the year 2014, it had no violations of the undertakings in the “Non-competition Agreement” signed on November 5, 2007 with the Company.

(IV) Related Party Transactions from Asset Acquisition and Sales

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

(V) Significant Related Party Transactions on the Joint External Investment

During the Reporting Period, the Group had not any significant related party transactions on the joint external investment.

(VI) Claims and Liabilities between Related Parties

According to the requirements of “No. 2 Guidelines for the Content and Format of Information Disclosure by Companies with Public Offering of Securities-Content and Format of Annual Report (as revised in 2014)” by the China Securities Regulatory Commission (CSRC), the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Connected Transactions of Listed Companies in Shanghai Stock Exchange, the related parties involved in related party transactions of the Company mainly include CRCCG, the controlling shareholder and subsidiaries controlled by it.

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

N/A

Significant Events (continued)

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

Unit: thousand yuan

Related party	Related party relationship	Provision of funds to related party by the listed company			Provision of funds to the listed company by related party		
		Beginning balance	Amount incurred	Ending balance	Beginning balance	Amount incurred	Ending balance
CRCCG ^{Note 1}	Controlling shareholder	500,000	-500,000	0	901,276	-73,266	828,010
CRCCG ^{Note 2}	Controlling shareholder	79,674	-66,933	12,741	—	—	—
CRCCG ^{Note 2}	Controlling shareholder	8,894	-8,067	827	—	—	—
CRCCG ^{Note 3}	Controlling shareholder	—	—	—	276,480	302,935	579,415
Jinli Asset Management Center ^{Note 3}	Wholly-owned subsidiary of the controlling shareholder	—	—	—	118,695	55,120	173,815
Jinli Asset Management Center ^{Note 4}	Wholly-owned subsidiary of the controlling shareholder	—	—	—	3,533	-3,233	300
Xi'an Tianchuang Real Estate Co., Ltd. ^{Note 3}	Non-wholly-owned subsidiary of the controlling shareholder	584	0	584	47,410	-47,410	0
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 3}	Non-wholly-owned subsidiary of the controlling shareholder	—	—	—	41,885	10,350	52,235
Railway Construction Technology Magazine ^{Note 3}	Non-wholly-owned subsidiary of the controlling shareholder	—	—	—	0	2,199	2,199
Chongqing Tie Fa Suiyu Highway Co., Ltd. ^{Note 3}	Non-wholly-owned subsidiary of the controlling shareholder	2,914	-2,914	0	761	8	769
Total		592,066	-577,914	14,152	1,390,040	246,703	1,636,743

Significant Events (continued)

During the Reporting Period, the amount of funds to CRCCG and its subsidiaries by the Company (in RMB'000)	0
Cause to claims and liabilities between related parties	Claims and liabilities resulted from the Company's operations with the related parties.
Settlement of claims and liabilities between related parties	Settlement by normal progress.
Commitments related to claims and liabilities between related parties	None.
Impact of such claims and liabilities on the Company's operating result and financial position	No significant impact.

Note 1: The capital provided by the listed company to the related party was resulted from the transfer of the light railway project, in Mecca, Saudi Arabia, between the Company and its Controlling Shareholder. Pursuant to the Agreement on the Arrangement of Matters Related to the Saudi Mecca Light Railway Project entered into between the Company and the Controlling Shareholder, from October 31, 2010 the Company would transfer all rights and obligations of the Mecca Light Railway Project to the Controlling Shareholder while the Controlling Shareholder should pay a consideration of RMB2.077 billion to the Company. As of December 31, 2014, the Controlling Shareholder had paid the said amount in full.

The capital provided by the related party to the listed company was mainly the amount appropriated by the Ministry of Finance to the controlling shareholder. Pursuant to the requirements in the Temporary Regulations on Enhancing the Management of Financial Information of Enterprise (《加強企業財務信息管理暫行規定》) issued by the Ministry of Finance, the controlling shareholder loaned out such amount to the Company by way of entrusted loan.

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

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

Note 4: Jinli Asset Management Center provided capital with a closing balance of RMB300,000 which was an unpaid rental fee related to the lease of properties to the listed company by China Railway Construction Heavy Industry Co., Ltd., a subsidiary under the Group, as detailed in the section "2. Continuous connected transaction under the Property Leasing Framework Agreement and its Supplementary Agreement by the Company and CRCCG" of "(I) Non-exempt continuing connected transactions".

3. Issues not disclosed in temporary announcements

N/A

(VII) Others

In the Reporting Period, the Group had no other significant related party transactions.

Significant Events (continued)

VII. MAJOR CONTRACTS AND PERFORMANCE

(I) Trusteeship, Contracting and Leasing matters

☐ Applicable ☒ N/A

(II) Guarantees

☒ Applicable ☐ N/A

- During the Reporting Period, the external guarantees granted by the Company are as follows:

Unit: thousand yuan Currency: RMB

Guarantor	Relationship with the listed company	Party guaranteed	Guarantee amount	Date of occurrence (date of signing agreement)	Commencing date of the guarantee	Expiry date of the guarantee	Guarantee type	Performance completed or not	Overdue or not	Overdue amount under the guarantee	Counter guaranteed or not	Guarantee by related party or not	Connected relationship
The Company	Within the Company	Sichuan Naxu Railway CO., LTD. (四川纳谿鐵路有限公司)	67,200	28 December 2006	28 December 2006	28 December 2026	General guarantee	No	No		No	No	
The Company	Within the Company	Sichuan Naxu Railway CO., LTD. (四川纳谿鐵路有限公司)	50,400	16 April 2008	16 April 2008	16 April 2028	General guarantee	No	No		No	No	
The Company	Within the Company	CRCC-TongguanInvestment Co., Ltd.	264,341	25 May 2010	25 May 2010	25 May 2015	General guarantee	No	No		No	Yes	Associate
The Company	Within the Company	CRCC-TongguanInvestment Co., Ltd.	91,785	17 March 2014	17 March 2014	30 December 2023	General guarantee	No	No		No	Yes	Associate

Total amount of guarantees for the Reporting Period (exclusive of the guarantees to subsidiaries) -466,636

Ending balance of guarantees for the Reporting Period (a) (exclusive of the guarantees to subsidiaries) 473,726

Guarantees to subsidiaries by the Company

Total amount of guarantees to subsidiaries for the Reporting Period 4,832,340

Ending balance of guarantees to subsidiaries for the Reporting Period (b) 13,222,188

Total guarantees by the Company (inclusive of such guarantees to its subsidiaries)

Total guarantees (A+B) 13,695,914

The proportion of total guarantees in net assets of the Company (%) 13.31

Of which:

The amount of guarantees to the Company's shareholders, actual controllers and their related parties (c) 0

Debt guarantees directly or indirectly to guaranteed objects with the asset-liability ratio higher than 70% (d) 13,220,865

Of total guarantees, the portion in excess of 50% net assets of the Company (e) 0

Total of the above three categories of guarantees (C+D+E) 13,220,865

Explanation on the potential joint liability arising from the immature guarantees —

Explanation on the guarantees —

Significant Events (continued)

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

(1) *Decision-Making Procedures of Guarantees Granted to Wholly-owned Subsidiaries*

Pursuant to the approval by the thirtieth meeting of the second session of the Board held on 22 January 2014, the cap for internal guarantees of the Company in 2014 was determined as RMB45 billion. During the Reporting Period, guarantee granted to wholly-owned subsidiaries by the Company was in strict compliance with the guarantee cap. As at the end of the Reporting Period, the total amount of outstanding guarantee was of RMB13,222.2 million and did not exceed the approved cap of guarantee.

(2) *Decision-Making Procedures of External Guarantees*

As at the end of 2014, the total amount of outstanding external guarantees by the Company was of RMB473.7 million, including the following two guarantees:

- 1 In 2006, CRCCG had provided RMB400 million of loans and RMB67.2 million of guarantee, representing 16.8% of capital contribution, to Sichuan Naxu Railway Co., Ltd. Due to the reform of the Company in December 2007, it entered into a tripartite agreement with China Railway Construction Corporation Limited and the Luzhou Branch of China Construction Bank, and to revise the subject of the contract to China Railway Construction Corporation Limited. The resolutions in relation to provision of guarantee to the Naxu Company for loans had been considered and approved at the tenth meeting of the first session of the Board in October 2008. In proportion to the capital contribution of 16.8%, RMB50.4 million of guarantee for RMB300 million of loans was agreed to be provided to Sichuan Naxu Railway Co., Ltd., the joint-stock company. As at 31 December 2014, the balance of actual guarantee amount was RMB117.6 million.
- 2 The resolutions in relation to provision of capital and bank loan guarantee to CRCC-Tongguan Investment Co., Ltd. had been considered and approved at the thirty-first meeting of the first session of the Board of the Company in May 2010. In proportion to the capital contribution, the Board agreed to provide guarantees for the loan agreement entered by CRCC-Tongguan Investment Co., Ltd. with China Development Bank, Agricultural Bank of China and Bank of China. The resolution in relation to the investment for the development and construction of Mirador Copper Mine Project in Ecuador was considered and approved at the fourteenth meeting of the second session of the Board in August 2012, pursuant to which the Company was agreed to provide guarantee, in proportion to its capital contribution, for the loan applied by CRCC-Tongguan Investment Co., Ltd. As at the end of 2014, CRCC-Tongguan Investment Co., Ltd. has repaid part of the loans. The balance of actual guarantee amount provided by the Company was reduced to RMB356.1 million correspondingly.

Significant Events (continued)

(III) Other Major Contracts

1. Domestic business contract

Unit: 100 million Currency: RMB

Contract time	Name of project	Contract amount	The Company's contracting entity	Time limit of performance
31 March 2014	Construction Contract for Stripping Engineering Project in the Wunugetushan Copper/Molybdenum Mine for the Years 2014 to 2018 (烏努格吐山銅鉬礦2014-2018年度采剝工程合同)	51.4612	China Railway 19th Bureau Group Co., Ltd.	2014-2018
25 August 2014	Master Contract of Section XCSDJC-1 of the "Four Electric" System Integration of the Xi'an-Jiangyou Section of the Newly-Built Xi'an-Chengdu Passenger Dedicated Line (新建西安至成都客運專線西安至江油段「四電」系統集成(XCSDJC-1)標段施工總承包)	47.206	China Railway Construction Electrification Bureau Group Co., Ltd.	852 calendar days

2. Overseas business contract

Unit: 100 million Currency: USD

Contract time	Name of project	Contract amount	The Company's contracting entity	Time limit of performance
23 August 2014	Engineering, Procurement and Construction of Dhaka Elevated Expressway Project, Bangladesh (孟加拉達卡高架高速公路項目)	10.620	CRCC International Group Co., Ltd.	42 months
27 August 2014	Rurrenabaque-Riberalta Highway in Bolivia (玻利維亞魯雷納瓦克—裡韋拉爾塔公路)	5.790	CRCC International Group Co., Ltd.	57 months
20 November 2014	Nigeria Coastal Railway Project (尼日利亞沿海鐵路項目)	119.700	China Civil Engineering Construction Corporation	72 months
20 November 2014	The first, third and fifth groups of the fifth stage of the construction for the Project for Development of Security Premises of Ministry of Interior of Saudi Arabia (沙特內政部安全總部發展項目第五期工程的第一、三、五號包)	19.790	China Railway Construction Corporation Limited	1440 calendar days

Significant Events (continued)

VIII. THE PERFORMANCE OF UNDERTAKINGS

☒ Applicable ☐ N/A

(I) Undertakings during or until the Reporting Period by Listed Company, Shareholders Holding 5% or More Equity, the Controlling Shareholder and Actual Controller

Commitment background	Commitments Category	Commitment by	Commitments Contents	Time and term of commitments	Is there a term for fulfilment	Is there timely and strict fulfilment	Specify reasons in case of failure of prompt fulfilment	Specify next-step plan in case of failure of prompt fulfilment
Commitments associated with the share reform								
Commitments in acquisition report or report on changes in equity								
Commitments associated with major asset reorganisation								
Commitments associated with IPO								
Commitments refinancing								
Commitments associated with share incentive								
Other commitments	Resolving ownership defects to lands and other properties	CRCCG	Acquiring land certificate and property ownership certificate, covering the costs of acquiring the aforesaid certificates and losses caused thereby.	Long-term	No	Yes		

Note: For more details, please see relevant announcements published on 29 March and 19 June 2014 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Significant Events (continued)

IX. APPOINTMENT AND REMOVAL OF AUDITORS

Unit: 10,000 Currency: RMB

Change auditors or not: No

	Preceding auditor	Existing auditor
Name of the auditor		Ernst & Young Hua Ming LLP
Remuneration of the auditor		3,100
Term of the auditor for audit services		8 years

Note:

- Pursuant to the amendments to the Hong Kong Listing Rules by the Hong Kong Stock Exchange and relevant requirements of the Ministry of Finance and the CSRC, a company incorporated in Mainland China and listed on the Hong Kong Stock Exchange is permitted to adopt the PRC GAAP to prepare its financial statements and to engage a domestic accounting firm recognized by the Ministry of Finance and the CSRC to provide relevant services according to the PRC auditing standards since 15 December 2010. Ernst & Young Hua Ming LLP is a domestic accounting firm recognized by the Ministry of Finance and the CSRC. Therefore, the Company appointed Ernst & Young Hua Ming LLP as its external auditor starting from the fiscal year of 2011 (no division of domestic and overseas).
- After the review and consideration by the tenth meeting of the third session of Board from 29 to 30 March 2015, the Company is to pay Ernst & Young Hua Ming LLP the audit fees for the 2014 annual financial statement as well as related audit services, interim financial statement review and so forth, as RMB31 million, and such proposal is still in need of submission to the 2014 annual general meeting for approval.

Unit: 10,000 Currency: RMB

	Name	Remuneration
Auditor for audit of internal control	Ernst & Young Hua Ming LLP	260
Financial advisor	None	
Sponsor	None	

Note:

As considered at the tenth meeting of the third session of the Board on 29 and 30 March 2015, the proposal regarding the payment of RMB2.6 million to Ernst & Young Hua Ming LLP in respect of their services provided in relation to auditing of internal control and related matters for the year 2014 to the Company is subject to consideration and approval at the 2014 annual general meeting of the Company.

Significant Events (continued)

Explanation on appointment and removal of auditors

1 The appointment of auditor

During the Reporting Period, the Company has not changed its auditor.

From 2007 to 2010, the Company for four consecutive years had retained Ernst & Young Hua Ming as its domestic auditor and appointed Ernst & Young as its overseas auditor. On 31 May 2011, the Company's 2010 Annual Shareholders' General Meeting considered and approved the appointment of Ernst & Young Hua Ming as its external auditor for 2011 while ceasing the re-appointment of Ernst & Young. In August 2012, Ernst & Young Hua Ming Certified Public Accountants changed its system and was renamed as Ernst & Young Hua Ming LLP. As of the end of the Reporting Period, the Company has appointed Ernst & Young Hua Ming LLP with the term of eight consecutive years for audit services.

On 18 June 2014, the Company's 2013 Annual Shareholders' General Meeting considered and passed the Proposal on Appointing the 2014 Annual External Auditor and Payment of 2013 Annual Audit Fee, approving to continuously hire Ernst & Young Hua Ming LLP as the external auditor for 2014. After the review and consideration by the tenth meeting of the third session of Board from 29 to 30 March 2015, the Company is to pay Ernst & Young Hua Ming LLP the audit fees for the 2014 annual financial statements as well as related audit services, interim financial statement review and so forth, as RMB31 million, and such proposal is still in need of submission to the 2014 annual general meeting for approval.

2 Appoint of internal control auditor

On 18 June 2014, the Company's 2013 Annual Shareholders' General Meeting considered and passed the Proposal on Appointing the 2014 Annual Internal Control Auditor and Payment of the 2013 Annual Auditing Fee, approving to continue to hire Ernst & Young Hua Ming as the intermediary institute of internal control auditor for 2014. After the review and consideration by the tenth meeting of the third session of Board from 29 to 30 March 2015, the Company is to pay Ernst & Young Hua Ming LLP the audit fee for the 2014 annual internal control and other related service costs as RMB2.6 million, and such proposal is still in need of submission to the 2014 annual general meeting for approval.

Significant Events (continued)

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

During the Reporting Period, the Company, its directors, supervisors, senior management, shareholders with more than 5% equity, actual controller or the buyer had not been in such circumstances as under the investigation by competent authorities, coercive measures by judicial or discipline inspection departments, to be handed over to judicial or prosecuted with criminal responsibility, administrative penalties, securities market exclusion, identification as the inappropriate candidates by CSRC, or punishments by other administrative departments or public censure by relevant stock exchange.

XI. RISK OF SUSPENSION OF LISTING OR DELISTING

(I) Reason for Suspension of Listing or Delisting and Measures Taken by the Company to Cancel the Suspension of Listing or Delisting

N/A

(II) Specific Arrangement and Plan for the Management of Investor Relations after Delisting

N/A

XII. CONVERTIBLE CORPORATE BONDS

☐ Applicable ☒ N/A

XIII. EFFECTS OF THE IMPLEMENTATION OF NEW ACCOUNTING STANDARDS ON CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Finance issued *Accounting Standard for Business Enterprises No.39 Fair Value Measurement*, *Accounting Standard for Business Enterprises No.40 Joint Arrangements*, *Accounting Standard for Business Enterprises No.9 Employee Benefits*, *Accounting Standard for Business Enterprises No.30 Presentation of Financial Statements*, and *Accounting Standard for Business Enterprises No.33 Consolidated Financial Statements* from January to February 2014. The above five accounting standards were effective from 1 July 2014, and entities listed overseas were encouraged to adopt the above five accounting standards in advance. As an overseas listed company, the Group has adopted the above five accounting standards, and treated the convergence in accordance with the regulations in the preparation of the financial statements for the year ended 31 December 2013. For details, see the prior period's financial statements.

Significant Events (continued)

The Ministry of Finance issued *Accounting Standard for Business Enterprises No.41 Disclosure of Interest in Other Entities* and revised *Accounting Standard for Business Enterprises No.2 Long-term Equity Investment* in March 2014, and also revised *Accounting Standard for Business Enterprises No.37 Presentation of Financial Instruments* in June 2014, which shall be adopted in the financial statements for the year ended 31 December 2014 and subsequent periods. With regards to these financial statements, in response to the aforementioned changes in the accounting standards, the Company's accounting policy has been revised according to the corresponding convergence requirements. Retrospective adjustments have been made for the comparative information where appropriate.

Accounting Standard for Business Enterprises No.2 Long-term Equity Investment (Revised in 2014) affects the Group's accounting treatment of other long-term investments. Other Long-term investments when the investee is neither jointly controlled nor significantly influenced by the Group, and no quoted market price in an active market so that whose fair value cannot be reliably measured are no longer applied to *Accounting Standard for Business Enterprises No.2 Long-term Equity Investment (Revised in 2014)* but applied to *Accounting Standard for Business Enterprises No.22 Recognition and Measurement of Financial instrument*.

According to *Accounting Standard for Business Enterprises No.2 Long-term Equity Investment (Revised in 2014)*, the Group made retrospective adjustments to previous accounting treatments. Other long-term investments when the investee is neither jointly controlled nor significantly influenced by the Company, with no quoted market price in an active market so that whose fair value cannot be reliably measured will be treated as available-for-sale financial assets. The above retrospective adjustments lead to the reclassification of long-term equity investment and available-for-sale financial assets. The balances as at 31 December 2013 have been restated.

The effects of the above retrospective adjustments on the financial statements for the year ended 31 December 2014 and 2013 can be referred to Note III, 30.

Significant Events (continued)

1 *Impact of changes in standards of long-term equity investment on the consolidated financial report (I)*

Unit: thousand yuan Currency: RMB

Investee	Basic information on transaction	31 December 2013			
		Equity attributable to shareholders of the parent company as at 1 January 2013 (+/-)	Longterm equity investments (+/-)	Available-for-sale financial assets (+/-)	Equity attributable to owners of the parent company (+/-)
Wuhan Johnson Pearl Plaza	Classifying adjustment	—	-60,000	60,000	—
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	Classifying adjustment	—	-200,000	200,000	—
Inner Mongolia Jitong Railway Co., Ltd.	Classifying adjustment	—	-13,082	13,082	—
Beijing-Guangzhou Passenger Railway Henan Company Limited	Classifying adjustment	—	-2,000,000	2,000,000	—
Essence Securities Co., Ltd.	Classifying adjustment	—	-268,452	268,452	—
Vossloh Fastening Systems (China) Co., Ltd.	Classifying adjustment	—	-56,969	56,969	—
Others	Classifying adjustment	—	-237,780	237,780	—
Total	/	—	-2,836,283	2,836,283	—

Explanation on the Effects of the Change of Long-term Equity Investments Standards on Consolidated Financial Report (I)

In accordance with the regulations of Accounting Standards for Business Enterprises No.2 Long-term Equity Investment (Revised), the Company has made retroactive adjustments on the long-term equity investments measured using the cost method under the original long-term equity investments standards (investments where the Group does not have control, joint control or significant influence over the investees and investments which are not quoted in an active market and the fair values of which cannot be reliably measured) and adjusted them to be available-for-sale financial assets. On 31 December 2013, the long-term equity investments on the Consolidated Financial Statements recorded a decrease of RMB2,836,283,000, and the available-for-sale financial assets an increase of RMB2,836,283,000. The implementation of the above-mentioned Standards did not exert material effect on the Company's financial position, operating result or cash flow.

2 *Impact of changes in other standards*

No impact

Significant Events (continued)

XIV EXPLANATION ON OTHER SIGNIFICANT EVENTS

☐ Applicable ☒ N/A

XV SUBSEQUENT EVENTS

1 Events after the balance sheet date

On 11 February 2015, the Company entered into the Equity Transfer Agreement (《股權轉讓協議》) with the Controlling Shareholder. In accordance with the agreement, the Company would acquire by cash 80% of the equity interest of the Chongqing Tiefa Suiyu Highway Co., Ltd. held by the Controlling Shareholder. The price of the acquisition was set on the basis of the net asset value audited and appraised by the accounting firm and the asset valuation firm qualified for securities practice and accepted by both parties. During 29-30 March 2015, both parties agreed to enter into a supplementary agreement to confirm the transfer price at the 10th meeting of the 3rd session of the Board.

For more details, please see relevant announcements dated 12 February 2015 and 31 March 2015 respectively on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

2 Changes of directors of the Company

On 19 January 2015, the 5th meeting of the 3rd session of the Board considered and passed the "Proposal in Relation to the Candidates for the Executive Director of the CRCC" (《關於中國鐵建股份有限公司執行董事人選的議案》). Due to his age, Mr. PENG Shugui would no longer serve as the vice president or executive director of the Company, nor would he hold any other position with the Board. Mr. QI Xiaofei was nominated by the Nomination Committee of the Board as a candidate for executive director of the Company. On 5 February 2015, the 2015 first extraordinary general meeting of the Company considered and approved the appointment of Mr. QI Xiaofei as an executive director of the Company; on 5 February, the 7th meeting of the 3th session of the Board elected Mr. QI Xiaofei as the vice president of the Company and a member of the Nomination Committee for a term of office the same as that of the directors of the 3rd session of the Board.

For more details, please see relevant announcements dated 20 January 2015 and 6 February 2015 respectively on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Significant Events (continued)

3 Events relating to the overseas listing of Kunming China Railway Large Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司)

To enhance the comprehensive competitiveness of the professional machinery manufacturing section of the Group and promote the strategic improvement of the Group, the Company proposed to convert Kunming China Railway Large Maintenance Machinery Co., Ltd., its wholly owned subsidiary into a joint stock company, with an initial public offering of H shares to be listed on the main board of the Hong Kong Stock Exchange. On 5 February 2015, relevant proposals were deliberated and approved by the 2015 1st extraordinary general meeting of the Company. The above matter is subject to submission and approval by the China Securities Regulatory Commission and approval by the Hong Kong Stock Exchange.

4 Events relating to the non-public issuance of A shares of the Company

On 5 February 2015, the 2015 1st extraordinary general meeting, the 2015 1st A shareholders' class meeting and the 2015 1st H shareholders' class meeting approved that the Company would make a non-public issuance of A shares of RMB1.38 billion to no more than ten designated investors and raise a fund of no more than RMB9.936 billion. After the above meetings, the Company lodged the application for the non-public issuance and listing of A shares to China Securities Regulatory Commission. The application documents are being examined and verified by the Commission.

5 Events relating to the amendments to Articles of Association

Pursuant to the laws, administration regulations and the rules of regulatory documents of the Guideline of Articles of Listed Companies (amended in 2014) (《上市公司章程指引(2014年修訂)》) (China Securities Regulatory Commission Announcement [2014] No.47) and the No.3 Guideline of Regulation of Listed Companies: Cash Dividends of Listed Companies (《上市公司監管指引第3號-上市公司現金分紅》) (China Securities Regulatory Commission Announcement [2013] No.43), the Company held the 2015 1st extraordinary general meeting on 5 February 2015 and deliberated and passed the Proposal in Relation to the Amendments to the "Articles of Association of CRCC" (《關於修改<中國鐵建股份有限公司章程>的議案》) and revised Article 107, Article 121, Article 125, Article 255 and Article 256 thereunder.

For more details, please see relevant announcements dated 6 February 2015 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of Changes in Shares

1. Table of Changes in Shares

Unit: share

	Before Change		Issue of new shares	After increase/decrease (+/-)			Subtotal	After change	
	Quantity	Percentage (%)		Bonus issue	Conversion from reserves	Others		Quantity	Percentage (%)
I. Shares subject to trading moratorium	245,000,000	1.98				-245,000,000	-245,000,000	0	0
1. State-owned shares									
2. State-owned legal person shares	245,000,000	1.98				-245,000,000	-245,000,000	0	0
3. Other domestic shares									
Of which: Domestic non-state- owned legal person shares									
Domestic natural person shares									
4. Foreign shares									
Of which: Overseas legal person shares									
Overseas natural person shares									
II. Circulating shares not subject to trading moratorium	12,092,541,500	98.02				+245,000,000	+245,000,000	12,337,541,500	100
1. RMB ordinary shares	10,016,245,500	81.19				+245,000,000	+245,000,000	10,261,245,500	83.17
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	2,076,296,000	16.83						2,076,296,000	16.83
4. Others									
III. Total shares	12,337,541,500	100						12,337,541,500	100

Changes in Shares and Particulars of Shareholders (continued)

2. Particulars of changes in shareholding

The restriction of the restricted shares of National Council for Social Security Fund was cancelled on 10 March 2014.

3. Effect to financial indicators such as earnings per share and net assets per share within the year or the period after changes in shareholding (if any)

Nil.

4. Other contents that the Company deemed necessary to or required by security regulatory institutes to disclose

Nil.

(II) Changes in Shares Subject to Trading Moratorium

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium in the year	Number of Shares increased subject to trading moratorium in the year	Number of shares subject to trading moratorium at the end of the year	Reason for trading moratorium	Release date of trading moratorium
National Council for Social Security Fund (全國社會保障基金理事會)	245,000,000	245,000,000	0	0	Lock-up period extended by another three years following the expiry of the original statutory and voluntary lock-up period undertaken by the state-owned shareholder (China Railway Construction Corporation)	10 March 2014
Total	245,000,000	245,000,000	0	0	/	/

Changes in Shares and Particulars of Shareholders (continued)

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of Securities during Last Three Years at End of the Reporting Period

The Company had no issue of securities during last three years at end of the Reporting Period.

(II) Changes in Total Shares, Shareholding Structure and Assets and Liabilities Structure of the Company

During the Reporting Period, there were no changes in the total number of shares, shareholding structure and assets and liabilities structure of the Company by reason of the issue of bonus shares, conversion of share capital, rights issue, issue of additional new shares, non-public placement, option exercise, share incentive scheme, enterprise merger, convertible corporate bonds to equity, deinvestment, listing of internal employee shares and issue of bonds or other reasons.

(III) Existing Internal Employee Shares

The Company had no internal employee shares as at the end of the Reporting Period.

III. PARTICULARS OF SHAREHOLDERS AND ULTIMATE CONTROLLER

(I) Structure of Share Capital and Public Float

1. Structure of share capital

As at 31 December 2014, the share capital structure of the Company is set out as follows:

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

Note 1. The restriction of the restricted shares was cancelled on 10 March 2014.

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

Changes in Shares and Particulars of Shareholders (continued)

2. Public float

As at the latest practicable date prior to the publication of this annual report, and according to all public information and as far as the directors are aware, the public holders of the Company held 4,771.296 million shares (including 245 million A shares held by the National Council for Social Security Fund, whose trading restriction was released on 10 March 2014), representing 38.67% of the issued capital of the Company. In particular, public holders of H shares held 2,076.296 million shares, representing 16.83% of the issued capital of the Company; public holders of A shares held 2,695 million shares, representing 21.84% of the issued share capital of the Company. The Company has sufficient public float which satisfies the requirements under the Hong Kong Listing Rules.

(II) *The Number of Shareholders and Particulars of Shareholdings*

As at the end the Reporting Period, the total number of shareholders of the Company was 333,722, of which 311,441 were holders of A shares and 22,281 were holders of H shares. On the fifth trading day prior to the publishing date of this annual report, the total number of shareholders of the Company was 403,398, of which 381,625 were holders of A shares and 21,773 were holders of H shares.

Total number of shareholders as at the end of the Reporting Period	333,722
Total number of shareholders at the end of the fifth trading day prior to the date of the issuance of the annual report	403,398
Total number of preference shareholders with voting right restored as at the end of the Reporting Period	N/A
Total number of preference shareholders with voting right restored at the end of the fifth trading day prior to the date of the issuance of the annual report	N/A

Changes in Shares and Particulars of Shareholders (continued)

(III) Particulars of Shareholdings of the Top Ten Shareholders and the Top Ten Shareholders of Tradable Shares (or Shareholders not Subject to Trading Moratorium) as At the End of the Reporting Period

Unit: share

Particulars of top 10 shareholders

Name of shareholder (in full)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares subject to trading moratorium	shares pledged or frozen ^{Note} Status of the shares	Number	Nature of shareholder
China Railway Construction Corporation	0	7,566,245,500	61.33	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	654,000	2,056,036,881	16.66	0	Unknown		Overseas legal person
Account No. 3 of National Council for Social Security Fund (全國社會保障基金理事會轉持三戶)	0	245,000,000	1.98	0	Nil	0	State-owned legal person
Industrial and Commercial Bank of China-Invesco Great Wall Selected Blue Chip Securities Investment Fund (中國工商銀行—景順長城精選藍籌股票型證券投資基金)	30,000,097	30,000,097	0.24	0	Nil	0	Other
CSOP Asset Management Limited—CSOP FTSE China A50ETF (南方東英資產管理有限公司—南方富時中國A50ETF)	-2,373,273	21,582,130	0.17	0	Nil	0	Other
Hong Kong Securities Clearing Company Limited	18,554,868	18,554,868	0.15	0	Nil	0	Overseas legal person
Urumqi Runnong Jiangyuan Agricultural Technology Co., Ltd. (烏魯木齊潤農江源農業科技有限公司)	17,334,201	17,334,201	0.14	0	Nil	0	Other
Bank of China-Harvest CSI 300 Trading Open-end Index Securities Investment Fund (中國銀行股份有限公司—嘉實滬深300交易型開放式指數證券投資基金)	265,000	16,826,782	0.14	0	Unknown	118,800	Other
Lu Yongjun (陸勇軍)	14,174,933	14,174,933	0.11	0	Nil	0	Domestic natural person
Abu Dhabi Investment Authority (阿布達比投資局)	13,633,185	13,633,185	0.11	0	Nil	0	Other

Changes in Shares and Particulars of Shareholders (continued)

Particulars of shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of share	
		Class	Number
China Railway Construction Corporation	7,566,245,500	RMB ordinary share	7,566,245,500
HKSCC NOMINEES LIMITED	2,056,036,881	Overseas listed foreign share	2,056,036,881
Account No. 3 of National Council for Social Security Fund	245,000,000	RMB ordinary share	245,000,000
Industrial and Commercial Bank of China-Invesco Great Wall Selected Blue Chip Securities Investment Fund	30,000,097	RMB ordinary share	30,000,097
CSOP Asset Management Limited — CSOP FTSE China A50ETF	21,582,130	RMB ordinary share	21,582,130
Hong Kong Securities Clearing Company Limited	18,554,868	RMB ordinary share	18,554,868
Urumqi Runnong Jiangyuan Agricultural Technology Co., Ltd. (烏魯木齊潤農江源農業科技有限公司)	17,334,201	RMB ordinary share	17,334,201
Bank of China-Harvest CSI 300 Trading Open-end Index Securities Investment Fund	16,826,782	RMB ordinary share	16,826,782
Lu Yongjun	14,174,933	RMB ordinary share	14,174,933
Abu Dhabi Investment Authority	13,633,185	RMB ordinary share	13,633,185

Explanations on the connected relationship or concerted action among the above shareholders	The Company has no information on whether there is any connected relationship among the above shareholders or whether such shareholders are parties acting in concert.
Explanation on the preference shareholders with voting right restored and their shareholdings	N/A

Note:

- As at the end of the Reporting Period, HKSCC NOMINEES LIMITED held 2,056,036,881 shares of the Company while the pledged or frozen status of such shares were unknown.
- As at the end of the Reporting Period, Bank of China-Harvest CSI 300 Trading Open-end Index Securities Investment Fund held 16,826,782 shares of the Company, among which 118,800 shares were pledged or frozen.

The top ten shareholders subject to trading moratorium and conditions of such trading moratorium

As at the end of the Reporting Period, the Company had no share subject to trading moratorium.

Changes in Shares and Particulars of Shareholders (continued)

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

During the Reporting Period, there were no strategic investors or general legal persons participating in the placing of new shares and no agreed shareholding restriction period.

(V) Particulars of Interests and Short Positions of Substantial Shareholders Disclosed in Accordance with the SFO

So far as the directors of the Company are aware, as at 31 December 2014, the persons other than directors, supervisors or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Section 336 of Part XV of the SFO were as follows:

Unit: share

Name of substantial shareholder	Class of shares	Capacity	Number of shares interested ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
CRCCG	A shares	Beneficial owner	7,566,245,500	73.74%	61.33%
National Council for Social Security Fund	H shares	Beneficial owner	188,754,500(L)	9.09%	1.53%
	A shares	Beneficial owner	245,000,000	2.39%	1.98%
BlackRock, Inc. ^{Note 2}	H shares	Interest of corporation controlled by the substantial shareholder	124,582,792(L)	6.00%	1.01%
JPMorgan Chase & Co. ^{Note 3}	H shares	Beneficial owner, investment manager, trustee (other than a bare trustee), custodian corporation/approved lending agent	108,801,021(L)	5.24%	0.88%
		Beneficial owner	13,216,699(S)	0.64%	0.11%
		Custodian corporation/approved lending agent	80,322,910(P)	3.87%	0.65%
Plowden, Charles ^{Note 4}	H shares	Interest of corporation controlled by the substantial shareholder	105,064,500(L)	5.06%	0.85%

Notes: 1. L — long position, S — short position, P- lending pool

- As at 31 December 2014, BlackRock, Inc. held long positions in 124,582,792 H shares of the Company through certain corporations under their control.
- As at 31 December 2014, JPMorgan Chase & Co. (including certain corporations under its control) held long positions in 108,801,021 H shares and short position in 13,216,699 H shares of the Company.
- As at 31 December 2014, Charles Plowden held long position in 105,064,500 H shares of the Company through certain corporations under its control.

Changes in Shares and Particulars of Shareholders (continued)

IV. CHANGES IN THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling Shareholder

1. Legal person

Unit: 10,000 Currency: RMB

Legal name of the Controlling Shareholder	China Railway Construction Corporation
Legal representative	MENG Fengchao
Incorporation date	28 August 1990
Organisation code	10001066-0
Registered capital	596,989
Principal businesses	Supervision and administration of state-owned assets, management, operating and disposal of unlisted assets of CRCCG, construction, operating and management of franchised investment projects and publish of China Railway Construction News.
Future development strategy	Fulfil the duties of Supervision and administration of state-owned assets, give full play to substantial shareholders, take various measures such as strengthening supervision and management, asset injection, increase of shareholding and selecting and recruiting senior management for the purpose of CRCC operating in accordance with the law and regulations, perform the social responsibilities, work hard to realize presupposed targets, protect minority shareholders' interests and ensure the preserving and increasing of value of state-owned assets.
Particulars of other domestic and overseas listed companies held and invested by CRCCG during the Reporting Period	Nil
Explanation on other matters	Operating results: In 2013, the parent company recorded operating revenue of RMB588,691.2 million and total profit of RMB12,878.4 million. Financial condition: As at 31 December 2013, the parent company had total assets of RMB563,988.4 million, total liabilities of RMB478,988.6 million and net assets of RMB84,999.8 million Cash flow: In 2013, net cash flow from operating activities of the parent company was RMB-9,654.5 million, net cash flow from investment activities was RMB-22,698.2 million, and net cash flow from financing activities was RMB29,986 million.

Note: The data for operating results, financial position and cash flow of CRCCG was the audited information for 2013 since the information for 2014 was not audited. Such financial information was on consolidated basis.

Changes in Shares and Particulars of Shareholders (continued)

2. Index and date of changes in Controlling Shareholder during the Reporting Period

There was no change of Controlling Shareholder during the Reporting Period.

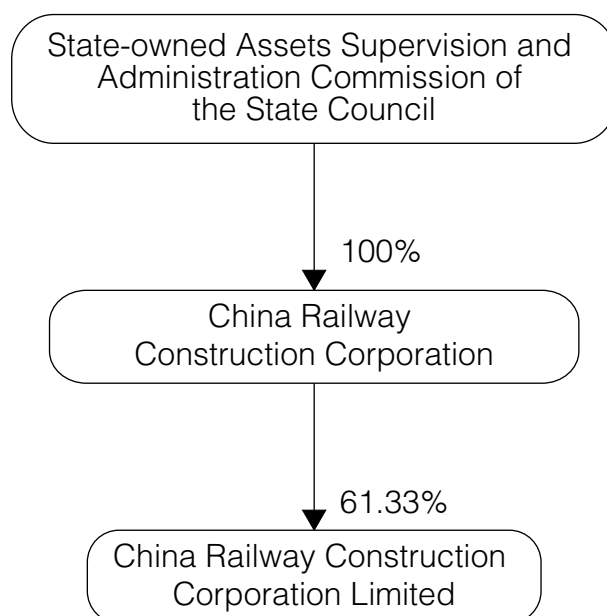
(II) **Actual Controller**

1. Name of actual controller: State-owned Assets Supervision and Administration Commission of the State Council.

2. Index and date of changes in actual controller during the Reporting Period

During the Reporting Period, there was no change in the Company's actual controller.

3. The chart of the relationship between the Company and the actual controller on the property ownership and controlling rights



V. **OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10% OF THE SHARES OF THE COMPANY**

As at the end of the Reporting Period, except for HKSCC NOMINEES LIMITED, CRCCG was the only corporate shareholder holding more than 10% of the shares of the Company.

VI. **REPURCHASE, SALES AND REDEMPTION OF SECURITIES OF THE COMPANY**

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

Particulars of Preference Shares

There was no matter in relation to the preference shares during the Reporting Period.

Directors, Supervisors, Senior Management and Staff

I. CHANGES IN SHAREHOLDING AND REMUNERATION

(I) The Changes in Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period

Unit: share

Name	Position	Gender	Age	Date of appointment	Date of expiry	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares held for the year	Reasons for the changes	Total remuneration received from the Company during the Reporting Period ⁽¹⁾ (RMB'0'000) (before tax)	Total remuneration payable received from the shareholder's entities during the Reporting Period
MENG Fengchao	Chairman, executive director and deputy secretary to the communist party committee	Male	56	31 May 2011 (the second session) 28 October 2014 (the third session)	28 October 2014 (the second session) 27 October 2017 (the third session)	—	—	—	—	103.4150	—
ZHANG Zongyan	Executive director, president and deputy secretary to the communist party committee	Male	51	28 March 2013 (President) and 6 June 2013 (executive director of the second session) 28 October 2014 (executive director of the third session), 29 October 2014 (President)	28 October 2014 (executive director and President of the second session) 27 October 2017 (executive director of the third session), 28 October 2017 (President)	—	—	—	—	102.0830	—
QI Xiaofei	Chairman of the supervisory committee	Male	57	31 May 2011 (the second session) 5 February 2015 (vice chairman and executive director of the third session)	28 October 2014 (the second session) 27 October 2017 (vice chairman and executive director the third session)	—	—	—	—	88.4950	—
ZHUANG Shangbiao	Vice president, CFO and chief legal adviser	Male	52	31 May 2011	29 April 2014 (Chief Accountant), 28 October 2014 (Vice President and general legal counsel)	—	—	—	—	91.5210	—
	Executive director, vice president and chief legal adviser			28 October 2014 (executive director of the third session), 29 October 2014 (vice president and general legal counsel)	27 October 2017 (executive director of the third session), 28 October 2017 (vice president and general legal counsel)						
GE Fuxing	Non-executive director	Male	58	28 October 2014 (the third session)	27 October 2017 (the third session)	—	—	—	—	0	—
WANG Huacheng	Independent non-executive director	Male	51	28 October 2014 (the third session)	27 October 2017 (the third session)	—	—	—	—	4.8999	—
Patrick SUN	Independent non-executive director	Male	56	28 October 2014 (the third session)	27 October 2017 (the third session)	—	—	—	—	4.4001	—
CHENG Wen	Independent non-executive director	Male	62	28 October 2014 (the third session)	27 October 2017 (the third session)	—	—	—	—	5.0999	—
Amanda Xiao Qiang LU	Independent non-executive director	Female	60	28 October 2014 (the third session)	27 October 2017 (the third session)	—	—	—	—	4.4001	—
HUANG Shaojun	Supervisor	Male	58	31 May 2011 (the second session)	28 October 2014 (the second session)	—	—	—	—	53.6290	—
	Chairman of the Supervisory Committee			28 October 2014 (the third session)	27 October 2017 (the third session)						

Directors, Supervisors, Senior Management and Staff (continued)

Name	Position	Gender	Age	Date of appointment	Date of expiry	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares held for the year	Reasons for the changes	Total remuneration received from the Company during the Reporting Period ⁽¹⁾ (RMB'0'000) (before tax)	Total remuneration payable received from the shareholder's entities during the Reporting Period
LI Xuefu	Supervisor, deputy chief economist	Male	49	28 October 2014 (the third session)	27 October 2017 (the third session)	—	—	—	—	49,4450	—
ZHANG Liangcai	Employee Supervisor	Male	56	31 May 2011 (the second session)	The day when the new Employee Representative Supervisor was elected	—	—	—	—	50,7400	—
XIA Guobin	Vice president	Male	56	31 May 2011 29 October 2014	28 October 2014 28 October 2017	—	—	—	—	88,4950	—
LIU Ruchen	Vice president	Male	51	31 May 2011 29 October 2014	28 October 2014 28 October 2017	—	—	—	—	91,7130	—
WANG Xiuming	CFO	Male	52	29 April 2014 29 October 2014	28 October 2014 28 October 2017	—	—	—	—	25,5690	—
YU Xingxi	Secretary to the Board	Male	56	31 May 2011 29 October 2014	28 October 2014 28 October 2017	—	—	—	—	81,9550	—
PENG Shugui	Vice president and executive director	Male	60	31 May 2011 (the second session)	28 October 2014 (the second session)	—	—	—	—	91,9050	—
HU Zhenyi	Executive director, Vice President and chief economist	Male	60	28 October 2014 (the third session) 31 May 2011 (the second session)	19 January 2015 (the third session) 28 October 2014 (the second session)	—	—	—	—	85,9485	—
ZHU Mingxian	Non-executive director	Male	71	31 May 2011 (the second session)	28 October 2014 (the second session)	—	—	—	—	—	—
LI Kecheng	Independent non-executive director	Male	71	31 May 2011 (the second session)	28 October 2014 (the second session)	—	—	—	—	13,5670	—
ZHAO Guangjie	Independent non-executive director	Male	69	31 May 2011 (the second session)	28 October 2014 (the second session)	—	—	—	—	14,4330	—
WU Taishi	Independent non-executive director	Male	67	31 May 2011 (the second session)	28 October 2014 (the second session)	—	—	—	—	15,2330	—
NGAI Wai Fung	Independent non-executive director	Male	53	31 May 2011 (the second session)	28 October 2014 (the second session)	—	—	—	—	11,5670	—
Total	/	/	/	/	/	/	/	/	/	1,078,5135	—

Note:

- (1) The remuneration payable includes the basic remuneration, performance remuneration, housing funds and the enterprise supplementary pension insurance.
- (2) The total amount of remuneration payables received by Mr. QI Xiaofei from the Company when he served as the chairman of the Supervisory Committee from January to October 2014 during the Reporting Period was RMB253,420, and the total amount of remuneration payables received by MR. QI from the Company when he served as the deputy secretary to the communist party committee and the secretary to the disciplinary committee of the Company from November to December 2014 was RMB631,530.
- (3) The total amount of remuneration payables received by Mr. LI Xuefu from the Company when he served as the Secretariat of the Board of the Company from January to October 2014 during the Reporting Period was RMB419,405, and the total amount of remuneration payables received by MR. LI from the Company when he served as the Supervisor of the Company from November to December 2014 was RMB75,045.
- (4) Mr. HU Zhenyi has ceased to serve as the executive director, vice president and chief economist of the Company since 28 October 2014 for he has reached the retirement age. His performance remuneration in the total remuneration received during the Reporting Period was the performance remuneration for the last year.

Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience in the past five years
MENG Fengchao	Since May 2010, Mr. MENG has been serving as chairman, general manager and deputy secretary to the communist party committee of CRCCG. He has also been serving as the chairman of the first session of the Board, an executive director and the secretary to the communist party committee of the Company since December 2010 and the chairman of the second session of the Board, an executive director and deputy secretary to the communist party committee of the Company since May 2011. He served as the chairman of the third session of the Board, an executive director and secretary to the communist party committee of the Company from October 2014 to February 2015, and he has served as the chairman of the third session of the Board, an executive director and deputy secretary to the communist party committee of the Company as well as the chairman and deputy secretary to the communist party committee of CRCCG since February 2015.
ZHANG Zongyan	Mr. ZHANG has been the vice president of the Company since April 2009. Mr. ZHANG was appointed as the president and the deputy secretary to the communist party committee of the Company on March 2013, and a director and the secretary to the communist party committee of CRCCG as well as an executive director of the second session of the Board of the Company since June 2013. He has also served as an executive director and the chairman of the third session of the Board, as well as deputy secretary to the communist party committee of the Company since October 2014.
QI Xiaofei	From April 2011 to May 2011, Mr. QI served as the deputy secretary to the communist party committee and secretary to the disciplinary committee of CRCCG. From May 2011 to October 2014, Mr. QI has been serving as the chairman of the second session the supervisory committee of the Company, the deputy secretary to the communist party committee and secretary to the disciplinary committee of the Company and concurrently the deputy secretary to the communist party committee and secretary to the disciplinary committee of CRCCG. From October 2014 to December 2014, he served as the deputy secretary to the communist party committee and secretary to the disciplinary committee of the Company and concurrently the deputy secretary to the communist party committee and secretary to the disciplinary committee of CRCCG. From December 2014 to February 2015, he served as the deputy secretary to the communist party committee of the Company and concurrently the vice chairman and the deputy secretary to the communist party committee of CRCCG. Since February 2015, he has served as the secretary to the communist party committee of the Company, an executive director and the vice chairman of the third session of the Board and concurrently the vice chairman, general manager and deputy secretary to the communist party committee of CRCCG.

Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience in the past five years
ZHUANG Shangbiao	Mr. ZHUANG has served as a vice president, the chief accountant and the general legal counsel of the Company since April 2008. He has served as a vice president and the general legal counsel of the Company since April 2014, and has served as an executive director of the third session of the Board, a vice president and the general legal counsel of the Company since October 2014.
GE Fuxing	Mr. GE served as the director of the General Office of the State Council from January 2009 to August 2013. He has served as a full-time external director of a central enterprise since August 2013, and has served as an external director of Sinolight Corporation since February 2014. He has served as a non-executive director of the third session of the Board of the Company since October 2014.
WANG Huacheng	Mr. WANG has been a professor and doctoral supervisor of the School of Business of Renmin University of China since June 2001,, and has served as an external director of Sinotrans & CSC Holdings Co., Ltd. since December 2006, an independent director of China CAMC since May 2013 and an independent director of Huaxia Bank since February 2014. He has served as an independent non-executive director of the third session of the Board of the Company since October 2014.
Patrick SUN	Mr. SUN has served as an independent non-executive director of Solomon Systech International Limited since February 2004, an independent non-executive director of Trinity Limited since October 2008, an independent non-executive director of Sihuan Pharmaceutical Holdings Group Limited since October 2010, an independent non-executive director of China NT Pharma Group Limited since April 2011, and an independent non-executive director of China CNR Corporation Limited since February 2012. He also served as an independent non-executive director of China Railway Group Limited from September 2007 to June 2014. He has served as an independent non-executive director of the third session of the Board of the Company since October 2014.
CHENG Wen	Mr. CHENG served as vice general manager and a member of the communist party committee of China Aerospace Science and Industry Corporation from January 2010 to January 2013 and deputy director of the science and technology committee of China Aerospace Science and Industry Corporation from February 2013 to April 2014. He has served as an external director of China North Industries Group Corporation and an independent non-executive director of the third session of the Board of the Company since October 2014.

Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience in the past five years
Amanda Xiao Qiang LU	Ms. LU served as managing director and head of Corporate and Investment Banking for China and deputy chairman of Corporate and Investment Banking for Greater China of Deutsche Bank from September 2005 to March 2012, and served as a consultant for Corporate and Investment Banking for Greater China in Deutsche Bank from April 2012 to March 2013. She has served as a member of the Advisory Committee for the Asia-Pacific region of British Standard Life since December 2013, an external director of the board of directors of China National Building Material Group Corporation since October 2011 and an independent non-executive director of the third session of the Board of the Company since October 2014.
HUANG Shaojun	Mr. HUANG served as a supervisor of the second session of the supervisory committee and the chief of audit and supervision bureau of the Company. From November 2007 to October 2014. He served as an independent non-executive director of the third session of the Board of the Company since October 2014.
LI Xuefu	Mr. LI served as the Secretariat of the Board of the Company from July 2008 to September 2014, and has served as the deputy chief economist of the Company since September 2014. He served as a supervisor of the third session of the supervisory committee and the deputy chief economist of the Company since October 2014.
ZHANG Liangcai	Mr. ZHANG has served as head of the Organization Department of the communist party committee of the Company since July 2008, and has served as the employee representative supervisor of the Company since May 2011.
XIA Guobin	Mr. XIA has served as a vice president and the chief engineer of the Company since November 2007, but has no longer served as the chief engineer of the Company since October 2009.
LIU Ruchen	Mr. LIU has been the vice president of the Company since April 2009.
WANG Xiuming	From April 2002 to March 2014, Mr. WANG successively served as the deputy director of the General Office (辦公廳), the director of the Policy Study Office (政策研究室), deputy head and head of the Legal System Department (法制司) (now renamed as "Law and Regulation Department (法規司)"), the director of Audit Scientific and Research Institute (審計研究所), the curator of Audit Museum, as well as the commissioner and secretary to the Communist Party Committee of the Special Commissioner's Office for Shenzhen of the National Audit Office (審計署深圳特派辦). He served as the chief accountant of the Company since April 2014.

Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience in the past five years
YU Xingxi	Mr. YU was head of the finance division of the Company from November 2007 to October 2010 and has served as the secretary to the Board of the Company since October 2010. Mr. YU was the chairman of Chenghe Insurance Brokers Co., Ltd. (a wholly-owned subsidiary of the Company) from April 2009 to August 2010, and a director of CRCC-Tongguan Investment Co., Ltd. (a joint venture of the Company) from December 2009 to April 2012, and a director of CRCC-Tongguan Investment (Canada) Co., Ltd. (a wholly-owned subsidiary of CRCC-Tongguan Co., Ltd.) and Corriente Resources Inc. (a wholly-owned subsidiary of CRCC-Tongguan Investment (Canada) Co., Ltd. in Canada) from May 2010 to April 2012, and currently is also a director of China Railway Shandong Jinghu Highway Co., Ltd. (a non-wholly owned subsidiary of the Company). He served as a director of China Railway Shandong Jinghu Highway Co., Ltd. (a non wholly-owned subsidiary of the Company) from October 2009 to April 2014.
PENG Shugui	Mr. PENG served as chairman of the first session of the supervisory committee of the Company from November 2007 to May 2011, the vice chairman of the Board, an executive director, deputy secretary to the communist party committee and the chairman of the labor union of the second session of the Company and concurrently the vice chairman, deputy secretary to the communist party committee and the chairman of the labor union of CRCCG from May 2011 to October 2014. He served as the vice chairman of the Board, an executive director, deputy secretary to the communist party committee and the chairman of the labor union of the third session of the Company from October 2014 to January 2015. He served as the vice chairman, deputy secretary to the communist party committee and the chairman of the labor union of CRCCG from October 2014 to December 2014.
HU Zhenyi	Mr. HU served as the vice president and chief economist of the Company from November 2007 to May 2011. He served as an executive director, vice president and chief economist of the second session of the Board of the Company from May 2011 to October 2014.
ZHU Mingxian	Mr. ZHU served as a non-executive director of the second session of the Board of the Company from June 2009 to October 2014.
LI Kecheng	Mr. LI served as an external director of China Electronics Corporation from May 2006 to July 2013. He served as an independent non-executive director of Erzhong Group (Deyang) Heavy Equipment Corporation Limited (二重集團(德陽)重型裝備股份有限公司) from December 2007 to April 2014, and served as an independent non-executive director of the Company from November 2007 to October 2014.
ZHAO Guangjie	Mr. ZHAO served as an external director of Xinxing Pipes Group Company Limited from November 2006 to January 2013, and served as an independent non-executive director of the Company from November 2007 to October 2014. From July 2013, Mr. ZHAO served as an independent director of China Power Limited.

Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience in the past five years
WU Taishi	Mr. WU was an independent non-executive director of Aerospace Securities Co., Ltd. from July 2006 to July 2013 and an independent non-executive director of the Company from November 2007 to October 2014. He has served as an external director of China Energy Conservation and Environmental Protection Group since May 2010.
NGAI Wai Fung	Mr. NGAI served as the director and head of Listing Services of KCS Limited (formerly the corporate and commercial divisions of KPMG and Grant Thornton respectively) from June 2005 to September 2010, and served as an independent non-executive director of the Company from November 2007 to October 2014. He was an independent non-executive director of China Life Insurance Company Limited from December 2006 to May 2009, and an independent non-executive director of Franshion Properties (China) Limited from May 2007 to June 2011. He has also served as an independent non-executive director of Bosideng International Holdings Limited since September 2007, an independent non-executive director of Powerlong Real Estate Holdings Limited since June 2008, an independent non-executive director of BaWang International (Group) Holding Limited since December 2008, an independent non-executive director of Sany Heavy Equipment International Holdings Company since November 2009, an independent non-executive director of Biostime International Holdings Limited since July 2010, an independent non-executive director of SITC International Holdings Company Limited since September 2010, managing director of MNCOR Consulting Limited since September 2010, an independent non-executive director of China Coal Energy Company Limited since December 2010, the chief executive officer and a director of SW Corporate Services Group Limited since January 2011, an independent director of LDK Solar Company Limited since July 2011, an independent non-executive director of Juda International Holdings Limited since December 2013, an independent non-executive director of China Railway Group Limited since June 2014 and an independent non-executive director of Yangtze Optical Fibre and Cable Joint Stock Limited Company since September 2014.

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

☐ Applicable
 ☒ Not applicable

Directors, Supervisors, Senior Management and Staff (continued)

II. OCCUPATIONS OF INCUMBENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) *Biographies of Incumbent Directors, Supervisors and Senior Management*

1. Directors

Mr. MENG Fengchao, aged 56, a Chinese with no right of abode overseas, is currently the chairman, an executive director and the deputy secretary to the communist party committee of the Company. Mr. MENG is also the chairman and deputy secretary to the communist party committee of CRCCG. He has in-depth knowledge and understanding of, profound expertise and extensive operation and management experience in the PRC construction industry. From January 1982 to May 1998, Mr. MENG held various positions in the Ministry of Railways and its engineering companies. From May 1998 to January 2000, he was the assistant to the general manager of China Railway Construction Development Centre. From January 2001 to December 2004, he was the deputy general manager and a member of the standing committee of the communist party committee of China Railway Engineering Company. He also served as chairman of China Zhongtie Major Bridge Engineering Group Co. Ltd. from April 2001 to August 2002. From December 2004 to September 2005, he served as general manager and deputy secretary to the communist party committee of China Harbour Engineering Company (Group) (which is one of the predecessors of China Communications Construction Company Limited). From September 2005 to May 2010, he served as a director, general manager, vice chairman and secretary to the communist party committee of China Communications Construction Group (Limited) (a company listed on The Main Board of the Hong Kong Stock Exchange, stock code: 1800). From August 2006 to May 2010, he was vice chairman, general manager and secretary to the communist party committee of China Communications Construction Company Limited. During May 2010 to February 2015, Mr. MENG has been serving as chairman, general manager and deputy secretary to the communist party committee of CRCCG. Since February 2015, he has been serving as the chairman and deputy secretary to the communist party committee. He has also been serving as the chairman and an executive director of the first session of the Board and the secretary to the communist party committee of the Company since December 2010 and the chairman, an executive director and the secretary to the communist party committee of the second session of the Board of the Company since May 2011. From October 2014 to February 2015, he served as the chairman, executive director and secretary to the communist party committee of the third session of the Board of the Company. Since February 2015, he has been the chairman and deputy secretary to the communist party committee of the Company as well as the chairman and deputy secretary to the communist party committee of CRCCG. Mr. MENG graduated from Southwest Jiaotong University with a bachelor's degree of engineering, majoring in tunnel and subway. Mr. MENG is a professor-level senior engineer and is a recipient of special government allowance granted by the State Council.

Directors, Supervisors, Senior Management and Staff (continued)

Mr. ZHANG Zongyan, aged 51, a Chinese with no right of abode overseas, is currently an executive director and the president of the Company, and concurrently as director and secretary to the communist party committee of CRCCG. Mr. ZHANG has in-depth knowledge and understanding of, profound expertise and extensive operation and management experience in the PRC construction industry. Mr. ZHANG joined CRCCG Group in 1981. He served as the deputy general manager of China Railway 12th Bureau Group Company Limited from April 2002 to October 2005, the chairman and the secretary to the communist party committee of China Railway 12th Bureau Group Company Limited from October 2005 to July 2008, the chairman and the deputy secretary to the communist party committee of China Railway 12th Bureau Group Company Limited from July 2008 to April 2009, and has been the vice president of the Company since April 2009. Mr. ZHANG was appointed as the President and the deputy secretary to the communist party committee of the Company and concurrently a director and the secretary to the communist party committee of CRCCG since March 2013 and an executive director of the second session of the Board of the Company since June 2013. Since October 2014, he has been the executive director of the third session of the Board, the president and deputy secretary to the communist party committee of the Company as well as a director and secretary to the communist party committee of CRCCG. Mr. ZHANG graduated from Guanghua School of Management of Peking University with a degree of Master of Business Administration and is a professor-level senior engineer.

Mr. QI Xiaofei, aged 57, a Chinese with no right of abode overseas, is currently the secretary to the communist party committee, a vice president and an executive director of the Company, as well as the vice president, general manager and the deputy secretary to the communist party committee of CRCCG. Mr. QI has a long career in management, and thus has considerable expertise in theories and policies and abundant management experience. From March 1977 to October 1978, Mr. QI worked in the 5708 Factory of the People's Liberation Army. From August 1982 to May 1989, Mr. QI served in the Guizhou provincial committee of the communist youth league successively as an officer of the publicity department, editor of "Guizhou Youth League Lecture", deputy director of the general office, deputy director of the publicity department (in charge), deputy director of the research office (in charge) and concurrently chief editor of "Modern Youth Daily" and a member of the eighth provincial standing committee of Youth League. From May 1989 to November 1991, Mr. QI served as deputy director of the system reform institute of Guizhou provincial committee of economic system reform. From November 1991 to June 1993, Mr. QI served as deputy director of the secretariat of the general office and secretary of the standing committee of the Hainan provincial party committee. From June 1993 to September 1994, Mr. QI served as the standing committee secretary (division

Directors, Supervisors, Senior Management and Staff (continued)

level) of the general office of the Hainan provincial communist party committee. From September 1994 to July 1997, Mr. QI served as secretary of the general secretary to the Hainan provincial communist party committee, concurrently secretary of the governor of Hainan province. From July 1997 to April 1998, Mr. QI served as Secretary of the general secretary to the Hainan Provincial communist party committee, concurrently secretary of the governor of Hainan Province and assistant inspector (deputy provincial department level) of the general office of the Hainan provincial communist party committee. From April 1998 to June 1998, Mr. QI served as deputy director and a member of the party group of the economic cooperation department of Hainan province. From June 1998 to December 1999, Mr. QI served as deputy director and a member of the party group of the trade and economic cooperation department of Hainan province. From December 1999 to April 2001, Mr. QI served as director of the general office of State Bureau of Religious Affairs. From April 2001 to May 2011, Mr. QI served as deputy director and a member of the party group, and concurrently secretary to the communist party committee of the sub-organizations, director of the general office, director of the training centre of State Bureau of Religious Affairs, vice chairman and secretary-general of China Religious Culture Communication Association, an executive member of China Council for the Promotion of Peaceful National Reunification as well as a council member of the Chinese People's Association for Friendship with Foreign Countries. From April 2011 to May 2011, Mr. QI served as the deputy secretary to the communist party committee and secretary to the disciplinary committee of CRCCG. From May 2011 to October 2014, Mr. QI has been serving as the chairman of the second session of the supervisory committee, the deputy secretary to the communist party committee and secretary to the disciplinary committee of the Company and concurrently the deputy secretary to the communist party committee and secretary to the disciplinary committee of CRCCG. From October 2014 to December 2014, he served as the deputy secretary to the communist party committee and the secretary to the disciplinary committee of the Company as well as the deputy secretary to the communist party committee and the secretary to the disciplinary committee of CRCCG. From December 2014 to February 2015, he served as the deputy secretary to the communist party committee of the Company and the vice chairman and the deputy secretary to the communist party committee of CRCCG. Since February 2015, he has been the secretary to the communist party committee of the Company, the vice-chairman of the third session of the Board and an executive director as well as the vice-chairman, general manager and deputy secretary to the communist party committee of CRCCG. Mr. QI graduated from Guizhou University, majoring in philosophy and Cheung Kong Graduate School of Business, majoring in business administration, and respectively obtained a bachelor's degree in philosophy and a master's degree in business administration. He's a senior political engineer.

Directors, Supervisors, Senior Management and Staff (continued)

Mr. ZHUANG Shangbiao, aged 52, a Chinese with no right of abode overseas, is currently an executive director, a vice president, and the general legal counsel of the Company. Mr. ZHUANG has in-depth knowledge and understanding of the PRC construction industry and in-depth financial expertise and substantial corporate finance and financial management experience. Mr. ZHUANG joined CRCCG in 2005. He served as the deputy general manager of the finance department of China Road and Bridge Construction Corporation from March 1992 to February 1994, the deputy general manager and executive deputy general manager of China Road and Bridge Group (H.K.) Limited from February 1994 to February 2001, the chief accountant of China Road and Bridge (Group) Corporation from February 2001 to August 2005, the chief accountant of CRCCG from August 2005 to November 2007, the general legal counsel of CRCCG from April 2006 to November 2007. He has been serving as the chief accountant and the general legal counsel of the Company from November 2007 to April 2008 and a vice president, the chief accountant and the general legal counsel of the Company from April 2008 to April 2014. From April 2014 to October 2014, he served as the vice-president and the chief legal counsel of the Company. Since October 2014, he has been the executive director of the third session of the Board, vice-president and chief legal counsel of the Company. Mr. ZHUANG graduated from Changsha Jiaotong Institute, majoring in engineering and financial accounting and obtained a bachelor's degree in engineering. He is a senior accountant and is granted special allowance by the State Council.

Mr. GE Fuxing, aged 58, a Chinese with no right of abode overseas, is currently a non-executive director of the Company. He is familiar with human resources management and macroeconomic policy. He once served as the deputy director of the Division of Cadres of the Political Department of Beijing PAP Corps, and the head of Division of Personnel II and III, assistant government affairs commissioner, inspector and deputy director, and director of the General Office of the State Council. He is currently a full-time external director of a central enterprise and serves as an external director of Sinolight Corporation. He was graduated from the Party School of the Central Committee of C.P.C.

Mr. WANG Huacheng, aged 51, a Chinese with no right of abode overseas, is currently an independent non-executive director of the Company. He once served as the deputy director of the Department of Accounting and deputy dean of the School of Business of Renmin University of China. He is currently serving as an independent director of Hua Xia Bank and CAMCE and an external director of Sinotrans & CSC Holdings Co., Ltd. He holds a doctorate and is currently a professor and doctoral supervisor of the School of Business of Renmin University of China.

Directors, Supervisors, Senior Management and Staff (continued)

Mr. Patrick SUN, aged 56, is a Hong Kong citizen with the right of abode in the European Union countries, and is currently an independent non-executive director of the Company. He was once a member of Hong Kong Takeovers & Mergers Panel, deputy convener of the Listing Committee of the Stock Exchange of Hong Kong Limited, a member of the Council of The Stock Exchange of Hong Kong Limited and the honorary chief executive officer of the Chamber of Hong Kong Listed Companies. He was President and Head of Investment Banking for Hong Kong of JPMorgan Chase. Mr. SUN also served as an executive director and chief executive officer of Value Convergence Holdings Limited, an executive director of SW Kingsway Capital Holdings Limited, executive director and co-head of Investment Banking of Jardine Fleming Holdings Limited group, and an independent non-executive director of Link Management Limited, China Railway Group Limited, Renhe Commercial Holdings Company Limited and Everbright Pramerica Fund Management Co., Ltd.. He is currently the president of the Chamber of Hong Kong Listed Companies. Mr. SUN is currently an independent non-executive director of Solomon Systech International Limited, and an independent non-executive director of Trinity Limited, Sihuan Pharmaceutical Holdings Group Limited, China NT Pharma Group Limited and China CNR Corporation Limited. He holds a Bachelor's degree. He is a member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants, United Kingdom.

Mr. CHENG Wen, aged 62, a Chinese with no right of abode overseas, is currently an independent non-executive director of the Company. He was once the assistant to the director and the deputy director of Institute No. 31 of the Third Academy under China Aerospace Industry Corporation (中國航天工業總公司三院31所), vice president of the Third Academy under China Aerospace Industry Corporation (中國航天工業總公司), vice president of the Third Academy under China Aerospace Electromechanical Group Corporation (中國航天機電集團公司), assistant to the general manager and vice general manager and a member of the communist party committee of China Aerospace Electromechanical Group Corporation, and vice general manager, member of the communist party committee and deputy director of the science and technology committee of China Aerospace Science and Industry Corporation. He is currently an external director of China North Industries Group Corporation. He holds a doctorate in management and is a researcher. Mr. CHENG is familiar with business management, technological innovation and quality management.

Directors, Supervisors, Senior Management and Staff (continued)

Ms. Amanda Xiao Qiang LU, aged 60, a Canadian with the right of abode in Hong Kong, is currently an independent non-executive director of the Company. She was once a teacher in the University of International Business and Economics in the PRC and a staff in Corporate Banking of CIBC and Corporate Banking of the Royal Bank of Canada, respectively. Ms. LU also worked as the vice president and a director of Investment Banking for Asia of BNP, the vice president and a director of Investment Banking for Asia of Merrill Lynch, a director of Corporate and Investment Banking for Asia of Citibank, and managing director and head of Corporate and Investment Banking for China and deputy chairman of Corporate and Investment Banking for Greater China of Deutsche Bank. Ms. LU is currently an external director of the board of directors of China National Building Material Group Corporation and a member of the Advisory Committee for the Asia-Pacific region of British Standard Life. Ms. LU received her Ph.D. in economics in Canada. She is familiar with the domestic and overseas business acquisitions and financing, domestic and overseas listing rules, financial analysis, auditing, marketing and macroeconomics.

2. Supervisors

Mr. HUANG Shaojun, aged 58, a Chinese with no right of abode overseas, the chairman of the Supervisory Committee of the Company. He also serves as the chief of audit and supervision bureau of the Company and a supervisor of Beijing Tongda Jingcheng Highway Co., Ltd. as well as a standing committee member of China Institute of Internal Audit Association and China Risk Managers Association. Mr. HUANG has multiple-year work experience in our industry and has abundant knowledge and experience in modern corporate operation and management. Mr. HUANG joined CRCCG Group in 1976. He served as the deputy director of the planning and finance department of Ganzhou commanding unit of the Beijing-Kowloon Railway of CRCCG from February 1993 to April 1994, the deputy division chief of finance department of CRCCG and the deputy division chief of the planning and finance department of Ganzhou commanding unit of Beijing-Kowloon Railway of CRCCG from April 1994 to November 1998, the chief of the audit division of CRCCG from November 1998 to August 2002, the chief of the audit bureau of CRCCG from August 2002 to November 2007. Mr. HUANG has been serving as a supervisor of the Company since November 2007 and the chairman of the Supervisory Committee of the Company since October 2014. Mr. HUANG graduated from Central Communist Party School, majoring in economics and management and is a senior accountant and certified senior enterprise risk manager.

Directors, Supervisors, Senior Management and Staff (continued)

Mr. LI Xuefu, aged 49, a Chinese with no right of abode overseas, is currently the supervisor and deputy chief economist of the Company. Mr. LI has substantial work experience in our industry and has been handling the daily work for the Board for a long period and has abundant knowledge and experience in modern corporate management and operation management. Mr. LI started his career in 1988 and served as the deputy division chief of the education and sanitation department of CRCCG from November 1998 to August 2002. He concurrently served as the deputy division chief of the education and sanitation department of CRCCG and the deputy director of the training center in Beijing from August 2002 to December 2005, and the director of the office of the board of directors of CRCCG from December 2005 to July 2008. Mr. LI served as the director of the Secretariat of the Board of the Company from July 2008 to September 2014. He has served as the deputy chief economist of the Company since September 2014 and the supervisor and the deputy chief economist of the Company since October 2014. Mr. LI successively graduated from Shijiazhuang Tiedao College (石家莊鐵道學院) majoring in crane transport and engineering machinery with a bachelor's degree in engineering machinery, the Central Party School majoring in economic management and from Northern Jiaotong University majoring in business administration with a master's degree in business administration. Mr. LI is a senior engineer.

Mr. ZHANG Liangcai, aged 57, a Chinese with no right of abode overseas, is currently the employee representative supervisor of the Company as well as the head of the Organization Department of the communist Party Committee of the Company. Mr. ZHANG started his career in 1978, and served as the manager of the Bridge Engineering Branch of China Railway Bridge Construction Company (中鐵建造橋工程分公司), secretary to the communist Party Committee of Research & Design Institute of Railway Construction (鐵道建築研究設計院) and head of the Organization Department of the communist Party Committee of CRCCG. He has been serving as the head of the Organization Department of the communist Party Committee of the Company since July 2008 and as the employee representative supervisor of the Supervisory Committee of the Company since May 2011. He successively graduated from the former Institute of Engineering of Railway Corps (鐵道兵工程學院), majoring in engineering machinery (Bachelor) in 1983 and Southwest Jiaotong University, majoring in management science and engineering (Master) in 2004. Mr. ZHANG is a professor-level senior engineer.

Directors, Supervisors, Senior Management and Staff (continued)

3. Senior Management

For biographies of **Mr. ZHANG Zongyan**, please refer to "Directors".

Mr. XIA Guobin, aged 56, a Chinese with no right of abode overseas, is currently a vice president of the Company. Mr. XIA has in-depth knowledge and understanding of the construction industry in the PRC, as well as abundant knowledge in science and technology development, survey and design. He also has extensive skills and experience in engineering management and construction management. Mr. XIA joined the CRCCG Group in 1975. He served as the deputy chief engineer and then chief engineer of the 13th Engineering Bureau of the Ministry of Railways (the predecessor of China Railway 13th Bureau Group Co., Ltd.) from April 1996 to December 1999, the chief engineer of 13th Engineering Bureau of China Railway from December 1999 to April 2001, the deputy general manager and chief engineer of CRCCG from April 2001 to November 2007. He served as the vice president and chief engineer of the Company from November 2007. Mr. XIA no longer served in the position as the chief engineer of the Company from October 2009. Mr. XIA graduated from Railway Guard Engineering Institute majoring in bridge engineering and obtained his bachelor's degree in engineering. Mr. XIA is a professor-level senior engineer and enjoys special allowance granted by the State Council.

For biographies of **Mr. ZHUANG Shangbiao**, please refer to "Directors".

Mr. LIU Ruchen, aged 51, a Chinese with no right of abode overseas, is currently a vice president of the Company. Mr. LIU has in-depth knowledge and understanding of, profound expertise and extensive operation and management experience in the PRC construction industry. Mr. LIU joined CRCCG Group in 1981. He served as the deputy head of the 19th Engineering Bureau of the Ministry of Railways (the predecessor of China Railway 19th Bureau Group Company Limited) from August 1998, the deputy head, vice chairman, general manager and deputy secretary to the communist party committee of China Railway 19th Bureau Group Company Limited from December 1999 to January 2005, chairman and deputy secretary to the communist party committee of China Railway 16th Bureau Group Company Limited from January 2005 to July 2008, vice chairman (in charge of the work of the Board) and deputy secretary to communist party committee of China Railway 16th Bureau Group Company Limited from July 2008 to December 2008, chairman and deputy secretary to communist party committee of China Railway 16th Bureau Group Company Limited from December 2008 to April 2009. He has been serving as the vice president of the Company since April 2009. Mr. LIU graduated from Southwest Jiaotong University with a master's degree in Management Science and Engineering and is a professor-level senior engineer.

Directors, Supervisors, Senior Management and Staff (continued)

Mr. WANG Xiuming, aged 52, a Chinese with no right of abode overseas, is currently the Chief Accountant of the Company. He concurrently serves as the member of the standing committee of the Communist Party Committee of CRCCG. From July 1986 to July 2000, Mr. WANG held various positions in the National Audit Office. From July 2000 to April 2002, Mr. WANG successively served as the deputy director general of the Auditing Bureau of Tianjin City, a member of the Communist Party Committee and the deputy commissioner of the Special Commissioner's Office for Beijing, Tianjin and Hebei of the National Audit Office (審計署京津冀特派辦). From April 2002 to March 2014, Mr. WANG successively served as the deputy director of the General Office (辦公廳), the director of the Policy Study Office (政策研究室), deputy head and head of the Legal System Department (法制司) (now renamed as "Law and Regulation Department (法規司)"), the director of Audit Scientific and Research Institute (審計科研院所), the curator of Audit Museum, as well as the commissioner and secretary to the Communist Party Committee of the Special Commissioner's Office for Shenzhen of the National Audit Office (審計署深圳特派辦). He has served as the Chief Accountant of the Company since April 2014. Mr. WANG graduated from the Finance Department of Anhui University of Finance & Economics (安徽財貿學院財政金融系), majoring in Finance. Mr. WANG is a senior auditor.

4. Secretary to the Board

Mr. YU Xingxi, aged 56, a Chinese with no right of abode overseas, is currently the secretary to the Board of the Company. Mr. YU has in-depth knowledge and understanding of the PRC construction industry and abundant knowledge and experience in financial affairs, accounting, finance and corporate management. Mr. YU joined CRCCG Group in 1976. Mr. YU served as chief accountant of the construction division of the 20th Bureau of the Ministry of Railways (the predecessor of China Railway 20th Bureau Group Co., Ltd.) from July 1991 to February 1995, chief accountant of the finance division of CRCCG from February 1995 to November 1998, deputy head of the finance division and head of the capital settlement center of CRCCG from November 1998 to November 2001, Manager of the investment division of CRCCG from November 2001 to December 2005 and head of the finance division of CRCCG from December 2005 to November 2007. He was head of the finance division of the Company from November 2007 to October 2010 and has been the secretary to the Board of the Company since October 2010. Mr. YU was the chairman of Chenghe Insurance Brokers Co., Ltd. (a wholly-owned subsidiary of the Company) from April 2009 to August 2010, and a director of CRCC-Tongguan Investment Co., Ltd. (a joint venture of the Company) from December 2009 to April 2012, and a director of CRCC-Tongguan Investment (Canada) Co., Ltd. (a wholly-owned subsidiary of CRCC-Tongguan Co., Ltd.) and Corriente Resources Inc. (a wholly-owned subsidiary of CRCC-Tongguan Investment (Canada) Co., Ltd.) from May 2010 to April 2012. From October 2009 to April 2014, he was also a director of China Railway Shandong Jinghu Highway Co., Ltd. (a non wholly-owned subsidiary of the Company), Mr. YU graduated from Shanxi College of Finance and Economics and from Beijing Jiaotong University and obtained a bachelor's degree in economics and a master's degree in management. Mr. YU is a senior accountant and is qualified as a PRC certified public accountant, a Chinese Certified Tax Agent and a corporate legal advisor.

Directors, Supervisors, Senior Management and Staff (continued)

(II) Occupations of incumbent and Resigned Directors, Supervisors and Senior Management during the Reporting Period in Shareholder Entities

☒ Applicable ☐ Not applicable

Name of employee	Name of shareholder entity	Position in shareholder entity	Initial date	End date
MENG Fengchao	China Railway Construction Corporation	Chairman and deputy secretary to the communist party committee General manager	May 2010 May 2010	February 2015
ZHANG Zongyan	China Railway Construction Corporation	Director and secretary to the communist party committee	March 2013	
QI Xiaofei	China Railway Construction Corporation	Vice-chairman General manager	December 2014 February 2015	
PENG Shugui	China Railway Construction Corporation	Vice-chairman and deputy secretary to the communist party committee	May 2011	December 2014
Description on the position in shareholder entity		Nil		

Directors, Supervisors, Senior Management and Staff (continued)

(III) Occupations of Incumbent and Resigned Directors, Supervisors and Senior Management during the Reporting Period in Other Entities

☒ Applicable ☐ Not applicable

Name of employee	Name of other entities	Positions in other parties	Initial date	End date
ZHUANG Shangbiao	CRCC Finance Company Limited	Chairman	August 2011	September 2014
GE Fuxing	Sinolight Corporation	External director	February 2014	
WANG Huacheng	School of Business of Renmin University of China	Professor and doctoral supervisor	June 2001	
	Sinotrans & CSC Holdings	External director	February 2009	
	Hua Xia Bank	Independent director	February 2014	
	CAMCE	Independent director	April 2013	
Patrick SUN	Solomon Systech International Limited	Independent non-executive director and chairman	February 2004	
	Trinity Limited	Independent non-executive director	October 2008	
	Sihuan Pharmaceutical Holdings Group Limited	Independent non-executive director	October 2010	
	China NT Pharma Group Limited	Independent non-executive director	April 2011	
	China CNR Corporation Limited	Independent non-executive director	February 2012	
	China Railway Group Limited	Independent non-executive director	September 2007	June 2014
CHENG Wen	China North Industries Group Corporation	External director	October 2014	
Amanda Xiao Qiang LU	CNBM Advisory Committee for the Asia-Pacific region of British Standard Life	External director Council member	October 2011 December 2013	
WANG Xiuming	CRCC Finance Company	Chairman	September 2014	
YU Xingxi	China Railway Shandong Jinghu Highway Co., Ltd.	Director	October 2009	April 2014

Directors, Supervisors, Senior Management and Staff (continued)

Name of employee	Name of other entities	Positions in other parties	Initial date	End date
ZHAO Guangjie	Power Construction Corporation of China,Ltd.	Independent director	July 2013	
WU Taishi	China Energy Conservation and Environmental Protection Group	External director	May 2010	
	Power Construction Corporation of China,Ltd.	Independent director	December 2014	
NGAI Wai Fung	Bosideng International Holdings Limited	Independent non-executive director	September 2007	
	Powerlong Real Estate Holdings Limited	Independent non-executive director	June 2008	
	BaWang International (Group) Holding Limited	Independent non-executive director	December 2008	
	Sany Heavy Equipment International Holdings Company Limited	Independent non-executive director	November 2009	
	Biostime International Holdings Limited	Independent non-executive director	July 2010	
	SITC International Holdings Company Limited	Independent non-executive director	September 2010	
	MNCOR Consulting Limited	Managing director	September 2010	
	China Coal Energy Company Limited	Independent non-executive director	December 2010	
	SW Corporate Services Group Limited	Chief Executive Officer	January 2011	
	LDK Solar Company Limited	Independent director	July 2011	
	Juda International Holdings Limited	Independent non-executive director	December 2013	
	China Railway Group Limited	Independent non-executive director	June 2014	
	Yangtze Optical Fibre and Cable Joint Stock Limited Company	Independent non-executive director	September 2014	
Description on position in other entities	Nil			

Directors, Supervisors, Senior Management and Staff (continued)

III REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures for remuneration of directors, supervisors and senior management

1. Decision-making procedures for remuneration of directors and supervisors

Pursuant to the procedures and standards under the Measures for the Management of Remuneration of Directors and Supervisors of the Company passed and approved at the General Meeting, the Remuneration and Evaluation Committee proposed the annual remuneration level for the Directors and Supervisors of the Company, which would be put forward for approval at the General Meeting upon consideration by the Board.

2. Decision-making procedures for remuneration of senior management

The Remuneration and Evaluation Committee proposed the annual remuneration for senior management of the Company in accordance with the Measures for the Management of Remuneration of Senior Management and the Board's assessment on the annual performance of the senior management of the Company, and submitted it to the Board for approval before implementation.

Determination basis for remuneration of directors, supervisors and senior management

1 Determination basis for remuneration of directors

The determination basis for remuneration of directors of the Company shall be relevant provisions under the Measures for the management of Remuneration of Directors and Supervisors and the Company's assessment results for the directors.

2 Determination basis for remuneration of supervisors

The determination basis for remuneration of supervisors of the Company shall be relevant provisions under the Measures for the management of Remuneration of Directors and Supervisors. The supervisors' remuneration shall be determined in accordance with the measures for the management of remuneration and evaluation of the head office and their respective post.

Directors, Supervisors, Senior Management and Staff (continued)

3 Determination basis for remuneration of senior management

The determination basis for remuneration of senior management of the Company shall be the Measures for the management of Remuneration of Senior Management and the Board's assessment on the annual performance for the senior management of the Company.

Particulars of remuneration payable for the remuneration of directors, supervisors and senior management	Please refer to the changes in shareholding and remuneration of current and resigned directors, supervisors and senior management during the Reporting Period in I(i) of this section for the details of current and resigned directors, supervisors, and senior management during this Reporting Period receiving remuneration payable and actual remuneration received (remuneration payable equals to actual remuneration received) from the Company and shareholder entities respectively at the end of this Reporting Period.
Total of actual remuneration received by directors, supervisors and senior management at the end of this reporting period	RMB10,785,135 (before tax)

Directors, Supervisors, Senior Management and Staff (continued)

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Positions	Change	Reasons for change
QI Xiaofei	Vice-chairman and executive director	election	Fill the vacancy of the retired vice-chairman and executive director
	Chairman of the Supervisory Committee	resignation	Term expired
ZHUANG Shangbiao	Executive director	election	Newly appointed upon changing of session
	Chief accountant	resignation	Business engagement
GE Fuxing	Non-executive director	election	Newly appointed upon changing of session
WANG Huacheng	Independent non-executive director	election	Newly appointed upon changing of session
Patrick SUN	Independent non-executive director	election	Newly appointed upon changing of session
CHENG Wen	Independent non-executive director	election	Newly appointed upon changing of session
Amanda Xiao Qiang LU	Independent non-executive director	election	Newly appointed upon changing of session
HUANG Shaojun	Chairman of the Supervisory Committee	election	Newly appointed upon changing of session
LI Xuefu	Supervisor	election	Newly appointed upon changing of session
WANG Xiuming	Chief accountant	appointment	Business engagement
PENG Shugui	Vice-chairman and executive director	resignation	Retired
HU Zhenyi	Executive director, vice-president, chief economist	resignation	Retired
ZHU Mingxian	Non-executive director	resignation	Term expired

Directors, Supervisors, Senior Management and Staff (continued)

Name	Positions	Change	Reasons for change
LI Kecheng	Independent non-executive director	resignation	Term expired
ZHAO Guangjie	Independent non-executive director	resignation	Term expired
WU Taishi	Independent non-executive director	resignation	Term expired
NGAI Wai Fung	Independent non-executive director	resignation	Term expired

Notes:

- On 29 April 2014, "Proposal in Relation to Appointment and Removal of Chief Accountant of the Company" (《關於公司總會計師任免的議案》) was deliberated and passed at the 32nd meeting of the 2nd session of the Board, and the Board agreed to appoint Mr. WANG Xiuming as Chief Accountant of the Company for a term of office commencing as of the date as deliberated and passed to 31 May 2014 (the same as present members of the senior management). Mr. ZHUANG Shangbiao would cease to serve as Chief Accountant of the Company.

For more details, see relevant announcements dated 30 April 2014 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

- On 28 October 2014, the Company convened the 1st Extraordinary General Meeting 2014 and elected the new Board and Supervisory Committee. Mr. MENG Fengchao, Mr. PENG Shugui, Mr. ZHANG Zongyan and Mr. ZHUANG Shangbiao were elected as executive directors of the 3rd session of the Board. Mr. GE Fuxing was elected as non-executive director of the 3rd session of the Board. Mr. WANG Huacheng, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU were elected as independent non-executive directors of the 3rd session of the Board. Mr. HUANG Shaojun and Mr. LI Xuefu were elected shareholder representative supervisor of the 3rd session of the Supervisory Committee.

On 29 October 2014, the Company convened the 1st meeting of the 3rd session of the Board of Directors and elected Mr. MENG Fengchao the chairman and Mr. PENG Shugui the vice chairman for the term of office same as that of the directors of the 3rd session of the Board of Directors. Mr. ZHANG Zongyan was appointed the president of the Company, Mr. XIA Guobin, Mr. ZHUANG Shangbiao and Mr. LIU Ruchen were appointed vice presidents of the Company, Mr. WANG Xiuming was appointed the Chief Accountant of the Company and Mr. YU Xingxi was appointed Secretary to the Board of Directors of the Company for the term of office of three years commencing from the date as passed by the Board.

On 29 October 2014, the Company convened the 1st meeting of the 3rd session of the Supervisory Committee and elected Mr. HUANG Shaojun the president of the Supervisory Committee of the Company for a term of office same as that of supervisors of the 3rd session of the Supervisory Committee.

For more details, see relevant announcements published on 29 and 30 October 2014 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Directors, Supervisors, Senior Management and Staff (continued)

3. On 19 January 2015, the 5th meeting of the 3rd session of the Board of Directors deliberated and passed the "Proposal in Relation to the Candidates for the Executive Director of the CRCC" (《關於中國鐵建股份有限公司執行董事人選的議案》). Due to his age, Mr. PENG Shugui would no longer serve as the vice president or executive director of the Company, nor would he hold any other office in the Board of Directors. Mr. QI Xiaofei was nominated by the Nomination Committee of the Board of Directors as a candidate for executive director of the Company. On 5 February 2015, the 1st Extraordinary General Meeting 2015 of the Company deliberated and approved of Mr. QI Xiaofei's taking the position of executive director of the Company; on 5 February 2015, the 7th meeting of the 3th session of the Board of Directors elected Mr. QI Xiaofei the vice chairman of the Company and a member of the Nomination Committee for a term of office the same as that of the directors of the 3rd session of the Board.

For more details, see relevant announcements published on 20 January 2015 and 6 February 2015 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

V. INTERESTS IN THE COMPANY HELD BY DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE

As at the end of the Reporting Period, none of the directors, supervisors or the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) (a) which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or (b) which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

VI. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the directors and supervisors had entered into a service contract with the Company for a term of three years. None of the directors or supervisors had entered into a service contract with the Company which could not be terminated by the employer within one year without compensation (other than statutory compensation). Remuneration of directors and supervisors and details of the five persons with the highest remuneration are set out in Note XIII. 3 "(ii) directors', supervisors' and key managements' remuneration" to the financial statements in this report. During the Reporting Period, none of the directors or supervisors of the Company waived or agreed to waive any remuneration.

VII. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

During the Reporting Period, neither the Company nor its subsidiaries had entered into any contracts in which any director or supervisor had a material interest, whether directly or indirectly. None of the Company or its subsidiaries had provided any loan or quasi-loan to any director or other members of senior management of the Company.

Directors, Supervisors, Senior Management and Staff (continued)

VIII. THE CORE TECHNICAL TEAM OR KEY TECHNICAL PERSONNEL OF THE COMPANY

The Group has been putting great emphasis on establishing a team of core technical talent by continuously enhancing the nurturing and selection of talents and proactively exploring different channels for career development. In 2014, there were 3 talents selected through the “Talents Project” by the State and were named as young and middle-aged experts who made outstanding contribution to the community. Among which, 1 talent was awarded the excellent talent for “Dream Big and Contribute More” and 24 talents were granted special government of the State Council. As such, the technology innovation capability of enterprises was enhanced. Currently, the Group has one member of Chinese Academy of Engineering, 6 National Survey and Design Masters, 10 national candidates of “Bai Qian Wan Talents Project” (百千萬人才工程), 1 awardee of National Award for Youth in Science and Technology (中國青年科技獎) and 244 experts who are recipients of special government subsidies granted by the State Council.

IX. EMPLOYEES OF THE PARENT AND THE MAJOR SUBSIDIARIES

(I) Employees

Number of existing employees of the parent	297
Number of existing employees of major subsidiaries	249,327
Total number of existing employees	249,624
Number of resigned employees payable by the parent company and main subsidiaries	0

Professional Composition

Category	number of employees
Administration personnel	51,145
Professional and technical personnel	104,750
Skilled personnel	93,729
Total	249,624

Educational Background

Category	Number of employees
Postgraduate or above	6,134
Undergraduate	99,965
Junior college	60,264
Technical secondary school	26,629
High school or below	56,632
Total	249,624

Directors, Supervisors, Senior Management and Staff (continued)

(II) Remuneration Policy

The Group implements a remuneration policy with remuneration budget management and links remuneration with performance, which means that the total salary is linked with the total profits where high performance links to high remuneration and low performance links to low remuneration. Remuneration is determined based on performance.

The remuneration of the employees includes wages, performance bonus and allowance. The employees of the Company are also entitled to pension, medical, unemployment, work injury, maternity insurance and housing funds as well as other fringe benefits.

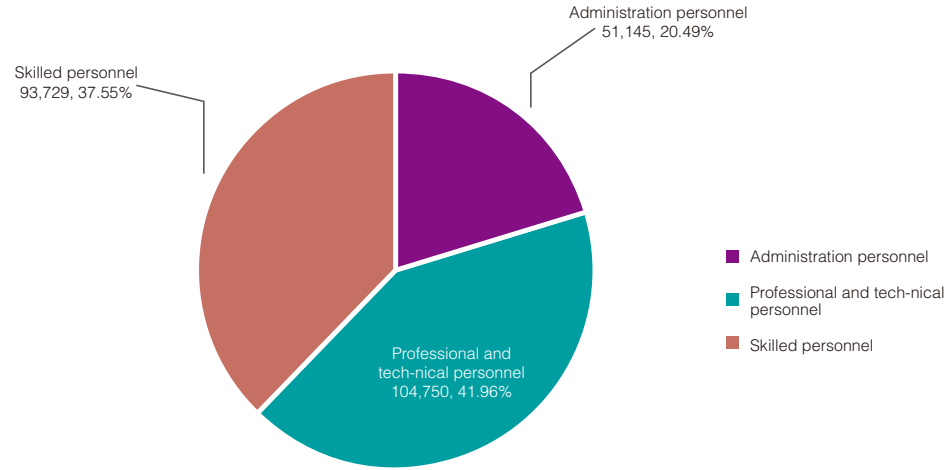
According to the applicable PRC laws and regulations, the premiums for pension insurance and unemployment insurance are contributed in strict compliance with the PRC national, provincial and municipal regulations, among which employees contribute 8% while the employers contribute 10% to 22% for the basic pension insurance. Employees contribute 0.2% to 1% and the employers 1% to 2% for the unemployment insurance. Employees do not need to contribute to the workplace injury insurance while employers contribute 0.3% to 2%. The contribution rates for medical insurance, maternity insurance and housing funds are subject to local regulations.

(III) Training Plan

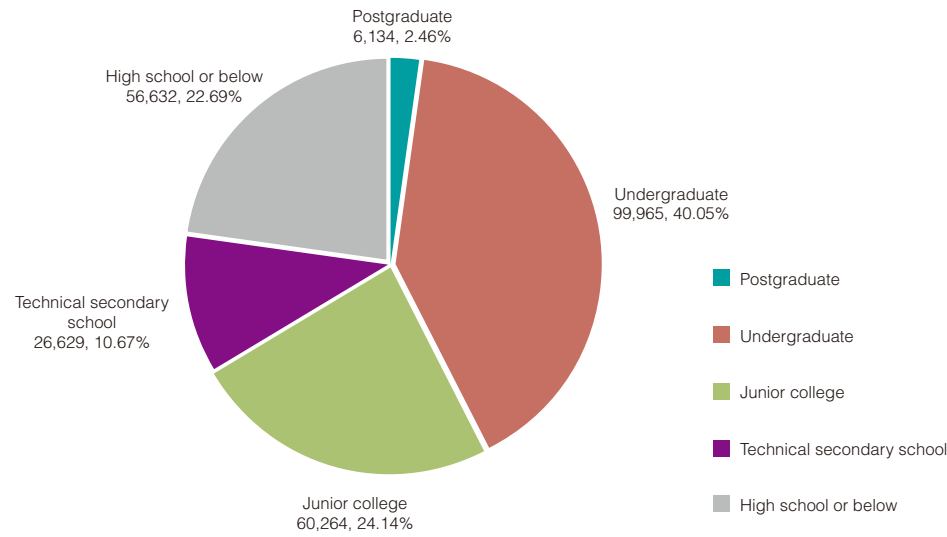
The focuses of staff training in 2015 are shown as follows. Firstly, the Company will continue to release 8 training courses, including market operations, overseas operations, project management, modification, claim and cost management, investment and financing management, financial management, law compliance, corporate culture building and publicity, to further expand the scale of training. Secondly, the Company will try all means to strengthen the training of "Seven Categories of Talents" (survey and design, scientific innovation, overseas projects, operations management, various registered professionals, hi-skill talents, project management) by strictly conforming to the talent resources targets of the 12th Five-year Plan. Thirdly, the Company will refine training and employment with certification for staff on key positions and positions of special operation, speed up cultivation of new staff and try to allow every member of the staff in the entire system to receive educational training once a year.

Directors, Supervisors, Senior Management and Staff (continued)

(IV) Profession Composition



(V) Education level



(VI) Labor Outsourcing

Total working hours on labor outsourcing
Total payment for labor outsourcing

Approximately 6.38 billion working hours
Approximately RMB119 billion

Corporate Governance and Corporate Governance Report

I. CORPORATE GOVERNANCE AND RELEVANT INFORMATION OF INSIDER REGISTRATION AND MANAGEMENT SYSTEM

(I) Corporate Governance

During the Reporting Period, the Company constantly improved corporate governance structure, facilitated the development of various systems and rules of the Company, standardised its operation, strengthened information disclosure management and safeguarded the interests of all shareholders of the Company in strict compliance with laws and regulations such as the Company Law, the Securities Law and the Guidelines for Corporate Governance of Listed Companies issued by CSRC and the relevant provisions and requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. There was no substantial difference between the actual situation of corporate governance structure of the Company and provisions and requirements of relevant documents of CSRC. The Company complied with the code provisions of the Corporate Governance Code published by the Hong Kong Stock Exchange.

During the Reporting Period, the Company carried out the following work in corporate governance:

1. Improved the corporate governance structure. During the Reporting Period, the Board conducted an election and changed session and successively convened meeting of the Nomination Committee under the Board, the Board meeting and the shareholders' general meeting and performed relevant decision-making procedure in accordance with requirements. The Board successfully changed session on 28 October 2014 when the third session of the Board started to perform its duties, elected chairman and vice-chairman, and considered and passed the composition of all specialized committees under the Board and re-appointed various senior management positions like president.
2. Amended the corporate governance rules. During the Reporting Period, the Company amended the "Articles of Association", "Rules of Procedure of General Meeting", "Internal Reporting System on Material Information" and "Administrative Measures on Proceeds Raised" and formulated the "Implementation Rules on Information Disclosure on Material Newly-bided Projects".
3. Enhanced information disclosure management. In strict compliance with provisions of the listing rules where the shares of the Company are listed, the Company carried out information disclosure in a true, accurate, complete, timely, and fair manner, continued to upgrade the information disclosure level and improved management on investor relations, so that all shareholders and investors can obtain the Company's information promptly and fairly, and the Company's transparency has kept improving.

During the Reporting Period, none of the directors, supervisors, senior management members, shareholders or ultimate controller of the Company was subject to any punishment or criticism by CSRC or the Hong Kong Securities and Futures Commission or any public condemnation by the Shanghai Stock Exchange or the Hong Kong Stock Exchange.

Corporate Governance and Corporate Governance Report (continued)

(II) **Insider Registration and Management System**

1. Establishment and Improvement of the Registration System of administration of Insider.

During the Reporting Period, according to the relevant requirements of CSRC and other regulatory authorities, the Company strictly executed relevant regulations of “the Management System for Insiders of China Railway Construction Corporation Limited” to diligently implement the requirements of information disclosure management thoroughly. On the basis of truthfulness, accuracy, integrity, and timeliness of information disclosure, the Company strengthened the confidentiality management of inside information, improved the insider registration and archival-filing system, and strictly restricted behavior of insider, thus protecting the legitimate rights and interests of the shareholders, creditors and other interested parties.

2. Establishment and Improvement of the Administration System of the Board for Outside Information Users.

The establishment of Insider Management System of China Railway Corporation Limited by the Board was in accordance with the requirements of the supervisory bodies at home and abroad, and was comprehensively carried out.

The corporate governance has any discrepancies with the relevant requirements of the Company Law and the CSRC or not. If yes, please explain the reasons

Not applicable.

II. **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE BY THE COMPANY**

In accordance with the requirements of the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules, the Company established its corporate governance system. The Articles of Association, the terms of reference of the Nomination Committee, the Strategy and Investment Committee, the Remuneration and Evaluation Committee, the Audit and Risk Management Committee, the scope of authority of the Supervisory Committee, and the code of conduct of directors and relevant employees for securities trading constitute the reference basis of the code of corporate governance of the Company. During the Reporting Period, the Company had complied with the code provisions of the Corporate Governance Code and adopted the recommended best practices in various aspects.

The General Meetings, the Board and the Supervisory Committee operated effectively in strict accordance with the Articles of Association and requirements of their respective rules of procedure. For details of the contents required to be disclosed in accordance with the Corporate Governance Report in Appendix 14 to the Hong Kong Listing Rules, please refer to relevant sections of this chapter and relevant sections of “V. Report of Directors” and “VIII. Directors, Supervisors and Senior Management and Staff” of this report.

Corporate Governance and Corporate Governance Report (continued)

III. BRIEF INTRODUCTION OF GENERAL MEETINGS

The General Meeting is the Company's highest authority, and shareholders exercise their rights through General Meetings. The Company ensures that all shareholders enjoy equal status, in order to make sure that the rights of all shareholders are safeguarded. The Company has held two General Meetings during the Reporting Period, of which one was annual general meeting and another one was extraordinary general meeting.

Session of meeting	Date	Resolutions	Results	Enquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published
2013 Annual General Meeting	18 June 2014	1. Considered the Proposal in Relation to the Work Report of the Board for 2013; 2. Considered the Proposal in Relation to the Work Report of the Supervisory Committee for 2013; 3. Considered the Proposal in Relation to the 2013 Financial Statements of the Company; 4. Considered the Proposal in Relation to the Profit Distribution Plan of the Company for 2013; 5. Considered the Proposal in Relation to the 2013 Annual Report of the Company and Its Summary; 6. Considered the Proposal in relation to Determination of the Cap for Guarantees for Wholly-owned Subsidiaries of the Company for 2014; 7. Considered the Proposal in Relation to the Appointment of External Auditor for 2014 and Payment of 2013 Service Fees; 8. Considered the Proposal in Relation to the Appointment Auditing Institution for Internal Control in 2014 and Payment of 2013 Service Fees; 9. Considered the Proposal on the Determination of the Remuneration Standard of Directors for 2013; 10. Considered the Proposal on the Change of Performance of Undertakings by Controlling Shareholder in Respect of Self-owned Buildings and Land Use Rights; 11. Considered the Proposal in Relation to the Granting of a General Mandate to the Board to Issue H Shares; 12. Listened to Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi and Mr. NGAI Wai Fung's performance of duties in 2013.	Considered and passed	Websites of The Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	19 June 2014
2014 First Extraordinary General Meeting	28 October 2014	1. Considered the Proposal on the Determination of the Remuneration Standard of the Chairman of the Supervisory Committee; 2. Considered the Proposal on the Election of Executive Directors and Non-executive Directors for the Third Session of the Board; 3. Considered the Proposal on the Election of Independent Non-executive Directors for the Third Session of the Board; 4. Considered the Proposal on the Election of Shareholder Representative Supervisor for the Third Session of the Supervisory Committee.	Considered and passed	Websites of The Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	29 October 2014

Corporate Governance and Corporate Governance Report (continued)

Specification of general meetings

1. The 2013 annual general meeting was held on 18 June 2014 in the manner of a combination of on-site voting by open ballot and on-line voting. The meeting was chaired by Mr. MENG Fengchao, chairman of the Company. A total of 58 shareholders and proxies presented at the on-site meeting or participated in the on-line voting. 11 proposals, including “Proposal in Relation to the Annual Report 2013 of the Board of Directors” (《關於董事會2013年度工作報告的議案》) were deliberated and passed. Independent directors of the Company, including LI Kecheng, ZHAO Guangjie, WU Taishi, NGAI Wai Fung gave their reports on performance of duties for the year 2013. For more details, please see relevant announcements published on 19 June 2014 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).
2. The 2014 1st extraordinary general meeting was convened on 28 October 2014 in the manner of a combination of on-site voting by open ballot and on-line voting. The meeting was chaired by Mr. MENG Fengchao, chairman of the Company. A total of 42 shareholders and proxies presented at the on-site meeting or participated in the on-line voting. 4 proposals, including “Proposal in Relation to the Determination of the Remuneration of Chairman of the Supervisory Committee” (《關於確定監事會主席薪酬標準的議案》) were deliberated and passed. For more details, please see relevant announcements published on 29 October 2014 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Corporate Governance and Corporate Governance Report (continued)

IV. SHAREHOLDER RIGHTS

(I) **Shareholder(s) to Call Extraordinary General Meetings**

According to the provisions of the Articles of Association, a shareholder alone or shareholders together holding at least 10 percent of the Company's shares shall have the right to make a request to the Board of Directors in writing to convene an extraordinary General Meeting. The Board of Directors shall, in accordance with laws and the provisions of the Articles of Association, give a written response on whether or not it agrees to convene such a meeting within 10 days after receipt of the request. If the Board of Directors agrees to convene an extraordinary General Meeting, it shall issue a notice convening such meeting within 5 days after it has so resolved. The consent of the relevant shareholder(s) shall be secured if any change is to be made in the notice to the original request. If the Board of Directors does not agree to convene such meeting, or fails to give a response within 10 days after receipt of the request, the shareholder alone or shareholders together holding at least 10 percent of the shares shall have the right to propose to the Supervisory Committee in writing to convene the extraordinary General Meeting. If the Supervisory Committee agrees to call the extraordinary General Meeting, it shall issue a notice convening such meeting within 5 days after receipt of the request. The consent of the relevant shareholder(s) shall be secured if any change is to be made in the notice to the original request. If the Supervisory Committee fails to issue a notice convening the General Meeting by the prescribed deadline, it shall be deemed to have failed to convene and preside over such meeting, and a shareholder who alone has held or shareholders who together have held at least 10 percent of the shares of the Company for at least 90 days in succession may himself/themselves convene and preside over such meeting.

Contact details of the Company:

Company address	East Court, No. 40 Fuxing Road, Haidian District, Beijing, China
Investor relations hotline	010-52688600
Fax	010-52688302
Email	ir@crcc.cn

Corporate Governance and Corporate Governance Report (continued)

(II) *Procedures for Shareholders to Make Requests to the Board and the Company to Provide Sufficient Contact Information for the Proper Handling of the Requests*

According to the provisions of the Articles of Association, if a shareholder asks to review or request for relevant information in accordance with the Articles of Association, he or she shall submit to the Company written documents evidencing the class and number of shares he or she holds. The Company shall provide the requested information to the shareholder after authenticating his or her identity and receiving the related fees.

The Company has announced in details the Company's address, investor relations hotline number, fax number and email address on the Company website and the regular reports. Specialists are appointed to answer the calls and handle the mails from investors, and to report timely to the Company's management. For the detailed contact information of the Company, please refer to "(1) Shareholder(s) to call an extraordinary General Meeting" in this chapter.

(III) *Procedures for Shareholders to Submit Motions to General Meetings and the Company to Provide Sufficient Contact Information*

In accordance to the rules of procedure for general meetings, a shareholder alone or shareholders together holding at least 3 percent of the shares of the Company may submit new motions in writing to the convener 10 days prior to the date of such meeting. The convener shall issue a supplementary notice of the General Meeting and make a public announcement of the contents of such new motion within two days after receipt of the motion, and submit such new motion the General Meeting for consideration. The contents of such a new motion shall fall within the scope of the functions and powers of the General Meeting, and contain a clear topic and a specific resolution.

The notice of the General Meeting shall include the following contact information: the date, place and duration of the meeting; the time and place for serving the instruments of appointment for voting at the meeting; the date of record for the shareholders who are entitled to attend the meeting; the name and contact information of the contact person for the meeting. For the detailed contact information of the Company, please refer to "(1) Shareholder(s) to call an extraordinary General Meeting" in this chapter.

Corporate Governance and Corporate Governance Report (continued)

V. BOARD OF DIRECTORS

(I) Overview of the Board

The Board of Directors is a permanent body of the Company for making business decisions, and shall be accountable to the General Meeting. The Board consists of nine directors, with one chairman and one vice chairman, and at least one third of them are non-executive directors.

For the end of the Reporting Period, the third session of the Board of the Company consists of nine members, Mr. MENG Fengchao, Mr. PENG Shugui, Mr. ZHANG Zongyan and Mr. ZHUANG Shangbiao are executive directors, Mr. GE Fuxing is a non-executive director, Mr. WANG Huacheng, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU are independent non-executive directors. Mr. MENG Fengchao is the chairman of the Company, with the same term as that of the directors of the third session of the Board.

On 28 October 2014, for the second session of the Board of the Company, Mr. HU Zhenyi (executive director), Mr. ZHU Mingxian (non-executive director), Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi and Mr. NGAI Wai Fung (independent non-executive directors) no longer held their position in the Company.

On 19 January 2015, the fifth meeting of the third session of the Board of Directors deliberated and passed the "Proposal in Relation to the Candidates for the Executive Director of the CRCC" (《關於中國鐵建股份有限公司執行董事人選的議案》). Due to his age, Mr. PENG Shugui would no longer serve as the vice president or executive director of the Company, nor would he hold any other office in the Board of Directors. Mr. QI Xiaofei was nominated by the Nomination Committee of the Board of Directors as a candidate for executive director of the Company. On 5 February 2015, upon the election at the 2015 first extraordinary general meeting, Mr. QI Xiaofei has been appointed as an executive director of the Company. On the same day, Mr. QI Xiaofei has been appointed as the vice-chairman of the Company and a member of the Nomination Committee upon the election and approval at the seventh meeting of the third session of the Board of the Company with a term same as the term of office of the directors of the third session of the Board.

Save for their services to the Company, there is no financial, commercial and familial connection among the members of the Board, nor any other material relationship among them.

Save for the service contracts entered into respectively, no directors are materially interested, either directly or indirectly, in the major contracts entered into by the Company or any of its subsidiaries during the Reporting Period.

During the Reporting Period, the Board has held 11 meetings at which 74 resolutions were considered and resolved.

Corporate Governance and Corporate Governance Report (continued)

(II) **The Board and Management**

The titles of chairman and president of the Company are held by different persons. The board and management carry out their respective duties in strict accordance with the division of work as specified in the Articles of Association, the Rules of Procedure of the Board of Directors, the Detailed Rules for the Work of the president and other relevant laws and regulations.

1. The Board

The Board shall exercise the following functions and duties: to hold General Meetings and report on its work thereat, and to carry out the resolutions passed at General Meetings; to decide on the Company's operation plans and investment plans, formulate the Company's annual financial budgets, final accounts, profit distribution plans and plans for making up losses of the Company; to formulate the plans for increase or reduction of the Company's registered capital and issuance of bonds and other securities as well as its listing plan; to draft plans for major acquisitions of the Company and repurchase of the Company's own shares, and to formulate the plans for merger, division, dissolution and changes in corporate forms of the Company; to decide on the Company's external investments, acquisition and sale of assets, pledges of assets, external guarantees, entrusted wealth management and connected transactions within the scope of authorization granted at general meetings; to appoint or dismiss the Company's president and Secretary to the Board; to appoint or dismiss the Company's senior management members such as the vice president(s), chief accountant, chief engineer and chief economist of the Company in accordance with the nominations of the president, and decide on their respective remuneration, reward and punishment, and to propose at General Meetings the appointment or change of the accounting firm(s) to provide auditing services to the Company; to decide on the setting of the Company's internal management organizations, formulate the Company's basic management system, manage the Company's information disclosure matters etc.; and any other powers granted by the General Meeting or the Articles of Association.

Under the Board of Directors there shall be such special committees as a Nomination Committee, a Strategy and Investment Committee, a Remuneration and Evaluation Committee, and an Audit and Risk Management Committee. Each of the special committees has their rules of procedure and shall be accountable to the Board of Directors. Under the unified leadership of the Board of Directors, the special committees shall provide recommendations, opinions and advice for the decisions to be made by the Board of Directors. The special committees may engage intermediary organizations to provide independent professional advice, and the relevant expenses therefor shall be borne by the Company.

During the Reporting Period, in order to further enhance the scientific decision-making of the Board, and to ensure the Board performed effectively in accordance with regulations, the Board actively expanded communication channels, carried out specialized investigations and research activities, as well as strengthened communication with management and focused timely on important issues.

Corporate Governance and Corporate Governance Report (continued)

During the Reporting Period, all members of the Board diligently fulfilled their duties and carried out their work in accordance with the Articles of Association, the Rules of Procedure of the Board of Directors and working rules for each special committee.

2. Management

The daily operation of the Company is carried out with a president accountability system. The Company shall have a president, several vice presidents, a chief accountant, a chief engineer and a chief economist, all of whom shall be appointed or dismissed by the Board of Directors. The vice presidents, the chief accountant, the chief engineer and the chief economist are responsible to assist the work of the president and serve together with the president as senior management members of the Company.

The president shall be accountable to the Board of Directors and exercise the following functions and powers: to be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the Board of Directors; to arrange for the implementation of the Company's annual business plans and investment plans; as authorized by the Board, to decide on the Company's annual investment, financing plans and its annual guarantee plans for subordinate units; to propose the Company's financial budgets and final accountants, and the Company's donation and sponsorship plans; to propose the profit distribution plans and plans for making up losses of the Company; to propose the Company's annual financing plans and its annual guarantee plans for subordinate units; to propose plans for the issuance of corporate bonds; to propose the Company's allocation plans of employees' income; to propose the corporate culture development plans; to propose the basic management systems of the Company; to formulate the basic rules and regulations of the Company; to request the Board of Directors to engage or dismiss the Company's vice presidents, chief accountant, chief engineer and chief economist; to propose, upon engaging the vice presidents, the chief accountant, chief engineer and chief economist, the plans relating to their remuneration, rewards and punishments; to engage or dismiss management personnel other than those to be engaged or dismissed by the Board of Directors; and other functions and powers granted by the Board of Directors.

At the request of the Board, the president timely reported on important information related to the Company's operating results, major transactions and material contracts, financial condition and business prospect and regularly reported to the Board on his work, and ensured the truthfulness, objectivity and completeness of such reports.

Corporate Governance and Corporate Governance Report (continued)

VI. PERFORMANCE OF DUTIES OF DIRECTORS

(I) Directors' Attendance at the Board Meetings and General Meetings ^{note 1}

Name of director	Whether or not Independent director	Required attendance for the year	Attendance at the Board meetings				Whether or not for/attend in person for two consecutive times	Attendance	Attendance at the General Meetings	
			Attendance in person	Attendance by communication	Attendance by proxy	Absence			Number of attendance	Attendance
MENG Fengchao	No	11	9	2	0	0	No	100%	2	100%
QI Xiaofei	No	0	—	—	—	—	—	—	—	—
ZHANG Zongyan	No	11	8	2	1	0	No	90.91%	1	50% ^{note 2}
ZHUANG Shangbiao	No	4	4	0	0	0	No	100%	—	—
GE Fuxing	No	4	4	0	0	0	No	100%	—	—
WANG Huacheng	Yes	4	4	0	0	0	No	100%	—	—
Patrick SUN	Yes	4	4	0	0	0	No	100%	—	—
CHENG Wen	Yes	4	4	0	0	0	No	100%	—	—
Amanda Xiao Qiang LU	Yes	4	4	0	0	0	No	100%	—	—
PENG Shugui	No	11	8	2	1	0	No	90.91%	2	100%
HU Zhenyi	No	7	4	2	1	0	No	85.71%	2	100%
ZHU Mingxian	No	7	5	2	0	0	No	100%	1	50% ^{note 3}
LI Kecheng	Yes	7	5	2	0	0	No	100%	2	100%
ZHAO Guangjie	Yes	7	5	2	0	0	No	100%	2	100%
WU Taishi	Yes	7	5	2	0	0	No	100%	2	100%
NGAI Wai Fung	Yes	7	5	2	0	0	No	100%	2	100%

Note 1: The Company elected the new session of Board of Directors on 28 October 2014. During the Reporting Period and before 28 October 2014, members of the 2nd session of the Board, including Mr. HU Zhenyi, Mr. ZHU Mingxian, Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi and Mr. NGAI Wai Fung would serve as directors. After 28 October 2014, members of the 3rd session of the Board, including Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU would act as directors. On 5 February 2015, the 1st Extraordinary General Meeting 2015 of the Company and the 7th meeting of the 3rd session of the Board of Directors deliberated and approved of Mr. QI Xiaofei's taking the positions of executive director and vice president of the Company.

Note 2: Since notice of the general meeting shall be served forty-five days before it was convened and ZHANG Zongyan, an executive director and the President of the Company would not present at the 2013 annual general meeting that was held on 18 June 2014 due to urgent official business.

Note 3: Since notice of the general meeting shall be served forty-five days before it was held and ZHU Mingxian, a non-executive director of the Company would not present at the 2013 annual general meeting that was held on 18 June 2014 due to urgent official business.

Notes on the two consecutive absent from the Board meeting:

Not applicable.

Corporate Governance and Corporate Governance Report (continued)

Number of Board meeting throughout the year	11
Among all:	
number of meeting held on site	8
number of meeting held by communication	2
number of meeting held on site with communication	1

(II) **Training of Directors**

Mr. MENG Fengchao attended the “Studying the Spirits of General Secretary XI Jinping Serial Talks Studies Class” from 2 March 2014 to 6 March 2014; training class for personnel of the State-owned Assets Supervision and Administration Commission of the State Council National Enterprise and Local State-owned Assets Supervision and Administration Commission of the State Council from 17 July 2014 to 18 July 2014; office entering training class for directors, supervisors and senior management staff from 28 October 2014 to 29 October 2014; meetings for personnel of the State-owned Assets Supervision and Administration Commission of the State Council National Enterprise and Local State-owned Assets Supervision and Administration Commission of the State Council from 22 December 2014 to 23 December 2014.

Mr. ZHANG Zongyan attended the training class for personnel of the State-owned Assets Supervision and Administration Commission of the State Council National Enterprise and Local State-owned Assets Supervision and Administration Commission of the State Council from 17 July 2014 to 18 July 2014; office entering training class for directors, supervisors and senior management staff from 28 October 2014 to 29 October 2014; meetings for personnel of the State-owned Assets Supervision and Administration Commission of the State Council National Enterprise and Local State-owned Assets Supervision and Administration Commission of the State Council from 22 December 2014 to 23 December 2014.

Mr. ZHUANG Shangbiao attended the office entering training class for directors, supervisors and senior management staff from 28 October 2014 to 29 October 2014.

Mr. GE Fuxing attended the office entering training class for directors, supervisors and senior management staff from 28 October 2014 to 29 October 2014; course training class for directors of the State-owned Assets Supervision and Administration Commission of the State Council from 15 November 2014 to 17 November 2014 and from 24 December 2014 to 25 December 2014.

Corporate Governance and Corporate Governance Report (continued)

Mr. WANG Huacheng attended the office entering training class for directors, supervisors and senior management staff from 28 October 2014 to 29 October 2014; course training class for directors of the State-owned Assets Supervision and Administration Commission of the State Council from 24 December 2014 to 25 December 2014.

Mr. Patrick SUN attended the office entering training class for directors, supervisors and senior management staff from 28 October 2014 to 29 October 2014; the seminar on Taiwan market held by Trinity Limited on 1 November 2014.

Mr. CHENG Wen attended the office entering training class for directors, supervisors and senior management staff from 28 October 2014 to 29 October 2014; the qualification training class for independent directors by listed companies of Shanghai Stock Exchange from 16 November 2014 to 21 November 2014; communication training class for directors of the State-owned Assets Supervision and Administration Commission of the State Council from 24 December 2014 to 25 December 2014; the operation performance appraisal meeting of personnel of the State-owned Assets Supervision and Administration Commission of the State Council national enterprise from 30 December 2014 to 31 December 2014.

Ms. Amanda Xiao Qiang LU attended the qualification training class for independent directors by listed companies of Shanghai Stock Exchange from 16 November 2014 to 21 November 2014.

Mr. PENG Shugui attended the office entering training class for directors, supervisors and senior management staff from 28 October 2014 to 29 October 2014.

Mr. WU Taishi attended the communication training class for directors of the State-owned Assets Supervision and Administration Commission of the State Council on 17 June 2014 and on 11 October 2014.

Mr. NGAI Wai Fung attended the special communication meeting for external directors of the State-owned Assets Supervision and Administration Commission of the State Council on 2 April 2014; the communication training class for directors of the State-owned Assets Supervision and Administration Commission of the State Council on 17 June 2014.

Corporate Governance and Corporate Governance Report (continued)

(III) Performance of the Duties of Corporate Governance by the Board

In compliance with the regulatory requirements of the place where the shares of the Company are listed, the Board strictly complied with Article 6 of the Rules of Procedure of the Board of Directors to execute corporate governance, including but not limited to:

Develop and review the Company's policies and practices on corporate governance. During the Reporting Period, the Board had amended the "Articles of Association", "Rules of Procedure of General Meeting", "Internal Reporting System on Material Information" and "Administrative Measures on Proceeds Raised" and formulated the "Implementation Rules on Information Disclosure on Material Newly-bided Projects".

Review and monitor the training and continuous professional development of directors and senior management. The Board actively arranged directors and senior management personnel to participate in training related to their duties, and communicated with directors and senior management personnel on the updates and changes of regulatory laws and regulations in a timely manner, so that the directors and senior management personnel could sustainably develop their professional competence and improve their performance of duties.

Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. The Board had paid close attention to the compliance of the Company's operations and established and refined the general legal consultation system. With the establishment of the legal and compliance department and hiring law firms the Company was able to comply with the requirements of laws and regulations.

Review the Company's compliance with the relevant corporate governance requirements of the listing rules of the stock exchanges at the place where the shares of the Company are listed and the disclosure in the Corporate Governance Report. The Board required the Company to strictly comply with the relevant corporate governance requirements of the listing rules of the stock exchanges at the place where the Company is listed, and disclose information related to corporate governance in a timely manner.

(IV) Objections Raised by Independent Directors to Relevant Matters of the Company

During the Reporting Period, the Independent Directors of the Company did not raise any objections to motions presented at the Board meetings or other matters for the year.

Corporate Governance and Corporate Governance Report (continued)

(V) The Independence of Independent Non-Executive Directors

The Company has appointed sufficient number of independent non-executive directors with relevant professional qualifications including expertise in accounting or financial management according to the regulations of CSRC, Shanghai Stock Exchange and the requirements of the Hong Kong Listing Rules. The Company has received the annual confirmation issued by all independent non-executive directors to acknowledge their respective independence. After due inquiry, the Board is of the view that each of the four independent non-executive directors of the Company maintains the independence as required by the directions set out in Rule 3.13 of the Hong Kong Listing Rules. They have backgrounds in accounting, finance and corporate management, respectively; and abundant professional experience and they have diligently and earnestly performed their duties. They have sincerely provided professional advice for the Company's steady operation and sustainable development, and carried out monitoring and coordination to safeguard the interests of the Company and the shareholders.

VII. CHAIRMAN AND PRESIDENT

(I) Chairman

Mr. MENG Fengchao served as the chairman of the Company. The chairman shall carry out work according to the requirements specified by the corporate governance systems such as the Articles of Association, the Rules of Procedure of the Board of Directors. The chairman is the legal representative of the Company, mainly responsible for convening and presiding over the Board meeting, inspecting the implementation of the resolutions of the Board meeting, attending the annual general meeting arranging the chairmen of committees of the Board to attend the annual general meetings and answer shareholders' questions, signing securities issued by the Company and other important documents, and exercising other functions and powers authorized by the Board. The chairman is responsible to the Board and reports his work to the Board.

(II) President

Mr. ZHANG Zongyan served as the president of the Company. The president is responsible for the daily operation of the Company, mainly including implementing strategies and policies approved by the Board, as well as business plans and investment plans of the Company, drafting internal management structure and basic management system of the Company, formulating basic rules and regulations, proposing to the Board to appoint or dismiss senior management members and exercising other functions and powers authorized by the Articles of Association and the Board. The president takes full responsibility to the Board for the operating conditions of the Company and reports his work to the Board on a regular basis.

Corporate Governance and Corporate Governance Report (continued)

VIII. IMPORTANT OPINIONS AND SUGGESTIONS PROPOSED BY SPECIAL COMMITTEES OF THE BOARD UPON PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD

1. *Nomination Committee*

During the Reporting Period, the Board considered and changed session at the first extraordinary general meeting of 2014 on 28 October 2014. Before 28 October 2014, the Nomination Committee under the second session of the Board of the Company consisted of Mr. MENG Fengchao (chairman) and Mr. PENG Shugui (vice chairman), Mr. LI Kecheng, Mr. ZHAO Guangjie and Mr. WU Taishi (independent non-executive directors) with Mr. MENG Fengchao serving as the chairman. Upon the changing of session of the Board on 28 October 2014, the Nomination Committee under the third session of the Board consisted of Mr. MENG Fengchao (chairman), Mr. PENG Shugui (vice chairman), Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen (independent non-executive directors), with Mr. MENG Fengchao being the chairman. On 5 February 2015, as considered at the seventh meeting of the third session of the Board, the Board adjusted the composition of the Nomination Committee, which consisted of Mr. MENG Fengchao (chairman), Mr. QI Xiaofei (vice chairman), Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen (independent non-executive directors), with Mr. MENG Fengchao being the chairman. The main duties of the Nomination Committee include regulating the selection standards and procedures of the directors, president and other senior management of the Company, implement and review the Board diversity policy, etc.

Pursuant to the Board diversity policy, when reviewing the scale and composition of the Board and searching for and proposing the candidates for the directors, the Nomination Committee will consider the diversity of the Board from various aspects based on the business mode and specific needs, including but not limited to the gender, age, education background or professional experiences. During the Reporting Period, the Nomination Committee held a meeting and considered the Proposal in Relation to the Director Candidate for the Third Session of the Board. The proposal was considered and approved by the Board and the General Meeting of the Company.

Corporate Governance and Corporate Governance Report (continued)

During the Reporting Period, the Nomination Committee implemented its responsibilities conscientiously pursuant to the requirements of the Articles of Association, Working Rules of the Nomination Committee and relevant laws and regulations and reviewed the structure, number of members and the composition (including skills, knowledge and experiences). A total of 3 meetings were held and the particulars are as follows:

Name of meeting	Date	Main contents	Attendance
The fourth meeting of the second session	29 April 2014	Proposal on the appointment and removal of the chief accountant of the Company was considered.	Mr. MENG Fengchao, Mr. PENG Shugui, Mr. LI Kecheng, Mr. ZHAO Guangjie, and Mr. WU Taishi were present at the meeting
The fifth meeting of the second session	28 August 2014	Proposal on director candidate for the third session of the Board was considered.	Mr. MENG Fengchao, Mr. LI Kecheng, Mr. ZHAO Guangjie, and Mr. WU Taishi were present at the meeting, while Mr. PENG Shugui was absent from the meeting due to other business
The first meeting of the third session	29 October 2014	1. Proposal on the appointment of the president of the Company was considered; 2. Proposal on the appointment of various senior management positions including vice-president was considered; 3. Proposal on the appointment of the secretary to the Board of the Company was considered.	Mr. MENG Fengchao, Mr. PENG Shugui, Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen were present at the meeting

2. *Strategy and Investment Committee*

During the Reporting Period, the Board considered and changed session at the 2014 first extraordinary general meeting on 28 October 2014. Before 28 October 2014, the Strategy and Investment Committee under the second session of the Board of the Company consisted of Mr. ZHANG Zhongyan, Mr. HU Zhenyi (executive directors), Mr. ZHU Mingxian (non-executive director), Mr. LI Kecheng and Mr. WU Taishi (independent non-executive directors), with Mr. ZHANG Zhongyan serving as the chairman. Upon the changing of session on 28 October 2014, the Strategy and Investment Committee under the third session of the Board consisted of Mr. ZHANG Zongyan and Mr. ZHUANG Shangbiao (executive directors) Mr. GE Fuxing (non-executive director), and Mr. WANG Huacheng and Mr. Patrick SUN (independent non-executive directors) with Mr. ZHANG Zongyan serving as the chairman. The main duties of the committee are to conduct research and make recommendations for the development strategies and plans, significant investment decisions of the Company, etc.

Corporate Governance and Corporate Governance Report (continued)

During the Reporting Period, in accordance with the requirements of the Company Law, the Articles of Association, the Working Rules for the Strategy and Investment Committee and other relevant laws and regulations, the Strategy and Investment Committee earnestly performed its duties and held 4 meetings, the details of which are as follows:

Session of meeting	Date	Details of Subject Discussed	Attendance
The twentieth meeting of the second session	14 January 2014	Proposal on the progress of corporate investment for 2013 and the proposal on the corporate investment for 2014 were considered.	Mr. ZHANG Zongyan, Mr. HU Zhenyi, Mr. ZHU Mingxian, Mr. LI Kecheng, and Mr. WU Taishi were present at the meeting
The twenty-first meeting of the second session	26 March 2014	1. Proposal on the investment in the construction of BT project of Nanchang City Ring Expressway by Bridge Engineering Bureau Group Corp. was considered 2. Proposal on the investment in equity interest in Hunan Maglev Transportation Development Limited was considered.	Mr. ZHANG Zongyan, Mr. HU Zhenyi, Mr. ZHU Mingxian, Mr. LI Kecheng, and Mr. WU Taishi were present at the meeting
The twenty-second meeting of the second session	27 August 2014	1. Proposal on the increase of registered capital in China Railway Construction Corporation Limited was considered; 2. Proposal on the re-organization and establishment of CRCC China-Africa Construction Limited was considered; 3. Proposal on the investment in 10% equity interest in Djibouti Railway Project by China Civil Engineering Construction Corp. was considered; 4. Proposal on the acquisition of partial equity interest in the expressway operated by Chongqing Expressway Group by China Railway Construction Investment Limited was considered; 5. Proposal on the investment and construction of the BT project on railway transportation in Wuhan by the expressways operated by CRCC 11th Bureau Group Company and China Railway 14th Bureau Group Co., was considered.	Mr. ZHANG Zongyan, Mr. HU Zhenyi, Mr. ZHU Mingxian, Mr. LI Kecheng, and Mr. WU Taishi were present at the meeting

Corporate Governance and Corporate Governance Report (continued)

Session of meeting	Date	Details of Subject Discussed	Attendance
The twenty-third meeting of the second session	9 October 2014	1. Proposal on the overseas listing of Kunming China Railway Large Zhenyi, Mr. ZHU Mingxian, Mr. LI Maintenance Machinery (昆明中鐵大型養路機械集團) was present at the meeting considered; 2. Proposal on the compliance with the "Circular of the China Securities Regulatory Commission on Several Issues Concerning the Standardization on Overseas Listing of Subordinated Enterprises of Domestically-Listed Companies" by Kunming China Railway Large Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司) for overseas listing was considered; 3. Proposal on the undertaking of independent listing status of the Company was considered; 4. Proposal on the description and prospect on the profitability of the Company on an ongoing basis was considered; 5. Proposal on the authorization granted to the Board and its delegated person to deal with the splitting of Kunming China Railway Large Maintenance Machinery (昆明中鐵大型養路機械集團) was considered.	

Corporate Governance and Corporate Governance Report (continued)

3. **Remuneration and Evaluation Committee**

During the Reporting Period, the Board considered and changed session at the first extraordinary general meeting on 28 October 2014. Before 28 October 2014, the Remuneration and Evaluation Committee under the second session of the Board consisted of Mr. ZHAO Guangjie, Mr. LI Kecheng and Mr. WU Taishi (independent non-executive directors), with Mr. ZHAO Guangjie serving as the chairman. Upon the changing of session on 28 October 2014, the Remuneration and Evaluation Committee under the third session of the Board consisted of Mr. CHENG Wen (independent non-executive director), Mr. GE Fuxing (non-executive director) and Ms. Amanda Xiao Qiang LU (independent non-executive director), with Mr. CHENG Wen being the chairman. The main duties of the Remuneration and Evaluation Committee are to formulate and examine the remuneration policies and plans for the directors and senior management members of the Company; to study the evaluation criteria for directors and senior management members of the Company, and to carry out evaluation and make recommendations.

The Company has adopted the mode in which the Remuneration and Evaluation Committee makes recommendations on the remuneration for executive directors and senior management members to the Board. According to relevant provisions of the Working Rules for the Remuneration and Evaluation Committee, the Remuneration and Evaluation Committee is responsible for formulating the remuneration management method and remuneration plans for the directors, the chairman of the Supervisory Committee and senior management members of the Company and proposing recommendations on their specific remuneration to the Board.

Corporate Governance and Corporate Governance Report (continued)

During the Reporting Period, the Remuneration and Evaluation Committee earnestly performed their duties and held 5 meetings in accordance with the requirements of the Company Law, the Articles of Association, the Working Rules for the Remuneration and Evaluation Committee and other relevant laws and regulations, the details of which are as follows:

Name of meeting	Date	Main contents	Attendance
The tenth meeting of the second session	4 March 2014	The Proposal on the Performance Assessment for President for 2014 was discussed.	Mr. ZHAO Guangjie, Mr. LI Kecheng, and Mr. WU Taishi were present at the meeting
The eleventh meeting of the second session	28 April 2014	1. Proposal on the Performance Assessment Results for President by the Board for 2013 was considered; 2. Proposal on the Performance Assessment Plan for President by the Board for 2014 was considered.	Mr. ZHAO Guangjie, Mr. LI Kecheng, and Mr. WU Taishi were present at the meeting
The twelfth meeting of the second session	17 June 2014	The Proposal on the Remuneration Plan for Senior Management for 2013 was discussed.	Mr. ZHAO Guangjie and Mr. LI Kecheng were present at the meeting and Mr. WU Taishi was absent due to other businesses
The thirteenth meeting of the second session	27 August 2014	1. The Proposal on the Determination Basis on Remuneration for the Chairman of the Supervisory Committee was discussed; 2. The Proposal on the Adjustment on the Determination Basis for the Secretary to the Board was discussed.	Mr. ZHAO Guangjie, Mr. LI Kecheng, and Mr. WU Taishi were present at the meeting
The first meeting of the third session	8 December 2014	The Proposal on the Payment of Remuneration for the Senior Management for 2013 was considered.	Mr. GE Fuxing, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU were present at the meeting

Corporate Governance and Corporate Governance Report (continued)

4. Audit and Risk Management Committee

During the Reporting Period, the Board considered and changed session at the first extraordinary general meeting of 2014 on 28 October 2014. Before 28 October 2014, the Audit and Risk Management Committee under the second session of the Board of the Company consisted Mr. WU Taishi (independent non-executive director), Mr. ZHU Mingxian (non-executive director) and Mr. LI Kecheng, Mr. ZHAO Guangjie and Mr. NGAI Wai Fung (independent non-executive directors), with Mr. WU Taishi serving as the chairman. Upon the changing of session on 28 October 2014, the Audit and Risk Management Committee under the third session of the Board consisted of Mr. WANG Huacheng (independent non-executive director), Mr. GE Fuxing (non-executive director), Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU (independent non-executive directors), with Mr. WANG Huacheng being the chairman. The Audit and Risk Management Committee is mainly responsible for making recommendations on the appointment and change of the external auditors of the Company; the monitoring of the internal audit system of the Company; the coordination, monitoring and inspection of internal and external audits of the Company; the review of financial information and disclosure thereof; the inspection of internal control systems; the formulation of the Company's risk management strategies and solutions, and the risk control, management, monitoring and review of major decision-makings, major events and important business procedures.

During the Reporting Period, the Audit and Risk Management Committee earnestly performed their duties and held 7 meetings in accordance with the requirements of the Company Law, the Articles of Association and the Working Rules for the Audit and Risk Management Committee and other relevant laws and regulations, the details of which are as follows:

Name of meeting	Date	Main contents	Attendance
The 22nd meeting of the second session	4 March 2014	The progress of the auditing Mr. ZHU Mingxian, Mr. LI on the annual report and the Kecheng, Mr. ZHAO Guangjie, internal control of the Company Mr. WU Taishi, and Mr. NGAI for the year 2013 by Ernst & Wai Fung were present at the Young Hua Ming LLP was heard meeting (the second communication).	
The 23rd meeting of the second session	26 March 2014	1. The proposal of the Mr. ZHU Mingxian, Mr. LI changes on the accounting Kecheng, Mr. ZHAO Guangjie, policies of the Company Mr. WU Taishi, and Mr. NGAI was considered; Wai Fung were present at the 2. The progress of the auditing meeting on the annual report and the internal control of the Company for the year 2013 by Ernst & Young Hua Ming LLP was heard (the third communication); 3. The financial report of the Company for 2013 was considered.	

Corporate Governance and Corporate Governance Report (continued)

Name of meeting	Date	Main contents	Attendance
The 24th meeting of the second session	26 March 2014	1. The Assessment Report on Mr. ZHU Mingxian, Mr. LI Internal Control for 2013 Kecheng, Mr. ZHAO Guangjie, was considered; 2. The audit summary for 2013 Wai Fung were present at the and audit work plan for 2014 meeting of the Audit and Supervision Bureau was considered; 3. The proposal on the appointment of Ernst & Young Hua Ming LLP as the Company's intermediary institute of internal control auditor for 2014 and the audit firm for 2014 was considered.	Mr. WU Taishi, and Mr. NGAI
The 25th meeting of the second session	28 April 2014	1. The financial report for the Mr. ZHU Mingxian, Mr. LI first quarter of 2014 of the Kecheng, Mr. ZHAO Guangjie, Company was considered; 2. The progress on internal Wai Fung were present at the risk control of the Company meeting for 2013 was heard and the overall risk management report for 2014 was considered.	Mr. WU Taishi, and Mr. NGAI
The 26th meeting of the second session	28 August 2014	1. The financial report of the Mr. ZHU Mingxian, Mr. LI Company for the first half of Kecheng, Mr. ZHAO Guangjie, 2014 was considered; 2. The proposal on internal Wai Fung were present at the control assessment of the meeting Company for 2014 was considered; 3. The review results of Ernst & Young Hua Ming LLP on the financial report of the Company for the first half of 2014 was considered.	Mr. WU Taishi, and Mr. NGAI
The 1st meeting of the third session	29 October 2014	1. The financial audit of the Mr. GE Fuxing, Mr. WANG Company for the third Huacheng, Mr. Patrick SUN, Mr. quarter was considered; 2. The proposal of the changes Xiao Qiang LU were present at on accounting policies was the meeting considered.	CHENG Wen and Ms. Amanda
The 2nd meeting of the third session	8 December 2014	The annual audit plan and Mr. GE Fuxing, Mr. WANG proposal of Ernst & Young Hua Huacheng, Mr. Patrick SUN, Mr. Ming LLP on the Company for CHENG Wen and Ms. Amanda 2014 was discussed.	Xiao Qiang LU were present at the meeting

Corporate Governance and Corporate Governance Report (continued)

During the Reporting Period, the Audit and Risk Management Committee held a meeting during which they together reviewed the financial and accounting policies, internal control system and relevant financial matters, issued opinions on matters related to the engagement of external audit institutions and heard the external audit institutions' reporting on the audit and review of the 2013 Annual Report and 2014 Interim Report, so as to ensure the integrity, fairness and accuracy of the Company's financial statements, reports and other relevant data, and to establish and improve an effective internal control system.

IX. EXPLANATION ON THE SUPERVISORY COMMITTEE FINDING RISKS IN THE COMPANY

During the Reporting Period, the Supervisory Committee of the Company did not find risks other than the risk factors that may be faced in the discussion and analysis of the Company's future development as stated in "V. Report of Directors" of this report.

X. EXPLANATION ON THE COMPANY'S INCAPABILITY TO MAINTAIN INDEPENDENCE AND INDEPENDENT OPERATING ABILITY IN ASPECTS OF BUSINESS, PERSONNEL, ASSETS, INSTITUTIONS AND FINANCE RELATIVE TO THE CONTROLLING SHAREHOLDER

During the Reporting Period, the Company is independent in aspects of business, personnel, assets, institutions and finance relative to the Controlling Shareholder.

(1) Business independence

The Company is principally engaged in construction operations, survey, design and consultancy operations, manufacturing operations, real estate development, logistics and material trading and other businesses, and has the input to and has the capacity to conduct businesses independently, and has independent business decision-making power and implementation power. The operating businesses of the Company are independent of the Controlling Shareholder and other enterprises controlled by it, and the operating management of the Company adopts independent accounting. The Company has self-contained and complete production, supply, sales and management systems required for production and operation. There is neither substantive horizontal competition nor obviously unfair connected transaction between the Company and the Controlling Shareholder and other enterprises controlled by it.

(2) Personnel independence

The Company's personnel engaged in production, operation and administration are totally independent of the Controlling Shareholder and other enterprises controlled by it. The Company recruits employees independently, enters into labor contracts with employees according to relevant regulations of the State, and also has independent labor, personnel and payroll management systems. The directors, supervisors and senior management members are appointed in accordance with the procedures specified by the Company Law and the Articles of Association.

The president, vice president(s), chief financial officer, Secretary to the Board and other senior management members do not receive remuneration from the Controlling Shareholder and other enterprises controlled by it. All financial staff of the Company have full-time job with the Company and receive corresponding remuneration therefrom.

Corporate Governance and Corporate Governance Report (continued)

(3) Assets independence

The Company has assets required for independent and complete production and operation, including fixed assets such as houses and construction equipment purchased and leased by it as well as intangible assets such as state-owned land use right, trademarks and patents. There is a clear division of ownership between assets of the Company and the Controlling Shareholder, and the Company's assets is totally independent of the Controlling Shareholder and other enterprises controlled by it. The Company has not currently provided any guarantees for the Controlling Shareholder and other enterprises controlled by it with assets and equity, and there is also no such case of the Company's interests being harmed for its assets and funds being occupied illegally by the Controlling Shareholder and other enterprises controlled by it.

(4) Institution independence

Separating from the Controlling Shareholder and other enterprises controlled by it, the Company has independent organizational institutions and offices, and independently exercise the functions of institutions.

(5) Financial independence

The Company has an independent finance department equipped with independent financial personnel, financial accounting system, financial management system and accounting policies. The Company makes financial decisions independently according to the provisions of the Articles of Association and keeps independent accounting books, so there is no such case of the Controlling Shareholder and other enterprises controlled by it intervening in the use of the Company's funds. The Company opens a bank account separately, so there is no such case of jointly using a bank account with the Controlling Shareholder and other enterprises controlled by it. As an independent taxpayer, the Company pays taxes independently according to law, so there is no such case of mixing tax payment with the subordinate entities of the Controlling Shareholder.

Where there is competition among industry players resulting from stock reform, industry's features, national policy, acquisition and merger, the Company will formulate relevant measures, work progress and follow-up work plans.

Not applicable.

Corporate Governance and Corporate Governance Report (continued)

XI. THE ESTABLISHMENT AND IMPLEMENTATION OF THE EVALUATION MECHANISM AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

In accordance with the provisions of the Company's performance method and remuneration management method for senior management members and according to the annual performance evaluation plans for senior management members of the Company considered and determined by the Board meeting, the Remuneration and Evaluation Committee implemented the evaluation for senior management members, of which the results were submitted to Board for consideration and approval and served as the main basis for the remuneration incentives for senior management members. The Remuneration and Evaluation Committee formulated the Proposal on the Remuneration of Senior Management Members and materialized the annual performance pay for senior management members after submitting the proposal to the Board for consideration.

XII. SECURITIES TRANSACTIONS OF DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Board has adopted the Model Code as the guidance for the securities transactions of directors, supervisors and relevant employees. After individual inquiry by the Company, all directors, supervisors and relevant employees (as defined in the Model Code) have confirmed that they have acted in compliance with the standards as set by the guidance.

XIII. INVESTOR RELATIONS

The Company implemented the spirit of the Circular on Further Strengthening the Management of Investor Relations of Listed Companies issued by Shanghai Stock Exchange and the Circular on Carrying out Centralized Publicity for Investor Protection issued by Beijing Securities Regulatory Bureau, and effectively commenced management on investor relations by strictly implementing the relevant provisions set forth in the Working Rules for Investor Relations of the Company.

The Company paid close attention to strengthening communication with investors, answering their questions timely through channels and means such as dedicated hotline and mail boxes for investor relations and SSE E-interactive Platform. In 2014, the Company arranged 74 face-to-face meetings between investors and analysts, receiving more than 296 visitors. The Company proactively participated in communication activities held by domestic and overseas investment institutions, including 15 face-to-face meetings between investors and analysts and 65 investor receptions with 267 visitors received. To facilitate disclosure of periodic reports, the Company held 5 results presentations and 41 road shows. Through these channels and means, the Company managed to improve investor relations management.

Corporate Governance and Corporate Governance Report (continued)

The Company carried out information disclosure in a true, accurate, complete, timely and fair manner. In 2014, the Company issued periodic reports and announcements, disclosed more than 330 documents in Chinese or English in SSE and HKEx, making the investors understand relevant conditions in many aspects including the latest tendency of the industry where the Company operates, the Company's production and operation conditions and its development prospects. The Company proactively disclosed relevant information to fulfill the requirements of regulatory bodies and markets.

The work on investor relations has been recognized by the investors and the capital market. In 2014, the Company won many awards in brand building, regulated operation, information disclosure, investor relations, social responsibilities, etc. In the Top 100 HK Listing Companies 2014 (2014年度香港上市公司"港股100強"), the Company won the award of Top 100 Companies for Comprehensive Strength (綜合實力100強); in the 2014 Chinese Listing Companies Overseas Summit Forum and the Chinese Securities Golden Bauhinia (2014中國上市公司海外高峰論壇暨中國證券紫荊獎), the Company won the Best Enterprise for Information Disclosure of Listing Companies (最佳信息披露上市公司); in 2014 Top 100 Chinese Listing Companies Summit Forum on International Capital (2014中國上市公司百強國際資本高峰論壇), the Company was awarded Top 100 Chinese Listing Companies (2013年度中國上市公司百強企業獎) in 2013 and Annual Enterprise with Morality of Chinese Companies in 2013 (2013年度中國道德企業獎); the Company won the Top 100 Leading Listing Companies (中國上市公司百佳行業領軍企業) and Listing Company with the Strongest Core Competitiveness (中國上市公司最具核心競爭力企業) in the selection of the Fifth Chinese Investment Exchange Conference in 2014 (第五屆中國投資交流會); in the 50 Best Listing Companies and Top 300 Listing Companies in China in 2014 (2014年中國最佳上市公司50強暨中國上市公司300強), the Company was awarded Top 300 Listing Companies in 2014 (2014年上市公司企業300強); in the Seventh Chinese Southern Companies Social Responsibilities Forum (第七屆中國·南方企業社會責任論壇), the Company won the Top 100 Chinese Listing Companies for Social Responsibilities Construction in 2013 (2013年度全國上市公司社會責任建設100強); the Company was awarded the title of Listing Companies Most Respected by Investors in 2014 (2014年度最受投資者尊重的上市公司) in the Listing Companies Protecting Investors Forum and the Selection Listing Companies Most Respected by Investors (上市公司投資者保護論壇暨最受投資者尊重的上市公司評選). The Board of Directors won the award of Outstanding Board of Directors (優秀董事會) in the Golden Round Table Forum of the Board of Directors in Chinese Listing Company (中國上市公司董事會"金圓桌論壇"), and Outstanding Board of Directors (優秀董事局) in the selection of Third Starlight Media Award of Board of Directors (第三屆星光董事局傳媒大獎). Mr. MENG Fengchao, the chairman, was awarded Outstanding Leader Award for Top 100 Chinese Listing Companies (中國百強企業領袖獎) in 2014 Top 100 Chinese Listing Companies Summit Forum on International Capital (2014中國上市公司百強國際資本高峰論壇), and the Entrepreneur with the Strongest Sense of Social Responsibilities of Chinese Listed Companies (中國上市公司最具社會責任感企業家) in the Fifth Chinese Investment Exchange Conference in 2014 (2014 第五屆中國投資交流會). Mr. YU Xingxi, the Board secretary was awarded the Top 10 among the Top 100 Best Chinese Board Secretaries (2013年度中國百強優秀董秘獎); New Wealth Golden Board Secretary (新財富金牌董秘) in the Tenth New Wealth Golden Board Secretary (新財富金牌董秘); Top 100 Board Secretaries (中國主板上市公司百佳董秘) in the Value Election of the Chinese Main Board Listing Companies (中國上市公司價值評選); Golden Management: Board Secretary with Social Responsibilities (金治理·上市公司優秀董秘) in the selection of Golden Management: Outstanding Board Secretary of Listing Companies (金治理·社會責任公司董秘獎); the Most Innovative Board Secretary (最具創新力董秘獎) in the Golden Round Table Forum of the Board of Directors in Chinese Listing Company (中國上市公司董事會金圓桌論壇); and Golden Board Secretary (金牌董秘) in the selection of Third Starlight Media Award of Board of Directors (第三屆星光董事局傳媒大獎).

Corporate Governance and Corporate Governance Report (continued)

XIV. MAJOR CHANGES TO THE ARTICLES OF ASSOCIATION DURING THE REPORTING PERIOD

During the Reporting Period, the Company has not amended the Articles of Association.

XV. REMUNERATION OF AUDITORS

For relevant information on the remuneration of auditors, please refer to "VI. Significant Events — Appointment and Removal of Auditors" in this report.

XVI. SECRETARY TO THE BOARD OF THE COMPANY

During the Reporting Period, the secretary to the Board and joint secretary of the Company had respectively completed relevant professional training of not less than 15 hours.

INTERNAL CONTROL

I THE STATEMENT FOR INTERNAL CONTROL RESPONSIBILITY AND DEVELOPMENT OF THE INTERNAL CONTROL SYSTEM

It is of the Company's responsibility to establish a sound internal control system with effective implementation according to the requirements of the "Basic Criteria for Enterprise Internal Control" promulgated by five ministries, namely the Ministry of Finance and China Securities Regulatory Commission etc., and to evaluate its effectiveness. The Company has dedicated to strictly carry out internal control. Based on existing management system, we keep on strengthen and improve internal control system, upgrade internal control standard and prevent from any internal control deficiency, so as to pursue the greatest value for shareholders, to ensure that the strategic goal of the Company is attainable, and requirements of relevant regulatory bodies are fulfilled. In 2014, on top of the further solidified internal control system, the Company focused on various works required, such as the strengthening of fundamental management and standardizing economic behaviour of enterprises, proactively persisted in establishing a sound management under the risk control system. The Company increased its anti-risk capability through risk assessment and management, identified management deficiencies through risk assessment and audit, enhanced management level by rectifying internal control errors and problems and achieved a stable improvement in the internal risk control for the entire system of the Company by supervising and checking the closed management and organic cycle of internal control tasks that ensured satisfactory outcome.

Self-assessment Report on Internal Control disclosed? Yes

For details of the "Self-assessment Report on Internal Control", please refer to the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

II RELEVANT ISSUE ON AUDIT REPORT ON INTERNAL CONTROL

As approved by the General Meeting, Ernst & Young Hua Ming LLP was appointed by the Company to audit the effectiveness of our internal control for the year ended 31 December 2014, and issued an internal audit report with an unqualified audit opinion. Ernst & Young Hua Ming LLP was of the view that, the Company maintained an efficient internal control on financial reporting at all material aspects according to "Basic Standards for Corporate Internal Control" and relevant requirements.

Auditors' Report on Internal Control disclosed? Yes

For details of the 'Auditors' Report on Internal Control', please refer to the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

INTERNAL CONTROL (continued)

III IMPLEMENTATION OF THE ACCOUNTABILITY SYSTEM FOR MATERIAL ERRORS IN INFORMATION DISCLOSURE OF ANNUAL REPORT BY THE COMPANY

In strict accordance with the provisions of the Company's relevant regulations as well as of laws and regulations, the Company disclosed relevant information in true, accurate, complete, timely and fair manner. The Accountability System for Material Errors in Information Disclosure of Annual Reports of China Railway Construction Corporation Limited was considered and adopted at the 30th meeting of the first session of the Board held on 25 to 26 April 2010. It has stipulated that if the information disclosure obligor or insider causes errors in information disclosure of annual report of the Company or causes losses due to dereliction of duty or breach of regulations, the Company shall find out the reason and hold the person(s) involved liable depending on the seriousness of the case. There was no significant error in information disclosure of the annual report during the Reporting Period.

Report of the Auditors



Ernst & Young Hua Ming (2015) Shen Zi No. 60618770_A01

To the shareholders of China Railway Construction Corporation Limited

We have audited the accompanying financial statements of China Railway Construction Corporation Limited, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated and company statement of profit of loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to the financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; and (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

2. AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report of the Auditors (continued)

3. OPINION

In our opinion, the financial statements present fairly, in all material aspects, the consolidated and company financial position of China Railway Construction Corporation Limited as at 31 December 2014 and its consolidated and company financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming LLP

Yang Shujuan

Chinese Certified Public Accountant

Shen Yan

Chinese Certified Public Accountant

Beijing, the People's Republic of China

30 March 2015

Consolidated Balance Sheet

As at 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

ASSETS	Note V	31 December 2014	31 December 2013 (Restated)
Current assets			
Cash and bank balances	1	98,087,787	93,433,837
Financial assets at fair value through profit or loss	2	110,204	123,161
Bills receivable	3	2,897,507	3,466,399
Accounts receivable	4	115,414,242	87,797,722
Advances to suppliers	5	27,620,275	32,529,418
Interest receivables		306,839	213,195
Dividends receivable		23,205	5,951
Other receivables	6	34,536,768	30,980,916
Inventories	7	225,958,116	201,636,822
Current portion of non-current assets	9	12,657,740	20,407,440
Other current assets		465,034	466,539
Total current assets		518,077,717	471,061,400
Non-current assets			
Available-for-sale financial assets	8	3,812,439	3,058,380
Held-to-maturity investments		1,269	1,269
Long-term receivables	9	25,219,390	19,898,598
Long-term equity investments	11	3,473,913	2,837,903
Fixed assets	12	41,550,528	40,515,332
Construction in progress	13	2,817,033	2,648,696
Intangible assets	14	19,454,413	10,630,583
Goodwill	15	103,293	100,487
Long-term prepayments		263,478	191,384
Deferred tax assets	16	2,202,222	1,961,435
Other non-current assets		28,320	113,129
Total non-current assets		98,926,298	81,957,196
TOTAL ASSETS		617,004,015	553,018,596

Consolidated Balance Sheet (continued)

As at 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note V	31 December 2014	31 December 2013 (Restated)
Current liabilities			
Short-term loans	18	44,811,039	47,062,143
Due to customers	19	808,433	437,821
Bills payable	20	21,356,148	22,824,023
Accounts payable	21	205,388,554	177,791,775
Advances from customers	22	63,646,731	66,225,429
Employee benefits payable	23	7,407,380	6,242,209
Taxes payable	24	9,570,263	8,422,348
Interest payables	25	818,122	644,557
Dividends payable	26	131,967	105,692
Other payables	27	39,959,641	39,836,680
Current portion of non-current liabilities	28	28,521,425	12,623,491
Other current liabilities	29	5,741,517	8,689,636
Total current liabilities		428,161,220	390,905,804
Non-current liabilities			
Long-term loans	30	53,098,729	41,796,520
Bonds payable	31	25,692,667	29,888,586
Long-term payables	32	4,580,391	3,570,862
Long-term employee benefits payable	33	1,897,381	2,441,550
Special payables	34	417,436	320,015
Provision	35	3,977	3,887
Deferred income	36	185,107	183,264
Deferred tax liabilities	16	75,867	83,392
Total non-current liabilities		85,951,555	78,288,076
Total liabilities		514,112,775	469,193,880

Consolidated Balance Sheet (continued)

As at 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY (continued)	<i>Note V</i>	31 December 2014	31 December 2013 (Restated)
Shareholders' equity			
Share capital	37	12,337,542	12,337,542
Capital reserve	38	33,884,833	33,881,269
Other comprehensive income	39	249,621	43,735
Surplus reserve	41	1,794,862	1,491,897
Retained earnings	42	42,668,871	33,232,451
Equity attributable to: Owners of the Company		90,935,729	80,986,894
Non-controlling interests		11,955,511	2,837,822
Total shareholders' equity		102,891,240	83,824,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		617,004,015	553,018,596

The financial statements have been signed by:

Legal Representative:
MENG Fengchao

CFO:
WANG Xiuming

Finance Controller:
CAO Xirui

30 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	Note V	2014	2013
Revenue	43	591,968,452	586,789,590
Less: Cost of sales	43	527,729,820	527,247,896
Taxes and surcharges	44	17,979,344	16,827,296
Selling and distribution expenses	45	3,251,606	2,509,220
General and administrative expenses	46	22,845,241	22,719,838
Finance costs	47	4,289,689	3,749,441
Losses from impairment of assets	48	1,583,440	1,431,257
Add: Gains on fair value changes	49	8,293	942
Investment income/(losses)	50	82,985	(22,172)
Including: Share of losses of associates and jointly-controlled entities		(12,214)	(248,763)
Operating profit		14,380,590	12,283,412
Add: Non-operating income	51	828,637	966,248
Including: Profit on disposal of non-current assets		146,334	126,839
Less: Non-operating expenses	52	256,778	209,920
Including: Loss on disposal of non-current assets		126,895	87,954
Profit before tax	53	14,952,449	13,039,740
Less: Income tax expenses	54	3,380,884	2,600,357
Net profit		11,571,565	10,439,383
Attributable to: Owners of the Company		11,343,265	10,344,658
Non-controlling interests		228,300	94,725

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	Note V	2014	2013
Other comprehensive income, net of tax	39		
Other comprehensive income by Owners of the Company, net of tax		205,886	267,860
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Changes in net liabilities arising from the remeasurement of defined benefit obligation		25,745	189,261
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive income of investees that may be reclassified to profit or loss under the equity method		(92,799)	(2,924)
Changes in fair value of available-for-sale financial assets		288,946	(30,781)
Exchange differences on translation of foreign operations		(16,006)	112,304
Other comprehensive income, net of tax		205,886	267,860
Total comprehensive income		11,777,451	10,707,243
Attributable to Owners of the Company		11,549,151	10,612,518
Non-controlling interests		228,300	94,725
Earnings per share:			
Basic earnings per share (RMB/share)	55	0.92	0.84
Diluted earnings per share (RMB/share)	55	N/A	N/A

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	For the year ended 31 December 2014								
	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
1. As at 1 January 2014	12,337,542	33,881,269	43,735	—	1,491,897	33,232,451	80,986,894	2,837,822	83,824,716
2. Increase during the year	—	3,564	205,886	—	302,965	9,436,420	9,948,835	9,117,689	19,066,524
(a) Total comprehensive income	—	—	205,886	—	—	11,343,265	11,549,151	228,300	11,777,451
(b) Capital contributions and withdrawals by shareholders									
(1) Capital contributions	—	—	—	—	—	—	—	4,208,814	4,208,814
(2) Issuance of Senior Perpetual Securities, net of issuance cost (Note 1)	—	—	—	—	—	—	—	4,905,515	4,905,515
(3) Acquisition of non-controlling interests	—	12	—	—	—	—	12	(102)	(90)
(4) Others	—	3,552	—	—	—	—	3,552	(47,293)	(43,741)
(c) Profit appropriation and distribution									
(1) Appropriation to surplus reserve	—	—	—	—	302,965	(302,965)	—	—	—
(2) Distribution to owners (Note 2)	—	—	—	—	—	(1,603,880)	(1,603,880)	(177,545)	(1,781,425)
(d) Special reserve (Note V.40)									
(1) Appropriated in current year	—	—	—	7,277,859	—	—	7,277,859	—	7,277,859
(2) Used in current year	—	—	—	(7,277,859)	—	—	(7,277,859)	—	(7,277,859)
3. As at 31 December 2014	12,337,542	33,884,833	249,621	—	1,794,862	42,668,871	90,935,729	11,955,511	102,891,240

Note 1: On 24 July 2014, CRCC Yupeng Limited, a wholly-owned subsidiary of the Company, issued overseas Senior Perpetual Securities in the aggregate principal amount of US\$800 million (approximately RMB4,905,515,000), with an annual interest rate of 3.95%. The Company provided unconditional guarantees for the payments in respect of the securities.

Note 2: In accordance with the resolution at the 2013 annual general meeting of shareholders on 18 June 2014, the Company declared a final cash dividend for the year ended 31 December 2013 of RMB0.13 per share (cash dividend for the year ended 31 December 2012 declared in 2013: RMB0.11 per share), which amounted to RMB1,603,880,000 (cash dividend for the year ended 31 December 2012 declared in 2013: RMB1,357,130,000) based on 12,337,541,500 ordinary shares in issue.

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

For the year ended 31 December 2013 (Restated)									
	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Other comprehensive (loss)/income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
1. As at 1 January 2013 as restated	12,337,542	33,990,682	(224,125)	—	1,217,159	24,519,661	71,840,919	1,365,640	73,206,559
2. Increase/(decrease) during the year	—	(109,413)	267,860	—	274,738	8,712,790	9,145,975	1,472,182	10,618,157
(a) Total comprehensive income	—	—	267,860	—	—	10,344,658	10,612,518	94,725	10,707,243
(b) Capital contributions and withdrawals by shareholders									
(1) Capital contributions	—	—	—	—	—	—	—	1,505,955	1,505,955
(2) Acquisition of non-controlling interests	—	(109,413)	—	—	—	—	(109,413)	(93,167)	(202,580)
(c) Profit appropriation and distribution									
(1) Appropriation to surplus reserve	—	—	—	—	274,738	(274,738)	—	—	—
(2) Distribution to owners	—	—	—	—	—	(1,357,130)	(1,357,130)	(35,331)	(1,392,461)
(d) Special reserve (Note V.40)									
(1) Appropriated in current year	—	—	—	6,481,418	—	—	6,481,418	—	6,481,418
(2) Used in current year	—	—	—	(6,481,418)	—	—	(6,481,418)	—	(6,481,418)
3. As at 31 December 2013	12,337,542	33,881,269	43,735	—	1,491,897	33,232,451	80,986,894	2,837,822	83,824,716

Consolidated Statement of Cash Flows

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	Note V	2014	2013
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		584,705,102	554,605,361
Refunds of tax		384,044	422,127
Net decrease in balances with the central bank		—	150,083
Net increase in amounts due to customers		370,612	—
Cash received from other operating activities	56	3,179,509	2,566,653
Subtotal of cash inflows from operating activities		588,639,267	557,744,224
Cash paid for goods and services		(515,311,902)	(507,438,198)
Net decrease in amounts due to customers		—	(1,301,122)
Net increase in balances with the central bank		(1,520,037)	—
Cash paid to and on behalf of employees		(35,784,958)	(30,062,857)
Cash paid for all taxes		(21,753,386)	(21,147,404)
Cash paid for other operating activities	56	(7,686,472)	(7,108,623)
Subtotal of cash outflows from operating activities		(582,056,755)	(567,058,204)
Net cash flows from/(used in) operating activities	57	6,582,512	(9,313,980)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		203,403	3,302
Cash received from investment income		95,667	63,220
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,371,075	1,605,794
Decrease in pledged time deposits and other restricted cash		1,531,129	—
Cash received from other investing activities		3,852,133	3,088,876
Subtotal of cash inflows from investing activities		7,053,407	4,761,192
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(21,287,428)	(17,645,329)
Cash paid for acquisition of investments		(1,345,855)	(728,266)
Cash paid for acquisition of non-controlling interests		(90)	(153,580)
Increase in pledged time deposits and other restricted cash		—	(1,308,374)
Cash paid for other investing activities		(925,000)	(4,922,144)
Subtotal of cash outflows from investing activities		(23,558,373)	(24,757,693)
Net cash flows used in investing activities		(16,504,966)	(19,996,501)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	<i>Note V</i>	2014	2013
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		9,114,329	1,505,955
Including: Cash received from non-controlling shareholders of subsidiaries		9,114,329	1,505,955
Cash received from issuing bonds		7,050,000	24,877,520
Cash received from borrowings		99,712,255	94,992,659
Cash received from other investing activities		3,552	—
Subtotal of cash inflows from financing activities		115,880,136	121,376,134
Cash repayments for borrowings		(89,862,106)	(83,964,579)
Cash paid for distribution of dividends or profits and for interest expenses		(11,396,072)	(7,811,373)
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		(151,271)	(38,027)
Subtotal of cash outflows from financing activities		(101,258,178)	(91,775,952)
Net cash flows from financing activities		14,621,958	29,600,182
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(34,462)	(288,299)
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	57	4,665,042	1,402
Add: Cash and cash equivalents at beginning of the year		79,783,453	79,782,051
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	57	84,448,495	79,783,453

Balance Sheet

As at 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

ASSETS	<i>Note XIV</i>	31 December 2014	31 December 2013 (Restated)
Current assets			
Cash and bank balances		9,701,230	5,135,065
Financial assets at fair value through profit or loss		26,490	38,359
Accounts receivable	1	494,555	—
Advances to suppliers		467,020	696,192
Dividends receivable		—	109,577
Other receivables	2	41,940,289	37,275,074
Inventories		2,959,994	2,611,219
Current portion of non-current assets		—	500,000
Total current assets		55,589,578	46,365,486
Non-current assets			
Available-for-sale financial assets		180,239	105,548
Long-term receivables		1,014,164	574,772
Long-term equity investments	3	68,534,117	66,863,933
Fixed assets		29,941	25,293
Construction in progress		25,620	22,835
Intangible assets		6,816	4,776
Deferred tax assets		6,030	11,909
Total non-current assets		69,796,927	67,609,066
TOTAL ASSETS		125,386,505	113,974,552

Balance Sheet (continued)

As at 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note XIV	31 December 2014	31 December 2013 (Restated)
Current liabilities:			
Short-term loans		367,140	868,876
Accounts payable		1,546,394	811,366
Advances from customers		3,600,961	3,612,840
Employee benefits payable		50,455	40,593
Taxes payable		97,221	97,989
Interest payables		471,069	463,008
Other payables		17,867,265	9,978,486
Current portion of non-current liabilities		5,091,222	3,696,201
Other current liabilities		3,641,793	8,666,277
Total current liabilities		32,733,520	28,235,636
Non-current liabilities:			
Long-term loans		13,196,447	3,382,870
Bonds payable		17,390,440	22,358,185
Long-term payables		1,478,750	905,000
Long-term employee benefits payable		20,260	20,950
Deferred tax liabilities		14,335	—
Total non-current liabilities		32,100,232	26,667,005
Total liabilities		64,833,752	54,902,641
Shareholders' equity			
Share capital		12,337,542	12,337,542
Capital reserve		39,009,051	39,009,051
Other comprehensive income/(loss)		27,923	(27,150)
Surplus reserve		1,794,862	1,491,897
Retained earnings		7,383,375	6,260,571
Total shareholders' equity		60,552,753	59,071,911
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		125,386,505	113,974,552

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	Note XIV	2014	2013
Revenue	4	3,479,805	1,019,107
Less: Cost of sales		3,413,207	1,418,947
Taxes and surcharges		4,198	1,836
Selling and distribution expenses		19,342	12,666
General and administrative expenses		311,229	314,708
Finance income		(19,627)	(832,437)
Add: (Losses)/gains on fair value changes		(47)	3,334
Investment income	5	3,164,145	2,875,884
Including: Share of profits of jointly-controlled entities		10,184	4,446
Operating profit		2,915,554	2,982,605
Add: Non-operating income		116,080	16
Including: Profit on disposal of non-current assets		115	6
Less: Non-operating expenses		128	231,852
Including: Losses on disposal of non-current assets		128	781
Profit before tax		3,031,506	2,750,769
Less: Income tax expenses		1,857	3,393
Net profit		3,029,649	2,747,376
Other comprehensive income/(loss), net of tax		55,073	(18,613)
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods			
Changes in net liabilities arising from the remeasurement of defined benefit obligation		(945)	2,205
Changes in fair value of available-for-sale financial assets in other comprehensive income to be reclassified to profit or loss in subsequent periods		56,018	(20,818)
Total comprehensive income		3,084,722	2,728,763

Statement of Changes in Equity

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	For the year ended 31 December 2014					
	Share capital	Capital reserve	Other comprehensive (loss)/income	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2014	12,337,542	39,009,051	(27,150)	1,491,897	6,260,571	59,071,911
2. Increase during the year	—	—	55,073	302,965	1,122,804	1,480,842
(a) Total comprehensive income	—	—	55,073	—	3,029,649	3,084,722
(b) Profit appropriation and distribution						
(1) Appropriation to surplus reserve	—	—	—	302,965	(302,965)	—
(2) Distribution to owners (Note)	—	—	—	—	(1,603,880)	(1,603,880)
3. As at 31 December 2014	12,337,542	39,009,051	27,923	1,794,862	7,383,375	60,552,753

Note: Details are referred to the consolidated statement of changes in equity

	For the year ended 31 December 2013 (Restated)					
	Share capital	Capital reserve	Other comprehensive loss	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2013 as restated	12,337,542	39,009,051	(8,537)	1,217,159	5,145,063	57,700,278
2. Increase/(decrease) during the year	—	—	(18,613)	274,738	1,115,508	1,371,633
(a) Total comprehensive income	—	—	(18,613)	—	2,747,376	2,728,763
(b) Profit appropriation and distribution						
(1) Appropriation to surplus reserve	—	—	—	274,738	(274,738)	—
(2) Distribution to owners	—	—	—	—	(1,357,130)	(1,357,130)
3. As at 31 December 2013	12,337,542	39,009,051	(27,150)	1,491,897	6,260,571	59,071,911

Statement of Cash Flows

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	Note XIV	2014	2013
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		4,448,333	3,014,162
Cash received from other operating activities		5,223,857	3,198,190
Subtotal of cash inflows from operating activities		9,672,190	6,212,352
Cash paid for goods and services		(3,506,318)	(1,580,745)
Cash paid to and on behalf of employees		(186,359)	(177,784)
Cash paid for all types of taxes		(73,451)	(53,126)
Cash paid for other operating activities		(2,058,115)	(7,597,115)
Subtotal of cash outflows from operating activities		(5,824,243)	(9,408,770)
Net cash flows from/(used in) operating activities	6	3,847,947	(3,196,418)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		11,820	—
Cash received from investment income		3,263,538	3,336,168
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		128	589
Cash received from other investing activities		3,587,523	3,942,175
Subtotal of cash inflows from investing activities		6,863,009	7,278,932
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(19,665)	(10,968)
Cash paid for acquisition of investments		(1,660,000)	(7,988,000)
Increase in non-pledged time deposits with original maturity of three months or more when acquired		—	(3,800)
Cash paid for other investing activities		(1,276,250)	(974,772)
Subtotal of cash outflows from investing activities		(2,955,915)	(8,977,540)
Net cash flows from/(used in) investing activities		3,907,094	(1,698,608)

Statement of Cash Flows (continued)

For the year ended 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

	Note XIV	2014	2013
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		10,311,060	3,872,087
Cash received from issuing bonds		3,500,000	18,500,000
Subtotal of cash inflows from financing activities		13,811,060	22,372,087
Cash repayments for borrowings		(13,057,621)	(19,321,090)
Cash paid for distribution of dividends or profits and for interest expenses		(3,942,635)	(3,105,341)
Subtotal of cash outflows from financing activities		(17,000,256)	(22,426,431)
Net cash flows used in financing activities		(3,189,196)	(54,344)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		320	(12,401)
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,566,165	(4,961,771)
Add: Cash and cash equivalents at beginning of the year		5,123,065	10,084,836
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	9,689,230	5,123,065

Notes to Financial Statements

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

I. CORPORATE INFORMATION

China Railway Construction Corporation Limited (the “Company”) is a joint stock limited company with limited liability registered in Beijing in the People’s Republic of China (the “PRC” or “Mainland China”), which was established on 5 November 2007. The Company’s shares have been listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The registered office of the Company’s head office is located at East, No. 40 Fuxing Road, Haidian District, Beijing, PRC. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) mainly consist of the construction of infrastructure, the provision of survey, design and consultancy services, the provision of logistics services, industrial manufacturing and real estate development.

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

The Group’s parent and ultimate holding company is China Railway Construction Corporation (“CRCCG”), a company registered in the PRC.

These financial statements were approved and authorized for issue by the board of directors of the Company on 30 March 2015. Pursuant to the Company’s Articles of Association, the financial statements will be submitted to the shareholder’s meeting for approval.

The scope of consolidated financial statements shall be determined on the basis of control.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

II. BASIS OF PREPARATION OF FINANCE STATEMENTS

1. Basis of preparation

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

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

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

2. Adoption of new and revised Accounting Standards

The Ministry of Finance issued *Accounting Standard for Business Enterprises No.39 Fair Value Measurement*, *Accounting Standard for Business Enterprises No.40 Joint Arrangements*, *Accounting Standard for Business Enterprises No.9 Employee Benefits*, *Accounting Standard for Business Enterprises No.30 Presentation of Financial Statements*, and *Accounting Standard for Business Enterprises No.33 Consolidated Financial Statements* from January to February 2014. The above five accounting standards were effective from 1 July 2014, and entities listed overseas were encouraged to adopt the above five accounting standards in advance. As an overseas listed company, the Group has adopted the above five accounting standards, and treated the convergence in accordance with the regulations in the preparation of the financial statements for the year ended 31 December 2013. For details, see the prior period's financial statements.

The Ministry of Finance issued *Accounting Standard for Business Enterprises No.41 Disclosure of Interest in Other Entities* and revised *Accounting Standard for Business Enterprises No.2 Long-term Equity Investment* in March 2014, and also revised *Accounting Standard for Business Enterprises No.37 Presentation of Financial Instruments* in June 2014, which shall be adopted in the financial statements for the year ended 31 December 2014 and subsequent periods. With regards to these financial statements, in response to the aforementioned changes in the accounting standards, the Company's accounting policy has been revised according to the corresponding convergence requirements. Retrospective adjustments have been made for the comparative information where appropriate.

Accounting Standard for Business Enterprises No.2 Long-term Equity Investment (Revised in 2014) affects the Group's accounting treatment of other long-term investments. Other Long-term investments when the investee is neither jointly controlled nor significantly influenced by the Group, and no quoted market price in an active market so that whose fair value cannot be reliably measured are no longer applied to *Accounting Standard for Business Enterprises No.2 Long-term Equity Investment (Revised in 2014)* but applied to *Accounting Standard for Business Enterprises No.22 Recognition and Measurement of Financial instrument*.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

II. BASIS OF PREPARATION OF FINANCE STATEMENTS(CONTINUED)

2. **Adoption of new and revised Accounting Standards(continued)**

According to Accounting Standard for Business Enterprises No.2 Long-term Equity Investment (Revised in 2014), the Group made retrospective adjustments to previous accounting treatments. Other long-term investments when the investee is neither jointly controlled nor significantly influenced by the Company, with no quoted market price in an active market so that whose fair value cannot be reliably measured will be treated as available-for-sale financial assets. The above retrospective adjustments lead to the reclassification of long-term equity investment and available-for-sale financial assets. The balances as at 31 December 2013 have been restated.

The effects of the above retrospective adjustments on the financial statements for the year ended 31 December 2014 and 2013 can be referred to Note III, 30.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

1. **Statement of compliance with Accounting Standards for Business Enterprises**

The financial statements present fairly and fully the financial position of the Group and the Company as at 31 December 2014 and the financial performance and the cash flows for the year then ended in accordance with *Accounting Standards for Business Enterprises*.

2. **Accounting period**

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. **Functional currency**

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

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

4. **Business combinations**

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES(CONTINUED)

4. **Business combinations(continued)**

Business combinations involving entities under common control

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

Assets (including the goodwill recognized by the ultimate controlling party in acquisition of the party being acquired) and liabilities that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the combination date as recorded by the ultimate controlling party. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of the shares issued as consideration) is adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations involving entities not under common control

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

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

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable assets. If the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree is lower than the acquirer's interest in the fair value of the acquiree's net identifiable assets, the difference is, after reassessment of the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree and the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree, recognized in profit or loss.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES(CONTINUED)

5. Consolidated financial statements

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. A subsidiary is an entity that is controlled by the Company (including an enterprise, a divided part of an investee and a structured entity that is controlled by the Company).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All assets, liabilities, equity, sales, expenses and cash flow resulting from intra-group are eliminated on consolidation in full.

Where the amount of loss of a subsidiary attributable to the non-controlling shareholders exceeds their share of the opening balance of the owner's equity of the subsidiary, the excess shall be allocated against non-controlling interests.

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

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

The Group shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of elements of control.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are treated as equity transactions.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

6. *Joint arrangement and joint operations*

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint operator shall recognise in relation to its interest in a joint operation: (a) its assets, including its share of any assets held jointly; (b) its liabilities, including its share of any liabilities incurred jointly; (c) its revenue from the sale of its share of the output arising from the joint operation; (d) its share of the revenue from the sale of the output by the joint operation; and (e) its expenses, including its share of any expenses incurred jointly.

7. *Cash and cash equivalents*

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

8. *Foreign currency transactions and foreign currency translations*

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

8. *Foreign currency transactions and foreign currency translations (continued)*

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

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

9. *Financial instruments*

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

Recognition and derecognition of financial instruments

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

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

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

Recognition and derecognition of financial instruments (continued)

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

Classification and measurement of financial assets

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

Classification and measurement of financial assets (continued)

Loans and receivables

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

Available-for-sale financial assets

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

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

Classification and measurement of financial liabilities

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

Classification and measurement of financial liabilities (continued)

Financial liabilities at fair value through profit or loss

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

Bonds payable

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

Other financial liabilities

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

Offsetting financial assets and financial liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when, and only when, an entity currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

Financial guarantee contracts

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

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is made for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the estimated future cash flows of the financial asset. Objective evidence that a financial asset or group of assets is impaired includes: 1) significant financial difficulty of the issuer or obligor; 2) a breach of contract, such as a default or delinquency in interest or principal payments; 3) a higher probability that the borrower will enter bankruptcy or other financial reorganisation; and 4) observable data indicating that there is a measurable decrease in the estimated future cash flows.

Financial assets carried at amortized cost

If an impairment loss on a financial asset has incurred, the carrying amount of the asset is reduced through an allowance amount to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). Impairment is recognised in profit or loss for the current period. The present value of estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., effective interest rate computed on initial recognition) and includes the value of any related collateral. Subsequent to the Group's recognition of impairment loss on a financial asset carried at amortized cost, the interest income is measured by applying the discounting rate in the future cash flows estimation when measuring the impairment loss. For loans and receivables, if no collectable future cash flows are expected and all related collateral is sold or transferred in to the Group, then loans and receivables with related allowances are written off.

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

Impairment of financial assets (continued)

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

Available-for-sale financial assets

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

The objective evidence showing the impairment of an equity instrument held-for-sale includes the severe decline and the other-than-temporary decline of its fair value. There should be a method to distinguish the "severe" decline and the "other-than-temporary" one. With the existence of objective evidence showing the impairment, the gap between the fair value and the cost decides how severe the impairment is. The persistence of the difference between the fair value and the cost decides whether it is "other-than-temporary". The amount of the cumulative loss that is reclassified from equity to profit or loss shall be the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment loss of an equity instrument held for sale cannot be reversed through profit or loss, and any increase in fair value that occurs after the impairment is recognised directly in other comprehensive income.

Judgmental decisions are made to distinguish the "severe" decline and the "other-than-temporary" one. The Group included the difference between the acquisition cost and the current fair value, terms of the equity instrument held for sale, and other factors into consideration.

For an available-for-sale debt instrument, the impairment loss is measured as impairment of an financial asset carried at amortized cost. However, the amount of the cumulative loss that is reclassified from equity to profit or loss shall be the difference between the amortized cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Subsequent to the Group's recognition of impairment loss on a financial asset carried at amortized cost, the interest income is measured by applying the discounting rate in the future cash flows estimation when measuring the impairment loss.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

Impairment of financial assets (continued)

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

Financial assets carried at cost

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

Transfers of financial assets

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

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

When the entity's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the entity could be required to repay (the "guarantee amount").

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Receivables

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

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

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

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

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

	Provision rate for Accounts receivable	Provision rate for other Accounts receivable
	%	%
Within 6 months	—	—
6 months to 1 year (inclusive)	0.5	0.5
1 to 2 years (inclusive)	5	5
2 to 3 years (inclusive)	10	10
3 to 5 years (inclusive)	30	30
Over 5 years	80	80

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Receivables (continued)

- (3) Other individually insignificant receivables but separately tested for impairment

Receivables, that are individually insignificant and could not be grouped by the similar or related risk characteristics, are individually assessed for provision. If there is objective evidence that a receivable is impaired (such as the debtor encountering serious financial difficulties or bankruptcy, or breach of contracts), the amount of the impairment loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows and shall be recognized in profit or loss for the current period.

11. Inventories

Inventories include raw materials, work in progress, finished goods, turnover materials, properties under development, completed properties held for sale and gross amount due from contract customers. Costs of properties under development and completed properties held for sale mainly consist of the acquisition cost of land use rights, advance expenditures of land development, construction costs, infrastructure costs, supporting facilities costs and other relevant costs.

Inventories are initially carried at the actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are charged to the statement of profit or loss when issued, and other turnover materials are amortized based on the number of times that they are estimated to be used.

Inventories are accounted for using the perpetual inventory system.

At each balance sheet date, inventories shall be measured at the lower of cost and net realizable value. If the cost is in excess of amounts expected to be realized from their sale or use, provision for inventories is recognized in the statement of profit or loss. When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realizable value is higher than the carrying amount, the original amount of the write-down is reversed and charged to the statement of profit or loss.

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

12. *Construction contracts*

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

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

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

13. *Long-term equity investments*

Long-term equity investments include investments in subsidiaries, jointly controlled entities and associates. Long-term equity investment shall be recognized at initial investment cost upon acquisition. For a long-term equity investment acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the acquirer's share of the carrying value of owner's equity of the party being absorbed at the combination date; for a long-term equity investment through a business combination involving entities not under common control, the initial investment cost of the long-term equity investment is the cost of combination (for a business combination not involving entities under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date). The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquire. Other comprehensive income that consists of the initial investment cost before the date of acquisition should be reclassified to investment income when the long-term equity investments are being disposed of. For a long-term equity investment acquired otherwise than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by cash, the initial investment cost is the actual purchase price paid and direct costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; for a long-term equity investment acquired through exchange of non-monetary assets, the initial investment cost is determined in accordance with Accounting Standard for Business Enterprise No. 7 — Exchange of Non-monetary Assets; for a long-term equity investment acquired through debt restructuring, the initial investment cost is determined in accordance with Accounting Standard for Business Enterprise No. 12 — Debt Restructuring.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

13. Long-term equity investments (continued)

The cost method is applied for long-term equity investments in the financial statements of the Company when the investee is controlled by the Company. Control refers to the right to make decision on the financial and operating policies of a company and to obtain profit from the operating activities of the company.

Under the cost method, long-term equity investment is recorded at initial investment cost. Profits or cash dividends declared to be distributed by the investee should be recognized as investment income in the current period.

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

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

13. Long-term equity investments (continued)

When long-term equity investments are being disposed of, the difference between the carrying amount and the actual proceeds received should be charged to the statement of profit or loss. For long-term equity investments under the equity method, when the investment is no longer accounted for under the equity method, the other comprehensive income measured originally under the equity method adopt the same accounting basis as the assets or liabilities disposed of by the investee directly. The equity recognized based on the changes in the investee's equity except the net profit or loss, other comprehensive income and profit appropriation shall be transferred to profit or loss of the current period in a full amount. When the investment continues to be accounted for under the equity method, the other comprehensive income measured originally under the equity method adopt the same accounting basis as the assets or liabilities disposed of by the investee directly and shall be transferred to profit or loss of the current period on a proportional basis. The equity recognized based on the changes in the investee's equity except the net profit or loss, other comprehensive income and profit appropriation shall be transferred to profit or loss of the current period on a proportional basis.

If the disposal of the equity investment in a subsidiary is realized through several transactions until loss of control and is a package deal, the accounting treatment of these transactions should be dealt as one transaction of disposal of the subsidiary until loss of control. However, prior to the loss of control, the difference between the proceeds from the disposal of the long-term equity investment and the carrying amount of the corresponding long-term equity investment under each transaction is recognized into other comprehensive income in the individual financial statements which shall be transferred in aggregated amount to the profit or loss of the period upon the loss of control. If the disposal of the equity investment of a subsidiary is realized through several transactions until loss of control but is not a package deal, each transaction should be dealt individually. For the transactions that lead to loss of control, the remaining equity should be recognized as long-term equity investment or other related financial assets at book value (the remaining equity which has joint control of or has significant influence in the original subsidiary should be dealt with relative rules of converting cost method to equity method.)

14. Fixed assets

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in profit or loss for the period in which it is incurred.

Fixed assets are initially measured at cost, and the effect of any estimated costs of abandoning the asset is considered. The purchase cost of a fixed asset comprises its purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use, such as transportation costs and installation expenses. If the payment for a purchased fixed asset is deferred beyond the normal credit terms, cost of the fixed asset shall be determined based on the present value of the instalment. The difference between the actual payment and the present value of the purchase price is recognized in profit or loss over the credit period, except for such difference that is capitalized according to Accounting Standard for Business Enterprises No. 17 Borrowing Costs.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Fixed assets (continued)

Except for the fixed assets generated from using safety production expenses, depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual value rates and annual depreciation rates of fixed assets by category are as follows:

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

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

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

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

15. Construction in progress

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

16. *Borrowing costs*

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

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

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

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

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognized as expenses in the period in which they incurred.

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

- (1) for specific borrowings, the borrowing costs eligible for capitalization are the actual borrowing costs incurred during the current period deducted by any temporary interest or investment income; and
- (2) for general borrowings, the borrowing costs eligible for capitalization are determined by applying a capitalization rate to the capital expenditure that accumulated capital expenditures exceed the specific borrowings.

Capitalization of borrowing costs is suspended during extended periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than three months, until the acquisition or construction is resumed. Borrowing costs incurred during the suspended periods are recognized as expenses until the acquisition or construction of a fixed asset is resumed.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Intangible assets

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

An intangible asset shall be recognized only when it is probable that the related economic benefits will flow to the Group and the costs of which can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination with a fair value that can be measured reliably are recognized separately as intangible assets and measured at the fair value at the date of acquisition.

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

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

Land use rights

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

The Group accounts for its land use rights as intangible assets. The land use rights are measured as intangible assets that are separate from internally generated buildings measured as fixed assets. With respect to the land use rights purchased together with buildings, the acquisition cost is allocated between the two parts proportionately, or otherwise, is wholly accounted for as fixed assets.

Land use rights of the Group are amortized on the straight-line basis according to the useful lives approved in the obtained land use certificates.

Concession assets

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. *Intangible assets (continued)*

Mining rights

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

Development expenditure

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

18. *Long-term prepayments*

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

19. *Provisions*

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Provisions (continued)

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

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

20. Revenue

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

Revenue from construction contracts

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

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Revenue (continued)

Revenue from construction contracts (continued)

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

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

Revenue from the rendering of services

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

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

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

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Revenue (continued)

Revenue from the rendering of services (continued)

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

Revenue from the sales of goods

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

Interest income

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

Royalty income

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

Lease income

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

21. Government grants

Government grants are recognized when all attaching conditions will be complied with and the grant can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Government grants (continued)

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets pursuant to government provisions. When government provisions are not stated clearly, subsidiary conditions restricting the fundamental conditions of acquiring the grant may also be attached. Grants related to income are government grants other than those related to assets.

A government grant related to income is accounted for as follows: (a) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; and (b) if the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss for the current period. A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. However, a government grant measured at a nominal amount is recognized immediately in profit or loss for the current period.

Relocation compensation received due to public interests

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

22. Income tax

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

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. *Income tax (continued)*

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

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

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

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither affects the accounting profit nor taxable profit or loss; or
- (2) deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

23. Leases

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

As lessee of an operating lease

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

As lessor of an operating lease

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

As lessee of a finance lease

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

24. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, construction contracts, deferred income taxes, financial assets and long-term equity investments, which are accounted for using the cost method as there are no quoted market prices in active markets and whose fair value cannot be reliably measured, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and an intangible asset with an indefinite useful life is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. *Impairment of assets (continued)*

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognized in profit or loss for the current period. A provision for impairment loss of the asset is recognized accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognize any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognized, it cannot be reversed in the subsequent accounting periods.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

25. *Employee benefits*

Employee benefits are all forms of considerations given by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits the Group provided to employees' spouse, children, dependent, and families of deceased employees also belong to employee benefits.

Short-term benefits

In the period of employee services, short-term benefits are actually recognized as liabilities and charged to profit or loss or the related costs of assets for the current period.

Post-employment benefits (defined contribution plans)

Employees of the Group participate in the endowment insurance plans managed by local governments, the relevant costs incurred are recorded in the relevant capital costs and expenses by the Group.

Post-employment benefits (defined benefit plans)

The Group provides benefit plans for long-term post-leaving personnel, which are considered as defined benefit plans. The Group does not put any funds in the plans; the costs of the defined benefit plans are measured by the projected cumulative unit credit method.

Any remeasurement caused by the defined benefit plans, including actuarial gains or losses, is recognized in the balance sheet immediately and recorded in equity as other comprehensive income in the accounting period the re-measurement occurred. Those losses and gains should not be recognized in profit or loss in the subsequent accounting periods.

The past service costs should be recognized as current expenses at the earlier of the following dates: a) when the Group modifies the defined benefit plans; and b) when the Group recognizes relevant restructuring costs and termination benefits.

Net interest equals to the net defined benefit liability multiply by the discount rate. The Group recognized changes in the net defined benefit obligation as management expenses in the statement of profit or loss. Those changes include service costs, including current service costs, past service costs and gains and losses on settlement, and net interest, which are the interest expenses of the plan.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

25. *Employee benefits (continued)*

Termination benefits

The Group recognizes a liability and expenses for termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits; and b) when the entity recognizes costs for restructuring and involves the payment of termination costs.

Housing funds

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

Bonus entitlements

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

26. *Distribution of profit*

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

27. *Perpetual securities*

If the perpetual securities are non-redeemable (or only be redeemable by the issuer's choice) and any interest and dividends distributed are discretionary, then the securities are classified as equity. Distributions of interest and dividends from perpetual securities in the equity are recognized into distribution of equity.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. **Production safety expenses**

The Group accrues for production safety expenses pursuant to the *Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilization* <CaiQi [2012]No.16> and the *Management Measures on the Enterprises Production Safety Expenses Appropriation and Utilization*, issued by the Ministry of Finance and the State Administration of Work Safety.

Production safety expenses accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserve. When the expenditures are utilized as expenses, they should be recognized in the statement of profit or loss and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognized in the cost of fixed assets, which will be recognized when it is ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

29. **Fair value measurement**

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

29. Fair value measurement (continued)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

30. Changes in accounting policies

The Ministry of Finance revised *Accounting Standard for Business Enterprises No.2 Long-term Equity Investment* on 13 March 2014. The revised accounting standard were effective from 1 July 2014, and entities listed overseas are encouraged to adopt the revised accounting standard in advance. As an overseas listed company, the Group has adopted the revised accounting standards since 1 January 2014, and the change in accounting policies was approved by the Group's board of directors on 30 October 2014.

The main contents of the change in accounting policies are as follows:

Equity investments, except for investments in subsidiary companies, joint ventures and associates are no longer applied to *Accounting Standard for Business Enterprises No.2 Long-term Equity Investment (Revised in 2014)* but applied to *Accounting Standard for Business Enterprises No.22 Recognition and Measurement of Financial instrument*. Hereby, other long-term investments when the investee is neither jointly controlled nor significantly influenced by the Company, with no quoted market price in an active market so that whose fair value cannot be reliably measured, shall be measured as available-for-sale financial assets based on its carrying amount. The comparative information as at 31 December 2013 has been restated.

The Group	Before changes in accounting policies	After changes in accounting policies
Available-for-sale financial assets	222,097	3,058,380
Long-term equity investments	5,674,186	2,837,903

The Company	Before changes in accounting policies	After changes in accounting policies
Available-for-sale financial assets	96,896	105,548
Long-term equity investments	66,872,585	66,863,933

The retrospective adjustments had no effect on the net income and net assets of the 2013 financial statements of the Company and the Group.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

31. Significant accounting judgments and estimates

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

Judgments

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

Impairment of available-for-sale financial assets

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

Contingent liabilities arising from litigation and claims

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

Estimation uncertainty

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

Useful lives and residual values of fixed assets

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

31. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

In determining the useful lives and residual values of items of fixed assets, the Group periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of an asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of fixed assets are different from previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period, based on changes in circumstances.

Income tax and deferred tax assets

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

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

Percentage of completion of construction work

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

31. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Impairment of accounts receivable

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

Provision for properties under development

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

Impairment of goodwill

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

Long-term post-leaving benefits

The Group recognized the benefits paid to certain long-term post-leaving personnel as liability. The amounts of employee benefit expenses and liabilities are determined using various assumptions, estimated by the rates of return on assets, pension benefit inflation rates, medical benefit inflation rates, and other factors. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Actual results that differ from the assumptions are recognized immediately and therefore affect recognized other comprehensive income in the period in which such differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the other comprehensive income and balance of liabilities related to the long-term post-leaving benefit obligations.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax ("VAT")	—	For the Company and certain subsidiaries which are recognized as general VAT payers, VAT payable is imposed on the taxable sales amount multiplied by the tax rate of 6% or 17% (output-VAT) less deductible input-VAT of the current period. VAT of other subsidiaries recognized as small scale taxpayers is levied at the rate of 3%.
Business tax ("BT")	—	The Company and its subsidiaries are subject to BT for the income generated from the provision of construction services and other services at a rate of 3% and 5%, respectively.
City maintenance and construction tax ("CCT")	—	The Company and its subsidiaries are subject to CCT on the total payment of BT and VAT at a rate of 7%, 5% or 1% depending on the location of the taxpayers.
Education surcharge	—	The Company and its subsidiaries are subject to the education surcharge at a rate of 3% on the total payment of BT and VAT.
Corporate income tax ("CIT")	—	Except for certain preferential treatments available to the Company's domestic subsidiaries and overseas subsidiaries which are required to accrue CIT based on tax laws and regulations of foreign jurisdictions, the corporations within the Group are subject to CIT at a rate of 25%. The Company and its subsidiaries each calculates and pays CIT as a legal entity at the location where it is registered. Overseas subsidiaries (including those located in the Hong Kong and Macao Special Administrative Regions of the People's Republic of China) are taxed according to the prevailing tax laws and regulations in the relevant countries/jurisdictions.
Real estate tax	—	Real estate tax is levied by means of ad valorem at a rate of 1.2% based on 70%, 75% or 80% of the original cost of the properties. For those levied on prices, 12% of rental income is the basis. Real estate tax is filed and paid by the Company and its subsidiaries accordingly.
Individual income tax ("IIT")	—	According to the relevant tax laws and regulations, the Company and its subsidiaries have obligations to withhold IIT for their employees' salary income.
land value increment tax	—	The land value increment tax is levied at the ultra progressive tax rate based on the appreciation value.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. *Tax preferential treatments*

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

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

Preferential tax treatment for the Western Region Development

Pursuant to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No.58), the tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, “from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region, the income of which accounts for more than 70% of the total income of such enterprises. The Catalogue of Encouraged Industries in the Western Region shall be issued separately.”

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

Preferential tax treatment for the Western Region Development (continued)

At present, the Catalogue of Encouraged industries in the Western Region has been approved by the State Council, and shall be implemented as of 1 October 2014. Certain subsidiaries of the Group, including China Railway 11th Bureau Group 5th Engineering Co., Ltd. (中鐵十一局集團第五工程有限公司), China Railway 12th Bureau Group 1st Engineering Co., Ltd. (中鐵十二局集團第一工程有限公司), China Railway 12th Bureau Group 4th Engineering Co., Ltd. (中鐵十二局集團第四工程有限公司), Railway Maintenance Engineering Co., Ltd. of 12th Bureau Group of China Railway(中鐵十二局集團鐵路養護工程有限公司), China Railway Construction Bridge Engineering Bureau Group 5th Engineering Co., Ltd. (中鐵大橋工程局集團第五工程有限公司), China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司), China Railway 20th Bureau Group 2nd Engineering Co., Ltd. (中鐵二十局集團第二工程有限公司), China Railway 20th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十局集團第三工程有限公司), China Railway 20th Bureau Group 5th Engineering Co., Ltd. (中鐵二十局集團第五工程有限公司), China Railway 20th Bureau Group 6th Engineering Co., Ltd.(中鐵二十局集團第六工程有限公司), China Railway 20th Bureau Group Electrical Engineering Co., Ltd. (中鐵二十局集團有限公司電氣化工程有限公司), China Railway 21st Bureau Group Co., Ltd.(中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 2nd Engineering Co., Ltd.(中鐵二十一局集團第二工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group Electrical Engineering Co., Ltd. (中鐵二十一局集團電務電化工程有限公司), China Railway 21st Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵二十一局集團路橋工程有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), China Railway 23rd Bureau Group 8th Engineering Co., Ltd. (中鐵二十三局集團第八工程有限公司), China Railway First Survey and Design Institute Group Ltd.(中鐵第一勘察設計院集團有限公司), Gansu Runtong Electric Engineering Co., Ltd. (甘肅潤通電氣化工程有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公司), Chengdu China Railway Project Management Co., Ltd. (成都中鐵建項目建設管理有限公司), Kunming Autongda Railway Engineering Machinery Co., Ltd. (昆明奧通達鐵路機械有限公司) and Kunming China Railway Large Road Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司) were assumed to have enjoyed the corporate income tax preferential treatment for the Western Region Development temporarily after confirmation by the local tax authorities.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

Other preferential tax treatments for the Company's subsidiaries

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

China Railway 11th Bureau Group Bridge Co., Ltd. (中鐵十一局集團橋樑有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Jiangxi Province, Jiangxi Provincial Department of Finance, Jiangxi State Administration of Taxation and the Jiangxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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

China Railway 11th Bureau Group City Orbit Co., Ltd. (中鐵十一局集團城市軌道工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Hubei Province, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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

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

China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團有限公司三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

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

China Railway 12th Bureau Group Construction and Installation Engineering Co., Ltd. (中鐵十二局集團建築安裝工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2014, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2014 to 31 December 2016.

China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司):

China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Department, Tianjin Department of Finance, Tianjin State Administration of Taxation and the Tianjin Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway Construction Bridge Engineering Bureau Group 4th Engineering Co., Ltd. (中鐵大橋工程局集團有限公司第四工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Heilongjiang Province, Heilongjiang Provincial Department of Finance, Heilongjiang State Administration of Taxation and the Heilongjiang Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway Construction Bridge Engineering Bureau Group 6th Engineering Co., Ltd. (中鐵大橋工程局集團有限公司第六工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Jilin Province, Jilin Provincial Department of Finance, Jilin State Administration of Taxation and the Jilin Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

China Railway 13th Bureau Group Electrical Engineering Co., Ltd. (中鐵十三局集團電務工程有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

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

China Railway 14th Bureau Group Beijing China Railway Fangshan Bridge Co., Ltd. (中鐵十四局集團北京中鐵房山橋樑有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

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

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

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

China Railway 15th Bureau Group 1st Engineering Co., Ltd. (中鐵十五局集團第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shaanxi Province, Shaanxi Provincial Department of Finance, Shaanxi State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

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

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

China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 16th Bureau Group Beijing Metro Engineering Construction Co., Ltd. (中鐵十六局集團北京軌道交通建設工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 16th Bureau Group 4th Engineering Co., Ltd. (中鐵十六局集團第四工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 16th Bureau Group 3rd Engineering Co., Ltd. (中鐵十六局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang State Administration of Taxation and the Zhejiang Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. *Tax preferential treatments (continued)*

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

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

China Railway 17th Bureau Group Electrical Engineering Co., Ltd. (中鐵十七局集團電氣化工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 17th Bureau Group Construction Co., Ltd. (中鐵十七局集團建築工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 17th Bureau Group 1st Engineering Co., Ltd. (中鐵十七局集團第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shaanxi Province, Shaanxi Provincial Department of Finance, Shaanxi State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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

China Railway 17th Bureau Group 3rd Engineering Co., Ltd. (中鐵十七局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司)

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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

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

China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司):

China Railway 20th Bureau Group Xi'an Engineering Co., Ltd. (中鐵二十局集團西安工程機械有限公司) has been recognized as a High-New Technology Enterprise by the Shaanxi Municipal Science and Technology Commission, Shaanxi Finance Department, Shaanxi Municipal Office of the State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

China Railway 20th Bureau Group 4th Engineering Co., Ltd. (中鐵二十局集團第四工程有限公司) has been recognized as a High-New Technology Enterprise by the Qingdao Municipal Science and Technology Commission, Qingdao Finance Department, Qingdao Municipal Office of the State Administration of Taxation and the Qingdao Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 20th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Chongqing Municipal Science and Technology Commission, Chongqing Finance Department, Chongqing Municipal Office of the State Administration of Taxation and the Chongqing Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

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

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

China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

China Railway 23rd Bureau Group Metro Engineering Co., Ltd. (中鐵二十三局集團軌道交通工程有限公司) has been recognized as a High-New Technology Enterprise by the Shanghai Municipal Science and Technology Commission, Shanghai Municipal Bureau of Finance, Shanghai Municipal Office of the State Administration of Taxation and the Shanghai Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司)

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司) has been recognized as a High-New Technology Enterprise by Shanghai Municipal Science and Technology Commission, Shanghai Municipal Bureau of Finance, Shanghai Municipal Office of the State Administration of Taxation and the Shanghai Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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

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

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

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

China Railway Construction Heavy Industry Group Co., Ltd. (中國鐵建重工集團有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Hunan Province, Hunan Provincial Department of Finance, Hunan State Administration of Taxation and the Hunan Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

China Railway Longchang Railway Audio Supplies Co., Ltd. (中鐵隆昌鐵路器材有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Sichuan Province, Sichuan Provincial Department of Finance, Sichuan State Administration of Taxation and the Sichuan Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

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

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

China Railway Construction Electrification Bureau (Group) 2nd Engineering Co., Ltd. (中國鐵建電氣化局集團第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway Construction Electrification Bureau (Group) 3rd Engineering Co., Ltd. (中鐵建電氣化局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, Hebei State Administration of Taxation and the Hebei Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

China Railway Construction Electrification Bureau (Group) 5th Engineering Co., Ltd. (中國鐵建電氣化局集團第五工程有限公司) has been recognized as a High-New Technology Enterprise by the Guangxi Provincial Science and Technology Department, Guangxi Provincial Department of Finance, Guangxi State Administration of Taxation and the Guangxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway Construction Electrification Bureau (Group) Kang Yuan New Materials Co., Ltd. (中鐵建電氣化局集團康遠新材料有限公司) has been recognized as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

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

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	31 December 2014	31 December 2013
Cash	141,721	131,216
Cash at banks	89,442,640	85,109,777
Others	4,569,298	5,778,753
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	3,934,128	2,414,091
	98,087,787	93,433,837

Cash and bank balances with title restrictions were stated in Note V.58.

As at 31 December 2014, the Group held the foreign cash and bank balances amounted to RMB3,638,790,000 (31 December 2013: RMB4,999,788,000), and held the restricted deposits amounted to RMB10,056,000 (31 December 2013: RMB433,000).

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

	31 December 2014	31 December 2013
Cash and bank balances at year end	98,087,787	93,433,837
Less: mandatory reserves placed by CRCC Finance Company Limited with the central bank	(3,934,128)	(2,414,091)
Less: non-pledged time deposits with original maturity of three months or more when acquired	(5,192,797)	(5,636,327)
Less: other restricted cash and bank balances	(4,512,367)	(5,599,966)
Cash and cash equivalents at year end	84,448,495	79,783,453
Less: cash and cash equivalents at beginning of the year	(79,783,453)	(79,782,051)
Net increase in cash and cash equivalents	4,665,042	1,402

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets at fair value through profit or loss

	31 December 2014	31 December 2013
Equity instruments held for trading	110,204	123,161

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

3. Bills receivable

	31 December 2014	31 December 2013
Commercial acceptance bills	1,453,333	1,973,365
Bank acceptance bills	1,444,174	1,493,034
	2,897,507	3,466,399

As at 31 December 2014 and 31 December 2013, there were no bills receivable pledged.

As at 31 December 2014, the Group had derecognized the following bank acceptance bills which were not matured but had been endorsed to other parties:

	31 December 2014		31 December 2013	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance bills	697,391	—	1,517,969	—

Bills receivable transferred to accounts receivable due to non-compliance of drawer of a bill were as follows:

	31 December 2014	31 December 2013
Commercial acceptance bills	72,590	—

As at 31 December 2014, the Group's bills receivable were neither past due nor impaired (31 December 2013: Nil).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

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

An ageing analysis of accounts receivable is presented as follows:

	31 December 2014	31 December 2013
Within 1 year	106,134,493	81,793,582
1 to 2 years	7,655,257	4,851,995
2 to 3 years	2,031,216	1,155,707
Over 3 years	1,190,068	886,251
Less: provision for bad debts	117,011,034 (1,596,792)	88,687,535 (889,813)
	115,414,242	87,797,722

Movements in the provision for bad debts are as follows:

	2014	2013
Opening balance	889,813	458,824
Provision	916,894	580,305
Reversal	(187,739)	(133,626)
Write-off	(22,176)	(15,690)
Closing balance	1,596,792	889,813

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

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

	31 December 2014			
	Gross carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	100,600,704	85.98	(883,998)	0.88
Subject to provision by risk characteristics group	13,455,523	11.50	(152,119)	1.13
Individually not significant but subject to separate provision for bad debts	2,954,807	2.52	(560,675)	18.98
	117,011,034	100.00	(1,596,792)	

	31 December 2013			
	Gross carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	75,892,085	85.57	(309,632)	0.41
Subject to provision by risk characteristics group	11,058,904	12.47	(250,313)	2.26
Individually not significant but subject to separate provision for bad debts	1,736,546	1.96	(329,868)	19.00
	88,687,535	100.00	(889,813)	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 31 December 2014, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows:

Due from	Gross carrying amount	Provision for bad debts	Percentage (%)	Reason
Company 1	118,820	(81,459)	68.56	Note
Company 2	97,952	(77,887)	79.52	Note
Company 3	49,261	(39,409)	80.00	Note
Company 4	35,971	(28,777)	80.00	Note
Company 5	31,118	(24,895)	80.00	Note
Others	15,814,901	(631,571)		
	16,148,023	(883,998)		

As at 31 December 2013, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows:

Due from	Gross carrying amount	Provision for bad debts	Percentage (%)	Reason
Company 1	43,338	(33,990)	78.43	Note
Company 2	13,137	(13,137)	100.00	Note
Company 3	19,044	(9,522)	50.00	Note
Company 4	10,529	(8,424)	80.00	Note
Company 5	10,111	(8,089)	80.00	Note
Others	12,075,965	(236,470)		
	12,172,124	(309,632)		

Note: According to the age analysis and operation of the companies, the Group recorded all or a proportion of provision for doubtful debts.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

Accounts receivable which are subject to provision by group were as follows:

	31 December 2014			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
— Within 6 months	12,600,477	93.64	—	—
— 6 months to 1 year	120,643	0.90	(603)	0.50
— 1 to 2 years	362,857	2.70	(18,143)	5.00
— 2 to 3 years	159,427	1.18	(15,943)	10.00
— Over 3 years	212,119	1.58	(117,430)	55.36
	13,455,523	100.00	(152,119)	

	31 December 2013			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
— Within 6 months	9,324,502	84.32	—	—
— 6 months to 1 year	538,382	4.87	(2,692)	0.50
— 1 to 2 years	550,085	4.97	(27,509)	5.00
— 2 to 3 years	302,512	2.74	(30,240)	10.00
— Over 3 years	343,423	3.10	(189,872)	55.29
	11,058,904	100.00	(250,313)	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 31 December 2014, the five largest accounts receivable were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable (%)
Company 1	Third party	1,942,002	Within 1 year	1.66
Company 2	Third party	1,442,269	Within 1 year	1.23
Company 3	Third party	1,328,840	Within 1 year	1.14
Company 4	Third party	812,852	Within 1 year	0.70
Company 5	Third party	811,595	Within 1 year	0.69
		6,337,558		5.42

As at 31 December 2013, the five largest accounts receivable were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable (%)
Company 1	Third party	1,432,716	Within 1 year	1.62
Company 2	Third party	1,350,189	Within 1 year	1.52
Company 3	Third party	1,310,538	Within 1 year	1.48
Company 4	Third party	917,867	Within 1 year	1.03
Company 5	Third party	813,820	Within 1 year	0.92
		5,825,130		6.57

As at 31 December 2014, the Group's accounts receivable that were neither past due nor impaired amounted to RMB95,803,970,000 (31 December 2013: RMB73,078,101,000).

For 2014, the write-off of accounts receivable amounted to RMB22,176,000 (2013: RMB15,690,000).

The restricted accounts receivable in the Group are stated in Note V.58.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. *Advances to suppliers*

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

	31 December 2014		31 December 2013	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	26,560,717	96.16	31,841,192	97.88
1 to 2 years	827,971	3.00	639,537	1.97
2 to 3 years	212,420	0.77	28,157	0.09
Over 3 years	19,167	0.07	20,532	0.06
	27,620,275	100.00	32,529,418	100.00

As the balance sheet date, significant advances to suppliers aged over one year were as follows:

	31 December 2014	Nature
Company 1	250,412	Prepayment for materials
Company 2	138,003	Prepayment for materials
Company 3	101,455	Prepayment for materials
Company 4	87,728	Prepayment for materials
Company 5	55,346	Prepayment for materials
	632,944	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Advances to suppliers (continued)

	31 December 2013	Nature
Company 1	119,700	Prepayment for materials
Company 2	50,000	Prepayment for materials
Company 3	35,103	Prepayment for materials
Company 4	32,893	Prepayment for materials
Company 5	31,878	Prepayment for materials
	269,574	

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

As at 31 December 2014, the five largest advances to suppliers were as follows:

	Relationship with the Group	Amount	Ageing	Percentage (%)
Company 1	Third party	290,495	Within 1 year	1.05
Company 2	Third party	263,592	Within 2 years	0.95
Company 3	Third party	261,476	Within 1 year	0.95
Company 4	Third party	244,078	Within 1 year	0.88
Company 5	Third party	228,800	Within 1 year	0.83
		1,288,441		4.66

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Advances to suppliers (continued)

As at 31 December 2013, the five largest advances to suppliers were as follows:

	Relationship with the Group	Amount	Ageing	Percentage (%)
Company 1	Third party	605,407	Within 1 year	1.86
Company 2	Third party	410,050	Within 1 year	1.26
Company 3	Third party	369,204	Within 1 year	1.13
Company 4	Third party	358,003	Within 1 year	1.10
Company 5	Third party	351,014	Within 1 year	1.08
		2,093,678		6.43

6. Other receivables

An ageing analysis of other receivables was as follows:

	31 December 2014	31 December 2013
Within 1 year	30,893,740	29,383,159
1 to 2 years	3,776,011	1,334,025
2 to 3 years	509,044	594,668
Over 3 years	531,750	434,826
Less: provision for bad debts	35,710,545 (1,173,777)	31,746,678 (765,762)
	34,536,768	30,980,916

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

Movements in the provision for bad debts were as follows:

	2014	2013
Opening balance	765,762	324,100
Provision	507,814	531,643
Reversal	(36,095)	(16,687)
Write-off	(63,704)	(73,294)
Closing balance	1,173,777	765,762

Other receivables by category were presented as follows:

	31 December 2014			
	Gross carrying amount	Provision for bad debts		
	Amount	Percentage	Amount	Percentage
		%		%
Individually significant and subject to separate provision for bad debts	19,835,976	55.55	(693,269)	3.50
Subject to provision by risk characteristics group	10,138,013	28.39	(63,154)	0.62
Individually not significant but subject to separate provision for bad debts	5,736,556	16.06	(417,354)	7.28
	35,710,545	100.00	(1,173,777)	

	31 December 2013			
	Gross carrying amount	Provision for bad debts		
	Amount	Percentage	Amount	Percentage
		%		%
Individually significant and subject to separate provision for bad debts	16,171,511	50.94	(476,795)	2.95
Subject to provision by risk characteristics group	9,812,195	30.91	(86,940)	0.89
Individually not significant but subject to separate provision for bad debts	5,762,972	18.15	(202,027)	3.51
	31,746,678	100.00	(765,762)	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

Other receivables by group were presented as follows:

	31 December 2014			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage
— Within 6 months	9,741,537	96.09	—	—
— 6 months to 1 year	127,873	1.26	(639)	0.50
— 1 to 2 years	127,906	1.26	(6,395)	5.00
— 2 to 3 years	80,626	0.80	(8,063)	10.00
— Over 3 years	60,071	0.59	(48,057)	80.00
	10,138,013	100.00	(63,154)	

	31 December 2013			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage
— Within 6 months	9,214,897	93.91	—	—
— 6 months to 1 year	136,704	1.39	(684)	0.50
— 1 to 2 years	280,967	2.86	(14,048)	5.00
— 2 to 3 years	75,850	0.77	(7,585)	10.00
— Over 3 years	103,777	1.06	(64,623)	62.27
	9,812,195	100.00	(86,940)	

As at 31 December 2014, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reason
Company 1	168,000	(168,000)	100.00	Note
Company 2	68,039	(68,039)	100.00	Note
Company 3	46,634	(46,634)	100.00	Note
Company 4	45,372	(45,372)	100.00	Note
Company 5	43,714	(43,714)	100.00	Note
Others	685,121	(321,510)		
	1,056,880	(693,269)		

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

As at 31 December 2013, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reason
Company 1	170,679	(168,000)	98.43	Note
Company 2	67,421	(67,421)	100.00	Note
Company 3	45,538	(45,538)	100.00	Note
Company 4	44,714	(44,714)	100.00	Note
Company 5	43,119	(43,119)	100.00	Note
Others	646,827	(108,003)		
	1,018,298	(476,795)		

Note: According to the age analysis and operation of the companies, the Group recorded all or a proportion of provision for doubtful debts.

As at 31 December 2014, the Group's other receivables that were neither past due nor impaired amounted to RMB28,520,634,000 (31 December 2013: RMB29,860,223,000).

As at 31 December 2014, the Group's other receivables that were written off amounted to RMB63,704,000 (31 December 2013: RMB73,294,000).

A nature analysis of other receivables was as follows:

	31 December 2014	31 December 2013
Security deposit/cash pledge	26,376,810	25,130,732
Advance payment	3,537,333	3,190,466
Others	5,796,402	3,425,480
	35,710,545	31,746,678

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

As at 31 December 2014, the five largest other receivables were as follows:

	Amount	Percentage of total other receivables (%)	Nature	Ageing	Bad debts
Company 1	1,052,422	2.95	Bid bond Performance	Within 1 year	—
Company 2	769,020	2.15	bond Performance	1 to 2 years	—
Company 3	697,639	1.95	bond Performance	Within 1 year	—
Company 4	665,523	1.86	bond Performance	Within 1 year	—
Company 5	561,132	1.57	bond	1 to 2 years	—
	3,745,736	10.48			—

As at 31 December 2013, the five largest other receivables were as follows:

	Amount	Percentage of total other receivables (%)	Nature	Ageing	Bad debts
Company 1	1,000,000	3.15	Bid bond Performance	Within 1 year	—
Company 2	769,020	2.42	bond Performance	Within 1 year	—
Company 3	726,348	2.29	bond Performance	Within 1 year	—
Company 4	561,132	1.77	bond Performance	Within 1 year	—
Company 5	501,822	1.58	bond	Within 1 year	—
	3,558,322	11.21			—

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

As at 31 December 2014, government grants receivable were as follows:

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	6,379	2 to 3 years	June 2015	Panjin municipal committee publication[2010] No.16

As at 31 December 2013, Government grants receivable were as follows:

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	10,379	1 to 2 years	June 2015	Panjin municipal committee publication[2010] No.16

7. Inventories

	31 December 2014		
	Gross carrying amount	Provision	Carrying amount
Raw materials	26,627,573	(13,927)	26,613,646
Work in progress	1,045,600	—	1,045,600
Finished goods	4,837,208	(8,178)	4,829,030
Turnover materials	7,030,040	—	7,030,040
Properties under development (1)	78,062,280	—	78,062,280
Completed properties held for sale (2)	10,867,648	(72,335)	10,795,313
Gross amount due from contract customers (3)	97,837,193	(254,986)	97,582,207
	226,307,542	(349,426)	225,958,116

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

	31 December 2013		
	Gross carrying amount	Provision	Carrying amount
Raw materials	26,904,465	(4,163)	26,900,302
Work in progress	1,121,583	—	1,121,583
Finished goods	6,205,541	(12,970)	6,192,571
Turnover materials	6,766,675	—	6,766,675
Properties under development (1)	63,041,876	—	63,041,876
Completed properties held for sale (2)	8,968,016	(69,222)	8,898,794
Gross amount due from contract customers (3)	88,827,855	(112,834)	88,715,021
	201,836,011	(199,189)	201,636,822

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

2014

	Opening balance	Provision	Write-off/reversal	Closing balance
Raw materials	4,163	9,764	—	13,927
Finished goods	12,970	3,224	(8,016)	8,178
Completed properties held for sale	69,222	3,113	—	72,335
Provision for foreseeable contract losses	112,834	179,541	(37,389)	254,986
	199,189	195,642	(45,405)	349,426

2013

	Opening balance	Provision	Write-off/reversal	Closing balance
Raw materials	4,163	—	—	4,163
Finished goods	4,747	14,078	(5,855)	12,970
Completed properties held for sale	69,368	207	(353)	69,222
Provision for foreseeable contract losses	220,878	36,253	(144,297)	112,834
	299,156	50,538	(150,505)	199,189

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Construction commencement date	Estimated completion date	Estimated investment amount	As at 31 December 2014	As at 31 December 2013
Tongjing International City Project	May 2005	October 2015	7,426,000	1,871,378	1,372,436
Guiyang CRCC International City Project	September 2007	September 2016	8,104,880	2,580,101	2,151,145
Hefei CRCC International City Project	May 2009	December 2017	7,400,000	1,278,847	728,317
Wuhan 1818 Center Project	November 2009	May 2015	2,062,610	1,092,189	872,653
Hangzhou CRCC International City Project	March 2011	June 2016	5,190,030	2,799,372	3,070,288
Tianjin CRCC International City Project	July 2011	April 2018	9,734,970	3,968,651	3,851,465
Xipai international Project	August 2011	June 2015	4,017,170	1,867,819	2,274,032
Xi'an CRCC International City Project	August 2011	May 2018	9,773,964	3,464,902	2,950,202
Jinan CRCC International City Project	August 2011	December 2015	3,086,910	808,615	1,663,569
CRCC Beijing Shanyu City Project	September 2011	December 2015	3,609,140	1,100,283	1,140,074
Fangshan Shengshui Jiaming Project	May 2012	December 2015	3,671,840	1,655,554	1,933,523
Guiyang Lancaoba Project	October 2012	December 2017	11,614,040	811,957	737,256
Puhe Xinyuan Project	November 2012	May 2015	1,090,939	861,864	323,711
Wuhan Donghu High-tech Zone (Guanggu) Project	December 2012	December 2017	2,348,290	949,230	715,419
Changsha Meixi Lake Project	May 2013	December 2017	3,537,990	1,017,298	1,479,654
CRCC Yao Center Project	June 2013	September 2015	1,831,910	1,012,525	679,726
Beihu Xinqu Project	August 2013	July 2018	4,820,000	2,770,718	2,272,765
CRCC Hangzhou Qingxiucheng Project	September 2013	June 2015	1,732,950	1,255,932	951,884
Chengdu International Garden Project	October 2013	March 2017	2,059,000	1,336,198	564,132
Xipai Lan'an Project	November 2013	December 2018	5,300,000	2,780,719	2,192,860
Xuzhou Yuanxiang Mangu Project	December 2013	March 2015	1,050,000	805,218	386,271
CRCC Guobinyuan Project	March 2014	November 2017	2,787,140	1,637,372	—
Qingxiu Lanwan Project	March 2014	December 2016	3,490,000	2,110,722	1,563,484
CRCC Hefei Qingxiucheng Project	March 2014	September 2018	4,050,568	766,860	772,606
Shanghai Qingxiucheng 2 Project	April 2014	December 2016	1,884,211	1,331,293	1,117,272
Jiangxi Jingcheng Qingxiu City Project	May 2014	June 2017	2,367,100	857,822	—
Nanjing Qingxiucheng Project	June 2014	September 2018	6,473,850	3,875,650	2,812,414
Haidian Environmental Protection Science Park Project	June 2014	December 2015	2,482,310	1,904,176	1,809,720

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Construction commencement date	Estimated completion date	Estimated investment amount	As at 31 December 2014	As at 31 December 2013
Qingxiu Shangcheng Project	June 2014	August 2016	1,806,060	1,116,656	817,300
Shunxin Jiayuan Project	June 2014	December 2015	1,895,070	1,211,515	1,031,998
Yanfang Pianqu Project	July 2014	December 2015	1,979,230	956,721	808,330
Foshan International Gongguan Project	August 2014	December 2016	4,224,000	2,179,293	983,623
Jiucheng Yihao Project	September 2014	December 2017	2,146,890	1,062,272	—
Guangzhou Zengcheng International Garden Project	December 2014	September 2017	2,236,060	839,025	—
Tongrui Xingsheng Nanyuan Huayu Project	December 2014	August 2016	3,878,760	1,744,745	—
Jinjun Xingsheng Jiugongzhen Project	December 2014	October 2016	4,511,930	2,775,826	—
Jingzhao International City Project	December 2014	December 2016	4,435,050	1,603,897	—
Others				15,999,065	19,013,747
Total				78,062,280	63,041,876

As at 31 December 2014, the aggregate carrying amount of borrowing costs capitalized in properties under development was RMB3,693,604,000 (31 December 2013: RMB2,350,298,000). Borrowing costs capitalized during the year ended 31 December 2014 amounted to RMB2,797,407,000 (for the year ended 31 December 2013 amounted to RMB1,230,992,000). The capitalization rates of borrowing costs ranged from 3.25% to 8.85% during the year (for the year ended 31 December 2013: 4.64% to 8.84%).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Completion date	2014			Closing balance
		Opening balance	Additions	Deductions	
Beijing C-park Flat Project	December 2009	101,409	380	(5,392)	96,397
Xuzhou Rencai Jiayuan Project	November 2011	168,046	4	(15,875)	152,175
CRCC Lingxiu City Project	April 2012	425,152	3,147	(332,050)	96,249
CRCC Qingxiu Yayuan Project	September 2012	100,512	—	(9,155)	91,357
Changsha Shanyu City Project	November 2012	672,182	26,904	(330,545)	368,541
CRCC Chengdu International City II Project	December 2012	447,523	—	(228,467)	219,056
CRCC Fengling Shanyu City Project	August 2013	152,375	—	(79,112)	73,263
Hefei CRCC International City Project	September 2013	1,049,839	70,032	(421,283)	698,588
Beijing Wutong Yuan Project	September 2013	114,350	11,459	4,967	130,776
CRCC Guiyang International City Project	October 2013	1,214,175	8,405	(673,470)	549,110
Beijing CRCC International City Project	November 2013	576,112	2,500,851	(2,129,994)	946,969
CRCC Bei Cheng Hua Fu Project	November 2013	455,134	43,144	(260,097)	238,181
CRCC Hangzhou International City Project	November 2013	502,671	1,062,583	(1,073,180)	492,074
CRCC Liwan International City Project	December 2013	352,603	1,523,554	(1,270,050)	606,107
CRCC Jing Nan Yipin Project	December 2013	401,310	87,312	(301,914)	186,708
CRCC Ruiyuan Project	December 2013	212,772	148,421	(171,463)	189,730
CRCC International Garden I Project	December 2013	195,031	13,252	(61,201)	147,082
Xipai International Project	April 2014	—	1,160,592	(915,682)	244,910
Jinan CRCC International City Project	June 2014	54,790	1,077,860	(877,247)	255,403

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Completion date	2014			Closing balance
		Opening balance	Additions	Deductions	
CRCC Linyi Donglai					
Shangcheng Project	October 2014	210,396	92,981	(107,258)	196,119
CRCC Xiangdi Meijun Project	October 2014	—	458,074	(149,187)	308,887
Hunan Zhongsheng Jiaye					
International City Project	November 2014	73,835	527,745	(356,275)	245,305
Chengdu Longquanyi Project	December 2014	518,016	751,758	(582,100)	687,674
Changyang International					
Garden Project	December 2014	—	1,668,805	(1,192,018)	476,787
Hangzhou Jingfa International					
Garden Project	December 2014	—	760,760	(298,411)	462,349
Changsha Meixi Lake Project	December 2014	—	828,951	(245,777)	583,174
Shanghai Qingxiucheng Project	December 2014	—	800,303	(391,295)	409,008
Others		969,783	5,350,810	(4,604,924)	1,715,669
		8,968,016	18,978,087	(17,078,455)	10,867,648

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Completion date	Opening balance	2013		Closing balance
			Additions	Deductions	
Beijing C-park Flat Project	December 2009	24,282	80,187	(3,060)	101,409
Xuzhou Rencai Jiayuan Project	November 2011	205,996	2,190	(40,140)	168,046
CRCC Lingxiu City Project	April 2012	4,604	839,216	(418,668)	425,152
Changsha Shanyu City Project	November 2012	361,987	550,301	(240,106)	672,182
Chengdu Longquanyi Project	December 2012	1,139,885	50,002	(671,871)	518,016
CRCC Chengdu International City II Project	December 2012	904,778	11,495	(468,750)	447,523
CRCC Fengling Shanyu City Projects	August 2013	445,225	3,552	(296,402)	152,375
CRCC Qingxiu City Project	September 2013	303,714	8,863	(212,065)	100,512
Hefei CRCC International City Project	September 2013	757,581	1,423,304	(1,131,046)	1,049,839
Beijing Wutong Yuan Project	September 2013	—	3,330,865	(3,216,515)	114,350
CRCC Guiyang International City Project	October 2013	957,152	1,328,670	(1,071,647)	1,214,175
CRCC Linyi Donglai Shangcheng Project	October 2013	94,292	263,199	(147,095)	210,396
Tiantian Garden IV Project	October 2013	—	348,665	(214,214)	134,451
Beijing CRCC International City Project	November 2013	733,277	588,876	(746,041)	576,112
CRCC Bei Cheng Hua Fu Project	November 2013	968,839	46,157	(559,862)	455,134
CRCC Hangzhou International City Project	November 2013	—	1,203,319	(700,648)	502,671
CRCC International Garden I Project	December 2013	357,097	5,074	(167,140)	195,031
Tongjing International City Project	December 2013	176,936	104,095	(173,486)	107,545
CRCC Jing Nan Yipin Project	December 2013	100,560	728,300	(427,550)	401,310
CRCC Ruiyuan Project	December 2013	—	510,748	(297,976)	212,772
CRCC Liwan International City Project	December 2013	—	1,251,587	(898,984)	352,603
Others		1,281,045	5,828,893	(6,253,526)	856,412
		8,817,250	18,507,558	(18,356,792)	8,968,016

Inventories with title restriction are stated in Note V.58.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

(3) Construction contracts

	31 December 2014	31 December 2013
Contract costs incurred to date	2,729,304,919	2,279,694,819
Recognized profit less recognized losses	199,293,332	163,863,976
Less: provision for foreseeable contract losses	(254,986)	(112,834)
Less: progress billings	(2,846,213,971)	(2,367,429,705)
	82,129,294	76,016,256

At end of the year:

	31 December 2014	31 December 2013
Gross amount due from contract customers	97,582,207	88,715,021
Gross amount due to contract customers (Note V.22)	(15,452,913)	(12,698,765)
	82,129,294	76,016,256

8. Available-for-sale financial assets

Available-for-sale equity instruments

	31 December 2014	31 December 2013
Investments in listed companies	586,872	231,897
— Hong Kong	227,395	9,800
— Other areas	359,477	222,097
Investments in unlisted companies	3,225,567	2,826,483
	3,812,439	3,058,380

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Available-for-sale financial assets (continued)

Available-for-sale equity instruments	31 December 2014			31 December 2013		
	Gross carrying amount	Provision	Carrying amount	Gross carrying amount	Provision	Carrying amount
Measured at fair value	586,872	—	586,872	231,897	—	231,897
Measured at book value	3,239,907	(14,340)	3,225,567	2,838,469	(11,986)	2,826,483
	3,826,779	(14,340)	3,812,439	3,070,366	(11,986)	3,058,380

Available-for-sale financial assets measured at fair value:

	31 December 2014 Available-for-sale equity instruments	31 December 2013 Available-for-sale equity instruments
Cost	89,510	89,510
Total fair value gain or loss in other comprehensive income	497,362	142,387
Fair value	586,872	231,897

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Available-for-sale financial assets (continued)

Available-for-sale financial assets measured at cost:

Year 2014:

	Gross carrying amount			Provision for impairment			Percentage of ownership in equity (%)	Cash dividend	
	Opening Balance	Increase	Decrease	Closing Balance	Opening Balance	Increase	Closing Balance		
Vossloh Fastening Systems (China) Co., Ltd.	56,969	—	—	56,969	—	—	—	16.20	31,982
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	—	—	10,000	(6,771)	(544)	(7,315)	16.00	—
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd	3,085	—	—	3,085	—	—	—	15.00	—
Wuhan Johnson Pearl Plaza Head Falcon Electric Appliance Co., Ltd.	60,000	—	—	60,000	—	—	—	12.00	—
Djibouti Paid Port & Doraleh Port -Galile Railway Project	—	355,254	—	355,254	—	—	—	10.00	—
Beijing Railway Hotel Company Limited	15,000	—	—	15,000	—	—	—	8.10	—
Shanghai Zhouji Development Co., Ltd.	3,123	—	—	3,123	(3,123)	—	(3,123)	7.00	—
Beijing-Guangzhou Passenger Railway Henan Company Limited	2,000,000	—	—	2,000,000	—	—	—	5.00	—
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	200,000	—	—	200,000	—	—	—	3.65	—
Essence Securities Co., Ltd.	268,452	—	—	268,452	—	—	—	2.09	—
Inner Mongolia Jitong Railway Co., Ltd.	13,082	—	—	13,082	—	—	—	0.43	—
China Resources Land (Beijing) Co., Ltd.	5,485	—	—	5,485	—	—	—	0.24	—
Guotai Jun'an Securities Corporation Limited	7,660	—	—	7,660	—	—	—	0.16	380
Others	194,013	59,500	(13,316)	240,197	(2,092)	(1,810)	(3,902)		2,965
Total	2,838,469	414,754	(13,316)	3,239,907	(11,986)	(2,354)	(14,340)		35,327

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Available-for-sale financial assets (continued)

Available-for-sale financial assets measured at cost (continued):

Year 2013:

	Gross carrying amount			Provision for impairment				Percentage of ownership in equity (%)		Cash dividend
	Opening Balance	Increase	Decrease	Closing Balance	Opening Balance	Increase	Decrease	Closing Balance		
Jilin Dong'ao Engineering Co., Ltd.	10,000	—	(10,000)	—	—	—	—	—	16.67	—
Vossloh Fastening Systems (China) Co., Ltd.	56,969	—	—	56,969	—	—	—	—	16.20	10,336
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	—	—	10,000	(6,182)	(589)	—	(6,771)	16.00	—
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	—	—	3,085	—	—	—	—	15.00	—
Wuhan Johnson Pearl Plaza	60,000	—	—	60,000	—	—	—	—	12.00	—
Head Falcon Electric Appliance Co., Ltd.	1,600	—	—	1,600	—	—	—	—	10.00	—
Beijing Railway Hotel Company Limited	15,000	—	—	15,000	—	—	—	—	8.10	—
Shanghai Zhouji Development Co., Ltd.	3,123	—	—	3,123	(3,123)	—	—	(3,123)	7.00	—
Beijing-Guangzhou Passenger Railway Henan Company Limited	1,700,000	300,000	—	2,000,000	—	—	—	—	5.00	—
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	200,000	—	—	200,000	—	—	—	—	3.65	—
Essence Securities Co., Ltd.	268,452	—	—	268,452	—	—	—	—	2.09	—
Inner Mongolia Jitong Railway Co., Ltd.	13,082	—	—	13,082	—	—	—	—	0.43	—
China Resources Land (Beijing) Co., Ltd.	5,485	—	—	5,485	—	—	—	—	0.24	—
Guotai Jun'an Securities Corporation Limited	7,660	—	—	7,660	—	—	—	—	0.16	—
Others	177,546	24,304	(7,837)	194,013	(1,757)	(396)	61	(2,092)	8.792	—
Total	2,532,002	324,304	(17,837)	2,838,469	(11,062)	(985)	61	(11,986)	19,128	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Available-for-sale financial assets (continued)

Provision for impairment of available-for-sale financial assets:

	2014 Available-for-sale equity instruments	2013 Available-for-sale equity instruments
Opening balance	11,986	11,062
Provision	2,354	985
Decrease	—	(61)
Closing balance	14,340	11,986

9. Long-term receivables

	Gross carrying amount	31 December 2014 Provision for impairment	Carrying amount
Retention money receivables “Build-Transfer”	4,926,516	(82,974)	4,843,542
project receivables	27,882,034	(556,529)	27,325,505
A-land development	4,696,067	—	4,696,067
Others	1,012,016	—	1,012,016
	38,516,633	(639,503)	37,877,130
Less: Current portion of non-current assets:			
Retention money receivables	4,528,347	(3,644)	4,524,703
“Build-Transfer” project receivables	8,001,776	(880)	8,000,896
Others	132,141	—	132,141
	12,662,264	(4,524)	12,657,740
Long-term receivables	25,854,369	(634,979)	25,219,390

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term receivables (continued)

	Gross carrying amount	31 December 2013 Provision for impairment	Carrying amount
Retention money receivables "Build-Transfer"	9,513,653	(116,856)	9,396,797
project receivables	27,618,924	(557,558)	27,061,366
A-land development	2,345,095	—	2,345,095
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
Others	1,002,780	—	1,002,780
	40,980,452	(674,414)	40,306,038
Less: Current portion of non-current assets:			
Retention money receivables	8,381,633	(91,212)	8,290,421
"Build-Transfer" project receivables	11,703,662	(86,643)	11,617,019
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
	20,585,295	(177,855)	20,407,440
Long-term receivables	20,395,157	(496,559)	19,898,598

In 2014, long-term receivables are presented in accordance with the net amount after discount, the discount rate is between 3.00% and 9.18% (2013: between 3.00% and 9.18%).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term receivables (continued)

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

	31 December 2014	31 December 2013
Within 1 year	27,413,269	27,344,284
1 to 2 years	7,020,829	11,125,545
2 to 3 years	2,530,277	1,274,265
Over 3 years	1,552,258	1,236,358
	38,516,633	40,980,452
Less: Provision for bad debts	(639,503)	(674,414)
	37,877,130	40,306,038
Less: Current portion of non-current assets	(12,657,740)	(20,407,440)
	25,219,390	19,898,598

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

	2014	2013
Opening balance	674,414	242,777
Provision for bad debts	169,024	431,637
Reversal	(203,935)	—
Closing balance	639,503	674,414

The Group assesses long-term receivables for impairment provision separately that are individually significant. When there is objective evidence (such as the debtor being in serious financial difficulties, entering bankruptcy, breach of contract or default or there being no payment and no transactions for a long time) that an impairment loss has been incurred, and the amount will be partially recovered, impairment losses will be recognized through profit or loss. As at 31 December 2014, the above provision was made for individually tested impaired long-term receivables of RMB639,503,000 (31 December 2013: RMB674,414,000) with a carrying amount before provision for impairment of RMB2,106,826,000 (31 December 2013: RMB7,983,146,000).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term receivables (continued)

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

	31 December 2014	31 December 2013
Neither past due nor impaired	36,053,530	32,921,563
Past due but not impaired		
— Within 3 months	73,881	14,645
— 3 to 6 months	—	9,089
— More than 6 months	282,396	52,009
	36,409,807	32,997,306

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

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in jointly-controlled entities and associates

	Percentage of ownership in equity (%)						
	Principal place of business	Place of registration	Business scope	Registered capital	Direct	Indirect	Accounting treatment
Jointly-controlled entities							
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Beijing	Beijing	Petroleum marketing	100,000	50.00	—	Equity method
China-Africa Lekkil Investment Co., Ltd. (Note a)	Beijing	Beijing	Investment holding	200,000	74.47	—	Equity method
China Railway Communications International Engineering and Technology Co., Ltd. (Note b)	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction and design	150,000	51.30	—	Equity method
Associates							
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Beijing	Beijing	Technology consultancy	5,000	49.00	—	Equity method
Shekou Xinghua Enterprise Co., Ltd.	Shekou, Guangdong	Shekou, Guangdong	Real estate development	46,377	32.90	—	Equity method
Chongqing Yurong Highway Co., Ltd.	Chongqing	Chongqing	Construction	979,750	40.00	—	Equity method
Hubei Jiaotou Ziyun Railway Co., Ltd	Zhijiang, Hubei	Zhijiang, Hubei	Railway operation	500,000	20.00	—	Equity method
Nanchang Xinlong Real State Co., Ltd.	Nanchang, Jiangxi	Nanchang, Jiangxi	Property management, renting and real estate development	283,350	37.50	—	Equity method
Chongqing Monorail Transit Engineering Co., Ltd.	Chongqing	Chongqing	Construction	100,000	37.50	—	Equity method
CRCC-Tongguan Investment Co., Ltd.	Tongling, Anhui	Tongling, Anhui	Mining	2,000,000	30.00	—	Equity method
Inner Mongolia Boyuan Energy Co., Ltd	Inner Mongolia	Inner Mongolia	Construction	200,000	30.00	—	Equity method
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	Yongning, Ningxia	Yongning, Ningxia	Transportation, hydrotechnics, infrastructure construction	130,000	49.00	—	Equity method
Hunan Maglev Transportation Development Co., LTD	Hunan Changsha	Hunan Changsha	Maglev Transportation program	1,280,000	22.18	—	Equity method

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in jointly-controlled entities and associates

Note a: According to the article of China-Africa Lekkil Investment Co., Ltd, the major decisions of the shareholders' board shall be subject to more three-quarters of voting rights of shareholders. As the Group holds 74.47% shares in the corporation, it can jointly control the corporation with other shareholders but not control it. Therefore, it is considered as a joint venture of the Group.

Note b: According to the article of China Railway Communications International Engineering and Technology Co., Ltd, the major decisions of the shareholders' board shall be subject to more than two-thirds of voting rights of shareholders. As the Group holds 51.30% shares in the corporation, it can jointly control the corporation with other shareholders but not control it. Therefore, it is considered as a joint venture of the Group.

The aggregate financial information of the individually insignificant jointly-controlled entities' is as follows:

	31 December 2014	31 December 2013
The share of jointly-controlled entities' net profit/(loss)	16,985	(252,670)
The share of jointly-controlled entities' other comprehensive loss	—	(2,924)
The share of jointly-controlled entities' other comprehensive income/(loss)	16,985	(255,594)
The aggregate carrying value of long-term equity investments	1,089,731	998,590

The aggregate financial information of the individually insignificant associates is as follows:

	31 December 2014	31 December 2013
The share of associates' net (loss)/profit	(29,199)	3,907
The share of associates' other comprehensive loss	(92,799)	—
The share of associates' other comprehensive (loss)/income	(121,998)	3,907
The aggregate carrying value of long-term equity investments	2,394,760	1,849,891

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments

		31 December 2014	31 December 2013
Investments in unlisted companies			
Equity method			
Jointly-controlled entities:	(1)	1,089,731	998,590
Associates:	(2)	2,394,760	1,849,891
Less: Provision for impairment	(3)	(10,578)	(10,578)
		3,473,913	2,837,903

(1) Investments in jointly-controlled entities

2014

Company name	Increase/(decrease) during the year								Provision for impairment
	Investment cost	Opening balance	Increase in investment	Share of (losses)/profits	comprehensive income	Distribution of dividends	Transfer-out	Closing balance	
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	57,952	—	581	—	(3,326)	—	55,207	—
China-Africa Lekkil Investment Co., Ltd.	851,410	846,832	—	10,184	—	—	—	857,016	—
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	66,915	—	(182)	—	—	—	66,733	(10,578)
Others		26,891	77,550	6,402	—	(68)	—	110,775	—
		998,590	77,550	16,985	—	(3,394)	—	1,089,731	(10,578)

2013

Company name	Increase/(decrease) during the year								Provision for impairment
	Investment cost	Opening balance	(Decrease)/increase in investment	Share of (losses)/profits	comprehensive income	Distribution of dividends	Transfer-out	Closing balance	
CRCC-Tongguan Investment Co., Ltd.	—	1,200,000	(372,466)	(268,837)	(2,924)	—	(555,773)	—	—
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	61,980	—	3,548	—	(7,576)	—	57,952	—
China-Africa Lekkil Investment Co., Ltd.	851,410	841,053	—	5,779	—	—	—	846,832	—
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	67,176	—	(261)	—	—	—	66,915	(10,578)
Others		19,810	405	7,101	—	(425)	—	26,891	—
		2,190,019	(372,061)	(252,670)	(2,924)	(8,001)	(555,773)	998,590	(10,578)

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

(2) Investments in associates

2014

Company name	Investment cost	Opening balance	Additional investment	Increase/(decrease) during the year			Closing balance
				Share of profits/(losses)	Movement in Other comprehensive income	Distribution of dividends	
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,293	—	978	—	(391)	2,880
Shekou Xinghua Enterprise Co., Ltd.	16,693	39,603	—	4,379	—	(7,130)	36,852
Chongqing Yurong Highway Co., Ltd.	853,960	853,960	—	—	—	—	853,960
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	—	—	—	—	100,000
Nanchang Xinlong Real State Co., Ltd	90,000	89,511	—	16	—	—	89,527
Chongqing Monorail Transit Engineering Co., Ltd	37,642	57,269	—	9,020	—	(10,000)	56,289
CRCC-Tongguan Investment Co., Ltd.	720,000	555,773	282,000	(41,489)	(92,799)	—	703,485
Inner Mongolia Boyuan Energy Co., Ltd.	60,000	60,000	—	(887)	—	—	59,113
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	41,830	60,000	—	—	—	101,830
Hunan Maglev Transportation Development Co., Ltd.	280,000	—	280,000	—	—	—	280,000
Others		49,652	63,300	(1,216)	—	(912)	110,824
		1,849,891	685,300	(29,199)	(92,799)	(18,433)	2,394,760

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

(2) Investments in associates (continued)

2013

Company name	Investment cost	Opening balance	Increase/(decrease) during the year				Closing balance
			Transfer-in	Additional investment	Share of profits/(losses)	Distribution of dividends	
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,534	—	—	—	(241)	2,293
Shekou Xinghua Enterprise Co., Ltd.	16,693	40,878	—	—	2,634	(3,909)	39,603
Chongqing Yurong Highway Co., Ltd.	853,960	587,850	—	266,110	—	—	853,960
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	—	—	—	—	100,000
Nanchang Xinlong Property Management Co., Ltd.	90,000	89,475	—	—	36	—	89,511
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	55,381	—	—	10,052	(8,164)	57,269
CRCC-Tongguan Investment Co., Ltd.	720,000	—	555,773	—	—	—	555,773
Inner Mongolia Boyuan Energy Co., Ltd.	60,000	—	—	60,000	—	—	60,000
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	—	—	41,830	—	—	41,830
Others		39,740	—	19,321	(8,815)	(594)	49,652
		915,858	555,773	387,261	3,907	(12,908)	1,849,891

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

(3) Provision for impairment

Company name	Opening balance	2014 Write-off/disposal	Closing balance
Jointly-controlled entity: China Railway Communications International Engineering and Technology Co., Ltd.	10,578	—	10,578

Company name	Opening balance	2013 Write-off/disposal	Closing balance
Associate: VIP Development Limited	1,478	(1,478)	—
Jointly-controlled entity: China Railway Communications International Engineering and Technology Co., Ltd.	10,578	—	10,578
	12,056	(1,478)	10,578

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets

2014

	Buildings	Machinery	Vehicles	Other equipment	Total
Original costs					
Opening balance	12,235,876	36,387,820	12,942,113	25,724,509	87,290,318
Additions	753,735	2,326,552	1,252,320	5,390,178	9,722,785
Transferred from construction in progress	1,378,779	760,485	288,311	159,608	2,587,183
Disposals	(158,810)	(1,304,882)	(672,882)	(2,849,196)	(4,985,770)
Closing balance	14,209,580	38,169,975	13,809,862	28,425,099	94,614,516
Accumulated depreciation					
Opening balance	(2,822,040)	(17,728,532)	(9,145,943)	(16,517,773)	(46,214,288)
Additions	(537,299)	(3,643,261)	(1,646,546)	(4,611,376)	(10,438,482)
Disposals	77,995	916,014	594,058	2,559,601	4,147,668
Closing balance	(3,281,344)	(20,455,779)	(10,198,431)	(18,569,548)	(52,505,102)
Provision for impairment					
Opening balance	(79,243)	(332,499)	(88,337)	(60,619)	(560,698)
Disposals	(1,074)	2,277	95	514	1,812
Closing balance	(80,317)	(330,222)	(88,242)	(60,105)	(558,886)
Net book value					
Closing balance	10,847,919	17,383,974	3,523,189	9,795,446	41,550,528
Opening balance	9,334,593	18,326,789	3,707,833	9,146,117	40,515,332

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (continued)

2013

	Buildings	Machinery	Vehicles	Other equipment	Total
Original costs					
Opening balance	10,595,235	33,407,455	11,927,460	22,156,587	78,086,737
Additions	1,111,463	3,475,170	1,413,604	5,123,822	11,124,059
Transferred from construction in progress	955,180	745,174	227,329	179,330	2,107,013
Disposals	(426,002)	(1,239,979)	(626,280)	(1,735,230)	(4,027,491)
Closing balance	12,235,876	36,387,820	12,942,113	25,724,509	87,290,318
Accumulated depreciation					
Opening balance	(2,621,382)	(15,129,981)	(8,033,661)	(13,777,773)	(39,562,797)
Additions	(379,775)	(3,477,803)	(1,654,291)	(4,213,314)	(9,725,183)
Disposals	179,117	879,252	542,009	1,473,314	3,073,692
Closing balance	(2,822,040)	(17,728,532)	(9,145,943)	(16,517,773)	(46,214,288)
Provision for impairment					
Opening balance	(82,297)	(354,408)	(90,392)	(60,900)	(587,997)
Disposals	3,054	21,909	2,055	281	27,299
Closing balance	(79,243)	(332,499)	(88,337)	(60,619)	(560,698)
Net book value					
Closing balance	9,334,593	18,326,789	3,707,833	9,146,117	40,515,332
Opening balance	7,891,556	17,923,066	3,803,407	8,317,914	37,935,943

Fixed assets with title restriction are stated in Note V.58.

As at 31 December 2014, the amounts of interest expenses capitalized in the balance of fixed assets was RMB11,000,000 (31 December 2013: RMB11,000,000). The interest expenses capitalized during the year of 2014 amounted to Nil (2013: RMB829,000) and with no capitalization rate (2013: 6.21%).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (continued)

Fixed assets that are temporarily unused are as follows:

As at 31 December 2014

	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	1,181	(1,122)	—	59
Machinery	5,643	(1,106)	(2,376)	2,161
Vehicles	2,612	(1,982)	—	630
Other equipment	28,742	(5,296)	—	23,446
	38,178	(9,506)	(2,376)	26,296

As at 31 December 2013

	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	4,196	(909)	—	3,287
Other equipment	27,189	(4,153)	—	23,036
	31,385	(5,062)	—	26,323

Fixed assets held under finance leases are as follows:

	31 December 2014	31 December 2013
Original costs	5,640,278	4,385,788
Accumulated depreciation	(1,368,981)	(1,028,016)
Net book value	4,271,297	3,357,772

As at 31 December 2014 and 31 December 2013, the Group's fixed assets held under finance leases were all construction machinery.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (continued)

As at 31 December 2014, the Group was in the process of applying for the title certificates of certain buildings with an aggregate carrying amount of RMB394,519,000 (31 December 2013: RMB19,162,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Company's management is also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2014.

On 31 December 2014, fixed assets for which the property right certificates have not been obtained were as follows:

The name of the Building	Carrying amount	Reason
Office Building of China Railway 21 th Bureau Group Co., Ltd.	361,217	new addition being dealt with
others	33,302	being dealt with
Total	394,519	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress

	31 December 2014			31 December 2013		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Belt Conveyor Machine of China Railway 11 th Bureau Group Co., Ltd.	29,000	—	29,000	29,000	—	29,000
China Railway Fuzhou Industrial Branch of Bridge Company Infrastructure Projects of China Railway 11 th Bureau Group Co., Ltd.	38,240	—	38,240	8,307	—	8,307
Balance TBM of China Railway 14 th Bureau Group Co., Ltd	152,422	—	152,422	—	—	—
57 th , 58 th TBM of China Railway 16 th Bureau Group Co., Ltd	89,200	—	89,200	—	—	—
Earth Pressure of China Railway 18 th Bureau Group Co., Ltd.	34,675	—	34,675	10,950	—	10,950
Office Building of China Railway 18 th Bureau Group No.5 Co., Ltd	62,075	—	62,075	—	—	—
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	114,480	—	114,480	95,045	—	95,045
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	30,283	—	30,283	—	—	—
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	193,269	—	193,269	179,537	—	179,537
Liaoning Northwest Project Department's TBM of Tunnel Company of China Railway 18 th Bureau Group Co., Ltd.	97,014	—	97,014	—	—	—
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	256,230	—	256,230	—	—	—
Earth Pressure Balance EPB-6410 of China Railway 19 th Bureau Group Co., Ltd.	50,456	—	50,456	55,817	—	55,817
Xi'an Office Building of China Railway 20 th No.2 Engineering Co., Ltd. of China	32,005	—	32,005	7,840	—	7,840
Office Building of China Railway 20 th Bureau Group Co., Ltd.	34,480	—	34,480	35,740	—	35,740

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

	31 December 2014			31 December 2013		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Factory and Base of Yanliang No.1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	174,424	—	174,424	90,592	—	90,592
Office Building of China Railway 21 st Bureau Group Co., Ltd.	39,221	—	39,221	—	—	—
Office Building of China Railway 22 nd Bureau Group Co., Ltd.	68,408	—	68,408	—	—	—
Galaxy Wealth Centre of China Railway 22 nd Bureau Group Co., Ltd.	25,021	—	25,021	—	—	—
Tianjin Engineering R&D Center of China Railway Construction	49,709	—	49,709	102	—	102
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	87,925	—	87,925	84,954	—	84,954
Design Building of China Railway 4 th Survey and Design Group, Ltd.	137,284	—	137,284	39,898	—	39,898
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	50,866	—	50,866	49,797	—	49,797
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	127,524	—	127,524	115,566	—	115,566
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	—	32,493	32,493	—	32,493
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd	272,206	—	272,206	155,567	—	155,567
Others	547,686	(9,563)	538,123	1,667,054	(9,563)	1,657,491
	2,826,596	(9,563)	2,817,033	2,658,259	(9,563)	2,648,696

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

For the year ended 31 December 2014

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Belt Conveyor Machine of China Railway 11 th Bureau Group Co., Ltd.	29,000	29,000	—	—	—	29,000	Self-funding	100
China Railway Fuzhou Industrial Branch of Bridge Company Infrastructure Projects of China Railway 11 th Bureau Group Co., Ltd.	39,687	8,307	29,933	—	—	38,240	Self-funding	96
Balance TBM of China Railway 14 th Bureau Group Co., Ltd.	184,040	—	152,422	—	—	152,422	Self-funding	83
57 th , 58 th TBM of China Railway 16 th Bureau Group Co., Ltd.	89,200	—	89,200	—	—	89,200	Self-funding	100
Earth Pressure of China Railway 18 th Bureau Group Co., Ltd.	36,500	10,950	23,725	—	—	34,675	Self-funding	95
Office Building of China Railway 18 th Bureau Group No.5 Co., Ltd.	64,175	—	62,075	—	—	62,075	Self-funding	97
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	480,000	95,045	19,435	—	—	114,480	Self-funding	24
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	40,000	—	30,283	—	—	30,283	Self-funding	76
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	380,000	179,537	13,732	—	—	193,269	Self-funding	51
Liaoning Northwest Project Department's TBM of Tunnel Company of China Railway 18 th Bureau Group Co., Ltd.	218,143	—	97,014	—	—	97,014	Self-funding	44
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	700,000	—	487,812	(200,515)	(31,067)	256,230	loan	70
Earth Pressure Balance EPB-6410 of China Railway 19 th Bureau Group Co., Ltd.	187,000	55,817	63,422	(68,783)	—	50,456	Self-funding	64
Xi'an Office Building of China Railway 20 th No.2 Engineering Co., Ltd. of China.	60,000	7,840	24,165	—	—	32,005	Self-funding	53
Office Building of China Railway 20 th Bureau Group Co., Ltd.	60,000	35,740	21,094	—	(22,354)	34,480	Self-funding	95
Factory and Base of Yanliang No.1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	359,000	90,592	83,832	—	—	174,424	Self-funding	49

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

For the year ended 31 December 2014

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Office Building of China Railway 21 st Bureau Group Co., Ltd.	39,221	—	39,221	—	—	39,221	Self-funding	100
Office Building of China Railway 22 nd Bureau Group Co., Ltd.	68,408	—	68,408	—	—	68,408	Self-funding	100
Galaxy Wealth Centre of China Railway 22 nd Bureau Group Co., Ltd.	50,021	—	25,021	—	—	25,021	Self-funding	50
Tianjin Engineering R&D Center of China Railway Construction	65,000	102	49,607	—	—	49,709	Self-funding	76
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	203,601	84,954	2,971	—	—	87,925	Self-funding	43
Design Building of China Railway Siyuan Survey and Design Group., Ltd.	490,000	39,898	97,386	—	—	137,284	Self-funding	28
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	194,529	49,797	1,069	—	—	50,866	Self-funding	26
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	115,566	11,958	—	—	127,524	Self-funding	53
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	32,493	—	—	—	32,493	Self-funding	100
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	505,861	155,567	243,104	(126,465)	—	272,206	Self-funding	79
Others		1,667,054	1,496,167	(2,424,168)	(191,367)	547,686		
Total		2,658,259	3,233,056	(2,819,931)	(244,788)	2,826,596		
Provision for impairment		(9,563)	—	—	—	(9,563)		
Carrying amount		2,648,696	3,233,056	(2,819,931)	(244,788)	2,817,033		

(Note a)

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

For the year ended 31 December 2013

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	715,951	212,684	460,310	(497,629)	(5,463)	169,902	Self-funding	94
Tunnel Boring Machine of China Railway 11 th Bureau Group Co., Ltd.	112,295	—	112,295	—	—	112,295	Self-funding	100
Belt Conveyor Machine of China Railway 11 th Bureau Group Co., Ltd.	29,000	—	29,000	—	—	29,000	Self-funding	100
Earth Pressure Balance of China Railway 11 th Bureau Group Co., Ltd.	173,950	—	45,975	—	—	45,975	Self-funding	26
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	300,000	86,233	161,741	—	—	247,974	Self-funding	83
Tianjin Office Building of China Railway 13 th Bureau Group Co., Ltd.	360,000	143,509	183,544	—	—	327,053	Self-funding	91
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	480,000	41,194	53,851	—	—	95,045	Self-funding	20
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	230,000	68,770	110,767	—	—	179,537	Self-funding	78
Earth Pressure Balance ZPE-6410 of China Railway 18 th Bureau Group Co., Ltd.	36,000	—	27,000	—	—	27,000	Loan	75
Earth Pressure Balance EPB-6410 of China Railway 19 th Bureau Group Co., Ltd.	186,677	96,750	89,927	(130,860)	—	55,817	Self-funding	100
Office Building of No.3 Engineering Co., Ltd. of China Railway 19 th Bureau Group Co., Ltd.	267,847	50,967	69,641	—	—	120,608	Self-funding	45
Weinan Office Building of No.2 Engineering Co., Ltd. of China Railway 20 th Bureau Group Co., Ltd.	81,000	18,954	29,401	—	—	48,355	Self-funding	60
Office Building of China Railway 20 th Bureau Group Co., Ltd.	40,000	—	35,740	—	—	35,740	Self-funding	89
Factory and Base of Yanliang No.1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	260,000	—	90,592	—	—	90,592	Self-funding	35

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Xiexin Office Building of China Railway 23 rd Bureau Group Co., Ltd.	44,625	—	43,098	—	—	43,098	Self-funding	97
Office Building of China Railway 25 th Bureau Group Co., Ltd.	79,928	79,329	599	(389)	—	79,539	Self-funding	100
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	203,601	9,639	75,315	—	—	84,954	Self-funding	42
Design Building of China Railway Siyuan 4 th Survey and Design Group, Ltd.	490,000	1,899	37,999	—	—	39,898	Self-funding	8
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	64,350	46,081	3,716	—	—	49,797	Self-funding	77
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	—	115,566	—	—	115,566	Self-funding	48
Tongji Yixian Building of China Railway Material Group Co., Ltd.	75,000	—	73,164	—	—	73,164	Self-funding	98
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	32,493	—	—	—	32,493	Self-funding	100
Engineering Research Center of China Railway Kunming Equipment Co., Ltd.	113,000	17,778	45,680	(18,679)	(13,064)	31,715	Self-funding	56
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	525,670	3,830	151,737	—	—	155,567	Self-funding	30
Others		1,434,099	610,763	(1,578,931)	(98,356)	367,575		
Total		2,344,209	2,657,421	(2,226,488)	(116,883)	2,658,259		
Provision for impairment		(9,563)	—	—	—	(9,563)		
Carrying amount		2,334,646	2,657,421	(2,226,488)	(116,883)	2,648,696		

(Note a)

Note (a): In the year of 2014, construction in progress with a carrying amount of RMB2,587,183,000 (2013: RMB2,107,013,000) was transferred to fixed assets; RMB105,564,000 (2013: RMB68,937,000) was transferred to intangible assets and RMB127,184,000 (2013: RMB50,538,000) was transferred to properties held for sale.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

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

2014

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year (%)
Combat Readiness Equipment Warehouse in Tai'an of China Railway 14 th Bureau Group Co., Ltd.	5	1,333	1,333	3.25
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	24	3,542	3,542	6.29
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	76	179	179	6.29
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	51	3,329	542	6.29
Liaoning Northwest Project Department's TBM of Tunnel Company of China Railway 18 th Bureau Group Co., Ltd.	44	807	807	6.29
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	70	2,992	2,992	6.78
Office Building of China Railway 21 st Bureau Group Co., Ltd.	100	1,775	1,775	6.22
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	79	10,579	4,942	5.74
		24,536	16,112	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

2013

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year (%)
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	78	2,787	2,780	6.00
Office Building of No.3 Engineering Co., Ltd. of China Railway 19 th Bureau Group Co., Ltd.	45	4,225	3,717	6.00
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	30	5,637	5,637	5.44
		12,649	12,134	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets

2014

	Land use rights	Concession assets	Mining rights	Others	Total
Original costs					
Opening balance	6,036,753	5,268,770	172,511	197,247	11,675,281
Additions	162,168	8,958,334	—	36,733	9,157,235
Transferred from construction in progress	100,987	—	—	4,577	105,564
Disposals	(273,973)	(1,686)	—	(1,291)	(276,950)
Closing balance	6,025,935	14,225,418	172,511	237,266	20,661,130
Accumulated amortization					
Opening balance	(744,947)	(167,863)	(18,212)	(104,632)	(1,035,654)
Additions	(115,932)	(27,314)	(2,347)	(22,818)	(168,411)
Disposals	5,786	—	—	606	6,392
Closing balance	(855,093)	(195,177)	(20,559)	(126,844)	(1,197,673)
Provision for impairment					
Opening balance	(9,044)	—	—	—	(9,044)
Closing balance	(9,044)	—	—	—	(9,044)
Net book value					
Closing balance	5,161,798	14,030,241	151,952	110,422	19,454,413
Opening balance	5,282,762	5,100,907	154,299	92,615	10,630,583

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

2013

	Land use rights	Concession assets	Mining rights	Others	Total
Original costs					
Opening balance	6,025,909	2,741,871	176,127	168,621	9,112,528
Additions	508,234	2,526,899	—	27,093	3,062,226
Transferred from construction in progress	64,358	—	—	4,579	68,937
Disposals	(561,748)	—	(3,616)	(3,046)	(568,410)
Closing balance	6,036,753	5,268,770	172,511	197,247	11,675,281
Accumulated amortization					
Opening balance	(660,182)	(140,558)	(16,435)	(82,473)	(899,648)
Additions	(122,698)	(27,305)	(5,393)	(25,494)	(180,890)
Disposals	37,933	—	3,616	3,335	44,884
Closing balance	(744,947)	(167,863)	(18,212)	(104,632)	(1,035,654)
Provision for impairment					
Opening balance	(9,044)	—	—	—	(9,044)
Closing balance	(9,044)	—	—	—	(9,044)
Net book value					
Closing balance	5,282,762	5,100,907	154,299	92,615	10,630,583
Opening balance	5,356,683	2,601,313	159,692	86,148	8,203,836

As at 31 December 2014 and 31 December 2013, there were no intangible assets added through internal research and development °

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

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

	31 December 2014	31 December 2013
Long term of not less than 50 years	95,857	261,775
Medium term of less than 50 years but not less than 10 years	5,014,760	4,915,186
Short term of less than 10 years	51,181	105,801
	5,161,798	5,282,762

Intangible assets with title restriction are stated in Note V.58.

As at 31 December 2014, the Group was in the process of applying for the title certificates of certain parcels of its land in the PRC with an aggregate carrying amount of RMB54,011,000 (31 December 2013: RMB14,087,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land, and also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2014.

On 31 December 2014, intangible assets for which the property right certificates have not been obtained are as follows:

The name of the land	Carrying amount	reason
Yan Liang New Production Base of Xi 'an Construction Machinery Co., Ltd.	31,057	New land being dealt with
Lobito commercial land	13,041	New land being dealt with
Others	9,913	being dealt with
Total	54,011	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

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

2014

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Jiyang Guest-greeting Yellow River Bridge concession rights	100	23,564	—	—
De'shang Highway Project Xiajing to Liucheng concession rights	43	59,869	59,869	6.53
Sichuan JianPu Highway Project concession rights	5	148,593	148,593	7.84
Ji'nan to Leling Highway Project concession rights	100	412,675	237,231	6.55
Guangxi Ziyuan(meixi) to Xing'an Highway BOT project concession rights	24	31,948	31,948	6.58
Guizhou Anshun to Ziyun Highway Project concession rights	—	6,806	6,806	6.92
Shandong Jixu Highway Jiyu Co., Ltd. concession rights	24	36,536	36,536	6.51
Total		719,991	520,983	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

2013

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Ji'nan to Leling Highway Project	67	175,444	108,550	6.39
Jiyang Guest-greeting Yellow River Bridge concession rights	100	31,439	—	—
		206,883	108,550	

15. Goodwill

2014

	Opening balance	Increase	Decrease	Closing balance
Acquisition of Hangsheng Company	100,135	—	—	100,135
Others	352	3,148	342	3,158
Total	100,487	3,148	342	103,293

2013

	Opening balance	Increase	Decrease	Closing balance
Acquisition of Hangsheng Company	100,135	—	—	100,135
Others	—	352	—	352
Total	100,135	352	—	100,487

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill (continued)

As at 31 December 2014, the goodwill arising from the acquisition of Guangdong Province Hangsheng Construction Group Company (hereafter "Hangsheng Company") has been allocated to the group of construction contracts of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. for impairment review. The recoverable amount has been determined based on the present value of the future cash flow projections based on its construction contracts as at 31 December 2014 and a discount rate of 12%. The impairment assessment shows that the Group's goodwill is not impaired; therefore, no provision should be made.

16. Deferred tax assets and liabilities

	31 December 2014		31 December 2013	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	2,497,440	534,808	3,335,439	698,063
Provision for impairment of assets	2,038,849	502,163	1,573,827	348,838
Deductible tax losses	405,324	87,466	290,448	65,104
Accruals and provisions	433,672	106,202	389,221	96,093
Available-for-sale financial assets	—	—	25,392	6,348
Additional tax deduction on asset revaluation surplus arising from a prior restructuring	2,087,406	489,709	2,156,439	522,556
Others	2,257,454	481,874	1,042,656	224,433
	9,720,145	2,202,222	8,813,422	1,961,435
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Recognition of difference on revenue of construction contracts	—	—	267,958	66,989
Available-for-sale financial assets	385,633	73,802	58,206	14,121
Others	10,040	2,065	9,128	2,282
	395,673	75,867	335,292	83,392

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets and liabilities (continued)

Unrecognized deferred tax assets are presented as follows:

	31 December 2014	31 December 2013
Deductible tax losses	529,261	240,486

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

	31 December 2014
2015	32,763
2016	16,615
2017	112,080
2018	251,540
2019	1,718,594
	2,131,592
	31 December 2013
2014	80,654
2015	106,382
2016	138,350
2017	128,285
2018	442,849
	896,520

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Provision for impairment of assets

2014

	Opening balance	Increase Provision	Decrease Reversal	Write-off	Closing balance
Provision for bad debts	2,329,989	1,866,725	(468,852)	(86,018)	3,641,844
Provision for decline in value of inventories	199,189	195,642	(12,429)	(32,976)	349,426
Provision for impairment of available-for-sale financial assets	11,986	2,354	—	—	14,340
Provision for impairment of long-term equity investments	10,578	—	—	—	10,578
Provision for impairment of fixed assets	560,698	—	—	(1,812)	558,886
Provision for impairment of construction in progress	9,563	—	—	—	9,563
Provision for impairment of intangible assets	9,044	—	—	—	9,044
	3,131,047	2,064,721	(481,281)	(120,806)	4,593,681

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Provision for impairment of assets (continued)

2013

	Opening balance	Increase Provision	Decrease Reversal	Write-off	Closing balance
Provision for bad debts	1,025,701	1,543,585	(150,313)	(88,984)	2,329,989
Provision for decline in value of inventories	299,156	50,538	(13,538)	(136,967)	199,189
Provision for impairment of available-for-sale financial assets	11,061	985	—	(60)	11,986
Provision for impairment of long-term equity investments	12,057	—	—	(1,479)	10,578
Provision for impairment of fixed assets	587,997	—	—	(27,299)	560,698
Provision for impairment of construction in progress	9,563	—	—	—	9,563
Provision for impairment of intangible assets	9,044	—	—	—	9,044
	1,954,579	1,595,108	(163,851)	(254,789)	3,131,047

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Short-term loans

		31 December 2014	31 December 2013
Pledged loans	Note (a)	2,288,412	3,711,544
Mortgaged loans	Note (b)	32,500	75,300
Guaranteed loans	Note (c)	5,937,810	6,767,486
Loans on credit		36,552,317	36,507,813
		44,811,039	47,062,143

Notes:

- (a) As at 31 December 2014, certain short-term loans with a carrying amount of RMB570,000 (31 December 2013: RMB190,000,000) were secured by the pledge of the Group's fixed deposits in the amount of RMB510,000 (31 December 2013: RMB170,000,000) (Note V.58(a)).

As at 31 December 2014, certain short-term loans with a carrying amount of RMB2,287,902,000 (31 December 2013: RMB3,541,544,000) were secured by the pledge of the Group's accounts receivable in the amount of RMB2,688,534,000 (31 December 2013: RMB4,836,808,000) (Note V.58(b)).

- (b) As at 31 December 2014, certain short-term loans with a carrying amount of RMB32,500,000 were secured by the mortgages of the Group's buildings in the amount of RMB23,818,000 (31 December 2013: certain short-term loans with a carrying amount of RMB75,300,000 were secured by the mortgages of the Group's buildings in the amount of RMB48,030,000 and land use rights in the amount of RMB82,109,000) (Note V.58(d,e)).

- (c) As at 31 December 2014, all guaranteed loans were guaranteed by the entities comprising the Group.

As at 31 December 2014, interest rates for the above loans ranged from 1.25% to 10.00% per annum (31 December 2013: from 1.25% to 8.50%).

As at 31 December 2014, there were no short-term loans defaulted by the Group (31 December 2013: nil).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Due to customers

	31 December 2014	31 December 2013
Due to customers	808,433	437,821

20. Bills payable

	31 December 2014	31 December 2013
Commercial acceptance bills	1,299,022	968,476
Bank acceptance bills	20,057,126	21,855,547
	21,356,148	22,824,023

As at 31 December 2014, there were no unpaid overdue bills payable (31 December 2013: Nil).

21. Accounts payable

Accounts payable are non-interest-bearing, and are usually paid within the agreed period.

	31 December 2014	31 December 2013
Within 1 year	201,108,015	169,006,568
1 to 2 years	3,428,273	6,084,613
2 to 3 years	402,012	1,894,038
More than 3 years	450,254	806,556
	205,388,554	177,791,775

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Accounts payable (continued)

As at 31 December 2014, significant accounts payable aged over one year were as follows:

	Relationship with the Group	31 December 2014	Reason for payables not being settled
Company 1	Third party	43,985	Construction costs unsettled
Company 2	Third party	41,000	Material procurement costs unsettled
Company 3	Third party	26,031	Deposit not due
Company 4	Third party	24,798	Construction costs unsettled
Company 5	Third party	22,522	Construction costs unsettled
		158,336	

As at 31 December 2013, significant accounts payable aged over one year were as follows:

	Relationship with the Group	31 December 2013	Reason for payables not being settled
Company 1	Third party	25,852	Construction costs unsettled
Company 2	Third party	24,864	Construction costs unsettled
Company 3	Third party	24,737	Construction costs unsettled
Company 4	Third party	24,110	Deposit not due
Company 5	Third party	23,004	Construction costs unsettled
		122,567	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Advances from customers

	31 December 2014	31 December 2013
Advances for construction contracts	31,083,254	29,703,506
Gross amount due to contract customers (Note V.7 (3))	15,452,913	12,698,765
Advances for sale of properties (Note)	12,190,842	14,103,338
Advances for the sale of materials	3,950,847	7,411,565
Advances for the sale of goods	412,125	1,373,408
Others	556,750	934,847
	63,646,731	66,225,429

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Advances from customers (continued)

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

Property name	31 December 2014	Percentage of accumulated pre-sales in advance	Estimated completion date
Yuanxiang Mangu Project	1,033,748	71	December 2015
Hefei CRCC International City Project III	887,895	28	December 2015
Xi'an CRCC International City Project	826,218	33	December 2018
Wuhan 1818 Center Project	806,660	46	May 2015
Xipai International Project	534,760	44	June 2015
CRCC Hangzhou Qingxiu City Project	421,671	44	June 2015
CRCC Yiyuan A Area Project	385,449	69	December 2015
Yuanxiang Jiayuan Project	359,814	68	December 2015
CRCC Beijing Shanyu City Project	347,999	91	December 2015
CRCC Yao Center Project	280,202	14	September 2015
Qingxiu Shangyuan Street Project	265,919	16	August 2016
Jinjun Xingsheng Jiugongzhen Project	263,412	20	October 2016
Wuhan Wutong Garden Project	237,930	74	March 2016
Changchun CRCC International Garden Project III	234,002	50	October 2015
CRCC Shunxin Jiayuan Project	224,191	10	December 2016
Jinan CRCC International City Project	223,628	83	December 2015
CRCC Wutong Garden Project	218,741	84	August 2015
CRCC Shanghai Qingxiuyuan Project	213,158	50	November 2015
CRCC Mingshan Xiushui Project	190,829	79	June 2016
Qingxiu Lanwan Project	161,336	44	December 2016
Tongjing International City Project	157,727	95	October 2015
Jinjiang International City Project	157,354	26	December 2015
Guiyang International City H4 Project	156,109	26	November 2015
Jiangwan Shanyu City Project	143,477	90	December 2015
CRCC Linyi Donglai Shangcheng Project	142,506	92	December 2015
Wuhan CRCC International City Project II	138,330	18	April 2016
Others	3,177,777		
	12,190,842		

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Advances from customers (continued)

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

Property name	31 December 2013	Percentage of accumulated pre-sales in advance	Estimated completion date
Beijing CRCC International City Le Xiang Hui Project	1,930,416	54	October 2014
CRCC Liwan International City Project	1,442,170	80	March 2014
Yue Ran Xin Yuan Project	1,115,300	45	December 2014
Jinan CRCC International City Project	975,807	83	December 2015
Gaoxin District Land of Chengdu Project	743,002	44	January 2014
CRCC Wutong Garden Project	674,270	83	August 2015
Fangshan Shengshui Jiaming Project	586,697	21	December 2015
Wuhan CRCC International City Project	533,000	90	June 2016
Wuhan 1818 Center Project	433,200	46	May 2015
Xi'an CRCC International City Project	407,844	3	December 2018
CRCC Beijing Shanyu City Project	399,287	89	December 2015
CRCC Lingxiu City Project	313,223	89	December 2017
Hangzhou CRCC International City Project	280,076	28	August 2014
Changsha CRCC International City Project	243,558	20	March 2016
CRCC Jingnan Yipin Project II	239,610	81	December 2015
Tianjin CRCC International City Project I	203,129	96	September 2013
Liuzhou CRCC Golden Lan Ting Project	183,847	99	December 2013
People South Street 19 Project	183,316	100	December 2015
Zhoukou Properties CRCC Dong Lai Shang City Project	179,454	85	October 2016
Hefei CRCC International City Project II	159,444	86	October 2014
Others	2,876,688		
	14,103,338		

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Advances from customers (continued)

As at 31 December 2014, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2014	Reason for being outstanding
Company 1	Third party	2,824,542	Work performed not billed
Company 2	Third party	899,396	Work performed not billed
Company 3	Third party	595,819	Work performed not billed
Company 4	Third party	54,592	Work performed not billed
Company 5	Third party	50,235	Work performed not billed
		4,424,584	

As at 31 December 2013, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2013	Reason for being outstanding
Company 1	Third party	2,939,489	Work performed not billed
Company 2	Third party	647,033	Work performed not billed
Company 3	Third party	471,070	Work performed not billed
Company 4	Third party	394,382	Work performed not billed
Company 5	Third party	326,110	Work performed not billed
		4,778,084	

Notes to Financial Statements

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Employee benefits payable

2014

	Opening balance	Accrued	Paid	Closing balance
Short-term benefits	5,063,389	32,349,612	(31,290,459)	6,122,542
Post-employment benefits (defined contribution plans)	1,178,820	3,867,914	(3,761,896)	1,284,838
	6,242,209	36,217,526	(35,052,355)	7,407,380

2013

	Opening balance	Accrued	Paid	Closing balance
Short-term benefits	7,292,661	23,699,663	(25,928,935)	5,063,389
Post-employment benefits (defined contribution plans)	1,878,165	2,599,940	(3,299,285)	1,178,820
	9,170,826	26,299,603	(29,228,220)	6,242,209

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Employee benefits payable (continued)

Short-term benefits :

2014

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	3,083,453	25,540,526	(24,754,922)	3,869,057
Staff welfare	—	1,256,898	(1,256,898)	—
Social insurance	799,531	1,896,886	(1,852,578)	843,839
Including:				
Medical insurance	677,349	1,645,897	(1,601,327)	721,919
Work injury insurance	82,607	149,927	(153,957)	78,577
Maternity insurance	39,575	101,062	(97,294)	43,343
Housing funds	636,058	1,538,980	(1,504,611)	670,427
Union fund and employee education fund	430,111	648,530	(634,357)	444,284
Others	114,236	1,467,792	(1,287,093)	294,935
	5,063,389	32,349,612	(31,290,459)	6,122,542

2013

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	4,480,726	19,233,964	(20,631,237)	3,083,453
Staff welfare	—	1,174,487	(1,174,487)	—
Social insurance	1,176,857	1,286,416	(1,663,742)	799,531
Including:				
Medical insurance	1,046,026	1,075,320	(1,443,997)	677,349
Work injury insurance	91,145	125,035	(133,573)	82,607
Maternity insurance	39,686	86,061	(86,172)	39,575
Housing funds	995,142	946,449	(1,305,533)	636,058
Union fund and employee education fund	544,443	432,641	(546,973)	430,111
Others	95,493	625,706	(606,963)	114,236
	7,292,661	23,699,663	(25,928,935)	5,063,389

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Employee benefits payable (continued)

Defined contribution plans :

2014

	Opening balance	Accrued	Paid	Closing balance
Basic pension	877,728	3,260,136	(3,166,458)	971,406
Unemployment insurance	113,385	214,456	(218,370)	109,471
Supplementary pension insurance	187,707	393,322	(377,068)	203,961
	1,178,820	3,867,914	(3,761,896)	1,284,838

2013

	Opening balance	Accrued	Paid	Closing balance
Basic pension	1,594,024	2,030,499	(2,746,795)	877,728
Unemployment insurance	133,364	170,673	(190,652)	113,385
Supplementary pension insurance	150,777	398,768	(361,838)	187,707
	1,878,165	2,599,940	(3,299,285)	1,178,820

24. Taxes payable

	31 December 2014	31 December 2013
Value-added tax	309,670	162,475
Business tax	5,407,729	4,812,830
Corporate income tax	2,195,422	2,074,356
Individual income tax	951,601	753,116
City maintenance and construction tax	377,765	355,722
Others	328,076	263,849
	9,570,263	8,422,348

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Interest payables

	31 December 2014	31 December 2013
Interest payables for corporate bonds (<i>Note V.28,31</i>)	600,966	547,332
Interest payables for short-term loans	151,296	62,561
Interest payables for long-term loans	65,860	34,664
	818,122	644,557

26. Dividends payable

	31 December 2014	31 December 2013
Beijing Modasi Investment Co., Ltd.	39,971	39,971
Zhengzhou Railway Bureau of the Ministry of Railway	15,070	12,929
Taiyuan Locomotive and Rolling Stock Factory	15,070	12,929
Jinan Railway Bureau of the Ministry of Railway	15,070	12,929
Others	46,786	26,934
	131,967	105,692

27. Other payables

	31 December 2014	31 December 2013
Guarantees and deposits	13,292,274	14,519,412
Payables for advances	9,537,406	9,707,179
Accrued business taxes and surcharges	4,964,873	4,980,022
Others (<i>Note</i>)	12,165,088	10,630,067
	39,959,641	39,836,680

Note: In accordance with the *Notice Relating to the Allocation of State-owned Capital Operating Budget to CRCCG for 2008* (Cai Qi [2008] No. 260) (財政部關於下達中國鐵道建築總公司2008年中央國有資本經營預算(撥款)的通知)(財企[2008]260號) and the *Notice Relating to the Allocation of the Wenchuan Earthquake Reconstruction Funds to State-owned Enterprises for 2008* (Cai Qi [2008] No. 399) (財政部關於撥付2008年中央企業汶川地震災後恢復重建基金的通知)(財企[2008]399號) issued by the Ministry of Finance on 13 November 2008 and 15 December 2008 respectively, the Ministry of Finance injected an amount of RMB189,660,000 to CRCCG for the reconstruction work in relation to the earthquake in Wenchuan County of Sichuan Province in the PRC in 2008. Thereafter, CRCCG contributed the fund received from the Ministry of Finance into the Company. The Company has recorded this amount in other payables-payables for CRCCG as at 31 December 2013, accordingly (*Note*) X.6(e)). The fund has been paid to CRCCG at 31 December 2014.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Other payables (continued)

At the balance sheet date, significant other payables aged over one year were as follows:

	Relationship with the Group	31 December 2014	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
Company 2	Third party	88,000	Deposit not due
Company 3	Third party	47,177	Deposit not due
Company 4	Third party	44,187	Demolition not settled
Company 5	Third party	40,000	Deposit not due
		470,980	

	Relationship with the Group	31 December 2013	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
CRCCG	Ultimate holding company	189,660	Reconstruction fund not settled
Company 2	Third party	40,000	Deposit not due
Company 3	Third party	23,891	Deposit not due
Company 4	Third party	19,896	Payables not settled
		525,063	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Current portion of non-current liabilities

	31 December 2014	31 December 2013
Current portion of long-term loans (<i>Note V.30</i>)	20,059,539	9,811,930
Current portion of bonds payable	5,793,958	850,000
Current portion of long-term payables (<i>Note V.32</i>)	2,044,186	1,237,789
Current portion of long-term employee benefits payable (<i>Note V.33</i>)	623,742	723,772
	28,521,425	12,623,491

The current portion of long-term loans is presented as follows:

	31 December 2014	31 December 2013
Pledged loans (<i>Note V.30(b)</i>)	41,780	30,690
Mortgaged loans (<i>Note V.30(c)</i>)	2,942,951	2,575,220
Guaranteed loans	3,700,667	1,762,406
Loans on credit	13,374,141	5,443,614
	20,059,539	9,811,930

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

As at 31 December 2014, the current portion of bonds payable was as follows:

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Interest accrued in the year	Discount or premium amortization	Interest paid in the year	Closing balance
China Railway Co., Ltd. – First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	4,986,350	196,608	(6,042)	(189,000)	4,993,958
China Railway 15th Bureau Group Co., Ltd. – 2012 first issue of private placement notes	400,000	23 Nov 2012	3 years	400,000	6.50%	400,000	26,000	—	(26,000)	400,000
China Railway 25th Bureau Group Co., Ltd. – 2012 first issue of private placement notes	400,000	6 Aug 2012	3 years	400,000	6.10%	400,000	24,400	—	(24,400)	400,000
China Railway 23rd Bureau Group Co., Ltd. – 2012 first issue of private placement notes	350,000	9 Aug 2012	2 years	350,000	5.90%	350,000	10,440	—	(368,068)	—
China Railway 25th Bureau Group Co., Ltd. – 2012 second issue of private placement notes	500,000	9 Nov 2012	2 years	500,000	6.20%	500,000	26,584	—	(531,000)	—
	6,650,000			6,650,000		6,636,350	284,032	(6,042)	(1,138,468)	5,793,958

As at 31 December 2013, the current portion of bonds payable was as follows:

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Interest accrued in the year	Discount or premium amortization	Interest paid in the year	Closing balance
China Railway 23rd Bureau Group Co., Ltd. – 2012 first issue of private placement notes	350,000	9 Aug 2012	2 years	350,000	5.90%	350,000	17,437	—	(18,011)	350,000
China Railway 25th Bureau Group Co., Ltd. – 2012 second issue of private placement notes	500,000	9 Nov 2012	2 years	500,000	6.20%	500,000	31,000	—	(31,000)	500,000
	850,000			850,000		850,000	48,437	—	(49,011)	850,000

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other current liabilities

	31 December 2014	31 December 2013
Current portion of deferred income (<i>Note V.36</i>)	28,141	23,359
Short-term unsecured financing bonds and private placement notes (<i>Note</i>)	5,704,924	8,666,277
Others	8,452	—
	5,741,517	8,689,636

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

Movements of the bonds were as follows:

	Opening balance	Increase	Decrease	Closing balance
2014	8,666,277	5,911,647	(8,873,000)	5,704,924
2013	21,952,069	9,188,759	(22,474,551)	8,666,277

As at 31 December 2014, the balances of the short-term unsecured financing bonds and private placement note were as follows:

Bond	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest	Closing balance
China Railway Co., Ltd. – 2014 first tranche	3,500,000	28 Mar 2014	5.30%	365 days	141,793	3,641,793
China Railway 19th Bureau Group Co., Ltd. – 2014 first issue of private placement notes of Guang Da Bank	1,000,000	24 Oct 2014	6.30%	365 days	9,506	1,009,506
China Railway 19th Bureau Group Co., Ltd. – 2014 first issue of private placement notes of Ping An Bank	1,000,000	24 Mar 2014	7.45%	365 days	53,625	1,053,625
	5,500,000				204,924	5,704,924

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other current liabilities (continued)

As at 31 December 2013, the balances of the short-term unsecured financing bonds and private placement note were as follows:

Bond	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest	Closing balance
China Railway Co., Ltd. – 2013 first tranche	2,500,000	29 May 2013	4.00%	365 days	58,630	2,558,630
China Railway Co., Ltd. – 2013 first tranche SCP	3,000,000	22 Jul 2013	4.40%	270 days	58,587	3,058,587
China Railway Co., Ltd. – 2013 second tranche SCP	3,000,000	22 Aug 2013	4.70%	270 days	49,060	3,049,060
	8,500,000				166,277	8,666,277

30. Long-term loans

	31 December 2014	31 December 2013
Pledged loans (Note (b) and Note (d))	759,630	291,410
Mortgaged loans (Note (a) and Note (c))	10,076,507	7,009,840
Guaranteed loans (Note (e))	10,101,332	9,415,151
Loans on credit	32,161,260	25,080,119
	53,098,729	41,796,520

Notes:

- (a) As at 31 December 2014, long-term bank loans with a carrying amount of RMB6,694,000 (31 December 2013: RMB7,004,000) were secured by mortgages of the Group's buildings with a carrying amount of RMB6,904,000 (31 December 2013: RMB19,457,000) (Note V.58(d)).
- (b) As at 31 December 2014, long-term bank loans in the amount of RMB91,410,000 including long-term loans due within one year of RMB41,780,000 (31 December 2013: RMB122,100,000, including long-term loans due within one year of RMB30,690,000) were secured by a pledge of the Group's concession assets of the BOT Project of Jiyang Guest-greeting Yellow River Bridge with a carrying amount of RMB377,644,000 (31 December 2013: RMB397,797,000) (Note V.58(e)).
- (c) As at 31 December 2014, long-term bank loans in the amount of RMB13,012,764,000 including long-term loans due within one year of RMB2,942,951,000 (31 December 2013: RMB9,578,056,000, including long-term loans due within one year of RMB2,575,220,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB40,437,760,000 (31 December 2013: RMB25,090,918,000) (Note V.58(c)).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Long-term loans (continued)

Notes: (continued)

- (d) As at 31 December 2014, long-term bank loans in an amount of RMB710,000,000 (31 December 2013: RMB200,000,000) were secured by a pledge of the Group's accounts receivable with a carrying amount of RMB1,665,095,000 (31 December 2013: RMB410,638,000) (Note V.58(b)).
- (e) As at 31 December 2014, the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group.

As at 31 December 2014, there were no long-term loans defaulted by the Group (31 December 2013: Nil).

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

	31 December 2014	31 December 2013
Within one year or on demand (Note V.28)	20,059,539	9,811,930
In the second year, inclusive	31,731,640	19,037,929
In the third to fifth years, inclusive	14,259,734	19,087,994
Beyond five years	7,107,355	3,670,597
	73,158,268	51,608,450

31. Bonds payable

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

	31 December 2014	31 December 2013
Bonds payable	25,692,667	29,888,586

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Bonds payable (continued)

As at 31 December 2014, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Interest accrued in the year	Discount or premium amortization	Interest paid in the year	Closing balance
China Railway Co., Ltd. -First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	7,440,566	481,238	(49,196)	(471,000)	7,450,804
China Railway Co., Ltd. -First issue of medium-term notes in 2013	10,000,000	20 Jun 2013	7 years	10,000,000	5.10%	9,931,269	518,367	(60,364)	(510,000)	9,939,636
China Railway 14th Bureau Group Co., Ltd. - 2012 first issue of private placement notes	400,000	27 Aug 2012	5 years	400,000	6.70%	400,000	27,023	—	(26,800)	400,000
China Railway 15th Bureau Group Co., Ltd. - 2013 first issue of private placement notes	400,000	28 Mar 2013	3 years	400,000	5.90%	400,000	23,536	—	(23,600)	400,000
China Railway 15th Bureau Group Co., Ltd. - 2014 first issue of private placement notes	300,000	4 Sep 2014	3 years	300,000	6.80%	—	6,092	—	—	300,000
China Railway 17th Bureau Group Co., Ltd. - 2013 first issue of private placement notes	500,000	21 Mar 2013	3 years	500,000	5.88%	500,000	30,194	—	(29,400)	500,000
China Railway 17th Bureau Group Co., Ltd. - 2014 first issue of private placement notes	500,000	25 Jun 2014	3 years	500,000	7.30%	—	18,900	—	—	500,000
China Railway 23rd Bureau Group Co., Ltd. - 2014 first issue of private placement notes	150,000	14 Mar 2014	2 years	150,000	7.50%	—	8,812	—	—	150,000
China Railway 24th Bureau Group Co., Ltd. - 2014 first issue of private placement notes	600,000	11 Apr 2013	3 years	600,000	5.40%	600,000	32,400	—	(32,400)	600,000
China Railway 25th Bureau Group Co., Ltd. - 2014 first issue of private placement notes	400,000	28 Oct 2014	3 years	400,000	6.50%	—	4,630	—	—	400,000
CRCC Yuxiang Limited 3.5PCT Guaranteed Note of US\$800 million Due 2023	4,895,200	16 May 2013	10 years	4,895,200	3.50%	4,830,401	172,479	(42,973)	(172,401)	4,852,227
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. - 2014 first issue of private placement notes	200,000	30 Apr 2014	3 years	200,000	7.98%	—	—	—	—	200,000
	25,845,200			25,845,200		24,102,236	1,323,671	(152,533)	(1,265,601)	25,692,667

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Bonds payable

As at 31 December 2013, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Interest accrued in the year	Discount or premium amortization	Interest paid in the year	Closing balance
China Railway Co., Ltd.										
First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	4,979,030	189,000	(13,650)	(189,000)	4,986,350
China Railway Co., Ltd.										
First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	7,430,950	471,000	(59,434)	(471,000)	7,440,566
China Railway Co., Ltd.										
First issue of medium-term notes in 2013	10,000,000	20 Jun 2013	7 years	10,000,000	5.10%	—	270,971	(68,731)	—	9,931,269
China Railway 14th Bureau Group Co., Ltd. – 2012 first issue of private placement	400,000	27 Aug 2012	5 years	400,000	6.70%	400,000	42,350	—	(42,350)	400,000
China Railway 15th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	23 Nov 2012	3 years	400,000	6.50%	400,000	25,288	—	(26,000)	400,000
China Railway 15th Bureau Group Co., Ltd. – 2013 first issue of private placement note	400,000	28 Mar 2013	3 years	400,000	5.90%	—	17,458	—	—	400,000
China Railway 17th Bureau Group Co., Ltd. – 2013 first issue of private placement note	500,000	21 Mar 2013	3 years	500,000	5.88%	—	22,540	—	—	500,000
China Railway 25th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	06 Aug 2012	3 years	400,000	6.10%	400,000	24,400	—	(24,400)	400,000
China Railway 24th Bureau Group Co., Ltd. – 2013 first issue of private placement note	600,000	11 Apr 2013	3 years	600,000	5.40%	—	23,490	—	—	600,000
CRCC Yuxiang Limited 3.5PCT Guaranteed Note Due 2023	4,877,520	16 May 2013	10 years	4,877,520	3.50%	—	110,299	(47,119)	(88,960)	4,830,401
	30,077,520			30,077,520		13,609,980	1,196,796	(188,934)	(841,710)	29,888,586

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term payables

	31 December 2014	31 December 2013
Retention money payables	518	489
Finance lease payables	2,763,922	3,333,782
Others	1,815,951	236,591
	4,580,391	3,570,862

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

	31 December 2014	31 December 2013
Within one year (<i>Note V.28</i>)	2,044,186	1,237,789
In the second year, inclusive	1,324,411	1,209,012
In the third to fifth years, inclusive	1,644,102	2,120,013
Beyond five years	1,611,878	241,837
	6,624,577	4,808,651

33. Long-term employee benefits payable

	31 December 2014	31 December 2013
Defined benefit plans-post-employment benefits expense	1,897,381	2,441,550

Certain employees of the Group had completely dealt with their respective long-term post-leaving. Post-employment benefits expenses were recognized in the period in which the relevant entities of the Group have entered into agreements with the employees specifying terms, or after the individual employee has been advised of the specific terms. The specific terms vary among the terminated and post-employment benefits depending on various factors including their positions, length of service, and the district in which the employee is located, etc.

The Group's obligations in respect of the defined benefit plan for the post-leaving personnel at the end of the reporting period were computed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. which is a member of the Society of Actuaries of the United States of America at 31 December 2014, using the projected cumulative unit credit method.

The plan has no defined benefit plan asset.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term employee benefits payable (continued)

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for post-leaving personnel.

The principal actuarial assumptions used as at the balance sheet date are as follows:

	31 December 2014	31 December 2013
Discount rate (%)	3.50	4.50
Increase in the expected rate of cost of living adjustment for long-term post-leaving personnel (%)	2.50	2.50
Increase in the expected rate of medical reimbursement expenses (%)	8.00	8.00
Average lifetime for defined benefit plans (year)	2-3	2-3

A quantitative sensitivity analysis for significant assumptions as at 31 December 2014 is shown below:

	Increase in rate %	(Decrease)/ increase in net defined benefit obligation	Decrease in rate %	Increase/ (decrease) in net defined benefit obligation
Discount rate	0.25	(16,310)	0.25	16,550
Medical expense increase rate	1.00	160	1.00	(150)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit plan obligation as a result of reasonable changes in key assumptions occurring at the balance sheet date.

The total expenses recognized in the consolidated statement of profit or loss in respect of the plan are as follows:

	2014	2013
Net benefit expenses recognized in general and administrative expenses	121,064	111,912

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term employee benefits payable (continued)

The movements in the present value of the defined benefit plan obligations are as follows:

	2014	2013
1 January	3,165,322	4,135,263
Defined benefit cost recognized in profit or loss	121,064	111,912
Remeasurement effects recognized in other comprehensive income	(32,660)	(247,216)
Benefit payments	(732,603)	(834,637)
31 December	2,521,123	3,165,322
Less: Current portion of long-term post-leaving benefit expenses (note V.28)	(623,742)	(723,772)
	1,897,381	2,441,550

The movements in the defined benefit plan obligations are as follows:

	Benefit cost charged to profit or loss				Remeasurement losses/(gains) in other comprehensive income				Closing balance
	Opening balance	Service cost	Net interest	Sub-total included in profit or loss	Benefit paid	Actuarial changes due to financial assumption changes	Actuarial changes due to liability experience	Sub-total included in other comprehensive income	
2014									
Defined benefit Obligations	3,165,322	—	121,064	121,064	(732,603)	63,890	(96,550)	(32,660)	2,521,123
2013									
Defined benefit obligations	4,135,263	—	111,912	111,912	(834,637)	(135,940)	(111,276)	(247,216)	3,165,322

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Special payables

2014

	Opening balance	Additions	Deductions	Closing balance
Research and development funds	81,466	14,871	(19,239)	77,098
Specific project funds	238,067	149,944	(48,224)	339,787
Others	482	200	(131)	551
	320,015	165,015	(67,594)	417,436

2013

	Opening balance	Additions	Deductions	Closing balance
Research and development funds	78,206	18,045	(14,785)	81,466
Specific project funds	166,587	189,024	(117,544)	238,067
Others	550	—	(68)	482
	245,343	207,069	(132,397)	320,015

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Provision

2014

	Opening balance	Increase	Closing balance	
Pending litigation	3,887	90	3,977	Note

2013

	Opening balance	Increase	Closing balance	
Pending litigation	—	3,887	3,887	Note

Note: The Group has been named in the legal proceedings and claims arising from disputes on construction contracts. As the Court has accepted the case but has not yet concluded, the provision which is according to the best estimate of the amount likely to be compensated regarding the proceedings and claims was made at the end of the reporting period based on the best estimates and judgments from the Directors and legal advice from the Company' legal advisor.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Deferred income

2014

	Opening balance	Additions	Deductions	Closing balance
Government grants related to assets	190,051	—	(25,762)	164,289
Government grants related to income	9,080	40,603	(6,616)	43,067
Others	7,492	1,000	(2,600)	5,892
Less: current portion of deferred income (<i>Note V. 29</i>)	(23,359)	(4,782)	—	(28,141)
	183,264	36,821	(34,978)	185,107

2013

	Opening balance	Additions	Deductions	Closing balance
Government grants related to assets	165,558	51,555	(27,062)	190,051
Government grants related to income	6,339	4,611	(1,870)	9,080
Others	9,261	(40)	(1,729)	7,492
Less: current portion of deferred income (<i>Note V. 29</i>)	(22,622)	(737)	—	(23,359)
	158,536	55,389	(30,661)	183,264

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Deferred income (continued)

As at 31 December 2014, government grants related to liabilities were as follows:

	Opening balance	Additions	Included in non-operating income this year	Other changes	Closing balance	Related to assets/income
Equipment appropriation for passenger transport line Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuanju Apartment and Utility Project Demolition Fund	61,000	—	(20,000)	—	41,000	Related to assets
Kuangxiang land compensation	40,100	—	—	—	40,100	Related to assets
Technical renovation construction appropriation	31,926	—	(4,871)	—	27,055	Related to assets
Others	14,550	40,603	(3,137)	(4,370)	47,646	
Total	199,131	40,603	(28,008)	(4,370)	207,356	

As at 31 December 2013, government grants related to liabilities were as follows:

	Opening balance	Additions	Included in non-operating income this year	Other changes	Closing balance	Related to assets/income
Equipment appropriation for passenger transport line Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuanju Apartment and Utility Project	81,000	—	(20,000)	—	61,000	Related to assets
Demolition Fund	—	51,555	—	—	51,555	Related to assets
Kuangxiang land compensation	40,100	—	—	—	40,100	Related to assets
Technical renovation construction appropriation	36,797	—	(4,871)	—	31,926	Related to assets
Others	14,000	4,611	(4,006)	(55)	14,550	
Total	171,897	56,166	(28,877)	(55)	199,131	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Share capital

2014

	Opening balance	Increase	Decrease	Closing balance
Restricted shares				
— National Social Security Fund	245,000	—	(245,000)	—
Unrestricted shares				
— RMB ordinary shares (<i>A shares</i>)	10,016,246	—	—	10,016,246
— Overseas listed foreign shares (<i>H shares</i>)	2,076,296	—	—	2,076,296
— National Social Security Fund	—	245,000	—	245,000
	12,337,542	245,000	(245,000)	12,337,542

2013

	Opening balance	Increase	Decrease	Closing balance
Restricted shares				
— NSSF	245,000	—	—	245,000
Unrestricted shares				
— RMB ordinary shares (<i>A shares</i>)	10,016,246	—	—	10,016,246
— Overseas listed foreign shares (<i>H shares</i>)	2,076,296	—	—	2,076,296
	12,337,542	—	—	12,337,542

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Capital reserve

2014

	Opening balance	Increase	Decrease	Closing balance
Share premium	34,746,711	—	—	34,746,711
Relocation compensation granted by government	110,408	1,752	—	112,160
Acquisition of non-controlling interests	(467,424)	12	—	(467,412)
Others	(508,426)	1,800	—	(506,626)
	33,881,269	3,564	—	33,884,833

2013

	Opening balance	Increase	Decrease	Closing balance
Share premium	34,746,711	—	—	34,746,711
Relocation compensation granted by government	110,408	—	—	110,408
Acquisition of non-controlling interests	(358,011)	—	(109,413)	(467,424)
Others	(508,426)	—	—	(508,426)
	33,990,682	—	(109,413)	33,881,269

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Other comprehensive income

Accumulated balance of other comprehensive income attributable to owners of the Company from the balance sheet:

	1 January 2013	Increase/ (decrease)	31 December 2013	Increase/ (decrease)	31 December 2014
Remeasurement of defined benefit obligation	(478,014)	247,216	(230,798)	32,660	(198,138)
Effect of deferred tax from changes in remeasurement of defined benefit obligation	57,611	(57,955)	(344)	(6,915)	(7,259)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of associates, under the equity method	(5,202)	(2,924)	(8,126)	(92,799)	(100,925)
Changes in fair value of available-for-sale financial assets, net of tax	(59,635)	(42,873)	(102,508)	354,975	252,467
Effect of deferred tax from changes in fair value of available-for-sale financial assets	22,353	12,092	34,445	(66,029)	(31,584)
Exchange differences on translation of foreign operation	238,762	112,304	351,066	(16,006)	335,060
Total	(224,125)	267,860	43,735	205,886	249,621

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Other comprehensive income (continued)

Other comprehensive income attributable to owners of the Company from the statement of profit or loss:

	2014	2013
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Remeasurement of defined benefit obligation	32,660	247,216
Less: Income tax effect	(6,915)	(57,955)
	25,745	189,261
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Share of other comprehensive income of associates	(92,799)	(2,924)
Changes in fair value of available-for-sale investments	354,975	(42,873)
Less: income tax effect	(66,029)	12,092
	288,946	(30,781)
Exchange differences on translation of foreign operations	(16,006)	112,304
	205,886	267,860

40. Special reserve

The Group provided for and utilized safety production expenses according to the Circular on Printing and Issuing the Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilization (2012. No.16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note III.28.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Surplus reserve

2014

		Opening balance	Increase	Closing balance
Statutory surplus reserve	Note	1,491,897	302,965	1,794,862

2013

		Opening balance	Increase	Closing balance
Statutory surplus reserve	Note	1,217,159	274,738	1,491,897

Note: In accordance with the Company Law and the Company's Articles of Association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorised to allocate discretionary surplus reserve from profit after tax after the allocation of statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

42. Retained earnings

		2014	2013
Retained earnings at beginning of the year		33,232,451	24,519,661
Net profit attributable to the owners		11,343,265	10,344,658
Less: Appropriation for surplus reserve		(302,965)	(274,738)
Ordinary share cash dividends declared	Note	(1,603,880)	(1,357,130)
Retained earnings at the year end		42,668,871	33,232,451

Note: In accordance with the resolution at the 2013 annual general meeting of shareholders on 18 June 2014, the Company declared a final cash dividend for the year ended 31 December 2013 of RMB0.13 per share (31 December 2013: RMB0.11), which amounted to RMB1,603,880,000 (31 December 2013: RMB1,357,130,000) based on 12,337,541,500 ordinary shares in issue. This dividend has been paid in 2014, and has been reflected in this year's financial statements.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Revenue and cost of sales

Operating revenue represents the invoice value of goods sold net of returns and trade discounts, which contains an appropriate proportion of construction contracts revenue, the value of the service provided and net amount of lease income received.

	2014		2013	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	590,332,095	526,639,303	585,480,520	526,344,030
Other operating revenue	1,636,357	1,090,517	1,309,070	903,866
	591,968,452	527,729,820	586,789,590	527,247,896

An analysis of the Group's operating revenue by sector is as follows:

Sectors	2014 Revenue	2013 Revenue
Construction operations	508,002,023	464,405,058
Real estate operations	24,629,956	24,695,357
Manufacturing operations	10,457,972	9,808,977
Survey, design and consultancy operations	8,949,630	7,758,766
Other business operations	39,928,871	80,121,432
	591,968,452	586,789,590

44. Business tax and surcharges

	2014	2013
Business tax	14,952,502	14,509,534
City maintenance and construction tax	859,692	831,617
Others	2,167,150	1,486,145
	17,979,344	16,827,296

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Selling and distribution expenses

	2014	2013
Employee compensation costs	1,413,062	873,711
Advertising and publicity expenses	1,030,194	848,813
Transportation expenses	508,408	538,524
Others	299,942	248,172
	3,251,606	2,509,220

46. General and administrative expenses

	2014	2013
Employee compensation costs	9,279,873	9,247,821
Research and development expenses	8,683,235	7,678,912
Office, traveling and transportation expenses	1,211,707	1,498,353
Depreciation expenses	1,088,025	1,068,227
Others	2,582,401	3,226,525
	22,845,241	22,719,838

For the year ended 31 December 2014, the auditors' remuneration included in the general and administrative expenses was RMB38,832,000 (for the year ended 31 December 2013: RMB37,882,000).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Finance costs

	2014	2013
Interest expenses	10,025,138	7,414,015
Less: Interest income	(2,860,801)	(2,809,142)
Interest capitalized	(3,334,502)	(1,352,505)
Exchange gains	(91,358)	(40,574)
Bank charges and others	551,212	537,647
	4,289,689	3,749,441

The Group's interest expenses are as follows:

	2014	2013
Interest on loans wholly repayable within five years	7,424,794	4,834,548
Interest on loans repayable beyond five years	170,221	192,274
Interest on finance leases	240,688	237,154
Interest on discounted bills	170,085	216,047
Interest on corporate bonds	2,019,350	1,933,992
Total interest expenses	10,025,138	7,414,015

The amount of capitalized interest has been included in the balances of fixed assets (Note V.12), construction in progress (Note V.13), intangible assets (Note V.14) and properties under development (Note V.7(1)).

48. Impairment losses

	2014	2013
Provisions for bad debts	1,397,873	1,393,272
Provisions for decline in value of inventories	183,213	37,000
Impairment of available-for-sale financial assets	2,354	985
	1,583,440	1,431,257

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Gains on fair value changes

	2014	2013
Financial assets at fair value through profit or loss	8,293	942

50. Investment income/(losses)

	2014	2013
Share of net losses of associates and jointly-controlled entities	(12,214)	(248,763)
Investment income from disposal of other long-term equity investments	4,105	187,534
Investment income gained during the period in which the Company held available-for-sale financial assets	54,093	26,306
Investment income gained during the period in from the financial assets at fair value through profit or loss	1,976	—
Investment income from disposal of financial assets at fair value through profit or loss	5,900	—
Investment income from disposal of available-for-sale financial assets	19,708	3,302
Others	9,417	9,449
	82,985	(22,172)

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Non-operating income

	2014	2013	Non-recurring profit or loss in 2014
Government grants	377,299	322,490	356,999
Gains on disposal of non-current assets	146,334	126,839	146,334
Including:			
Gains on disposal of fixed assets	100,402	60,935	100,402
Gains on disposal of intangible assets	45,932	65,904	45,932
Gains on compensation, penalties and fines	144,522	54,872	144,522
Gains from unpayable accounts	81,860	355,610	81,860
Others	78,622	106,437	78,622
	828,637	966,248	808,337

Government grants credited to profit or loss for the year are as follows:

	2014	2013	Related to income/assets
Enterprise development funding	133,505	127,887	Related to income
Enterprise development funding	5,661	4,871	Related to assets
Economic and technological cooperation special funds	126,900	71,200	Related to income
Economic and technological cooperation special funds	1,650	—	Related to assets
Equipment funding from the Ministry of Railways	20,000	20,000	Related to assets
Refund of taxes	28,556	61,328	Related to income
Relocation compensation	37,589	9,542	Related to income
Relocation compensation	4,315	—	Related to assets
Others	19,123	27,662	Related to income/assets
	377,299	322,490	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Non-operating expenses

	2014	2013	Non-recurring profit or loss in 2014
Loss on disposal of non-current assets	126,895	87,954	126,895
Including:			
Loss on disposal of fixed assets	125,649	86,505	125,649
Loss on disposal of intangible assets	1,246	1,449	1,246
Loss on compensation, penalties and fines	76,142	82,601	76,142
Donations	5,086	6,162	5,086
Others	48,655	33,203	48,655
	256,778	209,920	256,778

53. Profit before tax

The Group's costs and expenses classified by nature are listed below:

	2014	2013
Cost of services rendered	466,265,933	424,161,123
Cost of goods sold	61,463,887	103,086,773
Employee compensation costs (Note V 45, 46)	10,692,935	10,121,532
Research and development expenses	8,683,235	7,678,912
Depreciation expenses on fixed assets (Note)	1,128,534	1,090,653
Amortization expenses on intangible assets	168,411	180,890

Note: Depreciation of RMB9,309,948,000 (2013: RMB8,634,530,000) is included in the "Cost of sales" on the face of the consolidated statement of profit or loss for the year.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Income tax expenses

	2014	2013
Current tax expenses – Mainland China	3,680,066	2,758,154
Current tax expenses – Hong Kong	(777)	333
Current tax expenses – Others	22,850	12,515
Deferred tax expenses	(321,255)	(170,645)
	3,380,884	2,600,357

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

A reconciliation of the income tax expense applicable to total profit at the statutory income tax rate to the income tax expense at the Group's effective tax rate is as follows:

	2014	2013
Total profit	14,952,449	13,039,740
Income tax at the statutory income tax rate of 25% (Note (a))	3,738,113	3,259,935
Tax effect of lower tax rates for some subsidiaries	(592,163)	(598,699)
Tax effect of share of profits and losses of jointly-controlled entities and associates (Note (b))	3,054	62,608
Income not subject to tax	(162,939)	(18,112)
Expenses not deductible for tax purposes	152,047	251,711
Tax losses utilised from previous years	(16,024)	(36,872)
Income tax benefits on research and development expenses	(616,864)	(555,977)
Tax losses not recognized	418,244	109,641
Undeductible loss and impairment from overseas projects	—	87,263
Adjustments in respect of current income tax of previous periods	85,040	(225,016)
Other	372,376	263,875
Tax expense at the Group's effective tax rate	3,380,884	2,600,357

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Income tax expenses (continued)

Notes:

- (a) The income tax of the Group is calculated based on the estimated taxable profit arising in China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at the applicable tax rate according to existing laws, interpretations and practices of the country/ jurisdiction in which the Group operates.
- (b) The share of tax attributable to jointly-controlled entities and associates amounting to RMB2,200,000 (2013: RMB2,498,000) and RMB5,276,000 (2013: RMB2,855,000), respectively, is included in the "Investment income-share of profits and losses of associates and jointly-controlled entities" on the face of the consolidated statement of profit or loss .

55. Earnings per share

The basic earnings per share is calculated based on the net profit for the year attributable to the ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the year.

	2014	2013
Earnings		
Net profit attributable to ordinary shareholders of the Company	11,343,265	10,344,658
Shares		
Weighted average number of the outstanding ordinary shares of the Company (Note)	12,337,541,500	12,337,541,500
Basic earnings per share (RMB/share)	0.92	0.84

Note: As disclosed in Note I to these financial statements, after the issuance of A shares and H shares in 2008, the Company has issued an aggregate of 12,337,541,500 outstanding ordinary shares.

The Company holds no potential ordinary shares that are dilutive.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Notes to the consolidated statement of cash flows

(1) Cash received relating to other operating activities:

	2014	2013
Rental income of fixed assets	618,104	462,344
Sale of raw materials	448,483	169,780
Government grants	377,058	260,082
Accommodation income	223,885	208,210
Property management income	215,151	169,193
Training income	65,653	60,196
Others	1,231,175	1,236,848
	3,179,509	2,566,653

(2) Cash paid relating to other operating activities:

	2014	2013
Office and traveling expenses	2,239,893	2,011,728
Deposits	1,246,078	2,157,833
Business development expenses	799,408	478,388
Repair and maintenance costs	566,031	532,616
Others	2,835,062	1,928,058
	7,686,472	7,108,623

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Supplementary information to the statement of cash flows

(1) Supplementary information to the consolidated statement of cash flows

	2014	2013
Reconciliation of net profit to cash flows from/(used in) operating activities		
Net profit	11,571,565	10,439,383
Plus:		
Provision for impairment of assets	1,583,440	1,431,257
Depreciation of fixed assets	10,438,482	9,725,183
Amortization of intangible assets	168,411	180,890
Gains from disposal of fixed assets, intangible assets and other long-term assets	(19,439)	(38,885)
Gains from changes in fair value	(8,293)	(942)
Finance costs	3,738,477	3,211,794
Investment (income)/losses	(82,985)	22,172
Increase in deferred tax assets	(313,731)	(7,151)
Decrease in deferred tax liabilities	(7,525)	(163,494)
Increase in inventories	(21,579,916)	(29,055,352)
Increase in operating receivables	(24,435,633)	(30,595,094)
Increase in operating payables	27,049,696	25,386,176
Net increase/(decrease) in balances with the central bank	(1,520,037)	150,083
Net cash flows from/(used) in operating activities	6,582,512	(9,313,980)

Major non-cash investing and financing activities:

	2014	2013
Fixed assets held under finance leases	1,289,008	1,220,136

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Supplementary information to the statement of cash flows (continued)

(1) Supplementary information to the consolidated statement of cash flows (continued)

Changes in cash and cash equivalents:

	2014	2013
Cash at the end of year	77,521,339	77,328,008
Less: opening balance of cash	(77,328,008)	(78,704,854)
Plus: closing balance of cash equivalents	6,927,156	2,455,445
Less: opening balance of cash equivalents	(2,455,445)	(1,077,197)
Net increase in cash and cash equivalents	4,665,042	1,402

(2) Cash and cash equivalents

	31 December 2014	31 December 2013
Cash	77,521,339	77,328,008
Including: cash on hand	141,721	131,216
cash with banks/financial institutions without restrictions	77,379,618	77,196,792
Cash equivalents	6,927,156	2,455,445
Closing balance of cash and cash equivalents	84,448,495	79,783,453

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Assets with title restrictions

	31 December 2014	31 December 2013	
Pledged assets:			
Cash and bank balances	4,512,367	5,599,966	Note (a)
Accounts receivable	4,353,629	5,247,446	Note (b)
Inventories	40,437,760	25,090,918	Note (c)
Fixed assets	30,722	67,487	Note (d)
Intangible assets	377,644	479,906	Note (e)
	49,712,122	36,485,723	

Notes:

- (a) As at 31 December 2014, the Group's deposits of RMB570,000 (31 December 2013: RMB190,000,000) were pledged to obtain loans. As at 31 December 2014, the Group held frozen deposits of RMB69,580,000 (31 December 2013: RMB13,385,000), the residual amount of RMB4,442,217,000 (31 December 2013: RMB5,396,581,000) were kinds of deposit.
- (b) As at 31 December 2014, the Group's accounts receivable of RMB4,353,629,000 (31 December 2013: RMB5,247,446,000) were pledged to obtain loans.
- (c) As at 31 December 2014, the Group's inventories of RMB40,437,760,000 (31 December 2013: RMB25,090,918,000) were mortgaged to obtain loans.
- (d) As at 31 December 2014, Group's fixed assets of RMB30,722,000 (31 December 2013: RMB67,487,000) were mortgaged to obtain loans.
- (e) As at 31 December 2014, there were no Group's land use rights mortgaged to obtain loans (31 December 2013: RMB82,109,000, the amortization of this land use right amounted to RMB2,020,000).

As at 31 December 2014, Group's concession assets of RMB377,644,000 (31 December 2013: RMB397,797,000) were mortgaged to obtain loans; In 2014, the amortization amount of these Concession assets RMB20,153,000 (31 December 2013: RMB20,153,000).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Foreign currency monetary items

Cash and bank balances	31 December 2014			31 December 2013		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
U.S. Dollar	642,346	6.11900	3,930,515	456,486	6.09690	2,783,149
Djibouti Franc	27,725,860	0.03280	909,408	25,690,685	0.03290	845,224
Algerian Dinar	5,455,466	0.06952	379,264	3,405,948	0.07780	264,983
Hong Kong Dollar	398,542	0.78890	314,410	275,512	0.78620	216,608
Saudi Riyal	112,343	1.63408	183,577	90,060	1.62900	146,708
Others			1,235,859			3,131,825
Total			6,953,033			7,388,497

Accounts receivable	31 December 2014			31 December 2013		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
U.S. Dollar	194,382	6.11900	1,189,423	213,963	6.09690	1,304,511
Saudi Riyal	361,738	1.63408	591,109	173,683	1.62896	282,923
Tanzanian Shilling	68,932,592	0.00344	237,128	62,204,084	0.00375	233,265
Kuwaiti Dinar	6,450	20.92480	134,965	18	21.62810	389
Zambian Kwacha	125,406	0.97390	122,133	—	—	—
Others			482,094			423,178
Total			2,756,852			2,244,266

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Foreign currency monetary items

Other receivables	31 December 2014			31 December 2013		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
U.S. Dollar	51,949	6.11900	317,876	4,869	6.09690	29,686
Algerian Dinar	2,058,516	0.06952	143,108	362,290	0.07780	28,186
Djibouti Franc	1,155,182	0.03280	37,890	21,768	0.03470	755
African Financial Community	3,142,332	0.01150	36,137	523,518	0.01280	6,701
Kuwaiti Dinar	1,363	20.92480	28,521	2,057	21.62810	44,489
Others			103,950			118,647
Total			667,482			228,464

Short-term loans	31 December 2014			31 December 2013		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
U.S. Dollar	507,880	6.11900	3,107,718	276,935	6.09690	1,688,445
Saudi Riyal	40,237	1.63408	65,750	61,815	1.62896	100,694
Malaysian Ringgit	18,638	1.75241	32,661	2,643	1.85428	4,901
Macau Pataca	25,476	0.75126	19,139	27,372	0.74850	20,488
Kuwaiti Dinar	—	20.92480	—	1,503	21.62810	32,507
Total			3,225,268			1,847,035

Accounts payable	31 December 2014			31 December 2013		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Algerian Dinar	16,403,075	0.06952	1,140,342	1,387,360	0.07784	107,992
U.S. Dollar	117,595	6.11900	719,564	155,703	6.09690	949,306
Saudi Riyal	165,712	1.63408	270,787	66,327	1.62896	108,044
Singapore Dollar	36,172	4.63960	167,824	161,328	4.81595	776,948
Georgian Lari	44,757	3.29389	147,425	51,868	3.51920	182,534
Others			338,544			570,451
Total			2,784,486			2,695,275

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Foreign currency monetary items (continued)

Other payables	31 December 2014			31 December 2013		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Algerian Dinar	3,967,538	0.06952	275,823	2,282,898	0.07784	177,701
Nigerian Naira	6,075,372	0.03332	202,431	4,179,147	0.03755	156,927
Saudi Riyal	118,773	1.63408	194,085	19,829	1.62896	32,301
U.S. Dollar	7,011	6.11900	42,900	10,781	6.09690	65,731
Hong Kong Dollar	53,128	0.78887	41,911	52,587	0.78623	41,345
Others			91,198			156,252
Total			848,348			630,257

Long-term loans	31 December 2014			31 December 2013		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
U.S. Dollar	1,181,520	6.11900	7,229,721	636,000	6.09690	3,877,628
European Euro	84,282	7.45560	628,373	100,750	8.41890	848,204
Singapore Dollar	110,000	4.63960	510,356	109,140	4.81595	525,613
Kuwaiti Dinar	1,499	20.92480	31,366	5,179	21.62810	112,012
Hong Kong Dollar	8,486	0.78887	6,694	8,908	0.78623	7,004
Total			8,406,510			5,370,461

Bonds payable	31 December 2014			31 December 2013		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
U.S. Dollar	792,977	6.11900	4,852,227	792,271	6.09690	4,830,401

VI. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidation scope is consistent with the previous year.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VII. EQUITY IN OTHER ENTITIES

1. Subsidiaries

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

Subsidiaries acquired through establishment or investment

Company name	Place of registration	Principal place of business	Principal activities	Registered capital	Percentage of equity interest	
					Direct	Indirect
China Civil Engineering Construction Ltd.	Beijing	Beijing	Construction	1,210,000	100	—
China Railway 11th Bureau Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Construction	1,031,850	100	—
China Railway 12th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	1,060,677	100	—
China Railway Construction Bridge Engineering Bureau Group Co., Ltd (Note (a))	Tianjin	Tianjin	Construction	2,000,000	100	—
China Railway 14th Bureau Group Co., Ltd.	Ji'nan, Shandong	Ji'nan, Shandong	Construction	1,110,000	100	—
China Railway 15th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	1,117,210	100	—
China Railway 16th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	1,268,300	100	—
China Railway 17th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	1,105,470	100	—
China Railway 18th Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	1,130,000	100	—
China Railway 19th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	1,095,469	100	—
China Railway 20th Bureau Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	1,130,850	100	—
China Railway 21st Bureau Group Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	Construction	1,150,000	100	—
China Railway 22nd Bureau Group Co., Ltd.	Beijing	Beijing	Construction	1,057,000	100	—
China Railway 23rd Bureau Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Construction	1,185,000	100	—
China Railway 24th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	1,050,000	100	—

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

Particulars of the principal subsidiaries of the Company are as follows (continued):

Subsidiaries acquired through establishment or investment (continued)

Company name	Place of registration	Principal place of business	Principal activities	Registered capital	Percentage of equity interest	
					Direct	Indirect
China Railway 25th Bureau Group Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction	910,720	100	—
China Railway Construction Group Ltd.	Beijing	Beijing	Construction	2,500,000	100	—
China Railway Construction Electrification Bureau Group Co., Ltd.	Beijing	Beijing	Construction	710,000	100	—
China Railway Goods and Materials Group Co., Ltd.	Beijing	Beijing	Trading of construction materials	2,000,000	100	—
Kunming China Railway Large Road Maintenance Machinery Co., Ltd	Yunnan Kunming	Yunnan Kunming	Industrial manufacturing	987,984	100	—
China Railway Construction Real Estate Group Co., Ltd	Beijing	Beijing	Real estate development	7,000,000	100	—
China Railway Construction Heavy Industry Co., Ltd.	Hunan Changsha	Hunan Changsha	Industrial manufacturing	850,000	100	—
CRCC China-Africa Construction Limited	Beijing	Beijing	Construction	1,000,000	100	—
China Railway Construction Investment Co., Ltd.	Beijing	Beijing	Project investment	6,275,510	100	—
CRCC Finance Company Limited	Beijing	Beijing	Finance services	6,000,000	94	—
CRCC International Group Co., Ltd.	Beijing	Beijing	Project contracting	3,000,000	100	—
CRCC Assets Management Co., Ltd.	Beijing	Beijing	Asset management	10,000	100	—
CRCC Urban Engineering Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Construction	2,000,000	100	—

Note: During 2014, the Company injected capital of RMB800,000,000 to China Railway Construction Bridge Engineering Bureau Group Co., Ltd, RMB200,000,000 to China Railway 16th Bureau Group Co., Ltd, RMB220,000,000 to China Railway 23rd Bureau Group Co., Ltd, RMB1,200,000,000 to China Railway Construction Group Ltd., and RMB10,000,000 to CRCC Assets Management Co., Ltd., respectively.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. *Equity in joint ventures and associates*

The Group did not have an individually significant joint venture or associate. Please refer to Note V 10.

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS

1. *Financial instruments by category*

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

31 December 2014

Financial assets

	Financial assets at fair value through profit or loss	Held-to- maturity investments	Loans and receivables	Available-for- sale financial assets	Total
Held-to-maturity investments	—	1,269	—	—	1,269
Available-for-sale financial assets	—	—	—	3,812,439	3,812,439
Bills receivable	—	—	2,897,507	—	2,897,507
Accounts receivable	—	—	115,414,242	—	115,414,242
Interest receivables	—	—	306,839	—	306,839
Dividends receivable	—	—	23,205	—	23,205
Other receivables	—	—	34,536,768	—	34,536,768
Long-term receivables	—	—	25,219,390	—	25,219,390
Current portion of non-current assets	—	—	12,657,740	—	12,657,740
Financial assets at fair value through profit or loss	110,204	—	—	—	110,204
Cash and bank balances	—	—	98,087,787	—	98,087,787
	110,204	1,269	289,143,478	3,812,439	293,067,390

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instruments by category (continued)

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

31 December 2014 (continued)

Financial liabilities

	Other Financial Liabilities
Short-term loans	44,811,039
Due to customers	808,433
Bills payable	21,356,148
Accounts payable	205,388,554
Interest payables	818,122
Dividends payable	131,967
Other payables	39,959,641
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	27,897,683
Other current liabilities (excluding deferred income and others)	5,704,924
Long-term loans	53,098,729
Bonds payable	25,692,667
Long-term payables	4,580,391
	430,248,298

Notes to Financial Statements

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instruments by category (continued)

31 December 2013

Financial assets

	Financial assets at fair value through profit or loss	Held-to- maturity investments	Loans and receivables	Available-for- sale financial assets	Total
Held-to-maturity investments	—	1,269	—	—	1,269
Available-for-sale financial assets	—	—	—	3,058,380	3,058,380
Bills receivable	—	—	3,466,399	—	3,466,399
Accounts receivable	—	—	87,797,722	—	87,797,722
Interest receivable	—	—	213,195	—	213,195
Dividends receivable	—	—	5,951	—	5,951
Other receivables	—	—	30,980,916	—	30,980,916
Long-term receivables	—	—	19,898,598	—	19,898,598
Current portion of non-current assets	—	—	20,407,440	—	20,407,440
Financial assets at fair value through profit or loss	123,161	—	—	—	123,161
Cash and bank balances	—	—	93,433,837	—	93,433,837
	123,161	1,269	256,204,058	3,058,380	259,386,868

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instruments by category (continued)

31 December 2013

Financial liabilities

	Other Financial Liabilities
Short-term loans	47,062,143
Due to customers	437,821
Bills payable	22,824,023
Accounts payable	177,791,775
Interest payables	644,557
Dividends payable	105,692
Other payables	39,836,680
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	11,899,719
Other current liabilities (excluding deferred income and others)	8,666,277
Long-term loans	41,796,520
Bonds payable	29,888,586
Long-term payables	3,570,862
	384,524,655

2. Transfer of financial assets

Continuing involvement in transferred assets

As at 31 December 2014, the subsidiaries of the Group have endorsed bank acceptance bills amounting to RMB697,391,000 (2013: RMB1,517,969,000) to suppliers to settle the accounts payable. As at 31 December 2014, for bills within 12 months, if acceptance banks dishonored the bills, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered the risk and reward of the bills have been transferred. Therefore, the Group has terminated the related accounts payable that have been settled by the bills. The undiscounted cash flow and maximum loss of continuing involvement and repurchase equal to the book value of the bills. The Group considers the fair value of continuing involvement is not significant.

In 2014, the Group did not recognize any profit or loss at the date of transfer. The Group had no current or accumulated gain or expense related to continuing involvement of financial assets which had been terminated. The endorsement happens evenly throughout the year.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. *Financial instruments risks*

The Group's major financial instruments include loans, accept money deposits, bonds payable, other current liabilities, financial leasing and cash and cash equivalents. The purpose of these financial instruments is to support daily operation of the Group. The Group also has various financial assets and liabilities caused from operation, such as accounts receivables, other receivable, accounts payable, notes payables and other payables.

The major risks from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As a common practice, the management will hold meetings at least four times a year to analyze and make plans to manage these risks. Besides, the board will hold meetings at least twice a year to discuss and approve the suggestions from the management. The Group adopts conservative policies in risk management. Since the Group maintains the risks at the lowest level, the Group not only did not use any derivative instruments or other financial instruments to hedge the risks, but also did not hold or issue any financial derivatives during the whole year.

Credit risk

The Group trades only with recognized and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. *Financial instruments risks (continued)*

Credit risk (continued)

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets, and other receivables, arising from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XII.3 to the financial statements. Substantially all of the Group's cash and bank balances are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

As the Group's major customers are PRC government agencies at the national, provincial and local levels and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

As at 31 December 2014 and 2013, further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable, other receivables and long-term receivables which are neither past due nor impaired or past due but not impaired are disclosed in Notes V.4, 6 and 9, respectively, to the financial statements.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. *Financial instruments risks (continued)*

Liquidity risk

The Group monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Due to the capital intensive nature of the Group's businesses, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities from several PRC banks of up to RMB768.3 billion as at 31 December 2014, of which an amount of approximately RMB277.7 billion has been utilized.

The Group's policy is that not more than 75% of borrowings shall mature in the following 12 months based on the carrying amount of borrowings reflected in the financial statements. As at 31 December 2014, 49.2% (31 December 2013: 48.1%) of the Group's borrowings would mature in less than one year.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Financial instruments risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at the balance sheet date, based on the undiscounted contractual cash flows:

	31 December 2014					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	—	44,811,039	—	—	—	44,811,039
Due to customers	808,433	—	—	—	—	808,433
Bills payable	—	21,356,148	—	—	—	21,356,148
Accounts payable	—	205,388,554	—	—	—	205,388,554
Interest payables	—	818,122	—	—	—	818,122
Dividends payable	—	131,967	—	—	—	131,967
Other payables	—	39,959,641	—	—	—	39,959,641
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	—	27,897,683	—	—	—	27,897,683
Other current liabilities (excluding deferred income and others)	—	5,704,924	—	—	—	5,704,924
Long-term loans	—	—	31,731,640	14,259,734	7,107,355	53,098,729
Bonds payable	—	—	1,650,000	9,250,804	14,791,863	25,692,667
Long-term payables	—	—	1,324,411	1,644,102	1,611,878	4,580,391
Unrecognized financing charges in connection with finance leases	—	240,469	138,515	84,388	—	463,372
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity and other investees (excluding the real estate mortgage guarantee)	473,726	—	—	—	—	473,726
	1,282,159	346,308,547	34,844,566	25,239,028	23,511,096	431,185,396

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Financial instruments risks (continued)

Liquidity risk (continued)

	31 December 2013					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	—	47,062,143	—	—	—	47,062,143
Due to customers	437,821	—	—	—	—	437,821
Bills payable	—	22,824,023	—	—	—	22,824,023
Accounts payable	—	177,791,775	—	—	—	177,791,775
Interest payables	—	644,557	—	—	—	644,557
Dividends payable	—	105,692	—	—	—	105,692
Other payables	—	39,836,680	—	—	—	39,836,680
Current portion of non-current liabilities (excluding current portion of long term employee benefits payable)	—	11,899,719	—	—	—	11,899,719
Other current liabilities (excluding deferred income and others)	—	8,666,277	—	—	—	8,666,277
Long-term loans	—	—	19,037,929	19,087,994	3,670,597	41,796,520
Bonds payable	—	—	6,386,350	8,740,566	14,761,670	29,888,586
Long-term payables	—	—	1,209,012	2,120,013	241,837	3,570,862
Unrecognized financing charges in connection with finance leases	—	258,543	184,076	169,548	3,596	615,763
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity, and other investees (excluding the real estate mortgage guarantee)	940,362	—	—	—	—	940,362
	1,378,183	309,089,409	26,817,367	30,118,121	18,677,700	386,080,780

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. *Financial instruments risks (continued)*

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Interest-bearing borrowings and cash and short term deposits are stated at amortized cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the consolidated statement of profit or loss as earned/incurred.

As at 31 December 2014, floating interest rate loans accounted for about 42.5% of the Group's borrowings, and fixed interest rate loans accounted for approximately 57.5%. Management would adjust the proportion of floating rate assets based on changes in the market interest rates to reduce the significant impact of the interest rate risk.

If there was a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by one percentage point, with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB388,177,000 for the year (2013: RMB356,040,000), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2014 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from now until the end of the next annual reporting period.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. *Financial instruments risks (continued)*

Market risk (continued)

Foreign currency risk

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group has not entered into any hedging transactions for the years ended 31 December 2014 and 2013 in order to reduce the Group's exposure to foreign currency risk in this regard.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of the United States dollar, Euro, Nigerian naira, Algerian dinar, the Hong Kong dollar, Saudi Arabian riyal, the Singapore dollar, with all other variables held constant, of the Group's net profit.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Financial instruments risks (continued)

Market risk (continued)

Foreign currency risk (continued)

Effect on net profit

	2014		2013	
Increase in the United States dollar rate	3%	(241,100)	3%	(186,900)
Decrease in the United States dollar rate	(3%)	241,100	(3%)	186,900
Increase in the Euro rate	6%	37,900	7%	(31,800)
Decrease in the Euro rate	(6%)	(37,900)	(7%)	31,800
Increase in the Nigerian naira rate	6%	(4,500)	6%	101,900
Decrease in the Nigerian naira rate	(6%)	4,500	(6%)	(101,900)
Increase in the Algerian dinar rate	7%	(44,300)	7%	(5,700)
Decrease in the Algerian dinar rate	(7%)	44,300	(7%)	5,700
Increase in the Hong Kong dollar rate	3%	6,300	3%	3,700
Decrease in the Hong Kong dollar rate	(3%)	(6,300)	(3%)	(3,700)
Increase in the Saudi Arabian riyal rate	3%	7,900	3%	8,900
Decrease in the Saudi Arabian riyal rate	(3%)	(7,900)	(3%)	(8,900)
Increase in the Singapore dollar rate	3%	8,700	3%	(26,300)
Decrease in the Singapore dollar rate	(3%)	(8,700)	(3%)	26,300

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. *Financial instruments risks (continued)*

Market risk (continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2014 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the period from now until the end of the next annual reporting period.

4. *Capital management*

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services and products commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes short-term loans, long-term loans, amounts due to customers, other current liabilities (excluding deferred income), bills payable, accounts payable, interest payables, dividends payable, other payables, bonds payable, long-term payables and current portion of non-current liabilities (excluding the current portion of employee benefits payable) less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. The gearing ratios at the end of the reporting periods were presented are as follows:

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

4. Capital management (continued)

	31 December 2014	31 December 2013
Short-term loans	44,811,039	47,062,143
Long-term loans	53,098,729	41,796,520
Due to customers	808,433	437,821
Bills payable	21,356,148	22,824,023
Accounts payable	205,388,554	177,791,775
Interest payables	818,122	644,557
Dividends payable	131,967	105,692
Other payables	39,959,641	39,836,680
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	27,897,683	11,899,719
Other current liabilities (excluding deferred income and others)	5,704,924	8,666,277
Bonds payable	25,692,667	29,888,586
Long-term payables	4,580,391	3,570,862
Less: cash and bank balances	(98,087,787)	(93,433,837)
Net debt	332,160,511	291,090,818
Owners of the Company	90,935,729	80,986,894
Non-controlling interests	11,955,511	2,837,822
Total equity	102,891,240	83,824,716
Total equity and net debt	435,051,751	374,915,534
Gearing ratio	76%	78%

Notes to Financial Statements

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IX. FAIR VALUE

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

	Carrying amounts		Fair values	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Financial assets				
Held-to-maturity investments	1,269	1,269	1,269	1,269
Available-for-sale financial assets	586,872	231,897	586,872	231,897
Long-term receivables	25,219,390	19,898,598	25,219,390	19,898,598
	25,807,531	20,131,764	25,807,531	20,131,764
Financial liabilities				
Long-term loans	53,098,729	41,796,520	53,535,971	42,351,829
Bonds payable	25,692,667	29,888,586	25,692,667	29,888,586
Long-term payables	4,580,391	3,570,862	4,588,275	3,577,868
	83,371,787	75,255,968	83,816,913	75,818,283

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IX. FAIR VALUE (CONTINUED)

Management has assessed that the fair values of cash and bank balances, bills and accounts receivable, bills and accounts payable and similar instruments approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following methods and assumptions were used to estimate fair values.

The fair values of unlisted held-to-maturity investments, long-term receivables, long-term and short-term loans, and other current liabilities, bonds payable and similar instruments are calculated by discounting the estimated future cash flows using rates currently available for other instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant.

The fair values of listed equity instruments are determined based on the quoted market prices.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IX. FAIR VALUE (CONTINUED)

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

Financial instruments measured at fair value:

2014

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity investments at fair value through profit or loss	110,204	—	—	110,204
Held-to-maturity investments	—	1,269	—	1,269
Available-for-sale financial assets	586,872	—	—	586,872
	697,076	1,269	—	698,345

Financial instruments for which fair values are disclosed:

2014

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Long-term receivables	—	25,219,390	—	25,219,390
Other current liabilities (excluding deferred income and others)	—	5,704,924	—	5,704,924
Long-term loans	—	53,535,971	—	53,535,971
Bonds payable	—	25,692,667	—	25,692,667
Long-term payables	—	4,588,275	—	4,588,275
	—	114,741,227	—	114,741,227

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities in 2014.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

IX. FAIR VALUE (CONTINUED)

Financial instruments measured at fair value:

2013

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity investments at fair value				
through profit or loss	123,161	—	—	123,161
Held-to-maturity investments	—	1,269	—	1,269
Available-for-sale financial assets	231,897	—	—	231,897
	355,058	1,269	—	356,327

Financial instruments for which fair values are disclosed:

2013

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Long-term receivables	—	19,898,598	—	19,898,598
Other current liabilities (excluding deferred income)	—	8,666,277	—	8,666,277
Long-term loans	—	42,351,829	—	42,351,829
Bonds payable	—	29,888,586	—	29,888,586
Long-term payables	—	3,577,868	—	3,577,868
	—	104,383,158	—	104,383,158

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities in 2013.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

Company name	Place of registration	Business scope	Registered capital	Percentage of ownership interest in the Company	Percentage of voting rights in the Company
CRCCG	Beijing	Construction and management	5,969,888	61.33	61.33

2. Subsidiaries

Refer to Note XIV – 3(i) “Subsidiaries”.

3. Jointly-controlled entities and associates

Company name	Relationship with the Group
Nanchang Railway 2nd Construction Engineering Co., Ltd.	Associate
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Nanchang Xinlong Real Estate Co., Ltd.	Associate
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate
Chongqing Yurong Highway Co., Ltd.	Associate
Gansu China Railway Construction and Estate Investment Co., Ltd.	Associate
Wuhan Lvvin Lawn Engineering Co., Ltd.	Associate
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
Inner Mongolia Berun New Energy Co., Ltd.	Associate
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	Associate
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Jointly-controlled entity
China Railway Communications International Engineering and Technology Co., Ltd.	Jointly-controlled entity
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Jointly-controlled entity
Groupement CITIC-CRCC Joint Venture	Jointly-controlled entity
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties

Company name	Related party relationship
China Civil (Hong Kong) Building Limited	Fellow subsidiary
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary
Chongqing Tiefsa Suiyu Highway Co., Ltd.	Fellow subsidiary
Same Fast Limited	Fellow subsidiary
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary
China Railway Construction (Hong Kong) Co., Ltd.	Fellow subsidiary
Railway Construction Technology Magazine	Fellow subsidiary
Beijing Railway Construction Society	Fellow subsidiary
Beijing Lu Lu Advertising Company	Fellow subsidiary
Jinli Assets Management Center	Fellow subsidiary

5. Related party transactions

	2014	2013
	Amount	Amount
(1) Revenue from construction operations revenue (Note (a))		
Hubei Provincial Communications Investment		
ZiYun Railway Co., Ltd.	517,779	307,602
CRCC-HC-CR15G Joint Venture	449,274	209,822
Chongqing Monorail Transit Engineering Co., Ltd.	326,233	254,195
NingXia China Railway Ning Dong Road & Bridge		
Investment & Development Co., Ltd.	280,361	—
Chongqing Yurong Highway Co., Ltd.	124,000	1,674,047
Inner Mongolia Berun New Energy Co., Ltd.	44,751	155,315
CRCCG (Note (e))	10,896	78,750
CRCC-Tongguan Investment Co., Ltd.	8,967	40,375
Chongqing Tiefsa Suiyu Highway Co., Ltd. (Note (e))	4,440	542
Groupment Citic-CRCC Joint Venture	2,492	508,817
Beijing Tongda Jingcheng Highway Co., Ltd. (Note (e))	—	206
	1,769,193	3,229,671

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

	2014	2013
(2) Revenue from survey, design and consultancy operations (<i>Note (b)</i>) CRCCG (<i>Note (e)</i>)	Amount 1,338	Amount 1,480
	2014	2013
(3) Other income (<i>Note (c)</i>)	Amount	Amount
Chongqing Monorail Transit Engineering Co., Ltd.	7,295	1,816
CRCCG (<i>Note (e)</i>)	—	21,296
Jinli Assets Management Center (<i>Note (e)</i>)	—	40
	7,295	23,152
	2014	2013
(4) Purchase of goods and rendering of services (<i>Note (d)</i>)	Amount	Amount
Petrochina-CRCC Petroleum Marketing Co., Ltd.	210,260	161,989
Beijing Lu Lu Advertising Company (<i>Note (e)</i>)	—	84
	210,260	162,073
	2014	2013
(5) Other expenses (<i>Note (c)</i>)	Amount	Amount
CRCCG (<i>Note (e)</i>)	105,851	70,579
Jinli Assets Management Center (<i>Note (e)</i>)	30,314	29,377
Beijing Tongda Jingcheng Highway Co., Ltd. (<i>Note (e)</i>)	651	—
Railway Construction Technology Magazine	14	—
Chongqing Tiefa Suiyu Highway Co., Ltd. (<i>Note (e)</i>)	9	29
	136,839	99,985

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(6) Related party guarantee

Granted to a related party

31 December 2014

	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	264,341	25 May 2010	25 May 2015	No
CRCC-Tongguan Investment Co., Ltd	91,785	17 March 2014	30 December 2023	No

31 December 2013

	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	822,762	25 May 2010	25 May 2015	No

Notes:

- The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.
- The terms of the survey, design and consultancy service agreements entered into by the Group and related parties were mutually agreed by the parties.
- The terms of the agreements relating to rendering or receiving other services entered into by the Group and related parties were mutually agreed by the parties. The income is mainly from International Group Corporation, which provided consulting services to the Saudi Ministry of Mecca Light Rail Project controlled by CRCCG.
- The terms of the purchase agreements of goods and services entered into by the Group and related parties were mutually agreed by the parties.
- The above related party transactions also constitute connected transactions or continuing connected transactions defined in Chapter 14A of the Hong Kong Listing Rules.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

	31 December 2014		31 December 2013	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable (Note (a))				
Chongqing Yurong Highway Co., Ltd.	218,738	—	388,915	—
Inner Mongolia Berun New Energy Co., Ltd.	56,710	—	68,765	—
HuBei Provincial Communications Investment Zi Yun Railway Co., Ltd.	54,513	—	—	—
NingXia China Railway Ning Dong Road & Bridge Investment & Development Co., Ltd.	47,334	—	—	—
Groupment Citic – CRCC Joint Venture	13,584	—	—	—
CRCCG (Note (b))	12,741	—	79,674	—
Xi'an Tianchuang Real Estate Co., Ltd.	584	—	584	—
Nanchang Railway 2nd Construction Engineering Co., Ltd.	530	—	530	—
Chongqing Monorail Transit Engineering Co., Ltd.	—	—	136,049	—
CRCC-HC-CR15G Joint Venture	—	—	6,519	—
Chongqing Tiefsa Suiyu Highway Co., Ltd.	—	—	2,914	—
CRCC-Tongguan Investment Co., Ltd.	—	—	4,079	—
	404,734	—	688,029	—
Inventories – Amounts due from customers for contract work (Note (a))				
Chongqing Monorail Transit Engineering Co., Ltd.	104,065		78,511	
Groupement CITIC-CRCC Joint Venture	69,981		58,823	
Chongqing Yurong Highway Co., Ltd.	63,445		205,207	
CRCCG (Note (c))	827		8,894	
	238,318		351,435	
Dividends receivable (Note (a))				
Chongqing Monorail Transit Engineering Co., Ltd.	15,592		1,714	

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	31 December 2014		31 December 2013	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Other receivables (Note (a))				
CRCC-Tongguan Investment Co., Ltd	340,985	—	—	—
Nanchang Xinlong Real Estate Co., Ltd.	26,599	475	26,599	475
Nanchang Railway 2nd Construction Engineering Co., Ltd.	6,289	314	6,139	31
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	1,761	—	1,615	—
Shaanxi Jiuzheng Medical Technology Co., Ltd.	1,367	1,367	1,367	1,367
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	561	—	521	—
Chongqing Monorail Transit Engineering Co., Ltd.	384	—	939	—
	377,946	2,156	37,180	1,873
Current portion of non-current assets				
CRCCG (Note (d))	—	—	500,000	—
Long-term receivable				
CRCC-Tongguan Investment Co., Ltd.	—	—	456,144	—

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	31 December 2014	31 December 2013
Accounts payable (Note (a))		
PetroChina-CRCC Petroleum Marketing Co., Ltd.	51,384	10,535
WuHan Lvyin Lawn Engineering Co., Ltd	6	—
	51,390	10,535
Bills payable (Note (a))		
PetroChina-CRCC Petroleum Marketing Co., Ltd.	4,000	—
Advances from customers (Note (a))		
PetroChina-CRCC Petroleum Marketing Co., Ltd.	—	946
Other payables (Note (a))		
Groupment Citic – CRCC Joint Venture	181,045	—
CRCCG (Note (e))	56,240	319,166
Gansu China Railway Construction and Estate Investment Co., Ltd.	33,258	21,193
CRCC-HC-CR15G Joint Venture.	22,088	—
Shaanxi Jiuzheng Medical Technology Co., Ltd.	450	450
Jinli Assets Management Center	300	3,533
China Railway Communications International Engineering and Technology Co., Ltd.	31	746
Xi'an Tianchuang Real Estate Co., Ltd.	—	47,410
CRCC – Tongguan Investment Co., Ltd.	—	39,850
	293,412	432,348
Due to customers (Note (f))		
CRCCG	579,415	276,480
Jinli Assets Management Center	173,815	118,695
Beijing Tongda Jingcheng Highway Co., Ltd.	52,235	41,885
Railway Construction Technology Magazine	2,199	—
Chongqing Tiefa Suiyu Highway Co., Ltd.	769	761
	808,433	437,821

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	31 December 2014	31 December 2013
Advances from customers – gross amount due to contract customers		
CRCC-HC-CR15G Joint Venture	165,511	—
Chongqing Monorail Transit Engineering Co., Ltd	33,594	—
Inner Mongolia Berun New Energy Co., Ltd.	495	—
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	—	378
	199,600	378
Long-term loans		
CRCCG (Note (g))	771,770	582,110

Notes:

- (a) The amounts due from/to the related parties were interest-free, unsecured, and have no fixed terms of repayment.
- (b) The gross amounts due from contract customers – CRCCG mainly arose from China Railway Construction Group Ltd., one of the subsidiaries of the Group, which provides construction services for the Research Building for CRCCG.
- (c) The accounts receivable from CRCCG mainly arose from China Railway Construction Group Ltd., one of the Group's subsidiaries, which constructed the Research Building for CRCCG.
- (d) The long-term receivable represented the balance due from CRCCG with regard to the transfer consideration of the Mecca Light Rail Project. The Company entered into the Agreement on the Arrangement of Matters in relation to the Mecca Light Rail Project about remaining rights and obligations of CRCCG. Pursuant to the Agreement, the Company transferred all the rights and obligations of the Company arising from the Mecca Light Rail Project to CRCCG starting from 31 October 2010. In consideration of the aforesaid arrangement, CRCCG shall pay RMB2,077,000,000 to the Company. As at 31 December 2014, CRCCG had paid off the residual balance.
- (e) The amount due to CRCCG was mainly the funds contributed by CRCCG in the Funds Center of the Group, and the funds for the reconstruction work in relation to the earthquake in Wenchuan County of Sichuan Province in the PRC in 2008, which was funded to CRCCG by the Ministry of Finance of the PRC.
- (f) The amounts due to CRCCG and other companies controlled by the same parent company as CRCCG are the deposits in the Finance Company.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

Notes (continued):

- (g) According to "The Ministry of Finance's notification of 2013 central state capital budget about China Railway Construction Corporation", the Ministry of Finance appropriated RMB500,000,000 to CRCCG. According to "The Ministry of Finance's notification of 2012 central state capital budget about the special funds of safety production", the Ministry of Finance allocated RMB82,110,000 to CRCCG. According to "Strengthening Corporation Financial Information Management Interim Provisions", CRCCG transferred the fund to the Company by entrusted loans.

Investments in subsidiaries	31 December 2014	31 December 2013
Unlisted, measured at cost	67,868,323	66,208,323
Loans to subsidiaries	41,834,013	37,190,941
	109,702,336	103,399,264

As at 31 December 2014, the dividends receivable due from a subsidiary in the current assets of the Company was nil (31 December 2013: RMB109,577,000) and the carrying amount of the current debt due to subsidiaries in the current liabilities was RMB18,371,305,000 (31 December 2013: RMB10,339,245,000). Except for the amounts deposited in the Company by the subsidiaries which bear the prevailing interest rate in the market stipulated by financial institutions, other current liabilities are unsecured, interest-free and shall be paid on demand or within one year.

The loans included in the investments to subsidiaries are interest-bearing at the prevailing interest rate in the market stipulated by financial institutions, unsecured and have no fixed terms of repayment.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

	31 December 2014	31 December 2013
Capital commitments		
Contracted, but not provided for	492,832	378,719
Investment commitments		
Contracted, but not fulfilled	615,000	115,000
Authorized by the board, but not contracted for	—	500,000
	615,000	615,000
Other commitments (Note)		
Contracted, but not provided for	2,780,000	2,780,000

Note: The Company's wholly-owned subsidiary, China Railway 17th Bureau Group Company ("CR17B") entered into the Agreement of the Investment and Construction Project from Xi'an North Railway Station to Airport Track Transportation with Shaanxi Coal Industry Company Limited on 19 March 2013. According to the agreement, capital investment for the project totalling RMB1,080,000,000, shall be made by CR17B, and its share of the capital is 30%. By 31 December 2014, CR17B has paid the capital of RMB300,000,000.

The Company entered into a Build-Transfer project contract with Changchun Subway Co., Ltd. ("Changchun Subway") on 18 March 2013, pursuant to which the Company will inject capital in an aggregate amount of RMB4,000,000,000 to Changchun Subway, in three tranches. The Company's share of capital contribution in Changchun Subway shall not exceed 20% upon and after each tranche of capital contribution. The State-owned Assets Supervision and Administration Commission of Changchun Municipal People's Government or its designated department will repurchase all capital contributed by the Company at the original value of RMB4,000,000,000 according to the schedule as agreed in the contract. By 31 December 2014, the Group has paid the capital of RMB2,000,000,000.

2. Contingencies

The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when management can reasonably estimate the outcome of the legal proceedings and claims taking into account legal advice. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

3. Guarantees

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

The Group	31 December 2014	31 December 2013
Associate	356,126	822,762
An investee of the Group	117,600	117,600
	473,726	940,362

As at 31 December 2014, the Group provided guarantees in respect of the banking facilities other than mortgage with an aggregate carrying amount of RMB473,726,000 (31 December 2013: RMB940,362,000), provided guarantees in respect of mortgage bank loan with an aggregate carrying amount of RMB8,631,935,000 (31 December 2013: RMB10,559,830,000).

Above guarantees in respect of mortgage are granted to purchasers of the Group's properties and secured by the mortgage.

The Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

The Company	31 December 2014	31 December 2013
Subsidiaries	13,222,188	8,389,848
Associate	356,126	822,762
An investee of the Company	117,600	117,600
	13,695,914	9,330,210

In addition, certain interest-bearing bank and other loans of the Company of approximately RMB36,538,000 (31 December 2013: RMB47,607,000) were guaranteed by the subsidiaries of the Company as at 31 December 2014.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XII. EVENTS AFTER THE BALANCE SHEET DATE

1. In accordance with the resolution of the 10th meeting of the third session of the board meeting from 29 March 2015 to 30 March 2015, the board has voted for a cash dividend of RMB1.5 per 10 shares to all shareholders, based on the total number of shares of 12,337,541,500, which is expected to amount to RMB1,850,631,000 in total. The above-mentioned proposition will be effective only after the approval by shareholders at the shareholders' meeting.
2. On 11 February 2015, the Company and CRCCG entered into the Equity Transfer Agreement, pursuant to which the Company proposed to acquire the 80% equity interest held by CRCCG in Chongqing Tiefa Suiyu held by CRCCG by cash. The transaction price is proposed to be determined based on the net asset value audited and appraised by the accounting firm(s) and asset valuer(s) which have securities practitioner qualifications and are recognized by both parties. Upon completion of the audit and valuation work and after submission of the audit and valuation reports by audit and valuation institutions, the parties will enter into a supplemental agreement to confirm the transfer price.
3. On 19 January 2015, the 5th meeting of the third session of the Board of Directors considered and approved the Proposal in Relation to the Candidate for Executive Director of China Railway Construction Corporation Limited. Due to the age reason, Mr. PENG Shugui ceased to be the vice chairman, the executive director of the Company and other related positions in the Board. The Nomination Committee of the Board agreed to nominate Mr. QI Xiaofei as the candidate for executive director of the Company. On 5 February 2015, approved by 2015 First Extraordinary General Meeting, Mr. QI Xiaofei was elected as an executive director of the Company. On 5 February 2015, Mr. QI Xiaofei was elected as the Vice Chairman of the Company and a member of the Nomination Committee in the seventh meeting of the third session of the Board of Directors. His term of office is the same as that of the directors of the third session of the Board.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XII. EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

4. To enhance the comprehensive competitiveness of the professional machinery manufacturing section of the Group and promote the strategic improvement of the Group, the Company proposed to convert Kunming China Railway Large Maintenance Machinery Co., Ltd., its wholly owned subsidiary into a joint stock company, with an initial public offering of H shares to be listed on the main board of the Hong Kong Stock Exchange. On 5 February 2015, relevant proposals were deliberated and approved by the 2015 1st extraordinary general meeting of the Company. The above matter is subject to submission and approval by the China Securities Regulatory Commission and approval by the Hong Kong Stock Exchange.
5. On 5 February 2015, approved by 2015 First Extraordinary General Meeting, 2015 First A Shareholders' Class Meeting and 2015 First H Shareholders' Class Meeting, the Company proposed the non-public issuance and placing of A shares to not more than 10 target subscribers in the amount of not more than 1,380 million A shares and with proceeds to be not exceeding RMB9,936 million. The Company had filed its application for the non-public issuance and placing and the listing of A shares with CSRC upon conclusion of the above meetings. The application documents are currently under review by CSRC.
6. Pursuant to the Guidelines for the Articles of Association of Listed Companies (2014 second revision), the Announcement of China Securities Regulatory Commission [2014] No. 47, the Listed Companies Regulatory Guidance No.3 – Cash Dividends Distribution of Listed Companies, and the Announcement of China Securities Regulatory Commission [2013] No. 43 issued by CSRC, and the requirements of relevant laws, administrative regulations and regulatory documents, taking into consideration of the actual conditions of the Company, on 5 February 2015, the 2015 First Extraordinary General Meeting approved the Proposal in Relation to the amendment to the Articles of Association of China Railway Construction Corporation Limited, and made amendments to Article 107, 121, 125, 255 and 256.
7. By the approval date of the financial statements, save as aforesaid, no other significant events took place subsequent to 31 December 2014.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS

1. Leases

As the lessee

Finance leases: As at 31 December 2014, the balance of unrecognized financing charges was RMB463,372,000 (31 December 2013: RMB615,763,000), which was amortized using the effective interest rate method over the lease terms. The future minimum lease payments under non-cancellable finance leases are as follows:

	31 December 2014	31 December 2013
Less than 1 year (including 1 year)	2,131,158	1,421,061
1 to 2 years (including 2 years)	1,453,435	1,372,851
2 to 5 years (including 5 years)	1,533,391	2,213,456
Over 5 years	—	104,695
	5,117,984	5,112,063

Significant operating leases: According to the leases entered into with the lessors, the minimum lease payments under non-cancellable leases are as follows:

	31 December 2014	31 December 2013
Less than 1 year (including 1 year)	76,226	47,460
1 to 2 years (including 2 years)	60,030	44,787
2 to 3 years (including 3 years)	55,155	42,348
Over 3 years	61,985	56,146
	253,396	190,741

For the year ended 31 December 2014, payments under operating leases recognized in profit or loss for the year amounted to RMB127,791,000 (2013: RMB63,550,000).

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting

Operating segments

For management purposes, the Group is organized into the following five operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services, as well as technology and equipment research and development services;
- (3) The manufacturing operations segment engages in the design, research and development, production and sale of large track maintenance machinery as well as the manufacture of components for railway construction;
- (4) The real estate operations segment engages in the development, construction and sale of real estate; and
- (5) The other business operations segment mainly comprises logistics and other business operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss. The Group does not manage income tax based on operating segments and hence income tax has not been allocated to the operating segments.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (continued)

Operating segments (continued)

2014

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from external customers	508,002,023	8,949,630	10,457,972	24,629,956	39,928,871	—	591,968,452
Inter-segment sales	4,121,262	59,833	1,444,366	832	14,474,366	(20,100,659)	—
	512,123,285	9,009,463	11,902,338	24,630,788	54,403,237	(20,100,659)	591,968,452
Share of (losses)/profits of jointly-controlled entities and associates	(21,735)	(40,082)	7,173	41,626	804	—	(12,214)
Impairment losses recognized	427,406	8,150	30,360	13,931	1,103,593	—	1,583,440
Depreciation and amortization	9,802,637	178,733	336,195	104,180	185,148	—	10,606,893
Profit before tax	8,284,457	970,123	1,019,238	4,064,218	334,656	279,757	14,952,449
Segment assets (i)	453,412,997	15,888,219	17,494,997	128,227,611	69,432,302	(67,452,111)	617,004,015
Segment liabilities (ii)	396,105,459	11,639,561	10,852,247	114,071,856	48,817,827	(67,374,175)	514,112,775
Other segment information							
Investments in jointly-controlled entities and associates	2,930,440	305,285	41,874	116,356	79,958	—	3,473,913
Increase in non-current assets other than long-term equity investments	12,330,201	258,828	190,732	174,877	9,158,438	—	22,113,076

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (continued)

Operating segments (continued)

2013

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from external customers	464,405,058	7,758,766	9,808,977	24,695,357	80,121,432	—	586,789,590
Inter-segment sales	3,609,892	2,688	1,946,683	14,256	9,208,965	(14,782,484)	—
	468,014,950	7,761,454	11,755,660	24,709,613	89,330,397	(14,782,484)	586,789,590
Share of profits/(losses) of jointly-controlled entities and associates	(247,482)	1,799	2,173	(2,953)	(2,300)	—	(248,763)
Impairment losses recognized	1,283,065	4,164	30,057	464	113,507	—	1,431,257
Depreciation and amortization	9,231,295	178,193	316,408	35,062	145,115	—	9,906,073
Profit before tax	6,498,433	945,549	826,802	3,615,513	1,361,013	(207,570)	13,039,740
Segment assets (i)	397,040,230	13,812,493	18,047,535	112,062,697	59,541,906	(47,486,265)	553,018,596
Segment liabilities (ii)	344,354,406	12,072,601	12,130,414	99,266,440	48,704,341	(47,334,322)	469,193,880
Other segment information							
Investments in jointly-controlled entities and associates	2,665,587	8,902	35,288	54,731	73,395	—	2,837,903
Increase in non-current assets other than long-term equity investments	12,890,271	408,599	532,676	78,908	2,933,252	—	16,843,706

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (continued)

Operating segments (continued)

- (i) Segment assets do not include deferred tax assets of RMB2,202,222,000 (31 December 2013: RMB1,961,435,000) as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB69,654,333,000 (31 December 2013: RMB49,447,700,000) are eliminated on consolidation.
- (ii) Segment liabilities do not include deferred tax liabilities of RMB75,867,000 (31 December 2013: RMB83,392,000) and corporate income tax payable of RMB2,195,422,000 (31 December 2013: RMB2,074,356,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB69,645,464,000 (31 December 2013: RMB49,492,070,000) are eliminated on consolidation.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (continued)

Group Information

Geographical information

Revenue from external customers

	2014	2013
Mainland China	568,343,251	565,525,648
Outside Mainland China	23,625,201	21,263,942
	591,968,452	586,789,590

Non-current assets (*Note*)

	31 December 2014	31 December 2013
Mainland China	65,035,925	54,025,436
Outside Mainland China	2,523,440	2,798,462
	67,559,365	56,823,898

In the geographical information above, revenue from external customers is based on the location of the customers. Non-current asset information above is based on the location of the non-current assets.

Note: Non-current assets consisted of property, plant and equipment, construction in progress, intangible assets, long-term prepaid expenses and investments in jointly-controlled entities and associates.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (continued)

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer during the years ended 31 December 2014 and 2013.

3. Other financial information

(i) Pension scheme contributions

	2014	2013
Pension scheme contributions (defined contribution plans)	3,653,458	3,266,554
Pension scheme costs (defined benefits plans)	121,064	111,912

As at 31 December 2014, there were no forfeited contributions available to reduce the Group's contribution to its pension scheme in the next year (31 December 2013: nil).

(ii) Directors', supervisors' and key managements' remuneration

Directors' and supervisors' remuneration

	2014	2013
Fees		
Other emoluments:		
Salaries, housing benefits, other allowances and benefits in kind	2,953	2,810
Performance-related bonuses	3,596	3,895
Pension scheme contributions	306	263
	6,855	6,968

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information

(ii) Directors', supervisors' and key managements' remuneration (continued)

The names of the directors and supervisors and their respective remuneration for the year are as follows:

	Salaries, housing benefits, other allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions	Total remuneration
Year ended 31 December 2014				
Executive directors:				
Mr. MENG Fengchao	312	683	39	1,034
Mr. PENG Shugui	265	615	39	919
Mr. ZHANG Zongyan	312	671	38	1,021
Mr. ZHUANG Shangbiao	265	615	35	915
Mr. HU Zhenyi	243	580	36	859
	1,397	3,164	187	4,748
Independent non-executive directors:				
Mr. LI Kecheng	136	—	—	136
Mr. ZHAO Guangjie	144	—	—	144
Mr. WU Taishi	152	—	—	152
Mr. WEI Weifeng	116	—	—	116
Mr. WANG Huacheng	49	—	—	49
Mr. Patrick SUN	44	—	—	44
Mr. CHENG Wen	51	—	—	51
Ms. Amanda Xiao Qiang LU	44	—	—	44
	736	—	—	736
Non-executive directors:				
Mr. ZHU Mingxian	—	—	—	—
Mr. GE Fuxing	—	—	—	—
	—	—	—	—
Supervisors:				
Mr. QI Xiaofei (Note 1)	221	—	32	253
Mr. HUANG Shaojun	267	230	39	536
Mr. ZHANG Liangcai	266	202	39	507
Mr. LI Xuefu (Note 2)	66	—	9	75
	820	432	119	1,371
	2,953	3,596	306	6,855

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information

(ii) Directors', supervisors' and key managements' remuneration (continued)

Note 1: Mr. QI Xiaofei received RMB253,000 from the Company as the remuneration for his service as the Chairman of Supervisory Committee from January to October 2014, and RMB632,000 for his service as the Deputy Secretary to the Community Party Committee and Secretary to the Disciplinary Committee of the Company from November to December 2014.

Note 2: Mr. LI Xuefu received RMB419,000 from the Company as the remuneration for his service as Director General of the Board Secretariat of the Company from January to October 2014, and RMB75,000 for his service as the Supervisor of the Company from November to December 2014.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information (continued)

(ii) Directors', supervisors' and key managements' remuneration (continued)

	Salaries, housing benefits, other allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions	Total remuneration
Year ended 31 December 2013				
Executive directors:				
Mr. MENG Fengchao	312	652	37	1,001
Mr. ZHAO Guangfa	78	652	8	738
Mr. PENG Shugui	265	554	37	856
Mr. ZHANG Zongyan	294	587	35	916
Mr. HU Zhenyi	265	554	37	856
	1,214	2,999	154	4,367
Non-executive director:				
Mr. ZHU Mingxian	156	—	—	156
	156	—	—	156
Independent non-executive directors:				
Mr. LI Kecheng	170	—	—	170
Mr. ZHAO Guangjie	176	—	—	176
Mr. WU Taishi	180	—	—	180
Mr. NGAI Wai Fung	136	—	—	136
	662	—	—	662
Supervisors:				
Mr. QI Xiaofei	265	554	37	856
Mr. HUANG Shaojun	267	180	36	483
Mr. ZHANG Liangcai	246	162	36	444
	778	896	109	1,783
Total	2,810	3,895	263	6,968

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information (continued)

(ii) Directors', supervisors' and key managements' remuneration (continued)

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year (2013: Nil).

Five highest paid employees

An analysis of the five highest paid employees within the Group for the year is as follows:

	2014	2013
Non-director and non-supervisor employees	5	5

Details of the remuneration of the above non-director and non-supervisor highest paid employees for the year are as follows:

	2014	2013
Salaries, housing benefits, other allowances and benefits in kind	1,321	1,479
Performance-related bonuses	9,692	7,575
Pension scheme contributions	89	124
	11,102	9,178

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information (continued)

(ii) Directors', supervisors' and key managements' remuneration (continued)

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	2014	2013
Nil to RMB1,000,000 (including 1,000,000)	—	—
RMB1,000,000 to 1,500,000 (including 1,500,000)	—	—
RMB1,500,000 to 2,000,000 (including 2,000,000)	2	5
RMB2,000,000 to 2,500,000 (including 2,500,000)	1	—
RMB2,500,000 to 3,000,000 (including 3,000,000)	2	—
Higher than RMB3,000,000	—	—
	5	5

4. Comparative information

As stated in note II.2, in accordance with the regulations, some retrospective adjustments have been made to the current year's financial statements due to the early adoption of some Accounting Standards for Business Enterprises. Accordingly, some comparative information have been reclassified and restated to conform to the current year's presentation.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

An ageing analysis of accounts receivable is as follows:

	31 December 2014	31 December 2013
Within 1 year	494,555	—

Accounts receivable by category are as follows:

	31 December 2014			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	494,555	100.00	—	—

As at 31 December 2014, no amount due from shareholders that held 5% or more of the Company's voting rights or other related parties was included in the aforesaid balance of accounts receivable (31 December 2013: nil).

As at 31 December 2013, the five largest amounts of accounts receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total accounts receivable %
Company 1	Third party	333,453	Within 1 year	67.42
Company 2	Third party	161,102	Within 1 year	32.58
		494,555		100.00

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

2. Other receivables

An ageing analysis of other receivables is as follows:

	31 December 2014	31 December 2013
Within 1 year	41,766,777	37,101,837
1 to 2 years	1,900	7,650
2 to 3 years	6,025	—
Over 3 years	165,587	165,587
	41,940,289	37,275,074

Other receivables by category are as follows:

	31 December 2014			
	Amount	Percentage%	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	41,864,678	99.82	—	—
Individually not significant but subject to separate provision for bad debts	75,611	0.18	—	—
	41,940,289	100.00	—	—

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

An ageing analysis of other receivables is as follows: (continued)

	Amount	Percentage	31 December 2013	
			Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	37,219,166	99.85	—	—
Individually not significant but subject to separate provision for bad debts	55,908	0.15	—	—
	37,275,074	100.00	—	—

As at 31 December 2014, the five highest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables
Company 1	Subsidiary	21,015,000	Within 1 year	50.11
Company 2	Subsidiary	8,514,768	Within 1 year	20.30
Company 3	Subsidiary	2,957,218	Within 1 year	7.05
Company 4	Subsidiary	2,229,704	Within 1 year	5.32
Company 5	Subsidiary	1,020,742	Within 1 year	2.43
		35,737,432		85.21

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

As at 31 December 2013, the five highest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables
Company 1	Subsidiary	19,515,087	Within 1 year	52.35
Company 2	Subsidiary	7,417,504	Within 1 year	19.90
Company 3	Subsidiary	2,638,318	Within 1 year	7.08
Company 4	Subsidiary	1,052,362	Within 1 year	2.82
Company 5	Subsidiary	730,605	Within 1 year	1.96
		31,353,876		84.11

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

As at 31 December 2014, there was no balance due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of other receivables (31 December 2013: Nil).

As at 31 December 2014, other receivables from related parties were as follows:

	31 December 2014	31 December 2013
Subsidiaries	41,834,013	37,190,941

3. Long-term equity investments

		31 December 2014	31 December 2013
Cost method			
Subsidiaries	(i)	67,868,323	66,208,323
Equity method			
Jointly-controlled entities	(ii)	665,794	655,610
		68,534,117	66,863,933

Note: All the long-term equity investments are investments in unlisted companies.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries

Company name	31 December 2014 Percentage of equity interest attributable to the Company	31 December 2014 Carrying amount	31 December 2013 Carrying amount
China Civil Engineering Construction Ltd.	100.00	1,909,880	2,254,969
China Railway 11th Bureau Group Co., Ltd.	100.00	1,893,912	1,893,912
China Railway 12th Bureau Group Co., Ltd.	100.00	1,957,277	1,957,277
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	100.00	2,460,480	1,660,480
China Railway 14th Bureau Group Co., Ltd.	100.00	2,130,105	2,130,105
China Railway 15th Bureau Group Co., Ltd.	100.00	1,585,152	1,446,941
China Railway 16th Bureau Group Co., Ltd.	100.00	1,482,412	1,282,412
China Railway 17th Bureau Group Co., Ltd.	100.00	1,714,582	1,714,582
China Railway 18th Bureau Group Co., Ltd.	100.00	1,103,234	1,103,234
China Railway 19th Bureau Group Co., Ltd.	100.00	1,454,638	1,454,638
China Railway 20th Bureau Group Co., Ltd.	100.00	1,615,144	1,615,144
China Railway 21st Bureau Group Co., Ltd.	100.00	1,557,251	1,557,251
China Railway 22nd Bureau Group Co., Ltd.	100.00	1,295,286	1,295,286
China Railway 23rd Bureau Group Co., Ltd.	100.00	1,545,004	1,395,004
China Railway 24th Bureau Group Co., Ltd.	100.00	1,346,917	1,346,917
China Railway 25th Bureau Group Co., Ltd.	100.00	1,053,597	1,053,597
China Railway Construction Group Ltd.	100.00	2,868,346	2,368,346

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries (continued)

	31 December 2014 Percentage of equity interest attributable to the Company	31 December 2014 Carrying amount	31 December 2013 Carrying amount
Company name			
China Railway Electrification Bureau Group Co., Ltd.	100.00	1,105,530	1,105,530
China Railway Construction Real Estate Group Co., Ltd.	100.00	7,233,191	7,062,941
China Railway First Survey and Design Institute Group Co., Ltd.	100.00	623,730	623,730
China Railway Fourth Survey and Design Institute Group Co., Ltd.	100.00	1,015,309	1,015,309
China Railway Fifth Survey and Design Institute Group Co., Ltd.	100.00	291,811	291,811
China Railway Shanghai Design Institute Group Co., Ltd.	100.00	267,624	267,624
China Railway Goods and Materials Group Co., Ltd.	100.00	2,314,805	2,314,805
Kunming China Railway Large Road Maintenance Machinery Co., Ltd.	100.00	1,749,792	1,749,792
China Railway Construction Heavy Industry Co., Ltd.	100.00	1,042,705	1,042,705
Beijing Tiecheng Construction Supervision Co., Ltd.	80.02	26,385	26,385
Chenghe Insurance Broker Co., Ltd.	100.00	113,290	113,290
China Railway Construction (Beijing) Business Management Co., Ltd.	100.00	28,313	28,313
CRCC China-Africa Construction Limited	100.00	1,036,628	1,000,000
China Railway Construction Investment Co., Ltd.	100.00	10,000,000	10,000,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	100.00	1,385,891	1,385,891
CRCC Finance Company Limited	94.00	5,640,000	5,640,000
CRCC International Group Co., Ltd.	100.00	3,000,102	3,000,102
CRCC Assets Management Co., Ltd.	100.00	20,000	10,000
CRCC Urban Engineering Co., Ltd.	100.00	2,000,000	2,000,000
		67,868,323	66,208,323

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(ii) Investments in jointly-controlled entities

2014

Company name	Investment cost	Opening balance	Share of the profits/ (losses)	Closing balance	Percentage of equity %	Percentage of voting rights %
China-Africa Lekkil Investment Co., Ltd.	654,930	655,610	10,184	665,794	57.29	57.29

2013

Company name	Investment cost	Opening balance	Share of the profits/ (losses)	Closing balance	Percentage of equity %	Percentage of voting rights %
China-Africa Lekkil Investment Co., Ltd.	654,930	651,164	4,446	655,610	57.29	57.29

4. Revenue and cost of sales

The operating revenue is as follows:

	2014	2013
Operating revenue from principal operations	3,479,303	1,018,347
Other operating revenue	502	760
	3,479,805	1,019,107

The operating cost is as follows:

	2014	2013
Operating cost	3,413,207	1,418,947

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. *Investment income*

	2014	2013
Share of net profit of the jointly-controlled entities	10,184	4,446
Investment income received from long-term equity investments under the cost method	3,140,871	2,865,383
Other	13,090	6,055
	3,164,145	2,875,884

For the year ended 31 December 2014, the investment income was composed of investment income of RMB13,090,000 (2013:RMB6,055,000) from listed companies and RMB3,151,055,000 from non-listed companies (2013: RMB2,869,829,000).

As at 31 December 2014, the remittance of the Company's investment income was not subject to significant restriction.

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

	2014	2013
Reconciliation of net profit to cash flows (used in)/from operating activities		
Net profit	3,029,649	2,747,376
Plus: Depreciation of fixed assets	10,980	10,052
Amortization of intangible assets	582	271
Losses from disposal of fixed assets	14	774
Losses/(gains) from changes in fair value	47	(3,334)
Finance income	(45,519)	(860,301)
Investment income	(3,164,145)	(2,875,884)
(Increase)/decrease in deferred tax assets	(12,478)	1,906
Increase in deferred tax liabilities	14,335	—
Decrease/(increase) in inventories	119	(519,200)
Increase in operating receivables	(1,303,688)	(6,408,357)
Increase in operating payables	5,318,051	4,710,279
Net cash flows (used in)/from operating activities	3,847,947	(3,196,418)

Notes to Financial Statements (continued)

31 December 2014 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. *Supplementary information to the statement of cash flows (continued)*

(2) Cash and cash equivalents

	31 December 2014	31 December 2013
Cash	1,407,838	2,216,150
Including: cash on hand	21	114
cash with banks/financial institutions without restrictions	1,407,817	2,216,036
Cash equivalents	8,281,392	2,906,915
Closing balance of cash and cash equivalents	9,689,230	5,123,065

Supplementary Information

As at 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

1. SUMMARY OF NON-RECURRING PROFIT OR LOSS

	2014	2013
Gains from disposal of fixed assets and intangible assets	19,439	38,885
Gains from disposal of long-term equity investments	4,105	187,534
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	356,999	302,190
Net gains from debt restructuring	5,536	5,432
Investment income from disposal of held-for-trading financial assets and available-for-sale financial assets	27,584	3,302
Gains from changes in fair value of financial assets at fair value through profit or loss	8,293	942
Reversal of impairment of accounts receivable	468,852	150,313
Losses from non-monetary asset transaction	163	—
Other non-operating income and expenses other than the above items	169,422	389,521
Impact on income tax	(265,098)	(269,530)
Impact on non-controlling interests (after tax)	(15,691)	(7,337)
Non-recurring profit or loss	779,604	801,252

Government grants recognized in profit or loss but not included in non-recurring profit or loss items for being closely related to normal operating activities and continuously granted following the national policies and certain quota are as follows:

	2014	2013	Reason for being recognized in profit or loss
Special equipment appropriation from the Ministry of Railway	20,000	20,000	Related to normal operating activities
Special equipment appropriation from the Ministry of Finance	300	300	Related to normal operating activities
	20,300	20,300	

Supplementary Information (continued)

As at 31 December 2014 (All amounts in RMB'000 unless otherwise stated)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

Group

2014	Weighted average return on net assets %	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	13.24	0.92	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	12.33	0.86	N/A
2013	Weighted average return on net assets %	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	13.59	0.84	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	12.54	0.77	N/A

The Company holds no potential ordinary shares that are dilutive.

The above weighted average return on equity and earnings per share are calculated in accordance with Compilation Rules No.9 for Information Disclosure by Companies Offering Securities to the Public – Calculation and Disclosure of Return on Equity and Earnings Per Share (Revised in 2010).

Abstract of Performance in Five Years

CONSOLIDATED STATEMENT OF PROFITS

Unit: thousand yuan

Item	2014	2013	2012	2011	2010
Operating revenue	591,968,452	586,789,590	484,312,928	457,366,110	470,158,793
Operating cost	527,729,820	527,247,896	432,889,011	409,327,413	428,647,118
Business tax and surcharges	17,979,344	16,827,296	14,441,235	14,046,780	13,971,606
Selling expense	3,251,606	2,509,220	1,946,450	1,745,921	1,530,989
Management expense	22,845,241	22,719,838	20,537,792	19,851,399	19,159,242
Financial expense	4,289,689	3,749,441	3,500,584	1,981,747	511,160
Asset impairment loss	1,583,440	1,431,257	331,869	624,559	614,008
Fair value change earnings	8,293	942	3,240	-27,109	-20,410
Investment earnings	82,985	-22,172	186,935	168,383	135,363
Operating profit	14,380,590	12,283,412	10,856,162	9,929,565	5,839,623
Non-business income	828,637	966,248	655,864	521,537	409,630
Non-business expenditure	256,778	209,920	448,193	395,211	160,494
Net non-operating income	571,859	756,328	207,671	126,326	249,136
Total profit	14,952,449	13,039,740	11,063,833	10,055,891	6,088,759
Income tax	3,380,884	2,600,357	2,392,977	2,173,927	1,772,123
Net profit	11,571,565	10,439,383	8,670,856	7,881,964	4,316,636
Net profit attributable to listed company shareholders	11,343,265	10,344,658	8,629,127	7,854,292	4,246,221
Profit and loss of minority shareholders	228,300	94,725	41,729	27,672	70,415
Basic earnings per share (yuan)	0.92	0.84	0.70	0.64	0.34
Diluted earnings per share (yuan)	N/A	N/A	N/A	N/A	N/A

Abstract of Performance in Five Years (continued)

TOTAL AMOUNT OF CONSOLIDATED ASSETS AND LIABILITIES

Unit: thousand yuan

Item	2014	2013	2012	2011	2010
Total assets	617,004,015	553,018,596	480,683,438	422,982,841	350,265,199
Total liabilities	514,112,775	469,193,880	407,476,879	357,264,069	292,033,779
Shareholders' equity	102,891,240	83,824,716	73,206,559	65,718,772	58,231,420

Documents for Inspection

Documents for inspection

- 1. Financial statements signed and sealed by the chairman, chief financial officer and head of the counting department;
- 2. Original audit report with the seal of Ernest & Young Hua Ming LLP and signed and sealed by certified public accountant;
- 3. Original copies of all documents and announcements of the Company which had been disclosed to the public on the newspapers designated by CSRC and the website of Shanghai Stock Exchange;
- 4. CRCC 2014 Self-evaluation Report on Internal Control; and
- 5. CRCC 2014 Social Responsibility Report.

Chairman: MENG Fengchao
Submission Date Approved By the Board of Directors: March 30, 2015

REVISION HISTORY

Report version number	Issuing date of correction and supplement notices	Content of correction and supplement notices

By order of the Board
China Railway Construction Corporation Limited
Chairman
MENG Fengchao

Beijing, PRC

31 March 2015

As at the date of this announcement, the Board comprises Mr. MENG Fengchao (Chairman and Executive Director), Mr. QI Xiaofei (Vice Chairman and Executive Director), Mr. ZHANG Zongyan (President and Executive Director), Mr. ZHUANG Shangbiao (Executive Director), Mr. GE Fuxing (Non-executive Director), Mr. WANG Huacheng (Independent Non-executive Director), Mr. Patrick SUN (Independent Non-executive Director), Mr. CHENG Wen (Independent Non-executive Director) and Ms. Amanda Xiao Qiang LU (Independent Non-executive Director).