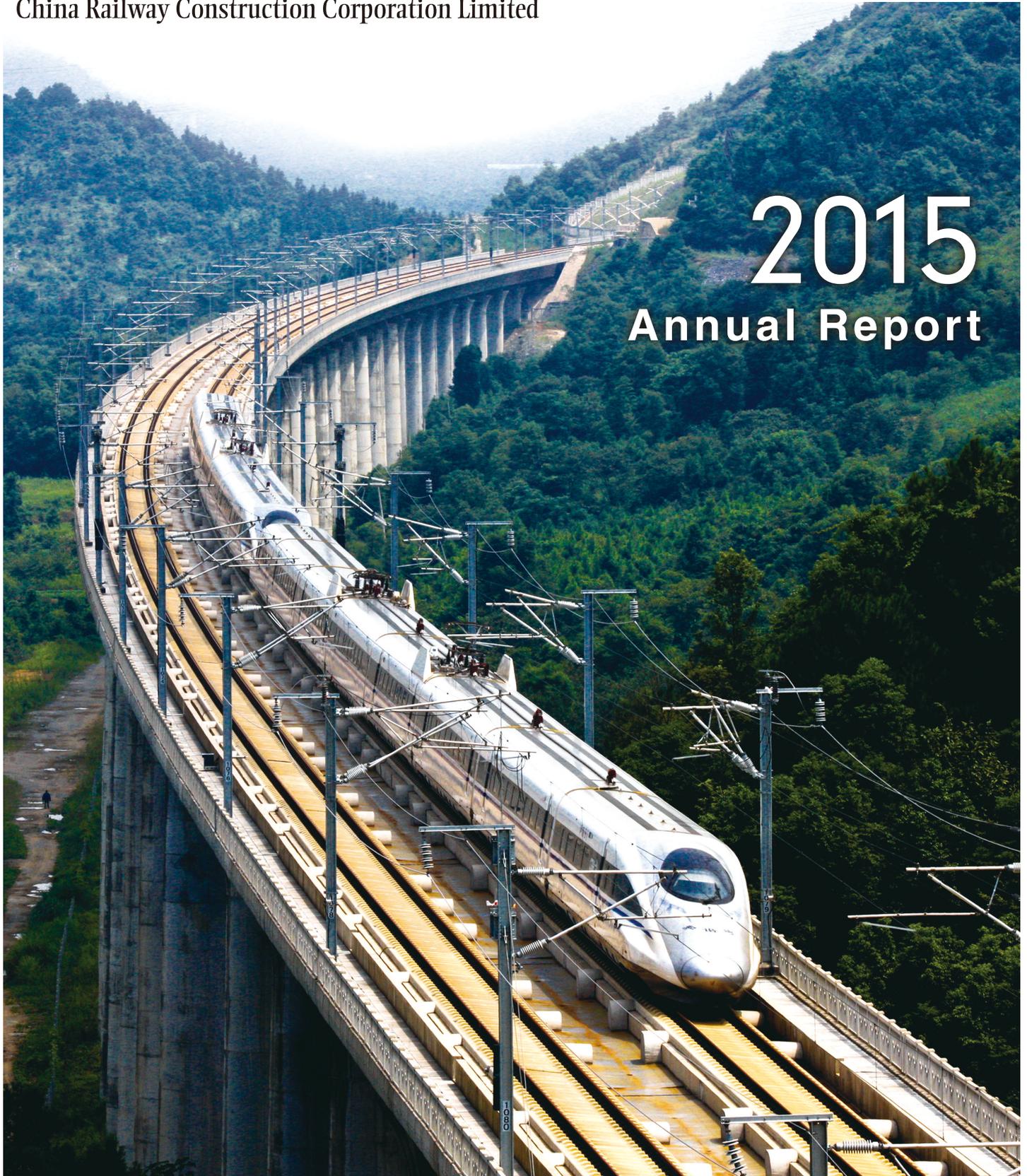




中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited



2015 Annual Report

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

Stock Code: 1186

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 several and joint legal responsibilities.
- II. All the directors of the Company attended the Board meeting.
- III. The 2015 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), warrant the truthfulness, accuracy and completeness of the financial report contained in this annual report.
- V. The 2015 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 2015, the undistributed profit of the parent company at the beginning of 2015 was RMB7,383,375,211.93. After adding the net profit of the Company of RMB3,253,696,382.76 during the year and deducting the cash dividends of RMB1,850,631,225.00 for 2014, the distributable profit of the parent company amounted to RMB8,786,440,369.69 at the end of the year. Pursuant to the Company Law and the Articles of Association, the distributable profit of the parent company for the year 2015 shall be distributed in the order as follows: 10% of the net profit of the parent company for the year 2015, i.e. RMB325,369,638.28, was appropriated to statutory surplus reserve. After the appropriation, the distributable profit of the parent company to shareholders for the year amounted to RMB8,461,070,731.41. A cash dividend of RMB0.15 per share (tax inclusive) is proposed to be distributed based on the total share capital of 13,579,541,500 shares as at 31 December 2015 and the total amount of such cash dividend is RMB2,036,931,225.00. Upon the distribution, the undistributed profit of the parent company amounting to RMB6,424,139,506.41 will be carried forward to the next year.

This profit distribution plan is subject to consideration and approval at the 2015 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 and related persons shall maintain a sufficient awareness of the risks therefrom and gain an understanding of the differences among plans, projection and undertakings. 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. IMPORTANT RISK WARNINGS
The main risks the Company may encounter are safety and quality risk, macro economic risk, overseas risk, project management risk, account receivables 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 "(IV) Potential Risks faced by the Company" under "Section V, Management's Discussion and Analysis (Report of the Directors)", and investors should be reminded of such risks.
- X. 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 SSE Listing Rules and the Stock Exchange 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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Section I Definitions

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 region
“the year” or “this year”	year 2015
“previous year” or “prior year”	year 2014
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Exchange Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange

Section I Definitions (continued)

“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“CSRC”	China Securities Regulatory Commission
“Reporting Period”	from January to December 2015
“end of the Reporting Period”	31 December 2015
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Stock Exchange 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

Section II Basic Corporate Information and Key Financial Indicators

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. 3 in 2015. It was listed among the "Fortune" "Global 500 Companies" consecutively, ranking No. 79 in 2015. It was listed among the "Top 500 Chinese Enterprises" consecutively, ranking No. 13 in 2015.

The business of the Company comprises construction operation, 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 593 national-level awards in construction operation, survey, design and consultancy and other fields, including 68 National Prizes for Progress in Science and Technology, 112 National Prizes for "Four Excellences" in Survey and Design, 72 Zhan Tianyou Civil Engineering Awards, 237 National High-Quality Projects Awards and 104 Lu ban Prizes for China Construction. The Company holds 5,125 patents and 292 national-level engineering methods.

At present, the Company's operating businesses cover 31 provinces (except Taiwan), autonomous regions, municipalities and Hong Kong and Macau special administrative regions in China, as well as 90 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, 11 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

Section II Basic Corporate Information and Key Financial Indicators (continued)

II. CONTACT PERSONS AND CONTACT METHODS

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

III. BASIC INFORMATION

Registered office of the Company	East, No. 40 Fuxing Road, Haidian District, Beijing 100855
Postal code of registered office of the Company	
Principal place of business in the PRC	East, No. 40 Fuxing Road, Haidian District, Beijing 100855
Postal code of principal place of business in the PRC	
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



Section II Basic Corporate Information and Key Financial Indicators (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. OTHER INFORMATION

Auditors appointed by the Company ^{Note 1}	Name	Ernst & Young Hua Ming LLP
	Office address	Level 16, Ernst & Young Tower, Oriental Plaza, No. 1, East Chang An Ave., Dongcheng District, Beijing
Sponsor institution responsible for continuous supervision during the Reporting Period ^{Note 2}	Names of signing accountants	YANG Shujuan, SHEN Yan
	Name	China International Capital Corporation Limited
	Office address	27 & 28th Floors, China World Office 2, 1 Jianguomenwai Avenue, Beijing, P.R. China
	Name of sponsor representative authorized as signatory	GUO Yun, DU Yiqing
Legal advisers appointed by the Company (As to Hong Kong law)	Continuous supervision period	From 16 July 2015 to 31 December 2016
	Name	Baker & McKenzie
	Office address	14th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong
Legal advisers appointed by the Company (As to 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

Note 1: Pursuant to the amendments to the Stock Exchange 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).

Note 2: China International Capital Corporation Limited was engaged by the Company as the sponsor in respect of the non-public issuance of shares of the Company in 2015.

Section II Basic Corporate Information and Key Financial Indicators (continued)

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

(I) Major accounting data

Unit: '000 Currency: RMB

Major accounting data	2015	2014		Increase or decrease at this year over the previous year (%)	2013	
		Adjusted	Before adjustment		Adjusted	Before adjustment
Revenue	600,538,730	593,302,675	591,968,452	1.22	587,811,836	586,789,590
Net profit attributable to shareholders of listed company	12,645,478	11,734,664	11,343,265	7.76	10,727,736	10,344,658
Net profit excluding non-recurring profit or loss attributable to shareholders of listed company	11,584,459	10,630,013	10,563,661	8.98	9,572,651	9,543,406
Net cash flows from operating activities	50,375,107	6,742,000	6,582,512	647.18	-9,402,213	-9,313,980

	At the end of 2015	At the end of 2014		Increase or decrease at this year over the previous year (%)	At the end of 2013	
		Adjusted	Before adjustment		Adjusted	Before adjustment
Net assets attributable to shareholders of listed company	111,664,991	92,768,453	90,935,729	20.37	82,705,723	80,986,894
Total assets	696,096,330	623,565,997	617,004,015	11.63	558,274,967	553,018,596
Total capital at the end of the period	13,579,542	12,337,542	12,337,542	10.07	12,337,542	12,337,542



Section II Basic Corporate Information and Key Financial Indicators (continued)

(II) Major financial data

Major financial indicators	2015	2014		Increase or decrease at this year over the previous year (%)	2013	
		Adjusted	Before adjustment		Adjusted	Before adjustment
Basic earnings per share (yuan per share)	0.98	0.95	0.92	3.16	0.87	0.84
Diluted earnings per share (yuan per share)	N/A	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)	0.90	0.86	0.86	4.65 decreased by 0.99 percentage point	0.78	0.77
Weighted average return on net asset (%)	12.41	13.40	13.42	decreased by 0.77 percentage point	13.80	13.59
Weighted average return on net asset after deduction of non-recurring profit or loss (%)	11.37	12.14	12.33		12.32	12.54

Note: Basic earnings per share for 2015 is determined based on the calculation by dividing the consolidated net profit for the current period attributable to ordinary shareholders by the weighted average number of actual ordinary shares outstanding for the current period.

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

Causes of retroactive adjustment: within the Reporting Period, the Company acquired 80% shares of Chongqing Iron Hair Suiyu Expressway Company Limited (重慶鐵發遂渝高速公路有限公司) (hereinafter referred to as "Chongqing Iron Hair Suiyu") held by its controlling shareholder for the purpose of "business combination under the same control", shown in Note 6 Changes in the Consolidation Scope of the financial statement attached to the Report.

Section II Basic Corporate Information and Key Financial Indicators (continued)

VIII. 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

Applicable N/A

- (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

Applicable N/A

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

N/A

IX. KEY FINANCIAL INDICATORS OF 2015 BY QUARTER

Unit: '000 Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	117,331,390	145,562,874	150,155,448	187,489,018
Net profit attributable to shareholders of listed company	2,294,367	3,036,336	2,783,716	4,531,059
Net profit excluding non-recurring profit or loss attributable to shareholders of listed company	2,052,317	2,730,886	2,780,559	4,020,697
Net cash flows from operating activities	-1,831,228	8,720,372	3,094,574	40,391,389

Explanations on the difference of data between quarterly reports and disclosed periodic reports

Applicable N/A

Within the Reporting Period, the Company acquired 80% shares of Chongqing Iron Hair Suiyu held by its controlling shareholder for the purpose of "business combination under the same control", shown in Note 6 Changes in the Consolidation Scope of the financial statement attached to the Report.

Section II Basic Corporate Information and Key Financial Indicators (continued)

X. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

 Applicable N/A

Unit: '000 Currency: RMB

Non-recurring profit or loss items	Amount for 2015	Amount for 2014	Amount for 2013
Gains/(losses) from disposal of non-current assets	3,234	23,589	226,419
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)	388,104	356,999	302,190
Losses from exchange of non-monetary assets	—	163	—
Gains/(losses) from debt restructuring	12,095	5,537	5,432
Current net profit and loss of subsidiary from the beginning of the period to the combination date due to business combination under common control	210,120	488,445	478,846
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	86,351	33,901	942
Reversal of impairment for accounts receivable that had impairment test separately	616,720	468,852	150,313
Other non-operating income and expenses other than the above items	94,820	171,123	389,521
Impact on minority interests	-42,024	-97,689	-95,769
Impact on income tax	-308,401	-346,269	-302,809
Total	1,061,019	1,104,651	1,155,085

Note: The data of 2013 and 2014 were retroactive adjustment data.

Section II Basic Corporate Information and Key Financial Indicators (continued)

XI. ITEMS MEASURED AT FAIR VALUE

Unit: '000 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	110,204	218,437	108,233	-27,391
Available-for-sale financial assets	1,352,872	2,861,733	1,508,861	214,730
Total	1,463,076	3,080,170	1,617,094	187,339

Note: The Opening balance is retroactive adjustment data.

Section III Chairman's Statement

Dear Shareholders,

2015 was a crucial year for CRCC to seek stability in times of changes, to make progress amidst stability and to strive for improvement while advancing forward. Over the past year, the Company, in the face of severe and complex internal and external situation, determined in strategic guidance, transformation and upgrading, lean management, safe development and accountability, achieved a high level of efficiency and standardization in corporate governance, made leapfrog development in market operations and implemented structural adjustments in an orderly manner. With such determination and action, the Company attained remarkable achievements in the integration of industrial operation and financing and considerable results in technological innovations, strengthened the foundational management and implemented the people-oriented approach in an ongoing fashion, in turn achieving all objectives and missions with success for the year. The Company achieved operating income of RMB600,538.7 million, gross profit (before tax) of RMB17,113.0 million, net profit of RMB13,374.4 million and earnings per share of RMB0.98, all of which hit record highs; the net cash flow from operating activities of the Company reached RMB50,375.1 million, being the highest level over the past five years. The Company moved up to the 79th in Fortune Global 500, ranked the 13th in "China Top 500 Enterprises" and the 3rd in "Top 250 International Contractors". On behalf of the Board and the senior management, I hereby express my heartfelt gratitude to all shareholders caring for the reform and development of CRCC!

2016 marks the beginning of the 13th Five-Year Plan and also a year vital for CRCC to augment quality and efficiency and to carry out transformation and upgrading. In view of the overall domestic and international situation, the Company will not only be confronted with tough challenges such as economic downturn, intensifying competition and massive waves of various risks, but will also face amazing opportunities emerging from the large market capacity and deepened reforms, in addition to new industry landscape, new patterns and new technologies. We will center on the grand goal of developing CRCC into an integrated construction group with the world-leading economic, technological and competitive strengths and the most prominent capabilities for creating value. Through stabilizing growth, reducing cost, making structural adjustments, promoting reforms, laying solid foundations and embracing the holistic approach, focusing on elevation of quality and effectiveness, expediting transformation and upgrading, and striving to create new direction of corporate reform and development under the New Normal, the Company strives to contribute to society, reward its shareholders and benefit its employees by virtue of impressive results.

MENG Fengchao
Chairman of the Board
Beijing, the PRC
30 March 2016



Section IV Summary of the Company's Businesses

I. MAJOR BUSINESSES, OPERATION MODEL AND INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

CRCC's businesses cover a variety of construction operations, survey, design and consultation, industrial manufacture, real estate development, logistics and materials trading, etc. with refined industry chain covering scientific research, planning, survey, design, construction, supervision and management, maintenance, operation, investment and financing, etc., which has equipped itself with capability of providing one-stop-shop comprehensive services for the users. CRCC has established its industry leadership in fields of engineering design and construction for plateau railways, high speed railways, expressways, bridges, tunnels and urban rail transits. The Group, focusing on market and capital operations simultaneously and adopting the multiple integrated operation mode with combination of region, brand, credit and cooperation operations.

(I) **Construction operations**

Construction operation is the core and traditional business of the Group, and covers multiple fields, such as railways, highways, urban rail transits, water conservancy and hydropower, house buildings, municipal engineering, bridges, tunnels and airports. The Group provides services in 31 provinces, autonomous regions, municipalities as well as Hong Kong and Macau SARs, and also participates in infrastructure construction in a number of countries and regions in Africa, Asia, South America and Europe. Its construction operations mainly takes the forms of construction contract and financing contract. The Group is one of the strongest and largest comprehensive construction groups in China and even in the world, ranking top 3 among the largest 250 construction contractors worldwide. In light of the active implementation of the three strategies including "One Belt and Road", Beijing-Tianjin-Hebei Synergetic Development and Yangtze River Economic Zone, and the continuing advancement of urbanization and shantytowns transformation in China, the domestic infrastructure construction market in which the Group operates is maintaining steady and rapid growth. As the investment and financing system in the field of domestic infrastructure construction is changing, the PPP (Public-Private-Partnership) mode is being adopted in an increasing number of projects and the infrastructure construction contractors will face the opportunity and challenge of transformation of certain businesses towards project operators.

(II) **Survey and design consultation operations**

Survey, design and supervision operations covers civil engineering and transportation infrastructure construction related to railway, road, urban rail transit, water conservancy and hydropower, airport, wharf, industrial and civil buildings and municipal engineering. The Group is one of the leaders of infrastructure construction-oriented survey, design and consulting industry in the PRC, and among the top runners in the survey, design and supervision operations market.

Section IV Summary of the Company's Businesses (continued)

(III) **Manufacturing operations**

Manufacturing operations mainly covers such products as large railway track maintenance machinery, railway track construction equipment, tunnelling construction equipment, specialized construction equipment and electrical components used in the new construction and renovation of existing railway lines and urban rail transit lines, making the Group a manufacturer providing integrated services of R&D, manufacturing, sales and after-sales service with a leading position in domestic market and advanced position worldwide. The Group is the largest large railway track maintenance machinery manufacturer in Asia and the second largest one in the world, having a domestic market share of 80% in terms of large railway track maintenance machinery, and is also the shield machine manufacturer with strongest production capacity, most complete equipment and most advanced technology in China and successively completed the research and development in shield machine of earth pressure balance series, mud-water balance series, TBM series, and multiple techniques have broken the long-term monopoly of foreign factories on tunnelling.

(IV) **Real estate development operations**

As one of 16 enterprises directly under the central government taking real estate development as principal business, the Group adopts the business model of "giving priority to residential development supplemented by supporting commercial facilities" for the current real estate business. Sticking to its strategic direction of "based in Beijing, open to the whole country and moving overseas". A system is taking shape in the real estate sector of the Group, which centers on Beijing, Shanghai and Guangzhou and is supported by performance in Bohai Coastal Region, Yangtze River Delta, Pearl River Delta and Southwest China. By the end of 2015, the Group has developed 136 projects in 48 domestic cities and other regions, with the total planned area of construction of about 42.80 million m². According to the TOP 100 Sales of Chinese Real Estate Enterprises in 2015 issued jointly by CRIC (克而瑞信息集團) and China Real Estate Appraisal, sales volume of the Group in 2015 ranked the 19th and its sales area the 18th, among all real estate enterprises in China, making the Group TOP 20 of the real estate industry.

(V) **Logistics and materials trading and others**

The Group possesses over 70 regional business outlets in important cities and logistics node cities, 1.33 million m² of logistics sites, over 40,000 meters of special railway line and 32,550 m³ of storage capacity of product oil, and provided the integrated circulation service by means of the sound and efficient logistics-informatization, regional and market-oriented service system. In recent years, the Group has made an effort to promote transformation and upgrading of logistics business, expanded widely the upstream and downstream markets of bulk material supply chain, and exploited new fields successively like material trading processing, manufacture, international business, centralized purchasing agent and e-commerce, and has developed into one of two rail service agents for China Railway Corporation and also the second largest supplier of railway materials in China as well as the largest engineering and logistics services provider in China. China Railway Material Group Co., Ltd. (中鐵物資集團有限公司), a subsidiary of the Group, ranked the 6th in Top 50 Logistics Enterprises in China selected by China Federation of Logistics & Purchasing in 2015.

Section IV Summary of the Company's Businesses (continued)

II. EXPLANATION ON MATERIAL CHANGES IN THE COMPANY'S MAJOR ASSETS DURING THE REPORTING PERIOD

During the Reporting Period, the Company's major assets has undergone no material change. For more details of the Company's major assets, please see "Analysis of Assets and Liabilities" in "Section V. Management Discussion and Analysis (Report of Directors)" of the report.

Among which: the overseas assets was 2,753,397 (unit: thousand yuan; currency: RMB), accounting for 0.40% of the total assets. The overseas assets include non-current assets, construction in progress, intangible assets, long-term deferred and prepaid expenses and long-term equity investment under the equity method.

III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) *Remarkable advantage in comprehensive competitive strength*

CRCC has established its overall layout along the industrial chain of engineering construction, built up excellent marketing capability, achieved significant increase in various business indicators and the reinforced its industry leadership. The global operation landscape has taken shape and the overseas business income has increased year by year, making top three among the Top 250 Worldwide Largest Contractors. The Company has taken advantage of its financing platform of A+H listings and obtained sufficient bank credit, created favorable brand effect in the field of infrastructure construction, and obtained stable customer base and abundant market resources.

(II) *Continuing enhancement of technology leadership*

CRCC has built distinct technology leadership. Design and construction technologies of high speed railway has stood on the domestic leading level, while railway design and construction capability in plateau, frozen soil and gale has reached the international leading level. Products with proprietary intellectual property rights has been designed constantly, and large railway track maintenance machinery like narrow-gauge tamping machine and narrow-gauge ballasting and shaping machine have also reached the international leading level and have been exported. Technologies of underground engineering construction and E&M system integration have stood on the industrial leading level.

Section IV Summary of the Company's Businesses (continued)

(III) Perfection of industrial structure and layout

The businesses of CCRC comprise construction, survey, design and consultancy, manufacturing, real estate development, capital management, exploitation of mineral resources and logistics and materials trading, which constitute integrated & one-stop industry chain covering scientific research, planning, survey, design, construction, supervision, maintenance, operation, investment and financing, etc, with capability of expansion and synergy along the whole industry chain.

(IV) Gradual optimization of organizational and management structure

By means of optimizing continuously the organizational and management structure, CRCC has normalized the organizational and management system of three-level legal persons and given full play to the operation initiatives of units at all levels. Based on the overall strategy of specialized operation, CRCC has established six specialized subsidiaries and therefore enhanced significantly its capability of specialized operation, while number of companies at the 3rd level characterized by small size, low efficiency and deviation from development of main businesses have been reduced substantially. Legal persons at the 4th level and integrated branches have been consolidated for the purpose of shortening management chain and enhancing significantly management efficiency, and management system and operating mechanism with clear duties and smooth operation have taken shape.

(V) Refreshing and carrying forward the culture of railway corps

The spirit of railway corps, centering on that “no way is impossible for railway corps by cutting paths through mountains and building bridges across rivers; there is no difficulties for the railway corps after eating and sleeping in the open air and toiling constantly under the exposure to the weather”, passes through development and growth of CRCC. Such spirit upon heritage and sublimation creates the corporate values of “perpetual sincerity and innovation, competitive products and co-existing with moral quality”, the corporate spirit of “being fearless of danger and bold in scaling heights, leading the industry and generating prestige home and abroad”, and the excellent working styles of “submitting to the whole situation, strictly enforcing orders and prohibitions, striving for victory without fear and being devoted to work”. The sustained spirit and culture soft power drive the Company to constantly overcome difficulties and strive to make inventions, and thus the Company establishes many excellent projects and market image of “high efficiency and good faith”.

Section V Management Discussion and Analysis (Report of Directors)

I. MANAGEMENT DISCUSSION AND ANALYSIS

2015 is the last year of the 12th Five-Year Plan and also the key year for the Company to keep stable while seeking for changes, seek for progress while keeping stable and struggle for better while keeping progressive. In 2015, facing the complicated and severe internal and external situations and undertaking hard and heavy reform and development tasks, the Group always adhered to strategic guidance, transformation and upgrading, lean management, safety development and accountability; as a result, it had a normative and effective legal person governance by uniting all as one to forge ahead and overcoming hardships and difficulties thus fully accomplished each of the annual target tasks.

(I) Stable growth of operation performance

In 2015, the Group recorded a revenue of RMB600,538.7 million, representing an increase of 1.22% as compared to the corresponding period last year. The net profit amounted to RMB13,374.4 million, representing an increase of 10.90% as compared to the corresponding period of last year. During the Reporting Period, the Group deeply pushed forward operation mechanism reforms and market layout adjustments, further broadened its project operation, made a great progress in its overseas operation, capital operation and real estate operation and remarkably reinforced its equipment and mechanization capabilities. For the whole year of 2015, the amount of the newly-signed contracts of the Group reached RMB948,758.8 million, representing a year-on-year increase of 14.62%, of which the value of overseas new contracts amounted to RMB86,289.3 million, accounting for 9.09% of the total value of new contracts. As at the end of 2015, the value of outstanding contracts of the Group was RMB1,808,528.4 million, representing an increase of 2.58% as compared to the corresponding period last year, of which the value of outstanding overseas contracts amounted to RMB358,243.5 million, accounting for 19.81% of the total value of outstanding contracts. The key indicators are as follows:

Unit: '00 million Currency: RMB

	Value of new contracts			Value of outstanding contracts		
	Reporting	Corresponding	Year-on-year growth	Reporting	Corresponding	Year-on-year growth
	Period	Period last year		Period	Period last year	
Construction operations	8,074.382	6,873.057	17.48%	16,902.685	16,079.547	5.12%
Survey, design and supervision operations	113.456	100.152	13.28%	50.658	41.445	22.23%
Manufacturing operations	164.274	152.729	7.56%	73.234	54.394	34.64%
Logistics and materials trading	745.147	870.468	-14.40%	756.283	1,240.040	-39.01%
Real estate development	366.140	268.571	36.33%	280.354	200.033	40.15%
Others	24.189	12.103	99.86%	22.070	14.321	54.11%
Total	9,487.588	8,277.080	14.62%	18,085.284	17,629.780	2.58%

Section V Management Discussion and Analysis (Report of Directors) (continued)

In 2015, the value of new contracts for construction operations amounted to RMB807,438.2 million, accounting for 85.10% of the total value of new contracts and representing an increase of 17.48% as compared to the corresponding period last year. Among this, the value of new contracts for railway construction amounted to RMB299,686.0 million, accounting for 37.12% of the value of new contracts in the construction operations segment and representing an increase of 14.48% as compared to the corresponding period last year; the value of new contracts for road construction amounted to RMB183,472.1 million, accounting for 22.72% of the value of new contracts in the construction operations segment and representing an increase of 86.95% as compared to the corresponding period last year; the value of new contracts for urban rail transit amounted to RMB96,350.0 million, accounting for 11.93% of the value of new contracts in the construction operations segment and representing an increase of 52.31% as compared to the corresponding period last year; the value of new contracts for housing construction amounted to RMB133,121.9 million, accounting for 16.49% of the value of new contracts in the construction operations segment and representing a decrease of 8.54% as compared to the corresponding period last year; the value of new contracts for municipal engineering amounted to RMB40,283.8 million, accounting for 4.99% of the value of new contracts in the construction operations segment and representing a decrease of 41.36% as compared to the corresponding period last year; the value of new contracts for hydraulic and electric engineering amounted to RMB27,054.5 million, accounting for 3.35% of the value of new contracts in the construction operations segment and representing an increase of 86.62% as compared to the corresponding period last year; the value of new contracts for airport terminals amounted to RMB10,385.8 million, accounting for 1.29% of the value of the new contracts in the construction operations segment and representing an increase of 43.77% as compared to the corresponding period last year. The reasons for the great increase of the newly-signed contracts in respect of highways, urban rail transits, water conservancy and hydropower are as follows: (1) the increase of the newly-offered projects in the domestic market; and (2) the changes of the investment and financing mechanism of the infrastructure projects market which causes a remarkable pulling role of investments. The reason for the great decrease of the newly-signed contracts for municipal engineering is that the investments in the relevant industries in China decreased; the reason for the rapid growth of the newly-signed contracts for airports and wharfs is mainly that the overall scale was small and some entities had an earlier arrangement in the field of airports and wharfs with a primary achievement, and the great fluctuation was normal.

In 2015, the value of new contracts for non-construction operations of the Group amounted to RMB141,320.6 million, accounting for 14.90% of the total value of new contracts and representing an increase of 0.65% as compared to the corresponding period last year. Among this, the value of new contracts for survey, design and consultancy amounted to RMB11,345.6 million, representing an increase of 13.28% as compared to the corresponding period last year; the value of new contracts for manufacturing operations amounted to RMB16,427.4 million, representing an increase of 7.56% as compared to the corresponding period last year; the value of new contracts for logistics and materials trading amounted to RMB74,514.7 million, representing a decrease of 14.40% as compared to the corresponding period last year; the value of new contracts for real estate amounted to RMB36,614.0 million, representing an increase of 36.33% as compared to the corresponding period last year. The reason for the great growth of the amount of the newly-signed real estate contracts was that, in 2015, the central government and the local governments issued relevant policies and improved the market context, and the real estate projects of the Group adapted to the market situation, actively launched new products, seized market clients, increased project sales rate and thus the sales performance recovered.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(II) Orderly promotion of structural adjustment

In 2015, toward the targets of promoting the upgrading of industry chain and value chain, the Group enhanced resource integration, structural adjustments and industrial upgrading. It established China Railway Construction Strait Construction Co., Ltd. (中鐵海峽建設集團有限公司). Kunming China Railway Large Maintenance Machinery Co., Ltd (昆明中鐵大型養路機械集團有限公司), one subsidiary of the Group, was transformed into CRCC High-tech Equipment Corporation Limited and was successfully listed at the Hong Kong Stock Exchange. The Group further had an internal integration of resources. For example, it merged China Civil Engineering Construction Corporation (中國土木工程集團有限公司) and CRCC China-Africa Construction Limited (中鐵建中非建設有限公司) and wholly transferred Beijing Tiecheng Construction Supervision Co., Ltd. (北京鐵城建設監理有限責任公司) into China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司). The Group actively pushed forward the establishment of financial leasing companies. The Group injected excellent assets into itself, acquired 80% shares from Chongqing Iron Hair Suiyu and benefited the business integration of the operation blocks of the Group. In addition, a non-public issuance of 1,242,000,000 A shares was made by the Company and a total capital proceeds of RMB9,936,000,000 was raised, which provided a sufficient-fund support for the structural adjustment of the Group.

(III) Remarkable achievements on science and technology innovation

In 2015, the Group continued to adhere to be market-oriented and focus on the promotion of capability for independent innovation and core competitiveness, further perfected the innovative system of industry-university-research cooperation, especially enhanced the key aspects, such as platforms of sci-tech innovation, scientific research talent team and scientific research and development input, and developed a series of core products and key technologies with independent intellectual properties. At present, the Group has 17 national-level innovation platforms, 72 provincial-level enterprise technology centers, 1 academician and expert workstation and 8 post-doctorial scientific research workstations. In addition to keeping leading in the design and construction technology for high-speed railways, railways in plateau and long and large tunnels, the Group has made a great breakthrough in many respects, such as the design and manufacture of maglev rail transit, large railway maintenance machinery and equipment, shield and the construction of super high-rise buildings.

(IV) More effective enterprise management and control

In 2015, the Group continued to emphasize on improving efficiency via management and control and started with amplifying systems, perfecting flows, tamping foundation and assuring practices to continuously promote management. The Board paid great attention to the strategic, fundamental and overall issues in respect of the reform and development of the enterprise, took much effort for many issues, such as normative governance, scientific decision, strategic planning, internal control and risk management, incentive and restrictive mechanism, so as to reinforce its management and control and ensure its correct development direction. The Group actively pushed forward overall budget management, responsibility cost management, centralized fund management and control, centralized procurement of equipment and materials and information construction, thus effectively lowering the costs and increasing the efficiency and benefit of the Group. The Group insisted on governing the enterprise according to laws, deeply implemented the leadership economic responsibility audit and performance and evaluation result review and audit in order to ensure the sustainable and sound development of the enterprise. The Group actively pushed forward the professionalism construction of engineering companies, enhanced the construction at operation level, carried forward a standardized management for projects, emphasized on the remediation of unprofitable companies and unprofitable projects and enhanced safety and quality management and control, thus effectively increasing its capabilities of building up reputation and efficiency and launching a great number of high-quality and fine projects.

Section V Management Discussion and Analysis (Report of Directors) (continued)

II. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2015, the Group recorded a revenue of RMB600,538.7 million, representing an increase of 1.22% as compared to the corresponding period last year. The net profit amounted to RMB13,374.4 million, representing an increase of 10.90% as compared to the corresponding period of last year. The newly signed contracts of the year amounted to RMB948,758.8 million, representing a year-on-year increase of 14.62%. For more details, please see “I. Management Discussion and Analysis”.

(I) Analysis of main businesses

Analysis on Changes of Relevant Items in Income Statement and Statement of Cashflows

Unit: thousand yuan

Item	During the period	During the corresponding period last year	Change (%)
Revenue	600,538,730	593,302,675	1.22
Operating cost	531,756,328	528,374,916	0.64
Selling and distribution expenses	3,703,662	3,272,163	13.19
General and administrative expenses	22,835,612	22,889,544	-0.24
Finance costs	4,385,029	4,368,885	0.37
Income tax expenses	3,738,604	3,472,424	7.67
Net cash flow from operating activities	50,375,107	6,742,000	647.18
Net cash flow from investment activities	-24,336,297	-17,148,988	41.91
Net cash flow from financing activities	-2,446,679	15,064,974	N/A
R&D expenditures	8,759,416	8,683,235	0.88
Operating profit	16,609,043	14,958,828	11.03
Operating margin			increased by 0.25
	2.77%	2.52%	percentage point
Net profit	13,374,434	12,060,010	10.90

Note: The data of the same period of the previous year is retrospective and adjusted data.

1. Analysis of the revenue and costs

During the Reporting Period, the Group recorded a revenue of RMB600,538.7 million, representing an increase of 1.22% as compared to the corresponding period last year. The Group's main businesses include: construction operations, survey, design and consultancy, manufacturing operations, real estate development, logistics and materials trading and other businesses. Currently, the Group had overseas operating business distributed in 90 countries all over the world as well as in Hong Kong SAR, Macao SAR and other regions.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(1) Performance of main businesses by segment and region

Unit: thousand yuan

Main Businesses by Segment

By segment	Revenue	Operating costs	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	519,312,837	469,475,123	9.60	1.36	0.98	increased by 0.35 percentage point
Survey, design and consultancy operations	10,080,322	6,691,183	33.62	11.89	7.51	increased by 2.70 percentage points
Manufacturing operations	14,687,685	11,649,213	20.69	23.40	24.72	decreased by 0.83 percentage point
Real estate development operations	28,670,651	21,213,065	26.01	14.95	21.14	decreased by 3.78 percentage point
Logistics and materials trading and other	46,930,415	42,098,691	10.30	-15.00	-17.03	increased by 2.19 percentage points
Inter-segment elimination	-19,143,180	-19,370,947	-	-	-	-
Total	600,538,730	531,756,328	11.45	1.22	0.64	increased by 0.51 percentage point

Main Business by Region

By region	Revenue	Operating costs	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 (%)
Domestic	572,900,558	506,826,909	11.53	0.57	0.20	increased by 0.49 percentage point
Overseas	27,638,172	24,929,419	9.80	16.99	10.53	increased by 1.14 percentage points
Total	600,538,730	531,756,328	11.45	1.22	0.64	increased by 0.51 percentage point

Note: Due to the unique nature of the business of the Company, the main businesses of the Company by industries are analyzed by segments.

Section V Management Discussion and Analysis (Report of Directors) (continued)

Explanation on the main businesses by segments

- ① Construction operations

Construction Operations
(Before Elimination of Inter-segment Transactions)

Unit: thousand yuan

Item	2015	2014 (Restated)	Growth
Revenue	519,312,837	512,336,308	1.36%
Operating costs	469,475,123	464,941,214	0.98%
Gross profit	49,837,714	47,395,094	5.15%
Gross profit margin	9.60%	9.25%	increased by 0.35 percentage point
Selling and Distribution expenses	1,205,536	874,486	37.86%
General and Administrative expenses	18,618,199	19,058,388	-2.31%
Total profit	10,484,707	8,333,998	25.81%

During the Reporting Period, the revenue and total profit from construction operations increased by 1.36% and 25.81% respectively as compared to those of 2014 (Restated). The selling and distribution expenses of construction operations increased by 37.86% over that of 2014, thanks to the fact that the Group strengthened its regional operations and set up new operating agency.

Section V Management Discussion and Analysis (Report of Directors) (continued)

② Survey, design and consultancy operations

Survey, Design and Consultancy Operations (Before Elimination of Inter-segment Transactions)

Unit: thousand yuan

Item	2015	2014	Growth
Revenue	10,080,322	9,009,463	11.89%
Operating costs	6,691,183	6,223,682	7.51%
Gross profit	3,389,139	2,785,781	21.66%
Gross profit margin	33.62%	30.92%	increased by 2.70 percentage points
Selling and Distribution expenses	798,195	807,245	-1.12%
General and Administrative expense	1,155,970	1,121,342	3.09%
Total profit	1,423,024	970,123	46.68%

During the Reporting Period, the Group's gross profit and total profit from the survey, design and consultancy operations increased by 21.66% and 46.68% respectively as compared to those of 2014, mainly due to an increase in the proportion of the railway survey business with a high gross profit and a larger increase in 2015 of the gross profit and profit of survey and design services than that in the same period of 2014 via an optimization of the survey and design processes and means.

③ Manufacturing operations

Manufacturing Operations (Before Elimination of Inter-segment Transactions)

Unit: thousand yuan

Item	2015	2014	Growth
Revenue	14,687,685	11,902,338	23.40%
Operating costs	11,649,213	9,340,550	24.72%
Gross profit	3,038,472	2,561,788	18.61%
Gross profit margin	20.69%	21.52%	decreased by 0.83 percentage point
Selling and Distribution expenses	323,523	322,784	0.23%
General and Administrative expenses	1,301,624	1,110,869	17.17%
Total profit	984,702	1,019,238	-3.39%

Section V Management Discussion and Analysis (Report of Directors) (continued)

During the Reporting Period, the Group's revenue from the manufacturing operations amounted to RMB14,687.7 million, representing an increase of 23.40% as compared to that of 2014, and the gross profit increased by 18.61% as compared to that of 2014.

④ Real estate development operations

**Real Estate Development Operations
(Before Elimination of Inter-Segment Transactions)**

Unit: thousand yuan

Item	2015	2014 (Restated)	Growth
Revenue	28,670,651	24,941,689	14.95%
Operating costs	21,213,065	17,511,491	21.14%
Gross profit	7,457,586	7,430,198	0.37%
Gross profit margin	26.01%	29.79%	decreased by 3.78 percentage points
Selling and Distribution expenses	576,529	586,610	-1.72%
General and Administrative expenses	498,007	527,315	-5.56%
Total profit	4,314,153	4,073,347	5.91%

During the Reporting Period, the Group's revenue from the real estate development operations amounted to RMB28,670.7 million, representing an increase of 14.95% as compared to that of 2014; and a total profit of RMB4,314.2 million, representing an increase of 5.91% as compared to that of 2014. Before elimination of inter-segment transactions, the gross profit margin of the real estate development operations was 26.01%, representing a decrease of 3.78 percentage points as compared to that of 2014 (Restated).

Section V Management Discussion and Analysis (Report of Directors) (continued)

⑤ Logistics and materials trading and other businesses

Logistics and Materials Trading and Other Businesses (Before Elimination of Inter-segment Transactions)

Unit: thousand yuan

Item	2015	2014 (Restated)	Growth
Revenue	46,930,415	55,213,536	-15.00%
Operating costs	42,098,691	50,738,395	-17.03%
Gross profit	4,831,724	4,475,141	7.97%
Gross profit margin	10.30%	8.11%	increased by 2.19 percentage points
Selling and Distribution expenses	799,879	681,039	17.45%
General and Administrative expenses	1,261,812	1,071,630	17.75%
Total profit	-321,315	855,971	-137.54%

During the Reporting Period, the revenue from and gross profit from logistics and materials trading and other businesses of the Group decreased by 15.00% and 137.54% respectively as compared with that of 2014 (restated), mainly due to the logistics and materials trading business downscaling and accrual provision for impairment.

(2) Analysis of production and sales

Not Applicable

Section V Management Discussion and Analysis (Report of Directors) (continued)

(3) Cost analysis table

Unit: thousand yuan

Particulars by segment							
By segment	Item relating to cost composition	Amount for the period	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 (%)	Explanation
Survey, design and consultancy operations	-	6,691,183	1.21	6,223,682	1.13	7.51	-
Manufacturing operations	-	11,649,213	2.11	9,340,550	1.70	24.72	-
Real estate development operations	-	21,213,065	3.85	17,511,491	3.19	21.14	-
Logistics and materials trading operations and others	-	42,098,691	7.65	50,738,395	9.25	-17.03	-
Sub-total of the above	-	551,127,275	100.00	548,755,332	100.00	0.43	-
In which:	Labour costs	154,749,796	28.08	144,518,559	26.34	7.08	-
	Materials costs	237,267,066	43.05	247,827,251	45.16	-4.26	-
	Machinery costs	61,927,273	11.24	60,534,070	11.03	2.30	-
	Other costs	97,183,140	17.63	95,875,452	17.47	1.36	-
Inter-segment elimination	-	-19,370,947	-	-20,380,416	-	-	-
Total	-	531,756,328	-	528,374,916	-	0.64	-

Note: Given the unique nature of the Company's business, the Company analyzes by segments.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(4) Major customers

During the Reporting Period, the revenue from the top five customers amounted to RMB28,286.7 million, accounting for approximately 4.71% of the Group's total revenue in 2015 and representing a decrease of 1.45 percentage point as compared to that of 2014. The major customers were railway bureaus and companies under the China Railways Corporation (中國鐵路總公司). The controlling shareholder and the actual controller of the Company and the companies under its control were not connected to the major customers.

Unit: thousand yuan

Item	2015	2014
Total income from the top five customers	28,286,699	36,492,271
Percentage of total revenue	4.71%	6.16%

None of the directors or their respective associates (as defined in the Stock Exchange 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.

(5) Major suppliers

During the Reporting Period, the total purchasing amount of the Group from its top five suppliers of raw material and energy was RMB11,326.3 million, accounting for approximately 2.13% of the total purchasing amount of the Group for 2015 and representing an increase of 0.71 percentage point as compared to that of 2014. The suppliers were mainly large steel enterprises and logistics and trade enterprises in China. The controlling shareholder and the actual controller of the Company and the companies under its control were not connected to the major suppliers.

Unit: thousand yuan

Item	2015	2014
Purchasing amount to top five suppliers, in aggregate	11,326,267	7,514,502
Percentage of total purchasing amount	2.13%	1.42%

None of the directors or their respective associates (as defined in the Stock Exchange 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.

Section V Management Discussion and Analysis (Report of Directors) (continued)

2. Expenses

In 2015, the Group's selling and distribution expenses amounted to RMB3,703.7 million, representing an increase of 13.19% as compared to that of 2014 (Restated), of which distribution expense of construction operations recorded the most significant increase, up by 37.86% as compared to that of 2014 (restated). The increase in distribution expenses was mainly due to the fact that the Group strengthened its regional operations and set up new operating agency.

In 2015, the Group's general and administrative expenses amounted to RMB22,835.6 million, representing a decrease of 0.24% as compared to that of 2014 (restated) without significant change.

In 2015, the financial costs amounted to RMB4,385.0 million, representing an increase of 0.37% as compared to that of 2014 (restated) without significant change.

In 2015, the Group's income tax expenses amounted to RMB3,738.6 million, representing an increase of 7.67% as compared to that of 2014 (restated), mainly due to the increase in total profit for the year. The details of income tax expenses are shown in the following table:

Income tax expenses are shown as below:

Unit: thousand yuan

Item	2015	2014 (Restated)
Income tax expenses for the period	3,914,499	3,793,679
Deferred income tax expenses	-175,895	-321,255
Total income tax expenses	3,738,604	3,472,424

3. R&D investment

Table of R&D investment

Unit: thousand yuan

Expense-type R&D expenditures in current period	8,759,416
Capitalised R&D expenditures in current period	-
Total R&D expenditures	8,759,416
Proportion of total R&D expenditures in the revenue (%)	1.46
Number of R&D staff	26,466
Percentage of R&D staffs in the total staffs of the Company (%)	10.40
Percentage of capitalised R&D investment (%)	0

Section V Management Discussion and Analysis (Report of Directors) (continued)

Explanation

In 2015, the science and technology project initiation of the Group carried out researches mainly by comparing with the 12th Five-year Plan science and technology development program, outlook for the 13th Five-year Plan science and technology development prospect, adhering to the national strategy of “One Belt and One Road”, combining with the development and application including new technologies, new equipment, new materials, and new processes, and implementing and carrying out researches on the major technologies in fields including heavy-load railways, cross-river and cross-sea complicated bridges, and high-rise buildings. At present, each subject research goes on smoothly, effectively enhancing core competitiveness and market share of the Group.

4. Capital expenditures

The Group’s capital expenditures are mainly used for the purchasing or construction and technical upgrading of equipment and facilities, as well as for the construction of BOT projects. In 2015, the Group’s capital expenditures amounted to RMB2,672.63 million, representing an increase of RMB4,118.0 million as compared to that of 2014 (Restated). The increase in capital expenditures over the last year was mainly attributable to the increase of investment in the Group’s concession operation projects (PPP, BOT) for the year as compared with that of the previous year.

Unit: thousand yuan

Segment	2015	2014 (Restated)
Construction operations	11,171,474	12,794,385
Survey, design and consultancy operations	596,732	258,828
Manufacturing operations	835,563	190,732
Real estate development operations	97,810	174,877
Other businesses	14,024,736	9,158,436
Total	26,726,315	22,577,258

Note: Other businesses are mainly the investment of intangible assets (concession operation projects).

Section V Management Discussion and Analysis (Report of Directors) (continued)

5. Cash flows

Analysis of changes in cash flows

Unit: thousand yuan

Item	2015	2014 (Restated)	Growth
Net cash flows from operating activities	50,375,107	6,742,000	647.18%
Net cash flows from investment activities	-24,336,297	-17,148,988	41.91%
Net cash flows from financing activities	-2,446,679	15,064,974	N/A

In 2015, the Group's net cash flows from operating activities amounted to RMB50,375.1 million, representing an increase of RMB43,633.1 million as compared to that in the same period last year, mainly due to the increase in cash payment collection of production and operation during the fourth quarter.

In 2015, the Group's net cash flows from investing activities amounted to RMB-24,336.3 million, representing an increase of RMB7,187.3 million in net outflow as compared to that of last year, mainly due to the increase in purchasing or construction of intangible assets and fixed assets and investment expenditures.

In 2015, the Group's net cash flows from financing activities amounted to RMB-2,446.7 million, changing from a net inflow to net outflow, mainly due to the demand for raising funds externally decreased and debt was partly paid as the operational cash flow improved apparently.

6. Issuance of bonds by the Company during the Reporting Period (disclosure pursuant to the Stock Exchange Listing Rules)

(1) Issuance of ultra short-term financing bonds by the Company

The 2011 annual General meeting of the Company held on 12 June 2012 considered and approved the Proposal in Relation to the Issuance of Ultra short-term Financing Bonds and approved that the Company could register and issue the ultra short-term financing bonds with a principal balance not more than RMB30 billion. By comprehensively analyzing the fund status quo, financing demands, fund sources and other conditions of the Company and combining with the situation of the domestic bond market, on 24 April 2015, the Company issued the first tranche of ultra short-term financing bonds for the year 2015 of RMB3 billion with a term of 270 days. Such ultra short-term financing bonds were due and fully paid on 19 January 2016.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(2) *Issuance 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 of Amounts for Registration and Issuance of Medium-term Notes and Short-term Financing Bonds of the Company, 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). By comprehensively analyzing the fund status quo, financing demands, fund sources and other conditions of the Company and combining with the situation of the domestic bond market, on 28 March 2014, the Company issued the first tranche of short-term financing bonds for the year of 2014 of RMB3.5 billion with a term of 365 days. Such short-term financing bonds were due and fully paid on 28 March 2015.

(3) *Issuance 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 Issuance of Medium-term Notes of the Company. The 2012 second extraordinary General Meeting held on 28 December 2012 considered and approved the Proposal in Relation to the Increase of Amounts for Registration and Issuance of Medium-term Notes and Short-term Financing Bonds of the Company, approving the Company to register and issue medium-term notes 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. Taking into account the capital position, demand for financing and sources of capital of the Company, as well as the condition of the domestic bond market, on 27 August 2010, the Company issued the first tranche of medium-term notes for the year of 2010 of RMB5 billion with a term of 5 years. Such medium-term notes were due and fully paid on 31 August 2015. On 14 October 2011, the Company issued the first tranche of medium-term notes for the year of 2011 of RMB7.5 billion with a term of 7 years. On 20 June 2013, the Company issued the first tranche of medium-term notes for the year of 2013 of RMB10 billion with a term of 7 years.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(4) Issuance of overseas bonds after the Balance Sheet Date

The Company convened the 2014 annual General Meeting on 2 June 2015 and considered and approved the Proposal in Relation to a General Mandate Granted to the Board to Issue H Shares of the Company, pursuant that the Board were granted unconditional and general mandate in the relevant period to issue, allot and / or deal with additional H shares of nominal value of not more than 20% of the total nominal value of the issued H shares of the Company; the 2015 second extraordinary General Meeting held by the Company on 29 October 2015 considered and approved the Proposal in Relation to the Increase of the Issuance Size of Domestic and Overseas Bonds of the Company, approving the increase of issuance of domestic and overseas bonds of not more than RMB 30 billion (or equivalent amount in RMB) in domestic and overseas bond markets by the Company; If convertible bonds are to be issued, the size of each single issuance shall not exceed US\$1 billion (or equivalent amount in RMB). To broaden the financing channels, improve financing structure, reduce financing cost, meet the funding requirements of domestic and overseas projects of the Company, after taking into consideration of the operation of the Company and conditions of domestic and overseas bond market, on 29 January 2016, the Company entered into a Trust Deed with The Hong Kong and Shanghai Banking Corporation Limited, the trustee in respect of the zero coupon convertible bonds due 2021 of an aggregate principal amount of US\$500 million that can be converted into the H Shares of CRCC.

7. Banking facilities of the Company during the Reporting Period

The Group has already obtained the banking facilities from several PRC banks of up to RMB873,187,414,000, of which an amount of RMB309,980,912,000 has been utilized.

8. 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 2015, the Group did not use foreign currency contract to hedge foreign exchange risks.

(II) Explanation of the major profit changes due to non-main businesses

Applicable Not Applicable

Section V Management Discussion and Analysis (Report of Directors) (continued)

(III) Analysis of assets and liabilities

1. Assets-Liabilities analysis table

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 (%)	Percentage of the amount at the end of the period as compared to that of last year (%)	Explanation
Total assets	696,096,330	100	623,565,997	100	11.63	-
Major asset items						
Cash and bank balances	121,934,009	17.52	98,406,968	15.78	23.91	-
Accounts receivable and long-term receivables	152,914,394	21.97	140,281,895	22.50	9.01	-
Prepayments	23,194,402	3.33	27,726,384	4.45	-16.35	-
Other receivables	40,180,001	5.77	34,585,435	5.55	16.18	-
Inventories	245,591,139	35.28	227,929,619	36.55	7.75	-
Fixed assets	41,820,680	6.01	41,631,924	6.68	0.45	-
Intangible assets	35,865,150	5.15	22,377,774	3.59	60.27	Mainly due to the increase in the cost of BOT projects of the Company in the year.
Total liabilities	567,277,165	81.49	518,382,651	83.13	9.43	-
Major liability items						
Short-term loans	43,370,880	6.23	45,591,039	7.31	-4.87	-
Other current liabilities	3,721,637	0.53	5,741,517	0.92	-35.18	Mainly due to the repayment made by the Company in the year for matured short-term financing bonds issued in previous years.
Accounts payable and long-term payables ^{Note 1}	229,420,968	32.96	212,155,373	34.02	8.14	-
Advances from customers	75,981,106	10.92	63,815,413	10.23	19.06	-
Other payables	45,434,154	6.53	40,079,753	6.43	13.36	-
Long-term loans	76,110,184	10.93	73,946,268	11.86	2.93	-
Bonds payable ^{Note 2}	33,008,948	4.74	33,006,625	5.29	0.01	-
Employee benefits payable ^{Note 3}	10,549,206	1.52	9,931,335	1.59	6.22	-

Section V Management Discussion and Analysis (Report of Directors) (continued)

Note 1: Accounts payable and long-term payables include long-term payables due within one year.

Note 2: Bonds payable include the bonds payable as non-current liabilities due within one year. See Note V. "30. Non-current liabilities due within one year" in the Notes to Financial Statements set out in this report for details.

Note 3: 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".

2. 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 2015, the Company's financial assets were as follows:

Unit: thousand yuan

Item	Financial assets at fair value through profit or loss			Available-for-sale financial assets		Total
	profit or loss	Held-to-maturity investment	Loans and accounts receivable	for-sale assets		
Held-to-maturity investment	-	1,269	-	-	1,269	
Available-for-sale financial assets	-	-	-	6,546,436	6,546,436	
Bills receivable	-	-	2,493,640	-	2,493,640	
Accounts receivable	-	-	128,028,443	-	128,028,443	
Interest receivable	-	-	274,586	-	274,586	
Dividends receivable	-	-	117,901	-	117,901	
Other receivables	-	-	40,180,001	-	40,180,001	
Other current assets	-	-	-	430,000	430,000	
Long-term receivables	-	-	24,885,951	-	24,885,951	
Non-current assets due within one year	-	-	11,916,150	-	11,916,150	
Financial assets at fair value through profit or loss	218,437	-	-	-	218,437	
Cash and bank balances	-	-	121,934,009	-	121,934,009	
Total	218,437	1,269	329,830,681	6,976,436	337,026,823	

Section V Management Discussion and Analysis (Report of Directors) (continued)

As at 31 December 2015, the Company's financial liabilities were as follows:

Unit: thousand yuan

Item	Amount
Short-term loans	43,370,880
Due to customers	5,116,842
Due to banks	6,000,000
Bills payable	26,279,109
Accounts payable	225,976,243
Interests payable	1,008,370
Dividends payable	460,648
Other payables	45,434,154
Non-current liabilities due within one year (excluding long-term employee benefits payable within one year)	31,897,696
Other current liabilities (excluding deferred income and others)	3,595,179
Long-term loans	47,398,448
Bonds payable	31,058,948
Long-term payables	2,208,765
Total	469,805,282

3. Working capital

(1) Contracted construction projects

Gross Amount Due from/to Contract Customers

Unit: thousand yuan

	2015	2014 (Restated)
Contract costs incurred to date	2,453,239,265	2,041,107,406
Total recognized gross profits less recognized losses, net	259,533,003	216,976,596
Less: the provision for foreseeable contract losses	-533,862	-254,986
Less: progress billings	-2,616,779,795	-2,175,699,722
Total	95,458,611	82,129,294

Section V Management Discussion and Analysis (Report of Directors) (continued)

Contracted construction projects as at the end of the year*Unit: thousand yuan*

	31 December 2015	31 December 2014 (Restated)
Gross amount due from contract customers	112,511,970	97,582,207
Gross amount due to contract customers	-17,053,359	-15,452,913
Total	95,458,611	82,129,294

(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:

	2015	2014 (Restated)
Turnover days of accounts receivable ^{Note 1}	74	63
Turnover days of accounts payable ^{Note 2}	148	132

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.

Section V Management Discussion and Analysis (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 2015	31 December 2014 (Restated)
Within 1 year	116,634,869	106,248,756
1 to 2 years	8,915,476	7,655,257
2 to 3 years	3,926,070	2,031,216
Over 3 years	1,330,339	1,190,068
	130,806,754	117,125,297
Less: provision for bad debts	-2,778,311	-1,596,792
Total	128,028,443	115,528,505

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 2015	31 December 2014 (Restated)
Within 1 year	221,276,084	201,250,257
1 to 2 years	3,467,880	3,428,273
2 to 3 years	649,876	402,012
Over 3 years	582,403	450,254
	225,976,243	205,530,796
Total	225,976,243	205,530,796

Section V Management Discussion and Analysis (Report of Directors) (continued)

4. Prepayments and other receivables

The Group's prepayments and other receivables increased from RMB62,311.8 million as at 31 December 2014 (Restated) to RMB63,374.4 million as at 31 December 2015.

5. Defined benefit plan

Certain employees of the Group had completely dealt with their respective longterm post-leaving. Post-employment benefit expenses were recognized in the period in the relevant entities of the Group after the Group has entered into relevant agreements or documents with the employees, 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.

During this year, the Group's obligations in respect of the defined benefit plan for post-leaving personnel 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 2015, 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 2014 and 31 December 2015, the Group held the provisions of such obligations hereof amounting RMB2.5211 billion and RMB1.9529 billion respectively. Details of the defined benefits plan of the Company are set out in the V. "35. Long-term employee benefits payables" in the Notes to Financial Statements of this report.

6. Indebtedness

(1) Loans

The short-term loans of the Group as of 31 December 2015 and 31 December 2014 were as follows:

Unit: thousand yuan

	31 December 2015	31 December 2014 (Restated)
Pledged loans	4,897,234	2,288,412
Mortgaged loans	12,000	32,500
Guaranteed loans	5,915,210	5,937,810
Credit loans	32,546,436	37,332,317
Total	43,370,880	45,591,039

Section V Management Discussion and Analysis (Report of Directors) (continued)

The other current liabilities of the Group as at 31 December 2015 and 31 December 2014 (restated) were as follows:

Unit: thousand yuan

	31 December 2015	31 December 2014 (Restated)
Other current liabilities	3,721,637	5,741,517

Note: For more details please see Note V. "31 Other current liabilities" in the Notes to Financial Statements set out in this report.

The long-term loans of the Group due within one year as of 31 December 2015 and 31 December 2014 were as follows:

Unit: thousand yuan

	31 December 2015	31 December 2014 (Restated)
Pledged loans	229,380	141,780
Mortgaged loans	4,445,584	2,942,951
Guaranteed loans	4,022,908	3,700,667
Credit loans	20,013,864	13,374,141
Total	28,711,736	20,159,539

The long-term loans of the Group as of 31 December 2015 and 31 December 2014 were as follows:

Unit: thousand yuan

	31 December 2015	31 December 2014 (Restated)
Pledged loans	6,406,750	1,447,630
Mortgaged loans	6,748,067	10,076,507
Guaranteed loans	8,043,275	10,101,332
Credit loans	26,200,356	32,161,260
Total	47,398,448	53,786,729

Section V Management Discussion and Analysis (Report of Directors) (continued)

The bonds payable of the Group as at 31 December 2015 and 31 December 2014 were as follows:

Unit: thousand yuan

	31 December 2015	31 December 2014 (Restated)
Bonds payable	31,058,948	27,212,667

Analysis on gearing ratio:

On 31 December 2014 and 31 December 2015, the gearing ratios were 76% and 73%, respectively. Gearing 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.

(2) *Commitments*

Unit: thousand yuan

Contracted, but not provided for	31 December 2015	31 December 2014 (Restated)
Capital commitments	375,795	492,832
Investment commitments	115,000	615,000
Other commitments	8,275,318	2,780,000
Total	8,766,113	3,887,832

(3) *Contingent liabilities*

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

Section V Management Discussion and Analysis (Report of Directors) (continued)

(4) Mortgage and pledge of assets

Unit: thousand yuan

Item	31 December 2015	31 December 2014 (Restated)
Cash and bank balances	7,685,186	8,456,666
Notes receivable	11,300	–
Accounts receivable	7,228,148	4,353,629
Inventories	32,584,697	40,437,760
Fixed assets	1,316,554	30,722
Intangible assets	7,340,014	2,783,252
Total	55,165,899	56,062,029

Details please refer to Notes V. “60. Assets with ownership or use rights restrictions” of financial statements in this report.

(IV) Analysis for industrial operation information

The businesses of the Group cover construction operations, survey, design and consultancy, industrial manufacture, real estate development, logistics and materials trading, etc. According to Guidelines for the Industry Classification of Listed Companies (Revised in 2012) and the industry classification results of listed companies issued by CSRC, the Group belongs to construction industry.

Operation Information Analysis on Construction Industry

The Group is one of the extra-large comprehensive construction groups which are most powerful and largest in the PRC and even in the world and it has been successively selected into “Global Top 250 Contractors” by Engineering News Record (ENR). Project contracting business is the core and traditional business of the Group, which is mainly in the forms of construction contract and financing contract and covers multiple fields, such as railways, highways, urban rail transits, water conservancy and hydropower, house buildings, municipal engineering, bridges, tunnels and airports. The Group provides services in 31 provinces, autonomous regions, municipalities as well as Hong Kong and Macau Special Administration Region, and also participates in infrastructure construction in a number of countries and regions including Africa, Asia, South America and Europe.

Section V Management Discussion and Analysis (Report of Directors) (continued)

1. Economic situation and policy analysis on construction industry

In view of the domestic construction market, with the construction of the traffic, logistics, industries and environment in Beijing-Tianjin-Hebei Region, the promotion of the comprehensive and solid transport corridors, new city clusters and economic integration in the Yangtze River region and the activation of One Belt and One Road infrastructure interconnection and interworking projects in the coastline and border provinces, there will be large business opportunities in transport infrastructure fields, such as railways, highways, watercourse, airports, urban rail transits. Meanwhile, the gradual promotion of New Urbanization strategy and the raise of “five overall arrangements” at the national city work meeting continuously reshape the development modes of traditional cities, cause project contractors to break through and innovate single construction modes so as to create an effective urban comprehensive operation capability and adapt to the development trends of green cities and smart cities.

In the international context, One Belt and One Road strategy is a major strategic decision made by Party Central Committee and the State Council of China according to the deep changes of the global situation and in consideration of the domestic and international situations, and it will be the guiding strategy for the “updated version” of the reform and openness of the PRC in the future and it will put a direct and far-reaching effect on the development of the foreign project contracting and labor cooperation business of the PRC. The One Belt and One Road strategy will mainly push forward the interconnection and interworking of the infrastructures of the countries along the way and the construction of international major passageways. This strategy has not only received the active response of all circles in the PRC, but also aroused the enthusiasm of the countries and regions along the way. The construction of the Six Major Economic Cooperation Corridors under an active planning and promotion involves various projects in respect of railways, highways, ports and others, and provide the Group with unprecedented market opportunities to explore overseas businesses. In order to promote the project cooperation of One Belt and One Road, Chinese Government has established Silk Road Fund and pushed forward the establishment of Asian Infrastructure Investment Bank and BRICS Development Bank, and such series of financial arrangements will help enterprises solve project financial problems. Meanwhile, since the financial crisis, the global economy has been in the deep adjustment period in the post-financial crisis. The international economy has been in the state of a slow recovery; the growth of the emerging economies has been slowing down; oil has been fluctuating at a low price; the growth of the global trade has been in a weak state; the protectionism has been rising; currency fluctuation has been larger; financing cost has been increasing; and the traditional and non-traditional safety threats have been in a mixed state. Therefore, enterprises are facing a larger market and operation risk.

Section V Management Discussion and Analysis (Report of Directors) (continued)

In 2015, the PRC continued to implement active fiscal policies and prudent monetary policies, actively implemented three major strategies, i.e. “One Belt and One Road”, Integration of Beijing, Tianjin and Hebei, the Yangtze River Economic Belt, and stably pushed forward the development of new urbanization. For 2015, the national GDP of China increased by 6.9% and the nominal value of investment in fixed assets increased by 9.8%. All the issues aforesaid have created an atmosphere and impetus for the growth and transformation of CRCC at a macro level. According to the analysis on market demands and industry situation, the PRC reinforced the construction and investment in many infrastructure fields including railways, highways, rail transits, major water conservancy, electric power, shanty town reconstruction, sponge cities, comprehensive underground pipeline corridors for cities in 2015. The vigorous demands in the domestic infrastructure projects market, especially the activation of the investment and financing mechanisms in key infrastructure fields including railways, highways, municipal engineering, water conservancy and energy as well as the active promotion of Social Capital Cooperation (PPP) mode further stimulated the demands of the infrastructure projects market and had a positive effect for the development of enterprises. Meanwhile, in 2015, in many aspects including organizations, systems, mechanisms, commerce, diplomacy, finance, China strongly pushed forward “Go Out” policy and the transportation Infrastructure projects like railways became the key projects of “Go Out” policy, further expanding the overseas market space.

For the international and domestic situation and national policies, the Group took the following countermeasures: (1) adapt to external situation and pay more attention to enhance its own capabilities; (2) enhance corporate management and pay more attention to clear positioning at every level; (3) push forward to heighten quality and increase efficiency and pay more attention to enhance endogenous power; (4) speed up transformation and upgrades and pay more attention to plan as a whole and team work; (5) take a powerful implementation and conduct and pay more attention to the breakdown and implementation of each responsibilities. In 2015, the value of new contracts for construction operations amounted to RMB807,438.2 million, accounting for 85.10% of the total value of new contracts and representing an increase of 17.48% as compared to the corresponding period last year; the value of new contracts for survey, design and consultancy amounted to RMB11,345.6 million, representing a year-on-year increase of 13.28%; overseas projects undertaken throughout the year amounted to RMB86,289.3 million.

2. Projects completed and accepted during the Reporting Period

Applicable Not Applicable

Section V Management Discussion and Analysis (Report of Directors) (continued)

Unit: ten-thousand yuan Currency: RMB

Segment	Housing	Infrastructure	Engineering	Architectural	Other	Total
	Construction	Projects	Project	Decoration		
Number of projects	139	368	-	-	32	539
Total amount	2,097,623	13,762,034	-	-	98,655	15,958,312

Note: Infrastructure projects mainly consists of railway construction, road construction, urban rail transit projects, municipal engineering, hydraulic and electric engineering as well as airport terminals projects.

Applicable Not Applicable

Unit: ten-thousand yuan Currency: RMB

Project Region	In the PRC	Overseas	Total
Number of projects	506	33	539
Total amount	15,568,690	389,622	15,958,312

Other Explanation

Applicable Not Applicable

3. Projects under construction during the Reporting Period

Applicable Not Applicable

Unit: ten-thousand yuan Currency: RMB

Segment	Housing	Infrastructure	Engineering	Architectural	Other	Total
	Construction	Projects	Project	Decoration		
Number of projects	1,266	4,854	-	-	283	6,403
Total amount	33,880,731	229,209,691	-	-	6,722,488	269,812,910

Note: Infrastructure projects mainly consists of railway construction, road construction, urban rail transit projects, municipal engineering, hydraulic and electric engineering as well as airport terminals projects.

Of which, overseas projects under construction

Applicable Not Applicable

Section V Management Discussion and Analysis (Report of Directors) (continued)

Unit: ten-thousand yuan Currency: RMB

Project Region	In the PRC	Overseas	Total
Number of projects	5,948	455	6,403
Total amount	246,470,201	23,342,709	269,812,910

4. Major projects under construction

Applicable Not Applicable

Other Explanation

Applicable Not Applicable

5. Overseas projects during the Reporting Period

Applicable Not Applicable

Unit: 100 million Currency: USD

Project Region	Number of projects	Total amount
Asia	131	15.6378
Europe	3	0.0628
Africa	363	49.5330
America	20	2.1336
Oceania	17	0.2423
Total	534	676.093

Other Explanation

Applicable Not Applicable

China Civil Engineering Construction Corporation, a subsidiary of the Company, and the Federal Ministry of Transport of Nigeria entered into a Business Contract on the Nigeria Coastal Railway Project on 20 November 2014 with a contract amount of approximately USD11.970 billion. For details, please refer to the announcement of the Company dated 21 November 2014 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). Currently, the Nigeria Coastal Railway Project is undergoing preliminary works and yet to commence construction.

Section V Management Discussion and Analysis (Report of Directors) (continued)

The substantial overseas contract may be exposed to risk factors such as change in politics and laws and fluctuation in exchange rate in the country and territory where the project is located. For details, please see “3. Overseas Risks” under “III. (IV) Potential Risks Faced by the Company” to this section.

6. Main projects in financing contract mode

No.	Project	Total Investment (RMB0'000)	Investment Share/ Shareholding Proportion	Investment of the Year (RMB0'000)	Accumulative Investment (RMB0'000)	Project Schedule
1	The BOT Project of Ziyuan-Xing'an Expressway in Guangxi	930,800	100%	162,637	344,924	The working progress is normal with completion of main part of the project reaching 37.06%.
2	The BOT Project of Jianyang-Pujiang Expressway in Sichuan	1,567,850	100%	443,609	668,304	The working progress is normal with completion of main part of the project reaching 42.63%.
3	Deyang-Jianyang Segment BOT Project of Ring Expressway in Chengdu Economic Zone	1,362,000	100%	99	99	Bid won on 17 August 2015 and the project company was established and is undergoing pre-task preparation for the project.
4	Deyang-Dujiangyan Segment BOT Project of G0511 Line	1,595,400	100%	103	103	Bid won on 17 August 2015 and the project company was established and is undergoing pre-task preparation for the project.
5	The PPP Project of Cooperation between Government and Social Capital of Xingyan Expressway in Beijing	1,309,598	51%	250,399	250,399	Bid won on 14 September 2015. The project was at the resettlement stage. The controlled construction started working.
6	The BOT Project of Nanchong-Dazu-Luzhou Expressway (in Chongqing)	1,174,800	80%	-	-	Bid won on 28 December 2015. The investment contract was signed. The project company is currently under organization.

Section V Management Discussion and Analysis (Report of Directors) (continued)

No.	Project	Total Investment (RMB0'000)	Investment Share/ Shareholding Proportion	Investment of the Year (RMB0'000)	Accumulative Investment (RMB0'000)	Project Schedule
7	The BOT Project for the Capacity Expansion of Yuqian Expressway (in Chongqing)	1,625,000	80%	–	–	Bid won on 28 December 2015. The investment contract was signed. The project company is currently under organization.
8	Shizhu-Qianjiang Segment BOT Project of Liangping-Qianjiang Expressway in Chongqing	1,246,300	80%	–	–	Bid won on 28 December 2015. The investment contract was signed. The project company is currently under organization.
9	Qingdao Blue Silicon Valley Intercity Rail Transit BOT Project	1,678,226	100%	180,661	351,696	The project progresses normally and the main work has been completed 20.96%.
10	The Land Tier 1 Development Project in the Phase I Development Zone (Area B) of the Central Urban District in the West of Zhuhai	984,800	100%	–	65,666	Developed by phases, the project progresses normally and the three lots of the first series in the kick-off area of Area B have had the conditions to sell.
11	Cuijia Datan Land Tier-1 Development Project in Lanzhou	1,000,000	100%	–	188,754	Developed by phases, the development lands of the first series sold are up to 232.08 mu and the money is being gradually recovered.
12	The Investment, Financing and Construction BT Project of Phase I and II of Line 5 of Chengdu Subway	1,719,899	100%	2,759	2,759	The project progresses normally; the sites and temporary enclosures for civil engineering have been fully completed and the main work has been completed 1%.

Note: The above projects were those with a total investment exceeding 10% of the unaudited net assets of the Company of the previous year.

Section V Management Discussion and Analysis (Report of Directors) (continued)

7. Summary for the completed but unsettled in stock

Applicable Not Applicable

Unit: '000 Currency: RMB

Item	Accumulative incurred cost	Accumulative confirmed gross profit	Predicted loss	Amount settled	Balance completed without settlement
Amount	2,453,239,265	259,533,003	-533,862	-2,616,779,795	95,458,611

8. Other explanation

Applicable Not Applicable

(1) Qualifications for the construction industry obtained during the Reporting Period

In 2015, the Group had a remarkable achievement in the qualification for the whole system, especially a great breakthrough in special qualifications and 10 additional special qualifications, including 6 for general contracting of building project construction, 2 for general contracting of road project construction and 2 for general contracting of municipal utilities project construction. By the end of the Reporting Period, the Group had 10 “dual-special” enterprises and 1 “tri-special” enterprise, both accounting for 1/3 of all “dual-special” and “tri-special” enterprises around China, which were significant to promote the market competitiveness of the Group.

(2) Analysis on the proportion of the operating incomes from engineering projects to the total incomes of the Company for the last three years

Unit: thousand yuan

	2015		2014 (Restated)		2013	
	Operating income	Proportion of the Company's operating income	Operating income	Proportion of the Company's operating income	Operating income	Proportion of the Company's operating income
Construction operations	519,312,837	86.47%	512,336,308	86.35%	468,014,950	79.76%
Of which: Infrastructure construction	397,616,858	66.21%	400,454,968	67.50%	370,948,359	63.22%
Housing construction	76,886,536	12.80%	64,867,043	10.93%	57,247,221	9.76%
Total operating income of the Company	600,538,730	100.00%	593,302,675	100.00%	586,789,590	100.00%

Section V Management Discussion and Analysis (Report of Directors) (continued)

- (3) *Analysis on the main cost composition of the engineering projects for the last three years*

Unit: thousand yuan

	2015		2014 (Restated)		2013	
	Operating cost	Proportion of the Company's operating costs	Operating cost	Proportion of the Company's operating costs	Operating cost	Proportion of the Company's operating costs
Construction operations	469,475,123	88.29%	464,941,214	87.99%	422,453,342	80.12%
Of which: Infrastructure construction	361,230,926	67.93%	364,512,218	68.99%	335,125,136	63.56%
Housing construction	69,858,247	13.14%	59,655,181	11.29%	53,038,693	10.06%
Total operating cost of the Company	531,756,328	100.00%	528,374,916	100.00%	527,247,896	100.00%

- (4) *Financing arrangement*

For more details, see “Financial liabilities of the Company” in “II. (III) Analysis of Assets and Liabilities” of this section.

- (5) *Major suppliers and major customers*

For more details, see “(4) Major suppliers” and “(5) Major customers” in “II. (I) Analysis of Main Businesses” of this section.

- (6) *Quality control system, executive standards, control measures and overall evaluation of the Company*

The Group attaches great importance to quality development and it seriously implements the spirit of the national quality development outline, carries out and implements the arrangements and requirements of the State and the relevant ministries and commissions on quality management, pushes forward the Fine Product strategy, conducts specific quality control and management campaigns in order to ensure a stable quality management. In 2015, the Group has no major engineering quality problems. On the contrary, it won 1 national quality project gold prize, 23 national quality project prizes, 9 Lu Ban prizes of China construction engineering, 4 subsidiaries of the Group obtained the titles of national excellent enterprise in project construction quality management, national excellent quality management team prizes, excellent quality management group prizes for national engineering constructions and other prizes.

Section V Management Discussion and Analysis (Report of Directors) (continued)

The Group has established its quality management and control system according to such national standards as GB/T19001 idt ISO9001:2008, GB/T24001-2004 idt ISO14001:2004, GB/T28001-2011 idt OHSAS18001-2007, GB/T50430-2007, etc.. The control measures of the Group include the establishment and perfection of the quality management organization systems and institutional systems. The Group fully implements the all-life quality responsibility for engineering project leaders; every unit under the Group establishes all-life quality responsibility files for the project leaders of the design units, the project managers of the construction units, the chief supervising engineers of the supervision units, etc., and asks them to enter into the letters of commitment for all-life quality responsibilities and enhances the all-life quality responsibility consciousness of all relevant personnel. The Group has specific project quality control and management campaigns to specifically and respectively control and manage the construction quality of the subgrades and slopes of road and railway construction, the construction quality of the primary supports and inverted arches of underground projects (tunnel projects) and the quality of the concretes made in-situ to make breakthroughs point by point and eliminate the inferior quality points and potential quality problems. In addition, the Group greatly pushes forward an overall quality management and widely conducts QC team activities. It implements the brand strategy, has the activities to push forward the construction of high-quality projects, carries out the development strategy by promoting development with quality and occupying market with quality, and has the activities to create high-quality projects, thus driving the overall development of project quality and having significant achievements.

(7) *Operation of safe production system of the Company*

The Group attaches great importance to the safety in production, earnestly implements the requirements and deployments of strengthening the safety in production promoted by the Party Central Committee, the State Council and relevant ministries and commissions, insists on the policy of “safety first, prevention in priority and comprehensive treatment”, sets up firmly the awareness of people orientation and work safety, carries out the requirements of “dual responsibilities on the same position, party and government accountability and accounting for negligence of duty”, develops deeply identification and control of hidden dangers, and achieves the goal of thinking of, finding and removing in advance the hidden danger.

During the Reporting Period, the Group took the following measures for the safety in production. Firstly, the responsibility implementation was strengthened. Such indexes as “implementing the accountability system, avoiding potential dangers, inhibiting hazardous events and eliminating fatalities” were included into the annual safety accountability system, rewards and punishment were reinforced, and the transition from “I am safe.” to “Am I safe?” was achieved. The safety management mode of “One Network and Four Safety” was carried out in departments of grass-roots projects, and the safety responsibility was covered in the management of “One Network and Four Safety”. Secondly, the key management and control was strengthened. Much attention was paid to the safety of migrant laborers and the safety in railway construction, in different seasons and camps, in the application of “Four New” technologies and “Six Priorities” (i.e. tunnels and underground works, deep foundation pits and high slopes, mechanical equipment, existing lines, work

Section V Management Discussion and Analysis (Report of Directors) (continued)

high above the ground, and dangerous, explosive and flammable items). “Six Measures” were taken to reinforce the safety in tunnel construction. Thirdly, the process control was strengthened. The method of “One Figure and Four Tables” was carried out, and the risk of safety and quality was controlled in the whole process. Fourthly, education and training were reinforced. Both broadcast and television were provided in living quarters to provide safety education for employees and enhance their self-protection awareness. Fifthly, the identification and control of hidden dangers were strengthened. The platform of identifying and controlling hidden danger was self-developed and operated according to the philosophy of “thinking about, finding out and eliminating hidden dangers in advance”, so as to grasp in time the management of hidden danger in every project. Sixthly, both assessment and motivation were strengthened. Linkage between salary and safety of front-line workers was intensified for giving full play to the initiative of grass roots. Seventhly, emergency management was reinforced. Efforts were put into the establishment of “Two Passageways”, i.e. life passageway and escape passageway; rescue equipment for pipe jacking was arranged by region based on tunnel distribution in the whole system; rescue drill was carried out in order to enhance the emergency response capacity during tunnel construction. Eighthly, the Regulations for the Management of Production Safety Accidents were formulated, in which the heavy penalties were set forth for the purpose of the real ideological education of all employees, so that the employees’ political and economic cost consciousness can be enhanced. In 2015, no serious production safety accidents happened, and safe production kept stable.

(8) *Accounting policies such as revenue recognition method and account settlement*

For more details, please refer to the Note III. “12. Construction Contracts” in the Notes to Financial Statements of this report.

(9) *Recognition conditions, recognition time and measurement basis etc. of special revenue*

Not Applicable

Section V Management Discussion and Analysis (Report of Directors) (continued)

Analysis on Operational Information of Real Estate Industry

As one of 16 national enterprises taking real estate development as principal business, the Group adopts the business model of “giving priority to residential development supplemented by supporting commercial facilities” for the current real estate business. Sticking to its strategic direction of “based in Beijing, open to the whole country and moving overseas”, the Group focuses on three core city agglomerations, i.e. Yangtze River Delta, Pearl River Delta and Bohai Coastal Region, and intensifies development in new city agglomerations and national new districts, including Shandong Peninsula, Liaodong Peninsula, West Coast of the Straits, Changsha-Zhuzhou-Xiangtan, Wuhan, Chengdu and Chongqing. The development strategy of regional distribution focuses on the first- and second-tier cities, supplemented by some third- and fourth-tier cities with great potentials. A system is taking shape in the real estate sector of the Group, which centers on Beijing, Shanghai and Guangzhou and is supported by performance in Bohai Coastal Region, Yangtze River Delta, Pearl River Delta and Southwest China.

In 2015, the Group insisted on the overarching message of consumption promotion and de-stocking in making decisions on real estate; frequent easing policies for both supply and demand facilitated steady rise of volume and price, and the industrial policy environment was dramatically improved. The favorable market environment took shape after the Central Bank reduced both benchmark interest rate and deposit reserve ratio for several rounds and took such measures for both supply and demand as reduction of down payment for the purchase of first and second houses, tax relief and opening market access. Local policies were adjusted flexibly, and multiple measures including tax relief, fiscal subsidies and elimination of house purchase restriction and foreigner purchase restriction were taken to stimulate consumption. In terms of the supply, scale control and structure adjustment of land supply as well as monetized resettlement of government subsidized housing were aimed at improving the market environment.

In 2015, the Group improved the regional distribution of real estate projects and intensified the business expansion in the first- and second-tier cities with great development prospects, including Beijing, Shanghai, Guangzhou, Hangzhou and Chengdu. The Group in 2015 gained 23 land parcels (2,125 mu in total) in 14 cities like Beijing, Shanghai, Guangzhou, Hangzhou and Nanjing, with the planned total floor area of about 5.41 million m² and the total amount of land transaction being about RMB25.1 billion (the total price of land in which the Group has interests: about RMB17.7 billion). At the end of the Reporting Period, the Group has developed 136 projects in 48 domestic cities and other regions, with the total area of construction land of about 13.6 million m² and the planned gross floor area (GFA) of about 42.8 million m², and determined the echelon arrangement which focused on the first- and second-tier cities and was supplemented by some third- and fourth-tier cities with great potentials. Regional distribution of the real estate sector kept more reasonable and sounder. Especially, the sales volume of the Group in 2015 exceeded RMB2 billion in Beijing, Chengdu, Hangzhou, Wuhan and Hefei respectively. According to the TOP 100 Sales of Chinese Real Estate Enterprises in 2015 issued jointly by CRIC and China Real Estate Appraisal, sales volume of the Group in 2015 ranked the 19th among all real estate enterprises in China and its sales area the 18th. Therefore, the Group has been among the TOP 20 of the real estate industry.

Section V Management Discussion and Analysis (Report of Directors) (continued)

1. Reserve of real estate within the Reporting Period

Applicable Not Applicable

Within the Reporting Period, the Company obtained 23 land parcels covering an area of 2,125 mu with a planned total floor area of approximately 5.4122 million m² in 14 cities including Beijing, Shanghai, Guangzhou, Hangzhou and Nanjing; the amount of land transfer totalled RMB25,105,000,000 (among which: total interest in land amounting to RMB17,696,400,000). By the end of 2015, the Group has undertaken the development of 136 real estate projects in 48 cities such as Beijing, Shanghai, Tianjin, Guangzhou and Nanjing with a total area of land for construction of 13.60 million m² and a total floor area of about 42.80 million m².

Land Reserve by Region

No.	Region(s) with the land to be developed	Area of the land to be developed (sq m)	A-land consolidation area (sq m)	Planned floor area upon calculation of plot ratio (sq m)	Whether to be related with the joint development project	Area related with the joint development project (sq m)	Equity ratio of the joint development project (%)
1	Bohai Coastal Region	728,300	0	2,263,000	Yes	598,000	-
2	Southwest China	1,203,000	0	6,297,500	Yes	269,500	-
3	Yangtze River Delta	986,700	0	3,832,300	Yes	568,700	-
4	Pearl River Delta	379,200	0	1,873,600	Yes	75,699	-
5	Other regions	35,100	0	128,700	No	-	-

Notes:

- The "Area related with the joint development project" mentioned in the above table refers to the planned floor area upon calculation of plot ratio for the project.
- Equity ratio of the joint development project is listed as follows: Bohai Coastal Region: equity ratio of Phase II Plot Project for Reconstruction of Shiliuzhuang Village, Nanyuan Township, Fengtai District, Beijing, SP-1528 Plot Project in Wanbolin District, Taiyuan and Taiyuan International City is 51%, 70% and 70% respectively; Southwest China: equity ratio of No. 1 Huangguanhu in Chengdu is 40%; Yangtze River Delta: No. 9 Plot Project in Xiaoshan District, Hangzhou [XZCC (2015)], No. 12 Plot Project in Xiaoshan District, Hangzhou [XZCC (2015)] and Plot District in Yiqiao Town, Xiaoshan District, Hangzhou is 51%, 34% and 66% respectively.
- No A-land consolidation is covered in the Group's real estate development projects.

Section V Management Discussion and Analysis (Report of Directors) (continued)

2. Development investment of real estate within the Reporting Period

Applicable Not Applicable

The Group completed the real estate development investment of RMB34,614.6 million within the Reporting Period, among which the investment of RMB11,285.2 million was completed in Bohai Coastal Region and the investment of RMB10,724.4 million was completed in Southwest China, accounting for 32.6% and 30.9% over the investment, respectively.

Development Investment of Real Estate by Region

No.	Region	Planned floor area upon calculation of Land area (10,000 sq m)	plot ratio (10,000 sq m)	Floor area of projects		Completed area (10,000 sq m)	Gross investment (RMB 10,000)	Real investment during reporting period (RMB 10,000)
				Gross floor area (10,000 sq m)	under construction (10,000 sq m)			
1	Bohai Coastal Region	368.8	874.13	1,116.94	288.15	602.49	10,277,370	1,128,519
2	Southwest China	419.59	1,136.32	1,442.35	253.76	558.84	9,570,968	1,072,442
3	Yangtze River Delta	330.41	798.82	1,009.87	210.32	416.32	7,234,930	873,960
4	Pearl River Delta	228.44	550.34	678.18	208.14	282.68	4,538,888	353,885
5	Other regions	14.34	27.41	32.66	5.07	14.72	211,029	32,650
Total		1,361.58	3,387.02	4,280.00	965.44	1,875.05	31,833,185	3,461,456

Section V Management Discussion and Analysis (Report of Directors) (continued)

Among the 136 projects held by the Group, details of the development and investment of the top ten projects in estimated amount of total investment are as follow:

Unit: 10,000 yuan

No.	Region	Project	Address	Type of operation	Under construction/ Newly developed/ Completed projects	Interests attributable to the Company and subsidiaries (sq m)	Land area (sq m)	Planned floor area upon calculation of plot ratio (sq m)	Gross floor area (sq m)	Floor area of projects under construction (sq m)	Completed area	Expected completion period	Gross investment	Real Investment during reporting period
1	Bohai Coastal Region	Tianjin International City, CRCC	Land No. 1, 3 and 5, Jinzhonghe Avenue, Hebei District, Tianjin	residence	completed	100%	252,300	867,800	1,131,800	454,700	398,400	2019	1,200,320	120,264
2	Southwest China	Guiyang International City, CRCC	Tai Ci Qiao Ce Shui Road, Nanming District, Guiyang City	residence	completed	100%	592,100	1,776,300	2,071,300	155,400	1,399,000	2018	1,127,188	119,019
3	Bohai Coastal Region	Beijing International City, CRCC	Qingheyong Village, Lai GuangYing Town, ChaoYang District, Beijing	residence	completed	100%	195,600	612,300	844,700	192,600	652,100	2016	883,865	59,186
4	Yangtze River Delta	Hefei International City, CRCC	The junction at North 2nd Ring and Taoyuan Road, Luyang District, Hefei City	residence	completed	100%	441,300	1,377,600	1,714,700	309,400	1,405,300	2017	766,385	59,511
5	Yangtze River Delta	Land Lot D-01-13, Nanqiao Town, Fengxian District, Shanghai City	Zhongtulan Road, Nanqiao Town, Fengxian District, Shanghai City	residence	not commenced	100%	110,100	198,200	298,200	-	-	2019	687,476	76,000
6	Yangtze River Delta	Nanjing Qingxiu City, CRCC	Wanshou Village, Maicaoqiao Street, Qixia District, Nanjing City	residence	under development	100%	108,800	330,900	435,300	429,200	-	2018	632,257	86,962
7	Yangtze River Delta	Hangzhou International City, CRCC	Shanglang Street, Gongshu District, Hangzhou City	residence	completed	100%	99,000	272,000	364,000	900	314,900	2018	598,321	35,644
8	Pearl River Delta	Zhuhai Hengqin CRCC Building	Hengqin New District, Zhuhai City, Guangdong Province	office/ commercial	commenced	100%	17,300	117,700	151,600	151,600	-	2019	585,130	10,458
9	Southwest China	Chengdu International City, CRCC	Beiquan Road, Damian Town, Longquanyi District, Chengdu City	residence/ commercial	completed	100%	237,700	1,024,100	1,280,300	-	1,280,300	2014	536,297	11,339
10	Southwest China	Chengdu Xipailanan, CRCC	Guixi Street, Gaoxin District Chengdu City	residence	under development	100%	95,200	271,300	372,300	44,300	85,300	2018	504,937	55,175

Section V Management Discussion and Analysis (Report of Directors) (continued)

3. Sales of real estate within the Reporting Period

Applicable Not Applicable

Within the Reporting Period, the Group's real estate sector achieved the sales volume of RMB36,614 million, with a year-on-year growth of 36.2%, and the sales area of 3,668,900 m².

Sales by Region in 2015

No.	Region	Saleable area (10,000 sq m)	Pre-sold area	Sales volume	Average selling price (RMB/sq m)
			within the Reporting Period (10,000 sq m)	within the Reporting Period (RMB 10,000)	
1	Bohai Coastal Region	863.98	108.25	1,424,133	13,156
2	Southwest China	1,130.06	123.90	965,201	7,790
3	Yangtze River Delta	688.18	80.49	875,307	10,875
4	Pearl River Delta	536.84	49.21	363,417	7,385
5	Other regions	28.13	5.04	33,339	6,615
Total		3,247.19	366.89	3,661,397	9,980

Note: The saleable area mentioned above is the total available area of projects.

Section V Management Discussion and Analysis (Report of Directors) (continued)

The sales of the top 10 real estate projects within the Reporting Period is detailed in the following:

No.	Region	Project	Address	Type of operation	Saleable area (sq m)	Pre-sold area (sq m)	Expected completion period	Interests attributable to the Company and subsidiaries
1	Bohai Coastal Region	Beijing Tongrui Jiayuan, CRCC	Luyuan East Road, Yongshun Town, Tongzhou District, Beijing City	residence	382,600	163,700	2016	100%
2	Southwest China	Guiyang International City, CRCC	Tai Ci Qiao Ce Shui Road, Nanming District, Guiyang City	residence	1,776,300	268,100	2018	100%
3	Yangtze River Delta	Hefei International City, CRCC	The junction at North 2nd Ring and Taoyuan Road, Luyang District, Hefei City	residence	1,377,600	210,300	2017	100%
4	Bohai Coastal Region	Tianjin International City, CRCC	Jinzhonghe Avenue, Hebei District, Tianjin	residence	867,800	94,600	2019	100%
5	Yangtze River Delta	Nanjing Qingxiu City, CRCC	Wanshou Village, Maigaociao Street, Qixia District, Nanjing City	residence	330,900	83,600	2018	100%
6	Southwest China	Chengdu Xipai International, CRCC	Jincheng Avenue, Gaoxin District, Chengdu City	residence	243,700	85,400	2016	100%
7	Bohai Coastal Region	Beijing Huanbao Jiayuan, CRCC	Haidian Huanbao Park 2nd Road, Wenquan Town, Haidian District, Beijing City	residence	97,600	63,800	2018	100%
8	Southwest China	Wuhan Wutong Yuan, CRCC	South to Miaoshanzhong Road and West to Min Zu Avenue, Donghu New Technology Development Zone, Wuhan City	residence	242,100	162,600	2016	100%
9	Yangtze River Delta	Shanghai Qingxiu City, CRCC	North to Bao'an Highway, Gucun Town, Baoshan District, Shanghai City	residence	225,400	57,400	2017	100%
10	Bohai Coastal Region	Beijing Yao Zhongxin, CRCC	Shijinshan District, Beijing City	office	92,800	44,600	2015	100%

Note: The saleable area mentioned above is the total available area of projects.

Section V Management Discussion and Analysis (Report of Directors) (continued)

4. Rental of real estate within the Reporting Period

Applicable Not Applicable

5. Financing of the Company within the Reporting Period

Applicable Not Applicable

For more details, see “Financial liabilities of the Company” in “II. (III) Analysis of Assets and Liabilities” of this section.

6. Analysis on industrial development

In 2016, the economic structure will continue to be optimized, conversion of economic momentum will proceed in an orderly way, and economic growth will become stabilized under the Chinese proactive fiscal policies and prudent monetary policies of the nation. In terms of real estate policies, de-stocking remains the priority of real estate business in 2016. Development of real estate market will vary with cities to a greater extent. Specifically, market in first-tier cities and some second- and third-tier cities, owing to their advantages in economy and industry, will keep stable or moderately rise; while some third- and fourth-tier cities and other regions may be limited by economy, industrial development and population absorbing capability and confronted with large de-stocking pressure.

The Group in 2016 will continue to combine de-stocking with sales strengthening, expand land acquisition channels on the basis of “prudence and merit” and improve land development quality; vigorously promote the internal and external cooperation in real estate projects, guide the cooperation between internal development units with the industry benchmarking enterprises, and continue to improve the business development level; keep on intensifying management of key real estate projects, take the business risk prevention as the starting point, and reinforce control of real estate business in the whole system; actively popularize the research achievements related with commercial real estate, boost the healthy and steady development of all affiliated units in the field of commercial real estate, and energetically explore new product fields.

7. Other explanation

Applicable Not Applicable

Section V Management Discussion and Analysis (Report of Directors) (continued)

(V) Analysis of investment

1. Overall analysis of investment in external equities

As at 31 December 2015, the carrying balance (original) of the Group's long term equity investment was RMB4.1684 billion, increased by RMB0.6588 billion compared to RMB3.5096 billion at the beginning of the year, representing an increase of 18.77%. In particular, the impairment provision for long term equity investment was RMB0.0106 billion, remaining unchanged during the year.

(1) Major equity investment

N/A.

(2) Major non-equity investment

N/A.

(3) Financial assets measurement at fair value

Unit: thousand yuan

Item	Opening amount (restated)	Closing amount	Changes in the period	Effect on profit of current period
Financial assets at fair value through profit or loss	110,204	218,437	108,233	-27,391
Available-for-sale financial assets	1,352,872	2,861,733	1,508,861	214,730
Total	1,463,076	3,080,170	1,617,094	187,339

Section V Management Discussion and Analysis (Report of Directors) (continued)

① Investment in securities

No.	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment (RMB)	Number of securities held (share)	Carrying value at the end of the period (RMB)	Percentage over total securities investment at the end of the period (%)	Profit/loss during the Reporting Period (RMB)
1	Stock	HK03969	CRSC	131,950,350	25,000,000	107,864,175	49.38	-23,383,094
2	Stock	HK01258	CHINF Mining	64,862,865	36,363,000	51,179,846	23.43	-13,404,245
3	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,369,836	17,369,836	32,846,360	15.04	10,908,257
4	Stock	601618	MCC	59,265,109	10,600,000	20,780,295	9.51	-2,069,099
5	Open-ended Fund	519606	Guotai Jinxin	3,908,303	3,908,303	5,350,467	2.45	901,513
6	Stock	600028	Sinopec	533,250	135,000	416,264	0.19	-343,700
Other investment in securities held at the end of the period				/	/	/	/	/
Profit/loss from disposal of investment in securities during the Reporting Period				/	/	/	/	/
Total				277,889,713	/	218,437,407	100	-27,390,368

Note: In 2015, the Company subscribed for 25 million H shares of China Railway Signal & Communication Co., Ltd. with its own funds of RMB131,950,350, which was calculated in the financial assets measured at fair value and its changes reflected in the profit and loss for the current period.

Section V Management Discussion and Analysis (Report of Directors) (continued)

② Shareholdings in other listed companies

Unit: thousand yuan

Stock code	Abbreviated stock name	Amount of initial investment	shareholding	shareholding	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes	Accounting item	Source of shares
			ratio at the beginning of the period (%)	ratio at the end of the period (%)			in equity of owners during the Reporting Period		
601328	Bank of Communications	49,892	0.07	0.07	280,314	11,924	-15,365	Available-for-sale financial assets	Original issue stock
HK3898	CSR Times Electric	9,800	0.90	0.90	240,422	3,920	13,028	Available-for-sale financial assets	Original issue stock
002159	Sante Cableway	3,000	0.99	0.99	36,758	-	12,770	Available-for-sale financial assets	Original issue stock
600885	Hongfa Electroacoustic	1,440	0.71	0.71	32,640	328	12,241	Available-for-sale financial assets	Original issue stock
600809	Shanxi Fenju	708	0.05	0.05	7,560	-	-1,596	Available-for-sale financial assets	Original issue stock
000759	Wuhan Zhongbai	1,058	0.14	0.14	8,250	77	-287	Available-for-sale financial assets	Original issue stock
601169	Bank of Beijing	2	-	-	1,467	29	198	Available-for-sale financial assets	Original issue stock
600322	Tianjin Reality Development	160	0.03	0.03	545	-	95	Available-for-sale financial assets	Original issue stock
601211	Guotai Junan Securities Co., Ltd.	7,604	0.16	0.10	180,746	760	173,142	Available-for-sale financial assets	Original issue stock
600061	SDIC Essence Co., Ltd.	268,452	2.09	1.66	1,593,731	113,846	1,211,432	Available-for-sale financial assets	Original issue stock
Total		342,116	/	/	2,382,433	130,884	1,405,658	/	/

Section V Management Discussion and Analysis (Report of Directors) (continued)

Notes:

- On 16 February 2015, 2.09% of equity interest of Essence Securities Co., Ltd. ("Essence Securities") with the original investment cost of RMB268,452,000 owned by the Group was exchanged for equity interest of Sinotex Investment & Development Co., Ltd., an A-share listed company of which the name was changed to "SDIC Essence Co., Ltd." on 17 July 2015. The share premium was RMB113,846,000. The investment was classified as the available-for-sale financial asset at the fair value for the year. As of 31 December 2015, the fair value increased by RMB1,211,432,000.
- Guotai Jun'an Securities Co., Ltd. ("Guotai Jun'an") was successfully listed on the Shanghai Stock Exchange on 26 June 2015. The equity interest owned by the Group remains unchanged. The investment was classified as the available-for-sale financial asset at the fair value for the year. As of 31 December 2015, the fair value increased by RMB173,142,000.

③ Trust products held

Name of investees	Initial cost of investment (RMB)	Percentage of shares held (%)	Carrying value at the end of the period (RMB)	Profit/loss during the Reporting Period (RMB)	Changes in equity of owners during the Reporting Period (RMB)	Accounting item	Source of shares
Yuxin Innovation Advantage No. 8 Trust	30,000,000	12.50	30,000,000	-	-	Other current asset	Subscription
Min'an No. 1 Trust	50,000,000	10.00	50,000,000	-	-	Other current asset	Subscription
Wuxi BeitangFengxiang C & D Account Receivable Investment Assembled Funds Trust	30,000,000	10.00	30,000,000	1,493,170	-	Other current asset	Subscription
Zhenxin No. 26 Trust	20,000,000	2.74	20,000,000	498,822	-	Other current asset	Subscription
China Industrial International Yujian No. 3 Stand-alone Trust	300,000,000	100	300,000,000	26,400,000	-	Other current asset	Subscription
Wuhan CBD Fanhai Youzhai No. 1 Assembled Funds Trust	50,000,000	2.38	50,000,000	-	-	Available-for-sale financial assets	Subscription
Fangxing No. 213 Trust	50,000,000	21.74	50,000,000	2,327,500	-	Available-for-sale financial assets	Subscription
PKU Resources Loan Project Assembled Trust	50,000,000	5.00	50,000,000	504,110	-	Available-for-sale financial assets	Subscription
CCB Trust - China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 2)	253,000,000	19.60	253,000,000	-	-	Available-for-sale financial assets	Subscription
CCB Trust - China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 3)	34,000,000	15.50	34,000,000	-	-	Available-for-sale financial assets	Subscription

Section V Management Discussion and Analysis (Report of Directors) (continued)

Name of investees	Initial cost of investment (RMB)	Percentage of shares held (%)	Carrying value at the end of the period (RMB)	Profit/loss during the Reporting Period (RMB)	Changes in equity of owners during the Reporting Period (RMB)	Accounting item	Source of shares
CCB Trust – China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 7)	42,300,000	9.90	42,300,000	–	–	Available-for-sale financial assets	Subscription
Total	909,300,000	/	909,300,000	31,223,602	– /	/	/

④ Sale and purchase of shares of other listed companies during the Reporting Period

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 (RMB)	Number of shares at the end of the period (Share)	Investment returns (RMB)
CRSC (stock code: HK03969)	–	25,000,000	131,950,350	–	25,000,000	-23,383,094

Note: The Company subscribed for 25 million H shares of CRSC listed on the main board of the Hong Kong Stock Exchange (HK03969) during the Reporting Period.

(VI) Disposal of significant assets sale and equity interest

During the Reporting Period, the Group had no significant assets sales or right offering occurred.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(VII) Analysis of major controlling 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	Major financial indicators for 2015				Principal operations	Industry
	Registered capital	Total Assets	Net Assets	Net Profits		
China Civil Engineering Construction Corporation	3,000,000	25,649,516	5,003,204	1,032,067	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	1,031,850	41,907,803	9,965,008	1,238,034	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	1,060,677	40,046,716	6,656,575	1,381,863	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	2,000,000	30,195,439	3,764,807	246,857	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	1,110,000	30,702,268	3,616,671	485,810	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	1,117,210	23,255,945	2,190,606	113,579	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	1,268,300	32,257,500	3,951,732	502,944	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	1,105,470	31,204,220	3,832,511	366,575	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	2,284,322	30,979,146	3,578,021	529,768	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	32,170,476	5,621,369	488,151	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	1,130,850	32,129,842	3,120,550	601,256	Construction	Construction
China Railway 21th Bureau Group Co., Ltd.	1,150,000	21,121,315	2,399,679	316,578	Construction	Construction

Section V Management Discussion and Analysis (Report of Directors) (continued)

Name of the Company	Major financial indicators for 2015				Principal operations	Industry
	Registered capital	Total Assets	Net Assets	Net Profits		
China Railway 22th Bureau Group Co., Ltd.	1,057,000	21,771,445	6,065,475	356,522	Construction	Construction
China Railway 23th Bureau Group Co., Ltd.	1,185,000	17,603,727	980,350	-889,379	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	1,050,000	15,756,926	2,155,244	361,449	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	1,003,650	12,688,463	1,276,439	60,182	Construction	Construction
China Railway Construction Group Ltd.	2,500,000	42,778,682	5,441,094	663,938	Construction	Construction
China Railway Electrification Bureau Group Co., Ltd.	710,000	20,233,618	4,131,689	1,134,047	Construction	Construction
China Railway Real Estate Group Co., Ltd.	7,000,000	89,880,618	17,209,700	2,776,714	Real estate development and operations	Real Estate
China Railway Goods and Materials Co., Ltd.	2,000,000	19,751,775	101,952	-2,800,828	Purchase and sales of goods and materials	Logistics
China Railway Construction Investment Group Co., Ltd.	10,000,000	47,149,707	14,384,540	808,285	Project investment	Investment
CRCC Finance Company Limited	6,000,000	72,667,364	7,141,014	581,977	Financial Agency	Finance
China Railway Urban Construction Group Co., Ltd.	2,000,000	13,473,062	2,196,015	166,112	Construction	Construction
CRCC High-Tech Equipment Corporation Limited	1,519,884	6,737,674	5,142,105	436,141	Industrial manufacturing	Industry

During the Reporting Period, China Railway Real Estate Group Co., Ltd. and China Railway 12th Bureau Group Co., Ltd., two subsidiaries 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 RMB21,672.9 million and operating profit of RMB3,635.6 million for 2015. The net profit amounted to RMB2,776.7 million for 2015, representing an increase of 13.45% as compared to the corresponding period last year and accounting for 20.76% of net profit of RMB13,374.4 million of the Group. China Railway 12th Bureau Group Co., Ltd. recorded revenue of RMB50,793.0 million and operating profit of RMB1,610.8 million for 2015. The net profit amounted to RMB1,381.9 million for 2015, representing an increase of 43.39% as compared to the corresponding period last year and accounting for 10.33% of net profit of RMB13,374.4 million of the Group. China Railway Goods and Materials Co., Ltd. recorded net profit of RMB-2,800.8 million in 2015, mainly due to the logistics and materials trading business downscaling and accrual provision for impairment.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(2) Major companies in which the Company invested

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

(VIII) Status of the structured entity controlled by the Company

The Group did not control any entity for special purpose.

III. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

(I) Competitive landscape and development trends

CRCC is in a crucial period of strategic opportunity for its development. In 2016, from the prospective of macro-economy, the state will continue to give great impetus in new urbanization and urban-rural integration progress, implement proactive fiscal policies and prudent monetary policies, devote great efforts in three strategies such as “One Belt and One Road”, “Synergetic Cooperation in Beijing-Tianjin-Hebei Region” and “the Yangtze River Economic Zone”, steadily promote the interconnectivity of international infrastructures and international capacity cooperation, and facilitate the improvement of railways, highways, water conservancy, waterways, civil aviation, pipelines and other infrastructure networks. From the prospective of in-depth reform, 2016 will be a crucial year for national comprehensive reform. Among various reforms greatly promoted by the central government, reform on state-owned assets and state-owned enterprises will enter a substantive stage of implementation, and the progress will be accelerated in the merging and reorganization of state-owned key enterprises and the restructuring of state-owned capital investment operating companies. With establishment of overall goals for supply-side structural reform, i.e., cutting overcapacity, de-stocking, de-leveraging, reducing costs and identifying growth areas, improvement of quality and efficiency of supply system become one of main directions for further steady growth. Reform of investment and financing system continues to be promoted. PPP mode carried out by local governments and industries is in full swing, and infrastructure market is undergoing a profound reform. Further standardization of market environment and system, and reform of fiscal and taxation system, financial system and capital market are accelerated continuously. All of those will vitalize the Company at system and mechanism level and governance structure level. According to the analysis on market demands and industry situation, China reinforced the construction and investment in many infrastructure fields including railways, highways, rail transits, major water conservancy, electric power, shanty town reconstruction, sponge cities, comprehensive underground pipeline corridors for cities in 2016. The vigorous demands in the domestic Infrastructure Projects market, especially the activation of the investment and financing mechanisms in key infrastructure fields including railways, highways, municipal engineering, water conservancy and energy as well as the active promotion of Social Capital Cooperation (PPP) mode further stimulated the demands of the Infrastructure Projects market. Meanwhile, in 2016, in many aspects including organizations, systems, mechanisms, commerce, diplomacy, finance, China strongly pushed forward “Go Out” policy and the transportation Infrastructure Projects like railways became the key projects of Go Out policy. The further expansion of the overseas market space provided the Group with unprecedented historical opportunities for its overseas operation.

Section V Management Discussion and Analysis (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 laborintensive 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 profitmaking. 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.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(III) Operation plan

1. Explanation of development strategies and operation plan during the Reporting Period

In 2015, China continued to adopt proactive fiscal policies and prudent monetary policies. Three major strategies, namely “One Belt and One Road”, Synergetic Cooperation in the Beijing-Tianjin-Hebei Region and Yangtze River Economic Zone were energetically carried out while new urbanization was carried forward steadily. The Group was faced with the complex and changeable economic environment. In addition, the Group was constantly perfecting its management system, tamping its development foundation, improving its development quality, promoting its structural adjustment and enhancing its competitiveness towards its established planned objectives. Progresses were made in all businesses and functional strategies in a positive and steady manner, while annual production and operation objectives regarding to new contract amounts, total amount of profits, etc. were achieved smoothly.

2. Operation plan for 2016

In the 2016 annual budget of the Group, the value of new contract is RMB852.7 billion, revenue from operations amounted to RMB608.0 billion, costs and taxes amounted to RMB593.0 billion. In order to realize its operation objectives, the Group will adopt a business model combining the regional operation, brand operation, reputation operation, synergetic operation, etc. to make every effort to improve its regional operation capacity and extend its market shares. 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.

The business plan, however, is not a component of the performance commitment to investors of the Company, thus the investors shall keep sufficient awareness of risks and understand the differences between the business plan and the performance commitment.

3. Capital requirement of the Company to maintain current business and complete investment projects in progress

In order to achieve the business goals for 2016 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.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(IV) Potential risks

By insisting on the principle of prudent and cautious development, constantly improving risk management and control measurements, enhancing the management and control of major risks, implementing the entity responsibility of risk management, regulating the risk management process, continuously collecting information on internal and external risks, focusing on the analysis of risk information, organizing and conducting risk assessments systematically and estimating risks faced by the Group comprehensively and objectively, the Group identified that its potential major risks were safety and quality risks, macro-economic risk, overseas risk, project management risk and account receivable risk.

1. Risks of Safety and Quality

Considering that the main business of the Group is project contracting which is accompanied with numerous engineering points, wide operation area and long work line and that risk factors including landslide, debris flow, floods, collapse, gas, water flushes, etc. may exist during the construction due to its industry nature and construction environment, the Group was faced with some specific risks regarding to its production safety and quality. The Group attached importance to the safety and quality management work, insisted on the policy of "safety first, prevention in priority and comprehensive treatment", conducted checks and treatments to hidden dangers in an indepth manner, carried out the principle of "thinking about, finding out and eliminating hidden dangers in advance", implemented special treatment actions on quality and improved its safety guarantee capability and the quality level of products continuously. In regard to the safety management, the Group promoted the implementation of safety responsibility, enhanced control and management of key process including tunnels and underground works, deep foundation pits and high slopes, mechanical equipment, existing lines, work high above the ground, dangerous, explosive and flammable items, etc., emphasized safety education and training to its staff, conducted checks and treatments to hidden dangers, focused on process control and enhances the construction of "two passageways" – the life passageway and the escape passageway, to improve its handling ability against emergencies comprehensively. In regard to the quality control, the Group implemented special treatments on weak points of quality control to make breakthroughs point by point. In addition, the Group implemented lifelong safety responsibility of the project leader comprehensively, promoted total quality management, conducted activities of creating excellence to projects and implemented the development strategy of "occupying the market with quality" to ensure the smooth and steady advancement and development of quality management work.

Section V Management Discussion and Analysis (Report of Directors) (continued)

2. Macro-economic risks

Currently, the overall global economy is in the weak recovery stage and is generally faced with the larger structural adjustment and economic downturn pressure; meanwhile, the risk of economic uncertainty continues to accumulate. The domestic economy enters the “new normal” stage; the GDP growth continues to decline overall; the growth transforms from the high speed to the high-middle speed; enterprise and local government bonds are too high to sustain, and the rebalance tendency of structure optimization is obvious. While judging the external economic situation objectively, the Group positively adapted to the external situation and strengthened its own capacity building. It positively built the capacity system of “Six in One” of operation, efficiency making, production, management, innovation and learning capacity, and improved quality and effectiveness, so as to further strengthen its endogenous power, conduct de-stocking, optimize productivity, reduce cost, remedy the “Short Slab” and expand its advantages. In addition, it accelerated the transformation and upgrading, strengthened the overall collaboration, further coordinated the two markets at home and abroad, each link of industry chain as well as each level and unit in the system, and effectively gave play to the key role of market rules and contracts in the construction of collaboration mechanism, so as to bring its overall superiority into play and accelerate its transformation and upgrading development.

3. Overseas risks

The development of overseas market is always accompanied with various risk factors. Except for inherent risks same as those in the domestic market, overseas businesses are accompanied by overseas risks with its own features due to the business mode and different environments. Political events and government actions in the host country and its political relation with other countries may cause political risks; local social behaviors, culture, religious faith, the requirements and altitude of local community organizations and residents towards overseas project contractors, etc., may cause social humanistic environmental risks; local macro-economic situation changes and various laws and regulations, policies and stipulations may cause economic risk, labor risk, legal risk, etc. The Group paid high attention to the overseas risk management. Aiming at key external factors implemented on effect items such as political situation, economic development situation, law situation and social environment of the state of the project in different areas and countries, the Group conducted long-term tracking analysis, carried out overall risk assessment and developed risk emergencies and forewarning measures. The Group respected and adapted to local rules, integrated into local environment, carried out scale and diversified operation, mastered the initiative and discourse power of market, completed process control of the project, discovered risk factors timely, set up project risk-warming mechanism where “investigation is the base, prevention is the key and control is the center”, promoted the management level and risk prevention capacities of overseas projects comprehensively and achieved the rolling development of overseas businesses.

Section V Management Discussion and Analysis (Report of Directors) (continued)

4. 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 Group strengthened overall process control of the project overall, completed and perfected each management system, implemented project management responsibility subjects, innovated project management mechanism, normalized field management, boosted advanced project management methods, promoted reproducible processing methods, and gradually achieved the institutionalization, normalization and standardization of project management. Meanwhile, it strengthened the process supervision and inspection of project. 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.

5. Risk of 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 always takes the timely recovery of account receivables as a high priority. 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 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 Group’s gearing ratio and operating cash flow. The Group continuously improved recovery and clearing up system, reinforced responsibility division, highlighted key work, took full advantage of information means, established perfect relevant standing books, achieved timely information exchange and strengthened the collaboration of recovery and clearing up work. Furthermore, in consideration of policy and flexibility, it innovated the recovery and clearing up mode, and positively attempted various modes including land replacement, assets mortgage and pledge, helping introduce creditors and financing institutions, etc. to boost the realization of clearing up targets. Taking the rigid check-up as the guarantee, it made full use of the economic, administrative and organizing means, to ensure the recovery of organizing on schedule, so as to boost the sustained, stable and sound development of the Group.

Section V Management Discussion and Analysis (Report of Directors) (continued)

IV. DESCRIPTION ABOUT THE SITUATION AND THE CAUSE FOR THE COMPANY'S NOT DISCLOSING PURSUANT TO RELEVANT RULES DUE TO NON-APPLICABLE OR SPECIAL REASONS

Applicable Not Applicable

V. OTHER DISCLOSURE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE STOCK EXCHANGE LISTING RULES)

(I) *Principal business*

For details, please refer to "Section IV. Summary of the Company's Businesses".

(II) *Business review*

A review of the business of the Group, the risks which may be encountered, discussions on the future business development and the relationship with employees, customers and suppliers during the year are set out in this section, and financial key indicators are utilized for carrying out analysis on the financial and operating conditions of the Group. For details of significant events which had impacts on the Group and matters in relation to the social responsibilities and environmental protection of the Group during the year, please refer to Section VI "Significant Events" of this report. For the compliance of relevant laws and regulations which had material impacts on the Group, please refer to Section X "Corporate Governance (Corporate Governance Report)" of this report.

(III) *Taxation on dividend*

The Board proposed to distribute a final cash dividend for the year 2015 of RMB0.15 per share (including tax) with a total amount of RMB2,036,931,225.00 in aggregate based on the total share capital of 13,579,541,500 shares of the Company as at 31 December 2015. The above profit distribution plan is subject to consideration and approval at the 2015 annual General Meeting of the Company. After being considered and approved, the cash dividend will be distributed before the end of August 2016 as estimated by the Company. The Company will make separate announcements after convening of the General Meeting in relation to further details of the closure of register of H Shareholders for distribution of cash dividend and the estimated date of distribution.

Details of profit distribution of the Company in 2015 are set out in Section VI "Significant Events" of this report.

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.

Section V Management Discussion and Analysis (Report of Directors) (continued)

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 GuoShuiFa [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)).

According to the provisions of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic individual investors or domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong-Kong Stock Connect, H share companies shall submit an application to the China Securities Depository and Clearing Corporation Limited (hereinafter "CSDCC") for the CSDCC to provide the register of domestic individual investors to the H-share companies, and the H-share companies shall withhold individual income tax at the tax rate of 20%. Such H-share companies will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax by themselves. For dividends received by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on SSE, and prior to Hong Kong Securities Clearing Company Ltd. (hereinafter "HKSCC") is able to furnish the identity, holding period and other detailed data of investors in the Hong Kong market to CSDCC, the differentiated tax treatment based on the holding period of shares will temporarily not be implemented. Listed companies shall withhold income tax at a tax rate of 10% and make withholding filings with their competent tax authorities. For those investors who are tax residents of other countries and the tax rate applicable to dividends is lower than 10% under the tax treaty between China and their residence countries, investors may by themselves or ask the withholding agent to act on their behalf to apply to the competent tax authorities of the listed company for the application of preferential treatment under the treaties. With the approval of the competent tax authorities, the difference between the tax withheld and the tax calculated at the rate as prescribed under the corresponding tax treaty shall be refunded.

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.

(IV) Share capital

Details of the share capital of the Company are set out in Note V. "39. 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.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(V) Capital reserves, special reserves and surplus reserves

Changes to capital reserves, special reserves and surplus reserves of the Group and the Company in the year are set out in the Consolidated Statement of Changes in Equity and Notes V. “40 Capital Reserves”, “42 Special Reserves” and “43 Surplus Reserves” to the financial statements in the audited financial statements of this report.

(VI) Property, plant and equipment

Details of the changes in the property, plant and equipment are set out in the Note V. “13. Fixed assets” to the consolidated financial statements of this report.

(VII) Distributable reserves

The distributable reserve of the Company as at 31 December 2015 was approximately RMB8,461.1 million.

(VIII) Designated deposits and overdue time deposits

As at 31 December 2015, the Group had no designated deposits placed with any financial institutions in China, nor any time deposits which could not be recovered upon maturity.

(IX) 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.

(X) Permissive indemnity provisions

There was no permissive indemnity provision related to the directors of the Company in the year.

(XI) 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.

(XII) Donation

During the Reporting Period, the charitable donations and other donations of the Group aggregated to RMB7.211 million.

Section V Management Discussion and Analysis (Report of Directors) (continued)

(XIII) Relationship with employees, customers and suppliers

The Group deeply understands that employees, customers and suppliers are essential for our continuous and stable development. We endeavor to closely communicate with our staff and coordinate with suppliers to provide customers with quality products and services to achieve sustainable development of the enterprise.

For details of the staff of the Group, please refer to “Section IX Directors, Supervisors, Senior Management and Staff” of this report.

For details of the major customers and major suppliers, please refer to “(4) Major customers” and “(5) major suppliers” in “II. (I) Analysis of Main Businesses of this section.

(XIV) 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.

(XV) 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 2015.

(XVI) Future plans for significant investments or purchasing capital assets of the Group

By now, the Group had no future plan for significant investments or purchasing capital assets.

Section VI Significant Events

I. COMMON STOCK 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 10th meeting of the third session of the Board convened by the Company on 29-30 March 2015 that a cash dividend for 2014 of RMB0.15 (tax inclusive) per share based on the total share capital of 12,337,541,500 shares as at 31 December 2014 was declared, totaling RMB1,850,631,225.00. The profit distribution plan had been considered and passed at the 2014 annual Shareholders' General Meeting convened on 2 June 2015. As at 8 July 2015, 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 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 2014, the Company held on 28 April 2015 an online illustration meeting, with the investors' corresponding issues hereof under common concern answered; on 2 June 2015, through the combination of on-site open and online voting, the Company considered and adopted the Proposal Regarding 2014 Annual Profit Distribution Plan at the 2014 annual Shareholders' General Meeting.

Section VI Significant Events (continued)

3. Explanation on profit distribution plan for 2015

(1) *The 2015 profit distribution plan approved by the Board*

According to the audited 2015 annual financial report of the Company, the undistributed profit of the parent company at the beginning of 2015 was RMB7,383,375,211.93. After adding the realized net profit of the parent company for the year of RMB3,253,696,382.76 and deducting the 2014 cash dividend of RMB1,850,631,225.00, the distributable profit of the parent company at the end of the year was RMB8,786,440,369.69. Pursuant to the Company Law and the Articles of Association, the distributable profit of the parent company for the year 2015 will be distributed according to the below order: 10% of the net profit of the parent company, i.e. RMB878,644,036.97, was appropriated to statutory surplus reserve. After the appropriation, the distributable profit of the parent company to shareholders for the year amounted to RMB7,907,796,332.72. A cash dividend of RMB0.15 per share (tax inclusive) is proposed to be distributed based on the total share capital of 13,579,541,500 shares as at 31 December 2015 and the total amount of such cash dividend is RMB2,036,931,225.00. Upon the distribution, the undistributed profit of the parent company's, i.e. RMB5,870,865,107.72 will be carried forward to the next year.

This profit distribution plan is subject to consideration and approval at the 2015 annual shareholders' general meeting of the Company.

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

Taking into account both the characteristics and the current condition of development of the industry in which the enterprise is operating, 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 an 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, which increased the Company's funding burden. 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 profit distribution plan meets the requirements of the Articles of Association and the Shareholders' Return Plan of the Company in the Coming Three Years (2015-2017), in which it is prescribed that "such profit to be distributed in cash on a yearly basis must not be less than 15% of the realized distributable profit in the consolidated statement as contained in that year's consolidated financial statements" and is consistent with a policy of ongoing and stable profit distribution. It also satisfies the long-term benefits of shareholders and favours the long-term and sustainable development of the Company.

Section VI Significant Events (continued)

(3) *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, although the asset liability ratio of the Company decreased, it was still 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.

(II) **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	Percentage of the net profit attributable to shareholders of the Company in the consolidated statement
					of dividend distribution	in net profit attributable to shareholders of the Company in the consolidated statement (%)
2015	-	1.50	-	2,036,931	12,645,478	16.11
2014	-	1.50	-	1,850,631	11,343,265	16.31
2013	-	1.30	-	1,603,880	10,344,658	15.50

(III) **The inclusion of shares repurchased through cash offer in cash dividend**

Not Applicable

(IV) **Profits are made within the Reporting Period and the parent company's profits distributed to common shareholders are positive. However, if the proposal on distribution of cash profit of common shares is unavailable, the Company shall disclose in detail the causes thereof as well as purpose and use plan of the undistributed profit**

Applicable N/A

Section VI Significant Events (continued)

II. THE PERFORMANCE OF UNDERTAKINGS

Applicable N/A

(I) Undertakings during or until the Reporting Period by Company, shareholders, actual controller, buyer, directors, supervisors, senior management or other related parties

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 nextstep 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	Other	CRCCG	If CRCC violates the laws and regulations such as undisclosed delay in developing acquired land, which causes loss to CRCC and its investors, CRCCG shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws.	Long-term	No	Yes		
Commitments refinancing	Other	Directors and senior management	If CRCC violates laws and regulations such as undisclosed delay in developing acquired land, which causes loss to CRCC and its investors, the directors and senior management shall bear the civil liability of compensation for CRCC and its investors pursuant to laws.	Long-term	No	Yes		
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		
Other commitments	Restricted shares	CRCCG	CRCCG will determine whether to continue increasing its shareholding in the Company through the trading system of the Shanghai Stock Exchange depending on the movements in the share price within the forthcoming six months from the date of the Increase in Shareholding (8 July 2015) by up to an aggregated number of shares not exceeding 2% of the total issued share capital of the Company, and undertakes not to reduce its shareholding in the Company during the implementation of the increase in shareholding and within the statutory period.	8 July 2015 to 8 January 2016	Yes	Yes		

Note: For more details, please see relevant announcements published on 29 March 2014, 19 June 2014, 13 May 2015, 9 July 2015 and 13 January 2016 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).

Section VI Significant Events (continued)

- (II) **Profit predictions were made for the assets or projects of the Company and the Reporting Period fell in the prediction period of profit. The Company explained the reasons that the assets or projects achieved the predicted goals**

Not applicable

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

Applicable N/A

IV. 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

1. Accounting estimates regarding the changes in fixed assets

In 2014, the Ministry of Finance of the People’s Republic of China and State Administration for Taxation successively issued the Notice in Relation to Optimization of Enterprise Income Tax Policy on Accelerated Depreciation of Fixed Assets (Caishui [2014] No.75) and the Announcement in Relation to Relevant Issues on Taxation Policy on Accelerated Depreciation of Fixed Assets (No. 64 in 2014) (hereinafter referred to as the “Announcement”) that optimize prevailing policies on accelerated depreciation of fixed assets. To reflect the financial position and operating results of the Group in a more objective and fair manner and based on the material changes in expected implementation model of nature, use and economic profit in compliance with the Accounting Standards for Business Enterprises and the financial regulations, on 1 October 2015, the Group made the following changes to the accounting estimates regarding the fixed assets:

- (1) Changes to depreciation policy for fixed assets within category of research and development: For the instrument and equipment specifically used for R&D, an accelerated depreciation method should be adopted for the provision of depreciation based on the pattern in which the asset’s future economic benefits are expected to be consumed;
- (2) Changes to depreciation policy for large-scaled construction equipment: For large-scale construction equipment such as bridge girder erection machines and tunnel boring machines, a units of production method should be adopted for the provision of depreciation based on the pattern in which the asset’s future economic benefits are expected to be consumed;
- (3) Changes to depreciable life of certain fixed assets: The depreciable life of office electronic equipment was changed from 5 years to 3 years and that of production equipment including power generators was changed from 10 years to 5 years.

Section VI Significant Events (continued)

The impact on the consolidated financial statements of the Group for the year of 2015 arising from the abovementioned changes in accounting estimates of fixed assets shall be a decrease in profit before tax of approximately RMB152,561,000 for the year of 2015. Details of the impact were as follows:

Unit: '000

2015	Accounting Estimates Regarding the Changes			Amount incurred for the year/ balance at the end of the year prior to the changes in accounting estimates
	Amount incurred for the year/ balance at the end of the year prior to the changes in accounting estimates	Term of depreciation and research and development	Amortization of large-scale construction equipment	
Operating cost	531,642,941	103,391	9,996	531,756,328
Selling and distribution expenses	3,702,644	1,018	-	3,703,662
General and administrative expenses	22,797,456	38,156	-	22,835,612
Accumulated depreciation	-58,249,036	-125,225	-9,996	-58,384,257
Fixed assets	101,014,668	-17,340	-	100,997,328

2. Accounting estimates regarding the changes in intangible assets

Pursuant to the requirements of *Accounting Standard for Business Enterprises No. 6 – Intangible Assets* and with reference to the actual situation of concession operation projects of the Company, the amortization method for the concession assets of the Group has been changed from a straight-line method to either a traffic volume method or a straight-line method from 1 October 2015 onwards. A proper amortization approach should be selected for concession operation projects based on the relevant expected implementation model of economic benefits at the commencement of operations. The abovementioned changes in the accounting estimates of intangible assets do not have any impact on the consolidated financial statements of the Group for the year of 2015.

Pursuant to the relevant requirements under the *Accounting Standard for Business Enterprises No. 28 – Accounting Policies, Changes in Accounting Estimates and Correction of Errors*, as retrospective adjustments have not been made for previous years with respect to the changes in accounting estimates, there will be no impact on the disclosed financial statements of the Group. The impacts on the 2015 consolidated financial statements have been disclosed as above.

The changes in the accounting estimates have been approved by the 22nd meeting of the third session of the Board held on 25 January 2016. For details, please refer to the announcement of the Company dated 26 January 2016 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn) Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

(III) Analysis and explanation from the Board on the reasons and impact of the correction on material preliminary errors

Applicable

N/A

Section VI Significant Events (continued)

V. APPOINTMENT AND REMOVAL OF AUDITORS

Unit: 10,000 Currency: RMB

	Existing auditor
Name of the auditor	Ernst & Young Hua Ming LLP
Remuneration of the auditor	3,180
Term of the auditor for audit services	9 years

Notes:

- Pursuant to the amendments to the Stock Exchange 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 24th meeting of the third session of Board from 29 to 30 March 2016, the Company is to pay Ernst & Young Hua Ming LLP the audit fees for the 2015 annual financial statement as well as related audit services and so forth, as RMB31.80 million (including the assurance report charges for the previous use of proceeds), and such proposal is still in need of submission to the 2015 annual Shareholders' 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	China International Capital Corporation Limited (sponsor and principal underwriter) and CITIC Securities Company Limited (joint underwriter)	10,929.6

Notes:

- As considered at the tenth meeting of the 24th session of the Board on 29 and 30 March 2016, 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 2015 to the Company is subject to consideration and approval at the 2015 annual Shareholders' General Meeting of the Company.
- During the Reporting Period, the Company engaged China International Capital Co., Ltd. as the sponsor, lead underwriter, and hired CITIC Securities Co., Ltd. as co-lead underwriter for the non-public issuance of shares. The company shall pay sponsor fees of RMB109.296 million.

Saved as disclosed above, for the year ended 31 December 2015, Ernst & Young (Special General Partnership) has provided other non-audit services to the Company, including examination services, verification services and other services of the non-public issuance of A shares. The Company shall pay RMB595,000 for the remuneration of the non-audit services.

Section VI Significant Events (continued)

Explanation on appointment and removal of auditors

Applicable N/A

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 nine consecutive years for audit services.

On 2 June 2015, the Company's 2014 Annual Shareholders' General Meeting considered and passed the Proposal on Appointing the 2015 Annual External Auditor and Payment of 2014 Annual Audit Fee, approving to continuously hire Ernst & Young Hua Ming LLP as the external auditor for 2015. After the review and consideration by the 24th meeting of the third session of Board from 29 to 30 March 2016, the Company is to pay Ernst & Young Hua Ming LLP the audit fees for the 2015 annual financial statements as well as related audit services, interim financial statement review and so forth, as RMB31.80 million (including the assurance report charges for the previous use of proceeds), and such proposal is still in need of submission to the 2015 annual Shareholders' General Meeting for approval.

2. Appoint of internal control auditor

On 2 June 2015, the Company's 2014 Annual Shareholders' General Meeting considered and passed the Proposal on Appointing the 2015 Annual Internal Control Auditor and Payment of the 2014 Annual Auditing Fee, approving to continue to hire Ernst & Young Hua Ming as the intermediary institute of internal control auditor for 2015. After the review and consideration by the 24th meeting of the third session of Board from 29 to 30 March 2016, the Company is to pay Ernst & Young Hua Ming LLP the audit fee for the 2015 annual internal control and other related service costs as RMB2.6 million, and such proposal is still in need of submission to the 2015 annual Shareholders' General Meeting for approval.

Explanation on the change of accounting firms during the audit period

Not applicable

Section VI Significant Events (continued)

VI. RISK OF SUSPENSION OF LISTING

N/A

VII. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable N/A

VIII. MATERIAL LITIGATION AND ARBITRATION

Applicable N/A

IX. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS, ACTUAL CONTROLLER OR BUYER

Applicable N/A

X. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

Within the Reporting Period, the Company, controlling shareholders and actual controller are free and clear of failure to implement effective court judgments and a large amount of unliquidated debt due.

XI. INFORMATION ABOUT THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

Applicable N/A

Section VI Significant Events (continued)

XII. 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 connected transactions (disclosure pursuant to the requirements of the Stock Exchange Listing Rules)

1. Non-exempt continuing connected transactions
 - (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.

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.

Section VI Significant Events (continued)

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 2015:

Unit: thousand yuan

Nature of transaction	Annual cap of 2015	Consolidated amount of transaction of the Group in 2015
Expense		
Expense of the Group for provision of services by CRCCG and/or its associates under the Services Provision Framework Agreement	600,000	474,530

Section VI 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.

Section VI Significant Events (continued)

Set out below are approved annual cap and actual amount of transaction of the nonexempt 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 2015:

Unit: thousand yuan

Nature of transaction	Annual cap of 2015	Consolidated amount of transaction of the Group in 2015
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	96,388

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.

Section VI 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 2015 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 Stock Exchange Listing Rules. Such related party transactions have already complied with the disclosure requirements of Chapter 14A of the Stock Exchange Listing Rules.

2. Non-exempt one-off connected transaction

Acquisition of the 80% equity interest in Chongqing Iron Hair Suiyu held by CRCCG

On 11 February 2015 and 30 March 2015, the Company and CRCCG, the controlling shareholder of the Company entered to the equity transfer agreement and relevant supplementary agreement respectively, in order to acquire the 80% equity interest in Chongqing Iron Hair Suiyu held by CRCCG. The transaction constituted a connected transaction under the Chapter 14A of the Stock Exchange Listing Rules, and as all the applicable percentage ratios in relation to the transaction exceed 0.1% but are below 5%, the transaction is subject to the reporting and announcement requirements under the Chapter 14A of the Stock Exchange Listing Rules but is exempt from the independent shareholders' approval requirement.

For details and progress of such transaction, please refer to "XII. (IV) 2. Events disclosed in the temporary announcements and have progress or change in the subsequent implementation" in this section.

(II) The related party transactions in relation to the ordinary operations (disclosure pursuant to the requirements of the SSE)

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 2015)" by the China Securities Regulatory Commission (CSRC), the SSE Listing Rules 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.

Section VI Significant Events (continued)

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

Summary of the event	Document for inspection
<p>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 2013-2015 (《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.</p>	<p>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).</p>
<p>The twenty-first meeting of the third session of the Board of Directors (the "Board") of the Company was held on 28 December 2015. At the meeting, the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2016-2018 and the Renewal of the Provision of Services Framework Agreement was approved; the Company and China Railway Construction Cooperation were approved to renew the Provision of Services Framework Agreement and to determine the related transaction caps. According to the Provision, the annual transaction caps for 2016-2018 was determined to be no more than RMB600 million; according to the Property Leasing Framework Agreement (including a supplementary agreement) and the Land Use Rights Leasing Framework Agreement, the annual transaction caps of expenditures for 2016-2017 in respect of leasing of all properties and lands by China Railway Construction Cooperation will amount to RMB300 million respectively, upon considering that the 10-year valid period of the Property Leasing Framework Agreement signed in 2007 will expire in 2017. Before submission to the Board for review, the Agreement has been approved by independent non-executive directors of the Company; in process of the review, independent non-executive directors also gave independent opinions of approving the agreement, that the voting procedure complied with the normative legal documents like laws and regulations and the Articles of Association; pricing methods for all transactions were objective and fair; trading procedures complied with the normative legal documents like laws and regulations and were fair and reasonable. All transactions are favorable for development of the Company and will not damage the interests of the Company and its shareholders, especially medium and small shareholders.</p>	<p>For details of disclosures, please refer to the relevant announcement dated 29 December 2015 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).</p>

Section VI Significant Events (continued)

Major related party transactions in relation to ordinary operations of the Group during the year 2015 are as follows:

Unit: '000

Related party	Related party transactions type/content	Related party transactions	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	-	474,530	0.09%	Cash	-	-
Controlling shareholder, Jinli Assets Management Center	Property leasing expense	Property leasing	Agreement pricing	-	96,388	0.02%	Cash	-	-

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

Not Applicable

3. Events undisclosed in the temporary announcements

Applicable N/A

(III) Compliance with the Non-competition Agreement

CRCCG stated that in the year 2015, it had no violations of the undertakings in the “Non-competition Agreement” signed on 5 November 2007 with the Company.

Section VI Significant Events (continued)

(IV) *Related party transactions from acquisition and disposal of assets, equity interests*

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

N/A

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

On 11 February 2015, the Company entered into “Equity Transfer Agreement between China Railway Construction Corporation (中國鐵道建築總公司) and China Railway Construction Corporation Limited (中國鐵建股份有限公司) in relation to Chongqing Iron Hair Suiyu Expressway Company Limited” with the controlling shareholder of the Company (CRCCG), pursuant to which the Company agreed to acquire 80% equity interest in Chongqing Iron Hair Suiyu held by the controlling shareholder by way of cash. The transaction price was 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. On 30 March 2015, the Company entered into “Supplementary Agreement of Equity Transfer Agreement between China Railway Construction Corporation and China Railway Construction Corporation Limited in relation to Chongqing Iron Hair Suiyu Expressway Company Limited” with its controlling shareholder to determine the transfer price. The price of the equity transfer of the subject matter was equivalent to the 80% of the net assets which amounted to RMB3,872.7828 million, i.e. RMB3,098.2262 million. Through purchasing 80% equity interests of Chongqing Iron Hair Suiyu, injecting excellent assets into the company and optimizing the allocation of the Company’s resources, the Company can both strengthen its operation business, improve its operating performance and promote its overall competitiveness, which is in accordance with the Company’s development strategy. The directors (including the independent non-executive directors) consider that the transaction is entered into on normal commercial terms. The terms of the transaction are fair and reasonable, and in interests of the Company and the shareholders as a whole. Relevant resolutions were considered and approved at the 8th meeting of the third session of the Board on 11 February 2015 and the 10th meeting of the third session of the Board on 29 to 30 March 2015. Mr. MENG Fengchao, Mr. QI Xiaofei and Mr. ZHANG Zongyan, as the connected directors of the Company, abstained from voting. 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 12 February 2015 and 31 March 2015, respectively.

On 25 May 2015, Chongqing Iron Hair Suiyu completed registration procedures for change in shareholders. On 2 June 2015, the Company paid the consideration of RMB3,098.226 million for the equity transfer pursuant to the equity transfer agreement. Until then, the Company completed the combination of Chongqing Iron Hair Suiyu through a business merger involving entities under same control and 2 June 2015 was determined as the combination date.

Section VI Significant Events (continued)

3. Issues not disclosed in temporary announcements

Applicable N/A

4. If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed

N/A

(V) Significant related party transactions on the joint external investment

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

N/A

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

N/A

3. Events not disclosed in temporary announcements

Applicable N/A

(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 2015)” by the China Securities Regulatory Commission (CSRC), the SSE Listing Rules and the Guidelines for the Implementation of Connected Transactions of Companies listed on 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

Section VI 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	-	-	-	828,010	148,179	976,189
CRCCG ^{Note 2}	Controlling shareholder	12,741	-8,964	3,777	-	-	-
CRCCG ^{Note 3}	Controlling shareholder	-	-	-	579,415	4,335,051	4,914,466
Jinli Asset Management Center ^{Note 3}	Wholly-owned subsidiary of the controlling shareholder	-	-	-	173,815	-47,187	126,628
Jinli Asset Management Center ^{Note 4}	Wholly-owned subsidiary of the controlling shareholder	-	-	-	300	2,666	2,966
Xi'an Tianchuang Real Estate Co., Ltd. ^{Note 2}	Non-wholly-owned subsidiary of the controlling shareholder	584	-584	0	-	-	-
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 3}	Non-wholly-owned subsidiary of the controlling shareholder	-	-	-	52,235	19,840	72,075
Railway Construction Technology Magazine ^{Note 3}	Non-wholly-owned subsidiary of the controlling shareholder	-	-	-	2,199	1,874	4,073
Total		13,325	-9,548	3,777	1,635,974	4,460,423	6,096,397

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.

Section VI Significant Events (continued)

Note 1: 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 RMB2,966,000 which was an unpaid rental fee related to the lease of properties to the listed company by a subsidiary under the Group, as detailed in the section "1. (2) Continuous connected transaction under the Property Leasing Framework Agreement and its Supplementary Agreement by the Company and CRCCG" of "1. Non-exempt connected transactions".

3. Issues not disclosed in temporary announcements

Applicable N/A

(VII) Others

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

Section VI Significant Events (continued)

XIII. MAJOR CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

Applicable N/A

(II) Guarantees

Applicable N/A

Unit: '000 Currency: RMB

Guarantor	Relationship with the listed company	Party guaranteed	Guarantee amount	Guarantees (Other than guarantees for subsidiaries)			Guarantee type	Performance		Overdue amount under the guarantee	Counter guaranteed or not	Guarantee by related party or not	Connected relationship
				Date of occurrence (date of signing agreement)	Commencing date of the guarantee	Expiry date of the guarantee		completed or not	Overdue or not				
The Company	Within the Company	Sichuan Naxu Railway Co., Ltd.	67,200	28 December 2006	28 December 2006	28 December 2026	General guarantee	No	No	No	No	No	
The Company	Within the Company	Sichuan Naxu Railway Co., Ltd.	50,400	16 April 2008	16 April 2008	16 April 2028	General guarantee	No	No	No	No	No	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	280,524	20 May 2015	20 May 2015	20 November 2023	General guarantee	No	No	No	Yes	Associate	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	389,616	17 March 2014	17 March 2014	30 December 2023	General guarantee	No	No	No	Yes	Associate	

Section VI Significant Events (continued)

Total amount of guarantees for the Reporting Period (exclusive of the guarantees to subsidiaries)	314,014
Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees to subsidiaries)	787,740
Guarantees to subsidiaries by the Company	
Total amount of guarantees to subsidiaries for the Reporting Period	5,234,167
Ending balance of guarantees to subsidiaries for the Reporting Period (B)	54,136,584
Total guarantees by the Company (inclusive of such guarantees to its subsidiaries)	
Total guarantees (A+B)	54,924,324
The proportion of total guarantees in net assets of the Company (%)	42.64
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 gearing ratio higher than 70% (D)	52,980,842
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)	52,980,842
Explanation on the potential joint liability arising from the immature guarantees	N/A
Explanation on the guarantees	Nil

Section VI Significant Events (continued)

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 2014 Annual General Meeting held on 2 June 2015, the cap for internal guarantees of the Company in 2015 was determined as RMB50 billion. During the Reporting Period, guarantee granted to wholly-owned subsidiaries by the Company was in strict compliance with the guarantee cap. As of 31 December 2015, the total amount of outstanding guarantee was of RMB18,142.3 million and did not exceed the approved cap of guarantee.

(2) Decision-making procedures of external guarantees

As of 31 December 2015, the total amount of outstanding external guarantees by the Company was of RMB787.7 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 2015, the balance of actual guarantee amount was RMB117.6 million.
- ② 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. The resolution in relation to the provision of guarantee for the loan advanced to CRCC-Tongguan Investment Co., Ltd. by The Export-Import Bank of China had been considered and approved in the 32nd meeting of the second session of the Board of the Company on 29 April 2014, pursuant to which it was agreed that a guarantee in proportion to its shareholding would be provided to CRCC-Tongguan Investment Co., Ltd.. As at 31 December 2015, the balance of actual guarantee amount provided by the Company was US\$103.2 million or RMB670.1 million in equivalence.

Section VI Significant Events (continued)

(III) Entrusted others to manage cash assets

1. Entrusted finance management
 Applicable N/A
2. Entrusted loan
 Applicable N/A
3. Other investment and finance management programmes and derivative products investment
 Applicable N/A

(IV) 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
19 June 2015	#01 bidding section of general construction contract of Phase I Project of Nanning Urban Rail Transit Line 3	57.460	China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Raily Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., China Railway Electrification Bureau Group Co., Ltd., China Railway Urban Construction Group Co., Ltd.	1,365 days
13 July 2015	Bidding section CGZQ-12 of Track Construction Project of newly built Nanchang-Ganzhou Railway Passenger Special Line	39.274	China Railway 21st Bureau Group Co., Ltd.	53.5 months
28 July 2015	New coal transportation line from West of Inner Mongolia to Central China	266.526	China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Raily Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd.	47 months

Section VI Significant Events (continued)

Contract time	Name of project	Contract amount	The Company's contracting entity	Time limit of performance
18 October 2015	#1012 bidding section of main works of Shenzhen Urban Trail Transit Line 10	39,380	China Civil Engineering Construction Corporation, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Raily Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd.	1,585 calendar days
20 October 2015	#9 bidding section of Track Construction Project of newly built Beijing-Shenyang Railway Passenger Special Line	30,005	China Railway 22nd Bureau Group Co., Ltd.	45 months
16 November 2015	#2 bidding section of Civil Works Construction Project of Qingdao Subway Line 1	50,694	China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., and Sinohydro Bureau 1 Co., Ltd. (中國水利水電第一工程有限公司聯合體)	1,339 calendar days
26 December 2015	Xintang-Baiyun Airport-Guangzhou North Railway Station section of Guangzhou Pearl River Delta Inter-city Rail Transit Project	62,800	China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd.	1,208 calendar days
30 December 2015	Track Construction Project of newly built Meizhou-Chaoshan Railway	30,262	China Railway 19th Bureau Group Co., Ltd.	1,460 calendar days

Section VI Significant Events (continued)

2. Overseas business contract

Unit: 0'000 Currency: USD

Contract time	Name of project	Contract amount	The Company's contracting entity	Time limit of performance
18 January 2015	Al Haj Hassan Gouled Aptidon International Airport, EPC contract	59,900	China Civil Engineering Construction Corporation	TBC
30 January 2015	Contract of remaining 36 land parcels of the third group 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第三包)	62,100	China Railway Construction (International) Limited	36 months
12 April 2015	Initial agreement on the rehabilitation and renewal project of Egyptian Railway Network	60,000	China Civil Engineering Construction Corporation	TBC
27 April 2015	Commercial contract for Moyamba 2015 Housing Project	192,900	China Civil Engineering Construction Corporation	TBC
27 April 2015	Nigerian Ogun State Inter-city Rail Mass Transit Project Contract	350,600	China Civil Engineering Construction Corporation	TBC
8 December 2015	EPC general contract for #III bidding section (Lahore-Abdul Hakeem) of Pakistani Karachi-Lahore Expressway Project	146,109	Consortium jointly formed by China Railway 20th Bureau Group Co., Ltd. and Zahir Khan & Brothers Engineers & Constructors (ZKB)	30 months
22 December 2015	Dakar-Bamako Railway Repair and Reconstruction Project (Section Senegal)	125,697	China Railway Construction (International) Limited	TBC
25 December 2015	Framework Agreement on Dakar-Bamako Railway Repair and Reconstruction Project (Section Mali)	146,881	China Railway Construction (International) Limited	TBC
26 December 2015	EPC contract for the Kayan I Hydropower Plant Project in Indonesia	170,800	China Railway Construction (International) Limited	TBC

Section VI Significant Events (continued)

XIV EXPLANATION ON OTHER SIGNIFICANT EVENTS

Applicable N/A

(I) **Non-public issuance of A shares of the Company**

In order to promote the capital structure of the Company and further optimize the finance situation, on 5 February 2015, the resolution in relation to the non-public issuance of A shares by the Company was considered and approved at the 2015 first extraordinary General Meeting, the 2015 first A shareholders' class meeting and the 2015 first H shareholders' class meeting. Details of the proposal concerning the non-public issuance of shares are set out in the circular published by the Company on Hong Kong Stock Exchange on 20 January 2015, where the proposed use of proceeds from the non-public issuance of shares includes the Company's project investment, repayment of bank loans and replenishment of working capital. On 2 June 2015, the Company convened the 2014 annual General Meeting, at which the resolution in relation to the relevant reports and undertakings on the real estate development business of the Company issued by CRCCG (the controlling shareholder of the Company), the directors and senior management of the Company and the Company were considered and approved. On 10 June 2015, the Issue Review Committee of CSRC reviewed and approved the Company's application for the non-public issuance of A shares. On 29 June 2015, the Company received the "Approval in Relation to the Non-Public Issuance of Shares by China Railway Construction Corporation Limited" from CSRC, pursuant to which the Company was approved by CSRC to issue no more than 1,409,361,702 A shares under the non-public issuance of the Company. On 7 July 2015, the bookkeeping of the non-public issuance of A shares by the Company was completed with the final issue price determined at RMB8.00/share. The number of issuance was 1,242,000,000 shares and the total proceeds were RMB9.936 billion. After deducting relevant issuance expenses of RMB113.057 million, the net proceeds were RMB9,822.943 million, in which the additional registered capital was RMB1,242.000 million, whereas the additional capital reserve was RMB8,580.943 million. Such non-public issuance of RMB denominated ordinary shares did not result in the change of control of the Company. On 16 July 2015, the procedures for registration and depository in relation to such issuance of new shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司上海分公司) were completed. On 29 July 2015, the fifteenth meeting of the third session of the Board of the Company considered and approved the replacement of the self-raised funds which were invested in advance into the projects funded with raised capital with the raised proceeds of RMB1,166 million, from 17 December 2014 to 30 June 2015; and approved to temporarily supplement the working capital with the idle raised funds of not more than RMB2,500 million, for not more than 12 months as of the date of approval by the Board, which shall be returned before the expiration to the special account of the raised funds of the Company. As of 31 December 2015, the actual uses of the proceeds raised from the non-public issuance of shares were in compliance with the proposed uses of proceeds as set out in the circular aforementioned.

For more details, please see relevant announcements dated 6 February 2015, 13 May 2015, 3 June 2015, 11 June 2015, 25 June 2015, 30 June 2015, 18 July 2015 and 30 July 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).

Section VI Significant Events (continued)

(II) Overseas Listing of subsidiaries and development of business

1. Progress of the overseas listing of CRCC High-Tech Equipment Corporation Limited, a subsidiary of the Company.

On 5 February 2015, the 2015 first extraordinary General Meeting of the Company was convened to consider and approve relevant resolution in relation to the overseas listing of Kunming China Railway Large Maintenance Machinery Co., Ltd. (“KCRC”), a wholly-owned subsidiary of the Company. On 2 June 2015, the 2014 annual General Meeting, the 2015 second A shareholders’ class meeting and the 2015 second H shareholders’ class meeting of the Company were convened, at which the proposal in relation to the provision of assured entitlement to H shareholders of the Company regarding the spin-off and listing on the Hong Kong Stock Exchange of Kunming China Railway Large Maintenance Machinery Co., Ltd.* was passed by more than 2/3 of total shares with valid rights of voting at the 2014 annual General Meeting and the 2015 second H shareholders’ class meeting, but was not passed by more than 2/3 of total shares with valid rights of voting at the 2015 second A shareholders’ class meeting, the Company would not provide assured entitlement in respect of the spin-off and listing of KCRC to any shareholders (including A Shareholders and H Shareholders) of the Company. As considered and approved by the twelfth meeting of the third session of the Board, KCRC transformed to a joint stock limited company as at the benchmark date of 31 March 2015 and renamed as CRCC High-Tech Equipment Corporation Limited. On 24 June 2015, CRCC High-Tech Equipment Corporation Limited (“CRCCE”) convened an inaugural meeting and completed the change of business registration. On 12 October 2015, the Company disclosed that CRCCE received the Approval on the Issuance of Overseas Listed Foreign Invested Shares of CRCC High-Tech Equipment Corporation Limited (Zheng Jian Xu Ke [2015] No. 2176) from China Securities Regulatory Commission, approving the issuance of not more than 611,790,092 overseas-listed foreign-invested shares (H shares) of RMB1 per share, all being ordinary shares, by CRCCE. On 17 December 2015, the Company published the Announcement on Completion of Issues and Listing in Overseas Market by CRCCE, and CRCCE had applied and the Hong Kong Stock Exchange had granted the listing of, and permission to deal in, the shares of CRCCE on its main board on 16 December 2015 (stock code: 1786; stock name: CRCCE). A total of 531,900,000 H shares with a price of HKD5.25 per share were issued. Upon the completion of the issuance, the total share capital of CRCCE is 1,519,884,000 shares, and the Company directly holds a total of 968,224,320 shares of CRCCE, representing approximately 63.70% of its total issued share capital; the Company holds, directly and indirectly, a total of 987,984,000 shares of CRCCE, representing approximately 65.00% of its total issued share capital.

For more details, please see relevant announcements dated 6 February 2015, 8 May 2015, 3 June 2015, 25 June 2015, 7 August 2015, 12 October 2015 and 17 December 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).

Section VI Significant Events (continued)

2. Business development of CRCC High-Tech Equipment Corporation Limited

CRCCE is restructured from the former KCRC and founded in 1954, which is a large railway machinery and equipment manufacturing company of the Group. The company is committed to developing in the railway maintenance machinery industry with the domestic market share of over 80% and is the large railway maintenance machinery manufacturing and repairing base with the largest production and sales in the PRC.

In 2015, facing the continuous in-depth reform in China's railway industry, complex and volatile market conditions and other circumstances, focused on independent technology, international business, industrial diversification strategy, the Company grasped the opportunity of foreign market with internal management, which realized a steady development. In 2015, the company has made substantial breakthroughs in technological innovations and market development: In technological innovations, the company won the prize of 2015 "National IPR Advantageous Enterprises" and successfully obtained HFX actinomycetes car type certificate and manufacturing license, CQS-550 Switch screen machine certificate, JDZ-160 catenary maintenance work vehicle import permit; In terms of overseas market expansion, the company has delivered three stabilizing machines with self-developed technique to Kazakhstan, which first time realized the direct products export, and has finished the first railway maintenance services in Hong Kong; In the market expansion of urban rail transit, the company has successfully got the purchase orders of rail milling and grinding machine from Shanghai Metro Corporation, Beijing MTR Corporation and KCRC; In terms of market expansion of railway power supply, the Company has succeeded in obtaining the order of 22 catenary multi-function maintenance vehicles of CRCCG through competitive bidding.

(III) Increase in shareholding in the Company by the controlling shareholder

CRCCG, the controlling shareholder of the Company, increased its shareholding by purchasing 1,150,000 shares of the Company through secondary market from 8 July 2015 to 8 January 2016, at an average price of RMB15.867, representing 0.00932% of the total share capital of the Company. Prior to the increase in shareholding, CRCCG held 7,566,245,500 shares of the Company, representing approximately 61.33% of the total share capital of the Company. Subsequent to the increase in shareholding, CRCCG holds 7,567,395,500 shares of the Company, representing approximately 61.34% of the total share capital of the Company. Details please refer to the 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 9 July 2015 and 13 January 2016, respectively.

XV. ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITY

(I) Activities in social responsibilities

2015 Social Responsibility Report of CRCC (《中國鐵建股份有限公司2015年社會責任報告》) is published on the websites of the Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

Section VI Significant Events (continued)

(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 2015, the Company had over 4,000 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.

XVI. CONVERTIBLE CORPORATE BONDS

Applicable N/A

XVII. SUBSEQUENT EVENTS

(I) Events after the balance sheet date

On 29 January 2016, US\$500,000,000 zero coupon convertible bonds due 2021 (the “Bonds”) issued by the Company was listed on the Stock Exchange of Hong Kong Limited on 1 February 2016. Net amount of about US\$496,000,000 from this issuance will be used in investing, merging and increasing in capital of the domestic and overseas projects, replenishing the operating funds for domestic and overseas construction projects and for the Company, and repaying bank loans.

(II) Matters in relation to the issuance of zero coupon convertible bonds of H shares by the Company

On 2 June 2015, the Company held the annual General Meeting of 2014, at which the proposal in relation to the general mandate for the Board to issue H shares of CRCC was approved; on 29 October 2015, the 2015 second extraordinary General Meeting was held, at which the proposal in relation to the increase of the issuance size of domestic and overseas bonds by the Company was approved. On 19 January 2016, the Company published the Announcement on Proposed Issue of US\$500,000,000 Zero Coupon Convertible Bonds Due 2021. On 28 January 2016, the Company published the Announcement on the Notice of Listing on the Stock Exchange of Hong Kong Limited – Issuance of US\$500,000,000 Zero Coupon Convertible Bonds due 2021. These bonds were listed on Hong Kong Stock Exchange on 1 February 2016.

For more details, please see relevant announcements dated 3 June 2015, 29 October 2015, 30 October 2015, 19 January 2016 and 28 January 2016 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).

Section VII Changes in Ordinary Shares and Particulars of Shareholders

I. CHANGES IN COMMON SHARE CAPITAL

(I) Table of changes in ordinary shares

1. Table of changes in ordinary 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	-	-	1,242,000,000	-	-	-	1,242,000,000	1,242,000,000	9.15
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	184,500,000	-	-	-	184,500,000	184,500,000	1.36
3. Other domestic shares	-	-	1,057,500,000	-	-	-	1,057,500,000	1,057,500,000	7.79
Of which: Domestic non-stateowned legal person shares	-	-	1,057,500,000	-	-	-	1,057,500,000	1,057,500,000	7.79
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	12,337,541,500	100	-	-	-	-	12,337,541,500	12,337,541,500	90.85
1. RMB ordinary shares	10,261,245,500	83.17	-	-	-	-	10,261,245,500	10,261,245,500	75.56
2. Foreign shares listed domestically	-	-	-	-	-	-	-	-	-
3. Foreign shares listed overseas	2,076,296,000	16.83	-	-	-	-	2,076,296,000	2,076,296,000	15.29
4. Others	-	-	-	-	-	-	-	-	-
III. Total shares	12,337,541,500	100	1,242,000,000	-	-	-	1,242,000,000	13,579,541,500	100

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

2. Particulars of common changes in shareholding

On 16 July 2015, the Company issued 1,242,000,000 shares of non-public issuance of A shares RMB ordinary shares, with a restricted period of 12 months.

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

On 16 July 2015, the Company issued 1,242,000,000 non-public shares to ten specific objects, and total equity of the Company increased from 12,337,541,500 shares to 13,579,541,500 ones. Changes in non-public issuance and share transfer resulted in dilution of earnings per share and net assets per share of the Company in 2015. The earnings per share and the net assets per share in 2015 are diluted to be RMB1.02 and RMB8.25 (not taking into account the impact on net assets from the increase in issuance) respectively if the total equity is 12,337,541,500 shares before changes in equity, or to be RMB0.93 and RMB8.22 respectively if the total equity is 13,579,541,500 shares after the changes.

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

Nil.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(II) Changes in shares subject to trading moratorium

Applicable N/A

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
Caitong Fund Management Co., Ltd.	0	0	267,500,000	267,500,000	non-public issuance	18 July 2016
EverbrightPramerica Fund Management Co., Ltd.	0	0	163,750,000	163,750,000	non-public issuance	18 July 2016
Chang'an Funds Management Co., Ltd.	0	0	126,250,000	126,250,000	non-public issuance	18 July 2016
Anhui Expressway Construction Investment Fund Co., Ltd.	0	0	125,000,000	125,000,000	non-public issuance	18 July 2016
Bosera Funds Management Co., Ltd.	0	0	125,000,000	125,000,000	non-public issuance	18 July 2016
Kuo Hua Life Insurance Co., Ltd.	0	0	125,000,000	125,000,000	non-public issuance	18 July 2016
Huaxia Life Insurance Co., Ltd.	0	0	125,000,000	125,000,000	non-public issuance	18 July 2016
SWS MU (Shanghai) Fund Management Co., Ltd.	0	0	125,000,000	125,000,000	non-public issuance	18 July 2016
China Great Wall Asset Management Corporation	0	0	29,750,000	29,750,000	non-public issuance	18 July 2016
China Life Insurance Co., Ltd.	0	0	29,750,000	29,750,000	non-public issuance	18 July 2016
Total	0	0	1,242,000,000	1,242,000,000	/	/

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities during the Reporting Period

Unit: share Currency: RMB

Types of shares and derivative securities thereof	Date of issue	Issue price (or interest rate)	Amount to be issued	Date of listing	Number	Date of
					approved transactions	transaction termination
Ordinary Share						
A Share	16 July 2015	RMB8.00 per share	1,242,000,000	18 July 2016	1,242,000,000	

Notes on issuance of securities during the Reporting Period

The procedures for registration and trusteeship of non-public 1,242,000,000 RMB ordinary shares of the Company were settled in Shanghai Branch of China Securities Depository and Clearing Co., Ltd. On 16 July 2015. The restricted period for shares subscribed by non-public A shareholders is 12 months. The shares can be listed in Shanghai Stock Exchange on the next business day upon expiration of the restricted period or on the first business day after statutory holidays or rest days, if any.

(II) Changes in total common shares, shareholding structure and assets and liabilities structure of the Company

After this non-public issuance, the sum of the Company's common shares increases to 13,579,541,500 from 12,337,541,500, including 1,242,000,000 newly increased RMB dominated domestic shares. As a result of it, the proportion of RMB dominated domestic shares comes to 84.71% from 83.17% while overseas listed foreign shares account for 15.29% from 16.83%. The non-public issuance is beneficial to promotion of the Company's capital scale and fund strength, optimization of financial structure, enhancement of the Company's comprehensive anti-risk capability and facilitation of entire financial situation improvement. The funds raised from the non-public issuance are going to be used for projects construction and replenishment of the Company's circulating funds. The non-public issuance is beneficial for the Company to take market opportunity, increase market share, further consolidate industrial leader position and finally improve profitability and realize maximal shareholders' interests.

(III) Existing internal employee shares

N/A

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

III. PARTICULARS OF SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Structure of share capital and public float

1. Structure of share capital

As at 31 December 2015, 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	7,567,395,500	55.73
Public holders of A shares	A share	3,935,850,000	28.98
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29
Total		13,579,541,500	100.00

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

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 6,012.146 million shares, representing 44.27% of the issued capital of the Company. In particular, public holders of H shares held 2,076.296 million shares, representing 15.29% of the issued capital of the Company; public holders of A shares held 3,935.85 million shares, representing 28.98% of the issued share capital of the Company. The Company has sufficient public float which satisfies the requirements under the Stock Exchange Listing Rules.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(II) The total number of shareholders

As at the end the Reporting Period, the total number of shareholders of the Company was 351,949, of which 333,623 were holders of A shares and 18,326 were holders of H shares. At the end of last month prior to the publishing date of this annual report, the total number of common shareholders of the Company was 345,544, of which 327,234 were holders of A shares and 18,310 were holders of H shares.

Total number of common shareholders as at the end of the Reporting Period	351,949
Total number of common shareholders at the end of last month prior to the date of the issuance of the annual report	345,544
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 last month prior to the date of the issuance of the annual report	N/A

(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 (%)	Shares pledged or frozen			
				Number of shares subject to trading moratorium	Status of the shares	Number	Nature of shareholder
China Railway Construction Corporation	1,150,000	7,567,395,500	55.73	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	3,720,000	2,059,756,881	15.17	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited	331,339,119	331,339,119	2.44	0	Nil	0	Unknown
Central Huijin Investment Company Limited	141,519,100	141,519,100	1.04	0	Nil	0	Unknown
Kuo Hua Life Insurance Co., Ltd. – own funds	125,000,000	125,000,000	0.92	125,000,000	Nil	0	Other
Anhui Expressway Construction Investment Fund Co., Ltd.	125,000,000	125,000,000	0.92	125,000,000	Pledged	125,000,000	Other
Huaxia Life Insurance Co., Ltd. – Universal life insurance product	125,000,000	125,000,000	0.92	125,000,000	Nil	0	Other
SWS MU Fund – China Everbright Bank – SWS MU Assets-Huabao Ruisenlin Non-public issuance No. 1	125,000,000	125,000,000	0.92	125,000,000	Nil	0	Other
Chang'an Fund – Minsheng Bank – Chang'an Non-public issuance No. 1 Assets Management Scheme	97,488,750	97,488,750	0.72	97,488,750	Nil	0	Other
EverbrightPramerica Fund – Bank of Ningbo-Shanghai Chengtou Holding Co., Ltd.	62,500,000	62,500,000	0.46	62,500,000	Nil	0	Other

Section VII Changes in Ordinary 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	7,567,395,500	RMB ordinary share	7,567,395,500
HKSCC NOMINEES LIMITED	2,059,756,881	Overseas listed foreign share	2,059,756,881
China Securities Finance Corporation Limited	331,339,119	RMB ordinary share	331,339,119
Central Huijin Investment Company Limited	141,519,100	RMB ordinary share	141,519,100
E-Fund – Agricultural Bank of China – E-Fund CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
GF Fund – Agricultural Bank of China – GF CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Lombarda China Fund – Agricultural Bank of China – Lombarda China CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
China Asset Management – Agricultural Bank of China – Huaxia CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200

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: The H shares held by HKSCC Nominees Limited are held on behalf of its various customers. As at the end of the Reporting Period, HKSCC NOMINEES LIMITED held 2,059,756,881 shares of the Company while the pledged or frozen status of such shares were unknown.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

The Top Ten Shareholders Subject to Trading Moratorium and Conditions of Such Trading Moratorium

Unit: share

No.	Name of shareholders with selling restrictions	Quantity of shares with selling restrictions	Listing of shares with selling restrictions		Selling restrictions
			Listing time	Quantity of new listed shares	
1	Kuo Hua Life Insurance Co., Ltd. – own funds	125,000,000	18 July 2016	125,000,000	12 months
2	Anhui Expressway Construction Investment Fund Co., Ltd.	125,000,000	18 July 2016	125,000,000	12 months
3	Huaxia Life Insurance Co., Ltd. – Universal life insurance product	125,000,000	18 July 2016	125,000,000	12 months
4	SWS MU Fund – China Everbright Bank – SWS MU Assets – Huabao Ruisenlin Non-public issuance No. 1	125,000,000	18 July 2016	125,000,000	12 months
5	Chang'an Fund – Minsheng Bank – Chang'an Non-public issuance No. 1 Assets Management Scheme	97,488,750	18 July 2016	97,488,750	12 months
6	Everbright Pramerica Fund – Bank of Ningbo-Shanghai Chengtou Holding Co., Ltd.	62,500,000	18 July 2016	62,500,000	12 months
7	National Social Security Fund No. 501 Portfolio	42,500,000	18 July 2016	42,500,000	12 months
8	National Social Security Fund No. 103 Portfolio	38,750,000	18 July 2016	38,750,000	12 months
9	China Great Wall Asset Management Corporation	29,750,000	18 July 2016	29,750,000	12 months
10	China Life Insurance Co., Ltd. – participation in profits – individual dividends – 005L – FH 002 (Hu)	29,750,000	18 July 2016	29,750,000	12 months

Explanation on association relationship or unanimous actions of the shareholders above The Company does not know whether the shareholders above are in association relationship or whether they are persons acting in concert.

Section VII Changes in Ordinary 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

Names of strategic investors or general legal persons	Agreed shareholding start date	Agreed shareholding end date
Kuo Hua Life Insurance Co., Ltd. – own funds	There is no agreed shareholding start date.	No
Anhui Expressway Construction Investment Fund Co., Ltd.	There is no agreed shareholding start date.	No
Huaxia Life Insurance Co., Ltd. – Universal life insurance product	There is no agreed shareholding start date.	No
SWS MU Fund – China Everbright Bank – SWS MU Assets – Huabao RuisenI in Non-public issuance No. 1	There is no agreed shareholding start date.	No
Chang'an Fund – Minsheng Bank – Chang'an Non-public issuance No. 1 Assets Management Scheme	There is no agreed shareholding start date.	No
EverbrightPramerica Fund – Bank of Ningbo-Shanghai Chengtou Holding Co., Ltd.	There is no agreed shareholding start date.	No

Explanation on the participation of the strategic investors or general legal persons in the placement of new shares and holding periods agreed

The Company completed the non-public issuance of A Share of the Company on 16 July 2015, with a lock-up period of 12 months and has no requirement on shareholding for a designated period.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(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 2015, 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 share	Beneficial owner	7,567,395,500	65.78%	55.73%
National Council for Social Security Fund	H share	Beneficial owner	188,754,500(L)	9.09%	1.39%
JPMorgan Chase & Co. ^{Note 2}	H share	Beneficial owner, investment manager, custodian corporation/approved lending agent	147,607,390(L)	7.11%	1.09%
		Beneficial owner	10,627,740(S)	0.51%	0.08%
		Custodian corporation/approved lending agent	66,883,232(P)	3.22%	0.49%
BlackRock, Inc. ^{Note 3}	H share	Interest of corporation controlled by the substantial shareholder	124,913,538(L)	6.02%	0.92%

Note 1: L – long position, S – short position, P – lending pool

Note 2: As at 31 December 2015, JPMorgan Chase & Co. (including certain corporations under its control) held long positions in 147,607,390 H shares and short position in 10,627,740 H shares of the Company.

Note 3: As at 31 December 2015, BlackRock, Inc. held long positions in 124,913,538 H shares of the Company through certain corporations under their control.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

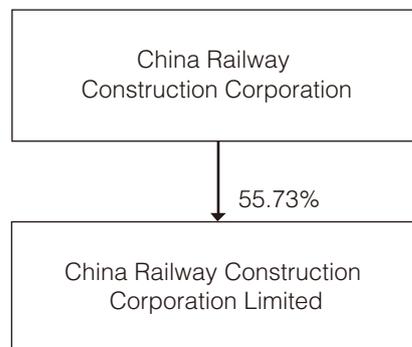
IV. CHANGES IN THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

1. Legal person

Legal name of the Controlling Shareholder	China Railway Construction Corporation
Legal representative	MENG Fengchao
Incorporation date	28 August 1990
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.
Particulars of other domestic and overseas listed companies held and invested by CRCCG during the Reporting Period	Nil
Explanation on other matters	Nil

2. The chart of the relationship between the Company and the Controlling shareholders on the property ownership and controlling rights



Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

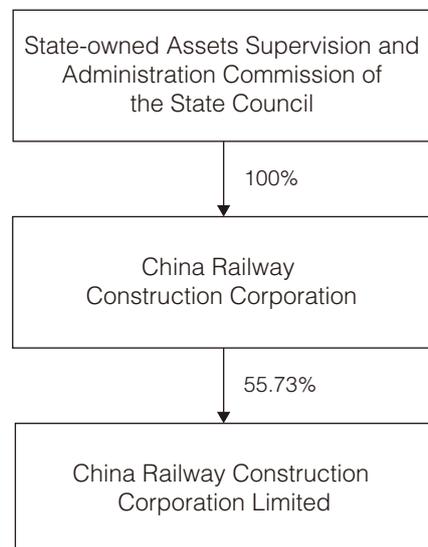
(II) Actual controller

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. **Diagram of the assets and controlling relationships between the Company and its actual controller**



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. EXPLANATION ON THE RESTRICTED REDUCTION OF SHARES

Applicable N/A

VII. 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.

Section VIII Particulars of Preference Shares

Applicable N/A

Section IX 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

Applicable N/A

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 before tax received from the Company during the Reporting Period (RMB'000)	Basic remuneration (RMB'000)	Prepaid performance remuneration for the year of 2015 (RMB'000)	Performance remuneration for the year of 2014 (RMB'000)	Achievement of remarkable contribution award for economic efficiency for the year of 2014 (RMB'000)	Welfare (Replenishment of person insurance and housing funds paid for personal payment of the Company) (RMB'000)	Whether remuneration received from related parties of the Company
MENG Fengchao	Chairman, executive director and secretary to the communist party committee	Male	57	28 December 2010 (Chairman, executive director), December 2010 (secretary to the communist party committee)	27 October 2017 (Chairman, executive director), February 2015 (secretary to the communist party committee)	-	-	-	-	116,1519	16,0000	16,0000	71,3000	8,6687	4,1832	No
	Chairman, executive director and deputy secretary to the communist party committee			28 December 2010 (Chairman, executive director), February 2015 (deputy secretary to the communist party committee)	27 October 2017 (Chairman, executive director)											
Qi Xiaofei	Secretary to the communist party committee, vice chairman and executive director	Male	58	5 February 2015 (vice chairman and executive director), February 2015 (secretary to the communist party committee)	27 October 2017 (vice chairman and executive director the third session)	-	-	-	-	107,7550	15,8000	15,8000	64,1700	7,8018	4,1832	No
ZHUANG Shangbiao	Executive director, vice president	Male	53	28 October 2014 (executive director), 5 November 2007 (vice president)	27 October 2017 (executive director), 4 December 2015 (vice president)	-	-	-	-	103,4670	13,8000	13,8000	64,1700	7,8018	3,8952	No
	Executive director, president and deputy secretary to the communist party committee			28 October 2014 (executive director), 4 December 2015 (president, deputy secretary to the communist party committee)	27 October 2017 (executive director), 28 October 2017 (president)											
GE Fuxing	Non-executive director	Male	59	28 October 2014	27 October 2017	-	-	-	-	0	-	-	-	-	-	No
WANG Huazheng	Independent non-executive director	Male	52	28 October 2014	27 October 2017	-	-	-	-	19,7996	19,7996	-	-	-	-	No
Patrick SUN	Independent non-executive director	Male	57	28 October 2014	27 October 2017	-	-	-	-	18,1004	18,1004	-	-	-	-	No
CHENG Wen	Independent non-executive director	Male	63	28 October 2014	27 October 2017	-	-	-	-	18,9996	18,9996	-	-	-	-	No
Amanda Xiao Qiang LU	Independent non-executive director	Female	61	28 October 2014	27 October 2017	-	-	-	-	16,6004	16,6004	-	-	-	-	No
HUANG Shaojun	Chairman of the Supervisory Committee	Male	59	28 October 2014	27 October 2017	-	-	-	-	72,4126	12,8000	12,8000	38,5592	3,0702	4,1832	No
LI Xuetu	Supervisor, deputy chief economist	Male	50	28 October 2014	27 October 2017	-	-	-	-	52,2797	26,3680	-	22,0925	-	3,7992	No
ZHANG Liangcai	Employee representative supervisor	Male	57	31 May 2011	27 October 2017	-	-	-	-	54,2412	26,6280	-	23,4300	-	4,1832	No

Section IX 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 before tax received from the Company during the Reporting Period (RMB'0'000)	Basic remuneration (RMB'0'000)	Of which				Whether remuneration received from related parties of the Company
												Prepaid performance remuneration for the year of 2015 (RMB'0'000)	Performance remuneration for the year of 2014 (RMB'0'000)	Achievement of remarkable contribution award for economic efficiency for the year of 2014 (RMB'0'000)	Welfare (Replenishment of person insurance and housing funds paid for personal payment of the Company) (RMB'0'000)	
XIA Guobin	Vice president	Male	57	5 November 2007	28 October 2017	-	-	-	-	99,7960	13,6000	13,6000	60,6100	7,8018	4,1832	No
LIU Ruchen	Vice president	Male	52	16 April 2009	28 October 2017	-	-	-	-	99,6030	13,6000	13,6000	60,6100	7,8018	3,9912	No
WANG Xiuming	CFO	Male	53	29 April 2014	28 October 2017	-	-	-	-	88,0007	13,6000	13,6000	50,3000	6,5015	3,7992	No
YU Xingui	Secretary to the Board	Male	57	12 October 2010	28 October 2017	-	-	-	-	97,7616	12,8000	12,8000	60,6100	7,3684	4,1832	No
ZHANG Zongyan	Executive director, president and deputy secretary to the communist party committee	Male	52	6 June 2013 (executive director), 28 March 2013 (President)	6 July 2015	-	-	-	-	97,8917	8,0000	8,0000	71,3000	8,6667	1,9230	No
PENG Shugui	Vice president and executive director	Male	61	31 May 2011	19 January 2015	-	-	-	-	76,2213	3,4000	3,4000	60,6100	7,8018	1,0095	No
Total	/	/	/	/	/	-	-	-	/	1,139,0807	249,9160	123,4000	648,9617	73,2665	43,5165	/

Notes:

- The total remuneration consists of basic remuneration, performance-based remuneration paid in advance for the current year, housing fund, enterprise supplementary pension insurance and the previous year's performance-based remuneration paid in the Reporting Period.
- The abovementioned performance remuneration for the year of 2014 includes 30% of assessed payables after the completion of the three-year term of office. Currently, the said 30% of performance remuneration has not been paid to each individual.
- During the Reporting Period, Mr. ZHANG Zongyan resigned on 6 July 2015 on the ground of job change, whose total remuneration consisted of basic remuneration, performance remuneration paid in advance for the current year, the 2014 performance remuneration paid in the reporting period, the 2014 achievement of remarkable contribution award for economic efficiency in cash, and welfare (Replenishment of person insurance and housing funds paid for personal payment of the Company).
- Mr. PENG Shugui retired for reasons of age, whose total remuneration consisted of basic remuneration, performance remuneration paid in advance for the current year, the 2014 performance remuneration paid in the reporting period, the 2014 achievement of remarkable contribution award for economic efficiency in cash, and welfare (Replenishment of person insurance and housing funds paid for personal payment of the Company).

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience
MENG Fengchao	<p>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 November 2010 and the chairman of the second session of the Board, an executive director and 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.</p>
QI Xiaofei	<p>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.</p>
ZHUANG Shangbiao	<p>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. Since December 2015, he has served as an executive director, a president, deputy secretary to the communist party committee, a director and the secretary to the communist party committee of CRCCG.</p>

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience
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. and an Independent director of China CAMC. He has acted an Independent director of Huaxia Bank since April 2014 and an Independent director of BOE since July 2015. He has served as an independent nonexecutive 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 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 March 2010, and an independent non-executive director of China CNR Corporation Limited from February 2012 to May 2015. He also served as an independent non-executive director of China Railway Group Limited from September 2007 to June 2014. He served as an independent non-executive director of Solomon Systech International Limited from February 2004 to June 2015. Mr. SUN has acted as an independent non-executive director of CRRC and CRSC since May 2015 and an independent non-executive director of Kunlun Energy Copmany Limited since February 2016. 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 since September 2014 and an independent non-executive director of the third session of the Board of the Company since October 2014.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience
Amanda Xiao Qiang LU	Ms. LU served as managing director of Corporate and Investment Banking for China and head of China and deputy chairman of Deutsche Bank from 2005 to 2012. She served as a member of the Advisory Committee for the Asia-Pacific region of British Standard Life from December 2013 to March 2016, and has served as an external director of the board of directors of China National Building Material Group Corporation since October 2011, a member of the British Standard Life Global Advisory Committee (英國標準人壽全球諮詢委員會) since March 2016 and an independent nonexecutive 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 has served as the Chairman of supervisory Committee 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 has 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.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Name	Main working experience
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 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.
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. Mr. ZHANG resigned as an executive director and the chairman of the Board, the deputy secretary to the communist party committee of the Company, and a director and the secretary to the communist party committee of CRCCG since July 2015.
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.

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

Applicable
 Not applicable

Section IX 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 57, 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 Corporation. He also served as chairman of China Railway 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 of the second session of the Board of the Company and the secretary to the communist party committee since May 2011. From October 2014 to February 2015, he served as the chairman, executive director of the third session of the Board of the Company and secretary to the communist party committee. 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.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. Qi Xiaofei, aged 58, 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 party 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 session of 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 party Commission for Restructuring the Economic System. From November 1991 to June 1993, Mr. Qi served as the 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 secretary of standing committee (leading role of divisors or equivalents) 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

Section IX Directors, Supervisors, Senior Management and Staff (continued)

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.

Mr. ZHUANG Shangbiao, aged 53, a Chinese with no right of abode overseas, is currently executive director, president and deputy secretary to the communist party committee, as well as a director and secretary to the communist party committee of CRCCG. 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 March 2001, the chief accountant of China Road and Bridge (Group) Corporation from March 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. From October 2014 to December 2015, he was the executive director of the third session of the Board, as well as vice-president and chief legal counsel of the Company. He has served as an executive director, 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 since December 2015. 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 59, a Chinese with no right of abode overseas, was graduated from the Party School of the Central Committee of C.P.C. and is currently a non-executive director of the Company. 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 head, and 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 is familiar with human resources management and macroeconomic policy.

Mr. WANG Huacheng, aged 52, a Chinese with no right of abode overseas, holds a doctorate and is currently an independent non-executive director of the Company. He once served as the deputy director of the Department of Accounting, deputy dean of the School of Business of Renmin University of China and secretary-general of China National MPAcc Education Steering Committee. He is currently a professor and doctoral supervisor of the School of Business of Renmin University of China. He is familiar with financial management and served as an independent director of CAMCE and an external director of Sinotrans& CSC Holdings Co., Ltd. He is an independent director of Hua Xia Bank and BOE.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. Patrick SUN, aged 57, 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. Mr. SUN acts as Independent Non-executive Director of Trinity Limited, Sihuan Pharmaceutical Holding Group Ltd., China NT Pharma Group Company, China Railway Signal & Communication Corporation and Kunlun Energy Company Limited (all of them are listed in HongKong). Mr. SUN also serves as an Independent non-executive director of CRRC Corporation Limited and China Railway Construction Corporation Limited, both of which are listed in Shanghai and Hong Kong stock exchanges. Now Mr. SUN is vice chairman of Chamber of Commerce of Hong Kong-listed Company after acting as chairman (during 2013–2015) and Honorary director-general of the chamber. He once acted as independent non-executive director and non-executive chairman of Solomon Systech Limited, non-executive director of Renhe Commercial Holdings, an executive director of Winmore Limited and Sunwah Kingsway Capital Holdings Limited (both of which are a Hong Kong-listed company), independent non-executive director of China Railway Group Limited and Link Real Estate Management Limited (manager of Link Real Estate Investment Trust which is listed in Hong Kong); Senior Regional Director and Head of Hong Kong Investment Bank Business of JP Morgan Chase Hong Kong; Executive Director and Head of Greater China Investment Bank Business of Fleming Holdings Limited. In addition, Mr. SUN was a member of Takeovers & Mergers Panel and Takeovers Appeal Committee of The Securities and Futures Commission (SFC), Co-convenor of Listing Committee and member of Council of The Stock Exchange of Hong Kong Ltd. Mr. SUN graduated from Wharton School, University of Pennsylvania in 1981, holding Bachelor of Science Degree in Economics. In 2000, he completed the Stanford Executive Program offered by Stanford Graduate School of Business. He is a senior member of The Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.

Mr. CHENG Wen, aged 63, a Chinese with no right of abode overseas, is currently an independent non-executive director of the Company. He holds a doctorate in management and is a researcher. 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, a 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. Mr. CHENG is familiar with business management, technological innovation and quality management.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Ms. Amanda Xiao Qiang LU, aged 61, a Canadian with the right of abode in Hong Kong, is currently an independent non-executive director of the Company. Ms. LU received her Ph.D. in economics in Canada. 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 and a member of the British Standard Lives Asia-Pacific Advisory Committee. Ms. LU is currently an external director of the board of directors of China National Building Material Group Corporation and a member of the Global Advisory Committee of British Standard Life. 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 59, 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, a supervisor of Beijing TongdaJingcheng Highway Co., Ltd. and chief supervisor of CRCC Finance Company Limited, as well as a member of the standing committee 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 head of finance department of CRCCG and the deputy head 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.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. LI Xuefu, aged 50, a Chinese with no right of abode overseas, is currently the supervisor and deputy chief economist of the Company and a non-executive director of CRCC High-Tech Equipment Corporation Limited. 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 head of the education and sanitation department of CRCCG from November 1998 to August 2002. He concurrently served as the deputy head 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.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

3. Senior management

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

Mr. XIA Guobin, aged 57, 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 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.

Mr. LIU Ruchen, aged 52, 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 of directors) 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.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. WANG Xiuming, aged 53, 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 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 Department (法制司) (now renamed as "Department of Policies, Laws and Regulations (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 Shenzhen Special Commissioner's Office 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 57, 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, and a director of China Railway Shandong Jinhua Highway Co., Ltd. (a non-wholly owned subsidiary of the Company). Mr. YU graduated from Shaanxi 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.

Section IX 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 N/A

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	February 2015
QI Xiaofei	China Railway Construction Corporation	Vice-chairman General manager	December 2014	
ZHUANG Shangbiao	China Railway Construction Corporation	Director and secretary to the communist party committee	December 2015	
ZHANG Zongyan	China Railway Construction Corporation	Director and secretary to the communist party committee	March 2013	July 2015
Description on the position in shareholder entity		Nil		

Section IX Directors, Supervisors, Senior Management and Staff (continued)

(III) Occupations in other entities

Applicable Not Applicable

Name of employee	Name of other entities	Positions in other parties	Initial date	End date
WANG Xiuming	CRCC Finance Company Limited	Chairman	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	April 2015
	Hua Xia Bank	Independent director	April 2014	
	China CAMC Engineering Co., Ltd.	Independent director	April 2013	December 2015
	BOE	Independent director	July 2015	
Patrick SUN	Solomon Systech International Limited	Independent non-executive director	February 2004	June 2015
	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	March 2010	
	China CNR Corporation Limited	Independent non-executive director	February 2012	May 2015
	CRRC	Independent non-executive director	May 2015	
	China Railway Signal & Communication Corporation	Independent non-executive director	May 2015	
	Kunlun Energy Copmany Limited	Independent non-executive director	February 2016	
CHENG Wen	China North Industries Group Corporation	External director	September 2014	
Amanda Xiao	CNBM	External director	October 2011	
Qiang LU	Advisory Committee for the Asia-Pacific region of British Standard Life	Council member	December 2013	March 2016
	British Standard Life Global Advisory Committee	Council member	March 2016	
HUANG Shaojun	Beijing Tongda Jingcheng Highway Co., Ltd	Supervisor	April 2004	
	CRCC Finance Company Limited	Chief Supervisor	August 2011	
LI Xuefu	CRCC High-Tech Equipment Corporation Limited	Non-executive director	June 2015	
Description on position in other entities		Nil		

Section IX 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 standards 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 consideration 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 in compliance with 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.

3 **Determination basis for remuneration of senior management**

The determination basis for remuneration of senior management of the Company shall be in compliance with 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.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Particulars of remuneration paid 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	RMB11,390,807 (before tax)

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

Name	Positions	Change	Reasons for change
MENG Fengchao	Deputy secretary to the communist party committee	Appointment	Business engagement
	Secretary to the communist party committee	Resignation	Business engagement
QI Xiaofei	Executive director	Engagement	Business engagement
	Vice-chairman	Election	Business engagement
	Secretary to the communist party committee	Appointment	Business engagement
ZHUANG Shangbiao	President	Engagement	Business engagement
	Deputy secretary to the communist party committee	Appointment	Business engagement
PENG Shugui	Vice chairman, deputy secretary to the communist party committee, chairman of the labor union	Resignation	Retirement
ZHANG Liangcai	Employee supervisor	Election	Elected by workers congress
ZHANG Zongyan	Executive director, president, deputy secretary to the communist party committee	Resignation	Job change

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Notes:

1. On 19 January 2015, the Fifth Session of the Third Board of the Company adopted *Proposal on Selection of Executive Directors of China Railway Construction Corporation Limited*, according to which Mr. PENG Shugui would no longer serve as Vice Chairman, Executive Director and other positions on the Board of the Company for the reason of age while the Nomination Committee of the Board nominated Mr. QI Xiaofei as a candidate for the Executive Director. On 5 February 2015, the First Extraordinary General Meeting 2015 approved the appointment of Mr. QI Xiaofei as the executive director, and at the Seventh meeting of the third session of the Board held on the same day Mr. QI Xiaofei was elected as Vice Chairman and a member of Nomination Committee, who would hold the positions as long as the directors of the third session of the Board.
2. On 6 July 2015, the Board received the resignation report by Mr. ZHANG Zongyan in which he would resign from the executive director and president of the Company due to job change and he would no longer act as Chairman of Strategy and Investment Committee of the Board. In compliance with the *Company Law and Articles of Association*, his resignation report would take effect from the date when it was delivered to the Board (i.e. 6 July 2015). Following his resignation, Mr. ZHUANG Shangbiao, the Company's executive director, vice president and general legal counsel began to chair the management.
3. On 21 July 2015, the Company held the First Joint Meeting of the Sixth Session of the First Workers' Congress where Mr. ZHANG Liangcai was elected as employee representative supervisor of the Third Supervisory Committee whose terms of office would last from the date of election until the term of the Third Supervisory Committee expires.
4. On 4 December 2015, the 20th Session of the Third Board of directors examined and adopted Proposal on Appointing President of China Railway Construction Corporation Limited in which Mr. ZHUANG Shangbiao was appointed as President of the Company whose term started from the date when the appointment was adopted by the Board to 28 October 2017 (same as that of the current senior executives).

For more details, see relevant announcements published on 20 January 2015, 6 February 2015, 7 July 2015, 22 July 2015 and 5 December 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.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

VI. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the directors and supervisors had entered into a three-year service contract with the Company. 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 X. 5 “(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 transactions, arrangements or 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 directors or other members of senior management of the Company.

VIII. PUNISHMENT IMPOSED BY SECURITIES REGULATORY DESCRIPTION IN RECENT YEARS

Applicable N/A

IX. EMPLOYEES OF THE PARENT AND THE MAJOR SUBSIDIARIES

(I) Employees

Number of existing employees of the parent	294
Number of existing employees of major subsidiaries	254,072
Total number of existing employees	254,366
Number of resigned employees payable by the parent company and main subsidiaries	0

Professional Composition

Category	number of employees
Administration personnel	52,472
Professional and technical personnel	111,418
Skilled personnel	90,476
Total	254,366

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Educational Background

Category	Number of employees
Postgraduate or above	7,209
Undergraduate	109,116
Junior college	59,540
Technical secondary school	24,985
High school or below	53,516
Total	254,366

(II) *Remuneration policy*

The Group implements a remuneration policy with remuneration budget management and links between remuneration and performance, which means that the total salary is linked with the total profits. And remuneration of employees is determined based on performance of enterprises and each individual.

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%, and the employers contribute 10% to 22% to the basic pension insurance. Employees contribute 0.2% to 1% and the employers contribute 1% to 2% to the unemployment insurance. Employees do not need to contribute to the workplace injury insurance while employers contribute 0.3% to 2% to that. The contribution rates for medical insurance, maternity insurance and housing funds are subject to local regulations.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

(III) *Training plan*

As for the focuses of the employees training in 2016, the first scheme is to offer training classes for cadres at different levels aiming to enhance cadres' party spirit and improve their decision-making competency and action power. The second is to offer training classes focusing on marketing, overseas operations, project management, claims and cost management, investment and financing management, financial management, legal compliance, corporate culture building and press and communication, and further intensify training. The third is to make greater efforts to cultivate first-class certified architects, structure engineers, builders and other certified professionals, in order to meet the demands for top-class qualification and the needs of tender/bidding. The fourth is to strengthen the training for front-line operators of core work and special operation personnel and improve the system of employment with profession certificate, achieving 100% of all workers holding a requisite certificate.

(IV) *Labor outsourcing*

Total working hours on labor outsourcing	approximately 6.51 billion working hours
Total payment for labor outsourcing	approximately RMB127.4 billion

Section X Corporate Governance (Corporate Governance Report)

I. BASIC INFORMATION OF CORPORATE GOVERNANCE OF THE COMPANY

The Company is aware of the importance of being in compliance with the laws and regulations. The Company has established a relatively mature system to maintain its continuous compliance with all applicable laws, regulations and rules. During the Reporting Period, the Company constantly improved corporate governance, facilitated the development of various systems and rules of the Company, 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 (“Code”) published by the Hong Kong Stock Exchange. To the best of our knowledge, the Company complied with the laws and regulations of relevant fields in all material aspects during the Reporting Period.

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

1. Strengthened corporate governance for standardized operation. The General Meetings of Shareholders were held in accordance with Articles of Associations and Rules of Procedure for General Meetings. We enabled the exercise of shareholders’ rights according to laws and earnestly safeguard the interests of shareholders. The Board and its special committees operated in compliance with Articles of Association, Rules of Procedure of the Board and detailed rules of special committees of the Board and made prudent decisions. The Supervisory Committee performed their duties earnestly in accordance with Articles of Association and Rules of Procedure of the Supervisory Committee in order to supervise the financial affairs, internal control system building and duty-performing of directors and senior management. President and other senior management carried out activities in relation to production, operation and management in compliance with Articles of Association and Detailed Rules for President to Perform Duty and other provision, implemented the resolutions made by the Board under the supervision of the Supervisory Committee.
2. Continued to perfect the corporate governance system. In 2015, the Company amended the Articles of Association, Rules of Procedure for General Meetings, Measures for Management of Raising Funds and other systems in accordance with relevant regulations of SASAC, CSRC and the stock exchanges where the Company’s shares are listed while taking into account the actual conditions of the Company.

Section X Corporate Governance (Corporate Governance Report) (continued)

3. Enhanced management of information disclosure. The Company disclosed necessary information in a true, accurate, complete, timely and fair manner in strict compliance with the listing requirements laid down by the stock exchanges where the Company's shares are listed and kept improving the information disclosure. The Company has combined legal disclosure and voluntary disclosure, and enhanced the relevance and effectiveness of information disclosed. In 2015, the Company released over 400 documents in Chinese and English languages in the stock exchanges where the Company's shares are listed, including 154 on the Shanghai Stock Exchange and 279 on the Hong Kong Stock Exchange.

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.

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 Code, 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 Code and adopted the recommended best practices in various aspects.

The General Meeting, the Board and the Supervisory Committee of the Company 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 Stock Exchange Listing Rules, please refer to relevant contents of this section and relevant contents of "Section V Management Discussion and Analysis (Report of Directors)" and "Section IX Directors, Supervisors and Senior Management and Staff" of this report.

Section X Corporate Governance (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 seven General Meetings during the Reporting Period, of which one was annual General Meeting and two were extraordinary General Meeting and four were shareholders' class meetings.

Session of meeting	Date	Enquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published
2015 First Extraordinary General Meeting	5 February 2015	Websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	6 February 2015
2015 First A Shareholders' Class Meeting	5 February 2015	Websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	6 February 2015
2015 First H Shareholders' Class Meeting	5 February 2015	Websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	6 February 2015

Section X Corporate Governance (Corporate Governance Report) (continued)

Session of meeting	Date	Enquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published
2014 Annual General Meeting	2 June 2015	Websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	3 June 2015
2015 Second A Shareholders' Class Meeting	2 June 2015	Websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	3 June 2015
2015 Second H Shareholders' Class Meeting	2 June 2015	Websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	3 June 2015
2015 Second Extraordinary General Meeting	29 October 2015	Websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk)	29 October 2015

Section X Corporate Governance (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 in writing to convene an extraordinary General Meeting. The Board 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 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 obtained if any change is to be made in the notice to the original request. If the Board 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 obtained 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, No. 40 Fuxing Road, Haidian District, Beijing
Investor relations hotline	010-52688600
Fax	010-52688302
Email	ir@crcc.cn

Section X Corporate Governance (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.

(III) Procedures for shareholders to submit proposals 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 proposals 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 proposals within two days after receipt of the motion, and submit such new motion the General Meeting for consideration. The contents of such a new proposals 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 form of proxy appointed 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.

Section X Corporate Governance (Corporate Governance Report) (continued)

V. BOARD OF DIRECTORS

(I) Overview of the Board

The Board 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 (temporarily short of one executive director), with one chairman and one vice chairman, and at least one third of them are independent non-executive directors.

At the end of the Reporting Period, the third session of the Board of the Company consisted of eight members, Mr. MENG Fengchao, Mr. QI Xiaofei and Mr. ZHUANG Shangbiao are executive directors, Mr. GE Fuxing is an 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.

Since 19 January 2015, Mr. PENG Shugui no longer held his position as a director of the Company.

Since 6 July 2015, Mr. ZHANG Zongyan no longer held his position as a director of the Company.

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 contracts of significance entered into by the Company or any of its subsidiaries during the Reporting Period.

During the Reporting Period, the Board held 17 meetings at which 82 resolutions were considered and resolved.

Section X Corporate Governance (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 the 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 convene the General Meetings and report on its work thereat, and to carry out the resolutions passed at the 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 the 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) and chief accountant 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.

There are the Nomination Committee, the Strategy and Investment Committee, the Remuneration and Evaluation Committee, and the Audit and Risk Management Committee established under the Board. Each of the special committees has their detailed working rules and shall be accountable to the Board. Under the unified leadership of the Board, the special committees shall provide recommendations, opinions and advice for the decisions to be made by the Board. The special committees may engage intermediary organizations to provide independent professional advice, and the relevant expenses therefor shall be borne by the Company.

In order to improve the scientific decision-making and enhance the standardized operation, the Board has made efforts to expand channels of information communication, conduct investigation of specific subjects focusing on strategic planning, risk management and internal control as well as major decision making, etc.

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.

Section X Corporate Governance (Corporate Governance Report) (continued)

2. Management

The daily operation of the Company is carried out under the president accountability system. The Company shall have one president, several vice presidents and a chief accountant. The vice presidents and the chief accountant 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 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; 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 to engage or dismiss the Company's vice presidents and chief accountant; to propose, upon engaging the vice presidents and the chief accountant, 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; and other functions and powers granted by the Board.

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.

Section X Corporate Governance (Corporate Governance Report) (continued)

VI. PERFORMANCE OF DUTIES OF DIRECTORS

(I) Directors' attendance at the Board meetings and General meetings ^{Note}

Name of director	Whether or not Independent director	Required attendance for the year	Attendance at the Board meetings				Whether or not for/ or attend in person for two consecutive times	Attendance at the General Meetings		
			Attendance in person	Attendance by communication	Attendance by proxy	Absence		Attendance	Number of attendance	Attendance
MENG Fengchao	No	17	12	5	0	0	No	100%	7	100%
QI Xiaofei	No	15	10	4	1	0	No	93.33%	7	100%
ZHUANG Shangbiao	No	17	10	5	2	0	No	88.24%	1	14.28%
GE Fuxing	No	17	12	5	0	0	No	100%	7	100%
WANG Huacheng	Yes	17	11	5	1	0	No	94.12%	7	100%
Patrick SUN	Yes	17	12	5	0	0	No	100%	7	100%
CHENG Wen	Yes	17	11	5	1	0	No	94.12%	6	85.71%
Amanda Xiao Qiang LU	Yes	17	11	5	1	0	No	94.12%	7	100%
PENG Shugui	No	1	1	0	0	0	No	100%	-	-
ZHANG Zongyan	No	10	5	4	1	0	No	90.00%	6	100%

Notes:

- Since 19 January 2015, Mr. PENG Shugui no longer held his position as a director of the Company.
- Since 6 July 2015, Mr. ZHANG Zongyan no longer held his position as a director of the Company.
- Since notice of the General Meeting shall be served forty-five days before it was convened and ZHUANG Shangbiao, an executive director and the president of the Company would not present at the 2015 first extraordinary General Meeting held on 5 February 2015, the 2015 first A shareholders' class meeting and the 2015 first H shareholders' class meeting, 2014 annual General Meeting held on 2 June 2015, the 2015 second A shareholders' class meeting and the 2015 second H shareholders' class due to urgent official business.

Notes on the two consecutive absent from the Board meeting:

Not Applicable

Number of Board meeting throughout the year	17
Among all: number of meeting held on site	12
number of meeting held by communication	5
number of meeting held on site with communication	0

Section X Corporate Governance (Corporate Governance Report) (continued)

(II) *Training of directors*

Mr. MENG Fengchao attended the conference organized by SASAC on anti-corruption and clean government in central enterprises on 19 January 2015; training organized by Beijing Securities Regulatory Authority on corporate bonds on 23 July 2015; and the symposium on building of Communist Party of China in enterprises on 1 December 2015.

Mr. QI Xiaofei attended the training class held by SASAC on communication for directors on 31 March 2015; special training organized by Beijing Securities Regulatory Authority on policy interpretation for listed companies based in the territory of Beijing on 3 November 2015.

Mr. ZHUANG Shangbiao attended the class for advanced studies for cadres of leading roles of departments or equivalents offered by Party School of the CPC Central Committee during 13 May-15 July 2015; training organized by Beijing Securities Regulatory Authority on overseas financing and investment M&A for listed companies based in the territory of Beijing on 6 August 2015; training class held by SASAC on communication for directors on 21 December 2015.

Mr. GE Fuxing attended SASAC-Tsinghua University training class for directors during 30 June-1 July 2015; training organized by the Organization Department of the Central Committee of the CPC on deepening enterprise reform and perfecting market system during 6 June-16 June 2015; training on enterprise strategy planning and capital operation under the program for improving qualities of enterprise management talents organized by SASAC Cadres Education and Training Center during 24 September-26 September 2015; training class held by SASAC on communication for directors on 16 October 2015; training class held by SASAC on communication for directors on 21 December 2015; SASAC-Tsinghua University training class for directors on 23 December-24 December 2015; and training organized by Beijing Securities Regulatory Authority on annual reports for listed companies based in the territory of Beijing on 29 Dec 2015.

Mr. WANG Huacheng attended the meeting organized by SASAC on the board structuring, promoting and debt risk management in central enterprises on 8 June 2015; SASAC-Tsinghua University training class for directors on 30 June-1 July 2015; SASAC-Tsinghua University training class for directors on 23 December-24 December 2015.

Mr. Patrick SUN attended the training class organized by Trinity Limited on risk management and internal control on 20 May 2015; training class on global retails development trends on 11 November 2015; training class on HKEx listing compliance, consolidation management, corruption prevention and corporate governance on 15 November 2015.

Section X Corporate Governance (Corporate Governance Report) (continued)

Mr. CHENG Wen attended SASAC-Tsinghua University training class for directors on 30 June-1 July 2015; training class held by SASAC on communication for directors on 20 July 2015; training class organized by SASAC on labor employment and income distribution on 24 September 2015; training organized by SASAC on board operation practices on 24 October-30 October 2015; training class held by SASAC on communication for directors on 21 December 2015; and SASAC-Tsinghua University training class for directors on 23 December-24 December 2015.

Ms. Amanda Xiao Qiang LU attended the training class held by SASAC on communication for directors on 20 July 2015.

(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.

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.

Section X Corporate Governance (Corporate Governance Report) (continued)

(IV) 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, the Shanghai Stock Exchange and the requirements of the Stock Exchange 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 Stock Exchange 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.

(V) 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 proposals presented at the Board meetings or other matters for the year.

VII. CHAIRMAN AND PRESIDENT

(I) Chairman

Mr. MENG Fengchao serves 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 special 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. ZHUANG Shangbiao serves 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 responsibility to the Board for the operating conditions of the Company and reports his work to the Board on a regular basis.

Section X Corporate Governance (Corporate Governance Report) (continued)

VIII. IMPORTANT OPINIONS AND SUGGESTIONS PROPOSED BY SPECIAL COMMITTEES OF THE BOARD UPON PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD AND DISCLOSURE THE PARTICULARS WITH OBJECTIONS RAISED

(I) *Nomination Committee*

During the Reporting Period and before 19 January 2015, the Nomination Committee of the third session of the Board of the Company consisted of Mr. MENG Fengchao (chairman of Board), Mr. PENG Shugui (vice chairman), Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen (independent non-executive directors) with Mr. MENG Fengchao serving as the chairman. On 19 January 2015, as considered at the fifth meeting of the third session of the Board, Mr. PENG Shugui shall not serve as the vice chairman, the executive director as well as other relevant positions in the Board of the Company. 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 of Board), 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 implemented its responsibilities conscientiously pursuant to the requirements of the Company Law, 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 2 meetings were held and the particulars are as follows:

Name of meeting	Date	Main contents	Attendance
The second meeting of the third session	19 January 2015	Considered the Proposal in Relation to the Candidate for the Executive Director of the Company	Mr. MENG Fengchao, Mr. PENG Shugui, Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen were present at the meeting.
The third meeting of the third session	4 December 2015	Considered the Proposal in Relation to the Nomination of Mr. ZHUANG Shangbiao as the Candidate for the President of China Railway Construction Corporation Limited	Mr. MENG Fengchao, Mr. QI Xiaofei, Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

(II) Strategy and Investment Committee

During the Reporting Period, prior to 6 July 2015, the Strategy and Investment Committee of the third session of the Board of the Company consisted of Mr. ZHANG Zongyan, Mr. ZHUANG Shangbiao (executive directors), Mr. GE Fuxing (non-executive director), Mr. WANG Huacheng and Mr. Patrick SUN (independent non-executive directors) with Mr. ZHANG Zongyan serving as the chairman; on 6 July 2015, the Board received the resignation report of Mr. ZHANG Zongyan who resigned from his positions as an executive director and the president of the Company and ceased to serve as the chairman of the Strategy and Investment Committee of the Board of the Company due to job changes; on 4 December 2015, through the consideration of the 20th meeting of the third session of the Board, it was agreed that Mr. ZHUANG Shangbiao shall serve as the chairman of the Strategy and Investment Committee until the expiration of the tenure of this session of the Board.

The main duties of the Strategy and Investment Committee are to conduct research and make recommendations for the development strategies and plans, significant investment decisions of the Company, etc. 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 a total of 9 meetings, the details of which are as follows:

Session of meeting	Date	Details of Subject Discussed	Attendance
The first meeting of the third session	26 January 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Completion of the 2014 Corporate Investments Plan and the 2015 Corporate Investment Plan; 2. Considered the Proposal in Relation to the Investment and Construction of Phase I Project of Line 21 and 27 of the Rail Transit of Wuhan by CRCC 11th Bureau Group Co., Ltd. in the Mode of BT; 3. Considered the Proposal in Relation to the Investment and Construction of the Yongning Hydro-junction Project by CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. and CRCC 20th Bureau Group Co., Ltd. in the Mode of Applying Industrial Funds. 	Mr. ZHANG Zongyan, Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Session of meeting	Date	Details of Subject Discussed	Attendance
The second meeting of the third session	11 February 2015	Considered the Proposal in Relation to the Acquisition of the Shares in Chongqing Iron Hair Suiyu Highway Co., Ltd. by the Company	Mr. ZHANG Zongyan, Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.
The third meeting of the third session	28 April 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Investment and Construction of the Chang-Fu Highway BOT Project by CRCC 25th Bureau Group Co., Ltd. in the Mode of <i>Participation + General Construction Contracting</i>; 2. Considered the Proposal in Relation to the Investment in Phase I Project of Line 4 of Changsha Rail Transit by CRCC 11th Bureau Group Co., Ltd. and China Railway Construction Bridge Engineering Bureau Group Co., Ltd in the Mode of <i>Investment + General Contracting</i>; 3. Considered the Proposal in Relation to the Investment in Wuhu Chengnan Cross-river Tunnel PPP Project by China Railway Construction Investment Co., Ltd.; 4. Considered the Proposal in Relation to the Investment in the Dujiangyan-Deyang-Jiayang Segment BOT Project of Ring Expressway in Chengdu Economic Zone by China Railway Construction Investment Co., Ltd.; 5. Considered the Proposal in Relation to the Investment in the Projects of CINDA Property and Casualty Insurance Co., Ltd. by China Railway Construction Investment Co., Ltd.. 	Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Session of meeting	Date	Details of Subject Discussed	Attendance
The fourth meeting of the third session	1 June 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Increase of the Registered Capital of CRCC 19th Bureau Group Co., Ltd. due to the Participation in the General Highway Contracting Project of Inner Mongolia Autonomous Region; 2. Considered the Proposal in Relation to the Investment in the PPP Project of Beijing Xing-Yan Highway by China Railway Construction Investment Co., Ltd.; 3. Considered the Proposal in Relation to the BT Project of Chengdu Subway Line 5 by CRCC Goods and Materials Group Co., Ltd.. 	Mr. ZHANG Zongyan, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.
The fifth meeting of the third session	29 July 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Participation of China Railway Construction Real Estate Group Co., Ltd. in the Level-1 Land Development of Phase II of the Project in Block C, Liulihe, Fangshan District, Beijing; 2. Considered the Proposal in Relation to the Participation of China Railway Construction Investment Co., Ltd. in the Investment in the Non-public Issuance Shares of Tongling Nonferrous Metals Group Co., Ltd.; 3. Considered the Proposal in Relation to the Participation of CRCC 12th Bureau Group Co., Ltd. in the Investment and Construction of the PPP Project of Weng'an-Machangping Line in Guizhou; 4. Considered the Proposal in Relation to the Internal Integration and Reorganization of China Railway Construction Corporation Limited. 	Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Session of meeting	Date	Details of Subject Discussed	Attendance
The sixth meeting of the third session	26 August 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Approval on the Preparation and the Construction of CRCC Financial Leasing Co., Ltd; 2. Considered the Proposal in Relation to the Participation of CRCC 17th Bureau Group Co., Ltd. in the Bids for the Civil Engineering Project and Related Projects of the Two Side Sections of Phase I of Line 3 of Shijiazhuang Rail Transit and the Civil Engineering BT Project of the Municipal Remained Project (Remained Section) of Zhengding New District; 3. Considered the Proposal in Relation to the Participation in the Bids for the BOT+EPC Project of the Expressways of Qianjiang-Shizhu in Chongqing, Nanchong-Dazu-Luzhou (Chongqing Section) and YuQian Complex Line (Chongqing Section) as a Consortium formed by China Railway Construction Corporation Limited and Chongqing Expressway Co., Ltd.. 	Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Session of meeting	Date	Details of Subject Discussed	Attendance
The seventh meeting of the third session	13 October 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Participation of CRCC 11th Bureau Group Co., Ltd. in the Bids for the BT Project of the Jinghe Extension Line of Line 1 of Wuhai Rail Transit; 2. Considered the Proposal in Relation to the Participation in the Bids for the <i>Investment + Engineering General Contracting</i> of the New Construction of the Xiaogan-Shiyan Section Project of Wuhan-Shiyan Railway in the Name of the Consortium of China Railway Construction Corporation Limited, CRCC 11th Bureau Group Co., Ltd. and CRCC 11th Bureau Group Co., Ltd. 3rd Engineering Co., Ltd; 3. Considered the Proposal in Relation to the Establishment of China Railway Construction Strait Construction Co., Ltd.. 	Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Session of meeting	Date	Details of Subject Discussed	Attendance
The eighth meeting of the third session	30 October 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Participation of CRCC 11th Bureau Group Co., Ltd. in the Bids for the PPP Project of Phase I of Xincheng of Zunyi High-speed Railway; 2. Considered the Proposal in Relation to the Participation of CRCC 12th Bureau Group Co., Ltd. in the Bids for Phase I PPP Project of Line 2 of Xuzhou Subway in the Name of a Joint-stock Company; 3. Considered the Proposal in Relation to the Participation of CRCC 16th Bureau Group Co., Ltd. in the Bids for the PPP Project of the Newly Established Wuzhong-Zhongwei Inter-city Railway in Ningxia in the Name of a Joint-stock Company; 4. Considered the Proposal in Relation to the Adjustment of the Investment and Construction Scale and Financing Scheme of the Traffic Engineering of Qingdao-Haiyang Intercity Rail (Blue Silicon Valley Section) Project by China Railway Construction Investment Co., Ltd.; 5. Considered the Proposal in Relation to the Investment in the Supporting Project for the BOT Project of Ziyuan-Xing'an Highway by China Railway Construction Investment Co., Ltd.. 	Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Session of meeting	Date	Details of Subject Discussed	Attendance
The ninth meeting of the third session	28 December 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Establishment of China Railway Construction South Construction Investment Co., Ltd; 2. Considered the Proposal in Relation to the Participation of China Railway Construction Group Corporation Limited in the Bids for the Binjiang International Financial Center Project, Xiangjiang New District, Hunan in the mode of <i>Financing + Construction General Contracting</i>; 3. Considered the Proposal in Relation to the Participation of CRCC Construction Group Corporation Limited in the Bids for the First Initialized Section Project of South 2nd Section, Yizhou Avenue and West Section, Guangzhou Road (Phase II), Tianfu New District, Chengdu in the Mode of a General Contracting of <i>Land + Financing + Construction</i>; 4. Considered the Proposal in Relation to the Participation of CRCC 24th Bureau Group Co., Ltd. in the Bids for the Comprehensive Reconstruction for PPP Project of the South Square of Fuzhou North Railway Station; 5. Considered the Proposal in Relation to the Participation in the Bids for the Phase I PPP Project of Line 2 of Urumqi Rail Transit; 6. Considered the Proposal in Relation to the Investment in Xinjiang Bank Co., Ltd by China Railway Construction Investment Co., Ltd.. 	Mr. ZHUANG Shangbiao, Mr. GE Fuxing, Mr. WANG Huacheng and Mr. Patrick SUN were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

(III) Remuneration and Evaluation Committee

During the Reporting Period, the Remuneration and Evaluation Committee of 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 serving as 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.

During the Reporting Period, the Remuneration and Evaluation Committee earnestly performed their duties and held 6 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 second meeting of the third session	28 March 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Remuneration for Directors of 2014; 2. Considered the Proposal in Relation to the Remuneration Standards for Supervisors of 2014. 	Mr. CHENG Wen, Mr. GE Fuxing and Ms. Amanda Xiao Qiang LU were present at the meeting.
The third meeting of the third session	28 April 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Results of the Performance Appraised by the Board on the President for 2014; 2. Considered the Proposal in Relation to the Plans for the Performance Appraised by the Board on the President for 2015. 	Mr. CHENG Wen, Mr. GE Fuxing and Ms. Amanda Xiao Qiang LU were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Name of meeting	Date	Main contents	Attendance
The fourth meeting of the third session	1 June 2015	Considered the Proposal in Relation to the Annual Incentive Plan for the Outstanding Contributions to Economic Benefits for the Leading Group Members of the Company for 2014.	Mr. CHENG Wen, Mr. GE Fuxing and Ms. Amanda Xiao Qiang LU were present at the meeting.
The fifth meeting of the third session	29 July 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Review on the Annual Appraisal Results for the Individual Performance of the Officers of the Company for 2014; 2. Considered the Proposal in Relation to Annual Performance Appraisal Plan for the Officers of the Company for 2015. 	Mr. CHENG Wen, Mr. GE Fuxing and Ms. Amanda Xiao Qiang LU were present at the meeting.
The sixth meeting of the third session	26 August 2015	Considered the Proposal in relation to Corporate Annuity Management Regulations of China Railway Construction Corporation Limited and the Corporate Annuity Plan of China Railway Construction Corporation Limited.	Mr. CHENG Wen, Mr. GE Fuxing and Ms. Amanda Xiao Qiang LU were present at the meeting.
The seventh meeting of the third session	13 October 2015	<ol style="list-style-type: none"> 1. Conveying and Studying the Spirits of the Training Meeting for Central Enterprises Regarding Employment and Income Distribution, and studying and carrying out the opinions on Paper 12 of the Central Government and Paper 83 of SASAC; 2. Considered the Proposal in Relation to 2014 Remuneration Plan for the Officers; 3. Considered the Proposal in Relation to the Annual Incentive Plan for the Outstanding Contributions to Economic Benefits for the Chairman of the Supervisory Committee of the Company for 2014. 	Mr. CHENG Wen, Mr. GE Fuxing and Ms. Amanda Xiao Qiang LU were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

(IV) **Audit and Risk Management Committee**

During the Reporting Period, the Audit and Risk Management Committee of the Company 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 8 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 third meeting of the third session	9 March 2015	<ol style="list-style-type: none"> 1. Heard E&Y Hua Ming LLP's Report on the Progress of the Audit on 2014 Annual Report (Second Communication); 2. Heard the Report of the Supervisory Committee on the Annual Audit Thoughts and Audit Plan 2015 of the Company; 3. Considered the Proposal in Relation to 2014 Annual Report Audit Fee. 	Mr. WANG Huacheng, Mr. GE Fuxing, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Name of meeting	Date	Main contents	Attendance
The fourth meeting of the third session	28 March 2015	<ol style="list-style-type: none"> 1. Heard E&Y Hua Ming LLP's Report on the Audit on 2014 Annual Report of the Company (Third Communication); 2. Considered the Financial Report 2014 of the Company; 3. Heard the Report of the Company on the Progress of the Internal Control Evaluation for 2014; 4. Heard the Report of the Company on the Outward Disclosure of the Internal Control Evaluation Report 2014; 5. Considered the Proposal in Relation to the Payment by the Company of Annual Internal Control Audit Fee for 2014 and the Selection and Recruitment of Internal Control Organization by the Company for 2015; 6. Considered the Proposal in Relation to the Company's Selection and Recruitment of Intermediary for Annual Report Audits for 2015. 	Mr. WANG Huacheng, Mr. GE Fuxing, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU were present at the meeting.
The fifth meeting of the third session	28 April 2015	Considered the Proposal in Relation to the Financial Report of the 1st quarter of the Company.	Mr. WANG Huacheng, Mr. GE Fuxing, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU were present at the meeting.
The sixth meeting of the third session	1 June 2015	Considered the Proposal in Relation to the <i>Overall Risk Management Report 2015 of the Company</i> ,	Mr. WANG Huacheng, Mr. GE Fuxing, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU were present at the meeting.

Section X Corporate Governance (Corporate Governance Report) (continued)

Name of meeting	Date	Main contents	Attendance
The seventh meeting of the third session	26 August 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Financial Reports of the 1st Half Year of 2015 of the Company; 2. Considered the Proposal in relation to the Internal Control Evaluation Plan 2015 of the Company; 3. Communicated with Ernst & Young Hua Ming LLP in relation to the Review of the Financial Report of the 1st Half Year of 2015. 	Mr. WANG Huacheng, Mr. GE Fuxing, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU were present at the meeting.
The eighth meeting of the third session	29 October 2015	<ol style="list-style-type: none"> 1. Considered the Proposal in Relation to the Financial Report of the 3rd quarter of 2015 of the Company; 2. Considered the Proposal in Relation to the Report of the 3rd quarter of 2015 of the Company. 	Mr. WANG Huacheng, Mr. GE Fuxing, Mr. Patrick SUN and Ms. Amanda Xiao Qiang LU were present at the meeting. Mr. CHENG Wen was absent due to other official business.
The ninth meeting of the third session	4 December 2015	Heard the Report of E&Y Hua Ming in Relation to the Annual Report Audit of the Company and the Internal Control Audit Plan 2015 for the Company.	Mr. WANG Huacheng, Mr. GE Fuxing, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU were present at the meeting.
The tenth meeting of the third session	28 December 2015	Considered the Proposal in Relation to the Establishment of the 2016–2018 Continuously Relevant Transaction Cap and the Renewal of the <i>Provision of Services Framework Agreement</i> .	Mr. WANG Huacheng, Mr. GE Fuxing, Mr. Patrick SUN and Mr. CHENG Wen were present at the meeting. Ms. Amanda Xiao Qiang LU was absent for other official business.

During the Reporting Period, the Audit and Risk Management Committee held meeting at 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 2014 Annual Report and 2015 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.

Section X Corporate Governance (Corporate Governance Report) (continued)

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 "Section V. Management Discussion and Analysis (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

Not Applicable.

Measures, progress and follow-up plans of the Company to tackle with intra-industry competition.

Not Applicable.

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 remuneration 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 of the Company. 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.

Section X Corporate Governance (Corporate Governance Report) (continued)

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 2015, the Company arranged 50 face-to-face meetings between investors and analysts, receiving more than 138 visitors. The Company proactively participated in communication activities held by domestic and overseas investment institutions, including 11 face-to-face meetings between investors and analysts and 44 investor receptions with 220 visitors received. To facilitate disclosure of periodic reports, the Company held 5 results presentations and 64 one-to-one and one-to-many meetings with 115 institutional investor received. Through various channels and means, the Company managed to improve investor relations management.

The Company carried out information disclosure in a true, accurate, complete, timely and fair manner. In 2015, the Company issued periodic reports and announcements, disclosed more than 400 documents in Chinese or English in SSE and Hong Kong Stock Exchange, 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 active and effective work on investor relations has been recognized by investors and capital markets. In 2015, the Company won many awards in respect of brand building, normative governance, information disclosure, investor relation, social responsibility, etc.. In the appraisal and selection of Listed Companies Most Respected by Investors in 2015 held by China Association for Public Companies together with several entities, the Company was awarded as "Top 100 Listed Companies Most Respected by Investors in China in 2015"; at the "15th session of Top 100 Chinese Listed Companies Summit Forum", the Company won the prizes of "Top 100 Chinese Listed Companies" and "Enterprise with Morality of Chinese Companies", and Chairman MENG Fengchao was awarded as "Top 100 Outstanding Entrepreneurs in China" and Board Secretary YU Xingxi won the prize of "Top 100 Excellent Board Secretaries in China"; in the appraisal and selection held by South Entrepreneur together with many entities, the Company was selected into "China's Top 100 Listed Companies with the Highest Investment Value in 2015" and "China's Top 100 Benchmarking and Listed Companies in Innovation in 2015" and Chairman MENG Fengchao won the title of "The Most Respected Meritorious Entrepreneur of China's Listed Companies in 2015"; in the appraisal and selection of "Awards for Chinese Financing/Listing Companies" held by China Financing, Chief Accountant WANG Xiuming won the prize of "The Best CFO" and Board Secretary YU Xingxi won the prize of "The Best Board/Company Secretary"; at "The 9th Market Value Management Summit for Chinese Listing Companies", the Company was elected into "Top 100 Listing Companies in respect of Capital and Brand Value in China in 2015" and "Top 50 State-owned/controlled Listed Companies in respect of Market Value in China in 2015"; in the appraisal and selection of "Golden Bauhinia on Securities in China in 2015" held by Ta Kung Pao, the Company won the title of "The Best

Section X Corporate Governance (Corporate Governance Report) (continued)

Listed Company in respect of Investor Relation Management” and Board Secretary YU Xingxi won the title of “The Best Listed Company Board Secretary”; at “The 11th Board of Directors Round Table Forum for Listed Companies in China” held by the journal Directors & Boards, the Company won “The Special Contribution Prize in the Construction of Board of Directors” and Board Secretary YU Xingxi won the title of “The Most Innovative Board Secretary”; in the appraisal and selection of “The 13th Financial and Economic List for China”, Board Secretary YU Xingxi won the title of “The Gold Medal Board Secretary of Listed Company in 2015”; in the appraisal and selection of “The 11th New Wealth Gold Medal Board Secretary”, Board Secretary YU Xingxi won the title of “The Gold Medal Board Secretary of New Wealth”.

XIV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION DURING THE REPORTING PERIOD

During the Reporting Period, according to the applicable laws and regulations of the place where the shares of the Company are listed and the actual situation of the Company, the Articles of Association of the Company were amended twice after the consideration and approval by the Board meetings and the General Meetings.

The first amendment: Pursuant to the Guidelines for the Articles of Association of Listed Companies (2014 second version) (CSRC Announcement [2014] 47) and the Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies (CSRC Announcement [2013] 43) issued by CSRC taking into consideration of the actual conditions of the Company, at the 4th meeting of the third session of the Board held on 16 December 2014 and the 2015 first extraordinary General Meeting held on 5 February 2015, the amendments to Article 107, 121, 125, 255 and 256 as well as related sidenotes in the Articles of Association were considered and approved. The Articles of Association (Amended) were published at the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn) on 6 February 2015.

The second amendment: In July 2015, the Company issued 1,242,000,000 RMB denominated ordinary shares (A Share) in a non-public offering manner; after the completion of non-public issuance of A shares, the content of the Articles of Association in respect of registered capital, and the shareholding structure and other matters changed. With the authorization granted at the 2015 first extraordinary General Meeting of the Company held on 5 February 2015, Article 22 of the Articles of Association was amended. The Articles of Association (Amended) were published at the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn) on 18 July 2015.

XV. REMUNERATION OF AUDITORS

For relevant information on the remuneration of auditors, please refer to “V. Appointment and removal of auditors” of “Section VI. Significant Events” in this report.

XVI. COMPANY SECRETARY

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.

Section X Corporate Governance (Corporate Governance Report) (continued)

XVII. DIRECTORS' RESPONSIBILITIES RELATED TO FINANCIAL REPORT (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE STOCK EXCHANGE LISTING RULES)

The Directors shall bear responsibility to supervise the preparation of financial report. In terms of the annual financial statements as of December 31, 2015, the Board of Directors has selected and used appropriate accounting policies to make prudent and reasonable judgments and estimates, in order to truly and fairly reflect the financial conditions, performance and cash flows of the Group during the financial year.

The statement of reporting responsibilities of the Company's auditors has been contained in "the twelfth section" of the financial report, "Audit report".

XVIII. SELF-ASSESSMENT REPORT ON INTERNAL CONTROL DISCLOSED?

Applicable N/A

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).

Description on significant defects of the Internal Control during the Report Period

Applicable N/A

XIX. 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 2015, 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.

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).

Auditors' Report on Internal Control disclosed?

Yes

Section XI Particulars of the Corporate Bonds

Applicable N/A

Report of the Auditors



Ernst & Young Hua Ming (2016) 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 2015, and the statements of profit or loss and other comprehensive income, 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 2015 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 2016

Consolidated Balance Sheet

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

ASSETS	Note V	31 December 2015	31 December 2014 (Restated)
Current assets			
Cash and bank balances	1	121,934,009	98,406,968
Financial assets at fair value through profit or loss	2	218,437	110,204
Bills receivable	3	2,493,640	2,898,212
Accounts receivable	4	128,028,443	115,528,505
Advances to suppliers	5	23,194,402	27,726,384
Interest receivables		274,586	306,839
Dividends receivable		117,901	23,205
Other receivables	6	40,180,001	34,585,435
Inventories	7	245,591,139	227,929,619
Current portion of non-current assets	9	11,916,150	12,657,740
Other current assets	12	1,299,524	1,134,204
Total current assets		575,248,232	521,307,315
Non-current assets			
Available-for-sale financial assets	8	6,546,436	4,580,184
Held-to-maturity investments		1,269	1,269
Long-term receivables	9	24,885,951	24,753,390
Long-term equity investments	11	4,157,796	3,499,022
Fixed assets	13	41,820,680	41,631,924
Construction in progress	14	3,183,416	2,817,806
Intangible assets	15	35,865,150	22,377,774
Goodwill	16	103,293	103,293
Long-term prepayments		260,463	263,478
Deferred tax assets	17	2,373,821	2,202,222
Other non-current assets		1,649,823	28,320
Total non-current assets		120,848,098	102,258,682
TOTAL ASSETS		696,096,330	623,565,997

Consolidated Balance Sheet (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note V	31 December 2015	31 December 2014 (Restated)
Current liabilities			
Short-term loans	19	43,370,880	45,591,039
Due to customers	20	5,116,842	807,664
Due to banks	21	6,000,000	–
Bills payable	22	26,279,109	21,556,148
Accounts payable	23	225,976,243	205,530,796
Advances from customers	24	75,981,106	63,815,413
Employee benefits payable	25	8,596,268	7,410,212
Taxes payable	26	9,499,737	9,781,931
Interest payables	27	1,008,370	857,728
Dividends payable	28	460,648	409,471
Other payables	29	45,434,154	40,079,753
Current portion of non-current liabilities	30	32,434,170	28,621,425
Other current liabilities	31	3,721,637	5,741,517
Total current liabilities		483,879,164	430,203,097
Non-current liabilities			
Long-term loans	32	47,398,448	53,786,729
Bonds payable	33	31,058,948	27,212,667
Long-term payables	34	2,208,765	4,580,391
Long-term employee benefits payable	35	1,416,464	1,897,381
Special payables	36	552,048	417,436
Provision	37	–	3,977
Deferred income	38	332,869	205,106
Deferred tax liabilities	17	430,459	75,867
Total non-current liabilities		83,398,001	88,179,554
Total liabilities		567,277,165	518,382,651

Consolidated Balance Sheet (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY (continued)	<i>Note V</i>	31 December 2015	31 December 2014 (Restated)
Shareholders' equity			
Share capital	39	13,579,542	12,337,542
Capital reserve	40	40,394,401	34,444,833
Other comprehensive income	41	1,159,744	249,621
Surplus reserve	43	2,120,232	1,794,862
Retained earnings	44	54,411,072	43,941,595
Equity attributable to:			
Owners of the Company		111,664,991	92,768,453
Non-controlling interests		17,154,174	12,414,893
Total shareholders' equity		128,819,165	105,183,346
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		696,096,330	623,565,997

The financial statements have been signed by:

Legal Representative:

Meng Fengchao

30 March 2016

CFO:

Wang Xiuming

30 March 2016

Financial Controller:

Cao Xirui

30 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	<i>Note V</i>	2015	2014 (Restated)
Revenue	45	600,538,730	593,302,675
Less: Cost of sales	45	531,756,328	528,374,916
Taxes and surcharges	46	18,016,474	18,042,432
Selling and distribution expenses	47	3,703,662	3,272,163
General and administrative expenses	48	22,835,612	22,889,544
Finance costs	49	4,385,029	4,368,885
Losses from impairment of assets	50	3,564,615	1,583,440
Add: (Losses)/gains on fair value changes	51	(27,495)	8,293
Investment income	52	359,528	179,240
Including: Share of gains/(losses) of associates and jointly-controlled entities		96,070	(2,535)
Operating profit		16,609,043	14,958,828
Add: Non-operating income	53	808,618	830,662
Including: Gain on disposal of non-current assets		121,622	146,379
Less: Non-operating expenses	54	304,623	257,056
Including: Loss on disposal of non-current assets		132,946	126,895
Profit before tax	55	17,113,038	15,532,434
Less: Income tax expenses	56	3,738,604	3,472,424
Net profit		13,374,434	12,060,010
Including: Net profit of the acquire prior to business combinations under common control		210,120	488,445
Attributable to:			
Owners of the Company		12,645,478	11,734,664
Non-controlling interests		728,956	325,346

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

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	<i>Note V</i>	2015	2014 (Restated)
Other comprehensive income, net of tax			
Other comprehensive income by owners of the Company, net of tax	41	910,123	205,886
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation, net of tax		1,763	25,745
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive income of associates		(104,096)	(92,799)
Changes in fair value of available-for-sale financial assets, net of tax		1,051,908	288,946
Exchange differences on translation of foreign operations		(39,452)	(16,006)
Other comprehensive income, net of tax		910,123	205,886
Total comprehensive income		14,284,557	12,265,896
Attributable to:			
Owners of the Company		13,555,601	11,940,550
Non-controlling interests		728,956	325,346
Earnings per share:			
Basic earnings per share (<i>RMB/share</i>)	57	0.98	0.95
Diluted earnings per share (<i>RMB/share</i>)	57	N/A	N/A

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	For the year ended 31 December 2015								
	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 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
Business combinations involving entities under common control (Note 1)	–	560,000	–	–	–	1,272,724	1,832,724	459,382	2,292,106
2. As at 1 January 2015	12,337,542	34,444,833	249,621	–	1,794,862	43,941,595	92,768,453	12,414,893	105,183,346
3. Increase/(decrease) during the year									
(a) Total comprehensive income	–	–	910,123	–	–	12,645,478	13,555,601	728,956	14,284,557
(b) Capital contributions and withdrawals by shareholders									
(1) Business combinations involving entities under common control (Note 1)	–	(3,098,226)	–	–	–	–	(3,098,226)	–	(3,098,226)
(2) Capital contributions (Note 3)	1,242,000	9,033,328	–	–	–	–	10,275,328	4,789,631	15,064,959
(3) Acquisition of non-controlling interests	–	1,634	–	–	–	–	1,634	(16,884)	(15,250)
(c) Profit appropriation and distribution									
(1) Appropriation to surplus reserve	–	–	–	–	325,370	(325,370)	–	–	–
(2) Distribution to owners (Note 2)	–	–	–	–	–	(1,850,631)	(1,850,631)	(762,422)	(2,613,053)
(d) Special reserve (Note V.42)									
(1) Appropriated in current year	–	–	–	7,341,705	–	–	7,341,705	–	7,341,705
(2) Used in current year	–	–	–	(7,341,705)	–	–	(7,341,705)	–	(7,341,705)
(e) Others									
(1) Others	–	12,832	–	–	–	–	12,832	–	12,832
4. As at 31 December 2015	13,579,542	40,394,401	1,159,744	–	2,120,232	54,411,072	111,664,991	17,154,174	128,819,165

Note 1: On 2 June 2015, the Company completed the business combination under the common control of Chongqing Tiefa Suiyu Highway Co., Ltd. ("Chongqing Tiefa Suiyu") Refer to Note VI.1.

Note 2: In accordance with the resolution at the 2014 annual general meeting of shareholders on 2 June 2015, the Company declared a final cash dividend for the year ended 31 December 2014 of RMB0.15 per share (cash dividend for the year ended 31 December 2013 declared in 2014: RMB0.13 per share), which amounted to RMB1,850,631,000 (cash dividend for the year ended 31 December 2013 declared in 2014: RMB1,603,880,000, cash dividend of Chongqing Tiefa Suiyu to previous shareholders declared in 2014: RMB277,504,000) based on 12,337,541,500 ordinary shares in issue.

Note 3: On 13 July 2015, the Company completed the Non-Public Issuance of 1,242,000,000 A shares. The total proceeds raised by the Company amounted to RMB9,936,000,000. After deducting the relevant expenses of share issue of RMB113,057,200, the actual net proceeds raised by the Company amounted to RMB9,822,942,800, of which the total additional share capital amounted to RMB1,242,000,000 and the total capital reserve amounted to RMB8,580,942,800. On 16 December 2015, CRCC High-Tech Equipment Corporation Limited ("CRCC") commenced its listing on the main board of The Stock Exchange of Hong Kong Limited, which increased the capital reserve by RMB452,385,000 (refer to Note VII (note v)).

Consolidated Statement of Changes in Equity (continued)

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

	For the year ended 31 December 2014 (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 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	
Business combinations involving entities under common control	-	560,000	-	-	-	1,158,829	1,718,829	431,706	2,150,535	
2. As at 1 January 2014	12,337,542	34,441,269	43,735	-	1,491,897	34,391,280	82,705,723	3,269,528	85,975,251	
3. Increase/(decrease) during the year										
(a) Total comprehensive income	-	-	205,886	-	-	11,734,664	11,940,550	325,346	12,265,896	
(b) Capital contributions and withdrawals by shareholders										
(1) Capital contributions	-	-	-	-	-	-	-	4,161,521	4,161,521	
(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)	
(c) Profit appropriation and distribution										
(1) Appropriation to surplus reserve	-	-	-	-	302,965	(302,965)	-	-	-	
(2) Distribution to owners	-	-	-	-	-	(1,881,384)	(1,881,384)	(246,915)	(2,128,299)	
(d) Special reserve (Note V.42)										
(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)	
(e) Others										
(1) Others	-	3,552	-	-	-	-	3,552	-	3,552	
4. As at 31 December 2014	12,337,542	34,444,833	249,621	-	1,794,862	43,941,595	92,768,453	12,414,893	105,183,346	

Note 1: On 24 July 2014, CRCC Yupeng Limited, a wholly-owned subsidiary of the Company, issued overseas Senior Perpetual Securities in an 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.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	<i>Note V</i>	2015	2014 (Restated)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		580,831,308	585,933,825
Refunds of tax		383,024	384,044
Net decrease in due to customers and banks		10,309,178	370,612
Net increase in balances with the central bank		906,057	–
Cash received from other operating activities	58	5,470,399	3,498,300
Subtotal of cash inflows from operating activities		597,899,966	590,186,781
Cash paid for goods and services		(478,446,298)	(516,170,042)
Net increase in balances with the central bank		–	(1,520,037)
Cash paid to and on behalf of employees		(40,024,243)	(35,864,814)
Cash paid for all taxes		(22,270,191)	(21,885,891)
Cash paid for other operating activities	58	(6,784,127)	(8,003,997)
Subtotal of cash outflows from operating activities		(547,524,859)	(583,444,781)
Net cash flows from operating activities	59	50,375,107	6,742,000

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

<i>Note V</i>	2015	2014 (Restated)
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposal of investments	1,044,656	203,403
Cash received from investment income	146,171	192,010
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,274,470	1,371,173
Decrease in pledged time deposits and other restricted cash	–	1,531,129
Cash received from other investing activities	5,765,091	3,862,133
Subtotal of cash inflows from investing activities	8,230,388	7,159,848
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(27,144,112)	(21,837,891)
Cash paid for acquisition of investments	(2,282,386)	(1,545,855)
Cash paid for acquisition of non-controlling interests	(15,250)	(90)
Increase in cash and bank balances with title restriction	(720,050)	–
Cash paid for disposal of subsidiaries	(2,404,887)	–
Cash paid for other investing activities	–	(925,000)
Subtotal of cash outflows from investing activities	(32,566,685)	(24,308,836)
Net cash flows used in investing activities	(24,336,297)	(17,148,988)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	<i>Note V</i>	2015	2014 (Restated)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		14,986,919	9,134,329
Including: Cash received from non-controlling shareholders of subsidiaries		4,711,591	9,114,329
Cash received from issuing bonds		8,972,050	8,470,000
Cash received from borrowings		93,856,927	101,012,255
Cash received from other financing activities		12,832	3,552
Subtotal of cash inflows from financing activities		117,828,728	118,620,136
Cash repayments for borrowings		(104,854,197)	(91,682,106)
Cash paid for distribution of dividends or profits and for interest expenses		(12,322,984)	(11,873,056)
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		(762,422)	(151,271)
Payment for business combination under common control		(3,098,226)	-
Subtotal of cash outflows from financing activities		(120,275,407)	(103,555,162)
Net cash flows (used in)/from financing activities		(2,446,679)	15,064,974
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		120,917	(35,403)
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at beginning of the year	59	23,713,048	4,622,583
		84,757,505	80,134,922
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
	59	108,470,553	84,757,505

Balance Sheet

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

ASSETS	<i>Note XIV</i>	31 December 2015	31 December 2014
Current assets			
Cash and bank balances		9,832,554	9,701,230
Financial assets at fair value through profit or loss		38,196	26,490
Accounts receivable	1	1,738,820	494,555
Advances to suppliers		365,358	467,020
Other receivables	2	37,145,463	41,940,289
Inventories		4,043,762	2,959,994
Current portion of non-current assets		92,500	–
Total current assets		53,256,653	55,589,578
Non-current assets			
Available-for-sale financial assets		344,297	180,239
Long-term receivables		180,000	1,014,164
Long-term equity investments	3	78,527,394	68,534,117
Fixed assets		32,945	29,941
Construction in progress		21,777	25,620
Intangible assets		14,694	6,816
Deferred tax assets		5,710	6,030
Total non-current assets		79,126,817	69,796,927
TOTAL ASSETS		132,383,470	125,386,505

Balance Sheet (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note XIV	31 December 2015	31 December 2014
Current liabilities			
Short-term loans		–	367,140
Accounts payable		3,144,859	1,546,394
Advances from customers		4,947,018	3,600,961
Employee benefits payable		68,259	50,455
Taxes payable		31,361	97,221
Interest payables		400,499	471,069
Other payables		17,622,798	17,867,265
Current portion of non-current liabilities		11,198,007	5,091,222
Other current liabilities		3,082,228	3,641,793
Total current liabilities		40,495,029	32,733,520
Non-current liabilities			
Long-term loans		3,367,893	13,196,447
Bonds payable		17,411,152	17,390,440
Long-term payables		232,500	1,478,750
Long-term employee benefits payable		15,260	20,260
Deferred tax liabilities		58,276	14,335
Total non-current liabilities		21,085,081	32,100,232
Total liabilities		61,580,110	64,833,752
Shareholders' equity			
Share capital		13,579,542	12,337,542
Capital reserve		46,493,552	39,009,051
Other comprehensive income		148,964	27,923
Surplus reserve		2,120,232	1,794,862
Retained earnings		8,461,070	7,383,375
Total shareholders' equity		70,803,360	60,552,753
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		132,383,470	125,386,505

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	<i>Note XIV</i>	2015	2014
Revenue	4	7,590,343	3,479,805
Less: Cost of sales	4	6,578,286	3,413,207
Taxes and surcharges		39,529	4,198
Selling and distribution expenses		11,813	19,342
General and administrative expenses		344,180	311,229
Finance expenses/(income)	5	1,102,727	(19,627)
Add: Gains/(losses) on fair value changes		11,706	(47)
Investment income	6	3,710,176	3,164,145
Including: Share of profits of jointly-controlled entities		2,061	10,184
Operating profit		3,235,690	2,915,554
Add: Non-operating income		22,364	116,080
Including: Gain on disposal of non-current assets		—	115
Less: Non-operating expenses		444	128
Including: Loss on disposal of non-current assets		137	128
Profit before tax		3,257,610	3,031,506
Less: Income tax expenses		3,914	1,857
Net profit		3,253,696	3,029,649
Other comprehensive income, net of tax		121,041	55,073
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation		(2,003)	(945)
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Changes in fair value of available-for-sale financial assets, net of tax		123,044	56,018
Total comprehensive income		3,374,737	3,084,722

Statement of Changes in Equity

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	For the year ended 31 December 2015					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2015	12,337,542	39,009,051	27,923	1,794,862	7,383,375	60,552,753
2. Increase/(decrease) during the year						
(a) Total comprehensive income	–	–	121,041	–	3,253,696	3,374,737
(b) Capital contributions and withdrawals by shareholders						
(1) Business Combination under common control	–	(1,096,442)	–	–	–	(1,096,442)
(2) Capital contributions (Note)	1,242,000	8,580,943	–	–	–	9,822,943
(c) Profit appropriation and distribution						
(1) Appropriation to surplus reserve	–	–	–	325,370	(325,370)	–
(2) Distribution to owners (Note)	–	–	–	–	(1,850,631)	(1,850,631)
3. As at 31 December 2015	13,579,542	46,493,552	148,964	2,120,232	8,461,070	70,803,360

Note: Refer to Note 2 and 3 of the consolidated statement of changes in equity for details.

	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/(decrease) during the year						
(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	–	–	–	–	(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

Statement of Cash Flows

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	<i>Note XIV</i>	2015	2014
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		6,458,145	4,448,333
Cash received from other operating activities		4,866,621	5,223,857
Subtotal of cash inflows from operating activities		11,324,766	9,672,190
Cash paid for goods and services		(5,077,036)	(3,506,318)
Cash paid to and on behalf of employees		(214,145)	(186,359)
Cash paid for all types of taxes		(120,870)	(73,451)
Cash paid for other operating activities		(1,123,966)	(2,058,115)
Subtotal of cash outflows from operating activities		(6,536,017)	(5,824,243)
Net cash flows from operating activities	7	4,788,749	3,847,947
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		–	11,820
Cash received from investment income		3,689,499	3,263,538
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		54,467	128
Cash received from other investing activities		3,429,695	3,587,523
Subtotal of cash inflows from investing activities		7,173,661	6,863,009
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(15,561)	(19,665)
Cash paid for acquisition of investments		(11,123,226)	(1,660,000)
Increase in Cash and bank balances with the restruction		(2,000,800)	–
Cash paid for other investing activities		(1,132,500)	(1,276,250)
Subtotal of cash outflows from investing activities		(14,272,087)	(2,955,915)
Net cash flows (used in)/from investing activities		(7,098,426)	3,907,094

Statement of Cash Flows (continued)

For the year ended 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

	<i>Note XIV</i>	2015	2014
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		9,822,943	–
Cash received from borrowings		2,980,000	10,311,060
Cash received from issuing bonds		3,000,000	3,500,000
Subtotal of cash inflows from financing activities		15,802,943	13,811,060
Cash repayments for borrowings		(10,835,766)	(13,057,621)
Cash paid for distribution of dividends or profits and for interest expenses		(4,573,355)	(3,942,635)
Cash paid for other financing activities		(21,250)	–
Subtotal of cash outflows from financing activities		(15,430,371)	(17,000,256)
Net cash flows from/(used in) financing activities		372,572	(3,189,196)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		67,629	320
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,869,476)	4,566,165
Add: Cash and cash equivalents at beginning of the year		9,689,230	5,123,065
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7	7,819,754	9,689,230

Notes to Financial Statements

As at 31 December 2015 (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 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 authorised for issue by the board of directors of the Company on 30 March 2016. Pursuant to the Company’s Articles of Association, the financial statements will be submitted to the shareholders’ meeting for approval.

The scope of consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the change of the scope for the year

II. BASIS OF PREPARATION OF FINANCE STATEMENTS

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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

According to the characteristics of its production and operation, the Group formulated a series of specific accounting policies and accounting estimates, including the provisions for impairment for accounts receivable, the measurement of inventories, the provisions for inventories, the depreciation methods and the depreciation rates of the fixed assets, the amortisation methods of the intangible assets, the methods of asset impairment, and the policy of revenue recognition, etc.

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 2015 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 one thousand.

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.

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 recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

4. **Business combinations (Continued)**

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, recognised in profit or loss.

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 2015. 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, revenue, expenses and cash flows resulting from intra-group transactions 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 owners' equity of the subsidiary, the excess shall be allocated against non-controlling interests.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. **Consolidated financial statements (Continued)**

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 recognised 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.

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.

The Group recognises 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

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 to 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 recognised in the statement of profit or loss or other comprehensive income depending on the characteristics of the non-monetary items.

For foreign operations, the Group translates functional currencies of overseas businesses into RMB 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 recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

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

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the account and the balance sheet) 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 derecognised 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 recognised in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognised and derecognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (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

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 recognised 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 recognised.

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 include financial assets held for trading and financial assets designated as financial assets at fair value through profit or loss on initial recognition. 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 realised or unrealised gains or losses on these financial assets are recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (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)*

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 amortised cost using the effective interest rate method. Gains or losses arising from amortisation or impairment and derecognition are recognised in profit or loss for the current period.

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 amortised cost using the effective interest rate method. Gains or losses arising from amortisation or impairment are recognised 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 amortised using the effective interest rate method and recognised 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 recognised as other comprehensive income, except for impairment losses and foreign exchange gains or losses resulted from monetary financial assets, until the financial asset is derecognised or determined to be impaired, at which time the accumulated gain or loss previously recognised is transferred to profit or loss for the current period. Interest and dividends relating to an available-for-sale financial asset are recognised in profit or loss for the current period.

Notes to Financial Statements (continued)

As at 31 December 2015 (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)*

Available-for-sale financial assets (Continued)

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.

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 recognised 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:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities that meet one of the following conditions: 1) financial liabilities are assumed for the purpose of repurchasing in a short term; 2) financial liabilities are 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) financial liabilities are derivatives, except for derivatives that are designated as effective hedging instruments, or financial guarantee contracts, or derivatives that are 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 realised or unrealised gains or losses on these financial liabilities are recognised in profit or loss for the current period.

Other financial liabilities

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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (Continued)*

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, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 recognised less the accumulated amortisation determined according to the principles of revenue recognition.

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of financial assets. 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (Continued)*

Impairment of financial assets (*Continued*)

Financial assets carried at amortised cost

If an impairment loss on a financial asset has been 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 amortised cost, the interest income is measured by applying the discount rate in the future cash flow 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 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 recognised 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 recognised are not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

Subsequent to the Group's recognition of impairment loss on a financial asset carried at amortised cost, if there is objective evidence of a recovery in value of the financial asset and the recovery can be related to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed and recognised in profit or loss. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment loss not been recognised at the date the impairment was 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 recognised in other comprehensive income is removed and recognised in profit or loss. The amount of accumulated loss removed from other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. **Financial instruments (Continued)**

Impairment of financial assets *(Continued)*

Available-for-sale financial assets (Continued)

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. 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”. With the existence of objective evidence showing the impairment, the amount of the cumulative loss that is reclassified from equity to profit or loss shall be the difference between the acquisition cost and the 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 a financial asset carried at amortised cost. However, the amount of the cumulative loss that is reclassified from equity to profit or loss shall be the difference between the amortised 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 amortised cost, the interest income is measured by applying the discount rate in the future cash flows estimation when measuring the impairment loss.

If, after an impairment loss has been recognised 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 recognised, the impairment loss is reversed with the amount of the reversal recognised 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 recognised 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 recognised as an impairment loss in profit or loss. Once an impairment loss is recognised, it can not be reversed.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (Continued)*

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of a financial asset, the Group derecognises the financial asset; if the Group retains substantially all the risks and rewards of ownership of a financial asset, the Group does not derecognise 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 derecognises the financial asset and recognises any resulting assets or liabilities; and (ii) if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises 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").

10. *Receivables*

The Group's receivables comprise accounts receivable, advances to suppliers, other receivables and long-term accounts receivable. 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 recognised 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 recognised in profit or loss for the current period.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Receivables (Continued)

- (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 on the recognition of provision for impairment of the receivables. The provision rates were as follows:

	Provision rate for accounts receivable (%)	Provision rate for 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 rates, with ageing counted from the due date.

- (3) Other individually insignificant receivables but are 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 impairment. 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 recognised in profit or loss for the current period.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

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 amortised 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 realisable value. If the cost is in excess of amounts expected to be realised from their sale or use, provision for inventories is recognised 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 realisable 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 for the current period.

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

12. Construction contracts

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

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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

12. **Construction contracts (Continued)**

The Group estimates total contract costs based on actual circumstances for each contract. Provision for foreseeable contract losses will be recognised 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 recognised 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 acquiree. 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 Enterprises 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 Enterprises No. 2 – Debt Restructuring.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 recognised as investment income in the current period.

The equity method is applied for long-term equity investments when the investees 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. 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 for the current period.

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 percentage of interests the investor enjoys (but if the gains and losses belong to asset impairment losses, it should be entirely recognised). 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 amortisation using the straight-line method (if exists) should be recognised 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 recognises 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)

As at 31 December 2015 (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 the current period. 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 recognised 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 recognised 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 realised through several transactions until loss of control and is a package deal, the accounting treatment of these transactions should be dealt with 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 recognised in other comprehensive income in the individual financial statements which shall be transferred in an aggregated amount to profit or loss for the period upon loss of control. If the disposal of the equity investment of a subsidiary is realised 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, which has joint control of or has significant influence in the original subsidiary, should be recognised as long-term equity investment in accordance with the relevant rules of converting the cost method to the equity method. Otherwise, the remaining equity should be recognised as a financial instrument, and the difference between the carrying amount and the fair value as of the date on which the Group loses control should be charged to the statement of profit or loss for the current period.

14. Fixed assets

A fixed asset is recognised 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 derecognised. Otherwise, such expenditure shall be recognised 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 recognised in profit or loss over the credit period, except for such difference that is capitalised according to Accounting Standard for Business Enterprises No. 17 – Borrowing Costs.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Fixed assets (Continued)

The accelerated depreciation method is adopted for the provision of depreciation of the fixed assets specifically used for research and development. A workload method should be adopted for the provision of depreciation of the large-scale construction equipment. For other fixed assets, the straight-line method should be adopted. The estimated useful lives, estimated residual values 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%	20-35 years	2.71%-4.75%
Machinery	5%	10-25 years	3.80%-9.50%
Vehicles	5%	5-10 years	9.50%-19.00%
Production equipment	5%	5-10 years	9.50%-19.00%
Measuring and testing equipment	5%	5 years	19.00%
Others	5%	3-5 years	19.00%-31.67%

Where the individual component parts of a 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. *Construction in progress*

Construction in progress is recognised based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalised 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 when the asset is ready for its intended use.

16. *Borrowing costs*

Borrowing costs are interest and other costs arising from the Group's borrowings. Borrowing costs include interest, amortisation 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 capitalised and other borrowing costs are recognised 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.

Capitalisation 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.

Capitalisation 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 recognised as expenses in the period in which they are incurred.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

16. *Borrowing costs (Continued)*

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

- (1) for specific borrowings, the borrowing costs eligible for capitalisation 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 capitalisation are determined by applying a capitalisation rate to the capital expenditure that accumulated capital expenditures exceed the specific borrowings.

Capitalisation 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 suspension period are recognised as expenses until the acquisition or construction of a fixed asset is resumed.

17. *Intangible assets*

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

An intangible asset shall be recognised 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 involving entities not under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured at 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. *Intangible assets (Continued)*

Intangible assets with finite useful lives are amortised over the useful lives on the traffic volume basis, straight-line basis or units of production 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 year end.

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 amortised 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 recognises 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 recognises 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. The amortisation approach, either the traffic volume method or the straight-line method, should be selected for concession operation projects based on the pattern in which the asset's future economic benefits are expected to be consumed at the commencement of operations.

Notes to Financial Statements (continued)

As at 31 December 2015 (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. Amortisation 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 recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised 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 recognised 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 recognised as expenses over one year in the current and subsequent periods including costs of improvements to fixed assets under operating leases. Long-term prepayments are amortised on the straight-line basis over the estimated beneficial period. Expenditure incurred during the pre-operating period should be recognised in profit or loss immediately as incurred.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Provisions

Except for contingent considerations transferred and contingent liabilities assumed in business combinations, the Group recognises 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.

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 recognised 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 recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principle of revenue recognition.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Revenue

Revenue is recognised 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 recognised 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.

When the outcome of a construction contract cannot be estimated reliably, revenue shall be recognised only to the extent of the contract costs actually incurred and expected to be recovered, and the contract costs shall be recognised as an expense in the period in which they are incurred. Contract costs that are not probable of being recovered are recognised as an expense immediately when incurred and no contract revenue shall be recognised. When it is probable that total contract costs will exceed total contract revenue, the estimated loss shall be recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Revenue (Continued)

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 recognised 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 recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of costs incurred that it is probable will be recoverable, and costs shall be recognised 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 recognised as an expense immediately.

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 recognised 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 from the sales of goods is measured at the fair value of the consideration receivable.

Interest income

Interest income is recognised 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 recognised according to the charge period and the charge rate as stipulated in the relevant contract or agreement.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Revenue (Continued)

Lease income

Lease income from operating leases is recognised over the lease term on the straight-line basis. Contingent lease income is recognised in profit or loss in the period when it is incurred.

21. Government grants

Government grants are recognised 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.

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 recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised; and (b) if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss for the current period. A government grant related to an asset shall be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, a government grant measured at a nominal amount is recognised 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 the government and is recognised as special payable 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 recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. *Income tax*

Income tax comprises current and deferred tax. Income tax is recognised 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 recognised directly in shareholders' equity if it arises from a transaction or event which is recognised 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 recognised as assets and liabilities and their tax base, the Group adopts the liability method for the provision for deferred tax.

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) where 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, associates and jointly-controlled entities, 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 reverse in the foreseeable future.

A deferred tax asset is recognised 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 utilised, 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 recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. *Income tax (Continued)*

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 realised 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 utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised 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.

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 recognised 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 recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

23. Leases (Continued)

As lessee of a finance lease

An asset held under a finance lease is recognised 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 unrecognised finance charge, which is amortised 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, and financial assets, 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.

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 recognised in profit or loss for the current period. A provision for impairment loss on the asset is recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. *Impairment of assets (Continued)*

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 recognise 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 is 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 recognised, it cannot be reversed in the subsequent accounting periods.

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 recognised as liabilities and charged to profit or loss or the related costs of assets for the current period.

Post-employment benefits (defined contribution plans)

If employees of the Group participate in the endowment insurance and unemployment insurance plans managed by local governments and participate in the supplementary pension plans of the Group as well, the relevant expenditures are recorded in the relevant capital costs and expenses in the period when incurred.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

25. *Employee benefits (Continued)*

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 using the projected cumulative unit credit method.

Any remeasurement caused by the defined benefit plans, including actuarial gains or losses, is recognised 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 recognised in profit or loss in the subsequent accounting periods.

The past service costs should be recognised as current expenses at the earlier of the following dates: a) when the Group modifies the defined benefit plans; and b) when the Group recognises relevant restructuring costs and termination benefits.

Net interest equals to the net defined benefit liability multiply by the discount rate. The Group recognised 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.

Termination benefits

The Group recognises 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 recognises 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

25. **Employee benefits (Continued)**

Bonus entitlements

The estimated cost of bonus payments is recognised 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 recognised 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 recognised into distribution of equity.

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 Utilisation* <CaiQi [2012] No.16> and the *Management Measures on the Enterprises Production Safety Expenses Appropriation and Utilisation*, 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 utilised as expenses, they should be recognised in the statement of profit or loss and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognised in the cost of fixed assets, which will be recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

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.

For assets and liabilities that are recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

30. 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 recognised 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 probable obligations have been made based on management's best estimates and judgments.

De facto control over subsidiaries

The management of the Group is assessing the main body that the Group holds on a pro rata basis half or less than half of its equity as subsidiaries to determine whether the Group has the de facto control right over it, and to make judgment through assessing whether the Group has the actual ability to dominate unilaterally the related activities of the body. When making the judgement, management the Group considers whether the main body possesses absolute shareholding scale and relative scale and distribution of other shareholders' ownership of shares.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

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.

In determining the useful lives and residual values 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 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 recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The realisation 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 recognised in the statement of profit or loss in the period in which such a reversal takes place.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

Estimation uncertainty (Continued)

Percentage of completion of construction work

The Group recognises 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.

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.

Provision for properties under development

The Group makes a provision for properties under development when the net realisable 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 realisable 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

Estimation uncertainty (Continued)

Long-term post-leaving benefits

The Group recognised 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.

The differences between actual experience and assumptions are recognised immediately and therefore affect recognised 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 other comprehensive income and balance of liabilities related to the long-term post-leaving benefit obligations.

31. Changes in accounting estimates

Fixed assets

In order to reflect the financial position and operating results of the Group in a more objective and fair manner, based on the significant changes in the nature, the usage of the fixed assets and the pattern in which the asset's future economic benefits are expected to be consumed, the changes in accounting estimates of fixed assets were made by the Group from 1 October 2015 onwards as follows:

- (1) Changes to depreciation policy for fixed assets within category of research and development: For the instrument and equipment specifically used for R&D, an accelerated depreciation method should be adopted for the provision of depreciation based on the pattern in which the asset's future economic benefits are expected to be consumed;
- (2) Changes to depreciation policy for large-scale construction equipment: For large-scale construction equipment such as bridge girder erection machines and tunnel boring machines, a workload method should be adopted for the provision of depreciation based on the pattern in which the asset's future economic benefits are expected to be consumed;
- (3) Changes to depreciable life of certain fixed assets: The depreciable life of office electronic equipment was changed from 5 years to 3 years and that of production equipment including power generators was changed from 10 years to 5 years.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

31. Changes in accounting estimates (Continued)

Fixed assets (Continued)

The impact on the consolidated financial statements of the Group for the year of 2015 arising from the abovementioned changes in accounting estimates of fixed assets shall be a decrease in total profit of approximately RMB152,561,000 for the year of 2015. Details of the impact were as follows:

2015	Before changes in accounting estimates	Changes in accounting estimates		After changes in accounting estimates
		(1) & (3)	(2)	
Cost of sales	531,642,941	103,391	9,996	531,756,328
Selling and distribution expenses	3,702,644	1,018	-	3,703,662
Administrative expenses	22,797,456	38,156	-	22,835,612
Accumulated depreciation	(58,249,036)	(125,225)	(9,996)	(58,384,257)
Fixed assets	101,014,668	(17,340)	-	100,997,328

Intangible assets

Pursuant to the requirements of *Accounting Standard for Business Enterprises No. 6 – Intangible Assets* and with reference to the practices of concession projects of the Group, the amortisation method for the concession assets has been changed from a straight-line method to either a traffic volume method or a straight-line method from 1 October 2015 onwards. The amortisation approach should be selected for concession projects based on the pattern in which the asset's future economic benefits are expected to be consumed at the commencement of operations.

The abovementioned changes in the accounting estimates of intangible assets do not have any impact on the consolidated financial statements of the Group for the year of 2015.

The changes in the accounting estimates have been approved by the third session of the board of directors in the twenty-second board meeting, and have become effective from 1 October 2015. Pursuant to the relevant requirements under the *Accounting Standard for Business Enterprises No. 28 – Accounting Policies, Changes in Accounting Estimates and Correction of Errors*, as retrospective adjustments have not been made for previous years with respect to the changes in accounting estimates, there will be no impact on the published financial statements of the Group. The impact on the consolidated financial statements for the year of 2015 have been disclosed above.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 recognised 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 recognised as small scale taxpayers is levied at the rate of 3%.
Business tax ("BT")	-	The Company and its subsidiaries are subject to BT on the income generated from the provision of construction services and other services at a rate of 3% or 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.
Local education surcharge	-	The Company and its subsidiaries are subject to the education surcharge at a rate of 2% on the total payment of BT and VAT.
Corporate income tax ("CIT")	-	<p>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%.</p> <p>Each of the Company and its subsidiaries calculates and pays CIT as a legal entity at the location where it is registered.</p> <p>Overseas subsidiaries (including those located in the Hong Kong and Macau 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.</p>
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, the tax is charged at 12% of the rental income. 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)

As at 31 December 2015 (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)

As at 31 December 2015 (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. (中鐵建大橋工程局集團第五工程有限公司), China Railway 15th Bureau Group 1st Engineering Co., Ltd. (中鐵十五局集團第一工程有限公司), 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 Guangweitong Machinery Co., Ltd. (昆明廣維通機械設備有限公司), CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司) and Sichuan CRCC Subway Investment Management Co., Ltd. (四川中鐵建地鐵投資管理有限公司) 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)

As at 31 December 2015 (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) and its subsidiaries:

China Railway 11th Bureau Group Bridge Co., Ltd. (中鐵十一局集團橋樑有限公司) has been recognised 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 was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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 recognised 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 was 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) and its subsidiaries:

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 recognised 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 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) and its subsidiaries:

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 recognised 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 was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司) and its subsidiaries: (Continued)

China Railway Construction Bridge Engineering Bureau Group 4th Engineering Co., Ltd. (中鐵建大橋工程局集團有限公司第四工程有限公司) has been recognised 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 was 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. (中鐵建大橋工程局集團有限公司第六工程有限公司) has been recognised 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.

China Railway Construction Bridge Engineering Bureau Group 1st Engineering Co., Ltd. (中鐵建大橋工程局集團有限公司第一工程有限公司) has been recognised as a High-New Technology Enterprise by the Dalian Municipal Science and Technology Department, Dalian Department of Finance, Dalian State Administration of Taxation and the Dalian Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Bridge Engineering Bureau Group Electrical Engineering Co., Ltd. (中鐵建大橋工程局集團電務工程有限公司) has been recognised 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 Modern Survey and Design Co., Ltd. (中鐵現代勘察設計院有限公司) has been recognised as a High-New Technology Enterprise by the Jilin Municipal Science and Technology Commission, Jilin Finance Department, Jilin Municipal Office of the State Administration of Taxation and the Jilin Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司) and its subsidiaries:

Beijing China Railway Fangshan Bridge Co., Ltd. (北京中鐵房山橋樑有限公司) has been recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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 recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax of 15% from 1 January 2015 to 31 December 2017.

Shandong Tiezheng Project Experiment and Inspection Center Co., Ltd. (山東鐵正工程試驗檢測中心有限公司) has been recognised 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 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) and its subsidiaries:

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) has been recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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 recognised 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 was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Notes to Financial Statements (continued)

As at 31 December 2015 (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) and its subsidiaries: (Continued)

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 recognised 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 was 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 recognised 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.

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 recognised 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 was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 16th Bureau Group Railway Transportation Engineering Co., Ltd. (中鐵十六局集團鐵運工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Inner Mongolia Autonomous Region, Department of Finance of Inner Mongolia Autonomous Region, Inner Mongolia Municipal Office of the State Administration of Taxation and the Inner Mongolia Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

Notes to Financial Statements (continued)

As at 31 December 2015 (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) and its subsidiaries:

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 recognised 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 was 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 recognised 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 was 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 recognised 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 was 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 recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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 recognised 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.

China Railway 17th Bureau Group 5th Engineering Co., Ltd. (中鐵十七局集團第五工程有限公司) has been recognised 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)

As at 31 December 2015 (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 recognised 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 was 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) and its subsidiaries:

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司) has been recognised 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 was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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 recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 19th Bureau Group 6th Engineering Co., Ltd. (中鐵十九局集團有限公司第六工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Jiangsu Province, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 19th Bureau Group 7th Engineering Co., Ltd. (中鐵十九局集團有限公司第七工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Guangdong Province, Guangdong Provincial Department of Finance, Guangdong State Administration of Taxation and the Guangdong Local Taxation Bureau since 2015 and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 19th Bureau Group Electrical Engineering Co., Ltd. (中鐵十九局集團電務工程有限公司) has been recognised 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.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 Co., Ltd. (中鐵二十局集團有限公司) and its subsidiaries:

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 recognised as a High-New Technology Enterprise by the Science and Technology Commission of Shaanxi Province, Shaanxi Provincial Finance Department, Shaanxi State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

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 recognised 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 was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司) and its subsidiaries:

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 recognised 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.

China Railway 23rd Bureau Group 2nd Engineering Co., Ltd. (中鐵二十三局集團第二工程有限公司) has been recognised 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 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 recognised 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 was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Notes to Financial Statements (continued)

As at 31 December 2015 (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)

CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司) and its subsidiaries:

Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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 recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

Kunming Autongda Railway Engineering Machinery Co., Ltd. (昆明奧通達鐵路機械有限公司) has been recognised as a High-New Technology Enterprise by the Yunnan Science and Technology Commission and Yuannan State Administration of Taxation since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Heavy Industry Group Co., Ltd. (中國鐵建重工集團有限公司) and its subsidiaries:

China Railway Construction Heavy Industry Group Co., Ltd. (中國鐵建重工集團有限公司) has been recognised 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 recognised 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)

As at 31 December 2015 (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) and its subsidiaries:

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Department, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Electrification Bureau (Group) 1st Engineering Co., Ltd. (中國鐵建電氣化局集團第一工程有限公司) has been recognised as a High-New Technology Enterprise by the Shanxi Provincial Science and Technology Department, Henan Provincial Department of Finance, Henan State Administration of Taxation and the Henan Local Taxation Bureau since 2013, and was 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) 2nd Engineering Co., Ltd. (中國鐵建電氣化局集團第二工程有限公司) has been recognised 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 was 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 recognised 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 was 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) 4th Engineering Co., Ltd. (中鐵建電氣化局集團第四工程有限公司) has been recognised as a High-New Technology Enterprise by the Hunan Provincial Science and Technology Department, 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.

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 recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Department, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

Notes to Financial Statements (continued)

As at 31 December 2015 (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) and its subsidiaries: (Continued)

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 recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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 recognised 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 was 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 recognised 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 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

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 recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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 recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Electrification Bureau (Group) North Engineering Co., Ltd. (中國鐵建電氣化局集團北方工程有限公司) has been recognised 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 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)

As at 31 December 2015 (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)

CRCC Urban Construction Group Co., Ltd. (中鐵城建集團有限公司) and its subsidiaries:

CRCC Urban Construction Group Co., Ltd. (中鐵城建集團有限公司) has been recognised as a High-New Technology Enterprise by the Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, Hunan State Administration of Taxation and the Hunan Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

CRCC Urban Construction Group 3rd Engineering Co., Ltd. (中鐵城建集團第三工程有限公司) has been recognised 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 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	31 December 2015	31 December 2014 (Restated)
Cash	157,251	141,757
Cash at banks	113,886,872	89,751,614
Others	4,861,815	4,579,469
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	3,028,071	3,934,128
	121,934,009	98,406,968

Cash and bank balances with title restrictions were stated in Note V.60.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Cash and bank balances (Continued)

As at 31 December 2015, the Group held the foreign cash and bank balances amounting to RMB5,774,279,000 (31 December 2014: RMB5,294,597,000), and held no restricted deposits (31 December 2014: RMB10,056,000).

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 2015	31 December 2014 (Restated)
Cash and bank balances at year end	121,934,009	98,406,968
Less: mandatory reserves with the central bank	(3,028,071)	(3,934,128)
Less: non-pledged time deposits with original maturity of three months or more when acquired	(5,778,270)	(5,192,797)
Less: other restricted cash and bank balances	(4,657,115)	(4,522,538)
Cash and cash equivalents at year end	108,470,553	84,757,505
Less: cash and cash equivalents at beginning of the year	(84,757,505)	(80,134,922)
Net increase in cash and cash equivalents	23,713,048	4,622,583

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015	31 December 2014 (Restated)
Financial assets held for trading – equity instruments	218,437	110,204

Management considered that there were no material restrictions on the recovery of the financial assets held for trading.

3. *Bills receivable*

	31 December 2015	31 December 2014 (Restated)
Commercial acceptance bills	1,005,345	1,453,333
Bank acceptance bills	1,488,295	1,444,879
	2,493,640	2,898,212

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Bills receivable (Continued)

Including bills receivable that have been pledged as follows:

	31 December 2015	31 December 2014
Bank acceptance bills	11,300	–

As at 31 December 2015 and 31 December 2014, the Group had derecognised the following bank acceptance bills which were not matured but had been endorsed to other parties:

	31 December 2015		31 December 2014	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	469,391	–	697,391	–

Bills receivable transferred to accounts receivable due to non-compliance of drawer of a bill were as follows:

	31 December 2015	31 December 2014
Commercial acceptance bills	–	72,590

As at 31 December 2015, the Group's bills receivable were neither past due nor impaired (31 December 2014: Nil).

Notes to Financial Statements (continued)

As at 31 December 2015 (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 are generated through construction projects and settlements are made in accordance with 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 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 recognised as long-term receivables. Accounts receivable are non-interest-bearing.

An ageing analysis of accounts receivable is presented as follows:

	31 December 2015	31 December 2014 (Restated)
Within 1 year	116,634,869	106,248,756
1 to 2 years	8,915,476	7,655,257
2 to 3 years	3,926,070	2,031,216
Over 3 years	1,330,339	1,190,068
	130,806,754	117,125,297
Less: provision for bad debts	(2,778,311)	(1,596,792)
	128,028,443	115,528,505

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. *Accounts receivable (Continued)*

Movements in the provision for bad debts are as follows:

	2015	2014 (Restated)
Opening balance	1,596,792	889,813
Provision	1,462,656	916,894
Reversal	(189,363)	(187,739)
Write-off	(24,843)	(22,176)
Transfer out	(66,931)	-
Closing balance	2,778,311	1,596,792

Accounts receivable and provision for bad debts by category are presented as follows:

	31 December 2015			
	Gross carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	112,101,348	85.70	(1,925,425)	1.72
Subject to provision by group	15,233,089	11.65	(186,034)	1.22
Individually not significant but subject to separate provision for bad debts	3,472,317	2.65	(666,852)	19.20
	130,806,754	100.00	(2,778,311)	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

	31 December 2014 (Restated)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	100,600,704	85.89	(883,998)	0.88
Subject to provision by group	13,569,786	11.59	(152,119)	1.12
Individually not significant but subject to separate provision for bad debts	2,954,807	2.52	(560,675)	18.98
	117,125,297	100.00	(1,596,792)	

As at 31 December 2015, 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	161,567	(96,940)	60.00	Note
Company 2	142,279	(128,052)	90.00	Note
Company 3	121,705	(121,705)	100.00	Note
Company 4	92,462	(92,462)	100.00	Note
Company 5	73,059	(43,836)	60.00	Note
Others	27,397,584	(1,442,430)		
	27,988,656	(1,925,425)		

Notes to Financial Statements (continued)

As at 31 December 2015 (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 (Restated):

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)		

Note: According to the ageing analysis and operation of the companies, the Group recorded all or a proportion of provision for doubtful debts.

Accounts receivable which are subject to provision by group were as follows:

	31 December 2015			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	14,290,605	93.81	—	—
6 months to 1 year	164,932	1.08	(825)	0.50
1 to 2 years	278,166	1.83	(13,908)	5.00
2 to 3 years	215,107	1.41	(21,511)	10.00
Over 3 years	284,279	1.87	(149,790)	52.69
	15,233,089	100.00	(186,034)	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

	31 December 2014 (Restated)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	12,714,740	93.71	–	–
6 months to 1 year	120,643	0.89	(603)	0.50
1 to 2 years	362,857	2.67	(18,143)	5.00
2 to 3 years	159,427	1.17	(15,943)	10.00
Over 3 years	212,119	1.56	(117,430)	55.36
	13,569,786	100.00	(152,119)	

As at 31 December 2015, accounts receivable from the five largest customers were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable (%)
Company 1	Third party	1,673,539	Within 1 year	1.28
Company 2	Third party	1,436,296	Within 1 year	1.10
Company 3	Third party	1,366,962	Within 1 year	1.05
Company 4	Third party	970,228	Within 1 year	0.74
Company 5	Third party	923,220	Within 1 year	0.71
		6,370,245		4.88

Notes to Financial Statements (continued)

As at 31 December 2015 (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 from the five largest customers were as follows (Restated):

	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	1.13
Company 4	Third party	812,852	Within 1 year	0.69
Company 5	Third party	811,595	Within 1 year	0.69
		6,337,558		5.40

As at 31 December 2015, the Group's accounts receivable that were neither past due nor impaired amounted to RMB98,403,297,000 (31 December 2014: RMB97,167,421,000).

For 2015, the write-off of accounts receivable amounted to RMB24,843,000 (2014: RMB22,176,000), as the gross carrying amount was confirmed to be irrecoverable.

The restricted accounts receivable in the Group are stated in Note V.60.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015		31 December 2014 (Restated)	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	22,582,390	97.36	26,666,826	96.17
1 to 2 years	311,846	1.34	827,971	2.99
2 to 3 years	252,623	1.09	212,420	0.77
Over 3 years	47,543	0.21	19,167	0.07
	23,194,402	100.00	27,726,384	100.00

As at 31 December 2015 and 31 December 2014, significant advances to suppliers aged over one year were as follows:

	31 December 2015	Nature
Company 1	263,592	Prepayment for materials
Company 2	90,000	Prepayment for materials
Company 3	44,699	Prepayment for materials
Company 4	30,000	Prepayment for materials
Company 5	28,964	Prepayment for materials
	457,255	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Advances to suppliers (Continued)

	31 December 2014 (Restated)	Nature
Company 1	263,592	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
	646,124	

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 2015, advances to the five largest suppliers were as follows:

	Relationship with the Group	Amount	Ageing	Percentage (%)
Company 1	Third party	263,592	2 to 3 years	1.14
Company 2	Third party	210,488	Within 1 year	0.90
Company 3	Third party	163,979	Within 1 year	0.71
Company 4	Third party	139,859	Within 1 year	0.60
Company 5	Third party	129,510	Within 1 year	0.56
		907,428		3.91

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2014, advances to the five largest suppliers were as follows (Restated):

	Relationship with the Group	Amount	Ageing	Percentage (%)
Company 1	Third party	290,495	Within 1 year	1.05
Company 2	Third party	263,592	1 to 2 years	0.95
Company 3	Third party	261,476	Within 1 year	0.94
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		4.65

6. *Other receivables*

An ageing analysis of other receivables was as follows:

	31 December 2015	31 December 2014 (Restated)
Within 1 year	37,369,603	30,942,409
1 to 2 years	2,155,927	3,776,011
2 to 3 years	2,718,249	509,044
Over 3 years	998,093	531,748
Less: provision for bad debts	43,241,872 (3,061,871)	35,759,212 (1,173,777)
	40,180,001	34,585,435

Notes to Financial Statements (continued)

As at 31 December 2015 (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:

	2015	2014 (Restated)
Opening balance	1,173,777	765,762
Provision	1,677,575	507,814
Transfer in	296,054	–
Reversal	(93,218)	(36,095)
Write-off	(12,346)	(63,886)
Other	20,029	182
Closing balance	3,061,871	1,173,777

Other receivables by category were presented as follows:

	31 December 2015			
	Gross carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	26,745,726	61.85	(2,700,532)	10.10
Subject to provision by group	10,971,114	25.37	(77,538)	0.71
Individually not significant but subject to separate provision for bad debts	5,525,032	12.78	(283,801)	5.14
	43,241,872	100.00	(3,061,871)	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

	31 December 2014 (Restated)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	19,852,926	55.52	(693,269)	3.49
Subject to provision by group	10,138,013	28.35	(63,154)	0.62
Individually not significant but subject to separate provision for bad debts	5,768,273	16.13	(417,354)	7.24
	35,759,212	100.00	(1,173,777)	

Other receivables by group were presented as follows:

	31 December 2015			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	10,561,836	96.27	—	—
6 months to 1 year	81,294	0.74	(406)	0.50
1 to 2 years	135,115	1.23	(6,756)	5.00
2 to 3 years	119,886	1.09	(11,989)	10.00
Over 3 years	72,983	0.67	(58,387)	80.00
	10,971,114	100.00	(77,538)	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

	31 December 2014 (Restated)			
	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)	

As at 31 December 2015, 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	138,003	(138,003)	100.00	Note
Company 3	97,372	(97,372)	100.00	Note
Company 4	75,421	(75,421)	100.00	Note
Company 5	68,806	(68,806)	100.00	Note
Others	3,631,972	(2,152,930)		
	4,179,574	(2,700,532)		

Notes to Financial Statements (continued)

As at 31 December 2015 (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, other receivables which were individually significant and subject to separate provision for bad debts were as follows (Restated):

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reason
Company 1	168,000	(168,000)	100.00	Note
Company 2	95,777	(76,622)	80.00	Note
Company 3	68,039	(68,039)	100.00	Note
Company 4	46,634	(46,634)	100.00	Note
Company 5	45,372	(45,372)	100.00	Note
Others	633,058	(288,602)		
	1,056,880	(693,269)		

Note: According to the ageing analysis and operation of the companies, the Group recorded all or a proportion of provision for doubtful debts.

As at 31 December 2015, the Group's other receivables that were neither past due nor impaired amounted to RMB33,127,988,000 (31 December 2014: RMB28,569,301,000).

As at 31 December 2015, the Group's other receivables that were written off amounted to RMB12,346,000 (31 December 2014: RMB63,886,000), as the gross carrying amount was confirmed to be irrecoverable.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

An analysis of other receivables by nature was as follows:

	31 December 2015	31 December 2014 (Restated)
Security deposit/cash pledge	25,543,250	26,376,810
Advance payments	3,566,138	3,537,333
Due from the third parties	5,941,473	299,363
Others	8,191,011	5,545,706
	43,241,872	35,759,212

As at 31 December 2015, the five largest other receivables were as follows:

	Amount	Percentage of total other receivables (%)	Nature	Ageing	Bad debts
Company 1	2,587,186	5.98	Due from a related party	Within 1 year	-
Company 2	1,401,293	3.24	Due from a related party	Within 1 year	-
Company 3	860,386	1.99	Bid bond	Within 1 year	-
Company 4	650,829	1.51	Materials payment	Within 1 year	-
Company 5	608,407	1.41	Materials payment	1 to 2 years	-
	6,108,101	14.13			-

Notes to Financial Statements (continued)

As at 31 December 2015 (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 (Restated):

	Amount	Percentage of total other receivables (%)	Nature	Ageing	Bad debts
Company 1	1,052,422	2.94	Bid bond	Within 1 year	–
Company 2	769,020	2.15	Performance bond	1 to 2 years	–
Company 3	697,639	1.95	Performance bond	Within 1 year	–
Company 4	665,523	1.86	Performance bond	Within 1 year	–
Company 5	561,132	1.57	Performance bond	1 to 2 years	–
	3,745,736	10.47			–

As at 31 December 2015, government grants receivable were as follows:

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	5,681	Over 3 years	June 2016	Panjin municipal committee publication [2010] No. 16

As at 31 December 2014, government grants receivable were as follows (Restated):

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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

	31 December 2015		
	Gross carrying amount	Provision	Carrying amount
Raw materials	22,400,525	(24,484)	22,376,041
Work in progress	895,484	–	895,484
Finished goods	4,003,661	(161,446)	3,842,215
Turnover materials	7,306,567	–	7,306,567
Properties under development (1)	80,085,957	–	80,085,957
Completed properties held for sale (2)	18,645,240	(72,335)	18,572,905
Gross amount due from contract customers (3)	113,045,832	(533,862)	112,511,970
	246,383,266	(792,127)	245,591,139

	31 December 2014 (Restated)		
	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)	79,567,591	–	79,567,591
Completed properties held for sale (2)	11,333,840	(72,335)	11,261,505
Gross amount due from contract customers (3)	97,837,193	(254,986)	97,582,207
	228,279,045	(349,426)	227,929,619

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

Movements in the provision for decline in value of inventories were as follows:

	Opening balance (Restated)	Additions Provision	Reductions		Closing balance
			Reversal	Write-off and others	
2015					
Raw materials	13,927	10,886	–	(329)	24,484
Finished goods	8,178	159,960	(6,949)	257	161,446
Completed properties held for sale	72,335	–	–	–	72,335
Provision for foreseeable contract losses	254,986	324,476	(41,316)	(4,284)	533,862
	349,426	495,322	(48,265)	(4,356)	792,127
2014 (Restated)	Opening balance (Restated)	Additions Provision	Reductions		Closing balance
			Reversal	Write-off and others	
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	(12,429)	(24,960)	254,986
	199,189	195,642	(12,429)	(32,976)	349,426

Notes to Financial Statements (continued)

As at 31 December 2015 (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 aggregate investment amount	As at 31 December 2015	As at 31 December 2014 (Restated)
CRCC Guiyang International City Project	September 2007	September 2016	8,104,880	2,477,220	2,580,101
Hefei CRCC International City Project	May 2009	December 2017	7,400,000	832,293	1,278,847
CRCC Hangzhou International City Project	March 2011	June 2016	5,190,030	2,007,473	2,799,372
CRCC Lidu Project	August 2011	April 2016	4,103,270	1,180,058	1,867,819
Xi'an CRCC International City Project	August 2011	December 2018	9,773,964	2,895,041	3,464,902
Ji'nan CRCC International City Project	August 2011	December 2016	3,086,910	853,654	808,615
Tianjin CRCC International City Project	November 2011	April 2018	12,003,200	3,900,227	3,968,651
Fangshan Shengshui Jiaming Project	May 2012	December 2016	3,483,220	738,767	1,655,554
Guizhou Lancaoba Project	October 2012	December 2017	11,614,040	868,663	811,957
Wuhan Donghu High-tech Zone (Guanggu) Project	December 2012	December 2017	2,348,290	1,288,507	949,230
Changsha Meixi Lake Project	May 2013	December 2019	3,537,990	1,146,562	1,017,298
Laizhou CRCC International City Project	July 2013	December 2017	2,821,050	1,049,779	700,774
Chengdu Beihu Xinqu Project	August 2013	September 2018	4,667,440	1,847,085	2,770,718
Taiyuan CRCC International City Project	October 2013	June 2020	8,500,850	1,396,682	561,421
Chengdu CRCC Xipai Lan'an Project	November 2013	December 2018	5,049,370	3,244,754	2,780,719
Jiangwan Shanyu City II Project	December 2013	December 2017	2,190,270	865,210	722,673
Chengdu International Garden Project	January 2014	February 2016	2,059,000	1,563,387	1,336,198
Xi'an CRCC Yiyuan Project	February 2014	April 2016	736,630	657,153	338,143
CRCC Guobinyuan Project	March 2014	December 2016	3,067,260	1,843,557	1,637,372
Qingxiu Lanwan Project	March 2014	December 2016	3,497,880	1,506,453	2,110,722
CRCC Hefei Qingxiucheng Project	March 2014	September 2018	4,050,568	1,729,028	766,860
CRCC Yangchun Hupan	April 2014	December 2019	2,855,090	1,388,306	803,830
Shanghai Qingxiucheng 2 Project	April 2014	December 2016	1,884,211	1,584,546	1,331,293
Jiangxi Jingcheng Qingxiu City Project	May 2014	June 2017	2,367,100	1,033,163	857,822

Notes to Financial Statements (continued)

As at 31 December 2015 (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 aggregate investment amount	As at 31 December 2015	As at 31 December 2014 (Restated)
Fuling CRCC Shanyu City Project	May 2014	December 2016	2,955,640	694,589	638,833
Jiangsu Qingxiu City Project	June 2014	September 2016	6,600,000	4,568,324	3,875,650
Shunxin Jiayuan Project	June 2014	September 2019	1,895,070	1,257,258	1,211,515
Yuan Xiang Jia Yuan Project	July 2014	December 2016	1,979,230	1,435,816	956,721
Foshan International Gongguan Project	August 2014	December 2017	4,224,000	2,552,291	2,179,293
Chengdu CRCC Plaza Project	September 2014	June 2017	1,827,000	742,909	473,324
Jiucheng Yihao Project	September 2014	December 2018	2,146,890	1,388,521	1,062,272
Haidian Environmental Protection Science Park Project	October 2014	December 2017	2,482,310	1,039,050	1,904,176
Wuhan CRCC International Garden Project	November 2014	December 2016	1,300,000	892,758	627,109
Bishan CRCC Shanyu City Project	November 2014	December 2017	1,500,000	742,787	718,057
Guangzhou Zengcheng International City Project	December 2014	September 2017	2,236,060	1,268,116	839,025
Tongrui Xingsheng Nanyuan Huayu Project	December 2014	August 2016	3,879,780	2,543,608	1,744,745
Jiangnan International City Project	December 2014	October 2017	4,435,050	2,755,912	1,603,897
Hangzhou CRCC International City Project	December 2015	August 2018	2,674,690	752,234	-
Shanghai Xidu Project	December 2015	December 2018	6,723,010	760,115	-
Chengdu CRCC Wu Hou Tie Fo Project	December 2015	October 2020	4,365,760	917,019	-
Beihu International City Project	December 2015	February 2018	3,163,350	1,032,982	-
Taiyuan Zijun Project	December 2015	April 2018	2,563,210	984,109	-
Others			113,110,576	15,859,991	23,812,083
Total			284,454,139	80,085,957	79,567,591

Notes to Financial Statements (continued)

As at 31 December 2015 (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):

As at 31 December 2015, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB6,093,611,000 (31 December 2014: RMB3,841,013,000). Borrowing costs capitalised during the year ended 31 December 2015 amounted to RMB3,983,310,000 (for the year ended 31 December 2014: RMB2,902,667,000). The capitalisation rates of borrowing costs ranged from 3.95% to 8.22% during the year (for the year ended 31 December 2014: 3.25% to 8.85%).

- (2) Details of the completed properties held for sale were as follows:

Project name	Completion date	2015			Closing balance
		Opening balance	Additions	Deductions	
CRCC Bei Cheng Hua Fu Project	November 2013	238,181	96,502	(95,238)	239,445
CRCC Liwan International City Project	December 2014	606,107	—	(358,075)	248,032
Beijing Wutong Yuan Project	August 2015	130,776	762,497	(289,984)	603,289
Chengdu Longquanyi Project	September 2015	687,674	44,359	(326,634)	405,399
Hangzhou CRCC Qingxiu City Project	October 2015	—	1,564,848	(898,694)	666,154
Tianjin Wutong Yuan Project I	October 2015	—	465,756	(107,812)	357,944
Shanghai Qiuxiu City Project	November 2015	409,008	974,639	(926,550)	457,097
CRCC Beijing Shanyu City Project	December 2015	80,830	1,117,406	(602,635)	595,601
Xuzhou CRCC Yuanxiang Mangu Project	December 2015	—	928,862	(361,549)	567,313
CRCC Linyi Donglai Shangcheng Project	December 2015	196,119	281,697	(192,749)	285,067
CRCC Yao Center Project	March 2016	—	1,215,989	(494,099)	721,890
Wuhan CRCC International City Project	April 2016	107,134	743,995	(604,499)	246,630
CRCC Lidu Project	April 2016	244,910	1,136,289	(1,010,873)	370,326
CRCC Hangzhou International City Project	June 2016	492,074	1,018,276	(782,699)	727,651
Beijing CRCC Qingxiu Shangcheng Project	August 2016	—	1,019,580	(626,660)	392,920
CRCC Guiyang International City Project	September 2016	549,110	1,166,004	(1,120,442)	594,672
CRCC International Garden I Project	October 2016	147,082	461,486	(382,122)	226,446
Fangshan Shengshui Jiaming Project	December 2016	366,917	1,659,332	(1,459,720)	566,529
Puhe Xinyuan Project	December 2016	—	925,076	(314,386)	610,690

Notes to Financial Statements (continued)

As at 31 December 2015 (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	2015		Closing balance
			Additions	Deductions	
Beijing CRCC International City Project	December 2016	946,969	–	(242,783)	704,186
Qingxiu Lanwan Project	December 2016	–	998,732	(583,276)	415,456
Chongqing CRCC Shanyu City Project	March 2017	466,192	122,563	(94,563)	494,192
Zhuzhou CRCC Hetangxing City Project	March 2017	171,552	407,462	(217,777)	361,237
CRCC Zhoukou Donglai Shangcheng Project	October 2017	144,455	297,084	(82,648)	358,891
CRCC Ningbo Shanyu City Project	October 2017	–	462,421	(78,754)	383,667
Beijing CRCC Huanbao Jiayuan Project	December 2017	–	1,243,548	(1,007,274)	236,274
Hefei CRCC International City Project	December 2017	698,588	862,605	(884,181)	677,012
Tianjin CRCC International City Project	April 2018	52,820	1,200,525	(639,125)	614,220
Chongqing Tongjing International City D Project	May 2018	–	629,366	(300,255)	329,111
Xi'an Quijiang Wutong Yuan Project	May 2018	91,678	977,800	(514,680)	554,798
Chengdu Beihu Xinqu Project	September 2018	–	1,322,541	(418,367)	904,174
Changsha Shanyu City Project	December 2018	368,541	319,114	(311,382)	376,273
Changsha Meixi Lake Project	December 2019	583,174	–	(332,707)	250,467
Others		3,553,949	3,471,653	(3,923,415)	3,102,187
Total		11,333,840	27,898,007	(20,586,607)	18,645,240

Notes to Financial Statements (continued)

As at 31 December 2015 (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	2014 (Restated)		Closing balance
			Additions	Deductions	
CRCC Qingxiu Yayuan Project	September 2012	100,512	-	(9,155)	91,357
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
CRCC Bei Cheng Hua Fu Project	November 2013	455,134	43,144	(260,097)	238,181
Ji'nan CRCC International City Project	June 2014	54,790	1,077,860	(877,247)	255,403
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
CRCC Liwan International City Project	December 2014	352,603	1,523,554	(1,270,050)	606,107
Hangzhou Jingfa International Garden Project	December 2014	-	760,760	(298,411)	462,349
Changyang International Garden Project	December 2014	-	1,668,805	(1,192,018)	476,787
CRCC Ruiyuan Project	December 2014	212,772	148,421	(171,463)	189,730
Beijing Wutong Yuan Project	August 2015	114,350	16,426	-	130,776
Chengdu Longquanyi Project	September 2015	518,016	751,758	(582,100)	687,674
Shanghai Qiuxiu City Project	November 2015	-	800,303	(391,295)	409,008
CRCC Linyi Donglai Shangcheng Project	December 2015	210,396	92,981	(107,258)	196,119
Beijing C-park Flat Project	April 2016	101,409	380	(5,392)	96,397
CRCC Lidu Project	April 2016	-	1,160,592	(915,682)	244,910
CRCC Hangzhou International City Project	June 2016	502,671	1,062,583	(1,073,180)	492,074
CRCC Guiyang International City Project	September 2016	1,214,175	8,405	(673,470)	549,110
CRCC International Garden I Project	October 2016	195,031	13,252	(61,201)	147,082
Xuzhou Rencai Jiayuan Project	November 2016	168,046	4	(15,875)	152,175
Beijing CRCC International City Project	December 2016	576,112	2,500,851	(2,129,994)	946,969
CRCC Jing Nan Yipin Project	December 2016	401,310	87,312	(301,914)	186,708
Chongqing CRCC Shanyu City Project	March 2017	180,397	528,103	(242,308)	466,192
Hefei CRCC International City Project	December 2017	1,049,839	70,032	(421,283)	698,588

Notes to Financial Statements (continued)

As at 31 December 2015 (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	2014 (Restated)		Closing balance
			Additions	Deductions	
CRCC Lingxiu City Project	December 2017	425,152	3,147	(332,050)	96,249
Changsha Shanyu City Project	December 2018	672,182	26,904	(330,545)	368,541
Changsha Meixi Lake Project	December 2019	–	828,951	(245,777)	583,174
Others		969,783	4,663,244	(3,917,358)	1,715,669
		9,148,413	18,823,591	(16,638,164)	11,333,840

Inventories with title restriction are stated in Note V.60.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(3) Construction contracts

	31 December 2015	31 December 2014 (Restated)
Contract costs incurred to date	2,453,239,265	2,041,107,406
Recognised profit	259,533,003	216,976,596
Less: provision for foreseeable contract losses	(533,862)	(254,986)
Less: progress billings	2,616,779,795	(2,175,699,722)
	95,458,611	82,129,294
At end of the year:		
	31 December 2015	31 December 2014 (Restated)
Gross amount due from contract customers	112,511,970	97,582,207
Gross amount due to contract customers (<i>Note V.24</i>)	(17,053,359)	(15,452,913)
	95,458,611	82,129,294

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Available-for-sale financial assets

	31 December 2015	31 December 2014 (Restated)
Available-for-sale equity instruments		
Investments in listed companies	2,382,433	586,872
– Hong Kong	240,422	227,395
– Other areas	2,142,011	359,477
Investments in unlisted companies	3,684,703	3,227,312
Other	479,300	766,000
	6,546,436	4,580,184

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Available-for-sale financial assets (Continued)

	31 December 2015			31 December 2014 (Restated)		
	Gross carrying amount	Provision	Carrying amount	Gross carrying amount	Provision	Carrying amount
Available-for-sale equity instruments						
Measured at fair value	2,382,433	-	2,382,433	586,872	-	586,872
Measured at book value	3,757,290	(72,587)	3,684,703	3,241,652	(14,340)	3,227,312
Other	479,300	-	479,300	766,000	-	766,000
	6,619,023	(72,587)	6,546,436	4,594,524	(14,340)	4,580,184

Available-for-sale equity instruments measured at fair value:

	31 December 2015	31 December 2014 (Restated)
	Available-for-sale equity instruments	Available-for-sale equity instruments
Cost	479,413	89,510
Total fair value gain or loss in other comprehensive income	1,903,020	497,362
Fair value	2,382,433	586,872

Notes to Financial Statements (continued)

As at 31 December 2015 (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 measured at cost:

2015

	Gross carrying amount			Provision for impairment			Percentage		Cash dividend	
	Opening Balance (Restated)	Increase	Decrease	Closing Balance	Opening Balance (Restated)	Increase	Decrease	Closing Balance		of ownership in equity (%)
Vossloh Fastening Systems (China) Co., Ltd.	56,969	–	–	56,969	–	–	–	–	16.20	25,945
Zhuohai Baiyi Science and Technology – Yunnan Huaxing Resource Development Company	10,000	–	–	10,000	(7,215)	–	–	(7,215)	16.00	–
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	–	–	3,085	–	–	–	–	15.00	–
Wuhan Johnson Pearl Plaza Head Falcon (Beijing) Electric Appliance Co., Ltd.	1,600	–	–	1,600	–	–	–	–	10.00	–
Djibouti Paid Port & Doraleh Port-Gallie Railway Project	355,254	–	–	355,254	–	–	–	–	10.00	–
Kweichow Moutai Health Industry Co., Ltd.	–	30,000	–	30,000	–	–	–	–	10.00	–
Chuantie (Luzhou) Railway Co., Ltd.	122,150	–	–	122,150	–	(58,720)	–	(58,720)	8.84	–
Beijing Railway Hotel Company Limited	15,000	–	–	15,000	–	–	–	–	8.10	–
Beijing-Guangzhou Passenger Railway Henan Company Limited	2,000,000	500,000	–	2,500,000	–	–	–	–	6.21	–
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	200,000	–	–	200,000	–	–	–	–	3.65	–
Essence Securities Co., Ltd. (Note 2)	268,452	–	(268,452)	–	–	–	–	–	2.09	–
Bank of Lanzhou Co., Ltd.	1,654	200,000	–	201,654	–	–	–	–	1.43	–
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 (Note 3)	7,604	–	(7,604)	–	–	–	–	–	0.16	–
Jinan Tiechuang Hongrun Investment Partners, LLP (Note 1)	–	60,000	–	60,000	–	–	–	–	19.99	1,514
Other	121,317	31,480	(29,786)	123,011	(7,125)	(3)	476	(6,652)	–	6,563
Total	3,241,652	821,480	(305,842)	3,757,290	(14,340)	(58,723)	476	(72,587)	–	34,022

Notes to Financial Statements (continued)

As at 31 December 2015 (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 measured at cost (*continued*):

Note 1: In the current year, the Group involved in establishing Jinan Tiechuang Hongrun Investment Partnership LLP, and classified the investment as available-for-sale financial asset at cost. The Group, as the secondary limited partner, has no seats in the Investment Decision Committee and no voting rights in the Partners' Meeting, and does not participate in the daily operation, thus the Group has no control, joint control of or significant influence on Jinan Tiechuang Hongrun Investment Partners LLP. Besides, the equity investment has no quoted market price in active markets, thus the Group classified the investment as available-for-sale financial asset at cost. As at 31 December 2015, the Group paid capital of RMB60,000,000.

Note 2: On 16 February 2015, 2.09% of the equity interest of Essences Securities Co., Ltd. ("Essences Securities") with original investment cost of RMB268,452,000 owned by the Group was exchanged for the equity interest of Zhong Fang Investment Development Co., Ltd. (which changed its company name to "SDIC Essences Securities Co., Ltd." on 17 July 2015). The share premium was RMB113,846,000. The investment was classified as available-for-sale financial asset at fair value during the current year. The fair value increased by RMB1,211,432,000 as at 31 December 2015.

Note 3: Guotai Junan Securities Co., Ltd. ("Guotai Junan") was listed successfully on the Shanghai Stock Exchange on 26 June 2015. The equity interest owned by the Group remains unchanged. The investment is classified as available-for-sale financial asset at fair value during the current year. The fair value increased by RMB173,142,000 as at 31 December 2015.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 measured at cost (continued):

2014 (Restated)

	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)	(444)	(7,215)	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 (Beijing) Electric Appliance Co., Ltd.	1,600	-	-	1,600	-	-	-	10.00	-
Djibouti Paid Port & Doraleh Port - Galle 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	7,604	-	-	7,604	-	-	-	0.16	380
Others	195,814	59,500	(13,316)	241,998	(2,092)	(1,910)	(4,002)	-	2,965
Total	2,840,214	414,754	(13,316)	3,241,652	(11,986)	(2,354)	(14,340)	-	35,327

Notes to Financial Statements (continued)

As at 31 December 2015 (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 measured at cost (*continued*):

Other primarily refers to wealth management products launched by financial institutions that mainly target on trust products, and they are disclosed at fair value at the end of the year.

- i. In the current year, the Group paid RMB253,000,000 for the posterior beneficial investment of CCB Trust-CRCC Blue Ocean Trust Fund II and classified the investment as available-for-sale financial asset at fair value. The trust fund is mainly applied to investment in Beijing CRCC-Blue Ocean Xingchan Investment LLP. The fund is a structured entity that is out of control of the Group. As at 31 December 2015, the fund subscription was amounted to RMB1,290,000,000, including RMB1,037,000,000 with preferential beneficial investment and RMB253,000,000 with posterior beneficial investment. The maximum exposure of the Group in the fund is equal to the carrying amount of the portion in the fund of RMB253,000,000 as at 31 December 2015. The Group has no obligation nor intention to provide financial support to the fund.
- ii. In the current year, the Group paid RMB34,000,000 for the posterior beneficial investment of CCB Trust-CRCC Blue Ocean Trust Fund III and classified the investment as available-for-sale financial asset at fair value. The trust fund is mainly applied to investment in Beijing CRCC-Blue Ocean Yongshui Investment LLP. The fund is a structured entity that is out of control of the Group. As at 31 December 2015, the fund subscription was amounted to RMB220,000,000, including RMB186,000,000 with preferential beneficial investment and RMB34,000,000 with posterior beneficial investment. The maximum exposure of the Group in the fund is equal to the carrying amount of the portion in the fund of RMB34,000,000 as at 31 December 2015. The Group has no obligation nor intention to provide financial support to the fund.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 measured at cost (continued):

- iii. In the current year, the Group paid RMB42,300,000 for the posterior beneficial investment of CCB Trust-CRCC Blue Ocean Trust Fund VII and classified the investment as available-for-sale financial asset at fair value. The trust fund is mainly applied to investment in Guangde CRCC-Blue Ocean Fengjian Investment LLP. The fund is a structured entity that is out of control of the Group. As at 31 December 2015, the fund subscription was amounted to RMB427,300,000, including RMB385,000,000 with preferential beneficial investment and RMB42,300,000 with posterior beneficial investment. The maximum exposure of the Group in the fund is equal to the carrying amount of the portion in the fund of RMB42,300,000 as at 31 December 2015. The Group has no obligation or intention to provide financial support to the fund.
- iv. As at 31 December 2015, the Group paid RMB150,000,000 for the other Trust Fund (31 December 2014: RMB766,000,000), recognized as Available-for-sale financial assets measured at fair value.

Provision for impairment of available-for-sale financial assets:

	2015	2014 (Restated)
	Available-for-sale equity instruments	Available-for-sale equity instruments
Opening balance	14,340	11,986
Provision	58,723	2,354
Decrease	(476)	-
Closing balance	72,587	14,340

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term receivables

	31 December 2015		
	Gross carrying amount	Provision for impairment	Carrying amount
Retention money receivables	2,817,636	(26,387)	2,791,249
“Build-Transfer” project receivables	26,709,331	(317,751)	26,391,580
A-land development	4,239,617	(598)	4,239,019
Others	3,380,274	(21)	3,380,253
	37,146,858	(344,757)	36,802,101
Less: Current portion of non-current assets:			
Retention money receivables	2,169,891	(24,362)	2,145,529
“Build-Transfer” project receivables	9,094,441	–	9,094,441
A-land development	517,154	(598)	516,556
Others	159,645	(21)	159,624
	11,941,131	(24,981)	11,916,150
Long-term receivables	25,205,727	(319,776)	24,885,951

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term receivables (Continued)

	31 December 2014 (Restated)		
	Gross carrying amount	Provision for impairment	Carrying amount
Retention money receivables "Build-Transfer" project	4,926,516	(82,974)	4,843,542
receivables	27,882,034	(556,529)	27,325,505
A-land development	4,696,067	–	4,696,067
Others	546,016	–	546,016
	38,050,633	(639,503)	37,411,130
Less: Current portion of non-current assets:			
Retention money receivables "Build-Transfer" project	4,528,347	(3,644)	4,524,703
receivables	8,001,776	(880)	8,000,896
Others	132,141	–	132,141
	12,662,264	(4,524)	12,657,740
Long-term receivables	25,388,369	(634,979)	24,753,390

As at 31 December 2015, long-term receivables are presented in accordance with the net amount after discount. The discount rates are between 4.35% and 4.90% (31 December 2014: between 3.00% and 6.15%).

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015	31 December 2014 (Restated)
Within 1 year	18,879,689	27,413,269
1 to 2 years	14,113,086	7,020,829
2 to 3 years	3,314,757	2,530,277
Over 3 years	839,326	1,086,258
	37,146,858	38,050,633
Less: Provision for bad debts	(344,757)	(639,503)
	36,802,101	37,411,130
Less: Current portion of non-current assets	(11,916,150)	(12,657,740)
	24,885,951	24,753,390

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term receivables (Continued)

Movements in the provision for impairment of long-term receivables are as follows:

	2015	2014 (Restated)
Opening balance	639,503	674,414
Provision for bad debts	13,386	169,024
Reversal	(306,199)	(203,935)
Write-off	(1,933)	–
Closing balance	344,757	639,503

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, in 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 recognised through profit or loss. As at 31 December 2015, the above provision was made for individually tested impaired long-term receivables of RMB344,757,000 (31 December 2014: RMB639,503,000) with a carrying amount before provision for impairment of RMB1,071,593,000 (31 December 2014: RMB2,106,826,000).

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015	31 December 2014 (Restated)
Neither past due nor impaired	35,368,302	35,587,530
Past due but not impaired		
– Within 3 months	198,000	73,881
– 3 to 6 months	7,049	–
– More than 6 months	501,914	282,396
	36,075,265	35,943,807

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)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in jointly-controlled entities and associates

	Principal place of business	Place of registration	Business scope	Registered capital	Percentage of ownership in equity (%)		Accounting treatment
					Direct	Indirect	
Jointly-controlled entities							
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 Estate 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 and infrastructure construction	130,000	49.00	-	Equity method
Hunan Maglev Transportation Development Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Maglev Transportation program	1,280,000	22.18	-	Equity method
CRCC Real Estate Co., Ltd.	Beijing	Beijing	A-land development	235,000	43.00	-	Equity method
Guizhou Wengma Railway Co., Ltd.	Fuguan, Guizhou	Fuguan, Guizhou	Railway construction and operation	500,000	22.00	-	Equity method
Ningbo Shoutai Jinze Investment Partners LLP	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment management	307,000	42.35	-	Equity method

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in jointly-controlled entities and associates (Continued)

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 entity, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is considered as a jointly-controlled entity 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 entity, it can jointly control the entity with other shareholders but not control it. Therefore, it is considered as a jointly- controlled entity of the Group.

The aggregate financial information of the individually insignificant jointly-controlled entities' is as follows:

	31 December 2015	31 December 2014 (Restated)
The share of jointly-controlled entities' net profit	3,073	26,371
The share of jointly-controlled entities' total comprehensive income	3,073	26,371
The aggregate carrying value of long-term equity investments	1,101,387	1,114,840

The aggregate financial information of the individually insignificant associates is as follows:

	31 December 2015	31 December 2014 (Restated)
The share of associates' net profit/(loss)	92,997	(29,199)
The share of associates' other comprehensive loss	(104,096)	(92,799)
The share of associates' total comprehensive loss	(11,099)	(121,998)
The aggregate carrying value of long-term equity investments	3,066,987	2,394,760

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments

		31 December 2015	31 December 2014 (Restated)
Investments in unlisted companies			
Equity method:			
Jointly-controlled entities	(1)	1,101,387	1,114,840
Associates	(2)	3,066,987	2,394,760
Less: Provision for impairment	(3)	(10,578)	(10,578)
		4,157,796	3,499,022

(1) Investments in jointly-controlled entities

2015

Company name	Investment cost	Opening balance (Restated)	Increase/(decrease) during the year			Closing balance	Provision for impairment
			(Decrease)/ increase in investment	Share of profits/ (losses)	Distribution of dividends		
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	55,207	(55,332)	125	-	-	-
China-Africa Lekkil Investment Co., Ltd.	851,410	857,016	-	2,061	(573)	858,504	-
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	66,733	-	(5,225)	-	61,508	(10,578)
Chongqing PetroChina Tiefa Suiyu Industrial Co., Ltd.	11,760	25,109	(21,818)	5,156	(8,447)	-	-
Others		110,775	69,943	956	(299)	181,375	-
		1,114,840	(7,207)	3,073	(9,319)	1,101,387	(10,578)

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (Continued)

(1) Investments in jointly-controlled entities (Continued)

2014 (Restated)

Company name	Investment cost	Opening balance	Increase/(decrease) during the year			Closing balance	Provision for impairment
			Increase in investment	Share of profits/(losses)	Distribution of dividends		
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)
Chongqing PetroChina Tefa Suiyu Industrial Co., Ltd.	11,760	25,197	-	9,386	(9,474)	25,109	-
Others		26,891	77,550	6,402	(68)	110,775	-
		1,023,787	77,550	26,371	(12,868)	1,114,840	(10,578)

Notes to Financial Statements (continued)

As at 31 December 2015 (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

2015

Company name	Investment cost	Opening balance	Additional investment	Increase/(decrease) during the year			Closing balance
				Share of profits/(losses)	Movement in other comprehensive loss	Distribution of dividends	
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,880	–	31	–	–	2,911
Shekou Xinghua Enterprise Co., Ltd.	16,693	36,852	–	1,358	–	(545)	37,665
Chongqing Yurong Highway Co., Ltd.	853,960	853,960	–	(135,446)	–	–	718,514
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	–	–	–	–	100,000
Nanchang Xinlong Real Estate Co., Ltd.	90,000	89,527	–	–	–	–	89,527
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	56,289	–	7,854	–	–	64,143
CRCC-Tongguan Investment Co., Ltd.	720,000	703,485	–	79,219	(104,096)	–	678,608
Inner Mongolia Boyuan Energy Co., Ltd.	60,000	59,113	–	374	–	–	59,487
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	101,830	50,000	–	–	–	151,830
Hunan Maglev Transportation Development Co., Ltd.	280,000	280,000	–	–	–	–	280,000
CRCC Real Estate Co., Ltd.	298,900	–	321,101	(1,116)	–	–	319,985
Guizhou Wengma Railway Co., Ltd.	110,000	–	110,000	–	–	–	110,000
Ningbo Shoutai Jinze Investment Partners LLP	130,000	–	130,000	–	–	–	130,000
Others	–	110,824	168,205	140,723	–	(95,435)	324,317
		2,394,760	779,306	92,997	(104,096)	(95,980)	3,066,987

Notes to Financial Statements (continued)

As at 31 December 2015 (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)

2014 (Restated)

Company name	Investment cost	Opening balance	Additional investment	Increase/(decrease) during the year			Closing balance
				Share of profits/(losses)	Movement in other comprehensive loss	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 Estate 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)

As at 31 December 2015 (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	2015		Closing balance
	Opening balance (Restated)	Write-off/disposal	
Jointly-controlled entity:			
China Railway Communications International Engineering and Technology Co., Ltd.	10,578	–	10,578

Company name	Opening balance	2014 (Restated) Write-off/disposal	Closing balance
Jointly-controlled entity:			
China Railway Communications International Engineering and Technology Co., Ltd.	10,578	–	10,578

12. Other current assets

	31 December 2015	31 December 2014 (Restated)
Prepayment of tax	867,309	622,028
Short-term Trust Products	430,000	509,900
Others	2,215	2,276
	1,299,524	1,134,204

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets

2015

	Buildings	Machinery	Vehicles	Other equipment	Total
Original costs					
Opening balance	14,279,328	38,169,997	13,824,889	28,447,563	94,721,777
Additions	1,261,056	2,886,753	1,115,600	5,187,886	10,451,295
Transferred from construction in progress	489,646	1,075,932	187,038	74,179	1,826,795
Disposals	(219,487)	(1,814,887)	(661,196)	(3,306,969)	(6,002,539)
Closing balance	15,810,543	40,317,795	14,466,331	30,402,659	100,997,328
Accumulated depreciation					
Opening balance	(3,285,420)	(20,455,791)	(10,207,246)	(18,582,510)	(52,530,967)
Additions	(494,441)	(3,438,145)	(1,712,912)	(5,182,222)	(10,827,720)
Disposals	144,806	1,273,723	577,422	2,978,479	4,974,430
Closing balance	(3,635,055)	(22,620,213)	(11,342,736)	(20,786,253)	(58,384,257)
Provision for impairment:					
Opening balance	(80,317)	(330,222)	(88,242)	(60,105)	(558,886)
Provision	(131,907)	—	(78)	(101,720)	(233,705)
Disposals	563	631	19	3,998	5,211
Other	(5,011)	—	—	—	(5,011)
Closing balance	(216,672)	(329,591)	(88,301)	(157,827)	(792,391)
Net book value					
Closing balance	11,958,816	17,367,991	3,035,294	9,458,579	41,820,680
Opening balance	10,913,591	17,383,984	3,529,401	9,804,948	41,631,924

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (Continued)

2014 (Restated)

	Buildings	Machinery	Vehicles	Other equipment	Total
Original costs					
Opening balance	12,256,661	36,387,842	12,954,052	25,745,929	87,344,484
Additions	753,735	2,295,485	1,256,459	5,391,236	9,696,915
Transferred from construction in progress	1,427,742	791,552	288,311	159,608	2,667,213
Disposals	(158,810)	(1,304,882)	(673,933)	(2,849,210)	(4,986,835)
Closing balance	14,279,328	38,169,997	13,824,889	28,447,563	94,721,777
Accumulated depreciation					
Opening balance	(2,825,457)	(17,728,542)	(9,154,462)	(16,526,847)	(46,235,308)
Additions	(537,958)	(3,643,263)	(1,647,842)	(4,615,265)	(10,444,328)
Disposals	77,995	916,014	595,058	2,559,602	4,148,669
Closing balance	(3,285,420)	(20,455,791)	(10,207,246)	(18,582,510)	(52,530,967)
Provision for impairment					
Opening balance	(79,243)	(332,499)	(88,337)	(60,619)	(560,698)
Disposals	1,087	2,277	95	514	3,973
Other	(2,161)	–	–	–	(2,161)
Closing balance	(80,317)	(330,222)	(88,242)	(60,105)	(558,886)
Net book value					
Closing balance	10,913,591	17,383,984	3,529,401	9,804,948	41,631,924
Opening balance	9,351,961	18,326,801	3,711,253	9,158,463	40,548,478

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (Continued)

Fixed assets with title restriction are stated in Note V.60.

As at 31 December 2015, the amount of interest expenses capitalised in the balance of fixed assets was RMB14,097,000 (31 December 2014: RMB11,000,000). The interest expenses capitalised during the year of 2015 amounted to RMB3,097,000 (2014: Nil).

Fixed assets that are temporarily unused are as follows:

As at 31 December 2015

	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	2,922	(1,070)	–	1,852
Vehicles	548	(231)	–	317
Other equipment	27,123	(4,141)	–	22,982
	30,593	(5,442)	–	25,151

As at 31 December 2014 (Restated)

	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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (Continued)

Fixed assets held under finance leases are as follows:

	31 December 2015	31 December 2014 (Restated)
Original costs	6,416,897	6,378,989
Accumulated depreciation	(2,751,423)	(2,036,780)
Net book value	3,665,474	4,342,209

As at 31 December 2015 and 31 December 2014, the Group's fixed assets held under finance leases were all construction machinery.

As at 31 December 2015, the Group was in the process of applying for the title certificates of certain buildings with an aggregate carrying amount of RMB747,224,000 (31 December 2014: RMB394,519,000). 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 2015.

On 31 December 2015, fixed assets for which the property rights certificates have not been obtained were as follows:

The name of the Building	Carrying amount	Reason
Construction Technology Building of China Railway 17 th Bureau Group Co., Ltd.	86,194	In progress
Office Building of China Railway 21 th Bureau Group Co., Ltd.	361,217	In progress
Wanda Office Building of China Railway Material Group Southwest Co., Ltd.	186,456	In progress
Others	113,357	In progress
Total	747,224	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress

	31 December 2015			31 December 2014 (Restated)		
	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.	30,620	–	30,620	18,832	–	18,832
Balance TBM of China Railway 14 th Bureau Group Co., Ltd	64,864	–	64,864	152,422	–	152,422
Construction Industry Base of China Railway 14 th Bureau Group Co., Ltd	44,313	–	44,313	–	–	–
Relocation of Tai'an Warehouse of Combat Equipment of China Railway 14 th Bureau Group Co., Ltd.	66,244	–	66,244	3,289	–	3,289
Central Hospital Building of China Railway 17 th Bureau Group Co., Ltd.	42,556	–	42,556	23,240	–	23,240
Earth Pressure of China Railway 18 th Bureau Group Co., Ltd.	69,350	–	69,350	34,675	–	34,675
Office Building of China Railway 18 th Bureau Group No. 5 Co., Ltd.	58,136	–	58,136	62,075	–	62,075
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	128,381	–	128,381	114,480	–	114,480
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	47,844	–	47,844	30,283	–	30,283
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	199,624	–	199,624	256,230	–	256,230
Office Building of China Railway 20 th Bureau Group Co., Ltd.	54,188	–	54,188	34,480	–	34,480
Factory and Base of Yanliang No. 1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	234,399	–	234,399	174,424	–	174,424
Xi'an Office Building of China Railway 20 th No. 2 Engineering Co., Ltd.	69,165	–	69,165	32,005	–	32,005
Office Building of China Railway 20 th Bureau Group Shaanxi Co., Ltd.	48,756	–	48,756	13,771	–	13,771

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

	31 December 2015			31 December 2014 (Restated)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision For impairment	Carrying amount
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	93,010	–	93,010	87,925	–	87,925
Design Building of China Railway 4 th Survey and Design Group., Ltd.	342,668	–	342,668	137,284	–	137,284
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	84,144	–	84,144	50,866	–	50,866
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	160,080	–	160,080	127,524	–	127,524
Research & Development Building of China Railway Fifth Survey and Design Institute Group Co., Ltd.	136,350	–	136,350	23,209	–	23,209
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	41,094	–	41,094	4,208	–	4,208
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	–	32,493	32,493	–	32,493
Southwest Industrial Park of China Railway Construction Heavy Industry Co., Ltd.	86,805	–	86,805	23,092	–	23,092
Steel Structure Workshop of China Railway Construction Heavy Industry Co., Ltd.	63,572	–	63,572	–	–	–
Fundamental Construction Project of China Railway Construction Heavy Industry Co., Ltd.	106,964	–	106,964	–	–	–
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	301,213	–	301,213	272,206	–	272,206
Others	600,431	(23,848)	576,583	1,118,356	(9,563)	1,108,793
	3,207,264	(23,848)	3,183,416	2,827,369	(9,563)	2,817,806

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

For the year ended 31 December 2015

	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.	110,000	18,832	11,788	–	–	30,620	Self-funding	28
Balance TBM of China Railway 14 th Bureau Group Co., Ltd	236,733	152,422	81,120	(168,678)	–	64,864	Self-funding	99
Construction Industry Base of China Railway 14 th Bureau Group Co., Ltd.	98,353	–	44,313	–	–	44,313	Self-funding	45
Relocation of Tai'an Warehouse of Combat Equipment of China Railway 14 th Bureau Group Co., Ltd.	71,782	3,289	62,955	–	–	66,244	Loan and self-funding	92
Central Hospital Building of China Railway 17 th Bureau Group Co., Ltd.	43,100	23,240	19,316	–	–	42,556	Self-funding	99
Earth Pressure of China Railway 18 th Bureau Group Co., Ltd.	73,000	34,675	34,675	–	–	69,350	Self-funding	95
Office Building of China Railway 18 th Bureau Group No. 5 Co., Ltd	64,175	62,075	709	–	(4,648)	58,136	Self-funding	98
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	480,000	114,480	13,901	–	–	128,381	Loan and self-funding	27
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	51,500	30,283	17,561	–	–	47,844	Loan and self-funding	93
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	750,000	256,230	73,778	(130,384)	–	199,624	Loan	75
Office Building of China Railway 20 th Bureau Group Co., Ltd.	60,000	34,480	19,708	–	–	54,188	Self-funding	90
Factory and Base of Yanliang No. 1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	359,000	174,424	59,975	–	–	234,399	Self-funding	65
Xi'an Office Building of China Railway 20 th No. 2 Engineering Co., Ltd.	80,540	32,005	37,160	–	–	69,165	Self-funding	86
Office Building of China Railway 20 th Bureau Group Shaanxi Co., Ltd.	90,000	13,771	34,985	–	–	48,756	Self-funding	54

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

For the year ended 31 December 2015 (Continued)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget (%)
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	210,000	87,925	5,085	–	–	93,010	Self-funding	44
Design Building of China Railway 4 th Survey and Design Group., Ltd.	490,000	137,284	205,384	–	–	342,668	Self-funding	70
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	194,529	50,866	33,277	–	–	84,143	Self-funding	43
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	127,524	32,556	–	–	160,080	Self-funding	66
Research & Development Building of China Railway Fifth Survey and Design Institute Group Co., Ltd.	558,879	23,209	113,141	–	–	136,350	Self-funding	24
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	170,000	4,208	36,886	–	–	41,094	Loan and self-funding	24
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	32,493	–	–	–	32,493	Self-funding	100
Southwest Industrial Park of China Railway Construction Heavy Industry Co., Ltd.	201,020	23,092	63,713	–	–	86,805	Self-funding	43
Steel Structure Workshop of China Railway Construction Heavy Industry Co., Ltd.	82,600	–	63,572	–	–	63,572	Self-funding	77
Fundamental Construction Project of China Railway Construction Heavy Industry Co., Ltd.	180,000	–	106,964	–	–	106,964	Self-funding	59
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	500,000	272,206	29,015	–	(7)	301,214	Loan and self-funding	86
Others		1,118,356	1,170,225	(1,555,090)	(133,060)	600,431		
Total		2,827,369	2,371,762	(1,854,152)	(137,715)	3,207,264		
Provision for impairment		(9,563)	(14,285)	–	–	(23,848)		
Carrying amount		2,817,806	2,357,477	(1,854,152)	(137,715)	3,183,416		

(Note a)

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

For the year ended 31 December 2014 (Restated)

	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	Loan and self-funding	24
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	51,500	-	30,283	-	-	30,283	Loan and self-funding	59
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	380,000	179,537	13,732	-	-	193,269	Loan and 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	Loan and self-funding	44
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	750,000	-	487,812	(231,582)	-	256,230	Loan	65
Earth Pressure Balance ZPE-6410 of China Railway 19 th Bureau Group Co., Ltd.	187,000	55,817	63,422	(68,783)	-	50,456	Self-funding	64

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

For the year ended 31 December 2014 (Restated) (Continued)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget (%)
Xi'an Office Building of China Railway 20 th No. 2 Engineering Co., Ltd. of China.	80,540	7,840	24,165	-	-	32,005	Self-funding	40
Office Building of China Railway 20 th Bureau Group Co., Ltd.	60,000	35,740	21,094	-	(22,354)	34,480	Self-funding	57
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
Office Building of China Railway 21 st Bureau Group Co., Ltd.	40,275	-	39,221	-	-	39,221	Loan and self-funding	97
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	210,000	84,954	2,971	-	-	87,925	Self-funding	42
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.	500,000	155,567	243,104	(126,465)	-	272,206	Loan and self-funding	80
Others		1,686,947	1,526,319	(2,473,131)	(191,676)	548,459		
Total		2,678,152	3,263,208	(2,899,961)	(214,030)	2,827,369		
Provision for impairment		(9,563)	-	-	-	(9,563)		
Carrying amount		2,668,589	3,263,208	(2,899,961)	(214,030)	2,817,806		

(Note a)

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

Note a: In the year of 2015, construction in progress with a carrying amount of RMB1,826,795,000 (2014: RMB2,667,213,000) was transferred to fixed assets; RMB27,357,000 (2014: RMB105,564,000) was transferred to intangible assets and no construction in progress (2014: RMB127,184,000) was transferred to properties held for sale.

The amounts of interest expenses capitalised in the balance of construction in progress and the capitalisation rates are as follows:

2015

	Progress (%)	Accumulated amount of interest capitalised	Interest capitalised during the year	Capitalisation rate during the year (%)
Combat Readiness Equipment Warehouse in Tai'an of China Railway 14 th Bureau Group Co., Ltd.	92	3,869	2,536	6.21
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	27	6,552	3,010	6.00
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	93	229	50	6.00
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	75	11,955	8,963	6.73
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	86	10,579	—	—
North Blue Marine Production Base of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	10	133	133	6.25
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	24	1,721	1,721	5.70
		35,038	16,413	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

2014 (Restated)

	Progress (%)	Accumulated amount of interest capitalised	Interest capitalised during the year	Capitalisation 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	7.63
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.	59	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.	65	2,992	2,992	6.78
Office Building of China Railway 21 st Bureau Group Co., Ltd.	97	1,775	1,775	6.22
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	80	10,579	4,942	5.74
		24,536	16,112	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets

2015

	Land use rights	Concession assets	Mining rights	Others	Total
Original costs					
Opening balance	6,025,935	18,013,556	172,511	238,096	24,450,098
Additions	202,018	13,654,282	—	46,958	13,903,258
Transferred from construction in progress	—	—	—	27,357	27,357
Disposals	(145,338)	—	—	(1,728)	(147,066)
Closing balance	6,082,615	31,667,838	172,511	310,683	38,233,647
Accumulated amortisation					
Opening balance	(855,093)	(1,060,399)	(20,559)	(127,229)	(2,063,280)
Additions	(102,738)	(150,506)	(3,372)	(32,518)	(289,134)
Disposals	25,730	—	—	1,166	26,896
Closing balance	(932,101)	(1,210,905)	(23,931)	(158,581)	(2,325,518)
Provision for impairment					
Opening balance	(9,044)	—	—	—	(9,044)
Provision	(33,935)	—	—	—	(33,935)
Closing balance	(42,979)	—	—	—	(42,979)
Net book value					
Closing balance	5,107,535	30,456,933	148,580	152,102	35,865,150
Opening balance	5,161,798	16,953,157	151,952	110,867	22,377,774

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

2014 (Restated)

	Land use rights	Concession assets	Mining rights	Others	Total
Original costs					
Opening balance	6,036,753	8,597,150	172,511	197,935	15,004,349
Additions	162,168	9,418,092	–	36,875	9,617,135
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	18,013,556	172,511	238,096	24,450,098
Accumulated amortisation					
Opening balance	(744,947)	(909,927)	(18,212)	(104,874)	(1,777,960)
Additions	(115,932)	(150,472)	(2,347)	(22,961)	(291,712)
Disposals	5,786	–	–	606	6,392
Closing balance	(855,093)	(1,060,399)	(20,559)	(127,229)	(2,063,280)
Provision for impairment					
Opening balance	(9,044)	–	–	–	(9,044)
Closing balance	(9,044)	–	–	–	(9,044)
Net book value					
Closing balance	5,161,798	16,953,157	151,952	110,867	22,377,774
Opening balance	5,282,762	7,687,223	154,299	93,061	13,217,345

As at 31 December 2015 and 31 December 2014, there were no intangible assets added through internal research and development.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

The remaining lease terms of the Group's land use rights in the PRC are analysed as follows:

	31 December 2015	31 December 2014 (Restated)
Long term of not less than 50 years	103,756	95,857
Medium term of less than 50 years but not less than 10 years	4,952,085	5,014,760
Short term of less than 10 years	51,694	51,181
	5,107,535	5,161,798

Intangible assets with title restriction are stated in Note V.60.

As at 31 December 2015, 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 RMB92,370,000 (31 December 2014: RMB54,011,000). 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 2015.

On 31 December 2015, intangible assets for which the property rights certificates have not been obtained are as follows:

The name of the land	Carrying amount	Reason
Production Land of Xi'an Chanba District	35,680	In progress
Yan Liang New Production Base of Xi'an Construction Machinery Co., Ltd.	31,057	In progress
Others	25,633	In progress
Total	92,370	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are as follows:

2015

	Progress (%)	Accumulated amount of interest capitalised	Interest capitalised during the year	Capitalisation rate during the year (%)
Jiyang Guest-greeting Yellow River Bridge concession rights	100	23,564	—	—
De'shang Highway Project Xiajing to Liucheng concession rights	85	143,532	83,663	5.81
Sichuan JianPu Highway Project concession rights	56	370,642	222,049	6.26
Ji'nan to Leling Highway Project concession rights	100	424,801	12,126	6.10
Guangxi Ziyuan(meixi) to Xing'an Highway BOT project concession rights	60	128,091	96,143	5.25
Guizhou Anshun to Ziyun Highway Project concession rights	20	17,247	10,441	5.55
Shandong Jixu Highway Jiyu Co., Ltd. concession rights	52	120,684	84,148	5.36
Suiyu Highway Project concession rights	100	192,971	—	—
Chongqing Xiushan- Guizhou Songtao Highway concession rights	49	37,608	30,082	5.50
Total		1,459,140	538,652	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

2014 (Restated)

	Progress (%)	Accumulated amount of interest capitalised	Interest capitalised during the year	Capitalisation 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	90	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
Suiyu Highway Project concession rights	100	192,971	–	–
Chongqing Xiushan- Guizhou Songtao Highway concession rights	12	7,526	7,526	6.68
Total		920,488	528,509	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill

2015

	Opening balance (Restated)	Increase	Decrease	Closing balance
Acquisition of Hangsheng Company	100,135	–	–	100,135
Others	3,158	–	–	3,158
Total	103,293	–	–	103,293

2014 (Restated)

	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

As at 31 December 2015, the goodwill acquired in the business combination of Guangdong Hangsheng Group Construction Co., Ltd. ("Hangsheng Company") had been allocated to the asset group of unfinished construction contracts of the acquirer, CRCC Harbour & Channel Engineering Bureau Group Co., Ltd., a subsidiary of the Group, for the impairment test. The recoverable amount had been determined to be based on the present value of future cash flows, which based on the net cash flows from its unfinished construction contracts. The discount rate used in the cash flow projection reflected the specific risk associated with the asset group and was determined at 12% before taxation. Upon the impairment test, the Company's management is of view that the goodwill is not impaired, thus no provision should be made.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Deferred tax assets and liabilities

	31 December 2015		31 December 2014 (Restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	1,952,938	402,808	2,521,123	534,808
Provision for impairment of assets	1,931,839	417,267	2,038,849	502,163
Deductible tax losses	507,276	94,675	405,324	87,466
Accruals and provisions	149,016	35,886	433,672	106,202
Additional tax deduction on asset revaluation surplus arising from a prior restructuring	2,103,573	459,375	2,234,134	489,709
Others	3,919,258	963,810	2,248,228	481,874
	10,563,900	2,373,821	9,881,330	2,202,222
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Available-for-sale financial assets	1,791,291	427,552	385,633	73,802
Others	11,632	2,907	10,040	2,065
	1,802,923	430,459	395,673	75,867

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. *Deferred tax assets and liabilities (Continued)*

Unrecognised deferred tax assets are presented as follows:

	31 December 2015	31 December 2014 (Restated)
Deductible temporary differences	5,259,908	1,952,421
Deductible tax losses	2,269,914	1,181,424
	7,529,822	3,133,845

Deductible tax losses that are not recognised as deferred tax assets will expire in the following years:

	31 December 2015
2016	15,774
2017	111,476
2018	155,972
2019	532,741
2020	1,453,951
	2,269,914

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Deferred tax assets and liabilities (Continued)

	31 December 2014 (Restated)
2015	32,763
2016	41,144
2017	112,080
2018	258,329
2019	737,108
	1,181,424

18. Provision for impairment of assets

2015

	Opening balance (Restated)	Increase Provision	Decrease Reversal	Write-off	Other	Closing balance
Provision for bad debts	3,641,844	3,393,630	(616,720)	(39,163)	20,029	6,399,620
Provision for decline in value of inventories	349,426	495,322	(48,265)	(4,880)	524	792,127
Provision for impairment of available-for-sale financial assets	14,340	58,723	–	(476)	–	72,587
Provision for impairment of long-term equity investments	10,578	–	–	–	–	10,578
Provision for impairment of fixed assets	558,886	233,705	–	(5,211)	5,011	792,391
Provision for impairment of construction in progress	9,563	14,285	–	–	–	23,848
Provision for impairment of intangible assets	9,044	33,935	–	–	–	42,979
	4,593,681	4,229,600	(664,985)	(49,730)	25,564	8,134,130

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Provision for impairment of assets (Continued)

2014 (Restated)

	Opening balance	Increase Provision	Decrease		Other	Closing balance
			Reversal	Write-off		
Provision for bad debts	2,329,989	1,866,725	(468,852)	(86,200)	182	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	–	–	(3,973)	2,161	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)	(123,149)	2,343	4,593,681

19. Short-term loans

		31 December 2015	31 December 2014 (Restated)
Pledged loans	<i>Note (a)</i>	4,897,234	2,288,412
Mortgaged loans	<i>Note (b)</i>	12,000	32,500
Guaranteed loans	<i>Note (c)</i>	5,915,210	5,937,810
Loans on credit		32,546,436	37,332,317
		43,370,880	45,591,039

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Short-term loans (Continued)

Note (a): As at 31 December 2015, certain short-term loans with a carrying amount of RMB4,897,184,000 (31 December 2014: RMB2,287,902,000) were secured by the pledge of the Group's accounts receivable in the amount of RMB6,374,148,000 (31 December 2014: RMB2,688,534,000) (Note V.60(c)).

As at 31 December 2015, certain short-term loans with a carrying amount of RMB50,000 (31 December 2014: RMB510,000) were secured by the pledge of the Group's fixed deposits in the amount of RMB63,000 (31 December 2014: RMB570,000) (Note V.60(a)).

Note (b): As at 31 December 2015, certain short-term loans with a carrying amount of RMB12,000,000 were secured by the mortgages of the Group's buildings in the amount of RMB17,000,000 (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) (Note V.60(e)).

Note (c): As at 31 December 2015, all guaranteed loans were guaranteed by the entities comprising the Group.

As at 31 December 2015, interest rates for the above loans ranged from 2.35% to 7.50% per annum (31 December 2014: from 1.25% to 10.00%).

As at 31 December 2015, there were no short-term loans defaulted by the Group (31 December 2014: Nil).

20. Due to customers

	31 December 2015	31 December 2014 (Restated)
Due to customers	5,116,842	807,664

21. Due to banks

	31 December 2015	31 December 2014 (Restated)
Domestic banks	6,000,000	–

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Bills payable

	31 December 2015	31 December 2014 (Restated)
Commercial acceptance bills	1,603,328	1,299,022
Bank acceptance bills	24,675,781	20,257,126
	26,279,109	21,556,148

As at 31 December 2015, there were no unpaid overdue bills payable (31 December 2014: Nil).

23. Accounts payable

Accounts payable are non-interest-bearing and are usually paid within the agreed period.

	31 December 2015	31 December 2014 (Restated)
Within 1 year	221,276,084	201,250,257
1 to 2 years	3,467,880	3,428,273
2 to 3 years	649,876	402,012
More than 3 years	582,403	450,254
	225,976,243	205,530,796

As at 31 December 2015, significant accounts payable aged over one year were as follows:

	Relationship with the Group	31 December 2015	Reason for payables not being settled
Company 1	Third party	150,012	Material procurement costs unsettled
Company 2	Third party	41,966	Construction costs unsettled
Company 3	Third party	41,000	Material procurement costs unsettled
Company 4	Third party	28,643	Construction costs unsettled
Company 5	Third party	25,678	Construction costs unsettled
		287,299	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Accounts payable (Continued)

As at 31 December 2014, significant accounts payable aged over one year were as follows (Restated):

	Relationship with the Group	31 December 2014 (Restated)	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	

24. Advances from customers

	31 December 2015	31 December 2014 (Restated)
Advances for construction contracts	35,364,620	31,198,540
Advances for the sale of properties (Note)	18,637,083	12,244,238
Gross amount due to contract customers (Note V.7 (3))	17,053,359	15,452,913
Advances for the sale of materials	4,100,885	3,950,847
Advances for the sale of goods	255,139	412,125
Others	570,020	556,750
	75,981,106	63,815,413

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Advances from customers (Continued)

Note: Details of the advances from customers for the pre-sale of properties are as follows:

Property name	31 December 2015	Percentage of accumulated pre-sales in advance (%)	Estimated completion date
Yuanxiang Jiayuan Project	1,255,345	91	December 2016
Hefei CRCC International City Project	1,250,102	87	December 2017
Wuhan Wutong Yuan Project	1,184,491	87	March 2016
Jiangsu Qingxiu City Project	1,129,190	33	September 2016
Jinjiang International City Project	989,985	84	February 2016
Jiangnan International City Project	778,277	32	October 2017
Tongrui Jiayuan Owner-Occupied Housing Project	700,914	100	August 2016
CRCC Lidu Project	689,848	59	April 2016
Tongrui Jiayuan Resettlement Project	688,500	100	August 2016
Tianjin CRCC International City Project	675,626	31	April 2018
CRCC Yao Center Project	675,130	58	March 2016
Xi'an CRCC International City Project	659,639	50	December 2018
Xi'an CRCC Yiyuan Project	558,991	31	April 2016
Shanghai CRCC Qingxiu City II Project	554,804	70	December 2016
Jiucheng Yihao Project	373,234	70	December 2018
CRCC Lingxiu City Project	348,362	42	December 2017
Laizhou CRCC International City Project	347,661	68	December 2017
Jiangwan Shanyu City II Project	311,742	35	December 2017
Guangzhou Zengcheng International City Project	311,042	45	September 2017
Beihu Zone Project	307,559	17	September 2018
Guiyang International City D2 Project	305,452	81	May 2017
CRCC Guobinyuan Project	304,385	9	December 2016
Tongrui Jiayuan Price-Capped Housing Project	208,430	58	August 2016
Chengdu CRCC Xipai Lan'an Project	204,960	7	December 2018
Foshan International Gongguan Project	189,217	16	December 2017
Qingxiu Lanwan Project	187,387	64	December 2016
Others	3,446,810		
	18,637,083		

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. 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 2014 (Restated)	Percentage of accumulated pre-sales in advance %	Estimated completion date
Yuanxiang Mangu Project	1,033,748	71	December 2015
Hefei CRCC International City Project	887,895	28	December 2017
Xi'an CRCC International City Project	826,218	33	December 2018
Wuhan 1818 Center Project	806,660	46	August 2015
Xipai International Project	534,760	44	June 2015
CRCC Hangzhou Qingxiu City Project	421,671	44	October 2015
Xi'an CRCC Yiyuan Project	385,449	69	April 2016
Yuanxiang Jiayuan Project	359,814	68	December 2016
CRCC Beijing Shanyu City Project	347,999	91	December 2015
CRCC Yao Center Project	280,202	14	March 2016
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	3,231,173		
	12,244,238		

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Advances from customers (Continued)

As at 31 December 2015, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2015	Reason for being outstanding
Company 1	Third party	2,839,903	Work performed but not billed
Company 2	Third party	316,155	Work performed but not billed
Company 3	Third party	233,764	Work performed but not billed
Company 4	Third party	224,657	Work performed but not billed
Company 5	Third party	185,327	Work performed but not billed
		3,799,806	

As at 31 December 2014, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2014 (Restated)	Reason for being outstanding
Company 1	Third party	2,824,542	Work performed but not billed
Company 2	Third party	899,396	Work performed but not billed
Company 3	Third party	595,819	Work performed but not billed
Company 4	Third party	54,592	Work performed but not billed
Company 5	Third party	50,235	Work performed but not billed
		4,424,584	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Employee benefits payable

2015

	Opening balance (Restated)	Accrued	Paid	Closing balance
Short-term benefits	6,125,353	36,198,728	(35,210,302)	7,113,779
Post-employment benefits (defined contribution plans)	1,284,859	4,373,388	(4,175,758)	1,482,489
	7,410,212	40,572,116	(39,386,060)	8,596,268

2014 (Restated)

	Opening balance	Accrued	Paid	Closing balance
Short-term benefits	5,065,142	32,425,285	(31,365,074)	6,125,353
Post-employment benefits (defined contribution plans)	1,178,820	3,874,229	(3,768,190)	1,284,859
	6,243,962	36,299,514	(35,133,264)	7,410,212

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Employee benefits payable (Continued)

Short-term benefits:

2015

	Opening balance (Restated)	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	3,869,628	27,832,191	(27,157,965)	4,543,854
Staff welfare	–	1,576,782	(1,576,782)	–
Social insurance	845,269	2,188,347	(2,019,180)	1,014,436
Including:				
Medical insurance	723,344	1,898,084	(1,750,239)	871,189
Work injury insurance	78,580	179,863	(166,592)	91,851
Maternity insurance	43,345	110,400	(102,349)	51,396
Housing funds	670,457	1,889,204	(1,841,839)	717,822
Union fund and employee education fund	445,064	724,103	(710,240)	458,927
Others	294,935	1,988,101	(1,904,296)	378,740
	6,125,353	36,198,728	(35,210,302)	7,113,779

2014 (Restated)

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	3,083,838	25,600,574	(24,814,784)	3,869,628
Staff welfare	–	1,262,374	(1,262,374)	–
Social insurance	799,533	1,902,067	(1,856,331)	845,269
Including:				
Medical insurance	677,349	1,650,766	(1,604,771)	723,344
Work injury insurance	82,608	150,080	(154,108)	78,580
Maternity insurance	39,576	101,221	(97,452)	43,345
Housing funds	636,058	1,542,663	(1,508,264)	670,457
Union fund and employee education fund	431,477	649,815	(636,228)	445,064
Others	114,236	1,467,792	(1,287,093)	294,935
	5,065,142	32,425,285	(31,365,074)	6,125,353

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Employee benefits payable (Continued)

Defined contribution plans:

2015

	Opening balance (Restated)	Accrued	Paid	Closing balance
Basic pension	971,424	3,656,496	(3,515,895)	1,112,025
Unemployment insurance	109,473	226,752	(224,924)	111,301
Supplementary pension insurance	203,962	490,140	(434,939)	259,163
	1,284,859	4,373,388	(4,175,758)	1,482,489

2014 (Restated)

	Opening balance	Accrued	Paid	Closing balance
Basic pension	877,725	3,264,800	(3,171,101)	971,424
Unemployment insurance	113,385	214,817	(218,729)	109,473
Supplementary pension insurance	187,710	394,612	(378,360)	203,962
	1,178,820	3,874,229	(3,768,190)	1,284,859

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Taxes payable

	31 December 2015	31 December 2014 (Restated)
Value-added tax	414,416	309,725
Business tax	4,839,346	5,407,276
Corporate income tax	2,419,526	2,247,040
Individual income tax	1,122,368	952,754
City maintenance and construction tax	339,973	377,760
Others	364,108	487,376
	9,499,737	9,781,931

27. Interest payables

	31 December 2015	31 December 2014 (Restated)
Interest payables for corporate bonds	726,403	640,572
Interest payables for short-term loans	202,673	151,296
Interest payables for long-term loans	79,294	65,860
	1,008,370	857,728

28. Dividends payable

	31 December 2015	31 December 2014 (Restated)
CRCCG (Note V.44(c))	–	277,504
PICC Asset Management Co., Ltd.	330,146	–
Beijing Modasi Investment Co., Ltd.	39,971	39,971
Others	90,531	91,996
	460,648	409,471

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other payables

	31 December 2015	31 December 2014 (Restated)
Guarantees and deposits	14,052,472	13,302,923
Payables for advances	11,239,816	9,542,302
Accrued business taxes and surcharges	5,626,660	4,964,873
Others	14,515,206	12,269,655
	45,434,154	40,079,753

As at 31 December 2015, significant other payables aged over one year were as follows:

	Relationship with the Group	31 December 2015	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
Company 2	Third party	157,276	Demolition not settled
Company 3	Third party	40,000	Deposit not due
Company 4	Third party	37,116	Deposit not due
Company 5	Third party	32,000	Deposit not due
		518,008	

As at 31 December 2014, significant other payables aged over one year were as follows (Restated):

	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	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Current portion of non-current liabilities

	31 December 2015	31 December 2014 (Restated)
Current portion of long-term loans (<i>Note V.32</i>)	28,711,736	20,159,539
Current portion of bonds payable (<i>Note V.30</i>)	1,950,000	5,793,958
Current portion of long-term payables (<i>Note V.34</i>)	1,235,960	2,044,186
Current portion of long-term employee benefits payable (<i>Note V.35</i>)	536,474	623,742
	32,434,170	28,621,425

The current portion of long-term loans is presented as follows:

	31 December 2015	31 December 2014 (Restated)
Pledged loans (<i>Note V.32 (b and d)</i>)	229,380	141,780
Mortgaged loans (<i>Note V.32 (c and e)</i>)	4,445,584	2,942,951
Guaranteed loans	4,022,908	3,700,667
Loans on credit	20,013,864	13,374,141
	28,711,736	20,159,539

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Current portion of non-current liabilities (Continued)

As at 31 December 2015, the current portion of bonds payable was as follows:

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance (Restated)	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
China Railway 15 Bureau Group Co., Ltd. – 2013 first issue of private placement note	400,000	28 Mar 2013	3 years	400,000	5.90%	400,000	24,505	–	(23,600)	400,000
China Railway 17 th Bureau Group Co., Ltd. – 2013 first issue of private placement note	500,000	21 Mar 2013	3 years	500,000	5.88%	500,000	29,400	–	(29,400)	500,000
China Railway 23rd Bureau Group Co., Ltd. – 2014 first issue of private placement note	150,000	14 Mar 2014	2 years	150,000	7.50%	150,000	11,250	–	(11,250)	150,000
China Railway 24 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	600,000	11 Apr 2013	3 years	600,000	5.40%	600,000	32,400	–	(32,400)	600,000
Chongqing Tiefa Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2013	300,000	17 Jul 2013	3 years	300,000	5.36%	300,000	15,589	–	(16,080)	300,000
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%	4,993,958	131,869	6,042	(5,189,000)	–
China Railway 15 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	23 Nov 2012	3 years	400,000	6.50%	400,000	23,934	–	(426,000)	–
China Railway 25 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	6 Aug 2012	3 years	400,000	6.10%	400,000	12,100	–	(421,927)	–
	7,750,000			7,750,000		7,743,958	281,047	6,042	(6,149,657)	1,950,000

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Current portion of non-current liabilities (Continued)

As at 31 December 2014, the current portion of bonds payable was as follows (Restated):

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
China Railway Co., Ltd. - First issue of medium-term notes in 2010	5,000,000	27 August 2010	5 years	5,000,000	3.78%	4,986,350	196,608	7,608	(189,000)	4,993,958
China Railway 15 th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	23 November 2012	3 years	400,000	6.50%	400,000	26,000	-	(26,000)	400,000
China Railway 25 th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	6 August 2012	3 years	400,000	6.10%	400,000	24,400	-	(24,400)	400,000
China Railway 23 rd Bureau Group Co., Ltd. - 2012 first issue of private placement note	350,000	9 August 2012	2 years	350,000	5.90%	350,000	10,440	-	(368,068)	-
China Railway 25 th Bureau Group Co., Ltd. - 2012 second issue of private placement note	500,000	9 November 2012	2 years	500,000	6.20%	500,000	26,584	-	(531,000)	-
	6,650,000			6,650,000		6,636,350	284,032	7,608	(1,138,468)	5,793,958

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Other current liabilities

	31 December 2015	31 December 2014 (Restated)
Deferred income (<i>Note V.38</i>)	116,788	28,141
Short-term unsecured financing bonds and private placement note (<i>Note</i>)	3,595,179	5,704,924
Others	9,670	8,452
	3,721,637	5,741,517

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
2015	5,704,924	3,713,255	(5,823,000)	3,595,179
2014 (Restated)	8,666,277	5,911,647	(8,873,000)	5,704,924

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Other current liabilities (Continued)

As at 31 December 2015, 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. – 2015 first tranche	3,000,000	24 Apr 2015	3.97%	270 days	82,228	3,082,228
Chongqing Tiefa Suiyu Highway Co., Ltd. – 2015 first issue of private placement note	500,000	18 May 2015	6.00%	270 days	12,951	512,951
	3,500,000				95,179	3,595,179

As at 31 December 2014, the balances of the short-term unsecured financing bonds and private placement note were as follows (Restated):

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 19 th Bureau Group Co., Ltd. – 2014 first issue of private placement note of Guang Da Bank	1,000,000	24 Oct 2014	6.30%	365 days	9,506	1,009,506
China Railway 19 th Bureau Group Co., Ltd. – 2014 first issue of private placement note 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)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term loans

	31 December 2015	31 December 2014 (Restated)
Pledged loans (<i>Note (b) and Note (d)</i>)	6,406,750	1,447,630
Mortgaged loans (<i>Note (a), Note (c) and Note (e)</i>)	6,748,067	10,076,507
Guaranteed loans (<i>Note (f)</i>)	8,043,275	10,101,332
Loans on credit	26,200,356	32,161,260
	47,398,448	53,786,729

Note (a): As at 31 December 2015, long-term bank loans with a carrying amount of RMB831,738,000 (31 December 2014: RMB6,694,000) were secured by mortgages of the Group's buildings with a carrying amount of RMB1,299,554,000 (31 December 2014: RMB6,904,000) (*Note V.60(e)*).

Note (b): As at 31 December 2015, long-term bank loans in the amount of RMB6,106,130,000 including long-term loans due within one year of RMB179,380,000 (31 December 2014: RMB879,410,000, including long-term loans due within one year of RMB141,780,000) were secured by a pledge of the Group's concession assets with a carrying amount of RMB7,138,624,000 (31 December 2014: RMB2,783,252,000) (*Note V.60(f)*).

Note (c): As at 31 December 2015, long-term bank loans in the amount of RMB10,261,913,000 including long-term loans due within one year of RMB4,345,584,000 (31 December 2014: RMB13,012,764,000, including long-term loans due within one year of RMB2,942,951,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB32,584,697,000 (31 December 2014: RMB40,437,760,000) (*Note V.60(d)*).

Note (d): As at 31 December 2015, long-term bank loans in an amount of RMB530,000,000 including long-term loans due within one year of RMB50,000,000 (31 December 2014: RMB710,000,000) were secured by a pledge of the Group's accounts receivable with a carrying amount of RMB854,000,000 (31 December 2014: RMB1,665,095,000) (*Note V.60(c)*).

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term loans (Continued)

Note (e): As at 31 December 2015, long-term bank loans in the amount of RMB100,000,000 including long-term loans due within one year of RMB100,000,000 (31 December 2014: Nil) were secured by mortgages of the Group's land use rights with a carrying amount of RMB201,390,000 (31 December 2014: Nil) (Note V.60(f)).

Note (f): As at 31 December 2015, the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group.

As at 31 December 2015, there were no long-term loans defaulted by the Group (31 December 2014: Nil).

The maturity profile of the long-term loans as at the end of the reporting period is as follows:

	31 December 2015	31 December 2014 (Restated)
Within one year or on demand (<i>Note V.30</i>)	28,711,736	20,159,539
In the second year, inclusive	10,813,094	31,731,640
In the third to fifth years, inclusive	17,268,616	14,259,734
Beyond five years	19,316,738	7,795,355
	76,110,184	73,946,268

33. Bonds payable

Bonds payable include 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. The bond's interest is paid semi-annually whereas the principal is paid at the maturity date.

	31 December 2015	31 December 2014 (Restated)
Bonds payable	31,058,948	27,212,667

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (Continued)

As at 31 December 2015, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance (Restated)	Amount issued in the year	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
China Railway Co., Ltd. – First issue of medium-term notes in 2011	7,500,000	14 October 2011	7 years	7,500,000	6.28%	7,450,804	–	481,900	11,164	(471,000)	7,461,968
China Railway Co., Ltd. – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,939,636	–	518,804	9,548	(510,000)	9,949,184
China Railway 14 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	27 August 2012	5 years	400,000	6.70%	400,000	–	27,590	–	(26,800)	400,000
China Railway 15 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	300,000	4 September 2014	3 years	300,000	6.80%	300,000	–	20,959	–	(20,400)	300,000
China Railway 17 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	500,000	25 June 2014	3 years	500,000	7.30%	500,000	–	36,500	–	(36,500)	500,000
China Railway 20 th Bureau Group Co., Ltd. – 2015 first issue of private placement note	700,000	13 March 2015	3 years	700,000	6.50%	–	700,000	33,968	–	–	700,000
China Railway 23rd Bureau Group Co., Ltd. – 2015 first issue of private placement note	100,000	11 February 2015	3 years	100,000	6.30%	–	99,100	4,765	247	(6,300)	99,347
China Railway 23rd Bureau Group Co., Ltd. – 2015 second issue of private placement note	100,000	12 February 2015	3 years	100,000	6.30%	–	99,100	4,765	246	(6,300)	99,346
China Railway 25 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	400,000	28 October 2014	3 years	400,000	6.50%	400,000	–	25,929	–	(26,000)	400,000
China Railway 25 th Bureau Group Co., Ltd. – 2015 first issue of private placement note	400,000	30 January 2015	3 years	400,000	6.50%	–	400,000	23,863	–	–	400,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 first issue of private placement note	470,000	23 April 2014	3 years	470,000	6.38%	470,000	–	29,985	–	(28,569)	470,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 second issue of private placement note	200,000	31 July 2014	3 years	200,000	7.20%	200,000	–	14,891	–	(14,400)	200,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 third issue of private placement note	300,000	31 October 2014	3 years	300,000	6.70%	300,000	–	20,100	–	(20,100)	300,000

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (Continued)

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance (Restated)	Amount issued in the year	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 fourth issue of private placement note	50,000	1 October 2014	3 years	50,000	7.05%	50,000	–	3,525	–	(3,525)	50,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 fifth issue of private placement note	200,000	18 December 2014	3 years	200,000	6.50%	200,000	–	12,584	–	(12,600)	200,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2015 first issue of private placement note	200,000	11 February 2015	3 years	200,000	6.00%	–	200,000	10,800	–	–	200,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. – 2014 first issue of private placement note	200,000	30 April 2014	3 years	200,000	7.98%	200,000	–	26,378	–	(15,960)	200,000
China Railway Construction Investment Group Co., Ltd. – 2015 first issue of private placement note	1,000,000	28 July 2015	3 years	1,000,000	4.85%	–	1,000,000	20,862	–	–	1,000,000
China Railway Real Estate Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.02%	–	2,973,850	30,150	1,224	–	2,975,074
CRCC Yuxiang Limited 3.5 PCT Guaranteed Note Due 2023	USD800,000	16 May 2013	10 years	USD800,000	3.50%	4,852,227	–	179,242	301,802	(174,665)	5,154,029
						25,262,667	5,472,050	1,527,560	324,231	(1,373,119)	31,058,948

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (Continued)

As at 31 December 2014, bonds payable were as follows (Restated):

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Amount issued in the year	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
China Railway Co., Ltd. – First issue of medium-term notes in 2011	7,500,000	14 October 2011	7 years	7,500,000	6.28%	7,440,566	–	481,238	10,238	(471,000)	7,450,804
China Railway Co., Ltd. – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,931,269	–	518,367	8,367	(510,000)	9,939,636
China Railway 14 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	27 August 2012	5 years	400,000	6.70%	400,000	–	27,023	–	(26,800)	400,000
China Railway 15 th Bureau Group Co., Ltd. – 2013 first issue of private placement note	400,000	28 March 2013	3 years	400,000	5.90%	400,000	–	23,536	–	(23,600)	400,000
China Railway 15 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	300,000	4 September 2014	3 years	300,000	6.80%	–	300,000	6,092	–	–	300,000
China Railway 17 th Bureau Group Co., Ltd. – 2013 first issue of private placement note	500,000	21 March 2013	3 years	500,000	5.88%	500,000	–	30,194	–	(29,400)	500,000
China Railway 17 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	500,000	25 June 2014	3 years	500,000	7.30%	–	500,000	18,900	–	–	500,000
China Railway 23 rd Bureau Group Co., Ltd. – 2014 first issue of private placement note	150,000	14 March 2014	2 years	150,000	7.50%	–	150,000	8,812	–	–	150,000
China Railway 24 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	600,000	11 April 2013	3 years	600,000	5.40%	600,000	–	32,400	–	(32,400)	600,000
China Railway 25 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	400,000	28 October 2014	3 years	400,000	6.50%	–	400,000	4,630	–	–	400,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2013	300,000	16 July 2013	3 years	300,000	5.36%	300,000	–	15,589	–	(15,589)	300,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2014	470,000	23 April 2014	3 years	470,000	6.38%	–	470,000	21,073	–	–	470,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – 2014 second issue of private placement note	200,000	31 July 2014	3 years	200,000	7.20%	–	200,000	6,160	–	–	200,000

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (Continued)

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Amount issued in the year	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
Chongqing Tiefa Suiyu Highway Co., Ltd. – 2014 third issue of private placement note	300,000	31 October 2014	3 years	300,000	6.70%	-	300,000	900	-	-	300,000
Chongqing Tiefa Suiyu Highway Co., Ltd. – 2014 fourth issue of private placement note	50,000	1 October 2014	3 years	50,000	7.05%	-	50,000	3,462	-	-	50,000
Chongqing Tiefa Suiyu Highway Co., Ltd. – 2014 fifth issue of private placement note	200,000	18 December 2014	3 years	200,000	6.50%	-	200,000	505	-	-	200,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. – 2014 first issue of private placement note	200,000	30 April 2014	3 years	200,000	7.98%	-	200,000	-	-	-	200,000
CRCC Yuxiang Limited 3.5PCT Guaranteed Note Due 2023	USD800,000	16 May 2013	10 years	USD800,000	3.50%	4,830,401	-	172,479	21,826	(172,401)	4,852,227
						24,402,236	2,770,000	1,371,360	40,431	(1,281,190)	27,212,667

Notes to Financial Statements

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term payables

	31 December 2015	31 December 2014 (Restated)
Retention money payables	1,175	518
Finance lease payables	1,506,534	2,763,922
Others	701,056	1,815,951
	2,208,765	4,580,391

The maturity profile of long-term payables as at the end of the reporting period is as follows:

	31 December 2015	31 December 2014 (Restated)
Within one year (<i>Note V.30</i>)	1,235,960	2,044,186
In the second year, inclusive	980,397	1,324,411
In the third to fifth years, inclusive	760,290	1,644,102
Beyond five years	468,078	1,611,878
	3,444,725	6,624,577

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable

	31 December 2015	31 December 2014 (Restated)
Defined benefit plans – post-employment benefits expense	1,416,464	1,897,381

Certain employees of the Group had completely dealt with their respective long-term post-leaving. Post-employment benefits expenses were recognised 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 2015, using the projected cumulative unit credit method.

The plan has no defined benefit plan asset.

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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable (Continued)

The principal actuarial assumptions used as at the balance sheet date are as follows:

	31 December 2015	31 December 2014 (Restated)
Discount rate (%)	2.50	3.50
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 2015 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	(12,110)	0.25	12,290
Medical expense increase rate	1.00	110	1.00	(100)

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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable (Continued)

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2015	2014 (Restated)
Past service cost	(550)	(4,400)
Net interest	77,216	125,464
Net benefit expenses recognised in general and administrative expenses	76,666	121,064

The movements in the present value of the defined benefit plan obligations are as follows:

	2015	2014 (Restated)
1 January	2,521,123	3,165,322
Defined benefit cost recognised in profit or loss	76,666	121,064
Remeasurement effects recognised in other comprehensive income	(6,668)	(32,660)
Benefit payments	(638,183)	(732,603)
31 December	1,952,938	2,521,123
Less: Current portion of long-term post-leaving benefit expenses (Note V.30)	(536,474)	(623,742)
	1,416,464	1,897,381

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable (Continued)

The movements in the defined benefit plan obligations are as follows:

	Benefit cost charged to income statement			Sub-total included in profit or loss	Benefit paid	Remeasurement losses/(gains) in other comprehensive income			Closing balance
	Opening balance	Service cost	Net interest			Actuarial changes due to financial assumption changes	Actuarial changes due to liability experience	Sub-total included in other comprehensive income	
2015									
Defined benefit Obligations	2,521,123	(550)	77,216	76,666	(638,183)	47,420	(54,088)	(6,668)	1,952,938
2014 (Restated)									
Defined benefit obligations	3,165,322	(4,400)	125,464	121,064	(732,603)	63,890	(96,550)	(32,660)	2,521,123

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Special payables

2015

	Opening balance (Restated)	Additions	Deductions	Closing balance
Research and development funds	77,098	40,482	(55,563)	62,017
Specific project funds	339,787	251,828	(101,935)	489,680
Others	551	—	(200)	351
	417,436	292,310	(157,698)	552,048

2014 (Restated)

	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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Provision

2015

	Opening balance (Restated)	Increase	Decrease	Closing balance	
Pending litigation	3,977	–	(3,977)	–	<i>Note</i>

2014 (Restated)

	Opening balance	Increase	Decrease	Closing balance	
Pending litigation	3,887	90	–	3,977	<i>Note</i>

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, a provision 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's legal advisor.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Deferred income

2015

	Opening balance (Restated)	Additions	Deductions	Closing balance
Government grants related to assets	184,288	303,278	(66,189)	421,377
Government grants related to income	43,067	16,380	(54,591)	4,856
Others	5,892	25,551	(8,019)	23,424
Less: current portion of deferred income (<i>Note V. 31</i>)	(28,141)	(88,647)	–	(116,788)
	205,106	256,562	(128,799)	332,869

2014 (Restated)

	Opening balance	Additions	Deductions	Closing balance
Government grants related to assets	190,051	20,000	(25,763)	184,288
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. 31</i>)	(23,359)	(4,782)	–	(28,141)
	183,264	56,821	(34,979)	205,106

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Deferred income (Continued)

As at 31 December 2015, government grants related to liabilities were as follows:

	Opening balance (Restated)	Additions	Included in non-operating income this year	Other changes	Closing balance	Related to assets/ income
Equipment appropriation from Ministry of Railway	41,000	–	(20,000)	–	21,000	Related to assets
Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuanju Apartment and Utility Project Demolition Fund	51,555	–	–	–	51,555	Related to assets
Relocation compensation	40,100	–	(40,100)	–	–	Related to assets
Enterprise Development and Support Fund	28,842	–	(5,394)	–	23,448	Related to assets
Jinan-Xuzhou Highway (Jining-Yutai) Project Government Grants	–	90,000	–	–	90,000	Related to assets
Guizhou Anshun-Ziyun Highway BOT Project Government Grants	–	95,000	–	–	95,000	Related to assets
Xiusong Highway Project Government Grants	20,000	71,380	–	–	91,380	Related to assets
Others	45,858	63,278	(17,010)	(38,276)	53,850	
Total	227,355	319,658	(82,504)	(38,276)	426,233	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Deferred income (Continued)

As at 31 December 2014, government grants related to liabilities were as follows (Restated):

	Opening balance	Additions	Included in non-operating income this year	Other changes	Closing balance	Related to assets/ income
Equipment appropriation from Ministry of Railway	61,000	–	(20,000)	–	41,000	Related to assets
Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuanju Apartment and Utility Project Demolition Fund	51,555	–	–	–	51,555	Related to assets
Relocation compensation	40,100	–	–	–	40,100	Related to assets
Enterprise Development and Support Fund	34,236	–	(5,394)	–	28,842	Related to assets
Xiusong Highway Project Government Grants	–	20,000	–	–	20,000	Related to assets
Others	12,240	40,603	(2,615)	(4,370)	45,858	
Total	199,131	60,603	(28,009)	(4,370)	227,355	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Share capital

2015

	Opening balance (Restated)	Increase	Decrease	Closing balance
Restricted shares				
– CRCCG (Note a)	–	1,150	–	1,150
– RMB ordinary shares (A shares) (Note b)	–	1,242,000	–	1,242,000
Unrestricted shares				
– RMB ordinary shares (A shares) (Note a)	10,016,246	–	(1,150)	10,015,096
– Overseas listed foreign shares (H shares)	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
	12,337,542	1,243,150	(1,150)	13,579,542

2014 (Restated)

	Opening balance	Increase	Decrease	Closing balance
Restricted shares				
– National Social Security Fund	245,000	–	(245,000)	–
Unrestricted shares				
– RMB ordinary shares (A shares)	10,016,246	–	–	10,016,246
– Overseas listed foreign shares (H shares)	2,076,296	–	–	2,076,296
– National Social Security Fund	–	245,000	–	245,000
	12,337,542	245,000	(245,000)	12,337,542

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Share capital (Continued)

Note a: CRCCG, the controlling shareholder of the Company, increased its shareholding by purchasing 1,150,000 shares of the Company through the secondary market from 8 July 2015 to 31 December 2015 at an average price of RMB15.867 per share, representing 0.00932% of the total share capital of the Company (the "Increase in Shareholding"). CRCCG undertook not to reduce its shareholding in the Company during the implementation of the Increase in Shareholding and within the statutory period. Prior to the Increase in Shareholding, CRCCG held 7,566,245,500 shares of the Company. Upon the Increase in Shareholding, CRCCG held 7,567,395,500 shares of the Company.

Note b: On 16 July 2015, the Company completed the Non-Public Issuance of 1,242,000,000 A shares. The total proceeds raised by the Company amounted to RMB9,936,000,000. After deducting the relevant issue expenses of RMB113,057,200, the actual net proceeds raised by the Company amounted to RMB9,822,942,800, of which the total additional share capital amounted to RMB1,242,000,000 and the total capital reserve amounted to RMB8,580,942,800. The shares subscribed by the target subscribers shall be subject to a lock-up period of 12 months.

40. Capital reserve

2015

	Opening balance (Restated)	Increase	Decrease	Closing balance
Share premium	35,306,711	9,033,328	(3,098,226)	41,241,813
Relocation compensation granted by government	112,160	12,832	–	124,992
Acquisition of non-controlling interests	(467,412)	1,634	–	(465,778)
Others	(506,626)	–	–	(506,626)
	34,444,833	9,047,794	(3,098,226)	40,394,401

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Capital reserve (Continued)

2014 (Restated)

	Opening balance	Increase	Decrease	Closing balance
Share premium	35,306,711	–	–	35,306,711
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)
	34,441,269	3,564	–	34,444,833

41. Other comprehensive income

Accumulated balance of other comprehensive income attributable to owners of the Company from the balance sheet:

	1 January 2014	Increase/ (decrease)	31 December 2014	Increase/ (decrease)	31 December 2015
Remeasurement of defined benefit obligation	(230,798)	32,660	(198,138)	6,668	(191,470)
Effect of deferred tax from changes in remeasurement of defined benefit obligation	(344)	(6,915)	(7,259)	(4,905)	(12,164)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of associates, under the equity method	(8,126)	(92,799)	(100,925)	(104,096)	(205,021)
Changes in fair value of available-for-sale financial assets, net of tax	(102,508)	354,975	252,467	1,405,658	1,658,125
Effect of deferred tax from changes in fair value of available-for-sale financial assets	34,445	(66,029)	(31,584)	(353,750)	(385,334)
Exchange differences on translation of foreign operation	351,066	(16,006)	335,060	(39,452)	295,608
Total	43,735	205,886	249,621	910,123	1,159,744

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other comprehensive income (Continued)

Other comprehensive income from the statement of profit or loss and other comprehensive income:

	2015	2014 (Restated)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Remeasurement of defined benefit obligation	6,668	32,660
Less: Income tax effect	(4,905)	(6,915)
	1,763	25,745
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Share of other comprehensive income of associates	(104,096)	(92,799)
Changes in fair value of available-for-sale investments	1,405,658	354,975
Less: Income tax effect	(353,750)	(66,029)
	1,051,908	288,946
Exchange differences on translation of foreign operations	(39,452)	(16,006)
	910,123	205,886

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Special reserve

The Group provided for the safety production expenses as 1.5% and 2% of cost of construction projects, and utilised them according to the Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilisation (2012: No. 16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note III.28.

43. Surplus reserve

2015

		Opening balance (Restated)	Increase	Closing balance
Statutory surplus reserve	<i>Note</i>	1,794,862	325,370	2,120,232

2014 (Restated)

		Opening balance	Increase	Closing balance
Statutory surplus reserve	<i>Note</i>	1,491,897	302,965	1,794,862

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.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Retained earnings

		2015	2014 (Restated)
Retained earnings at beginning of the year before adjustment		42,668,871	33,232,451
Adjustment	<i>Note a</i>	1,272,724	1,158,829
Retained earnings at beginning of the year after adjustment		43,941,595	34,391,280
Net profit attributable to the owners		12,645,478	11,734,664
Less: Appropriation for surplus reserve		(325,370)	(302,965)
Ordinary share cash dividends declared	<i>Note b</i>	(1,850,631)	(1,603,880)
Others	<i>Note c</i>	–	(277,504)
Retained earnings at the year end		54,411,072	43,941,595

Note a: On 2 June 2015, the Company completed the business combination under common control of Chongqing Tiefa Suiyu. Accordingly, Chongqing Tiefa Suiyu was regarded as being within the scope of consolidation since CRCCG exercised control over Chongqing Tiefa Suiyu. The retained earnings at beginning of the period were retrospectively adjusted by RMB1,272,724,000 (2014: RMB1,158,829,000) (refer to Note VI.1).

Note b: In accordance with the resolution at the 2014 annual general meeting of shareholders on 2 June 2015, the Company declared a final cash dividend of RMB0.15 per share (31 December 2014: RMB0.13 per share), which amounted to RMB1,850,631,000 (31 December 2014: RMB1,603,880,000) based on 12,337,541,500 ordinary shares in issue. This dividend has been paid in 2015 and has been reflected in the current year's financial statements.

Note c: In accordance with the resolution at the 2014 first shareholders' meeting of Chongqing Tiefa Suiyu in November 2014, Chongqing Tiefa Suiyu declared a cash dividend of RMB277,504,000 to CRCCG, its original controlling shareholder. The dividend has not been paid by 31 December 2014 and has been recorded in the consolidated financial statements (Restated).

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Revenue and cost of sales

	2015		2014 (Restated)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	598,663,943	530,547,027	591,644,360	527,277,696
Other operating revenue	1,874,787	1,209,301	1,658,315	1,097,220
	600,538,730	531,756,328	593,302,675	528,374,916

An analysis of the Group's operating revenue by sector is as follows:

Sectors	2015 Revenue	2014 Revenue (Restated)
Construction operations	513,877,065	508,215,046
Real estate operations	28,670,651	24,940,857
Manufacturing operations	13,781,930	10,457,972
Survey, design and consultancy operations	10,064,622	8,949,630
Other business operations	34,144,462	40,739,170
	600,538,730	593,302,675

46. Business tax and surcharges

	2015	2014 (Restated)
Business tax	15,448,477	14,999,181
City maintenance and construction tax	902,881	862,885
Others	1,665,116	2,180,366
	18,016,474	18,042,432

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Selling and distribution expenses

	2015	2014 (Restated)
Employee compensation costs	1,678,019	1,416,380
Advertising and publicity expenses	1,091,713	1,047,389
Transportation expenses	570,798	508,408
Others	363,132	299,986
	3,703,662	3,272,163

48. General and administrative expenses

	2015	2014 (Restated)
Employee compensation costs	9,334,436	9,309,174
Research and development expenses	8,759,416	8,683,235
Office, traveling and transportation expenses	1,020,682	1,213,123
Depreciation expenses	1,102,236	1,089,684
Others	2,618,842	2,594,328
	22,835,612	22,889,544

For the year ended 31 December 2015, the auditors' remuneration included in the general and administrative expenses was RMB38,635,000 (for the year ended 31 December 2014: RMB38,832,000).

49. Finance costs

	2015	2014 (Restated)
Interest expenses	10,548,662	10,367,504
Less: Interest income	(2,918,876)	(3,018,031)
Interest capitalised	(4,541,472)	(3,447,288)
Exchange losses/(gains)	643,901	(91,358)
Bank charges and others	652,814	558,058
	4,385,029	4,368,885

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Finance costs (Continued)

The Group's interest expenses are as follows:

	2015	2014 (Restated)
Interest on loans wholly repayable within five years	7,800,370	7,782,832
Interest on loans repayable beyond five years	186,197	106,860
Interest on finance leases	175,130	240,688
Interest on discounted bills	365,103	170,085
Interest on corporate bonds	2,021,862	2,067,039
Total interest expenses	10,548,662	10,367,504

The amount of capitalised interest has been included in the balances of fixed assets (Note V.13), construction in progress (Note V.14), intangible assets (Note V.15) and properties under development (Note V.7(1)).

50. Impairment losses

	2015	2014 (Restated)
Provisions for bad debts	2,776,910	1,397,873
Provisions for decline in value of inventories	447,057	183,213
Impairment of available-for-sale financial assets	58,723	2,354
Impairment of fixed assets	233,705	–
Impairment of construction in progress	14,285	–
Impairment of intangible assets	33,935	–
Total impairment losses	3,564,615	1,583,440

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. (Losses)/gains on fair value changes

	2015	2014 (Restated)
Financial assets at fair value through profit or loss	(27,495)	8,293

52. Investment income

	2015	2014 (Restated)
Share of profit/(losses) of long-term investments under equity method	96,070	(2,535)
Investment income from disposal of other long-term equity investments	14,558	4,105
Investment income gained during the period in which the Company held available-for-sale financial assets	134,906	140,669
Investment income gained during the period from financial assets at fair value through profit or loss	104	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	113,846	19,708
Others	44	9,417
	359,528	179,240

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Non-operating income

	2015	2014 (Restated)	Non-recurring profit or loss in 2015
Government grants	408,404	377,299	388,104
Gains on disposal of non-current assets	121,622	146,379	121,622
Including: Gains on disposal of fixed assets	58,949	100,447	58,949
Gains on disposal of intangible assets	62,673	45,932	62,673
Gains on compensation, penalties and fines	113,431	146,369	113,431
Gains from unpayable accounts	37,876	81,860	37,876
Others	127,285	78,755	127,285
	808,618	830,662	788,318

Government grants credited to profit or loss for the year are as follows:

	2015	2014 (Restated)	Related to income/assets
Enterprise development funds	92,583	133,772	Related to income
Enterprise development funds	5,394	5,394	Related to assets
Economic and technological cooperation special funds	116,644	128,550	Related to income
Equipment funds from the Ministry of Railways	20,000	20,000	Related to assets
Equipment funds from the Ministry of Finance	300	300	Related to assets
Refund of taxes	53,496	28,556	Related to income
Relocation compensation	65,428	41,904	Related to income
Relocation compensation	40,100	–	Related to assets
Others	14,459	18,823	Related to income/ assets
	408,404	377,299	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Non-operating expenses

	2015	2014 (Restated)	Non-recurring profit or loss in 2015
Loss on disposal of non-current assets	132,946	126,895	132,946
Including: Loss on disposal of fixed assets	129,597	125,649	129,597
Loss on disposal of intangible assets	3,349	1,246	3,349
Loss on compensation, penalties and fines	123,618	76,418	123,618
Donations	7,211	5,086	7,211
Others	40,848	48,657	40,848
	304,623	257,056	304,623

55. Costs and expenses classified by nature

The Group's costs and expenses classified by nature are listed below:

	2015	2014 (Restated)
Cost of services rendered	470,794,056	466,429,418
Cost of goods sold	60,962,272	61,945,498
Employee compensation costs (Note V, 47, 48)	11,012,455	10,725,554
Research and development expenses (Note V, 48)	8,759,416	8,683,235
Depreciation expenses on fixed assets (Note a)	1,152,685	1,130,237
Amortisation expenses on intangible assets (Note b)	138,628	141,240

Note a: Depreciation of RMB9,675,035,000 (2014: RMB9,314,091,000) is included in the "Cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income for the year.

Note b: Amortisation of RMB150,506,000 (2014: RMB150,472,000) is included in the "Cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income for the year.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Income tax expenses

	2015	2014 (Restated)
Current tax expenses – Mainland China	3,911,078	3,771,606
Current tax expenses – Hong Kong	110	(777)
Current tax expenses – Others	3,311	22,850
Deferred tax expenses	(175,895)	(321,255)
	3,738,604	3,472,424

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 before tax at the statutory income tax rate to the income tax expense at the Group's effective tax rate is as follows:

	2015	2014 (Restated)
Profit before tax	17,113,038	15,532,434
Income tax at the statutory income tax rate of 25% (Note (a))	4,278,260	3,883,109
Tax effect of lower tax rates for some subsidiaries	(1,098,584)	(649,248)
Tax effect of share of profits and losses of jointly-controlled entities and associates (Note (b))	(24,018)	634
Income not subject to tax	(225,159)	(168,112)
Expenses not deductible for tax purposes	155,599	152,707
Tax losses utilised from previous years	(44,460)	(17,983)
Income tax benefits on research and development expenses	(503,457)	(552,127)
Tax losses not recognised	475,271	172,872
Undeductible loss and impairment from overseas projects	927,816	169,544
Adjustments in respect of current income tax of previous periods	(48,012)	108,652
Others	(154,652)	372,376
Tax expense at the Group's effective tax rate	3,738,604	3,472,424

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Income tax expenses (Continued)

Note (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.

Note (b): The share of tax attributable to jointly-controlled entities and associates amounting to RMB6,305,000 (2014: RMB2,200,000) and RMB4,456,000 (2014: RMB5,276,000), respectively, is included in "Investment income – share of profits and losses of associates and jointly-controlled entities" on the face of the consolidated statement of profit or loss and other comprehensive income.

57. Earnings per share

The basic earnings per share is calculated based on the net profit for the year attributable to ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the year.

	2015	2014 (Restated)
Earnings		
Net profit attributable to ordinary shareholders of the Company	12,645,478	11,734,664
Shares		
Weighted average number of the outstanding ordinary shares of the Company (<i>Note</i>)	12,855,041,500	12,337,541,500
Basic earnings per share (<i>RMB/share</i>)	0.98	0.95

Note: As disclosed in Note I to these financial statements, after the issuance of A shares and H shares in 2008 and the non-public issuance of A shares in July 2015, the Company has issued an aggregate of 12,855,041,500 outstanding ordinary shares.

The Company holds no potential ordinary shares that are dilutive.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Notes to the consolidated statement of cash flows

(1) Cash received relating to other operating activities:

	2015	2014 (Restated)
Business management income	593,791	223,885
Rental income of fixed assets	549,610	916,885
Property management income	486,095	215,151
Government grants	408,404	377,058
Sale of raw materials	173,452	448,483
Others	3,259,047	1,316,838
	5,470,399	3,498,300

(2) Cash paid relating to other operating activities:

	2015	2014 (Restated)
Office and traveling expenses	1,765,733	2,144,115
Repair and maintenance costs	671,061	566,144
Business development expenses	553,635	800,186
Others	3,793,698	4,493,552
	6,784,127	8,003,997

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Supplementary information to the statement of cash flows

(1) Supplementary information to the consolidated statement of cash flows

	2015	2014 (Restated)
Reconciliation of net profit to cash flows from/(used in) operating activities		
Net profit	13,374,434	12,060,010
Plus: Provision for impairment of assets	3,564,615	1,583,440
Depreciation of fixed assets	10,827,720	10,444,328
Amortisation of intangible assets	289,134	291,712
Loss/(gains) from disposal of fixed assets, intangible assets and other long-term assets	11,324	(19,484)
Loss/(gains) from changes in fair value	27,495	(8,293)
Finance costs	3,732,215	3,817,702
Investment income	(359,528)	(179,240)
Increase in deferred tax assets	(176,737)	(313,731)
Increase/(decrease) in deferred tax liabilities	842	(7,525)
Increase in inventories	(17,022,654)	(21,989,929)
Increase in operating receivables	(21,717,384)	(24,565,769)
Increase in operating payables	56,917,574	27,148,959
Other	906,057	(1,520,180)
Net cash flows from operating activities	50,375,107	6,742,000
Major non-cash investing and financing activities:		
	2015	2014 (Restated)
Fixed assets held under finance leases	3,665,474	1,289,008

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. 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:

	2015	2014 (Restated)
Cash at the end of year	106,259,831	77,830,348
Less: opening balance of cash	(77,830,348)	(77,679,478)
Plus: closing balance of cash equivalents	2,210,722	6,927,157
Less: opening balance of cash equivalents	(6,927,157)	(2,455,444)
Net increase in cash and cash equivalents	23,713,048	4,622,583

(2) Cash and cash equivalents

	31 December 2015	31 December 2014 (Restated)
Cash	106,259,831	77,830,348
Including: cash on hand	157,251	141,757
cash with banks/financial institutions without restrictions	106,102,580	77,688,591
Cash equivalents	2,210,722	6,927,157
Closing balance of cash and cash equivalents	108,470,553	84,757,505

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Assets with title restrictions

	31 December 2015	31 December 2014 (Restated)	
Cash and bank balances	7,685,186	8,456,666	<i>Note (a)</i>
Bills receivable	11,300	–	<i>Note (b)</i>
Accounts receivable	7,228,148	4,353,629	<i>Note (c)</i>
Inventories	32,584,697	40,437,760	<i>Note (d)</i>
Fixed assets	1,316,554	30,722	<i>Note (e)</i>
Intangible assets	7,340,014	2,783,252	<i>Note (f)</i>
	56,165,899	56,062,029	

Note (a): As at 31 December 2015, the Group's deposits of RMB63,000 (31 December 2014: RMB570,000) were pledged to obtain loans, which will be unpledged in March 2016. As at 31 December 2015, the Group held frozen deposits of RMB95,709,000 (31 December 2014: RMB69,580,000), the residual amount of RMB4,561,343,000 (31 December 2014: RMB4,452,388,000) was a deposit. CRCC Finance Company Limited placed RMB3,028,071,000 (31 December 2014: RMB3,934,128,000) in the central bank as mandatory reserves.

Note (b): As at 31 December 2015, the Group's bills receivable of RMB11,300,000 (31 December 2014: Nil) were pledged for drawing bills of exchange.

Note (c): As at 31 December 2015, the Group's accounts receivable of RMB7,228,148,000 (31 December 2014: RMB4,353,629,000) were pledged to obtain loans.

Note (d): As at 31 December 2015, the Group's inventories of RMB32,584,697,000 (31 December 2014: RMB40,437,760,000) were mortgaged to obtain loans.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Assets with title restrictions (Continued)

Note (e): As at 31 December 2015, the Group's fixed assets of RMB1,316,554,000 (31 December 2014: RMB30,722,000) were mortgaged to obtain loans.

Note (f): As at 31 December 2015, Group's land use rights of RMB201,390,000 were mortgaged to obtain loans (31 December 2014: Nil).

As at 31 December 2015, the Group's concession assets of RMB7,138,624,000 (31 December 2014: RMB2,783,252,000) were mortgaged for obtaining loans. In 2015, the amortisation amount of these concession assets was RMB140,433,000 (31 December 2014: RMB140,433,000).

61. Foreign currency monetary items

Cash and bank balances	31 December 2015			31 December 2014 (Restated)		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
U.S. Dollar	585,372	6.49360	3,801,172	642,346	6.11900	3,930,515
Algerian Dinar	16,975,618	0.06029	1,023,460	5,457,034	0.06952	379,373
Djibouti Franc	13,862,167	0.03637	504,167	27,725,860	0.03280	909,408
Macau Pataca	384,628	0.79161	304,475	133,744	0.75126	100,477
Singapore Dollar	65,530	4.58750	300,619	2,411	4.63960	11,186
Others			1,154,996			1,622,074
Total			7,088,889			6,953,033

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Foreign currency monetary items (Continued)

Accounts receivable	31 December 2015			31 December 2014 (Restated)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
U.S. Dollar	101,627	6.49360	659,925	194,382	6.11900	1,189,423
Saudi Riyal	266,540	1.72863	460,749	361,738	1.63408	591,109
Macau Pataca	73,537	4.72760	347,654	-	-	-
Tanzanian Shilling	116,531,700	0.00294	342,603	68,932,592	0.00344	237,128
Botswana Pula	321,663	0.57259	184,181	17,551	0.66633	11,695
Others			664,379			727,497
Total			2,659,491			2,756,852

Other receivables	31 December 2015			31 December 2014 (Restated)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
U.S. Dollar	63,387	6.49360	411,610	51,949	6.11900	317,876
Saudi Riyal	55,670	1.72863	96,233	15,715	1.63408	25,680
Algerian Dinar	1,129,613	0.06029	68,104	2,059,114	0.06952	143,150
Israel – Shekel	35,668	1.66277	59,308	10	1.57056	16
Kuwaiti Dinar	1,519	21.34340	32,421	1,363	20.92480	28,521
Others			178,661			152,239
Total			846,337			667,482

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Foreign currency monetary items (Continued)

	31 December 2015			31 December 2014 (Restated)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
Short-term loans						
U.S. Dollar	646,421	6.49360	4,197,599	507,880	6.11900	3,107,718
Saudi Riyal	–	1.72863	–	40,237	1.63408	65,750
Malaysian Ringgit	50,400	1.63870	82,590	18,638	1.75241	32,661
Macau Pataca	–	0.79161	–	25,476	0.75126	19,139
Kuwaiti Dinar	2,798	21.34340	59,719	–	20.92480	–
The UAE Dirham	10,000	1.76626	17,663	–	1.67088	–
Total			4,357,571			3,225,268

	31 December 2015			31 December 2014 (Restated)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
Accounts payable						
Algerian Dinar	41,235,655	0.06029	2,486,098	16,403,075	0.06952	1,140,342
Saudi Riyal	274,459	1.72863	474,438	165,712	1.63408	270,787
U.S. Dollar	44,093	6.49360	286,322	117,595	6.11900	719,564
Georgian Lari	101,173	2.70943	274,121	44,757	3.29389	147,425
The UAE Dirham	49,965	1.76626	88,251	23,294	1.67088	38,921
Others			424,828			467,447
Total			4,034,058			2,784,486

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Foreign currency monetary items (Continued)

Other payables	31 December 2015			31 December 2014 (Restated)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
Nigerian Naira	14,007,208	0.03222	451,312	6,075,372	0.03332	202,431
Saudi Riyal	80,885	1.72863	139,820	118,773	1.63408	194,085
Hong Kong Dollar	76,112	0.83778	63,765	53,128	0.78887	41,911
U.S. Dollar	7,050	6.49360	45,780	7,011	6.11900	42,900
Algerian Dinar	712,840	0.06029	42,977	3,967,538	0.06952	275,823
Others			155,542			91,198
Total			899,196			848,348

Long-term loans	31 December 2015			31 December 2014 (Restated)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
U.S. Dollar	1,136,000	6.49360	7,376,730	1,181,520	6.11900	7,229,721
European Euro	36,722	7.09520	260,550	84,282	7.45560	628,373
Singapore Dollar	60,000	4.58750	275,250	110,000	4.63960	510,356
Kuwaiti Dinar	–	21.34340	–	1,499	20.92480	31,366
Hong Kong Dollar	8,055	0.83778	6,748	8,486	0.78887	6,694
Total			7,919,278			8,406,510

Bonds payable	31 December 2015			31 December 2014 (Restated)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
U.S. Dollar	793,709	6.49360	5,154,029	792,977	6.11900	4,852,227

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VI. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. *Business combinations under common control*

On 11 February 2015 and 30 March 2015, the Company entered into the Equity Transfer Agreement and Supplements with its parent company CRCCG to acquire 80% of the equity interest of Chongqing Tiefa Suiyu at the cash consideration of RMB3,098,226,000. Chongqing Tiefa Suiyu is a subsidiary of CRCCG. It is controlled by CRCCG before and after the combination, and that control is not temporary, therefore the business combination is involving entities under common control. On 25 May 2015, Chongqing Tiefa Suiyu completed its registration of changes in shareholders. In accordance with the agreement, the Company paid the cash consideration of RMB3,098,226,000 in full on 2 June 2015, by when the Company completed the business combination under common control of Chongqing Tiefa Suiyu. 2 June 2015 is determined to be the date of acquisition.

	For the period from 1 January 2015 to 2 June 2015	2014
Revenue	407,430	1,334,223
Net profit	210,120	488,445
Net cash flows	(159,870)	(41,519)

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VI. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Business combinations under common control (Continued)

The book values of assets and liabilities of Chongqing Tiefa Suiyu at the date of acquisition and at the balance sheet date of the prior reporting period were as follows:

	2 June 2015	31 December 2014
Cash and bank balances	154,000	319,951
Bills receivable	200	705
Accounts receivable	102,280	114,263
Advances to suppliers	110,640	106,109
Other receivables	25,886	48,667
Inventories	2,228,340	1,971,503
Other current assets	1,129,900	509,900
Long-term equity investments	27,320	25,109
Available-for-sale financial assets	313,250	301,745
Fixed assets	78,690	81,397
Construction in progress	2,080	773
Intangible assets	3,139,740	2,923,361
Short-term loans	(400,000)	(780,000)
Bills payable	(200,000)	(200,000)
Accounts payable	(152,660)	(142,242)
Advances from customers	(258,370)	(168,682)

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VI. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Business combinations under common control (Continued)

The book values of assets and liabilities of Chongqing Tiefa Suiyu at the date of acquisition and at the balance sheet date of the prior reporting period were as follows: (Continued)

	2 June 2015	31 December 2014
Employee benefits payable	(4,060)	(2,832)
Taxes payable	(44,700)	(52,399)
Interest payables	(42,940)	(39,606)
Dividends payable	—	(277,504)
Other payables	(126,860)	(120,112)
Current portion of non-current liabilities	(100,000)	(100,000)
Other current liabilities	(500,000)	—
Long-term loans	(1,218,000)	(688,000)
Bonds payable	(1,720,000)	(1,520,000)
Deferred income	(42,510)	(20,000)
Total	2,502,226	2,292,106
Non-controlling interests	4	(1,201)
	2,502,230	2,290,905
Consolidation difference (recorded in equity)	1,096,442	
Consideration	3,098,226	

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VI. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Disposal of subsidiary

	Place of registration	Principal activities	Percentage of the remaining equity interest on the date of disposal	Percentage of the voting rights on the date of disposal	Reasons for being out of scope
CRCC Real Estate Group					
Beijing Jinjun Xingsheng Property Co., Ltd.	Beijing	Real estate development	43%	43%	Note a
CRCC Real Estate Co., Ltd.	Beijing	Land development	43%	43%	Note b

Note a: On 3 June 2015, Beijing CRCC-Blue Ocean Xingchan Investment LLP (Blue Ocean Xingchan) entered into the capital increase agreement with Beijing Sixth Continent Real Estate Co., Ltd. (Sixth Continent), a subsidiary of the Group's subsidiary, China Railway Construction Real Estate Group Co., Ltd., and invested capital in CRCC Real Estate Group Beijing Jinjun Xingsheng Property Co., Ltd. (Jinjun Xingsheng), a subsidiary of Sixth Continent on a one-off basis. After the capital contribution, Blue Ocean Xingchan and Sixth Continent held 57% and 43% of the total share capital of Jinjun Xingsheng respectively. In accordance with the articles of association of Jinjun Xingsheng, the resolution of the shareholders' meeting should be made by the consent of shareholders with over 50% of the voting rights. As Sixth Continent held 43% of the total share capital of Jinjun Xingsheng, it no longer had the control over Jinjun Xingsheng which was excluded from the consolidation scope from 3 June 2015. The financial information of Jinjun Xingsheng is presented as follows:

	3 June 2015	31 December 2014
Current assets	2,916,129	2,833,949
Non-current assets	665	592
Current liabilities	1,898,413	1,815,930
Non-current liabilities	1,000,000	1,000,000
Fair value of remaining equity	18,381	
		From 1 January 2015 to 3 June 2015
Net loss		229

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VI. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Disposal of subsidiary (Continued)

Note b: On 7 December 2015, Guangde CRCC-Blue Ocean Fengjian Investment LLP (Blue Ocean Fengjian) entered into the capital increase agreement with China Railway Construction Investment Group Co., Ltd., and invested capital in CRCC Real Estate Co., Ltd. (CRCC Real Estate), a subsidiary of the Group's subsidiary China Railway Construction Investment Group Co., Ltd. on a one-off basis. After the capital contribution, Blue Ocean Fengjian and China Railway Construction Investment Group Co., Ltd. held 57% and 43% of the total share capital of CRCC Real Estate, respectively. In accordance with the articles of association of CRCC Real Estate, the resolution of the shareholders' meeting should be made by the consent of shareholders with over 50% of the voting rights. As China Railway Construction Investment Group Co., Ltd. held 43% of the total share capital of CRCC Real Estate, it no longer had the control over CRCC Real Estate which was excluded it from the consolidation scope from 7 December 2015. The financial information of CRCC Real Estate is presented as follows:

	7 December 2015	31 December 2014
Current assets	2,405,531	82,811
Non-current assets	1,669,295	1,356,342
Current liabilities	171,725	20,253
Non-current liabilities	3,582,000	1,200,000
Fair value of the remaining equity	321,101	
Gains on the date of disposal	22,201	
Fair value changes of the remaining equity on the date of disposal	1,116	
		From 1 January 2015 to 7 December 2015
Operating revenue		265,101
Cost of sales		88,203
Net Profit		121,628

Notes to Financial Statements (continued)

As at 31 December 2015 (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. (Note a)	Beijing	Beijing	Construction	3,000,000	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.	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. (Note b)	Tianjin	Tianjin	Construction	2,284,322	100	-
China Railway 19th Bureau Group Co., Ltd. (Note c)	Beijing	Beijing	Construction	5,080,000	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	-
China Railway 25th Bureau Group Co., Ltd. (Note d)	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction	1,003,650	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	-
CRCC High-Tech Equipment Corporation Limited. (Note e)	Yunnan Kunming	Yunnan Kunming	Industrial manufacturing	1,519,884	63.7	1.3

Notes to Financial Statements (continued)

As at 31 December 2015 (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 Construction Real Estate Group Co., Ltd	Beijing	Beijing	Real estate development	7,000,000	100	-
China Railway Construction Heavy Industry Co., Ltd. (Note f)	Changsha, Hunan	Changsha, Hunan	Industrial manufacturing	3,850,000	100	-
China Railway Construction Investment Group Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Project investment	10,000,000	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	20,000	100	-
CRCC Urban Engineering Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Construction	2,000,000	100	-
Chongqing Tiefa Suiyu Highway Co., Ltd. (Note g)	Chongqing	Chongqing	Construction	1,900,000	80	-

Note a: During the year, the Company injected capital of RMB1,790,000,000 to China Civil Engineering Construction Ltd. The change in business registration was completed on 16 December 2015.

Note b: During the year, the Company injected capital of RMB1,154,322,000 to China Railway 18th Bureau Group Co., Ltd. The change in business registration was completed on 12 August 2015.

Note c: During the year, the Company injected capital of RMB3,984,531,000 to China Railway 19th Bureau Group Co., Ltd. As at 31 December 2015, the change in business registration was still in progress.

Notes to Financial Statements (continued)

As at 31 December 2015 (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)*

Note d: During the year, the Company injected capital of RMB92,930,000 to China Railway 25th Bureau Group Co., Ltd. As of 31 December 2015, the change in business registration was still in progress.

Note e: In accordance with the Resolution of the 12th Meeting of the Third Session of the Board of Directors, Kunming China Railway Large Road Maintenance Machinery Co., Ltd., a subsidiary of the Company, was restructured and reformed as a joint stock limited company named CRCC High-Tech Equipment Corporation Limited (CRCCE) on the base date of 31 March 2015. The change in business registration was completed on 24 June 2015. On 16 December 2015, shares of CRCCE were approved to be traded on the main board of HKEx. Upon listing, the Company held, directly and indirectly, 65% of its total issued share capital. Upon the completion of listing, the registered capital of high-tech equipment of CRCC was RMB1,519,884,000. As of 31 December 2015, the procedure for the relevant change of business registration was in progress.

Note f: During the year, the Company injected capital of RMB3,000,000,000 to China Railway Construction Heavy Industry Co., Ltd. The change in business registration was completed on 2 December 2015.

Note g: Please refer to Note VI 1.

Subsidiary with non-controlling interests as follows:

2015

	Percentage of equity interest held by non-controlling interests	Net profit attributable to non-controlling interests	Dividends paid to non-controlling shareholders	Accumulated balances of non-controlling interests at the reporting date
CRCCE	35%	–	–	1,792,420

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (Continued)

Subsidiary with non-controlling interests as follows: (Continued)

CRCCE

	2015	2014
Current assets	5,059,018	2,421,619
Non-current assets	1,678,656	1,808,812
Total assets	6,737,674	4,230,431
Current liabilities	1,546,990	1,288,943
Non-current liabilities	48,579	52,351
Total liabilities	1,595,569	1,341,294
Operating revenue	4,027,653	3,537,333
Net profit	455,174	362,036
Total comprehensive income	466,077	436,533
Net cash flows used in operating activities	(503,175)	(239,507)

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.

Notes to Financial Statements

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

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 2015

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	—	—	—	6,546,436	6,546,436
Bills receivable	—	—	2,493,640	—	2,493,640
Accounts receivable	—	—	128,028,443	—	128,028,443
Interest receivables	—	—	274,586	—	274,586
Dividends receivable	—	—	117,901	—	117,901
Other receivables	—	—	40,180,001	—	40,180,001
Other current assets	—	—	—	430,000	430,000
Long-term receivables	—	—	24,885,951	—	24,885,951
Current portion of non-current assets	—	—	11,916,150	—	11,916,150
Financial assets at fair value through profit or loss	218,437	—	—	—	218,437
Cash and bank balances	—	—	121,934,009	—	121,934,009
	218,437	1,269	329,830,681	6,976,436	337,026,823

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instruments by category (Continued)

31 December 2015 (Continued)

Financial liabilities

	Other financial liabilities
Short-term loans	43,370,880
Due to customers	5,116,842
Due to banks	6,000,000
Bills payable	26,279,109
Accounts payable	225,976,243
Interest payables	1,008,370
Dividends payable	460,648
Other payables	45,434,154
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	31,897,696
Other current liabilities (excluding deferred income and others)	3,595,179
Long-term loans	47,398,448
Bonds payable	31,058,948
Long-term payables	2,208,765
	469,805,282

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instruments by category (Continued)

31 December 2014 (Restated)

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	–	–	–	4,580,184	4,580,184
Bills receivable	–	–	2,898,212	–	2,898,212
Accounts receivable	–	–	115,528,505	–	115,528,505
Interest receivable	–	–	306,839	–	306,839
Dividends receivable	–	–	23,205	–	23,205
Other receivables	–	–	34,585,435	–	34,585,435
Long-term receivables	–	–	24,753,390	–	24,753,390
Other current assets	–	–	–	509,900	509,900
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	–	–	98,406,968	–	98,406,968
	110,204	1,269	289,160,294	5,090,084	294,361,851

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instruments by category (Continued)

31 December 2014 (Restated) (Continued)

Financial liabilities

	Other financial liabilities
Short-term loans	45,591,039
Due to customers	807,664
Bills payable	21,556,148
Accounts payable	205,530,796
Interest payables	857,728
Dividends payable	409,471
Other payables	40,079,753
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	27,997,683
Other current liabilities (excluding deferred income and others)	5,704,924
Long-term loans	53,786,729
Bonds payable	27,212,667
Long-term payables	4,580,391
	434,114,993

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

2. *Transfer of financial assets*

Continuing involvement in transferred assets

As at 31 December 2015, the subsidiaries of the Group have endorsed bank acceptance bills amounting to RMB469,391,000 (2014: RMB697,391,000) to suppliers to settle the accounts payable. As at 31 December 2015, 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 flows 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 2015, the Group did not recognise any profit or loss at the date of transfer. The Group had no current or accumulated gains or expenses related to continuing involvement of financial assets which had been terminated. The endorsement happens evenly throughout the year.

3. *Financial instruments risks*

The Group's major financial instruments include loans, due to customers, 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 receivable, other receivables, accounts payable, notes payable 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 analyse 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 recognised 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)

As at 31 December 2015 (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, arises from 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 2015 and 2014, 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.

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 utilising 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 RMB873.2 billion as at 31 December 2015, of which an amount of approximately RMB310.0 billion has been utilised.

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 2015, 49.7% (31 December 2014: 48.8%) of the Group's borrowings would mature in less than one year.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 summarises 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 2015					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	–	43,370,880	–	–	–	43,370,880
Due to customers	5,116,842	–	–	–	–	5,116,842
Due to banks	6,000,000	–	–	–	–	6,000,000
Bills payable	–	26,279,109	–	–	–	26,279,109
Accounts payable	–	225,976,243	–	–	–	225,976,243
Interest payables	–	1,008,370	–	–	–	1,008,370
Dividends payable	–	460,648	–	–	–	460,648
Other payables	–	45,434,154	–	–	–	45,434,154
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	–	31,897,696	–	–	–	31,897,696
Other current liabilities (excluding deferred income and others)	–	3,595,179	–	–	–	3,595,179
Long-term loans	–	3,483,738	13,146,286	21,322,145	30,603,247	68,555,416
Bonds payable	–	1,634,292	4,573,472	25,551,412	5,627,209	37,386,385
Long-term payables	–	99,170	1,031,139	785,049	468,078	2,383,436
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity and other investees (excluding the real estate mortgage guarantee)	787,740	–	–	–	–	787,740
	11,904,582	383,239,479	18,750,897	47,658,606	36,698,534	498,252,098

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2014 (Restated)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	-	45,591,039	-	-	-	45,591,039
Due to customers	807,664	-	-	-	-	807,664
Bills payable	-	21,556,148	-	-	-	21,556,148
Accounts payable	-	205,530,796	-	-	-	205,530,796
Interest payables	-	857,728	-	-	-	857,728
Dividends payable	-	409,471	-	-	-	409,471
Other payables	-	40,079,753	-	-	-	40,079,753
Current portion of non-current liabilities (excluding current portion of long term employee benefits payable)	-	27,997,683	-	-	-	27,997,683
Other current liabilities (excluding deferred income and others)	-	5,704,924	-	-	-	5,704,924
Long-term loans	-	22,500,942	32,849,240	15,947,730	11,592,568	82,890,480
Bonds payable	-	1,471,733	3,505,399	13,363,316	15,711,423	34,051,871
Long-term payables	-	300,409	1,522,866	1,915,310	1,824,096	5,562,681
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
	1,281,390	372,000,626	37,877,505	31,226,356	29,128,087	471,513,964

Notes to Financial Statements (continued)

As at 31 December 2015 (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, cash and short term deposits are stated at amortised 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 2015, floating interest rate loans accounted for approximately 46.93% (31 December 2014: 42.62%) of the Group's borrowings, and fixed interest rate loans accounted for approximately 53.07% (31 December 2014: 57.38%). 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 RMB438,200,000 for the year (2014: RMB395,574,000), 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 2015 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.

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 2015 and 2014 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, Nigerian naira, Euro, Algerian dinar, Saudi Arabian riyal, the Singapore dollar, and the Hong Kong dollar, with all other variables held constant, of the Group's net profit and other comprehensive income net of tax.

Notes to Financial Statements (continued)

As at 31 December 2015 (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)

2015

	Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Other comprehensive income, net of tax Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	3%	(151,600)	–	(151,600)
Decrease in the United States dollar rate	(3%)	151,600	–	151,600
Increase in the Nigerian naira rate	7%	(20,900)	–	(20,900)
Decrease in the Nigerian naira rate	(7%)	20,900	–	20,900
Increase in the Euro rate	7%	7,000	–	7,000
Decrease in the Euro rate	(7%)	(7,000)	–	(7,000)
Increase in the Algerian dinar rate	7%	(122,400)	–	(122,400)
Decrease in the Algerian dinar rate	(7%)	122,400	–	122,400
Increase in the Singapore dollar rate	3%	1,300	–	1,300
Decrease in the Singapore dollar rate	(3%)	(1,300)	–	(1,300)
Increase in the Hong Kong dollar rate	3%	–	6,400	6,400
Decrease in the Hong Kong dollar rate	(3%)	–	(6,400)	(6,400)

Notes to Financial Statements (continued)

As at 31 December 2015 (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)

2014 (Restated)

	Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Other comprehensive income, net of tax Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	3%	(241,100)	–	(241,100)
Decrease in the United States dollar rate	(3%)	241,100	–	241,100
Increase in the Nigerian naira rate	7%	(4,500)	–	(4,500)
Decrease in the Nigerian naira rate	(7%)	4,500	–	4,500
Increase in the Euro rate	7%	37,900	–	37,900
Decrease in the Euro rate	(7%)	(37,900)	–	(37,900)
Increase in the Algerian dinar rate	7%	(44,300)	–	(44,300)
Decrease in the Algerian dinar rate	(7%)	44,300	–	44,300
Increase in the Saudi Arabian riyal rate	3%	7,900	–	7,900
Decrease in the Saudi Arabian dollar rate	(3%)	(7,900)	–	(7,900)
Increase in the Singapore dollar rate	3%	8,700	–	8,700
Decrease in the Singapore dollar rate	(3%)	(8,700)	–	(8,700)
Increase in the Hong Kong dollar rate	3%	–	11,200	11,200
Decrease in the Hong Kong dollar rate	(3%)	–	(11,200)	(11,200)

Notes to Financial Statements (continued)

As at 31 December 2015 (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)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2015 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 2015 and 2014.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

4. Capital management (Continued)

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:

	31 December 2015	31 December 2014
Short-term loans	43,370,880	45,591,039
Long-term loans	47,398,448	53,786,729
Due to customers	5,116,842	807,664
Due to banks	6,000,000	–
Bills payable	26,279,109	21,556,148
Accounts payable	225,976,243	205,530,796
Interest payables	1,008,370	857,728
Dividends payable	460,648	409,471
Other payables	45,434,154	40,079,753
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	31,897,696	27,997,683
Other current liabilities (excluding deferred income and others)	3,595,179	5,704,924
Bonds payable	31,058,948	27,212,667
Long-term payables	2,208,765	4,580,391
Less: cash and bank balances	(121,934,009)	(98,406,968)
Net debt	347,871,273	335,708,025
Owners of the Company	111,664,991	92,768,453
Non-controlling interests	17,154,174	12,414,893
Total equity	128,819,165	105,183,346
Total equity and net debt	476,690,438	440,891,371
Gearing ratio	73%	76%

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

31 December 2015

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Equity investments at fair value through profit or loss	218,437	–	–	218,437
Available-for-sale financial assets	2,142,011	240,422	479,300	2,861,733
	2,360,448	240,422	479,300	3,080,170

31 December 2014 (Restated)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Equity investments at fair value through profit or loss	110,204	–	–	110,204
Available-for-sale financial assets	359,477	227,395	766,000	1,352,872
	469,681	227,395	766,000	1,463,076

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

2. Assets and liabilities for which fair values are disclosed

31 December 2015

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term receivables	–	21,163,488	–	21,163,488
Long-term loans	–	48,893,180	–	48,893,180
Bonds payable	–	32,210,911	–	32,210,911
Long-term payables	–	2,247,867	–	2,247,867
	–	104,515,446	–	104,515,446

31 December 2014 (Restated)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term receivables	–	20,057,323	–	20,057,323
Long-term loans	–	54,223,971	–	54,223,971
Bonds payable	–	27,898,077	–	27,898,077
Long-term payables	–	4,588,275	–	4,588,275
	–	106,767,646	–	106,767,646

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 2015.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Valuation of 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 2015	31 December 2014 (Restated)	31 December 2015	31 December 2014 (Restated)
Financial assets				
Long-term receivables	21,163,488	20,057,323	21,163,488	20,057,323
Financial liabilities				
Long-term loans	47,398,448	53,786,729	48,893,180	54,223,971
Bonds payable	31,058,948	27,212,667	32,210,911	27,898,077
Long-term payables	2,208,765	4,580,391	2,247,867	4,588,275
	80,666,161	85,579,787	83,351,958	86,710,323

Management has assessed that the fair values of cash and bank balances, bills and accounts receivables, short-term loans, bills and accounts payables and similar instruments approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of 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 long-term receivables, long-term loans, long-term payables, 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 2015 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)

As at 31 December 2015 (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	55.73	55.73

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
Wuhan Lvyin 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
CRCC Real Estate Group Beijing Jinjun Xingsheng Property Co., Ltd.	Associate
Hunan Maglev Transportation Development Co., Ltd.	Associate
Heilongjiang CRCC Longxing Investment & Development Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Gansu China Railway Construction and Estate Investment Co., Ltd.	Associate

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. *Jointly-controlled entities and associates (Continued)*

Company name	Relationship with the Group
China-Africa Lekki Investment Co., Ltd.	Jointly-controlled entity
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Jointly-controlled entity
China Railway Communications International Engineering and Technology Co., Ltd.	Jointly-controlled entity
Groupement CITIC-CRCC Joint Venture	Jointly-controlled entity
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity
CRCC Real Estate Co., Ltd.	Jointly-controlled entity
Greenland Group Chengdu Shenlong Real Estate Co., Ltd.	Jointly-controlled entity
Hangzhou Jingbin Real Estate Co., Ltd.	Jointly-controlled entity
Hangzhou Jingping Real Estate Co., Ltd.	Jointly-controlled entity
Beijing Liuzhuang Real Estate Co., Ltd.	Jointly-controlled entity
Dalian Jingcheng Real Estate Co., Ltd.	Jointly-controlled entity
CRCC Blue Ocean Guangde Investment Management Co., Ltd.	Jointly-controlled entity

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
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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions

(1) Revenue from construction operations revenue (*Note (a)*)

	2015 Amount	2014 Amount (Restated)
Hunan Maglev Transportation Development Co., LTD	1,179,083	426,443
CRCC-HC-CR15G Joint Venture	472,901	449,274
Chongqing Monorail Transit Engineering Co., Ltd.	418,009	326,233
NingXia China Railway Ning Dong Road & Bridge Investment & Development Co., Ltd.	408,016	280,361
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	327,021	517,779
Groupment CITIC-CRCC Joint Venture	201,000	2,492
CRCC-Tongguan Investment Co., Ltd.	70,000	8,967
Chongqing Yurong Highway Co., Ltd.	33,300	124,000
CRCCG (<i>Note (d)</i>)	6,889	10,896
Inner Mongolia Berun New Energy Co., Ltd.	632	44,751
	3,116,851	2,191,196

(2) Revenue from survey, design and consultancy operations (*Note (b)*)

	2015 Amount	2014 Amount (Restated)
CRCCG (<i>Note (d)</i>)	—	1,338

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(3) Other income (Note (c))

	2015 Amount	2014 Amount (Restated)
Chongqing Monorail Transit Engineering Co., Ltd.	–	7,295
	–	7,295

(4) Other expenses

		2015 Amount	2014 Amount (Restated)
CRCCG	(Note (d))	143,720	105,851
Jinli Assets Management Center	(Note (d))	32,406	30,314
Beijing Tongda Jingcheng Highway Co., Ltd.	(Note (d))	647	651
Railway Construction Technology Magazine	(Note (d))	12	14
		176,785	136,830

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Related party guarantee

Granted to a related party

31 December 2015

	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	280,524	20 May 2015	20 November 2023	No
CRCC-Tongguan Investment Co., Ltd.	389,616	17 March 2014	30 December 2023	No

31 December 2014 (Restated)

	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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(6) Other related party transactions

On 3 June 2015 and 7 December 2015, Blue Ocean Xingchan and Blue Ocean Fengjian, the subsidiaries of CRCC Blue Ocean Guangde Investment Management Co., Ltd., a joint-controlled entity of the Group, invested capital in the Group's subsidiaries Jinjun Xingsheng and CRCC Real Estate respectively. After the contribution, the Group lost controls over Jinjun Xingsheng and CRCC Real Estate and excluded both from the consolidation scope (refer to Note VI. 2).

Note (a): The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.

Note (b): The terms of the survey, design and consultancy service agreements entered into by the Group and related parties were mutually agreed by the parties.

Note (c): 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 China Railway 11st Bureau Group Co., Ltd., which provided consulting services to several projects controlled by Chongqing Monorail Transit Engineering Co., Ltd.

Note (d): The above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

	31 December 2015		31 December 2014 (Restated)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable (Note (a))				
Chongqing Monorail Transit Engineering Co., Ltd.	256,185	–	189,438	–
Chongqing Yurong Highway Co., Ltd.	155,266	–	218,738	–
NingXia China Railway Ning Dong Road & Bridge Investment & Development Co., Ltd.	96,160	–	47,334	–
HuBei Provincial Communications Investment Zi Yun Railway Co., Ltd.	73,948	–	54,513	–
Inner Mongolia Berun New Energy Co., Ltd.	49,910	–	56,710	–
CRCC-HC-CR15G Joint Venture	17,464	–	–	–
CRCCG (Note (b))	3,777	–	12,741	–
Groupment Citic – CRCC Joint Venture	–	–	13,584	–
Xi'an Tianchuang Real Estate Co., Ltd.	–	–	584	–
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	–	–	530	–
	652,710	–	594,172	–
Bills receivable (Note (a))				
Chongqing Monorail Transit Engineering Co., Ltd.	498	–	–	–
Dividends receivable (Note (a))				
CRCC Real Estate Co., Ltd.	99,426	–	–	–
Chongqing Monorail Transit Engineering Co., Ltd.	15,592	–	15,592	–
	115,018	–	15,592	–

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015		31 December 2014 (Restated)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Other receivables (Note (a))				
Beijing Liuzhuang Real Estate Co., Ltd.	2,587,186	—	—	—
CRCC Real Estate Group Beijing Jinjun Xingsheng Property Co., Ltd.	1,401,293	—	—	—
Hangzhou Jingping Real Estate Co., Ltd.	456,369	—	—	—
Guangzhou Baorui Real Estate Co., Ltd.	372,096	—	—	—
CRCC-Tongguan Investment Co., Ltd.	360,518	—	340,985	—
Hangzhou Jingbin Real Estate Co., Ltd.	334,109	—	—	—
Greenland Group Chengdu Shenlong Real Estate Co., Ltd.	191,760	—	—	—
Guangzhou Hongjia Real Estate Co., Ltd.	158,270	—	—	—
Guangzhou Hongxuan Real Estate Co., Ltd.	89,964	—	—	—
Dalian Jingcheng Real Estate Co., Ltd.	32,830	—	—	—
Nanchang Xinlong Real Estate Co., Ltd.	26,599	475	26,599	475
Nanchang Railway 2nd Construction Engineering Co., Ltd.	6,561	656	6,289	314
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	1,547	—	1,761	—
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	561	—	561	—
Heilongjiang CRCC Longxing Investment & Development Co., Ltd.	12	—	—	—
Shaanxi Jiuzheng Medical Technology Co., Ltd.	—	—	1,367	1,367
Chongqing Monorail Transportation Engineering Co., Ltd.	—	—	384	—
	6,019,675	1,131	377,946	2,156

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015	31 December 2014 (Restated)
Accounts payable (Note (a))		
WuHan Lvyin Lawn Engineering Co., Ltd	6	6
Advances from customers (Note (a))		
Hunan Maglev Transportation Development Co., Ltd.	100,000	–
Railway Construction Technology Magazine	400	–
	100,400	–

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015	31 December 2014 (Restated)
Other payables (Note (a))		
Groupment Citic – CRCC Joint Venture	262,176	181,045
CRCCG (Note (c))	204,419	56,240
Chongqing Yurong Highway Co., Ltd.	63,427	–
China Railway Communications International Engineering and Technology Co., Ltd.	55,969	31
CRCC-HC-CR15G Joint Venture.	46,245	22,088
Jinli Assets Management Center	2,966	300
Chongqing Monorail Transit Engineering Co., Ltd.	2,630	–
Shaanxi Jiuzheng Medical Technology Co., Ltd.	450	450
Gansu China Railway Construction and Estate Investment Co., Ltd.	–	33,258
	638,282	293,412
Due to customers (Note (d))		
CRCCG	4,914,466	579,415
Jinli Assets Management Center	126,628	173,815
Beijing Tongda Jingcheng Highway Co., Ltd.	72,075	52,235
Railway Construction Technology Magazine	3,673	2,199
	5,116,842	807,664
Long-term loans		
CRCCG (Note (e))	771,770	771,770

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

Note (a): The amounts due from/to related parties were interest-free, unsecured, and have no fixed terms of repayment.

Note (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.

Note (c): The amount due to CRCCG was mainly the funds contributed by CRCCG in the Funds Center of the Group, and the inter-company funds to CRCC International Group Co., Ltd. from CRCCG.

Note (d): The amounts due to CRCCG and other companies controlled by the same parent company as CRCCG are the deposits in the Finance Company.

Note (e): 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 2015	31 December 2014 (Restated)
Unlisted, measured at cost	77,860,112	67,868,323
Loans to subsidiaries	37,070,877	41,834,013
	114,930,989	109,702,336

As at 31 December 2015, the dividends receivable due from a subsidiary in the current assets of the Company amounted to nil (31 December 2014: Nil) and the carrying amount of the current debt due to subsidiaries in the current liabilities was RMB19,640,265,000 (31 December 2014: RMB18,371,305,000). 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)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

	31 December 2015	31 December 2014
Contracted, but not provided for:		
Capital commitments	375,795	492,832
Investment commitments	115,000	615,000
Other commitments	8,275,318	2,780,000
	8,766,113	3,887,832

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.

3. Guarantees

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

The Group	31 December 2015	31 December 2014 (Restated)
Associate	670,140	356,126
An investee of the Group	117,600	117,600
	787,740	473,726

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

3. Guarantees (Continued)

As at 31 December 2015, the Group provided guarantees in respect of the banking facilities other than mortgages with an aggregate carrying amount of RMB787,740,000 (31 December 2014: RMB473,726,000), provided guarantees in respect of mortgage with an aggregate carrying amount of RMB15,786,204,000 (31 December 2014: RMB8,631,935,000). Until 31 December 2015, the purchasers of the underlying properties rarely defaulted payments to the banks, thus the Group considered the risks related to the guarantees were low and the fair value was immaterial.

The 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 2015	31 December 2014 (Restated)
Subsidiaries	18,142,343	13,222,188
Associate	670,140	356,126
An investee of the Company	117,600	117,600
	18,930,083	13,695,914

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 31 December 2015 (31 December 2014: RMB36,538,000).

XII. EVENTS AFTER THE BALANCE SHEET DATE

- In accordance with the resolution of the 24th meeting of the 3rd session of the board meeting from 29 March 2016 to 30 March 2016, the board has voted for a cash dividend of RMB1.5 per 10 shares to all shareholders (RMB0.15 per share), based on the total number of shares of 13,579,541,500, which is expected to be RMB2,036,931,225 in total. The above-mentioned proposition will be effective only after the approval by shareholders at the shareholders' meeting.
- On 29 January 2016, the Company issued US\$500,000,000 in an aggregate principal amount of Zero Coupon Convertible Bonds due 2021 (the "Bonds"), which has been listed on The Stock Exchange of Hong Kong Limited from 1 February 2016. The net proceeds from the issuance of the Bonds amounting to approximately US\$496,000,000 will be used for domestic and overseas projects investment, merger and acquisition, capital contribution and replenishment of working capital for domestic and overseas construction projects, replenishment of working capital of the Company and repayment of bank loans.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS

1. Leases

As the lessee

Finance leases: As at 31 December 2015, the balance of unrecognised financing charges was RMB174,671,000 (31 December 2014: RMB463,372,000), which was amortised 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 2015	31 December 2014 (Restated)
Less than 1 year (including 1 year)	1,312,336	2,131,158
1 to 2 years (including 2 years)	1,008,628	1,453,435
2 to 5 years (including 5 years)	573,407	1,533,391
	2,894,371	5,117,984

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 2015	31 December 2014 (Restated)
Less than 1 year (including 1 year)	60,792	76,226
1 to 2 years (including 2 years)	51,201	60,030
2 to 3 years (including 3 years)	47,141	55,155
Over 3 years	8,385	61,985
	167,519	253,396

For the year ended 31 December 2015, payments under operating leases recognised in profit or loss for the year amounted to RMB80,394,000 (2014: RMB127,791,000).

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. **Segment reporting**

Operating segments

For management purposes, the Group is organised 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, finance and insurance.

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)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (Continued)

Operating segments (Continued)

2015

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from external customers	513,877,065	10,064,622	13,781,930	28,670,651	34,144,462	-	600,538,730
Inter-segment sales	5,435,772	15,700	905,755	-	12,785,953	(19,143,180)	-
	519,312,837	10,080,322	14,687,685	28,670,651	46,930,415	(19,143,180)	600,538,730
Share of profits/(losses) of jointly-controlled entities and associates	12,858	(97,435)	39,229	51,391	90,027	-	96,070
Impairment losses recognised	263,017	9,246	321,598	18,991	2,951,763	-	3,564,615
Depreciation and amortisation	10,213,665	181,613	330,417	49,429	341,730	-	11,116,854
Profit before tax	10,484,707	1,423,024	984,702	4,314,153	(321,315)	227,767	17,113,038
Segment assets (i)	484,514,684	15,600,861	23,775,001	144,853,460	118,782,463	(91,430,139)	696,096,330
Segment liabilities (ii)	415,499,547	10,872,545	11,518,926	126,007,389	94,195,429	(90,816,671)	567,277,165
Other segment information:							
Investments in jointly-controlled entities and associates	1,684,470	365,409	7,000	296,412	1,804,505	-	4,157,796
Increase in non-current assets other than long-term equity investments	11,171,474	596,732	835,563	97,810	14,024,736	-	26,726,315

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (Continued)

Operating segments (Continued)

2014 (Restated)

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from external customers	508,215,046	8,949,630	10,457,972	24,940,857	40,739,170	-	593,302,675
Inter-segment sales	4,121,262	59,833	1,444,366	832	14,474,366	(20,100,659)	-
	512,336,308	9,009,463	11,902,338	24,941,689	55,213,536	(20,100,659)	593,302,675
Share of (losses)/profits of jointly- controlled entities and associates	(21,733)	(40,082)	7,173	41,626	10,481	-	(2,535)
Impairment losses recognised	427,406	8,150	30,360	13,931	1,103,593	-	1,583,440
Depreciation and amortisation	9,803,483	178,733	336,195	104,180	313,449	-	10,736,040
Profit before tax	8,333,998	970,123	1,019,238	4,073,347	855,971	279,757	15,532,434
Segment assets (Note i)	454,128,689	15,888,219	17,494,997	130,305,533	75,669,580	(69,921,021)	623,565,997
Segment liabilities (Note ii)	396,570,302	11,639,561	10,852,247	115,987,769	52,763,684	(69,430,912)	518,382,651
Other segment information:							
Investments in jointly-controlled entities and associates	1,372,995	305,285	41,874	116,356	1,662,512	-	3,499,022
Increase in non-current assets other than long-term equity investments	12,794,385	258,828	190,732	174,877	9,158,436	-	22,577,258

Note i: Segment assets do not include deferred tax assets of RMB2,373,821,000 (31 December 2014: RMB2,202,222,000) as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB93,803,960,000 (31 December 2014: RMB72,123,243,000) are eliminated on consolidation.

Note ii: Segment liabilities do not include deferred tax liabilities of RMB430,459,000 (31 December 2014: RMB75,867,000) and corporate income tax payable of RMB2,419,526,000 (31 December 2014: RMB2,247,040,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB93,666,657,000 (31 December 2014: RMB71,753,819,000) are eliminated on consolidation.

Notes to Financial Statements (continued)

As at 31 December 2015 (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

	2015	2014 (Restated)
Mainland China	572,900,558	569,677,474
Outside Mainland China	27,638,172	23,625,201
	600,538,730	593,302,675

Non-current assets (*Note*)

	31 December 2015	31 December 2014 (Restated)
Mainland China	82,534,108	68,066,564
Outside Mainland China	2,753,397	2,523,440
	85,287,505	70,590,004

In the geographical information above, revenue from external customers is based on the locations of the customers. Non-current asset information above is based on the locations 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.

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 2015 (2014: 10%).

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information

(i) Pension scheme contributions

	2015	2014 (Restated)
Pension scheme contributions (defined contribution plans)	4,146,636	3,659,412
Pension scheme costs (defined benefits plans)	76,666	121,064

As at 31 December 2015, there were no forfeited contributions available to reduce the Group's contribution to its pension scheme in the next year (31 December 2014: Nil).

(ii) Directors', supervisors' and key management's remuneration

Directors' and supervisors' remuneration

	2015	2014
Fees	–	–
Other emoluments:		
Salaries, housing benefits, other allowances and benefits in kind	1,963	2,688
Performance-related bonuses	5,303	2,981
Pension scheme contributions	274	271
	7,540	5,940

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information (Continued)

- (ii) Directors', supervisors' and key management's 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 2015				
Executive directors:				
Mr. MENG Fengchao	160	960	42	1,162
Mr. PENG Shugui	34	718	10	762
Mr. ZHANG Zongyan	80	880	19	979
Mr. QI xiaofei	158	878	42	1,078
Mr. ZHUANG shangbiao	138	858	39	1,035
	570	4,294	152	5,016
Independent non- executive directors:				
Mr. WANG Huacheng	198	—	—	198
Mr. XIN Dinghua	181	—	—	181
Mr. CHENG Wen	190	—	—	190
Ms. LU Xiaoqiang	166	—	—	166
	735	—	—	735
Supervisors:				
Mr. HUANG Shaojun	128	554	42	724
Mr. ZHANG Liangcai	266	234	42	542
Mr. Li Xuefu	264	221	38	523
	658	1,009	122	1,789
	1,963	5,303	274	7,540

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information (Continued)

(ii) Directors', supervisors' and key management's remuneration (Continued)

	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. HU Zhenyi	243	580	36	859
	1,132	2,549	152	3,833
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. XIN Dinghua	44	–	–	44
Mr. CHENG Wen	51	–	–	51
Ms. LU Xiaoqiang	44	–	–	44
	736	–	–	736
Supervisors:				
Mr. QI Xiaofei	221	–	32	253
Mr. HUANG Shaojun	267	230	39	536
Mr. ZHANG Liangcai	266	202	39	507
Mr. Li Xuefu	66	–	9	75
	820	432	119	1,371
Total	2,688	2,981	271	5,940

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information (Continued)

- (ii) Directors', supervisors' and key management's remuneration (Continued)

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year (2014: Nil).

Five highest paid employees

An analysis of the five highest paid employees within the Group for the year is as follows:

	2015	2014 (Restated)
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:

	2015	2014 (Restated)
Salaries, housing benefits, other allowances and benefits in kind	1,557	1,321
Performance-related bonuses	11,949	9,692
Pension scheme contributions	102	89
	13,608	11,102

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information (Continued)

(ii) Directors', supervisors' and key management's remuneration (Continued)

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	2015	2014 (Restated)
Nil to RMB1,000,000 (including RMB1,000,000)	—	—
RMB1,000,001 to 1,500,000 (including RMB1,500,000)	—	—
RMB1,500,001 to 2,000,000 (including RMB2,000,000)	—	2
RMB2,000,001 to 2,500,000 (including RMB2,500,000)	3	1
RMB2,500,001 to 3,000,000 (including RMB3,000,000)	—	2
Higher than RMB3,000,000	2	—
	5	5

4. Comparative information

As stated in Note VI.1, the Group completed the business combination under the common control of Chongqing Tiefsa Suiyu during the current period, and hence the comparative information of the consolidated financial statements are restated to include the financial position, financial performance and cash flows of the acquiree, to conform with the presentation and accounting treatment for the current year.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015	31 December 2014 (Restated)
Within 1 year	1,529,443	494,555
1 to 2 years	209,377	–
	1,738,820	494,555

Accounts receivable by category are as follows:

	31 December 2015			
	Amount	Percentage (%)	Provision for bad debts	Percentage (%)
Individually significant and subject to separate provision for bad debts	1,738,820	100.00	–	–

	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 2015, 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 2014: nil).

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

As at 31 December 2015, accounts receivables from the five largest customers were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total accounts receivable (%)
Company 1	Third party	479,300	Within 1 year	27.56
Company 2	Third party	381,163	Within 2 year	21.92
Company 3	Third party	309,307	Within 1 year	17.79
Company 4	Third party	243,781	Within 1 year	14.02
Company 5	Third party	220,591	Within 1 year	12.69
		1,634,142		93.98

As at 31 December 2014, accounts receivables from the two largest customers 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)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables

An ageing analysis of other receivables is as follows:

	31 December 2015	31 December 2014
Within 1 year	36,972,062	41,766,777
1 to 2 years	150	1,900
2 to 3 years	1,639	6,025
Over 3 years	171,612	165,587
	37,145,463	41,940,289

Other receivables by category are as follows:

	31 December 2015			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	37,022,268	99.67	—	—
Individually not significant but subject to separate provision for bad debts	123,195	0.33	—	—
	37,145,463	100.00	—	—

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

	Amount	31 December 2014	
		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	–

As at 31 December 2015, the five largest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables (%)
Company 1	Subsidiary	19,515,600	Within 1 year	52.54
Company 2	Subsidiary	5,967,404	Within 1 year	16.06
Company 3	Subsidiary	3,008,210	Within 1 year	8.10
Company 4	Subsidiary	957,100	Within 1 year	2.58
Company 5	Subsidiary	932,778	Within 1 year	2.51
		30,381,092		81.79

As at 31 December 2014, the five largest 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

As at 31 December 2015, 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 2014: Nil).

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015, other receivables from related parties were as follows:

	31 December 2015	31 December 2014
Subsidiaries	37,070,877	41,834,013

3. Long-term equity investments

		31 December 2015	31 December 2014
Cost method			
Subsidiaries	(i)	77,860,112	67,868,323
Equity method			
Jointly-controlled entities	(ii)	667,282	665,794
		78,527,394	68,534,117

Note: All the long-term equity investments are investments in unlisted companies except for the investments in CRCCE.

Notes to Financial Statements (continued)

As at 31 December 2015 (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 2015 Percentage of equity interest attributable to the Company (%)	31 December 2015 Carrying amount	31 December 2014 Carrying amount
China Civil Engineering Construction Ltd. (Note VII. 1 Note(a))	100	2,946,507	1,909,880
China Railway 11 th Bureau Group Co., Ltd.	100	1,893,912	1,893,912
China Railway 12 th Bureau Group Co., Ltd.	100	1,957,277	1,957,277
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	100	2,460,480	2,460,480
China Railway 14 th Bureau Group Co., Ltd.	100	2,130,105	2,130,105
China Railway 15 th Bureau Group Co., Ltd.	100	1,585,152	1,585,152
China Railway 16 th Bureau Group Co., Ltd.	100	1,482,412	1,482,412
China Railway 17 th Bureau Group Co., Ltd.	100	1,714,582	1,714,582
China Railway 18 th Bureau Group Co., Ltd.	100	1,103,234	1,103,234
China Railway 19 th Bureau Group Co., Ltd. (Note VII. 1 Note(c))	100	3,954,638	1,454,638
China Railway 20 th Bureau Group Co., Ltd.	100	1,615,144	1,615,144
China Railway 21 st Bureau Group Co., Ltd.	100	1,557,251	1,557,251
China Railway 22 nd Bureau Group Co., Ltd.	100	1,295,286	1,295,286
China Railway 23 rd Bureau Group Co., Ltd.	100	1,545,004	1,545,004
China Railway 24 th Bureau Group Co., Ltd.	100	1,346,917	1,346,917
China Railway 25 th Bureau Group Co., Ltd. (Note VII 1 Note(d))	100	1,078,597	1,053,597
China Railway Construction Group Ltd.	100	2,868,346	2,868,346
China Railway Electrification Bureau Group Co., Ltd.	100	1,105,530	1,105,530
China Railway Construction Real Estate Group Co., Ltd.	100	7,233,191	7,233,191
China Railway First Survey and Design Institute Group Co., Ltd.	100	623,730	623,730
China Railway Fourth Survey and Design Institute Group Co., Ltd.	100	1,015,309	1,015,309

Notes to Financial Statements (continued)

As at 31 December 2015 (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)

Company name	31 December 2015 Percentage of equity interest attributable to the Company (%)	31 December 2015 Carrying amount	31 December 2014 Carrying amount
China Railway Fifth Survey and Design Institute Group Co., Ltd.	100	318,196	291,811
China Railway Shanghai Design Institute Group Co., Ltd.	100	267,624	267,624
China Railway Goods and Materials Group Co., Ltd.	100	2,314,805	2,314,805
China High-tech Equipment Co., Ltd. (Note VII 1 Note (e))	63.7	1,714,797	1,749,792
China Railway Construction Heavy Industry Co., Ltd. (Note VII 1 Note(f))	100	4,042,705	1,042,705
Beijing Tiecheng Construction Supervision Co., Ltd.	—	—	26,385
Chenghe Insurance Broker Co., Ltd.	100	113,290	113,290
China Railway Construction (Beijing) Business Management Co., Ltd.	100	28,313	28,313
CRCC China-Africa Construction Limited	—	—	1,036,628
China Railway Construction Investment Co., Ltd.	100	10,000,000	10,000,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	100	1,385,891	1,385,891
CRCC Finance Company Limited	94	5,640,000	5,640,000
CRCC International Group Co., Ltd.	100	3,000,102	3,000,102
CRCC Assets Management Co., Ltd.	100	20,000	20,000
CRCC Urban Engineering Co., Ltd.	100	2,000,000	2,000,000
Chongqing Tiefa Suiyu Highway Co., Ltd. (Note VI. 1)	80	2,001,785	—
Beijing CRCC Tianrui Machinery Equipment Co., Ltd. (Note 1)	98.0	2,000,000	—
China Railway Strait Construction Group Co., Ltd. (Note 2)	50	500,000	—
		77,860,112	67,868,323

Notes to Financial Statements (continued)

As at 31 December 2015 (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)

Note 1: Beijing CRCC Tianrui Machinery Equipment Co., Ltd. was a subsidiary of China Railway 22nd Bureau Group Co., Ltd. ("Tianrui"), one of the Company's subsidiaries. On 24 September 2015, the Company injected capital of RMB2,000,000,000 to Tianrui. After the capital contribution, the Company held 98.04% shares of Tianrui directly, and 100% if indirect shareholding included.

Note 2: On 1 December 2015, the Company and its subsidiary China Railway 22nd Bureau Group Co., Ltd. co-founded China Railway Strait Construction Group Co., Ltd. The Company injected capital of RMB500,000,000 and held 50% of the shares directly, and 100% if indirect shareholding included.

(ii) Investments in jointly-controlled entities

2015

Company name	Investment cost	Opening balance	Share of profits	Dividend distribution	Closing balance	Percentage of equity (%)	Percentage of voting rights (%)
China-Africa Lekkil Investment Co., Ltd.	654,930	665,794	2,061	(573)	667,282	57.29	57.29

2014

Company name	Investment cost	Opening balance	Share of profits	Dividend distribution	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

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales

The operating revenue is as follows:

	2015	2014
Operating revenue from principal operations	7,589,944	3,479,303
Other operating revenue	399	502
	7,590,343	3,479,805

The operating costs are as follows:

	2015	2014
Operating cost	6,578,286	3,413,207

5. Finance costs

	2015	2014 (Restated)
Interest expenses	2,613,301	2,348,544
Less: Interest income	(2,297,195)	(2,342,523)
Exchange loss/(gain)	752,460	(51,540)
Bank charges and others	34,161	25,892
	1,102,727	(19,627)

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Finance costs (Continued)

The Group's interest expenses are as follows:

	2015	2014 (Restated)
Interest on loans wholly repayable within five years	1,352,237	803,815
Interest on loans repayable beyond five years	2,556	–
Interest on corporate bonds	1,258,508	1,544,729
Total interest expenses	2,613,301	2,348,544

6. Investment income

	2015	2014
Share of net profit of the jointly-controlled entities	2,061	10,184
Investment income received from long-term equity investments under the cost method	3,681,248	3,140,871
Other	26,867	13,090
	3,710,176	3,164,145

For the year ended 31 December 2015, the investment income was composed of investment income of RMB375,641,000 (2014: RMB6,561,000) from listed companies and RMB3,334,535,000 from non-listed companies (2014: RMB3,157,584,000).

As at 31 December 2015, the remittance of the Company's investment income was not subject to significant restriction.

Notes to Financial Statements (continued)

As at 31 December 2015 (All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

7. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

	2015	2014
Reconciliation of net profit to cash flows (used in)/from operating activities		
Net profit	3,253,696	3,029,649
Plus:		
Depreciation of fixed assets	12,889	10,980
Amortisation of intangible assets	1,507	582
Loss from disposal of fixed assets and other long-term assets	138	14
(Gains)/losses from changes in fair value	(11,706)	47
Finance expenses/(income)	1,068,567	(45,519)
Investment income	(3,710,176)	(3,164,145)
Increase in deferred tax assets	(40,027)	(12,478)
Increase in deferred tax liabilities	43,941	14,335
(Increase)/decrease in inventories	(1,083,768)	119
Decrease/(increase) in operating receivables	3,645,927	(1,303,688)
Increase in operating payables	1,607,761	5,318,051
Net cash flows from operating activities	4,788,749	3,847,947

(2) Cash and cash equivalents

	31 December 2015	31 December 2014
Cash	5,869,234	1,407,838
Including: cash on hand	234	21
cash with banks/financial institutions without restrictions	5,869,000	1,407,817
Cash equivalents	1,950,520	8,281,392
Closing balance of cash and cash equivalents	7,819,754	9,689,230

Supplementary Information

As at 31 December 2015

1. SUMMARY OF NON-RECURRING PROFIT OR LOSS

	2015	2014 (Restated)
(Loss) /gains from disposal of fixed assets and intangible assets	(11,324)	19,484
Gains from disposal of long-term equity investments	14,558	4,105
Government grants recognised 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)	388,104	356,999
Net gains from debt restructuring	12,095	5,537
Investment income from disposal of held-for-trading financial assets and available-for-sale financial assets	113,846	25,608
(Loss) /gains from changes in fair value of financial assets at fair value through profit or loss	(27,495)	8,293
Reversal of impairment of accounts receivable	616,720	468,852
Losses from non-monetary asset transaction	—	163
Net profit from the entity combined under common control from the beginning of the year to the consolidation date	210,120	488,445
Other non-operating income and expenses other than the above items	94,820	171,123
Impact on income tax	(308,401)	(346,269)
Impact on non-controlling interests (after tax)	(42,024)	(97,689)
Non-recurring profit or loss	1,061,019	1,104,651

Government grants recognised 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:

	2015	2014 (Restated)	Reason for being recognised 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 2015

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE (“EPS”)

Group

2015	Weighted average return on net assets (%)	EPS (RMB) Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	12.41	0.98	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	11.37	0.90	N/A
2014 (Restated)	Weighted average return on net assets (%)	EPS (RMB) Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	13.40	0.95	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	12.14	0.86	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).

Section XIII Abstract of Performance in Five Years

CONSOLIDATED STATEMENT OF PROFITS

Unit: thousand yuan

Item	2015	2014 (Restated)	2013	2012	2011
Operating revenue	600,538,730	593,302,675	586,789,590	484,312,928	457,366,110
Operating cost	531,756,328	528,374,916	527,247,896	432,889,011	409,327,413
Business tax and surcharges	18,016,474	18,042,432	16,827,296	14,441,235	14,046,780
Selling expense	3,703,662	3,272,163	2,509,220	1,946,450	1,745,921
Management expense	22,835,612	22,889,544	22,719,838	20,537,792	19,851,399
Financial expense	4,385,029	4,368,885	3,749,441	3,500,584	1,981,747
Asset impairment loss	3,564,615	1,583,440	1,431,257	331,869	624,559
Fair value change earnings	-27,495	8,293	942	3,240	-27,109
Investment earnings	359,528	179,240	-22,172	186,935	168,383
Operating profit	16,609,043	14,958,828	12,283,412	10,856,162	9,929,565
Non-business income	808,618	830,662	966,248	655,864	521,537
Non-business expenditure	304,623	257,056	209,920	448,193	395,211
Net non-operating income	503,995	573,606	756,328	207,671	126,326
Total profit	17,113,038	15,532,434	13,039,740	11,063,833	10,055,891
Income tax	3,738,604	3,472,424	2,600,357	2,392,977	2,173,927
Net profit	13,374,434	12,060,010	10,439,383	8,670,856	7,881,964
Net profit attributable to listed company shareholders	12,645,478	11,734,664	10,344,658	8,629,127	7,854,292
Profit and loss of minority shareholders	728,956	325,346	94,725	41,729	27,672
Basic earnings per share (RMB)	0.98	0.95	0.84	0.70	0.64
Diluted earnings per share (RMB)	N/A	N/A	N/A	N/A	N/A

TOTAL AMOUNT OF CONSOLIDATED ASSETS AND LIABILITIES

Unit: thousand yuan

Item	2015	2014 (Restated)	2013	2012	2011
Total assets	696,096,330	623,565,997	553,018,596	480,683,438	422,982,841
Total liabilities	567,277,165	518,382,651	469,193,880	407,476,879	357,264,069
Shareholders' equity	128,819,165	105,183,346	83,824,716	73,206,559	65,718,772

Section XIV Documents for Inspection

Documents for Inspection	<ol style="list-style-type: none"> 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 2015 Self-evaluation Report on Internal Control; and 5. CRCC 2015 Social Responsibility Report.
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Chairman: MENG Fengchao

Submission Date Approved By the Board: 30 March 2016

REVISION HISTORY

Report version number	Issuing date of correction and supplement notices	Content of correction and supplement notices
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