北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

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

Stock Code：**1599**

ANNUAL REPORT 2014

CONTENT

DEFINITIONS

In this Annual Report, the following expressions shall have the following meanings unless the context otherwise requires:

"Articles of Association"	the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited
"Board" or "Board of Directors"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company
"BUCG"	Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司)
"BUCIC"	Beijing Urban Construction Installation Group Co., Ltd. (北京城建安裝集團有限公司)
"Company"	Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司)
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as enacted and adopted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, as the same may be amended, supplemented and otherwise modified from time to time
"Corporate Governance Code"	the corporate governance code section contained in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
"Director(s)"	director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are currently not listed or traded on any stock exchange
"Global Offering"	the Hong Kong public offering and the international offering of the H Shares of the Company in June 2014
"Group", "us" or "we"	the Company and its subsidiaries

DEFINITIONS (CONTINUED)

"H Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Joint Global Coordinators"	UBS AG, Hong Kong Branch and CLSA Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
"PRC" or "China"	the People's Republic of China
"Reporting Period" or "the Year"	the year ended 31 December 2014
"RMB"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Supervisor(s)"	supervisor(s) of the Company
"Tax Notice"	the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124)
"%"	per cent.

CORPORATE INFORMATION

REGISTERED NAME:

CHINESE:
北京城建設計發展集團股份有限公司

ENGLISH:
Beijing Urban Construction Design & Development Group Co., Limited

LISTING PLACE OF H SHARES:
The Stock Exchange of Hong Kong Limited

TYPE OF STOCK:
H Share

STOCK NAME:
UCD

STOCK CODE:
1599

H SHARE REGISTRAR:
Computershare Hong Kong Investor Services Limited

REGISTERED OFFICE:
5 Fuchengmen North Street,
Xicheng District,
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:
18/F, Tesbury Centre,
28 Queen's Road East,
Wanchai,
Hong Kong

LEGAL REPRESENTATIVE:
Ms. Wang Liping

SECRETARY OF THE BOARD:
Mr. Xuan Wenchang

JOINT COMPANY SECRETARIES:
Mr. Xuan Wenchang
Ms. Kwong Yin Ping Yvonne *(a member of the Hong Kong Institute of Chartered Secretaries)*

WEBSITE:
www.bjucd.com

AUDITORS:
Ernst & Young

LEGAL ADVISORS:

AS TO HONG KONG LAWS:
Linklaters

AS TO PRC LAWS:
Haiwen & Partners

FINANCIAL SUMMARY

For the year ended 31 December 2014, the Group achieved revenue of RMB3,346 million, while the net profit for the year amounted to RMB351 million.

The Group is mainly engaged in two segments, including design, survey and consultancy as well as construction contracting business.

The following table sets out the Group's revenue of each business segment generated and their percentage of the revenue in the segment for the periods indicated:

	For the year ended 31 December				
	2014		2013		
	RMB'000	**% of operating revenue**	RMB'000	% of operating revenue	% of change
Design, survey and consultancy	**1,883,426**	**56.28**	1,522,118	52.07	23.7
Construction contracting	**1,462,852**	**43.72**	1,401,367	47.93	4.4
Total	**3,346,278**	**100.00**	2,923,485	100.00	14.5

For the year ended 31 December 2014, the Group's total revenue was RMB3,346 million, representing an increase of 14.5% compared with the corresponding period of last year, which was mainly attributable to the accelerated urbanization in China, the further stepped-up integration of Beijing-Tianjin-Hebei, the optimization of city spatial structure and management layout, the need to enhance the comprehensive urban carriage capacities and the increase in demand of rail transit facilities in various regions. The urban rail transit construction business in the design, survey and consultancy segment recorded a rapid growth.

The financial information for the years 2011, 2012, 2013 and 2014 prepared by the Group in accordance with the International Financial Reporting Standards was summarized as follows:

	As at 31 December/For the year ended 31 December			
	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**6,711,561**	5,225,272	4,783,412	4,789,935
Total liabilities	**4,088,871**	3,666,705	4,102,148	4,248,675
Non-controlling interests	**22,735**	9,632	614	32,345
Interests of the owners (excluding non-controlling interests)	**2,599,955**	1,548,935	680,650	508,915
Revenue	**3,346,278**	2,923,485	2,693,540	3,409,655
Gross profit	**753,916**	586,702	477,841	446,196
Profit before tax	**413,758**	310,318	231,048	202,681
Profit attributable to owners of the parent	**349,817**	235,563	194,423	157,643

Note:

In 2010, the Group did not carry out the reorganisation in respect of construction contracting business segment. The financial information for the year 2010 excluded the relevant data of the construction contracting business. The inclusion of the financial information for the year 2010 in this financial summary would not be informative or meaningful. Therefore, the Company did not disclose the financial information for the year 2010.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am delighted to present the 2014 annual results on behalf of the Board of the Company.

Year of 2014 was the Company's first year of listing. Throughout the year, the Company further enhanced its management and expanded its market, thereby achieving remarkable results. For the year ended 31 December 2014, the revenue of the Group amounted to RMB3,346 million, representing an increase of RMB423 million or 14.5% compared with that of RMB2,923 million for the corresponding period of last year. Our net profit amounted to RMB351 million, representing an increase of RMB115 million or 48.7% compared with that of RMB236 million for the corresponding period of last year. Various key operating indexes of the Company have achieved new record highs; the Company's rail transit businesses have further integrated, with rapid growth in the Company's overall comprehensive strengths.

2014 was the turning year of China's economic growth towards the new normal. Strengthened investments in urban infrastructure by the Chinese government and the publication of policies that encourage participation by private funds in such investments have provided new stimuli in the development of the urban rail transit industry. Notwithstanding the recent rapid development in urban rail transit construction in China, there is still a remarkable disparity caused by the growth in demands from urbanised societies, economic developments and the growing population. Thus, there are plenty of rooms for development and improvement in China's urban rail transit construction.

In face of the great development opportunities, the Group, by adhering to the customer-oriented and market directed operating principles, is committed to becoming a leader in the urban rail transit industry. We will proactively prepare and layout the plan and integrate our resources for the future development of our business into a full rail transit industry chain. We will continue to specialize and strengthen the design and consultancy business, expand the general contracting construction business and EPC business, actively develop new business, such as PPP, which is driven by investment and financing, and push forward technological R&D and industrialization of achievement, with a view to forming and developing a urban rail transit focused synergetic industry chain.

In respect of future development, the Group will be guided by its strategy, consolidate and integrate its competitive resources and advantages, to build up its core competitiveness. It will also further enhance its corporate governance, and strengthen the establishment of its internal control system to raise its operating strengths. The Group will focus on the building up of its talents and human resources, optimize performance appraisal and remuneration incentive system, in order to bring qualitative and quantitative sustainable growth to the Company, to repay the society and to return the shareholders.

Lastly, I hereby, on behalf of the Board, express my sincere thanks to the shareholders who, as in the past, continue to support the development of the Company. I also take this opportunity to express my gratitude for the continuous efforts and contributions by our operating teams and all staff of the Company in the last year.

Wang Liping
Chairman

Beijing, 30 March 2015

GENERAL MANAGER'S STATEMENT

Dear shareholders,

In 2014, the Company was successfully listed in Hong Kong, laying a solid foundation for the realization of the strategic development goals of the Company. Against the backdrop of increasing investments by China in urban rail transit, the Company has continuously extended its business areas, innovated the business development model and achieved remarkable results.

Continued rapid growth in revenue. In 2014, revenue of the Company and its subsidiaries amounted to RMB3,346 million, representing a year-on-year increase of RMB423 million or 14.5%, among which, revenue from the design, survey and consultancy business was RMB1,883 million, and revenue from the construction contracting business was RMB1,463 million.

Steadily increasing operating efficiency. In 2014, the Company realized a net profit of RMB351 million through enhanced cost control and refined management, with a return on net asset of 16.79%.

Significant enhancement of comprehensive strength. At the end of 2014, total assets of the Company and its subsidiaries reached RMB6.7 billion, representing an increase of RMB1.5 billion compared with that earlier this year. Total equity reached RMB2.6 billion, representing an increase of RMB1.1 billion compared with that earlier this year. The capital strength was further enhanced.

In 2015, the Company will continue to expand the design, survey and consultancy segment, and will continue to maintain our leading position in the urban rail transit construction industry in China. By leveraging our strengths in the design, survey and consultancy segment to supplement and enhance the profitability of the construction contracting segment, and by ensuring the further integration of the two segments to achieve resources integration for its full urban rail transit industry chain, the Company aims to provide comprehensive and even more effective solutions for its customers.

The Company will also increase its investment in the research and development of core techniques and technology in urban rail transit. Through continued enhancement of technical and construction quality, the Company's operating efficiency and market competitiveness would be further strengthened to bring greater efficiency and returns to our shareholders.

In 2015, the fundamentals of the Chinese economy will remain good in general. The Company will seize the opportunities arising from the strong investments by China in the construction of rail transit infrastructure, push straight ahead, vigorously deepen our reform, innovate the management, and build up ourselves as a leader in the industry and a comprehensive service provider of urban construction with international influence. All staff and I have full confidence in the future. Through dedication, hard working and persistency, we strive to establish the brand image of UCD in the international capital market, and to bring excellent results as a return to our shareholders.

Wang Hanjun
General Manager

Beijing, 30 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In 2014, the Group further promoted its business development, thereby further consolidating and raising its market position and capital strength, leading to a significant growth trend in operating results and a remarkable enhancement in its comprehensive strengths.

For the year ended 31 December 2014, the Group's revenue amounted to RMB3,346 million, representing an increase of RMB423 million or 14.5% compared to the revenue of RMB2,923 million of the corresponding period of last year. The Group's net profit amounted to RMB351 million, representing an increase of RMB115 million or 48.7% compared to the net profit of RMB236 million of the corresponding period of last year.

FINANCIAL REVIEW

SUMMARY OF OPERATING RESULTS

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Revenue	**3,346,278**	2,923,485
Cost of sales	**(2,592,362)**	(2,336,783)
Gross profit	**753,916**	586,702
Other income and gains	**27,058**	11,667
Selling and distribution expenses	**(60,616)**	(44,068)
Administrative expenses	**(269,867)**	(211,996)
Other expenses	**(36,249)**	(31,853)
Finance costs	**(2,332)**	(1,376)
Share of profits/(losses) of joint ventures	**369**	(651)
Share of profits of associates	**1,479**	1,893
Profit before tax	**413,758**	310,318
Income tax expense	**(62,838)**	(74,052)
Profit for the year	**350,920**	236,266

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

REVENUE

The Group generates its revenue from the design, survey and consultancy segment as well as the construction contracting segment where the Group provides services for infrastructure construction (especially urban rail transit). For the year ended 31 December 2014, the Group achieved a revenue of RMB3,346 million, representing an increase of RMB423 million or 14.5% compared with that of RMB2,923 million for the corresponding period of last year. Such increase was mainly attributable to the Company's adherence to the development strategies to expand design, survey and consultancy business, seizing of vigorous opportunities to develop urban rail transit in China and the increased efforts in developing such business. As such, the revenue for the corresponding businesses increased at a steady pace.

	2014	2013
Design, survey and consultancy	**1,883,426**	1,522,118
Construction contracting	**1,462,852**	1,401,367
Total	**3,346,278**	2,923,485

DESIGN, SURVEY AND CONSULTANCY SEGMENT

The design, survey and consultancy segment includes design, survey and consultancy services for urban rail transit construction as well as industrial and civil construction and municipal engineering. The design, survey and consultancy segment has historically been the core business of the Group. In 2014, the Group, by fully leveraging on its technological strength in the industry, optimized and focused on its traditional and core business and enhanced its core competitiveness. For the year ended 31 December 2014, the Group's revenue from the urban rail transit construction business in the design, survey and consultancy segment amounted to RMB1,501 million for the Year, representing an increase of 35.5% compared with that of RMB1,108 million for the corresponding period of last year. Revenue from the industrial and civil construction and municipal engineering business amounted to RMB382 million for the Year, representing a decrease of 7.7% compared with that of RMB414 million for the corresponding period of last year.

CONSTRUCTION CONTRACTING SEGMENT

The construction contracting segment of the Group shares synergies with the design, survey and consultancy segment. In particular, it closely interacts with the design, survey and consultancy segment for urban rail transit construction projects as they generally share almost the same customer base. Currently, the Group's construction contracting segment focuses on the services for urban rail transit construction projects. The scope of the construction contracting segment mainly covers various specific areas of land construction and equipment installation for the urban rail transit projects. The construction contracting projects undertaken by the Group covered major cities of China, including Beijing, Guangzhou, Urumqi, Tianjin, Hangzhou and Dalian.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

For the year ended 31 December 2014, the Group's revenue from the construction contracting segment was RMB1,463 million, representing an increase of RMB62 million or 4.4% compared with that of RMB1,401 million for the corresponding period of last year. Such an increase was mainly attributable to the adherence to the development strategies to expand urban rail transit construction contracting business and the adoption of principle of controllable risks. Meanwhile, the Group exercised caution on undertaking traditional projects with low economic benefits but high risks and made smooth progress. In the meantime, the Group is committed to promoting synergy operation for design and general contracting projects and projects with relatively high economic benefits including EPC. In 2014, the Group won a bid to carry out the EPC project for the Modern Rail Transit Tram Demonstration Line Project in Chengyang District in Qingdao City.

COST OF SALES

For the year ended 31 December 2014, the cost of sales incurred by the Group was RMB2,592 million, representing an increase of RMB255 million or 10.9%, as against an increase of 14.5% in revenue, compared with that of RMB2,337million for the corresponding period of last year. This was mainly attributable to the fact that the Group adopted meticulous and precise calculations and strengthened cost control, leading to a reduction in cost of sales including rent, property costs and documentation expenses.

For the year ended 31 December 2014, cost of sales of the Group's design, survey and consultancy segment increased to RMB1,268 million from RMB1,018 million for the corresponding period of last year, representing an increase of 24.6%. Among that, the cost of sales of the urban rail transit construction business of the Group's design, survey and consultancy segment increased to RMB974 million for the Year from RMB707 million for the corresponding period of last year, representing an increase of 37.8%. The cost of sales of industrial and civil construction and municipal engineering business of the design, survey and consultancy segment decreased to RMB294 million for the Year from RMB311 million for the corresponding period of last year, representing a decrease of 5.5%.

For the year ended 31 December 2014, the cost of sales of the Group's construction contracting segment increased to RMB1,324 million for the Year from RMB1,319 million for the corresponding period of last year, representing an increase of 0.4%.

GROSS PROFIT AND GROSS MARGIN

For the year ended 31 December 2014, the gross profit of the Group was RMB754 million, representing an increase of RMB168 million or 28.7% compared with that of RMB586 million for the corresponding period of last year, while the consolidated gross margin increased from 20.0% to 22.5%. The increase in gross profit and gross margin was mainly due to our adoption of refined management which strengthened the cost control. The gross profit of the design, survey and consultancy segment increased from RMB504 million for the corresponding period of last year to RMB615 million for the Year, representing an increase of RMB111 million or 22.0%. The gross margin decreased from 33.1% for the corresponding period of last year to 32.7% for the Year. This was mainly attributable to the increase in the proportion of projects in cities outside Beijing to the total projects along with the business development of the Company. The gross profit of the construction contracting segment increased from RMB83 million for the corresponding period of last year to RMB139 million for the Year, representing an increase of RMB56 million or 67.5%. The gross margin increased from 5.9% for the corresponding period of last year to 9.5% for the Year.

OTHER INCOME AND GAINS

For the year ended 31 December 2014, other income and gains of the Group were RMB27.06 million, representing an increase of RMB15.39 million, compared with that of RMB11.67 million for the corresponding period of last year, primarily due to the increase in interest income and investment gains due to the increase in deposits and the purchase of related financial products arising from the capital injection by the strategic investors and the proceeds from the listing.

SELLING AND DISTRIBUTION EXPENSES

For the year ended 31 December 2014, selling and distribution expenses of the Group were RMB60.62 million, representing an increase of RMB16.55 million or 37.6% compared with that of RMB44.07 million for the corresponding period of last year. The increase in selling and distribution expenses was mainly due to the corresponding increase in bidding costs and relevant costs arising from bidding as the Group focused on the expansion in both the design, survey and consultancy segment and the construction contracting segment.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2014, administrative expenses of the Group were RMB270 million, representing an increase of RMB58 million or 27.4% compared with that of RMB212 million for the corresponding period of last year. The increase in the administrative expenses was mainly due to the corresponding increase in administrative and management costs by management officers and relevant taxes resulting from the expansion of the business scale.

OTHER EXPENSES

For the year ended 31 December 2014, other expenses of the Group were RMB36.25 million, representing an increase of RMB4.4 million or 13.8% compared with that of RMB31.85 million for the corresponding period of last year. The increase in other expenses was mainly due to the increase in the provisions for the estimated contract loss of the amounts due from contract customers for the Year.

FINANCE COSTS

For the year ended 31 December 2014, finance costs of the Group were RMB2.33 million, representing an increase of 68.8% compared with that of RMB1.38 million for the corresponding period of last year.

INCOME TAX EXPENSE

For the year ended 31 December 2014, the income tax expense of the Group was RMB62.84 million, representing a decrease of RMB11.21 million or 15.1% compared with that of RMB74.05 million for the corresponding period of last year.

PROFIT FOR THE YEAR

For the year ended 31 December 2014, the profit for the year of the Group was RMB351 million, representing an increase of RMB115 million or 48.7% compared with that of RMB236 million for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CASH FLOWS

The table below sets forth the cash flows of the Group for the periods indicated:

	For the year ended 31 December	
	2014	2013
	(RMB'000)	(RMB'000)
Net cash inflows from operating activities	**463,969**	587,104
Net cash outflows from investing activities	**1,130,079**	25,969
Net cash inflows from financing activities	**653,981**	479,575
Net increase/(decrease) in cash and cash equivalents	**(12,129)**	1,040,710

In 2014, in view of the enhancement in the business development of the Company and effort for the recovery of receivables, the net cash inflows from operating activities amounted to RMB464 million in the Year. Net cash outflows from investing activities mainly represented the cash outflows from the payment of fixed assets including the purchase of shield tunneling machines of RMB52 million and the purchase of financial products amounting to RMB910 million. The net cash inflows from financing activities mainly represented the proceeds from issue of H Shares (net of underwriting commission) of 743 million and the investment contributed by the minority shareholders to the new subsidiaries amounting to RMB12 million. Cash outflows from financing activities mainly represented the special dividends paid to all shareholders of the Company before the global offering, which was approximately RMB75.07 million, equivalent to 30% of the unallocated net profits incurred by the Company during the period from 1 June 2013 to 31 December 2013 (both dates inclusive).

PLEDGE OF ASSETS, CONTINGENCIES AND CAPITAL COMMITMENTS

For the year ended 31 December 2014, the Group had no pledge of assets.

As at 31 December 2014, the Group did not have any outstanding mortgages, charges, debentures, loan capital, banks loans or overdrafts, debt securities or other similar indebtedness, finance or hire purchase commitments, acceptance credits or guarantees or other material contingent liabilities.

The capital commitments of the Group as at 31 December 2014 and 31 December 2013 were as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Capital expenditure in respect of property, plant and equipment:		
– Contracted, but not provided for	**70,106**	45,000
– Authorised, but not contracted for	**–**	400
	70,106	45,400

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The capital structure of the Company comprises Domestic Shares and H Shares. The H Shares of the Company were listed on the Hong Kong Stock Exchange on 8 July 2014. The Group does not have any borrowings and all the working capital is self-owned funds.

GEARING RATIO[1]

As at 31 December 2014, the Group had no interest-bearing borrowings, therefore its gearing ratio was 0.0%.

Note:

(1) Gearing ratio represents the total interest-bearing borrowings as at the reporting date divided by the total equity as at the same reporting date.

EXCHANGE RATE RISK

The business operations of the Group are mainly located in China with most of its transactions settled in RMB. The assets and liabilities of the Group that involve the exchange rate risk and the transactions from operations are mainly related to U.S. dollars and HK dollars. The Directors believe that the exchange rate risk may or will not have a material and adverse impact on the financial position of the Group.

USE OF PROCEEDS

As at 31 December 2014, the Company utilized an aggregate of RMB75.2 million, among which RMB66.6 million was used to supplement working capital for the general corporate purposes, RMB8.6 million was used to supplement the capital for design, survey and consultancy projects and construction contracting projects related to urban rail transit business. The unutilized proceeds amounted to RMB633.42 million and all of them are placed at the bank as deposits.

EMPLOYEES

As at 31 December 2014, the Group had approximately 3,567 employees. For the year ended 31 December 2014, the total employee costs of the Group were RMB966 million, representing an increase of RMB182 million or 23.2% compared with that of RMB784 million for the corresponding period of last year.

The Directors of the Company fully understand the importance of maintaining good relationship with employees. The Group has therefore implemented financial incentives and other human resource strategies. The remuneration payable by the Group to employees included basic salaries, bonuses and allowances.

EVENTS AFTER THE BALANCE SHEET DATE

The Group did not have any significant events after the balance sheet date.

PROFIT DISTRIBUTIONS AND DIVIDENDS

On 30 March 2015, the Board proposed to pay a final dividend for the year 2014 of approximately RMB93,795,779.00 (representing approximately 30% of the distributable profits for 2014) on the basis of the total issued shares of the Company of 1,272,670,000 shares as at the date of this report, representing RMB0.0737 per share (including tax). The proposal for the payment of the final dividend is subject to the approval of the Company's shareholders at the annual general meeting to be held on 8 June 2015.

BUSINESS PROSPECTS

Although the urban rail transit in China has achieved notable development in recent years and the economic development in China has entered into a new normal stage, China is still lagging far behind the developed countries in terms of rail transit density. In general, urban rail transit in China still remains at a relatively low development level, with extensive rooms for further improvement. The accelerated urbanization in China, the stepping-up of the integration of the Beijing-Tianjin-Hebei areas and the further development of regional rail transits will provide abundant business development opportunities for the Group.

In face of the favourable development opportunities, the Group will continue to deepen and promote its client oriented operating principles. As a newly listed company, the Company will, by fully utilizing its own solid technological strengths, and led by its design business and through investments, to strengthen its design and consultancy business and general contracting business, expand into new businesses, continued to raise the overall strength and the level of shareholders' returns, aiming to building up the Company as a leading comprehensive urban construction services provider in the industry with international influence.

OUTLOOK

In 2015, with accelerated urbanization in China and further development of regional rail transits, abundant opportunities for business developments are available to the Group. At the same time, as there are difficulties with infrastructure investments by local governments, the use of private capital to develop Public-Private-Partnership (PPP) offers them a better alternative. The Ministry of Finance and the National Development and Reform Commission have respectively published an operating manual and a guiding opinion for the PPP model, which will have profound impact on the competitive landscape in the rail transit and relevant markets. Combining the capabilities for traditional design services and construction contracting with the fund raising platform from listing, the Group will face a golden opportunity for further development.

In 2015, details of the Company's management measures are divided into four major aspects as follows:

– **To expand the design and consultancy business**. We will consolidate and expand the Company's leading advantages in survey, design and consultancy to maximize our market shares and operational efficiency. Besides, we will also adopt a differentiated competition strategy to further expand and develop the civil construction, municipal construction and their integrated market, the survey market as well as to proactively plan for projects overseas. By strengthening our talent pool through external employment and internal promotion, we will nurture more industry experts and leading professionals to build-up a well-structured talent team. Furthermore, the Group will fully utilize its capital advantage to actively facilitate corporate merger and acquisition with a view optimizing and strengthening its business capability.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

– **To expand the EPC business**. Founded and based in Beijing, the Company will systematically develop markets outside Beijing by the principles of clearly knowing the markets, strict cost control and risks prevention and management and strengthened management, with a view to enhancing our efficiency and to establishing the Company as a "prime recognition" for EPC projects in the rail transit industry. By building up a dedicated staff team with strong execution power and through scientific management, the Company aims to strengthen and expand the EPC business. By using the modern tram project in Chengyang District of Qingdao (an EPC project combining general contracting of engineering, procurement and construction) as a demonstration model and by consolidating and promoting our successful experience, the Company will strive to develop the general contracting business featuring EPC characteristics.

– **To actively foster and develop new businesses; to actively develop rail transit PPP new business model**. By keeping a close watch on the newest developments in infrastructure construction, fully leveraging the financing platform afforded by listing, highlighting design-orientation and directed by investment, the Company will leverage its comprehensive advantages and actively participate in rail transit and tram PPP projects. As to technological industrialization, directed by the market and by building a normative technological industrialization platform, we will actively promote the combination of scientific research and innovation and achievement industrialization with a view to providing a new economic growth point for the Company's business development. We will research and explore the feasibilities of extending into the operation and management service of rail transit, to actively undertake comprehensive projects which combines investment and financing, design, consultancy, EPC, operational management and project land development. Through organic integration and synergistic operations, we will gradually achieve the full industry chain operation for rail transit.

– **To improve modern corporate management system and incentive mechanism, and ensure healthy development of the Company**. We will strengthen the functional build-up in our headquarters to build a strong and solid headquarter team; improve the business unit management system to focus primarily on market operation; improve the internal economic order and build a sound operation control system; establish a corporate ERP management system to enhance the level of modernized management; accelerate the activation of the share incentive programme and reform the remuneration system so as to build a management mechanism with a balanced responsibilities, rights and interests. We will also optimize the remuneration structure and employee appraisal mechanism so as to form a competitive remuneration and incentive system for the Company as a listed company and to achieve synergistic growth of employees' salaries and shareholders' returns so as to bring satisfactory results to our employees, shareholders and the society.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wang Hanjun (王漢軍), aged 50, is an executive Director, general manager and deputy party secretary of the Company. He has been the president, deputy party secretary and Director of the Company (the predecessor of which is Beijing Urban Construction Design & Research Institute) since May 2011 and was appointed as an executive Director and general manager of the Company on 28 October 2013. Mr. Wang worked for the First Branch Company under Beijing Urban Construction No. 3 Corporation (北京城建三公司), which is primarily engaged in engineering construction, from July 1988 to March 1994. He was the manager of Second Project Department of Beijing Urban Construction Yatai Co. (北京城建亞泰公司) from March 1994 to December 1994, and was the deputy manager of Beijing Urban Construction Yatai Construction and Engineering Co., Limited (北京城建亞泰建設工程有限公司), which is primarily engaged in engineering construction, from December 1994 to November 2003. Between November 2003 and August 2004, he served as a director, deputy chairman, manager and deputy party secretary of Beijing Urban No. 3 Construction Engineering Co., Ltd. (北京城建三建設工程有限公司). He was a director, manager and deputy party secretary of Beijing Urban Construction Investment Development Co., Limited (北京城建投資發展股份有限公司) (Stock Code: 600266.SH) from August 2004 to October 2004, and concurrently acted as its director, manager and deputy party secretary and a director and chairman of Beijing Donghu Real Estate Co. (北京市東湖房地產公司), which is primarily engaged in real estate development from October 2004 to May 2006. He continued to act as a director, manager and deputy party secretary of Beijing Urban Construction Investment Development Co., Limited from May 2006 to October 2007. From October 2007 to December 2007, he held the position of manager of Beijing Urban Construction Xincheng Investment & Development Co., Limited (北京城建新城投資開發有限公司), a subsidiary wholly-owned by BUCG primarily engaged in real estate investment. Then he worked as its manager and director from December 2007 to July 2012. Mr. Wang graduated from Tsinghua University with a bachelor's degree of engineering in water resources and hydropower engineering and construction in July 1988. Mr. Wang was qualified as a senior engineer by Beijing Senior Specialised Technique Titles Evaluation Committee (北京市高級專業技術職務評審委員會) in September 1999 and obtained the qualification of Grade One Constructor from Beijing Human Resources Bureau (北京市人事局) in February 2005.

Mr. Li Guoqing (李國慶), aged 48, is an executive Director, deputy general manager and party secretary of the Company. Mr. Li has been working for the Company since July 1990. He held the position of Youth League secretary (團委書記) of the Company from April 1993 to August 1998 and was the vice president of Metro and General Municipal Institute (地鐵市政院) of the Company from August 1998 to September 1999. He worked as the vice president of the Company from September 1999 to March 2001, and was the party secretary and vice president of the Company from March 2001 to November 2002. He has been the party secretary, vice president and Director of the Company since November 2002, during which he also held the position of general manager in China Metro Engineering Consulting Co., Ltd., which is primarily engaged in engineering consultancy between September 2006 and May 2012. Mr. Li obtained a bachelor's degree in engineering majoring in heating, ventilation and air conditioning from Tsinghua University in July 1990. He obtained a master's degree and a doctor's degree of engineering both majoring in heating, gas, ventilation and air conditioning engineering from Tianjin University in March 2009 and June 2012, respectively. He was qualified as a senior engineer of professor level by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in December 2005. He obtained his certificate of PRC registered utility engineer (中國註冊公用設備工程師) from the Ministry of Housing and Urban-Rural Development in October 2010. Mr. Li has been a representative of the People's Congress of Xicheng District, Beijing, since November 2011.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

NON-EXECUTIVE DIRECTORS

Ms. Wang Liping (王麗萍) (formerly known as Wang Liping (王立平)), aged 56, is the chairman and non-executive Director of the Company, and is the deputy general manager of BUCG. Ms. Wang served as the Director and Chairman of Beijing Urban Construction Design & Research Institute Co., Ltd., our predecessor, from November 2002 to the date of conversion of the Company, during which period she also acted as its acting president from February 2009 to May 2011. She was appointed as the chairman and non-executive Director of the Company on 28 October 2013. Ms. Wang worked at the Enterprise Department of Beijing Urban Construction Engineering Corporation (北京市城市建設工程總公司), the predecessor of BUCG, from September 1986 to October 1992. She served as the chief economist of Beijing Urban Construction Decoration Engineering Corporation Company (北京市城市建設裝飾工程公司) in charge of its economic work from October 1992 to September 1993; the deputy chief economist of Beijing Urban Construction Group Corporation (北京城建集團總公司), the predecessor of BUCG, from September 1993 to July 1994; the chief economist of Beijing Urban Construction Group Corporation from July 1994 to July 1999; and the chief economist of BUCG, which was principally engaged in construction contracting, real estate development and design and consultancy businesses before its reorganization, from July 1999 to July 2012. She has been acting as the deputy general manager of BUCG since July 2012. Ms. Wang obtained her bachelor's degree in economics majoring in political economy from Nankai University (南開大學) in Tianjin in September 1984 and was awarded a master's degree in economics by Nankai University in September 1986. Ms. Wang was qualified as a senior economist by Beijing Senior Specialised Technique Titles Evaluation Committee (北京市高級專業技術職務評審委員會) in December 1993.

Mr. Xu Jianyun (徐賤雲), aged 50, was formerly a non-executive Director of the Company until his resignation on 10 February 2015. Mr. Xu was also formerly the party secretary and chairman of BUCG. Mr. Xu worked as an engineer from December 1989 to May 1993 and the deputy director from May 1993 to September 1993 at the science research institute under Beijing Urban Construction Engineering Corporation (北京市城市建設工程總公司) and he served as an assistant to the manager and the deputy manager of Beijing Urban Construction Group Corporation (北京城建集團總公司), the predecessor of BUCG, from September 1993 to January 1994 and from January 1994 to July 1999, respectively. He also served in various positions in BUCG, including the deputy general manager from July 1999 to March 2003; a member of the Party Committee, director and deputy general manager from March 2003 to June 2004; the standing member of the Party Committee, director and general manager from June 2004 to August 2006; the deputy party secretary, director and general manager from August 2006 to December 2011; and the party secretary, chairman and general manager from December 2011 to May 2012. He has been acting as the party secretary and chairman of BUCG since May 2012. Mr. Xu was the vice chairman of Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600266.SH) which is primarily engaged in the real estate development, from October 2004 to June 2012 and has been its chairman since June 2012. Mr. Xu studied at the Civil Engineering Department of Tianjin University from September 1979 to July 1983. He obtained his master's degree and doctorate in engineering majoring in architectural structure engineering from Tianjin University in December 1985 and May 1990, respectively. Mr. Xu was qualified as a senior engineer of professor level by Beijing Senior Specialised Technique Titles Evaluation Committee (北京市高級專業技術職務評審委員會) in September 1999.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Chen Daihua (陳代華), aged 51, is a non-executive Director of the Company, and is the deputy party secretary, director and general manager of BUCG. Mr. Chen worked at Beijing University of Civil Engineering and Architecture (北京建築工程學校) from July 1984 to July 1991 and served as the deputy officer of the basic technique teaching and research section of the university from July 1991 to July 1992; the executive vice director of the intermediate vocational section of Beijing University of Urban Construction Engineering (北京城建工程學校職工中專部) from July 1992 to October 1993; the vice president of the academic department of Beijing University of Civil Engineering and Architecture from October 1993 to June 1995; and the vice principal of Beijing Urban Construction Training Center (北京城建培訓中心) from June 1995 to October 1999. He served as the deputy manager of Beijing Urban No. 3 Construction Engineering Co., Ltd. (北京城建三建設工程有限公司) from October 1999 to August 2000, and as its deputy party secretary, vice chairman and manager from August 2000 to November 2003. Besides, he acted as the party secretary and chairman of Beijing Urban Construction Road and Bridge Engineering Co., Ltd (北京城建道橋工程有限公司) and the manager of Beijing Xincheng Shuncheng Investment Development Co., Ltd. (北京新城順城投資開發有限公司), which is primarily engaged in real estate development, from November 2003 to August 2006; the deputy general manager of BUCG from August 2006 to May 2011; and the standing member of the Party Committee and deputy general manager of BUCG from May 2011 to May 2012. He has been the deputy party secretary, director and general manager of BUCG since May 2012. He acted as a director, the general manager, the party secretary and the vice chairman of the board of Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司) (Stock Code: 600266.SH) since June 2006. Mr. Chen was awarded the EMBA degree from Guanghua School of Management of Peking University (北京大學光華管理學院) in July 2009. Mr. Chen was qualified as a senior economist by Beijing Senior Specialised Technique Titles Evaluation Committee (北京市高級專業技術職務評審委員會) in September 2001.

Mr. Hao Weiya (郝偉亞), aged 44, was formerly a non-executive Director of our Company until his resignation on 13 November 2014. Mr. Hao is a member of the Party Committee and general manager of Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司). Mr. Hao worked at the management department of the postgraduate school of University of Science and Technology Beijing and the Beijing Sales Department of Haixin Futures Brokerage Co., Ltd. (海信期貨經紀有限公司) primarily engaged in futures brokerage from August 1992 to January 1994 and from January 1994 to January 1997, respectively. He also served as the project manager of ZTE Trust & Investment Co., Ltd. (中興信託投資有限公司) primarily engaged in trust business from January 1997 to March 2000; the project manager of Beijing Municipality Overseas Finance and Investment Managing Center (北京境外融投資管理中心) from March 2000 to April 2001; the deputy manager of the capital management department of Beijing State-owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司) from April 2001 to January 2002; and the deputy general manager and subsequently acted as the general manager and chairman of Beijing Integrated Circuit Design Park Co., Ltd. (北京集成電路設計園有限公司), which is primarily engaged in integrated circuit design business, from January 2002 to August 2008. He has been acting as the senior investment manager of the financing department, the manager of the investment management department, the assistant to the general manager, the deputy general manager and a member of the Party Committee of Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司) since August 2008. Mr. Hao has been a supervisor and a director in Metro Land Corporation Ltd. (京投銀泰股份有限公司), a company listed on Shanghai Stock Exchange (Stock Code: 600683.SH), which is primarily engaged in real estate development and operation, from May 2009 to January 2010 and from January 2010 to June 2011, respectively. Also, he has acted as a director of China City Railway Transportation Technology Holdings Company Limited (中國城市軌道交通科技控股有限公司) (Stock Code: 1522) since August 2013. Mr. Hao obtained his bachelor's degree of engineering majoring in applied chemistry in July 1992 and a master's degree in business administration in June 2001, both from the University of Science and Technology Beijing (北京科技大學). Mr. Hao was qualified as a senior economist by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in November 2008.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Wang Hao (王灝), aged 49, is the deputy party secretary, vice chairman and general manager of Beijing Capital Group Ltd. Mr. Wang acted as the executive secretary, factory manager assistant, head of the enterprise development department and deputy factory manager of the 3rd Factory Party Committee Office of Beijing Coal Corporation (北京市煤炭總公司) from July 1990 to December 1994; the deputy manager of Beijing Coal Corporation and general manager of Beijing Golden Time Real Estate Development Co., Ltd. (北京金泰房地產開發公司) from December 1994 to June 1999; the party member and deputy head of Beijing Municipality Overseas Finance and Investment Managing Center (北京市境外融投資管理中心) from June 1999 to January 2001; the party member, director and deputy general manager of Beijing State-owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司) from January 2001 to July 2001; the director, deputy general manager and standing member of the Party Committee of Beijing Metro Group Co., Ltd. from July 2001 to November 2003; the party member, deputy general manager, deputy party secretary, director and general manager of Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司) from November 2003 to December 2009; the member of the Party Committee and deputy head of the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會) from September 2009 to January 2013; he has been the deputy party secretary, vice chairman and general manager of Beijing Capital Group Ltd. since January 2013; the vice chairman of Beijing Capital Co., Ltd. and the director of Beijing Capital Land Ltd. since August 2013; the non-executive director of Juda International Holdings Limited since December 2013. Mr. Wang obtained a bachelor degree of engineering majoring in mining engineering from Liaoning Technical University from August 1986 to July 1990; a master degree of engineering majoring in management system engineering from Liaoning Technical University from September 1991 to April 1994; a doctoral degree majoring in political economy from School of Economics, Peking University from September 2001 to January 2006; and he studied and worked in the public administration postdoctoral station of School of Government, Peking University from January 2009 to June 2012; Mr. Wang was qualified as a senior economist by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術職務評審委員會) in August 2001.

Mr. Zhang Jie (張傑), aged 45, is a senior economist and currently acts as the deputy general manager, general counsel and the secretary to the board of directors of Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司). Mr. Zhang had years of management experience in the Board affairs and audit and legal matters. During the period from July 1991 to May 1994, Mr. Zhang worked at the Party School of Beijing Automotive Industry Corporation (北京市汽車工業總公司黨校) as a teacher. From May 1994 to June 1996, he acted as the deputy secretary of Youth League committee of Beijing Automotive Industry Corporation (北京市汽車工業總公司). From June 1996 to March 1997, Mr. Zhang acted as the general vice director of the training centre of Beijing Automotive Industry Group (北京市汽車工業集團) and later acted as the officer of the training centre as well as the President of both Staff University of Beijing Automotive Industry Corporation (北京市汽車工業總公司職工大學) and Beijing City Automotive Industrial School (北京市汽車工業學校) from March 1997 to July 2002. During the period from July 2002 to September 2005, Mr. Zhang acted as the deputy party secretary of Beijing Hyundai Motor Company (北京現代汽車有限公司). Since September 2005, Mr. Zhang has served as the deputy manager of the administrative management department, head of party committee office (board of directors office), secretary to the board of directors, general counsel and deputy general manager of Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司). Since June 2014, he has served as a non-executive director of China City Railway Transportation Technology Holdings Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1522). Mr. Zhang graduated from the China University of Political Science and Law (中國政法大學) with a bachelor degree in Law in July 1991 and obtained a master degree in Business Administration from Peking University (北京大學) in July 2001. Mr. Zhang obtained the lawyer qualification certificate and senior economist qualification certificate in June 1994 and June 2011, respectively.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Su Bin (蘇斌), aged 48, is a non-executive Director of the Company, and the deputy general manager of Beijing Rail Transit Construction and Management Co., Ltd. (北京市軌道交通建設管理有限公司) ("Rail Transit Company"). Mr. Su served at the Ministry of Railways and was in charge of the technical and management work for several years from July 1988. He acted as the chairman and party secretary of the fourth company of China Railway No. 3 Engineering Group Co., Ltd. (中鐵三局集團有限公司) (the "No. 3 China Railway") from October 2001 to February 2003; the deputy supervisor and chief engineer of Beijing supervising unit of the No. 3 China Railway from February 2003 to July 2003; and the supervisor of Jijie-Mongolia highway construction and supervising unit of the No. 3 China Railway from June 2003 to December 2003. Mr. Su worked at Rail Transit Company from December 2003 to May 2008 and served as the deputy secretary and general manager of Line 5 project management unit, and the secretary of Line 10 project management unit in Beijing. Mr. Su has been the deputy general manager of Rail Transit Company since May 2008. Mr. Su obtained his bachelor's degree of engineering majoring in railway engineering from Northern Jiaotong University (北方交通大學) in Beijing in July 1988, a master's degree majoring in civil engineering and architecture from Southwest Jiaotong University (西南交通大學) in Chengdu in November 2002 and a doctorate in management science and engineering from Beijing Jiaotong University (北京交通大學) (formerly known as Northern Jiaotong University (北方交通大學)) in January 2011. Mr. Su was qualified as a senior engineer by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in June 2006.

Mr. Kong Lingbin (孔令斌), aged 51, is a non-executive Director of the Company, and the deputy general manager of Gonglian Company. Mr. Kong worked at various positions in the Bureau of Finance of Fengtai District, Beijing (北京市豐台區財政局) from November 1982 to January 2007, including the officer of the industry and enterprise division, the deputy head of industry and enterprise division, the deputy head and the head of budget division, the deputy head of the bureau, the deputy party secretary, the party secretary and the bureau head (during which he also acted as the head of Fengtai District Land and Resources Bureau (豐台區國資局), the party secretary and the head of Fengtai District Local Taxation Bureau (豐台區地稅局), and the manager of the Fengtai District State-owned Integrated Investment Operation Company (豐台區綜合投資經營公司)). From January 2007 to December 2009, he served as the secretary of the labour party committee and the president of the management party committee of Fengtai Zone, Zhongguancun Science Park in Fengtai District, Beijing. He was the deputy chief officer of Fengtai District Government, Beijing, from December 2009 to January 2012. He attended the fourth session of the training course for leading cadres of county bureau level at Beijing Municipal Communist Party School from February 2012 to January 2013. Further, he has been the deputy general manager of Gonglian Company primarily engaged in the construction management of urban roads and facilities since January 2013. Mr. Kong graduated from Central College of Finance and Economics (中央財經學院) in Beijing majoring in finance in June 1988; graduated from University of International Business and Economics in Beijing majoring in international trade in June 1998; obtained his bachelor's degree in economics and management from the Correspondence Institute of the Party School of the Central Committee of C.P.C. in December 1996; and finished his postgraduate study in economics and management by China Beijing Municipal Communist Party School in July 2002.

Mr. Tang Shuchang (湯舒暢), aged 54, is the head of the capital management department and an assistant to the general manager of Beijing Urban Construction Group. Mr. Tang worked as an assistant for the logistics department in Army 00092 of Infrastructural Engineering Brigade (基建工程兵零零零九二部隊) from December 1978 to July 1983; the officer of the finance division of Beijing Urban Construction No. 4 Corporation (北京城建四公司) from August 1983 to April 1991; the cost accountant of the finance department of Beijing Urban Construction Group Corporation (北京城建總公司) from April 1991 to June 1995; the deputy head of the asset department of Beijing Urban Construction Group from June 1995 to June 1998; he has been the head of the capital management department of Beijing Urban Construction Group since June 1998; an assistant to the general manager of Beijing Urban Construction Group since March 2011; the supervisor of Beijing Urban Construction Investment Development Co., Ltd (stock code: 600266.SH) since July 2002. Mr. Tang graduated from Central College of Finance and Economics (中央財經學院) majoring in infrastructure finance and credit in July 1988; he was qualified as a senior accountant by Beijing Senior Specialised Technique Qualification Evaluation Committee in September 1999.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Fengchao (張鳳朝), aged 68, is an independent non-executive Director of the Company. From August 1968 to September 1979, Mr. Zhang worked as an exploration worker, the vice secretary of Chinese communist party sub-committee, the vice division head, and the deputy party secretary of the Wangping Village coal mine under Beijing Mining Bureau (北京礦務局). From September 1979 to January 1985, he worked at the party school, the education training centre (including the party school) and the organisation division under Beijing Mining Bureau in various positions including the division head, the deputy principal, the general vice director and vice secretary, and the vice organisation head. From January 1985 to November 1998, he acted as the vice party secretary (and also as the secretary of the disciplinary committee and vice chairman of Mentougou District People's Congress) and the secretary of Beijing Mining Bureau. From November 1998 to January 2000, he acted as the standing vice secretary for Beijing National Authority Working Committee (北京市國家機關工委). From January 2000 to October 2003, Mr. Zhang served as the secretary for Urban Construction Working Committee of the Beijing Municipal Party Committee (北京市委城建工委) and from October 2003 to November 2007, he served as the secretary and vice director of the Committee of the State-owned Assets Supervision and Administration of the People's Government of Beijing Municipality (北京市人民政府國資委監督管理委員會). From November 2007 to October 2008, he was the executive director for the National Stadium Operation Team of the Beijing Olympic Organisation Committee, and from October 2008 to May 2010, he served as the team-head of the scientific development teaching and guiding team of the Beijing Municipal Committee. Mr. Zhang retired in May 2010. Since May 2010, he has been the Chair of Beijing Olympic City Development Foundation (北京奧運城市發展基金會). Since December 2013, he has held the office of the vice chairman of the board of Beijing Charity Foundation (北京市慈善基金會). Mr. Zhang graduated as a post-graduate majoring in economics and management from Central Party School of Chinese Communist Party in January 1997. He was qualified as a senior economist by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in December 2004.

Mr. Wang Dexing (王德興), aged 68, worked in the flood detention office, Taiqian County, Henan Province (河南省台前縣滯洪辦公室) from 1962 to 1965. From 1965 to 1971, Mr. Wang took up the role as the secretary and vice platoon leader of the 17th company of 57th regiment of Railway Brigade and participated in the first phase construction work (parts of construction work of Line 1 and Line 2) for Beijing Subway, the first underground railway in China. In 1971, he switched to work in Beijing Metro Corporation (北京地鐵總公司) and till 2001 served as the party secretary for the metro power supply session and the vehicle session of Taiping Lake (太平湖) and the head of organization department of the Party Committee, general committee member, deputy party secretary and secretary of the disciplinary committee as well as party secretary of Beijing Metro Corporation. From 2001 to 2003, Beijing Metro Corporation was converted into Beijing Metro Group (北京地鐵集團). Mr. Wang served as the chairman and party secretary of the group and the chairman and party secretary of Beijing Mass Transit Railway Operation Corporation (北京地鐵運營公司). Between 2003 and 2008, he acted as the chairman and party secretary of Beijing Mass Transit Railway Operation Corporation. Between 2006 to 2011, Mr. Wang took up the role as the director for both Beijing Infrastructure Investment Co., Ltd. and Beijing Environment Sanitation Engineering Group (北京環衛集團). Between 1995 and 2010, he served as the chairman of Research Association of the Party Construction of Beijing Subway Light Rail (北京地鐵輕軌黨建研究會). Mr. Wang had been elected as the 8th, 9th and 10th Party representative of Beijing Municipality, the representative for the 12th NPC (National People's Congress) of Beijing Municipality and the deputy head for the NPC Urban Construction and Environmental Protection Committee (城建環保委員會) for that session. Mr. Wang graduated from Beijing Municipality Xicheng Vocational College (北京市西城職大) in 1984; graduated from Beijing College of Accounting and Finance (北京財貿學院) in 1987 through on-the-job learning; graduated from the class for further studies for prefectural and departmental cadres of the Party School of the Central Committee in 1993. In 1995, Mr. Wang graduated from the Party School of Central Committee majoring in Economics and Management.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Dr. Yim Fung (閻峰), JP, aged 51, is an independent non-executive Director of the Company. He has over 23 years' experience in the financial industry. Dr. Yim joined Junan Securities Co., Ltd. (君安證券有限公司) in 1993 and joined Guotai Junan Hong Kong Group (國泰君安香港集團), which is primarily engaged in financial services, in 2000. He currently acts as the chairman of the board and executive chief of Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) (Stock Code: 1788) and is fully in charge of the general business management affairs of Guotai Junan International Holdings Limited and its subsidiaries. Dr. Yim also acts as Director of Guotai Junan Holdings Limited (國泰君安控股有限公司) and Guotai Junan Financial Holdings Limited (國泰君安金融控股有限公司). Dr. Yim has been a non-executive director of Shenzhen International Holdings Limited (深圳國際控股有限公司) (Stock Code: 0152) since 22 May 2014. Dr. Yim is a senior economist, and holds doctorate of economics of Graduate School of the Chinese Academy of Social Sciences (中國社會科學院研究生院) and bachelor of engineering in environmental engineering of Tsinghua University (清華大學). Dr. Yim is a committee member of the 10th and 11th Inner Mongolia Autonomous Region of Chinese People's Political Consultative Conference. Dr. Yim is also the fourth chairman of the Chinese Securities Association of Hong Kong (香港中資證券業協會).

Mr. Sun Maozhu (孫茂竹), aged 55, is an independent non-executive Director of the Company. He obtained a bachelors degree in accounting from Renmin University of China (中國人民大學) in 1984 and further obtained a master's degree in accounting from the same university in 1987. Upon graduation, he stayed to teach at the university. Mr. Sun is currently a professor of the Department of Finance in the Business School and a tutor for the doctoral students of Renmin University of China. Mr. Sun received independent directorial training from a program jointly hosted by China Securities Regulatory Commission and School of Economics & Management Tsinghua University (清華大學經濟管理學院) in June 2002 and serves as an independent director for Beijing Capital Development Co., Ltd. (北京首都開發股份有限公司) (Stock Code: 600376.SH), a company listed on Shanghai Stock Exchange, Luoyang Bearing Science & Technology Co., Ltd. (洛陽軸研科技股份有限公司) (Stock Code: 002046.SZ), a company listed on Shenzhen Stock Exchange and Lanpec Technologies Co., Ltd. (甘肅藍科石化高新裝備股份有限公司) (Stock Code: 601798.SH), a company listed on Shanghai Stock Exchange. He obtained his bachelor's degree of economics majoring in financial accounting from No. 1 Branch School of Renmin University of China in July 1984. In July 1987, he obtained his master of economics in accounting from Renmin University of China. Mr. Sun became a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in September 1999.

Mr. Liang Qinghuai (梁青槐), aged 47, is an independent non-executive Director of the Company. From December 1997 to June 2004, Mr. Liang acted as the director for the Research Centre of Automatic Engineering Survey Design of School of Civil Engineering, Beijing Jiaotong University. From January 2002 to August 2006, he served as the deputy director of the research centre on urban rail transit of Beijing Jiaotong University. From May 2003 to February 2007, he was the deputy director of the research centre on transport and environment of the School of Civil Engineering of Beijing Jiaotong University. Since September 2006, he has been the deputy general director of the research centre on urban rail transit of Beijing Jiaotong University. Mr. Liang obtained a bachelor of science in physics from Shanxi Normal University in July 1989. In August 1992, he obtained a master of science degree in geodynamics and the geotectonic physics studies from the Research Institute of Earthquake of China Earthquake Administration in Wuhan. And in July 1995, Mr. Liang obtained a doctor of engineering degree in civil structural engineering from Dalian University of Technology. In December 1997, he completed the post-doctoral scientific research on railways, roads and hydrology in Northern Jiaotong University. Mr. Liang is currently a professor and tutor for doctoral students in Beijing Jiaotong University, the General Deputy Head of Urban Rail Transit Research Centre, and the vice general secretary of the working committee of Urban Rail Transit Technology of China Civil Engineering Society. In December 2002, Mr. Liang obtained the qualification of Senior Teachers of Higher Education from Beijing Municipal Commission of Education (北京市教育委員會).

SUPERVISORS

Mr. Yao Guanghong (姚廣紅), aged 58, is a Supervisor and the chairman of the Board of Supervisors, and a member of the standing Party Committee, secretary of disciplinary committee and director of BUCG. Mr. Yao worked in the Armored Force Institute of Technology (裝甲兵技術學校) from December 1970 to September 1974. He was a mathematics teacher of the Armored Force Institute of Technology (裝甲兵技術學院) from January 1978 to November 1980. He was an advisor of the Dean's Office of the Air Force Engineering College Centre (空軍工程學院教務處) from November 1980 to August 1984; an advisor of the Equipment Department of Air Command (空軍司令部裝備部) from August 1984 to March 1995; the head of the Operation Cost Payment Centre of the Equipment Department of Air Command (空軍司令部裝備部) from March 1995 to February 1998; a deputy teaching fellow of the Dean's Office of the Air Force Engineering College Training Centre (空軍工程學院教務部) from February 1998 to January 2000; the head and secretary of the Outdoor Training Department of Air Force Engineering University (空軍工程大學工程學院外訓系) from January 2000 to March 2005; the vice general manager of Beijing BeiAo Co., Ltd. (北京北奧有限責任公司) from March 2005 to March 2006; and a secretary of disciplinary committee of Beijing ZhuZong Group Co., Ltd. (北京住總集團有限責任公司), which is primarily engaged in real estate development, from February 2006 to April 2011. He has been a member of standing Party Committee, a secretary of disciplinary committee and a director of BUCG since April 2011. Since 28 October 2013, Mr. Yao has served as a Supervisor and the chairman of the Board of Supervisors of the Company. He has been the chairman of the supervisory board of Beijing Urban Construction Investment & Development Co., Ltd. (北京城建投資發展股份有限公司) (Stock Code: 600266.SH) since June 2011. He studied mathematics at the Mathematics and Mechanics Department in Peking University from October 1974 to January 1978. He studied and completed his undergraduate studies majoring in Air Force Labour Affair and Economic Management in Renmin University of China from September 1993 to July 1995. He graduated from Huazhong University of Science and Technology majoring in administrative management in June 2005. Mr. Yao was qualified as a senior administration engineer by Professional Job Evaluation Committee of Ideology Political Works of Beijing (北京市思想政治工作高級專業職務評審委員會) in November 2011.

Ms. Nie Kun (聶菎), aged 44, is a Supervisor of the Company, and the first chairman of the supervisory board of BUCG. She was engaged in accounting work in the fifth sub-company of the Second Beijing Urban Construction Engineering Company Limited (北京城建二建設工程有限公司) from July 1992 to March 1996. She was the chief officer of the fifth sub-company of the Second Beijing Urban Construction Engineering Company Limited (北京城建二建設工程有限公司) from March 1996 to March 1997. She was a senior staff of the audit department of the Second Beijing Urban Construction Engineering Company Limited (北京城建二建設工程有限公司) from March 1997 to October 1999; a staff of the finance department of BUCG Xinye Company from October 1999 to April 2000; a senior staff of the first unit of the audit department of BUCG from April 2000 to September 2004; a deputy head of the audit and investigation department of BUCG; the head of the finance department of BUCG from May 2011 to February 2012; and the first chairman of the supervisory board of BUCG since February 2012. Since 28 October 2013, Ms. Nie has served as the Supervisor of the Company. She obtained a bachelor of economics degree in investment economic management from the Central Institute of Finance (中央財政金融學院) in June 1992. She obtained a professional accountant certification from the Beijing Municipal Bureau of Finance (北京市財政局) in September 1995, and was recognised as a qualified internal auditor by China Association of Internal Audit (中國內部審計協會) in December 2003. She was qualified as a senior accountant by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in January 2005. She became a non-practicing member of Chinese Institute of Certified Public Accountants in September 2010.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Li Wenhong (李文鴻), aged 40, is a Supervisor of the Company, and the deputy general manager of the Fund Investment Department of Beijing State-owned Capital Operation Management Centre (北京國有資本經營管理中心). Mr. Li has served as the vice general manager of the fund investment department of Beijing State-owned Capital Operation Management Centre (北京國有資本經營管理中心) since May 2010. Before May 2010, he had served at the Beijing Municipal Commission of Economic Planning and Investment Office (北京市經濟委員會規劃與投資處), and the research office of Beijing Municipal Economic Commission (北京市經濟委員會) and held the position of the chief officer of the business development department of Beijing Sumisho Sagawa Logistics Co., Ltd., which is primarily engaged in logistics business. Since 28 October 2013, Mr. Li has served as a Supervisor of the Company. He obtained a bachelor's degree in international finance from Peking University in July 1999 and a master's degree in economics from Capital University of Economics and Business (首都經濟貿易大學) in December 2006.

Mr. Chen Rui (陳瑞), aged 41, is a Supervisor of the Company, and the executive director of Beijing Jun Lian Capital Management Co., Ltd. (北京君聯資本管理有限公司) and head of its Shenzhen office. Mr. Chen served as an engineer for Shenzhen Lingke Electronic Communication Appliances Co., Ltd (深圳市靈科電訊器材有限公司), which is primarily engaged in development and production of electronic communication appliances, from February 1998 to May 1999. From June 1999 to November 2002, he worked as the engineer, the manager and the vice general manager of the engineering technical department of Shenzhen Linker Industrial Co., Ltd. (深圳菱科實業有限公司), which is primarily engaged in research, development and production of numbering machines; served as an investment manager, vice investment president, chief supervisor, executive director and head of the Shenzhen office of Beijing Jun Lian Capital Management Co., Ltd. (北京君聯資本管理有限公司), which is primarily engaged in venture capital business, from February 2005 up to now. Since 28 October 2013, Mr. Chen has served as a Supervisor of the Company. He obtained a bachelor of science in electronics and information system from Shanxi University in July 1997. He obtained a MBA degree from Fordham University of America in February 2005.

Mr. Ren Chong (任崇), aged 39, is a Supervisor of the Company, and the vice general manager of Beijing Loyalty Evergreen Investment and Management Co., Ltd. and the appointed representative of Beijing You Neng Shang Zhuo Venture Capital Fund (LLP) (北京優能尚卓創業投資基金（有限合夥）). Mr. Ren started to work in 1996, and he has more than ten years of investment experience. He was a senior investment manager of Zhongguancun Venture Investment Development Company Limited (中關村創業投資發展有限公司), which is primarily engaged in venture capital investment, from March 2008 to June 2009; the project manager of Beijing Industrial Development Investment Management Co., Ltd. (北京工業發展投資管理有限公司), which is primarily engaged investment management, from July 2009 to February 2012; deputy general manager of Beijing Loyalty Evergreen Investment and Management Co., Ltd., which is primarily engaged in investment management business and the appointed representative of Beijing You Neng Shang Zhuo Venture Capital Fund (LLP) (北京優能尚卓創業投資基金（有限合夥）), which is primarily engaged in investment, investment management and consultancy in the non-securities business, since March 2012. Mr. Ren has served as a Supervisor of the Company since 28 October 2013. Mr. Ren obtained a bachelor of engineering majoring in gold material and processing from Central South University of Technology in June 1996 and a master of management majoring in enterprise management from Nankai University in June 2004.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Ms. Mi Jianzhou (彌建洲), aged 46, is an employee representative Supervisor of the Company, and also deputy secretary of the Party Committee, secretary of the disciplinary committee and chairman of the trade union of the Company. Ms. Mi was a lecturer of Beijing First Normal School from July 1991 to March 1995; and served as the secretary of the management office, the deputy secretary and secretary of youth league committee, the vice chairman and the chairman of the trade union of Beijing Urban No. 3 Construction Engineering Co., Ltd. (北京城建三建設工程有限公司) from April 1995 to May 2003. She was the vice chairman of the trade union of BUCG from June 2003 to February 2012. Since March 2012, she is serving as a deputy secretary of the Party Committee, secretary of the disciplinary committee and chairman of the trade union of the Company. Since 28 October 2013, Ms. Mi has served as an employee representative Supervisor of the Company. Ms. Mi obtained a bachelor of laws majoring in the theory of political and legal education from Capital Normal University (formerly known as Beijing Normal College) in July 1991. In July 1998, she graduated as a postgraduate majoring in business and economics from the Finance, Economics and Business Department of the Graduate School of Chinese Academy of Social Sciences in Beijing. Ms. Mi was qualified as a senior administration engineer by Professional Job Evaluation Committee of Ideology Political Works of Beijing (北京市思想政治工作高級專業職務評審委員會) in November 2002.

Mr. Zhang Wei (張巍), aged 45, is an employee representative Supervisor of the Company, and the vice president of the rail transit institute of the Company. Mr. Zhang has worked in the Company since August 1993 as the president of the Fifth Design Institute of Beijing Urban Construction Design Institute (北京城建設計總院), the president of its Ningbo sub-institute and the vice president of the Rail Transit Institute. Mr. Zhang participated and organised the edition of "Principle and Application of Urban Rail Transit Power Supply System Design" (《城市軌道交通供電系統設計原理與應用》) and "Subway Traction Power Supply" (《地鐵牽引供電》), which were published by Southwest Jiaotong University Press (西南交通大學出版社) and China Electric Power Press (中國電力出版社), respectively. Since 28 October 2013, Mr. Zhang has served as an employee representative Supervisor of the Company. He obtained a bachelor of engineering from the Department of Automatic Control of Beijing University of Technology in July 1993. He was qualified as a senior administration engineer by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in December 2003. Mr. Zhang was elected as the 14th NPC member of Xicheng District of Beijing in November 2006.

Mr. Wang Jingang (王金剛), aged 43, is an employee representative Supervisor and the chief accountant of the Construction General Contracting Department of the Company. From July 1995 to March 2002, he worked as cashier, accountant, auditor and officer in charge of individual project finance in Beijing Urban No. 3 Construction Engineering Co., Ltd. (北京城建三建設工程有限公司) (now renamed as Beijing Urban Construction Far Eastern Construction Investment Group Co., Ltd (北京城建遠東建設投資集團有限公司)). He was the person-in-charge of the accounting matters and the head of project finance for the EPC contracting department of BUCG and relevant projects; he also served as the head of finance and the deputy chief accountant of the second general contracting department (renamed as civil engineering general contracting department) of BUCG from March 2002 to October 2012. He participated in the drafting and amendment of "Beijing Urban Construction Group Accounting Methods for Construction Enterprises" (北京城建集團《施工企業會計核算辦法》) in 2005. Mr. Wang acted as the chief accountant of the rail transit EPC contracting department of BUCG in October 2012. In December 2012, the rail transit EPC contracting department of BUCG was restructured and consolidated into the Company (currently known as the construction general contracting department of the Company) and Mr. Wang continues to work on his original position in the Company. Since 28 October 2013, Mr. Wang has served as an employee representative Supervisor of the Company. Mr. Wang obtained a bachelor of economics in auditing from Zhengzhou Aviation Industry Management Institute (鄭州航空工業管理學院) in July 1995 and a master of science (business administration specialisation) from New Jersey Institute of Technology in May 2011. He was qualified as a senior accountant by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in April 2009.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Wang Wenjiang (王文江), aged 40, is an employee representative Supervisor, the secretary of the Youth League Committee and head of the operating and management department of the Company. Mr. Wang has been serving as a deputy head of the operating department, the head of the enterprise and management department, the head of the Ninth Design Institute, the secretary of the Youth League Committee and head of the operating and management department of the Company since March 1998. Mr. Wang was awarded a bachelor's degree majoring in industrial and civil architectural engineering by Taiyuan University of Technology in July 1995 and a master's degree in architectural economics and management from Southeast University in April 1998. In December 2002, Mr. Wang was granted a certificate of registered cost engineer from the Standards & Quotas Department of the Ministry of Construction (建設部標準定額司). He was qualified as a senior economist by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in September 2005.

Mr. Zhang Junming (張俊明), aged 68, is an independent Supervisor of the Company. From October 1969 to December 1981, Mr. Zhang served as a deputy instructor, an instructor and a deputy political commissar in Qingdao Marine Police District under the Beihai Naval Fleet (海軍北海艦隊). He took up the role as a cadre for the Cadre Division of Beijing Digital Instrument Industrial Bureau (北京電子儀器表工業局幹部處) from December 1981 to November 1983. From November 1983 to October 1997, he served as a deputy head, the head of the organization department, the deputy secretary of the Party Committee and secretary of the disciplinary committee and a director in Beijing Instrument and Gauge Corporation (北京市儀器儀錶總公司). From November 1997 to October 2003, Mr. Zhang acted as a deputy secretary for the Industrial Working Committee of Beijing Municipal Party Committee (北京市委工業工作委員會). He was also the secretary of the Party Committee for Beijing Economic and Management Cadre Institute (北京市經濟管理幹部學院) in 2001. From October 2003 to December 2008, he served concurrently as the deputy director and secretary of the disciplinary committee for the State-owned Assets Supervision and Administration Commission of Beijing Municipality and the secretary of the Party Committee for the Party School of SASAC. From December 2008 to December 2012, he took up the role as a deputy head for the Economics Committee of the Chinese People's Political Consultative Conference in Beijing. Mr. Zhang graduated from the Party School of the Beijing Municipal Party Committee in July 1998, specializing in ideology and political education and management. In March 1994, he was qualified as a senior administration engineer by Beijing Senior and Professional Job Evaluation Committee for Enterprise Workers Engaging in Ideological and Political Matters (北京市企業思想政治工作人員高級專業職務評審委員會).

Mr. Zuo Chuanchang (左傳長), aged 49, is an independent Supervisor of the Company. Mr. Zuo worked on project management and science and research editing in China Construction Bank in Tianjin from July 1988 to December 1993. From January 1994 to August 1995, he conducted science and research editing in Shenzhen Stock Exchange. He served as a researcher for Guotai Securities Company Limited from June 1998 to September 1999. From December 2001 to March 2005, he took up the role as a deputy researcher for Academy of Economic Research of the National Development Planning Commission (國家發展計劃委員會) (now known as the NDRC). He was a deputy head and subsequently the head for the information centre of the Macro-economic Research Institute of the NDRC (國家發展和改革委員會宏觀經濟研究院信息中心) from March 2005 to September 2011. He has been serving as a deputy researcher for the Economic Research Institute of the NDRC since October 2011. Mr. Zuo was awarded a bachelor's degree in engineering from Tsinghua University in July 1988, specializing in water conservancy and hydropower engineering construction. He was awarded a doctorate degree in economics by the Postgraduate School of Chinese Academy of Social Sciences in June 1998, specializing in investment economics and completed the post-doctoral science and research tasks in theoretical economics in Chinese Academy of Social Sciences in August 2002.

OTHER SENIOR MANAGEMENT

Ms. Cheng Yan (成硯), aged 40, is a deputy general manager of the Company. Ms. Cheng was the project manager of the Planning and Design Division of Engineering Department of the Organizing Committee for the Beijing Olympic Games (BOCOG) from July 2002 to March 2005; the deputy head of the Competition Venue Division of Venue Management and Preparation Team of BOCOG from March 2005 to September 2005; the deputy head and head of No. 1 Competition Venue Division of Venue Management Department of BOCOG from September 2005 to December 2008 (during which period, she also acted as the secretary general and deputy officer of the Operations Team of the National Stadium of BOCOG from August 2006 to December 2008); an assistant to the general manager of BUCG from February 2008 to 14 April 2014; and a vice president of the Company from January 2009 to December 2013. Ms. Cheng has acted as a deputy general manager of the Company since 16 December 2013. Ms. Cheng obtained a bachelor's degree majoring in architecture at Tsinghua University in July 1997. She was a doctoral candidate jointly educated by School of Architecture of Tsinghua University and School of Design of Harvard University from September 2000 to May 2001, and obtained a doctor's degree of engineering majoring in architectural design and theory from Tsinghua University in July 2002. Ms. Cheng was qualified as a senior engineer by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in August 2010.

Mr. Liao Guocai (廖國才), aged 52, is a deputy general manager of the Company. Mr. Liao acted as a cadre and assistant engineer of the 3rd Office of China Railway 17th Bureau from July 1983 to December 1989. He has held various positions in the Company since January 1990, including the head and general superintendent of the subway engineering design and network planning; the vice president of the Qingdao branch institute, the deputy director and secretary of the Subway and Light Rail Research Institute, the manager of Beijing Zhongchengjie Metro Engineering Consulting Company (北京中城捷地鐵工程諮詢公司), the head and secretary of the Party Committee of Rail Transit Design Research Institute as well as the vice president of the Company (appointed since April 2004). He has carried the title as an assistant to the general manager of BUCG from May 2011 to 14 April 2014. Since 16 December 2013, Mr. Liao has served as a deputy general manager of the Company. Mr. Liao graduated from Railway Institute (鐵道兵學院) majoring in railway engineering in July 1983. He graduated from Northern Jiaotong University and obtained a junior college certificate majoring in industrial and civil architecture in July 1987. He graduated from Correspondence School of Central Party School of the Communist Party of China with an undergraduate level majoring in economic management in December 2001. He obtained an MBA from Universidade Aberta Internacional da Asia (Macau) in October 2003 and an EMBA from Executive Master of Business Administration of Guanghua School of Management of Peking University in July 2009. Mr. Liao was qualified as a senior engineer by Beijing Senior Specialised Technique Titles Evaluation Committee (北京市高級專業技術職務評審委員會) in August 2001 and was qualified as a senior engineer of professor level by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in May 2012. Mr. Liao was elected as a Young-to-Middle-Aged Professional of the first session of Urban Rail Transit of China Public Transportation Association in October 2002. In October 2009, Mr. Liao was hired as a Professional of China Construction Industry Association (中國建築業協會).

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Jin Huai (金淮), aged 50, is a deputy general manager of the Company, and the president of Beijing Rail Transit Design & Research Institute Co., Ltd.. Mr. Jin served as an engineer and the assistant team leader of the geological team of the exploration section of Beijing Urban Engineering Design Institute (北京市城建設計院) from August 1988 to April 1992; the manager of the technical office, the assistant to the president and the chief engineer of Beijing Urban Construction Exploration & Surveying Institute from May 1992 to November 2000; the chief engineer of Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. (北京城建勘測設計院有限責任公司) from December 2000 to May 2003; the director and president of Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. from May 2003 to February 2006; the chairman of the board of Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. from March 2005 to 21 October 2014; the secretary of the Party Committee of the board of Beijing Urban Construction Exploration & Surveying Design Research Institute from 14 March 2008 to 21 October 2014; the deputy president of the Company from May 2003 to December 2013; and the president of Beijing Rail Transit Design & Research Institute Co., Ltd. since 23 July 2014. Since 16 December 2013, Mr. Jin has been serving as a deputy general manager of the Company. Mr. Jin obtained a bachelor's degree of engineering majoring in engineering geology and hydrogeology from East China Technical University of Water Resources Engineering (華東水利學院) in July 1985. Mr. Jin obtained a master's degree of science majoring in hydrogeology and engineering geology from Institute of Geology of Chinese Academy of Sciences in August 1988. Mr. Jin was qualified as a senior engineer of professor level by Beijing Senior Specialised Technique Titles Evaluation Committee (北京市高級專業技術職務評審委員會) in September 2001.

Mr. Wang Liang (王良), aged 49, is a deputy general manager of the Company. Mr. Wang acted as an assistant engineer, an engineer, the deputy director, the director, the vice president and the president of the Ministry of Railways Design Institute from July 1986 to March 2000. He also acted as the manager of the Shield Project Management Department of Shield Basis Branch and the assistant branch manager of BUCG from March 2000 to March 2004; the deputy chief engineer and the assistant manager of the EPC Contracting department of BUCG from March 2004 to June 2006; the deputy manager of general contracting of Civil Engineering of BUCG from July 2006 to October 2012; and the manager and deputy secretary of the Party Committee of the rail transit construction general contracting department of BUCG in October 2012. In December 2012, the Rail Transit EPC Contracting Department of BUCG was restructured and consolidated into the Company, and Mr. Wang remained in the same position. Since 16 December 2013, Mr. Wang has been serving as a deputy general manager of the Company. Mr. Wang obtained a bachelor's degree of engineering majoring in tunnel and subway from Southwest Jiaotong University in July 1986 and an MBA degree from Xi'an Jiaotong University in December 2003. Mr. Wang was awarded the first class constructor certificate from the Ministry of Construction of the PRC in September 2007 and was qualified as a senior engineer of professor-level as approved by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in May 2008.

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Xu Xiaodong (徐曉冬), aged 50, is a deputy general manager of the Company. Since July 1986, Mr. Xu has acted as the deputy director of the Computing Centre, the assistant to president and the deputy president of the Company (from February 2000 to June 2001 he was the head of the Enterprise Department of BUCG, and from July 2001 to September 2004 the head of the Economics Research Centre and the manager of the Office of Information Enforcement of BUCG). He has been a deputy president for the Company from September 2004 to December 2013. Since 16 December 2013, Mr. Xu has been serving as a deputy general manager of the Company. Mr. Xu obtained a bachelor's degree of Engineering majoring in structural construction engineering from Beijing University of Technology in July 1986, and a master's degree in business administration from the Beijing University of Aeronautics and Astronautics in March 2005. Mr. Xu was qualified as a senior engineer by Beijing Senior Specialised Technique Titles Evaluation Committee (北京市高級專業技術職務評審委員會) in December 1996.

Mr. Wan Xuehong (萬學紅), aged 54, is a deputy general manager of the Company. Mr. Wan acted as an assistant engineer, an engineer and the officer of the technique department for the No. 2 Engineering Company of Beijing Railway Engineering Corporation under Beijing Railway Bureau from July 1982 to June 1992; the general superintendent of the scientific research projects of the Beijing Academy of Science and Technology of Beijing Railway Bureau from June 1992 to November 1993; and he has held the positions of the project manager, the department head, the deputy chief engineer, the deputy president and the assistant to president of Beijing Urban Construction Design & Research Institute and the general manager and the vice president of the Huazhong Branch Institute since November 1993 (from July 2012 to 23 July 2014, he has been the president for Beijing Rail Transit Design and Research Institute as well as the vice president of the Company). Since 16 December 2013, Mr. Wan has been serving as a deputy general manager of the Company. Mr. Wan obtained a bachelor's degree of engineering majoring in railway construction from Changsha Railway University in July 1982. In June 2006, he was qualified as a senior engineer of professor-level by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會).

Mr. Yang Xiuren (楊秀仁), aged 50, is the Chief Engineer of the Company. Mr. Yang has been an assistant engineer of the Bridge and Tunnel Department of No. 3 Survey Institute (第三勘察設計院橋隧處) under the Ministry of Railway from July 1986 to December 1991; an engineer and the chief engineer for the Fourth Design Studio of Beijing Urban Construction Design and Research Institute from January 1992 to January 1996; the head of the Technical Department, the deputy chief engineer and the deputy president and chief engineer from January 1996 to May 2003; and has been the Chief Engineer of the Company since May 2003. Mr. Yang obtained a bachelor's degree of engineering majoring in tunnel and underground railway from Southwest Jiaotong University. In December 2003, he was qualified as a senior engineer of professor-level as approved by Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會).

DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Li Siguo (李四國), aged 55, is the Chief Accountant of the Company. Mr. Li was a clerk in No. 9 Sub-team of Infrastructural Engineering Brigade (基建工程兵第九支隊) (and studied in an army school) from January 1979 to May 1983; an accountant of the Administrative Department in Beijing Urban Construction Group Corporation from June 1983 to April 1988; the finance chief of the Beijing Urban Construction Quality Supervision Station No. 3 Station from May 1988 to December 1992; the chief accountant in the Finance Department of BUCG from January 1993 to September 2002; and has acted as the Chief Accountant of the Company since October 2002. Mr. Li graduated from the CPC Beijing Party School majoring in economics and management in July 2005, and completed the postgraduate study in enterprise management from the Capital University of Economics and Business in January 2001. In December 2000, he was qualified as a senior accountant by Beijing Senior Specialised Technique Titles Evaluation Committee (北京市高級專業技術職務評審委員會).

Mr. Xuan Wenchang (玄文昌), aged 46, is the secretary of the Board and a joint company secretary of the Company. Mr. Xuan worked with the 4th department of the No. 3 China Railway from July 1990 to December 1992; acted as the project financial manager for the Second Beijing Urban Construction Engineering Company Limited (北京城建二建設工程有限公司) from December 1992 to September 2000; acted as a manager under the Finance Department of Beiyuan Hotel of BUCG from September 2000 to September 2006; worked at Beijing Urban Construction Investment Management Company from September 2006 to April 2008 (acted as the chief financial officer for Beijing Haiya Jinyuan Environmental Co., Ltd. from September 2006 to February 2008); acted as the deputy chief accountant of the Company from June 2008 up to now acted as the head of the Listing Preparation Office of the Company from August 2011 to October 2014; and acted as the secretary of the Board and company secretary of the Company since 16 December 2013. Mr. Xuan graduated in Finance and Accounting from Shanghai Railway Institute in July 1990, and obtained an executive master's degree in senior business administration from Renmin University of China. In February 2007, he was qualified as a senior accountant as approved by Beijing Senior Specialised Technique Qualification Evaluation Committee and became a certified management accountant of the Institute of Certified Management Accountants in the U.S. in June 2013.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited presents its Report of the Board of Directors together with the audited financial statements of the Group for the year ended 31 December 2014.

BUSINESS OF THE GROUP

The Group is principally engaged in the design, survey and consultancy businesses (mainly the provision of services for urban rail transit, industrial and civil construction and municipal engineering projects) and construction contracting business (mainly focusing on construction projects in the urban rail transit industry).

FINANCIAL RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 60 of this Annual Report.

On 30 March 2015, the Board of Directors proposed the distribution of a final dividend of RMB0.0737 per share (before applicable tax) for the Year, after the appropriations to the statutory surplus reserve according to the relevant regulations. The proposal for the payment of the final dividend is subject to the approval of shareholders at the annual general meeting to be held on 8 June 2015.

To determine the list of the shareholders entitled to receive the final dividend, the Company's register of members will be closed from Friday, 12 June 2015 to Wednesday, 17 June 2015, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on Wednesday, 17 June 2015 are entitled to receive the final dividend. In order for holders of H Shares of the Company to qualify for the payment of the final dividend, all transfer documents accompanied by the relevant H Share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor,, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 11 June 2015 for registration.

In accordance with Article 157 of the Articles of Association, the dividend will be declared in RMB to the shareholders of the Company. The dividend payable to holders of Domestic Shares will be paid in RMB within three months after the dividend declaration date. The dividend payable to holders of H Shares will be paid in Hong Kong dollars within three months after the dividend declaration date. The amount to be paid in Hong Kong dollars will be converted based on the average closing exchange rate between RMB and Hong Kong dollars issued by the People's Bank of China for the five business days prior to the date of approving the declaration of dividends at the annual general meeting to be held on 8 June 2015.

WITHHOLDING AND PAYMENT OF FINAL DIVIDEND INCOME TAX

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX ON BEHALF OF OVERSEAS NON-RESIDENT ENTERPRISES

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementing rules, the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes final dividend to non-resident enterprise holders of H Shares (including any H Shares registered in the name of HKSCC Nominees Limited).

WITHHOLDING AND PAYMENT OF INDIVIDUAL INCOME TAX ON BEHALF OF OVERSEAS INDIVIDUAL SHAREHOLDERS

Pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementing rules as well as the Tax Notice, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of individual holders of H Shares:

- For individual holders of H Shares who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual holders of H Shares in the distribution of the final dividend;

- 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 stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual holders of H Shares in the distribution of the final dividend. If relevant individual holders of H Shares would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice. Qualified shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;

- 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 stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual holders of H Shares in the distribution of the final dividend; and

- 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 stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual holders of H Shares in the distribution of the final dividend.

Should the holders of H Shares have any doubt as to the aforesaid arrangements, they are recommended to consult their own tax advisors on the relevant tax impact in China, Hong Kong and other countries (regions) on the possession and disposal of H Shares.

SHARE CAPITAL

The Company's H Shares were listed on the Hong Kong Stock Exchange on 8 July 2014. The Joint Global Coordinators exercised the over-allotment option in full on 16 July 2014 and its completion took place on 21 July 2014. The Company's share capital structure as at 31 December 2014 was as follows:

Class of Shares	Number of shares as at 31 December 2014	Percentage of total number of shares in issue as at 31 December 2014 (%)
Domestic Shares	884,733,000	69.52%
Overseas listed foreign invested shares (H Shares)	387,937,000	30.48%
Total	1,272,670,000	100%

FINANCIAL HIGHLIGHTS

A summary of the results, assets and liabilities of the Group for the last four financial years is set out on pages 5 of this Annual Report.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31 December 2014, to the knowledge of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or, directly or indirectly, were interested in 5% or more of the nominal value of any class of share capital of the Company:

DOMESTIC SHARES

Name of shareholder	Capacity	Number of Domestic Shares	Nature of interests	Approximate percentage of issued Domestic Share capital	Approximate percentage of total issued share capital
BUCG[1]	Beneficial owner	571,031,118	Long position	64.54%	44.87%
Beijing Infrastructure Investment Co., Ltd.[2]	Beneficial owner	87,850,942	Long position	9.93%	6.90%
Beijing Jingguofa Equity Investment Fund (Limited Partnership)[3]	Beneficial owner	46,000,000	Long position	5.20%	3.61%
Tianjin Jun Rui Qi Equity Investment Partnership (LLP)[4]	Beneficial owner	46,000,000	Long position	5.20%	3.61%

Notes:

1. BUCG, incorporated by the Beijing Municipal Government, is the sole substantial shareholder of the Company (within the meaning of the Hong Kong Listing Rules).

2. Beijing Infrastructure Investment Co., Ltd. is a wholly state-owned enterprise established and funded by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

3. The general partner of Beijing Jingguofa Equity Investment Fund (Limited Partnership) is Beijing Jingguofa Investment Management Co., Ltd.. The 100% equity interest in Beijing Jingguofa Investment Management Co., Ltd. is held by Baoding Taihangheyi Cement Co., Ltd.. In addition, Beijing State-owned Capital Operation and Management Center is a limited partner holding 64.99% interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership). Each of the above entities was deemed to have interests in the same number of shares as Beijing Jingguofa Equity Investment Fund (Limited Partnership).

4. The general partner of Tianjin Jun Rui Qi Equity Investment Partnership (LLP) is Beijing Bodao Investment Advisory Center (Limited Partnership), while the general partner of Beijing Bodao Investment Advisory Center (Limited Partnership) is Beijing Legend Capital Co., Ltd.. Beijing Junqijiarui Enterprise Management Co., Ltd. holds 45.00% equity interest in Beijing Legend Capital Co., Ltd.. Each of the above entities was deemed to have interests in the same number of shares as Tianjin Jun Rui Qi Equity Investment Partnership (LLP).

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

H SHARES

Name of shareholder	Capacity	Number of H Shares	Nature of interests	Approximate percentage of issued H Share capital	Approximate percentage of total issued share capital
Beijing Capital Group Ltd.	Interest of controlled corporations[1]	84,333,000	Long position	21.74%	6.63%
CSR Group	Interest of controlled corporations[2]	56,222,000	Long position	14.49%	4.42%
China Construction Technology Group Co., Ltd. (中國建設科技集團股份有限公司)	Interest of controlled corporations[3]	28,111,000	Long position	7.25%	2.21%
Beijing Enterprises Group Company Limited	Interest of controlled corporations[4]	28,111,000	Long position	7.25%	2.21%
Rays Capital Partners Limited	Investment manager	21,027,000	Long position	5.42%	1.65%

Notes:

1. Beijing Capital Group Ltd. held interests in 56,222,000 H Shares through a number of its controlled corporations, including Beijing Capital Land Ltd. and Capital Queen Limited, and also held interests in 28,111,000 H Shares through its controlled corporations, Beijing Capital Co., Ltd. and Beijing Capital (Hong Kong) Limited.

2. CSR Group held interests in 56,222,000 H Shares through its controlled corporations, CSR Corporation Limited and CSR (Hong Kong) Co. Ltd..

3. China Construction Technology Group Co., Ltd. (中國建設科技集團股份有限公司) (previously known as China Architecture Design & Research Group) held interests in 28,111,000 H Shares through its controlled corporation, China Construction Investment Co., Ltd..

4. Beijing Enterprises Group Company Limited held interests in 28,111,000 H Shares through its controlled corporation, Beijing Enterprises Group (BVI) Company Limited.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities for the year ended 31 December 2014.

PRE-EMPTIVE RIGHTS

There are no provisions in respect of pre-emptive rights under the Articles of Association and the laws of the PRC.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment are set out in note 13 to the financial statements.

RESERVES

Details of change in reserves of the Group for the Year are set out in the Consolidated Statement of Changes in Equity and note 30 to the financial statements.

DISTRIBUTABLE RETAINED EARNINGS

As at 31 December 2014, the Company had distributable retained earnings of RMB612,330,000, excluding proposed 2014 final dividend.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the five largest major customers of the Group for the design, survey and consultancy business accounted for 17.17% of the Group's total sales of the Year, of which, sales to the largest customer accounted for approximately 5.64% of the Group's total sales. Sales to the five largest major customers for the construction contracting business accounted for 24.70% of the Group's total sales of the Year, of which, sales to the largest customer accounted for approximately 22.30% of the Group's total sales. To the best knowledge of the Directors of the Company, none of the Directors, Supervisors of the Company and their respective associates or any shareholders holding more than 5% interest in the share capital of the Company has any interest in the above major customers.

During the Reporting Period, total purchases from the five largest major suppliers of the Group accounted for not more than 30% of the Group's total purchases.

SUBSIDIARIES AND ASSOCIATES

Details of subsidiaries and associates are set out in notes 16 and 18 to the financial statements.

On 10 October 2014, Beijing Urban Construction Zhikong Technology Co., Ltd. ("北京城建智控科技有限公司") was established by the Company and BUCIC. The Company and BUCIC owned 60% and 40% equity interest in that company respectively. That company is a non-wholly owned subsidiary of the Company. The registered capital of that company is RMB30 million, and the scope of business includes "technical consulting, technical services, technology transfer; product design; construction survey and design; professional contracting; EPC contracting; software development; computer system services; import and export of goods; import and export of technology; sale of computer software and hardware, mechanical equipments, electronic products, instruments and gauges and transportation facilities."

DIRECTORS

Details of the Directors of the Company during the financial year ended 31 December 2014 are set out from pages 16 to 22 of this Annual Report.

CONNECTED TRANSACTIONS

The Company has conducted its connected transactions in strict compliance with the Hong Kong Listing Rules and the Administrative Measures on Connected Transactions. The Company's connected transactions are mainly entered into with its controlling shareholder BUCG, and its associates.

In June 2014, based on the analysis of the types and basic components of future possible continuing connect transactions with BUCG and its associates, the Company categorized the nature of such connected transactions into two categories, property and land leasing and integrated services, in preparation for the offering and listing of H Shares. The Company also prepared the Property and Land Leasing Framework Agreement and the Integrated Services Framework Agreement and set the annual caps for the connected transactions from 2014 to 2016 under each framework agreement, respectively. With the consideration and approval at the third meeting of the first session of the Board of Directors and the second extraordinary general meeting of the Company in 2013, the Company entered into such framework agreements with BUCG on 18 June 2014 to regulate such transactions.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the daily continuing connected transactions entered into between the Company, BUCG and its associates were executed in accordance with the relevant framework agreements entered into by the Company and BUCG. Neither the transaction amount or transaction content was beyond the scope covered by the agreements. The relevant content of the framework agreements and the implementation of the agreements during the Reporting Period are summarized as follows:

(1) Property and Land Leasing Framework Agreement entered into by the Company and BUCG

Such agreement is valid for a term of 10 years commencing from 18 June 2014 and is subject to renewal.

As at 31 December 2014, regarding the expenditure incurred by the Group for leasing the property and land from BUCG, its subsidiaries and/or associates, the annual cap and actual expenditure incurred in 2014 were RMB16 million and RMB14.19 million respectively.

(2) Integrated Services Framework Agreement entered into by the Company and BUCG

According to the agreement, during the term of the Integrated Services Framework Agreement, BUCG agreed to provide the Group with the engineering construction related services, training services and other services required by the Group for operation on terms no less favourable than those offered to independent third parties in similar circumstances. The Group agreed to provide BUCG with services relating to construction design, survey and consultancy, training services and other services required by BUCG for operation. Such agreement is valid for a term of 3 years commencing from 18 June 2014 and is subject to renewal.

As at 31 December 2014, (1) regarding the revenue generated by the Group from providing services to BUCG, its subsidiaries, and/or associates, the annual cap and actual revenue generated in 2014 were RMB25 million and RMB17.94 million, respectively; (2) regarding the expenditure incurred by BUCG, its subsidiaries and/or associates for providing services to the Group, the annual cap and actual expenditure incurred in 2014 were RMB140 million and RMB31.19 million, respectively.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The annual caps for the continuing connected transactions in 2014 and the actual connected transaction amounts incurred or generated by the Group in 2014 are set out below. For the year ended 31 December 2014, the continuing connected transactions of the Group were calculated on a consolidated basis as follows:

	2014	
	Actual amount (RMB million)	**Annual cap** (RMB million)
1. Property and Land Leasing Framework Agreement Expenditure incurred by the Group for leasing the property and land from BUCG, its subsidiaries and/or associates	14.19	16.00
2. Integrated Services Framework Agreement		
(1) Revenue generated by the Group from providing services to BUCG, its subsidiaries, and/or associates	17.94	25.00
(2) Expenditure incurred by the Group for provision of services by BUCG, its subsidiaries and/or associates	31.19	140.00

The Board (including independent non-executive Directors) has reviewed the above continuing connected transactions and confirmed that they had been entered into subject to the following conditions:

(a) The transactions were entered into in the ordinary and usual course of business of the Group;

(b) The transactions were on normal commercial terms; and

(c) The transactions were entered into in accordance with the terms under relevant transaction agreements which were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the continuing connected transactions mentioned above and confirmed to the Board of Directors that:

(a) Nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board of Directors;

(b) For transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group;

(c) Nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements; and

(d) Nothing has come to their attention that causes them to believe that the amount of each of the transactions has exceeded its annual cap mentioned above.

The Company complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules in the Reporting Period.

ONE-OFF CONNECTED TRANSACTIONS

In preparation for the offering and Listing of H Shares and in order to comply with the restrictions on non-state capital investment in the publishing industry under PRC laws, the Company and BUCG entered into an equity interest transfer agreement dated 10 March 2014, pursuant to which the Company agreed to transfer all its equity interest (i.e., 50%) in "Urban Rapid Rail Transit" Journal Press Co., Ltd. of Beijing (北京《都市快軌交通》雜誌社有限公司) to BUCG at a consideration of RMB450,000. The transfer of equity interest from the Company to BUCG was completed in March 2014.

The Company and BUCIC entered into an agreement on 22 September 2014, intending to establish a company to commence operations based on the tram market. The Company and BUCIC own 60% and 40% equity interests in the company respectively. Upon establishment, the company will become a non-wholly owned subsidiary of the Company and its accounts will be consolidated into those of the Company. BUCIC is a connected person of the Company by virtue of it being a non-wholly owned subsidiary of BUCG, the controlling shareholder of the Company. Therefore, the joint establishment of the company by the Company and BUCIC will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the announcement issued by the Company on 22 September 2014.

NON-COMPETITION AGREEMENT

Beijing Urban Construction Group Co., Ltd. stated that as at 31 December 2014, it did not breach its undertakings of the Non-Competition Agreement entered into with the Company on 24 January 2014. The independent non-executive Directors of the Company also reviewed the compliance of the Non-Competition Agreement within the year 2014 by Beijing Urban Construction Group Co., Ltd., and were of the view that Beijing Urban Construction Group Co., Ltd. did not breach the requirements of the Non-Competition Agreement.

CORPORATE GOVERNANCE

Details of corporate governance practices adopted by the Company are set out in the section of "Corporate Governance Report" of this Annual Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors of the Company, throughout the year ended 31 December 2014 and up to the date of this report, the Company maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Hong Kong Listing Rules.

USE OF PROCEEDS DURING THE REPORTING PERIOD

During the Reporting Period, the Company completed the offering and listing of its H Shares. According to the Capital Verification Report (Ernst & Young Hua Ming (2014) Yan Zi No. 61005004-A01) issued by Ernst & Young Hua Ming, Certified Public Accountants, LLP, the net proceeds from the offering of the Company's H Shares amounted to RMB708.62 million. As at 31 December 2014, the Company utilized an aggregate of RMB75.2 million of the proceeds for (1) supplementing working capital for our general corporate purposes, and (2) supplementing our capital for design, survey and consultancy projects and construction contracting projects in relation to the urban rail transit business. The unutilized proceeds amounted to RMB633.42 million and all of them are placed at the bank as deposits.

The use of proceeds by the Company was in line with the information disclosed in the prospectus and no change was made. In 2015, the proceeds will be put into use successively by the Company in accordance with the strategies of operation and development as well as the conditions of the capital market.

AUDITORS

The financial statements for the Year have been audited by Ernst & Young. In the forthcoming annual general meeting, a resolution for the re-appointment of Ernst & Young as the auditors of the Company for the financial year of 2015 will be proposed. They were also the auditors of the Company for listing and public offering.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 27 August 2014, the Board of Directors considered and approved the resolution of election of three additional members of the Board, pursuant to which, Mr. Wang Hao and Mr. Tang Shuchang were nominated as the candidates for non-executive Directors and Mr. Wang Dexing was nominated as the candidate for independent non-executive Director. Their terms of office are subject to the expiry of the terms of office for the current session of the members of the Board. For details, please refer to the announcement issued by the Company on 27 August 2014.

Mr. Hao Weiya tendered his resignation as a non-executive director and a member of the Audit Committee to the Company on 24 September 2014 due to change of job assignments. The Board of Directors agreed to nominate Mr. Zhang Jie as a candidate for non-executive Director to fill the vacancy following the resignation of Mr. Hao Weiya. As considered and approved by the Board, Mr. Zhang Jie were also appointed as a member of the Audit Committee of the Company from the effective date of the aforementioned appointment. For details, please refer to the announcement issued by the Company on 26 September 2014.

In the Third Extraordinary General Meeting 2014 convened on 13 November 2014, Mr. Wang Hao, Mr. Tang Shuchang and Mr. Zhang Jie were appointed as the non-executive Directors of the Company and Mr. Wang Dexing was appointed as an independent non-executive Director of the Company. The appointment of Mr. Zhang Jie as a member of the Audit Committee of the Company took effect from 13 November 2014. Meanwhile, the resignation of Mr. Hao Weiya was also effective on 13 November 2014. For details, please refer to the announcement issued by the Company on 13 November 2014.

In the Second Extraordinary General Meeting 2014 convened on 18 March 2014, Mr. Zhang Junming and Mr. Zuo Chuanchang were appointed as independent Supervisors of the Company while Mr. Wang Wenjiang was appointed as an employee representative Supervisor of the Company. Their terms of office commenced from 8 July 2014.

Saved as disclosed above, there was no change of the other Directors, Supervisors and senior management of the Company for the year ended 31 December 2014.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company did not enter into any service contracts, which are not terminable by the Company within one year without payment of compensation (other than statutory compensation), with the Directors and Supervisors.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

During the Reporting Period, none of the Directors or Supervisors had any material interest, directly or indirectly, in any contract of significance to which the Company or its subsidiaries was a party.

THE INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2014, none of the Directors, Supervisors and chief executive of the Company had interests or held short positions in the shares of the Company and/or the shares, underlying shares and/or debentures of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which are required to be recorded and kept in the register pursuant to Section 352 of the Securities and Futures Ordinance and be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance and the Model Code.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

From the date of listing of the Company (8 July 2014) to 31 December 2014, none of the Directors of the Company had interests in any business that competes, either directly or indirectly, with the Company's business.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, details of remuneration of the existing Directors, Supervisors and senior management for the Year are set out in notes 8 and 35 to the financial statements.

For the year ended 31 December 2014, the remuneration of other senior management members by bands is set out as follows:

Remuneration Band	Number of People
Less than or equal to RMB500,000	1
RMB500,001–1,000,000	8

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

As at 31 December 2014, none of the Directors or Supervisors of the Company was entitled to acquire shares or debentures of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year of 2014.

OTHERS

A total of four contracts of general contracting of engineering entered into by BUCG shall be transferred to the Company as disclosed in the prospectus published on 25 June 2014 by the Company, which included one project in Beijing, two projects in Guangzhou and one project in Urumqi. During the Reporting Period, the Company completed the transfer of the projects in Beijing and Urumqi, and the other two projects in Guangzhou are still in the progress.

REPORT OF THE BOARD OF SUPERVISORS

To all shareholders,

During the year of 2014, all members of the Board of Supervisors performed their supervisory duties diligently in accordance with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Board of Supervisors, strictly abided by the principle of good faith and continued to base their work on supervision over meetings and focused on supervision over financial matters, internal control and compliance, and therefore effectively maintained the efficient operation of the Company's corporate governance and protected the interests of the shareholders, the Company and its employees.

MEETINGS OF THE BOARD OF SUPERVISORS

During the Year, the Board of Supervisors convened two meetings in total in March and April 2014, respectively, at which the resolutions were considered and unanimously approved, including the Election of Additional Independent Supervisors of the Company, the Convening of the Second Extraordinary General Meeting 2014 and the Work Report of the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited for the year 2013.

WORK OF THE BOARD OF SUPERVISORS

The Supervisors attended the meetings of the Board and the general meetings of the Company held in 2014 to monitor the procedures and validity undertaken leading to the convening of and resolutions made during the meetings of the Board and general meetings of the Company. Through convening meetings of the Board of Supervisors and attending the meetings of the Board and the general meetings, the Board of Supervisors performed its duties of supervising and reviewing the major operating activities of the Company, as well as the performance of Directors and senior management in discharging their duties, and provided suggestions to the Board. The Supervisors attended the meetings of the Audit Committee held in 2014 to keep abreast of the implementation and progress of the issues concerned with the Audit Committee, and communicate with the independent non-executive Directors and auditors in respect of the material operating issues of the Company.

The Board of Supervisors further regulated the corporate governance structure of the Company through its participation, and supervised and urged the Company to run its business according to laws and regulations. The employee representative Supervisors fully expressed employees' intentions and requests in the supervision process, and earnestly protected employees' legal rights and interests.

The Board of Supervisors focused on supervision over financial matters, internal control and compliance, attended to the hot issues that existed in the Company's operations and management, and gave advices and suggestions to the management in respect of operation and management strengthening and risk control from the perspective of healthy and sustainable development of the Company.

INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS

The Board of Supervisors issues the following opinions in relation to the supervision and inspection work during the Year:

The Company operates compliantly. The Directors and senior management of the Company had performed their duties set forth in the Articles of Association with diligence and in good faith, and had diligently implemented all resolutions of the general meetings and those of the Board. No Director or member of the senior management was found to have committed any breach of laws, regulations or the Articles of Association or to have infringed any rights or interests of the shareholders, the Company or its employees when performing their duties.

REPORT OF THE BOARD OF SUPERVISORS (CONTINUED)

The financial reports are authentic. The reviewed financial statements for the interim period of 2014 and the audited annual financial statements for 2014 of the Company and its subsidiaries were prepared strictly in accordance with the relevant accounting standards. Accounting treatments have been applied consistently. The financial accounts are prepared regularly with clear records and complete information. The financial statements have given a true and fair view of the financial conditions and operating results of the Company and its subsidiaries.

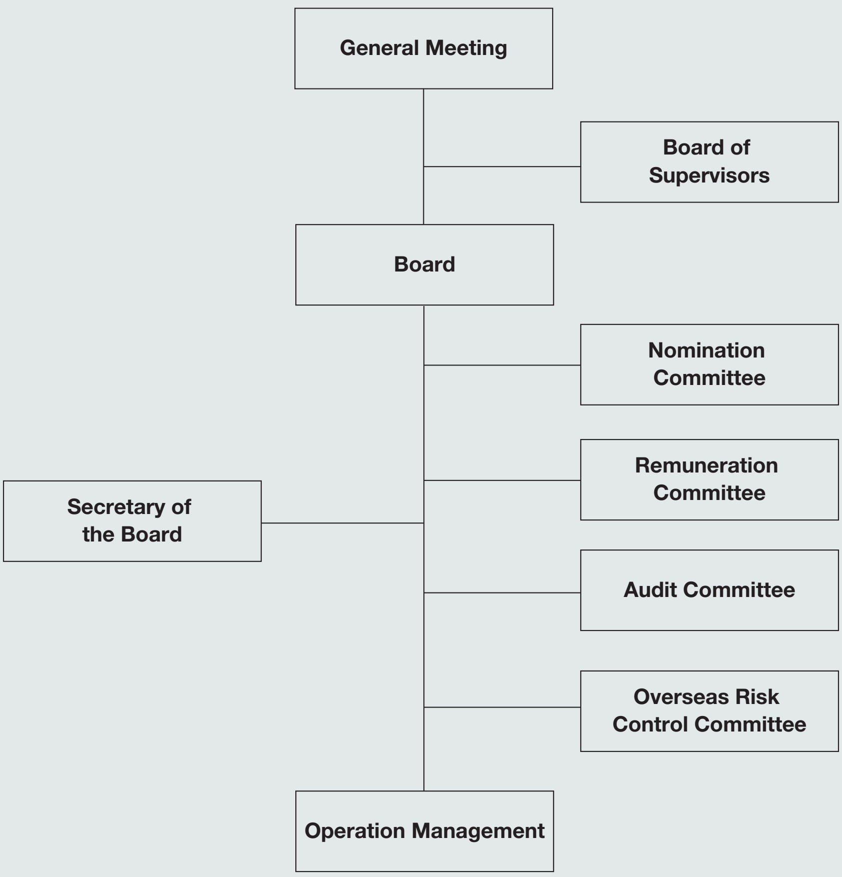
The Board of Supervisors is fully confident in the development and prospect of the Company. In 2015, the Board of Supervisors will enhance its supervision over the Company's compliant operation and its construction of the internal control system based on its work plan for this year. The Board of Supervisors will also continue to perform its supervisory duties in accordance with the relevant provisions of the Company Law and the Articles of Association, regard maintaining effective operation and sound development of corporate governance of the Company as its responsibilities, proactively broaden the thinking of work, strengthen its supervision, constantly improve its performance capabilities, earnestly safeguard the interests of the Company, its shareholders and employees and diligently perform all its duties.

Chairman of the Board of Supervisors
Yao Guanghong
Beijing, 30 March 2015

CORPORATE GOVERNANCE REPORT

The Company strictly complies with various applicable regulatory laws, rules and regulations as well as the Articles of Association to standardize its operation. During the Reporting Period, under the guidance of the regulatory documents such as the Articles of Association, the Rules of Procedure for the General Meeting of Beijing Urban Construction Design & Development Group Co., Limited, the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Rules of Procedure for the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Audit Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Remuneration Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Nomination Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Overseas Risk Control Committee of Beijing Urban Construction Design & Development Group Co., Limited, the Administrative Measures on Information Disclosure of Beijing Urban Construction Design & Development Group Co., Limited, the Administrative Measures on Connected Transactions of Beijing Urban Construction Design & Development Group Co., Limited, the Company continuously strengthened its internal control capabilities and supervision capabilities and enhanced its corporate governance standard through the co-ordination of general meetings, the Board and the relevant specialized committees of the Board, the Board of Supervisors and the management.

The corporate governance structure of the Company is set out as follows:



Having reviewed the arrangements in relation to the corporate governance adopted by the Company during the Year, the Board considered the Company had complied with the principles and code provisions required under the Corporate Governance Code.

THE BOARD

OVERVIEW

From the date of listing to 31 December 2014, the Board convened one general meeting in total and submitted 3 resolutions to the general meeting. Two Board meetings were convened, at which 10 resolutions were considered and approved.

The Board meets regularly at least four times a year, and convenes extraordinary meetings when necessary. Notices and meeting materials for regular meetings are given to all Directors, Supervisors and the general manager at least 14 days prior to the meetings. Such extraordinary board meetings are not subject to the notice period. However, reasonable notices shall be given to all Directors, Supervisors and the general manager. All Directors are entitled to propose resolutions to be included as part of the agenda of the Board meetings. Detailed minutes of each Board meeting are maintained. Four specialized committees are formed under the Board, namely the Nomination Committee, the Remuneration Committee, the Audit Committee and the Overseas Risk Control Committee. The duties and responsibilities of and operating procedures for each committee are clearly defined. Each committee submits opinions and proposals to the Board on matters within their respective scope of duties and responsibilities.

During the Year, the Board continued to regulate its operations and enhanced its corporate governance standard in accordance with the applicable principles and code provisions of the Corporate Governance Code, and the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Board of Beijing Urban Construction Design & Development Group Co., Limited.

COMPOSITION

During the Year, the Board comprised the following Directors:

Name	Position	Date of commencement and termination of the current term of office
Mr. Wang Hanjun	Executive Director, General manager	22 October 2013 to 21 October 2016
Mr. Li Guoqing	Executive Director	22 October 2013 to 21 October 2016
Ms. Wang Liping	Non-executive Director, Chairman	22 October 2013 to 21 October 2016
Mr. Xu Jianyun	Non-executive Director (resigned)	22 October 2013 to 10 February 2015
Mr. Chen Daihua	Non-executive Director	22 October 2013 to 21 October 2016
Mr. Hao Weiya	Non-executive Director (resigned)	22 October 2013 to 13 November 2014
Mr. Wang Hao	Non-executive Director	13 November 2014 to 21 October 2016
Mr. Zhang Jie	Non-executive Director	13 November 2014 to 21 October 2016
Mr. Su Bin	Non-executive Director	22 October 2013 to 21 October 2016
Mr. Kong Lingbin	Non-executive Director	22 October 2013 to 21 October 2016
Mr. Tang Shuchang	Non-executive Director	13 November 2014 to 21 October 2016
Mr. Zhang Fengchao	Independent non-executive Director	16 December 2013 to 21 October 2016
Mr. Wang Dexing	Independent non-executive Director	13 November 2014 to 21 October 2016
Mr. Yim Fung	Independent non-executive Director	16 December 2013 to 21 October 2016
Mr. Sun Maozhu	Independent non-executive Director	16 December 2013 to 21 October 2016
Mr. Liang Qinghuai	Independent non-executive Director	16 December 2013 to 21 October 2016

Changes in the Board members during the period from 1 January 2014 to the date of this report are as follows:

Mr. Hao Weiya resigned as the non-executive Director and the member of the Audit Committee on 13 November 2014 due to change of job assignments.

At the third extraordinary general meeting of 2014 convened on 13 November 2014, Mr. Zhang Jie was appointed as the non-executive Director so as to fill in the vacancy due to resignation of Mr. Hao Weiya. Meanwhile, his appointment as the member of the Audit Committee of the Company took effect from 13 November 2014. Mr. Wang Hao and Mr. Tang Shuchang were appointed as the non-executive Directors. Mr. Wang Dexing was appointed as the independent non-executive Director. These three Directors were the newly appointed Directors of the Board.

Mr. Xu Jianyun resigned as the non-executive Director on 10 February 2015 due to change of job assignments.

The Company has arranged for appropriate insurance coverage in respect of any legal actions which may be instituted against its Directors and senior management in relation to their performance of duties during the Reporting Period.

DUTIES AND RESPONSIBILITIES:

The Board is responsible for convening general meetings, reporting its work to the general meetings, implementing resolutions of the general meetings, determining the operation plans, investment plans and major assets disposal and restructuring plans of the Company, formulating the annual financial budgets plans and final accounts of the Company, formulating plans of profits distribution and recovery of losses of the Company, formulating proposals for the increase in or reduction of the registered capital of the Company, drawing up plans for the issue of corporate bonds, drawing up plans for merger, division, dissolution or change of form of the Company, determining the establishment of internal administrative organizations of the Company and appointing or removing the general manager and secretary of the Board of the Company. It also appoints or removes the vice general manager, chief accountant and other senior management of the Company according to the nomination of the general manager and determines their remuneration matters. It is also responsible for determining the fundamental management system of the Company, formulating proposals for any amendments to the Articles of Association, managing the information disclosure matters of the Company, proposing the appointment or change of the accounting firm performing auditing for the Company at the general meetings, and exercising other powers conferred by the laws, regulations, the requirements under the listing rules of the stock exchange where the Company's shares are listed, the general meetings and the Articles of Association.

RESPONSIBILITIES OF THE MANAGEMENT

The management of the Company is mainly responsible for the operation and management of the Company. They perform their duties within the scope authorized by the Board and are responsible for their performance under the review and supervision of the Board and the Board of Supervisors.

CHAIRMAN AND GENERAL MANAGER

The roles of the chairman and the general manager have been clearly segregated to ensure a balance of power and authority. The current chairman of the Company, Ms. Wang Liping, is responsible for leading the Board to ensure its effective operation. Mr. Wang Hanjun serves as the general manager and is responsible for the business operation of the Company.

DIRECTORS TRAINING

Each Director will receive information in relation to guidelines on ethics and other major governance matters upon his/her appointment to the Board. Director training is a constant process to ensure the Directors are fully informed in making their contribution to the Board. During the Reporting Period, the Directors received regular updates and summaries on the changes and latest development of the business and operation of the Group and the relevant legal and regulatory environment. In addition, all Directors were encouraged to participate in relevant training courses with the expense paid by the Company.

During the Reporting Period, the Directors of the Company emphasized on updating their specialized knowledge and techniques to meet with the requirement of the development of the Company. The Company also arranged "Training on the Listing Rules and Corporate Governance immediately upon Listing" and conducted training in relation to matters such as relevant Hong Kong Listing Rules, rules on stock trading, overseas regulation, publication of announcements and corporate governance for the Directors.

Director	Corporate governance	Laws and regulations	Business management
Executive Directors			
Mr. Wang Hanjun	✓	✓	✓
Mr. Li Guoqing	✓	✓	✓
Non-executive Directors			
Ms. Wang Liping	✓	✓	✓
Mr. Xu Jianyun (resigned)	✓	✓	✓
Mr. Chen Daihua	✓	✓	✓
Mr. Hao Weiya (resigned)	✓	✓	✓
Mr. Wang Hao	✓	✓	✓
Mr. Zhang Jie	✓	✓	✓
Mr. Su Bin	✓	✓	✓
Mr. Kong Lingbin	✓	✓	✓
Mr. Tang Shuchang	✓	✓	✓
Independent non-executive Directors			
Mr. Zhang Fengchao	✓	✓	✓
Mr. Wang Dexing	✓	✓	✓
Mr. Yim Fung	✓	✓	✓
Mr. Sun Maozhu	✓	✓	✓
Mr. Liang Qinghuai	✓	✓	✓

SUMMARY OF WORK UNDERTAKEN

From the date of listing to 31 December 2014, the Board convened one general meeting and submitted 3 resolutions to the general meeting. Two Board meetings were convened in total, at which 10 resolutions were considered and approved. The attendance record of the Board meetings of each Director is as follows:

Name	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Wang Hanjun	1	1	0
Mr. Li Guoqing	1	1	0
Ms. Wang Liping	2	2	0
Mr. Xu Jianyun (resigned)	2	1	0
Mr. Chen Daihua	2	2	0
Mr. Hao Weiya (resigned)	1	0	1
Mr. Wang Hao	1	1	0
Mr. Zhang Jie	1	1	0
Mr. Su Bin	2	1	1
Mr. Kong Lingbin	2	2	0
Mr. Tang Shuchang	1	1	0
Mr. Zhang Fengchao	2	2	0
Mr. Wang Dexing	1	1	0
Mr. Yim Fung	2	2	0
Mr. Sun Maozhu	2	2	0
Mr. Liang Qinghuai	2	2	0

The main tasks accomplished by the Board from the date of listing to 31 December 2014 included:

- the convening of one general meeting and submission of 3 resolutions to the general meeting, including amendments to the Articles of Association, the nomination of new Directors, the standards for independent Directors' and Supervisors' fees, all of which were approved at the general meeting;

- consideration and approval of the interim results announcement and interim report of the Company;

- consideration and approval of the resolutions on additional Director candidates and the standards for independent Directors and independent Supervisors' fees;

- consideration and approval of the resolution on the establishment of branches, subsidiaries and the joint venture companies;

- consideration and approval of the resolution on the formulation of the board diversity policy of the Company and the amendments to the administrative systems such as the Administrative Measures on Connected Transactions;

- consideration and approval of the operating position of the Company.

NOMINATION COMMITTEE

The major duties and responsibilities of the Nomination Committee of the Company are: to review the size, structure and composition of the Board at least on an annual basis according to the conditions of operating activities, the scale of assets and shareholding structure of the Company, make recommendations to the Board on any proposed changes, review the independence of the independent non-executive Directors, study the selection criteria and procedures of Directors and senior management and make recommendations to the Board. It is also responsible for seeking qualified candidates for Directors and senior management in an extensive way, conducting investigation on the candidates for Directors and senior management and making recommendations on the appointment, re-appointment and succession of Directors and senior management. It also needs to conduct investigation on other senior management candidates proposed to be appointed by the Board and make recommendation and is in charge of other matters required by the laws, regulations, the Articles of Association, securities regulatory authorities at the places where the Company's shares are listed and other matters authorised by the Board.

The Nomination Committee shall first discuss the nomination of candidates for new Directors, examine the qualification of these candidates, and then recommend such candidates to the Board. The Board shall determine whether the appointment of such candidates should be proposed for election at the general meetings. The major criteria considered by the Nomination Committee and the Board are the candidates' educational backgrounds, experience in the industry, their proposed commitment to the Company and achieving the goal of diversity of the Board. Regarding the nomination of independent non-executive Directors, the Nomination Committee will also particularly considered the independence of such candidates. To achieve diversity of the Board, the Board formulated and passed the board diversity policy during the Year, required the selection of the members of the Board on the basis of a range of diversity perspectives, and took into account the consolidated factors including skills, experience, independence, knowledge on the business of the Company, the composition of various factors (including gender and age) and other factors relating to the operation efficiency of the Board. The Nomination Committee is responsible for supervising the implementation of such policy.

From the date of listing of the Company (8 July 2014) to 31 December 2014, the Nomination Committee held two meetings in total to consider and pass the resolutions of nominating Mr. Wang Hao, Mr. Tang Shuchang, Mr. Wang Dexing and Mr. Zhang Jie as the candidates for Directors. The attendance record of the meetings of the members of the Nomination Committee is as follows:

Name of member	Position	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Zhang Fengchao	Chairman of the Nomination Committee Independent non-executive Director	2	2	0
Ms. Wang Liping	Non-executive Director	2	2	0
Mr. Liang Qinghuai	Independent non-executive Director	2	2	0

REMUNERATION COMMITTEE

The major duties and responsibilities of the Remuneration Committee of the Company are: to formulate the general plan or proposal for the remuneration of the Directors and senior management and individual remuneration packages according to the main scope, duties and responsibilities, and importance of the management positions of the Directors and senior management as well as the remuneration level of their counterparts in other related enterprises, and make recommendations to the Board; to review the performance of duties of the Directors (non-executive Directors) and senior management of the Company and conduct an annual appraisal on their performance; to be responsible for supervising the implementation of the remuneration policy of the Company; to ensure neither the Directors or their associates would determine their individual remuneration on their own; and to be in charge of other matters required by the laws, regulations, the Articles of Association, securities regulatory authorities at the places where the Company's shares are listed and other matters authorised by the Board.

The fixed salaries of the executive Directors and other senior management are determined in accordance with the market levels and their respective positions and duties, and their performance-related bonuses are subject to various considerations, including the operating results of the Company and the results of their performance appraisals. Directors' fees and supervisors' fees are determined with reference to the market levels and the circumstances of the Company.

From the date of listing of the Company (8 July 2014) to 31 December 2014, the Remuneration Committee held one meeting in total to consider and pass the resolution in respect of the fees of the independent Directors and independent Supervisors of the Company. The attendance record of the meetings of the members of the Remuneration Committee is as follows:

Name of member	Position	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Yim Fung	Chairman of the Remuneration Committee Independent non-executive Director	1	1	0
Mr. Su Bin	Non-executive Director	1	1	0
Mr. Sun Maozhu	Independent non-executive Director	1	1	0

AUDIT COMMITTEE

The major duties and responsibilities of the Audit Committee of the Company are: to recommend the engagement or change of the external audit firm; to supervise the Company's internal auditing system and its implementation in order to ensure sufficient resources are allocated for operating the internal audit function within the Company and supervise the effectiveness of the internal audit function; to be responsible for the communication between the internal and external audit; to review the financial information of the Company and its disclosure and review the accounting affairs and policies of the Company; to review the internal control system of the Company and express opinions and make recommendations in respect of the soundness and improvement of the internal control system of the Company; to supervise the internal control and risk management systems of the Company, and to study the important investigation results and response from the management in respect of the matters of internal control; to discuss the internal control system of the Company with the management; to give opinions and make recommendations on the appraisal and change of the competent person of the internal audit department of the Company; to review the letters given to the management by the external auditors, evaluate if the arrangement of allowing its employees to report on the violations in aspects of the financial report, internal control or others or lodging complaints thereon is comprehensive, and ensure the Company has appropriate arrangements for conducting fair and independent investigation and follow-ups in respect of the related matters; to set up relevant procedures for handling complaints; to keep in regular contact with the Board, senior management and external auditors; and to be in charge of other matters required by the laws, regulations, the Articles of Association, securities regulatory authorities at the places where the Company's shares are listed and other relevant matters authorised by the Board.

From the date of listing of the Company (8 July 2014) to 31 December 2014, the Audit Committee held two meetings in total to consider and pass the resolutions in respect of the result of review on 2014 interim report and the review on the audit plan for 2014. The attendance record of the meetings of the members of the Audit Committee is as follows:

Name of member	Position	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Sun Maozhu	Chairman of the Audit Committee Independent non-executive Director	2	2	0
Mr. Liang Qinghuai	Independent non-executive Director	2	2	0
Mr. Hao Weiya[1]	Non-executive Director	1	1	0
Mr. Zhang Jie[2]	Non-executive Director	1	1	0

Notes:

1. Mr. Hao Weiya resigned as the non-executive Director and the member of the Audit Committee on 13 November 2014.

2. Mr. Zhang Jie was appointed as the non-executive Director on 13 November 2014, and has been a member of the Audit Committee since that date.

EXTERNAL AUDITORS

In 2014, the Company should pay RMB3 million to external auditors in relation to auditing services, which included the payments on auditing the annual financial report of 2014 and reviewing the interim financial report of 2014. In 2014, the Company should pay HK$21,650 to external auditors in relation to non-auditing services.

OVERSEAS RISK CONTROL COMMITTEE

The major duties and responsibilities of the Overseas Risk Control Committee of the Company are: to judge on possible risks of sanctions borne by the Company if it intends to carry out any new overseas transactions or businesses in the sanctioned countries; to supervise and control the internal control procedures conducted and relevant undertakings made to the Hong Kong Stock Exchange by the Company in respect of carrying out businesses in the sanctioned countries in the past; to select and engage one or more external international law firms and other related experts with expertise in the laws of sanctioned areas so that they would be able to provide relevant legal and professional opinions to the Company and the Overseas Risk Control Committee; to provide guidelines on the factors or criteria to be considered whether the Company should conduct new businesses with the sanctioned countries and the controlling measures to be implemented when conducting businesses in the related sanctioned countries; to arrange appropriate trainings in respect of the relevant laws of the sanctioned countries for the Directors, senior management, related staff of the secretariat of the Board and persons in charge of the disclosure of overseas information; and to be in charge of other matters required by the applicable laws, regulations, securities regulatory authorities at the places where the Company's shares are listed and other relevant matters authorised by the Board.

As the Company does not have much overseas operations, and all three committee members conduct interaction and communication by informal meetings regularly. As at the date of issue of the report, the Overseas Risk Control Committee held one meeting to consider the development of the Company's overseas operations. The attendance record of the meetings of the members of the overseas risk control committee is as follows:

Name of member	Position	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Ms. Wang Liping	Chairman of the Overseas Risk Control Committee, non-executive Director	1	1	0
Mr. Wang Hanjun	Executive Director	1	1	0
Mr. Li Guoqing	Executive Director	1	1	0

INTERESTS HELD BY THE DIRECTORS AND SECURITIES TRANSACTIONS

All Directors shall declare to the Board whether they hold offices or positions in other companies or entities upon their appointments as directors and they are required to update the Board annually in respect of their relevant interests. If the Board considers that a Director has conflict of interest in any resolution or transaction when discussed, the Director shall declare his interests and abstain from voting. If appropriate, the Director should be excused from the meeting.

The Company adopted the Model Code as the code for securities transactions by the Directors and Supervisors. Each of the Directors and Supervisors has confirmed his/her compliance with the above code during the period from the date of listing of the Company (8 July 2014) to 31 December 2014 upon specific enquiries with all of them.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors are responsible for monitoring the preparation of the financial statements for every financial year and ensuring those financial statements provide a true and fair view on the business conditions, operating results and cash flow of the Group in the relevant financial year. In preparing the financial statements as at 31 December 2014, the Directors have: selected appropriate accounting policies and applied them consistently; adopted all relevant standards in compliance with the International Financial Reporting Standards, and made a prudent and reasonable judgment and estimation and prepared the financial statements on a going concern basis.

In accordance with the requirements of the Hong Kong Listing Rules, the Company has timely announced its annual and interim results within three and two months, respectively, after the end of the relevant financial periods.

INTERNAL CONTROL

The Board is responsible for maintaining a steady, proper and effective internal control system for the Group to safeguard its assets. The Board reviews the effectiveness of the internal control system of the Group annually through the Audit Committee.

The Company has established a legal audit department which acts as a daily operational office of the Audit Committee of the Board to monitor how the Company and its subsidiaries establish and improve their respective internal control systems and to review the implementation of each of the internal control systems and is responsible for organizing the internal audit to perform audit responsibilities.

Due to the inherent limitations of the internal control system, the establishment of the Group's internal control system is for the purpose of managing potential risks rather than eliminating all the risks, which is impossible to achieve. Therefore, the internal control system can only provide a reasonable assurance, rather than an absolute assurance, for the Group to achieve its operational targets. Likewise, it is impossible for the internal control system to completely eliminate all material inaccurate statements made or any loss caused to the Group.

BOARD OF SUPERVISORS

The Board of Supervisors of the Company is accountable to the general meetings and its duties and responsibilities mainly include: to review the financial affairs of the Company; to supervise the performance of the duties for the Company by the Directors and senior management and make proposals to dismiss the Directors and senior management who have violated the relevant laws, administrative regulations, the Articles of Association or resolutions passed at the general meetings; to request the Directors and senior management to rectify if their acts have jeopardized the Company's interests; to review financial information (including financial statements, business reports and any plans for profit distribution) to be submitted by the Board of Directors to the general meetings, and to retain, in the name of the Company, registered accountants and certified auditors to assist in the review of such information should any doubt arise; to propose to convene an extraordinary general meeting and in case the Board fails to perform the duty of convening and presiding over general meetings, to convene and preside over a general meeting; to put forward proposals at the general meetings; to represent the Company in negotiating with the Directors and senior management and initiate legal proceedings against the Directors and senior management; and to be in charge of other functions and powers as required under the Articles of Association.

The members of the Board of Supervisors of the Company comprise five Supervisors assumed by the shareholders' representatives, two independent Supervisors and four Supervisors assumed by employee representatives, and a total of 11 Supervisors. During the Year, the Board of Supervisors held two meetings in total and considered and passed two resolutions. It supervised, on behalf of the shareholders, the financial position of the Group, the legitimacy and compliance of the performance of duties by the Directors and senior management, attended the Board meetings and general meetings, and fulfilled its duties diligently.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

All the Directors of the Company acknowledged that they are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the disclosure provisions of the International Financial Reporting Standards and the Hong Kong Companies Ordinance. To the knowledge of the Directors, there is no event or condition that may have a material adverse effect on the continuing operation of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the annual confirmation letters from all the independent non-executive Directors in relation to their independence in accordance with Rule 3.13 of the Hong Kong Listing Rules. As at the date of this report, the Company is of the view that all the independent non-executive Directors are independent.

COMPANY SECRETARIES

Mr. Xuan Wenchang and Ms. Kwong Yin Ping Yvonne are the joint company secretaries of the Company since the date on which the Company's H Shares were issued and listed. Mr. Xuan Wenchang and Ms. Kwong Yin Ping Yvonne have received relevant professional training for not less than 15 hours. Ms. Kwong Yin Ping Yvonne's primary contact person in the Company is Mr. Xuan Wenchang. Please refer to "Directors, Supervisors and Other Senior Management" for the biographical details of Mr. Xuan Wenchang. Each of the Directors could discuss with the company secretaries for seeking opinions and obtaining information.

GENERAL MEETING

The general meeting is the supreme authority of the Company. It performs its functions according to law and makes decisions on major issues in relation to the Company. The annual general meetings or extraordinary general meetings provide a channel for the shareholders of the Company to communicate directly with the Board. From the date of listing to 31 December 2014, the Company convened one general meeting in total, at which three resolutions were considered and approved. All Directors, Supervisors and members of the senior management endeavored to attend the general meeting. The following is the attendance record of the general meeting of the Directors:

Name	Number of meeting(s) required to be attended	Number of meetings attended
Mr. Wang Hanjun	1	1
Mr. Li Guoqing	1	1
Ms. Wang Liping	1	1
Mr. Xu Jianyun[1]	1	0
Mr. Chen Daihua	1	1
Mr. Hao Weiya[2]	1	0
Mr. Wang Hao	0	0
Mr. Zhang Jie	0	0
Mr. Su Bin	1	1
Mr. Kong Lingbin	1	1
Mr. Tang Shuchang	0	0
Mr. Zhang Fengchao	1	1
Mr. Wang Dexing	0	0
Mr. Yim Fung	1	1
Mr. Sun Maozhu	1	1
Mr. Liang Qinghuai	1	1

Notes:

1. Mr. Xu Jianyun resigned as the non-executive Director on 10 February 2015.

2. Mr. Hao Weiya resigned as the non-executive Director on 13 November 2014.

RIGHTS OF SHAREHOLDERS

METHODS OF CONVENING EXTRAORDINARY GENERAL MEETINGS

According to the relevant requirements under the Company Law and the Articles of Association, any shareholder(s), whether individually or collectively, holding 10% or more of the issued shares of the Company with voting rights may request to convene an extraordinary general meeting and such shareholder(s) shall submit explicit agenda and proposals in writing to the Board. The Board shall convene an extraordinary general meeting within two months.

PROCEDURES FOR PROPOSING EXTRAORDINARY RESOLUTIONS AT GENERAL MEETINGS

The Company may convene general meetings according to the relevant requirements under the Company Law and the Articles of Association. Any shareholder(s) holding a total of 3% or more of voting right of the shares of the Company is entitled to propose new resolution(s) in writing to the Board ten days prior to the general meeting. The Board shall notify other shareholders of such proposed resolution(s) by issuing the supplementary notice of the general meeting within two days after receipt of such proposal(s) and add the proposals which are within the scope of duties of the general meeting to the agenda of the general meeting for consideration. The proposed resolution(s) submitted by the shareholders shall fall within the scope of business of the Company and the scope of the duties of general meetings. The content shall not contravene any provisions of the laws and regulations and shall contain clear subjects and specific matters to be resolved.

Shareholders may at any time send their enquiries to the Board in writing through the secretariat of the Board of the Company, whose contact details are as follows:

Address:	5 Fuchengmen North Street, Xicheng District, Beijing, PRC
Postal Code:	100037
Telephone:	86-10-88336868
Facsimile:	86-10-88336763
E-mail Address:	ir@bjucd.com

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

The secretariat of the Board of the Company is responsible for information disclosure of the Company. The Company has formulated and enforced the Administrative Measures on Information Disclosure of Beijing Urban Construction Design & Development Group Co., Limited to ensure information disclosed is accurate, complete and made in a timely manner. During the Reporting Period, the Company published its interim results announcement and interim report and other announcements in accordance with requirements under the Hong Kong Listing Rules and made detailed disclosure on material information and the progress of any significant matters relating to the Company.

During the Reporting Period, the Company continued to attach importance on network building in order to adapt to the changes of the means of information disclosure required by the Hong Kong Stock Exchange, to disclose every piece of information in a timely and accurate manner and to update and announce the operation dynamics and information in a timely manner. The Company also continued to modify the Chinese and English versions of the website pursuant to the latest requirements under the Hong Kong Listing Rules. As such, investors can have a clear picture of the recent development of the Company. Detailed information of each business activity of the Company and all published announcements are available for inquiry and downloading from the Company's website www.bjucd.com.

The Company focuses on the maintenance of sound investors relations and maintains effective communication with investors through various means. The Company timely communicated its operating results and business development trends with investors after the announcements of the 2014 interim results by way of results briefings and roadshows in order to strengthen communication with investors and facilitate the understanding of the Company by investors. The Company also maintains sound communication with investors through acceptance of investors' visits, holding telephone conferences, attending major investment forums, by telephone and email, etc. and proactively provides investor relations information on the Company's website, with a view to establishing and maintaining a good relationship with investors.

ARTICLES OF ASSOCIATION

The latest version of the Articles of Association is set out on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, in view of the fact that the H Shares of the Company were listed of on Hong Kong Stock Exchange on 8 July 2014 and the exercise of the over-allotment option was completed on 21 July 2014, the registered capital of the Company and the aggregate amount of share capital changed accordingly, and three additional Directors were proposed to be appointed to meet the actual needs of the Company. Upon the approval from the Board and the general meeting of the Company, the relevant content of the Articles of Association were amended accordingly. Please refer to the circular dispatched to the shareholders on 27 September 2014 by the Company for details of the amendments to the Articles of Association.

INDEPENDENT AUDITORS' REPORT

EY 安永

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ey.com

To the shareholders of Beijing Urban Construction Design & Development Group Co., Limited
(Incorporated in the People's Republic of China as a joint stock limited company with limited liability)

We have audited the consolidated financial statements of Beijing Urban Construction Design & Development Group Co., Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 60 to 160, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

To the shareholders of Beijing Urban Construction Design & Development Group Co., Limited
(Incorporated in the People's Republic of China as a joint stock limited company with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

30 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	**2014** **RMB'000**	2013 RMB'000
REVENUE	5	**3,346,278**	2,923,485
Cost of sales	7	**(2,592,362)**	(2,336,783)
Gross profit		**753,916**	586,702
Other income and gains	5	**27,058**	11,667
Selling and distribution expenses		**(60,616)**	(44,068)
Administrative expenses		**(269,867)**	(211,996)
Other expenses		**(36,249)**	(31,853)
Finance costs	6	**(2,332)**	(1,376)
Share of profits and losses of:			
Joint ventures		**369**	(651)
Associates		**1,479**	1,893
PROFIT BEFORE TAX	7	**413,758**	310,318
Income tax expense	9	**(62,838)**	(74,052)
PROFIT FOR THE YEAR		**350,920**	236,266
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans, net of tax	28	**(7,510)**	4,630
Share of other comprehensive income of associates		**97**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(7,413)**	4,630
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**343,507**	240,896
Profit attributable to:			
Owners of the parent	10	**349,817**	235,563
Non-controlling interests		**1,103**	703
		350,920	236,266
Total comprehensive income attributable to:			
Owners of the parent		**342,404**	240,193
Non-controlling interests		**1,103**	703
		343,507	240,896
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	12	**0.33**	0.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	**31 December 2014 RMB'000**	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**275,069**	288,751
Prepaid land lease payments	14	**33,356**	34,066
Intangible assets	15	**9,713**	5,869
Investments in joint ventures	17	**1,603**	1,637
Investments in associates	18	**10,530**	9,225
Available-for-sale investments	19	**3,650**	3,650
Deferred tax assets	20	**62,857**	66,079
Trade receivables	23	**32,028**	13,609
Prepayments, deposits and other receivables	24	**49,061**	18,598
Total non-current assets		**477,867**	441,484
CURRENT ASSETS			
Prepaid land lease payments	14	**710**	710
Inventories	21	**29,278**	21,366
Trade and bills receivables	23	**1,676,978**	1,393,723
Prepayments, deposits and other receivables	24	**199,927**	210,143
Amounts due from contract customers	22	**1,447,129**	1,340,086
Available-for-sale investments	19	**910,000**	–
Pledged deposits	25	**24,985**	27,032
Cash and bank balances	25	**1,944,687**	1,790,728
Total current assets		**6,233,694**	4,783,788
CURRENT LIABILITIES			
Trade payables	26	**1,438,483**	1,381,210
Amounts due to contract customers	22	**965,774**	674,103
Other payables, advances from customers and accruals	27	**1,402,445**	1,349,592
Provisions for supplementary retirement benefits	28	**5,140**	5,250
Tax payable		**173,987**	176,097
Total current liabilities		**3,985,829**	3,586,252
NET CURRENT ASSETS		**2,247,865**	1,197,536
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,725,732**	1,639,020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2014

	Notes	**31 December 2014 RMB'000**	31 December 2013 RMB'000
NON-CURRENT LIABILITIES			
Provisions for supplementary retirement benefits	28	**71,320**	64,150
Other payables and accruals	27	**31,722**	16,303
Total non-current liabilities		**103,042**	80,453
Net assets		**2,622,690**	1,558,567
EQUITY			
Equity attributable to owners of the parent			
Share capital	29	**1,272,670**	920,000
Reserves	30(a)	**1,233,489**	628,935
Proposed final dividend	11	**93,796**	–
		2,599,955	1,548,935
Non-controlling interests		**22,735**	9,632
Total equity		**2,622,690**	1,558,567

Wang Liping
Director

Wang Hanjun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Attributable to owners of the parent								
	Share capital RMB'000	Capital reserve* RMB'000	Special reserve* RMB'000	Statutory surplus reserve* RMB'000	Retained profits* RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	920,000	189,053	–	51,675	388,207	–	1,548,935	9,632	1,558,567
Profit for the year	–	–	–	–	349,817	–	349,817	1,103	350,920
Other comprehensive income/(loss) for the year:									
Re-measurement losses on defined benefit plans, net of tax	–	(7,510)	–	–	–	–	(7,510)	–	(7,510)
Share of other comprehensive income of associates	–	97	–	–	–	–	97	–	97
Total comprehensive income/(loss) for the year	–	(7,413)	–	–	349,817	–	342,404	1,103	343,507
Issue of H shares (note 29(ii))	352,670	418,352	–	–	–	–	771,022	–	771,022
Share issue expenses	–	(62,406)	–	–	–	–	(62,406)	–	(62,406)
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	12,000	12,000
Proposed final 2014 dividend	–	–	–	–	(93,796)	93,796	–	–	–
Appropriation to statutory surplus reserve	–	–	–	31,898	(31,898)	–	–	–	–
Transfer to special reserve (note (i))	–	–	30,290	–	(30,290)	–	–	–	–
Utilisation of special reserve (note (i))	–	–	(30,290)	–	30,290	–	–	–	–
At 31 December 2014	1,272,670	537,586	–	83,573	612,330	93,796	2,599,955	22,735	2,622,690

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2014

	Attributable to owners of the parent							
	Paid-in capital/ Share capital RMB'000	Capital reserve* RMB'000	Special reserve* RMB'000	Statutory surplus reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	150,000	251,263	–	32,334	247,053	680,650	614	681,264
Profit for the year	–	–	–	–	235,563	235,563	703	236,266
Other comprehensive income for the year:								
Re-measurement gains on defined benefit plans, net of tax	–	4,630	–	–	–	4,630	–	4,630
Total comprehensive income for the year	–	4,630	–	–	235,563	240,193	703	240,896
Capital contributions from the Beneficial Shareholders (note (ii))	80,769	622,391	–	–	–	703,160	–	703,160
Capitalisation of capital reserve on transformation into a joint stock company (note 29(i))	689,231	(689,231)	–	–	–	–	–	–
Capital contributions from non-controlling interests	–	–	–	–	–	–	8,500	8,500
Dividends declared	–	–	–	–	(75,068)	(75,068)	(185)	(75,253)
Appropriation to statutory surplus reserve	–	–	–	19,341	(19,341)	–	–	–
Transfer to special reserve (note (i))	–	–	26,698	–	(26,698)	–	–	–
Utilisation of special reserve (note (i))	–	–	(26,698)	–	26,698	–	–	–
At 31 December 2013	920,000	189,053	–	51,675	388,207	1,548,935	9,632	1,558,567

* These reserve accounts comprise the consolidated reserves of RMB1,233,489,000 (31 December 2013: RMB628,935,000) in the consolidated statement of financial position as at 31 December 2014.

Notes:

(i) In preparation of the consolidated financial statements, the Group has appropriated certain amounts of retained profits to a special reserve fund for each of the years ended 31 December 2013 and 2014 respectively for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of such special reserve fund was utilised and transferred back to retained profits until such special reserve was fully utilised.

(ii) Pursuant to the capital injection agreement in May 2013, seven strategic investors contributed cash of RMB703 million into the Company, of which RMB81 million was recorded as paid-in capital and the remaining RMB622 million was recorded as capital reserve. From then on, these strategic investors became the beneficial shareholders (the "Beneficial Shareholders") of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**413,758**	310,318
Adjustments for:			
Finance costs	6	**2,332**	1,376
Foreign exchange differences, net		**4,694**	1,863
Interest income	5	**(13,445)**	(11,143)
Share of profits of associates and joint ventures		**(1,848)**	(1,242)
Gain on disposal of a joint venture	7	**(47)**	–
Gain on disposal of available-for-sale investments	7	**(7,843)**	–
Gains on disposal of financial products included in prepayments, deposits and other receivables	7	**–**	(109)
Depreciation of items of property, plant and equipment	7	**34,853**	40,157
Amortisation of intangible assets	7	**2,422**	1,549
Amortisation of prepaid land lease payments	7	**710**	710
Impairment of trade receivables	7	**20,116**	18,705
Impairment/(reversal of impairment) of deposits and other receivables	7	**(478)**	2,128
Provision for foreseeable losses on contracts	7	**11,803**	7,872
Loss on disposal of items of property, plant and equipment, net	7	**113**	277
		467,140	372,461
Decrease/(increase) in inventories		**(7,912)**	1,909
Decrease in amounts due from/(to) contract customers		**172,825**	900,225
Increase in trade and bills receivables		**(293,719)**	(366,170)
Decrease/(increase) in prepayments, deposits and other receivables		**(15,992)**	24,955
Increase/(decrease) in trade payables		**57,273**	(172,316)
Increase/(decrease) in other payables, advances from customers and accruals		**111,300**	(159,152)
Decrease in provisions for supplementary retirement benefits		**(450)**	(1,050)
Cash flows from operations		**490,465**	600,862
Interest received		**15,137**	9,461
Income tax paid		**(41,633)**	(23,219)
Net cash flows from operating activities		**463,969**	587,104

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of items of property, plant and equipment		**(51,670)**	(22,298)
Payments for acquisition of intangible assets	15	**(6,266)**	(3,601)
Purchase of financial products included in prepayments, deposits and other receivables		**–**	(10,000)
Purchase of available-for-sale investments		**(2,910,000)**	–
Proceeds from disposal of items of property, plant and equipment		**101**	259
Proceeds from disposal of available-for-sale investments		**2,007,843**	–
Proceeds from disposal of financial products included in prepayments, deposits and other receivables		**–**	10,109
Dividends received from associates and joint ventures		**355**	238
Proceeds from disposal of a joint venture		**450**	–
Increase in amounts due from related parties included in other receivables		**(2,000)**	(18,290)
Increase in amounts due from third parties included in other receivables		**(200)**	(950)
Decrease in amounts due from BUCG		**–**	318,959
Increase in non-pledged time deposits with original maturity of more than three months		**(170,739)**	(304,583)
Decrease in pledged deposits		**2,047**	4,188
Net cash flows used in investing activities		**(1,130,079)**	(25,969)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in amounts due to BUCG		**–**	(221,619)
Interest paid		**–**	(1,376)
Dividends paid to BUCG and Beneficial Shareholders		**(75,068)**	–
Dividends paid to non-controlling interests		**–**	(1,133)
Acquisition of non-controlling interests		**–**	(2,810)
Capital contribution from non-controlling interests		**12,000**	8,500
Capital contribution from the Beneficial Shareholders		**–**	703,160
Payments of share issue expenses		**(26,324)**	(5,147)
Proceeds from issue of H shares, net of underwriting commission		**743,373**	–
Net cash flows from financing activities		**653,981**	479,575
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(12,129)**	1,040,710
Cash and cash equivalents at beginning of year		**1,486,145**	448,808
Effect of exchange rate changes on cash and cash equivalents		**(4,651)**	(3,373)
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	**1,469,365**	1,486,145

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**240,383**	258,487
Prepaid land lease payments	14	**33,356**	34,066
Intangible assets	15	**9,006**	5,253
Investments in subsidiaries	16	**67,525**	49,525
Investments in joint ventures	17	**2,450**	2,600
Investments in associates	18	**5,600**	5,600
Available-for-sale investments	19	**3,650**	3,650
Deferred tax assets	20	**46,802**	54,767
Trade receivables	23	**32,028**	13,609
Prepayments, deposits and other receivables	24	**47,079**	18,353
Total non-current assets		**487,879**	445,910
CURRENT ASSETS			
Prepaid land lease payments	14	**710**	710
Inventories	21	**29,229**	21,366
Trade and bills receivables	23	**1,468,492**	1,304,996
Prepayments, deposits and other receivables	24	**198,474**	221,988
Amounts due from contract customers	22	**1,118,851**	1,129,653
Available-for-sale investments	19	**910,000**	–
Pledged deposits	25	**11,414**	11,922
Cash and bank balances	25	**1,806,354**	1,633,535
Total current assets		**5,543,524**	4,324,170
CURRENT LIABILITIES			
Trade payables	26	**1,333,056**	1,306,581
Amounts due to contract customers	22	**741,614**	568,218
Other payables, advances from customers and accruals	27	**1,242,136**	1,214,871
Provisions for supplementary retirement benefits	28	**4,540**	4,660
Tax payable		**128,408**	135,765
Total current liabilities		**3,449,754**	3,230,095
NET CURRENT ASSETS		**2,093,770**	1,094,075
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,581,649**	1,539,985

STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 December 2014

	Notes	**31 December 2014 RMB'000**	31 December 2013 RMB'000
NON-CURRENT LIABILITIES			
Provisions for supplementary retirement benefits	28	**59,794**	55,504
Other payables and accruals	27	**31,722**	16,303
Total non-current liabilities		**91,516**	71,807
Net assets		**2,490,133**	1,468,178
EQUITY			
Share capital	29	**1,272,670**	920,000
Reserves	30(b)	**1,123,667**	548,178
Proposed final dividend	11	**93,796**	–
Total equity		**2,490,133**	1,468,178

Wang Liping	**Wang Hanjun**
Director	*Director*

NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. CORPORATE INFORMATION

Beijing Urban Construction Design & Development Group Co., Limited (the "Company") began its operations in 1958 in the PRC as a state-owned professional survey and design institute founded specifically for the survey and design of Beijing Subway Line 1. Subsequent to a series of reorganisations, the Company was then converted into a joint stock company with limited liability and renamed as Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) on 28 October 2013.

The Company's H shares were issued and listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") in July 2014 (note 29(ii)).

The registered office address of the Company is 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- Design, survey and consultancy services for urban rail transit and urban rail transit related industrial and civil construction and municipal engineering projects
- Construction contracting services for urban rail transit

In the opinion of the directors of the Company (the "Directors"), the Company's holding company and the ultimate holding company is BUCG, which is wholly owned by the State-owned Assets Supervision and Administration Commission ("SASAC") of the People's Government of Beijing Municipality of the PRC.

2.1 BASIS OF PREPARATION

These financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The financial statements have been prepared under the historical cost convention and are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC-Int 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to IFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to IFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective IFRSs*

[1] Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Except for the amendment to IFRS 1 which is only relevant to an entity's first IFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in IFRS 10.

(b) The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

(d) The IAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(e) IFRIC-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of IFRIC-Int 21.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(f) The IFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(g) The IFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment has had no impact on the Group.

(h) The IFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED IFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRSs[2]
Amendments to IAS 1	*Disclosure Initiative*[2]
IFRS 10, IFRS12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2.3 NEW AND REVISED IFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (CONTINUED)

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. The Group expects to adopt IFRS 15 on 1 January 2017 and is currently assessing the impact of IFRS 15 upon adoption.

2.3 NEW AND REVISED IFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (CONTINUED)

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to IFRSs 2010-2012 Cycle* and *2011–2013 Cycle* issued in December 2013, and the *Annual Improvements to IFRSs 2012–2014 Cycle* issued in September 2014 set out amendments to a number of IFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

IFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SUBSIDIARIES

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation disposed of and the portion of the cash-generating unit retained.

FAIR VALUE MEASUREMENT

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENT (CONTINUED)

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.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction and service contract assets, financial assets, and investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (CONTINUED)

Except for that the depreciation of certain items of machinery for shield tunneling construction is calculated on the unit of production method, the depreciation of other property, plant and equipment is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Categories	**Annual rates**
Buildings	2.4%
Machinery	6.5%-24%
Production equipment	6.3%-9.5%
Motor vehicles	9.5%-19%
Measurement and experimental equipment	9.7%-19.4%
Office equipment and others	9.7%-19.4%
Leasehold improvements	12.5%-20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS (CONTINUED)

Office software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

LEASES

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial investments (continued)

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DERECOGNITION OF FINANCIAL ASSETS (CONTINUED)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less that its cost.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and other payables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES (CONTINUED)

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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 assets and settle the liabilities simultaneously.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

CASH AND BANK BALANCES

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX (CONTINUED)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period 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 liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

CONTRACTS FOR SERVICES

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise direct labour, the cost of subcontracting and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

CONSTRUCTION CONTRACTS

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSTRUCTION CONTRACTS (CONTINUED)

Revenue from fixed price construction contracting is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DIVIDENDS

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

FOREIGN CURRENCIES

The financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES (CONTINUED)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

EMPLOYEE BENEFITS

Retirement benefits

(a) *Social pension plans*

The Group has the social pension plans for its employees arranged by local government labor and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. Under the plans, the Group has no further obligation beyond the contributions made.

(b) *Annuity plan*

The Group provides an annuity plan to the voluntary or eligible employees. Contributions are made based on a percentage of the voluntary or eligible employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the plan. Under the plan, the Group has no further obligations beyond the contributions made.

(c) *Supplementary retirement benefits*

The Group also provides the following supplementary retirement benefits: (1) the retirement pension subsidies, medical benefits and other supplementary benefits to retirees who retired before 31 December 2012; (2) the supplementary allowances to the beneficiaries and dependents of retirees who retired before 31 December 2012; and (3) the heating allowances to its employees upon their retirements. These supplementary retirement benefits are considered to be defined benefit plans as the Group is obligated to the above retirees and employees. The obligations recognised in the consolidated statements of financial position in respect of these defined benefit plans is the present value of the defined benefit obligations at the end of each reporting period. The defined benefit obligation is calculated by independent qualified actuaries using the projected unit credit method annually, or when any material changes in the plans and key assumptions will occur. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have maturity approximating to the terms of the related pension liability. Re-measurements arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the consolidated statements of financial position with a corresponding debit or credit to other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE BENEFITS (CONTINUED)

Retirement benefits (continued)

(c) *Supplementary retirement benefits* (continued)

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under "cost of sales" and "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Apart from those described above, the Group does not have any other legal or constructive obligations over employee benefits.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

Depreciation of certain items of machinery for shield tunneling construction on the unit of production method

Cost of shield machinery is depreciated using the unit of production method (the "UOP"). The calculation of the UOP rates of depreciation can fluctuate from initial estimates. This could generally results when there are significant changes in any of the factors or assumptions used in estimating the useful shield tunneling production, notably changes in the assumptions used in determining the economic feasibility of the useful shield tunneling production. The estimation of the useful shield tunneling production of the asset is based on recent production, technical information and authoritative guidelines regarding the engineering criteria. Assessment of the UOP rates against the estimated useful shield tunneling production is performed regularly.

Percentage of completion of construction and service works

The Group recognises revenue according to the percentage of completion of individual contracts of construction and service 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. Due to the nature of the activity undertaken in construction contracting and contracts for services, 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 percentage of completion of construction and service works. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a foreseeable loss may arise.

Estimation of total budgeted costs and cost to completion for construction contracting and contracts for services

Total budgeted costs for construction contracting and contracts for services comprise (i) direct material costs and direct labour, (ii) costs of subcontracting, and (iii) an appropriation of variable and fixed construction and services overheads. In estimating the total budgeted costs for construction contracting and contracts for services, management makes reference to information such as (i) current offers from sub-contractors and suppliers, (ii) recent offers agreed with sub-contractors and suppliers, and (iii) professional estimation on material costs, labour costs and other costs.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY (CONTINUED)

Current income tax and deferred income tax

The Group is subject to income taxes in numerous jurisdictions in the PRC. Estimation is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax in the periods in which the differences arise.

Deferred tax assets

Deferred tax assets relating to certain deductible temporary differences are recognised as management considers it is probable that future taxable profits will be available against which the unused temporary differences or unused tax losses can be utilised. The realisation of the deferred tax assets mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

Impairment of trade receivables

The Group maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers will deteriorate such that the actual impairment loss might be higher than expected, the Group would be required to revise the basis for making the allowance and its future results would be affected.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

(a) Design, survey and consultancy – this segment engages in the provision of services on designing, surveying and mapping, monitoring and consulting services in the engineering of urban rail transit, municipal management and construction; and

(b) Urban rail transit construction contracting – this segment engages in the provision of services relating to construction contracting in urban rail transit.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

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, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that unallocated interest income and other gains is excluded from such measurement.

Segment assets exclude deferred tax assets, unallocated cash and bank balances, unallocated pledged deposits and financial products included in available-for-sale investments (current portion) as these assets are managed on a group basis.

Segment liabilities exclude tax payable and dividends payable to shareholders as they are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2014

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	1,883,426	1,462,852	–	3,346,278
Intersegment sales	14,839	–	(14,839)	–
Total revenue	1,898,265	1,462,852	(14,839)	3,346,278
Segment results	318,736	83,790	(7,724)	394,802
Interest income	873	1,187	(400)	1,660
Finance costs	(1,875)	(457)	–	(2,332)
Profit of segments for the year	317,734	84,520	(8,124)	394,130
Income tax expense				(62,838)
Unallocated interest income				11,785
Unallocated gains on disposal of available-for-sale investments				7,843
Profit for the year				350,920
Segment assets	2,636,926	1,755,843	(117,837)	4,274,932
Corporate and other unallocated assets				2,436,629
Total assets				6,711,561
Segment liabilities	2,511,379	1,526,038	(122,533)	3,914,884
Corporate and other unallocated liability				173,987
Total liabilities				4,088,871
Other segment information:				
Share of profits and losses of:				
Joint ventures	369	–	–	369
Associates	1,479	–	–	1,479
Depreciation	21,937	12,916	–	34,853
Amortisation	3,132	–	–	3,132
Provision for				
– foreseeable losses on contracts	5,638	6,165	–	11,803
– impairment on trade receivables, deposits and other receivables	15,340	4,298	–	19,638
Investments in joint ventures	1,603	–	–	1,603
Investments in associates	10,530	–	–	10,530
Capital expenditure*	26,475	1,599	–	28,074

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2013

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	1,522,118	1,401,367	–	2,923,485
Intersegment sales	4,070	–	(4,070)	–
Total revenue	1,526,188	1,401,367	(4,070)	2,923,485
Segment results	257,720	42,160	671	300,551
Interest income	12,292	951	(2,100)	11,143
Finance costs	–	(1,376)	–	(1,376)
Profit of segments for the year	270,012	41,735	(1,429)	310,318
Income tax expense				(74,052)
Profit for the year				236,266
Segment assets	1,614,430	1,804,970	(77,967)	3,341,433
Corporate and other unallocated assets				1,883,839
Total assets				5,225,272
Segment liabilities	1,920,046	1,573,002	(77,508)	3,415,540
Corporate and other unallocated liabilities				251,165
Total liabilities				3,666,705
Other segment information:				
Share of profits and losses of:				
Joint ventures	(651)	–	–	(651)
Associates	1,893	–	–	1,893
Depreciation	17,683	22,474	–	40,157
Amortisation	2,259	–	–	2,259
Provision for/(reversal of)				
– foreseeable losses on contracts	7,816	56	–	7,872
– impairment on trade receivables, deposits and other receivables	21,198	(365)	–	20,833
Investments in joint ventures	1,637	–	–	1,637
Investments in associates	9,225	–	–	9,225
Capital expenditure*	23,543	2,416	–	25,959

Note:

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2014

4. OPERATING SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2014 RMB'000	2013 RMB'000
Mainland China	**3,211,656**	2,776,846
Other countries	**134,622**	146,639
	3,346,278	2,923,485

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

(b) Non-current assets

	2014 RMB'000	2013 RMB'000
Mainland China	**411,360**	371,755

All the non-current assets are located in Mainland China. The non-current assets information above excludes deferred tax assets and available-for-sale investments.

INFORMATION ABOUT A MAJOR CUSTOMER

During the years ended 31 December 2014 and 2013, the revenue generated from one of the Group's customers accounted for over 10% of the Group's total revenue.

Year ended 31 December 2014

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Total RMB'000
Customer A	**188,861**	**746,096**	**934,957**

Year ended 31 December 2013

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Total RMB'000
Customer A	173,064	940,946	1,114,010

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents: (1) the values of services rendered; and (2) appropriate proportion of contract revenue of construction contracting.

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

	2014	2013
	RMB'000	RMB'000
Revenue		
Design, survey and consultancy	**1,883,426**	1,522,118
Construction contracting	**1,462,852**	1,401,367
	3,346,278	2,923,485
Other income and gains		
Interest income	**13,445**	11,143
Gains on disposal of available-for-sale investments	**7,843**	–
Government grants	**4,640**	–
Gains on disposal of financial products included in prepayments, deposits and other receivables	**–**	109
Others*	**1,130**	415
	27,058	11,667

Note:

* Others mainly represented foreign exchange gains, gain on disposal of a joint venture and other miscellaneous gains.

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2014	2013
	RMB'000	RMB'000
Interest on other borrowings wholly repayable within five years	**–**	12,042
Interest capitalised	**–**	(10,666)
Other finance costs	**2,332**	–
	2,332	1,376

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

7. PROFIT BEFORE TAX

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

	Notes	2014 RMB'000	2013 RMB'000
Cost of design, survey and consultancy		**1,268,082**	1,018,140
Cost of construction contracting		**1,324,280**	1,318,643
Total cost of sales		**2,592,362**	2,336,783
Depreciation of items of property, plant and equipment (note (a))	13	**34,853**	40,157
Amortisation of prepaid land lease payments	14	**710**	710
Amortisation of intangible assets	15	**2,422**	1,549
Total depreciation and amortisation		**37,985**	42,416
Impairment of trade receivables	23	**20,116**	18,705
Impairment/(reversal of impairment) of deposits and other receivables	24	**(478)**	2,128
Total impairment losses, net		**19,638**	20,833
Provision for foreseeable losses on contracts		**11,803**	7,872
Minimum lease payments under operating leases of land and buildings (note (b))		**28,292**	23,322
Auditors' remuneration		**3,000**	1,487
Employee benefit expenses (note (c)) (including Directors' and supervisors' remuneration):			
Wages, salaries and allowances		**747,317**	611,465
Retirement benefit costs			
– Defined contribution retirement schemes		**67,934**	63,238
– Defined benefit retirement schemes	28(c)	**3,510**	3,020
Total retirement benefit costs		**71,444**	66,258
Welfare and other expenses		**147,321**	106,092
Total employee benefit expenses		**966,082**	783,815
Interest income	5	**(13,445)**	(11,143)
Gains on disposal of available-for-sale investments	5	**(7,843)**	–
Gains on disposal of financial products included in prepayments, deposits and other receivables	5	**–**	(109)
Loss on disposal of items of property, plant and equipment, net		**113**	277
Gain on disposal of a joint venture		**(47)**	–
Foreign exchange differences, net		**4,694**	2,871

7. PROFIT BEFORE TAX (CONTINUED)

Notes:

(a) Depreciation of approximately RMB26,328,000 (2013: RMB35,447,000) is included in cost of sales in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

(b) Minimum lease payments of approximately RMB13,261,000 (2013: RMB15,019,000) are included in cost of sales in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

(c) Employee benefit expenses of approximately RMB762,152,000 (2013: RMB649,792,000) are included in cost of sales in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(A) DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014 **RMB'000**	2013 RMB'000
Fees	**261**	–
Other emoluments:		
– Salaries, allowances and benefits in kind	**1,394**	1,335
– Performance-related bonuses	**3,244**	2,517
– Pension schemes	**367**	294
	5,266	4,146

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(A) DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

2014

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension schemes RMB'000	Total remuneration RMB'000
Executive Directors					
Mr. Wang Hanjun (王漢軍) (Chief executive)	–	245	605	62	912
Mr. Li Guoqing (李國慶)	–	292	588	62	942
	–	537	1,193	124	1,854
Non-executive Directors					
Ms. Wang Liping (王麗萍)	–	–	–	–	–
Mr. Xu Jianyun (徐賤雲) (i)	–	–	–	–	–
Mr. Chen Daihua (陳代華)	–	–	–	–	–
Mr. Hao Weiya (郝偉亞) (i)	–	–	–	–	–
Mr. Su Bin (蘇斌)	–	–	–	–	–
Mr. Kong Lingbin (孔令斌)	–	–	–	–	–
Mr. Zhang Jie (張傑) (ii)	–	–	–	–	–
Mr. Wang Hao (王灝) (ii)	–	–	–	–	–
Mr. Tang Shuchang (湯舒暢) (ii)	–	–	–	–	–
	–	–	–	–	–
Independent Non-executive Directors					
Mr. Zhang Fengchao (張鳳朝)	–	–	–	–	–
Mr. Yan Feng (閻峰)	59	–	–	–	59
Mr. Sun Maozhu (孫茂竹)	59	–	–	–	59
Mr. Liang Qinghuai (梁青槐)	59	–	–	–	59
Mr. Wang Dexing (王德興) (iii)	20	–	–	–	20
	197	–	–	–	197

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(A) DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

2014 (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension schemes RMB'000	Total remuneration RMB'000
Supervisors					
Ms. Mi Jianzhou (彌建洲)	–	242	636	61	939
Mr. Wang Jingang (王金剛)	–	217	410	61	688
Mr. Zhang Wei (張巍)	–	199	636	61	896
Mr. Wang Wenjiang (王文江) (iv)	–	199	369	60	628
Mr. Yao Guanghong (姚廣紅)	–	–	–	–	–
Ms. Nie Kun (聶昆)	–	–	–	–	–
Mr. Li Wenhong (李文鴻)	–	–	–	–	–
Mr. Chen Rui (陳瑞)	–	–	–	–	–
Mr. Ren Chong (任崇)	–	–	–	–	–
Mr. Zuo Chuanchang (左傳長) (v)	32	–	–	–	32
Mr. Zhang Junming (張俊明) (v)	32	–	–	–	32
	64	857	2,051	243	3,215
	261	1,394	3,244	367	5,266

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(A) DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

2013

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension schemes RMB'000	Total remuneration RMB'000
Executive Directors					
Mr. Wang Hanjun (王漢軍) (Chief executive)	–	240	490	57	787
Mr. Li Guoqing (李國慶)	–	285	490	57	832
	–	525	980	114	1,619
Non-executive Directors					
Mr. Liao Guocai (廖國才) (vi)	–	194	417	50	661
Ms. Dong Gengran (董更然) (vi) (vii)	–	18	70	6	94
Mr. Xu Xiaodong (徐曉冬) (vi)	–	195	350	48	593
Ms. Wang Liping (王麗萍)	–	–	–	–	–
Mr. Xu Jianyun (徐賤雲)	–	–	–	–	–
Mr. Chen Daihua (陳代華)	–	–	–	–	–
Mr. Hao Weiya (郝偉亞)	–	–	–	–	–
Mr. Su Bin (蘇斌)	–	–	–	–	–
Mr. Kong Lingbin (孔令斌)	–	–	–	–	–
	–	407	837	104	1,348
Independent Non-executive Directors					
Mr. Zhang Fengchao (張鳳朝)	–	–	–	–	–
Mr. Yan Feng (閻峰)	–	–	–	–	–
Mr. Sun Maozhu (孫茂竹)	–	–	–	–	–
Mr. Liang Qinghuai (梁青槐)	–	–	–	–	–
	–	–	–	–	–

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(A) DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

2013 (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension schemes RMB'000	Total remuneration RMB'000
Supervisors					
Mr. Shi Tiezhu (史鐵柱) (vi)	–	295	477	48	820
Mr. Shu Jinhui (舒錦會) (vi)	–	–	–	–	–
Ms. Dong Liying (董立穎) (vi)	–	–	–	–	–
Mr. Song Zhidong (宋志棟) (vi)	–	–	–	–	–
Ms. Wen Lixia (聞利霞) (vi) (viii)	–	–	–	–	–
Ms. Mi Jianzhou (彌建洲)	–	39	70	9	118
Mr. Wang Jingang (王金剛)	–	35	50	9	94
Mr. Zhang Wei (張巍)	–	34	103	10	147
Mr. Yao Guanghong (姚廣紅)	–	–	–	–	–
Ms. Nie Kun (聶昆)	–	–	–	–	–
Mr. Li Wenhong (李文鴻)	–	–	–	–	–
Mr. Chen Rui (陳瑞)	–	–	–	–	–
Mr. Ren Chong (任崇)	–	–	–	–	–
	–	403	700	76	1,179
	–	1,335	2,517	294	4,146

Those Directors and supervisors who received no emoluments for the years ended 31 December 2014 and 2013 did not receive any remuneration in the capacity of their services as Directors and supervisors.

Notes:

(i) Mr. Hao Weiya and Mr. Xu Jianyun resigned as non-executive Directors with effect from 13 November 2014 and 10 February 2015, respectively.

(ii) These persons were appointed as non-executive Directors with effect from 13 November 2014.

(iii) Mr. Wang Dexing was appointed as an independent non-executive Director with effect from 13 November 2014.

(iv) Mr. Wang Wenjiang was appointed as a supervisor with effect from 8 July 2014.

(v) These persons were appointed as independent supervisors with effect from 8 July 2014.

(vi) These persons were the non-executive Directors and supervisors of the Company prior to the transformation of the Company into a joint stock company with limited liability on 28 October 2013.

(vii) Ms. Dong Gengran resigned as a non-executive Director with effect from 1 February 2013.

(viii) Ms. Wen Lixia resigned as a supervisor with effect from 1 August 2013.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(B) FIVE HIGHEST PAID EMPLOYEES

An analysis of the headcounts of the five highest paid employees within the Group for the years ended 31 December 2014 and 2013 is as follows:

	2014	2013
Non-director and non-supervisor employees	**5**	5

Details of the remuneration of the above non-director and non-supervisor highest paid employees are as follows:

	2014 **RMB'000**	2013 RMB'000
Salaries, allowances and benefits in kind	**1,191**	1,069
Performance-related bonuses	**4,491**	3,437
Pension schemes	**311**	283
	5,993	4,789

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	2014	2013
HK$1,000,001 to HK$1,500,000	**2**	5
HK$1,500,001 to HK$2,000,000	**3**	–

During the years ended 31 December 2014 and 2013, except for Mr. Zhang Fengchao, no Directors, supervisors, or none of the non-director and non-supervisor highest paid individuals waived or agreed to waive any emoluments. And no emoluments were paid by the Group to the Directors and supervisors or any of the non-director and non-supervisor, highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9. INCOME TAX EXPENSE

The Company and one subsidiary of the Company have been identified as "high and new technology enterprises" and were entitled to a preferential income tax at a rate of 15% for the years ended 31 December 2013, 2014 and 2015 in accordance with the PRC Corporate Income Tax Law. Another subsidiary of the Company have been also newly identified as "high and new technology enterprises" in 2014 and was entitled to a preferential income tax at a rate of 15% for the years ended 31 December 2014, 2015 and 2016. Other entities within the Group in Mainland China were subject to corporate income tax at a statutory rate of 25%.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the years ended 31 December 2014 and 2013.

	2014	2013
	RMB'000	RMB'000
Group:		
Current income tax – Mainland China	**59,616**	61,363
Deferred income tax (note 20)	**3,222**	12,689
Tax charge for the year	**62,838**	74,052

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the years ended 31 December 2014 and 2013 is as follows:

	2014	2013
	RMB'000	RMB'000
Profit before tax	**413,758**	310,318
Income tax charge at the statutory income tax rate	**103,440**	77,580
Effect of preferential income tax rate for some entities	**(41,093)**	(33,124)
Tax effect of share of profits and losses of joint ventures and associates	**(462)**	(311)
Additional tax deduction for research and development expenditure	**(5,118)**	–
Expenses not deductible for tax purposes	**6,071**	9,395
Effect on deferred tax of changes in rates	**–**	20,512
Tax charge for the year at the effective rate	**62,838**	74,052

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a profit of RMB312,172,000 (2013: RMB189,427,000) which has been dealt with in the financial statements of the Company. (note 30(b))

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

11. DIVIDENDS

The dividends during the years ended 31 December 2014 and 2013 are set out below:

	2014 **RMB'000**	2013 RMB'000
Declared:		
Special dividend declared to BUCG (i)	–	40,000
Special dividend declared to BUCG and the Beneficial Shareholders (ii)	–	35,068
	–	75,068
Proposed:		
Final dividend – RMB0.0737 per ordinary share (iii)	**93,796**	–
	93,796	–

Notes:

The rates of distribution are not presented as this information is not meaningful for the purpose of this report.

(i) On 24 May 2013, the capital injection of RMB703 million to the Company from the Beneficial Shareholders was completed. Pursuant to the capital injection agreement, the Company declared the special dividend to BUCG, which is the net profit attributable to BUCG generated in the period from 1 January 2013 to 31 May 2013 amounting to RMB40 million.

(ii) Pursuant to a resolution passed by the shareholders of the Company (i.e. BUCG and the Beneficial Shareholders) on 16 December 2013, all the shareholders of the Company prior to the completion of the global offering are entitled to a special dividend for 30% of the distributable net profit generated in the period from 1 June 2013 to 31 December 2013, and the distribution is based on their respective shareholding in the Company.

The final amount of such special dividend of RMB35.07 million was approved by the shareholders of the Company on 18 April 2014.

11. DIVIDENDS (CONTINUED)

Notes: (CONTINUED)

(iii) On 30 March 2015, the board of Directors proposed the payment of a final dividend of RMB0.0737 per ordinary share in respect of the year ended 31 December 2014, based on the enlarged issued share capital of the Company of 1,272,670,000 shares. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) and its implementing rules, the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes final dividend to non-resident enterprise holders of H Shares (including any H Shares registered in the name of HKSCC Nominees Limited).

Pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) and its implementing rules as well as the Tax Notice, the Company will implement arrangements in relation to the withholding and payment of individual income tax ranging from 10% to 20% on behalf of individual holders of H Shares.

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the years ended 31 December 2014 and 2013.

	2014	2013
	RMB'000	RMB'000
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent	**349,817**	235,563

	2014	2013
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	**1,067,832**	785,833

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2014 and 2013.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

13. PROPERTY, PLANT AND EQUIPMENT
GROUP
31 December 2014

	Buildings RMB'000	Machinery RMB'000	Production equipment RMB'000	Motor vehicles RMB'000	Measurement and experimental equipment RMB'000	Office equipment and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2014:								
Cost	124,160	180,330	1,888	34,763	31,829	46,992	19,060	439,022
Accumulated depreciation	(13,433)	(70,561)	(472)	(13,481)	(15,596)	(29,489)	(7,239)	(150,271)
Net carrying amount	110,727	109,769	1,416	21,282	16,233	17,503	11,821	288,751
At 1 January 2014, net of accumulated depreciation	110,727	109,769	1,416	21,282	16,233	17,503	11,821	288,751
Additions	–	915	134	4,583	6,818	7,511	1,424	21,385
Disposals	–	–	–	(67)	–	(147)	–	(214)
Depreciation provided during the year (note 7)	(3,061)	(12,676)	(189)	(3,316)	(3,833)	(7,525)	(4,253)	(34,853)
At 31 December 2014, net of accumulated depreciation	107,666	98,008	1,361	22,482	19,218	17,342	8,992	275,069
At 31 December 2014:								
Cost	124,160	180,755	2,022	38,804	38,647	51,451	20,484	456,323
Accumulated depreciation	(16,494)	(82,747)	(661)	(16,322)	(19,429)	(34,109)	(11,492)	(181,254)
Net carrying amount	107,666	98,008	1,361	22,482	19,218	17,342	8,992	275,069

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP (CONTINUED)

31 December 2013

	Buildings RMB'000	Machinery RMB'000	Production equipment RMB'000	Motor vehicles RMB'000	Measurement and experimental equipment RMB'000	Office equipment and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2013:								
Cost	120,863	178,935	1,502	31,251	28,856	40,788	16,781	418,976
Accumulated depreciation	(10,487)	(48,171)	(343)	(11,928)	(12,694)	(24,982)	(3,285)	(111,890)
Net carrying amount	110,376	130,764	1,159	19,323	16,162	15,806	13,496	307,086
At 1 January 2013, net of accumulated depreciation	110,376	130,764	1,159	19,323	16,162	15,806	13,496	307,086
Additions	3,297	1,395	391	5,425	2,973	6,598	2,279	22,358
Disposals	–	–	–	(377)	–	(159)	–	(536)
Depreciation provided during the year (note 7)	(2,946)	(22,390)	(134)	(3,089)	(2,902)	(4,742)	(3,954)	(40,157)
At 31 December 2013, net of accumulated depreciation	110,727	109,769	1,416	21,282	16,233	17,503	11,821	288,751
At 31 December 2013:								
Cost	124,160	180,330	1,888	34,763	31,829	46,992	19,060	439,022
Accumulated depreciation	(13,433)	(70,561)	(472)	(13,481)	(15,596)	(29,489)	(7,239)	(150,271)
Net carrying amount	110,727	109,769	1,416	21,282	16,233	17,503	11,821	288,751

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

31 December 2014

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Measurement and experimental equipment RMB'000	Office equipment and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2014:							
Cost	124,160	172,527	25,932	1,966	39,092	16,656	380,333
Accumulated depreciation	(13,433)	(65,471)	(10,071)	(1,189)	(25,110)	(6,572)	(121,846)
Net carrying amount	110,727	107,056	15,861	777	13,982	10,084	258,487
At 1 January 2014, net of accumulated depreciation	110,727	107,056	15,861	777	13,982	10,084	258,487
Additions	–	505	3,442	–	6,556	–	10,503
Disposals	–	–	(67)	–	(147)	–	(214)
Depreciation provided during the year	(3,061)	(12,347)	(2,381)	(364)	(6,921)	(3,319)	(28,393)
At 31 December 2014, net of accumulated depreciation	107,666	95,214	16,855	413	13,470	6,765	240,383
At 31 December 2014:							
Cost	124,160	172,540	28,834	1,966	42,798	16,656	386,954
Accumulated depreciation	(16,494)	(77,326)	(11,979)	(1,553)	(29,328)	(9,891)	(146,571)
Net carrying amount	107,666	95,214	16,855	413	13,470	6,765	240,383

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY (CONTINUED)

31 December 2013

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Measurement and experimental equipment RMB'000	Office equipment and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2013:							
Cost	120,863	171,136	24,484	1,966	35,103	16,186	369,738
Accumulated depreciation	(10,487)	(43,447)	(9,127)	(866)	(21,071)	(2,904)	(87,902)
Net carrying amount	110,376	127,689	15,357	1,100	14,032	13,282	281,836
At 1 January 2013, net of accumulated depreciation	110,376	127,689	15,357	1,100	14,032	13,282	281,836
Additions	3,297	1,391	3,092	–	4,185	470	12,435
Disposals	–	–	(313)	–	(156)	–	(469)
Depreciation provided during the year	(2,946)	(22,024)	(2,275)	(323)	(4,079)	(3,668)	(35,315)
At 31 December 2013, net of accumulated depreciation	110,727	107,056	15,861	777	13,982	10,084	258,487
At 31 December 2013:							
Cost	124,160	172,527	25,932	1,966	39,092	16,656	380,333
Accumulated depreciation	(13,433)	(65,471)	(10,071)	(1,189)	(25,110)	(6,572)	(121,846)
Net carrying amount	110,727	107,056	15,861	777	13,982	10,084	258,487

To date, the Group is in the process of applying for the title certificates of certain of its buildings with an aggregate net carrying amount of approximately RMB31,080,000 as at 31 December 2014 (31 December 2013: RMB32,300,000). The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 31 December 2014.

14. PREPAID LAND LEASE PAYMENTS

GROUP AND COMPANY

	2014 RMB'000	2013 RMB'000
Carrying amount at 1 January	**34,776**	35,486
Amortisation for the year (note 7)	**(710)**	(710)
Carrying amount at 31 December	**34,066**	34,776
Portion classified as current assets	**(710)**	(710)
Non-current portion	**33,356**	34,066

The leasehold land is situated in Mainland China and is held under a lease with a term of 50 years.

15. INTANGIBLE ASSETS

GROUP

Software

	2014 RMB'000	2013 RMB'000
At 1 January:		
Cost	**14,282**	10,681
Accumulated amortisation for the year	**(8,413)**	(6,864)
Net carrying amount	**5,869**	3,817
Cost at beginning of the year, net of accumulated amortisation	**5,869**	3,817
Additions	**6,266**	3,601
Amortisation provided during the year (note 7)	**(2,422)**	(1,549)
At 31 December	**9,713**	5,869
At 31 December:		
Cost	**20,548**	14,282
Accumulated amortisation for the year	**(10,835)**	(8,413)
Net carrying amount	**9,713**	5,869

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

15. INTANGIBLE ASSETS (CONTINUED)
COMPANY
Software

	2014 **RMB'000**	2013 RMB'000
At 1 January:		
Cost	**13,559**	10,011
Accumulated amortisation for the year	**(8,306)**	(6,825)
Net carrying amount	**5,253**	3,186
Cost at beginning of the year, net of accumulated amortisation	**5,253**	3,186
Additions	**6,090**	3,548
Amortisation provided during the year	**(2,337)**	(1,481)
At 31 December	**9,006**	5,253
At 31 December:		
Cost	**19,649**	13,559
Accumulated amortisation for the year	**(10,643)**	(8,306)
Net carrying amount	**9,006**	5,253

16. INVESTMENTS IN SUBSIDIARIES
COMPANY

	2014 **RMB'000**	2013 RMB'000
Unlisted investments, at cost	**67,525**	49,525

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries of the Company are as follows:

Company name*	Notes	Place and date of registration and place of business	Registered and paid-in capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. ("北京城建勘測設計研究院有限責任公司")		The PRC/ Mainland China 3 May 1992	RMB30,000,000	100%	–	Surveying, designing and engineering exploration
Beijing Huan'an Engineering Inspection Co., Ltd. ("北京環安工程檢測有限責任公司")		The PRC/ Mainland China 18 June 2008	RMB1,000,000	100%	–	Engineering consulting, monitoring and testing
China Metro Engineering Consulting Co., Ltd. ("中國地鐵工程諮詢有限責任公司")		The PRC/ Mainland China 27 October 2006	RMB13,340,000	56.22%	–	Rail transit engineering consulting
Beijing Urban Construction Xingjie Property Management Co., Ltd. ("北京城建興捷物業管理有限公司")		The PRC/ Mainland China 21 November 2011	RMB500,000	100%	–	Property management
Beijing Urban Construction Xinjie Consulting Co., Ltd. ("北京城建信捷軌道交通工程諮詢有限公司")		The PRC/ Mainland China 2 January 2004	RMB3,000,000	60%	40%	Rail transit engineering consulting
Beijing Urban Construction Taijie Engineering Consulting Co., Ltd. ("Taijie Consulting") ("北京城建太捷工程諮詢有限責任公司")	(i)	The PRC/ Mainland China 19 August 2013	RMB5,000,000	40%	–	Engineering consulting
Beijing Urban Construction Zhikong Technology Co., Ltd. ("Zhikong Technology") ("北京城建智控科技有限公司")	(ii)	The PRC/ Mainland China 10 October 2014	RMB30,000,000	60%	–	Technical consulting and technical service

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

(i) On 19 August 2013, Taijie Consulting was established and the Company owned directly a 40% equity interest in the entity. Since the establishment, the Company signed the shareholders' voting agreement with the other equity owners holding 60% equity interests in aggregate, who have unconditionally and irrevocably agreed to vote unanimously with the Company. Therefore the Company is able to exercise control over Taijie Consulting.

(ii) On 10 October 2014, Zhikong Technology was established by the Company and Beijing Urban Construction Installation Group Co., Ltd. ("北京城建安裝集團有限公司", "BUCIC"), which is the fellow subsidiary of the Company. The Company owned directly a 60% equity interest in the entity.

All the subsidiaries are limited liability companies.

During the years ended 31 December 2014 and 2013, all the subsidiaries did not have debt securities.

17. INVESTMENTS IN JOINT VENTURES

GROUP

	2014 **RMB'000**	2013 RMB'000
Share of net assets	**1,603**	1,637

COMPANY

	2014 **RMB'000**	2013 RMB'000
Unlisted investment, at cost	**2,450**	2,600

The Group's balances with joint ventures are disclosed in note 26 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Particulars of the Group's joint ventures are as follows:

Company name*	Note	Place and date of registration and place of business	Registered and paid-in capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Beijing "Urban Rapid Rail Transit" Journal Press Co., Ltd. ("北京《都市快軌交通》雜誌社有限公司")	(i)	The PRC/ Mainland China 16 October 2003	RMB300,000	50%	–	Publishing, design and advertising
Zhengzhou Rail Transit Design & Research Institute Co., Ltd. ("鄭州市軌道交通設計研究院有限公司")		The PRC/ Mainland China 26 April 2011	RMB5,000,000	49%	–	Engineering design and consulting

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

Note:

(i) On 10 March 2014, the Company disposed of all its equity interests in Beijing "Urban Rapid Rail Transit" Journal Press Co., Ltd. to BUCG. Therefore, from the date of disposal onwards, Beijing "Urban Rapid Rail Transit" Journal Press Co., Ltd. ceased to be accounted for as a joint venture of the Group.

The percentages of voting power and profit sharing are the same as the percentage of equity interests attributable to the Group.

The aggregate financial information of the Group's joint ventures that are not individually material is set out below:

	2014 **RMB'000**	2013 RMB'000
Share of the joint ventures' assets and liabilities:		
Assets	**1,976**	2,222
Liabilities	**(373)**	(585)
Net assets	**1,603**	1,637

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	2014 RMB'000	2013 RMB'000
Share of the joint ventures' results:		
Revenue	**4,004**	1,302
Profit/(loss) for the year	**369**	(651)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**369**	(651)

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2014 and 2013.

18. INVESTMENTS IN ASSOCIATES

GROUP

	2014 RMB'000	2013 RMB'000
Share of net assets	**10,530**	9,225

COMPANY

	2014 RMB'000	2013 RMB'000
Unlisted investment, at cost	**5,600**	5,600

The Group's trade receivable and payable balances with the associates are disclosed in notes 24, 26 and 27 to the financial statements.

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the principal associates are as follows:

Company name*	Note	Place and date of registration and place of business	Registered and paid-in capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Beijing Urban Engineering Shunjie Electronic Graphic Design Co., Ltd. ("北京城建順捷電子圖文設計製作有限責任公司")		The PRC/ Mainland China 30 June 1994	RMB1,000,000	20%	–	Graphic design, blueprint, binding and photocopying
Beijing Agiletech Engineering Consultants Co., Ltd. ("Agiletech") ("北京安捷工程諮詢有限公司")	(i)	The PRC/ Mainland China 25 January 2007	RMB5,000,000	30%	21%	Engineering consulting
Beijing Rail Transit Design & Research Institute Co., Ltd. ("北京市軌道交通設計研究院有限公司")		The PRC/ Mainland China 15 November 2012	RMB10,000,000	40%	–	Engineering design and consulting

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

Note:

(i) During the years ended 31 December 2014 and 2013, the Group owned more than half of the equity interests of Agiletech. Pursuant to the articles of association of Agiletech, the Group has no power to exercise control or joint control over Agiletech. Therefore Agiletech was accounted for as an associate of the Group.

The percentages of voting power and profit sharing are the same as the percentage of equity interests attributable to the Group.

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

The aggregate financial information of the Group's associates that are not individually material is set out below:

	2014 **RMB'000**	2013 RMB'000
Share of the associates' assets and liabilities:		
Assets	**29,015**	21,136
Liabilities	**(18,485)**	(11,911)
Net assets	**10,530**	9,225

	2014 **RMB'000**	2013 RMB'000
Share of the associates' results:		
Revenue	**38,207**	26,089
Profit for the year	**1,479**	1,893
Other comprehensive income	**–**	–
Total comprehensive income	**1,479**	1,893

19. AVAILABLE-FOR-SALE INVESTMENTS

GROUP AND COMPANY

	2014 **RMB'000**	2013 RMB'000
Unlisted equity investments, at cost (i)	**3,650**	3,650
Other financial assets (ii)	**910,000**	–
	913,650	3,650
Portion classified as non-current assets	**(3,650)**	(3,650)
Current portion	**910,000**	–

(i) The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at each reporting date because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

(ii) The other financial assets represented corporate wealth management products purchased by the Company from certain banks. The principals of the above products are guaranteed by banks with repayment due date within the term.

No other comprehensive income or loss was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 because the aggregate changes of fair value of such financial assets were immaterial since their respective acquisition dates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

20. DEFERRED TAX ASSETS

The movements in deferred tax assets during the years ended 31 December 2014 and 2013 are as follows:

GROUP

	2014 RMB'000	2013 RMB'000
Deferred tax assets:		
At beginning of the year	**66,079**	78,768
Deferred tax charged to profit or loss during the year (note 9)	**(3,222)**	(12,689)
At end of the year	**62,857**	66,079

COMPANY

	2014 RMB'000	2013 RMB'000
Deferred tax assets:		
At beginning of the year	**54,767**	68,715
Deferred tax charged to profit or loss during the year	**(7,965)**	(13,948)
At end of the year	**46,802**	54,767

The deferred tax assets are attributed to the following items:

GROUP

	2014 RMB'000	2013 RMB'000
Deferred tax assets:		
Provision for impairment of receivables	**33,952**	31,171
Provision for impairment of available-for-sale investments	**325**	325
Provision for foreseeable losses on construction and service contracts	**2,052**	1,636
Accrued but not paid salaries, wages and benefits	**18,530**	27,352
Differences on depreciation of property, plant and equipment	**4,761**	3,736
Unrealised gains arising from intra-group transactions	**3,237**	1,859
	62,857	66,079

20. DEFERRED TAX ASSETS (CONTINUED)

COMPANY

	2014 RMB'000	2013 RMB'000
Deferred tax assets:		
Provision for impairment of receivables	**29,924**	28,221
Provision for impairment of available-for-sale investments	**250**	250
Provision for foreseeable losses on construction and services contracts	**1,302**	538
Accrued but not paid salaries, wages and benefits	**10,565**	22,022
Differences on depreciation of property, plant and equipment	**4,761**	3,736
	46,802	54,767

As at 31 December 2014 and 2013, there were no unrecognised deferred tax assets in respect of deductible temporary differences and unused tax losses.

21. INVENTORIES

GROUP

	2014 RMB'000	2013 RMB'000
Raw materials	**27,429**	18,824
Spare parts and consumables	**1,849**	2,542
	29,278	21,366

COMPANY

	2014 RMB'000	2013 RMB'000
Raw materials	**27,380**	18,824
Spare parts and consumables	**1,849**	2,542
	29,229	21,366

22. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

GROUP

Construction contracts

	2014 **RMB'000**	2013 RMB'000
Amount due from contract customers	**303,633**	564,955
Amount due to contract customers	**(53,761)**	(21,510)
	249,872	543,445

	2014 **RMB'000**	2013 RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	**14,901,699**	13,432,419
Less: Progress billings received and receivable	**(14,651,827)**	(12,888,974)
	249,872	543,445

Contracts for services

	2014 **RMB'000**	2013 RMB'000
Amount due from contract customers	**1,143,496**	775,131
Amount due to contract customers	**(912,013)**	(652,593)
	231,483	122,538

	2014 **RMB'000**	2013 RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	**9,270,129**	7,429,477
Less: Progress billings received and receivable	**(9,038,646)**	(7,306,939)
	231,483	122,538

22. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS (CONTINUED)

COMPANY

Construction contracts

	2014 RMB'000	2013 RMB'000
Amount due from contract customers	**303,633**	565,414
Amount due to contract customers	**(53,761)**	(21,510)
	249,872	543,904

	2014 RMB'000	2013 RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	**14,901,699**	13,432,878
Less: Progress billings received and receivable	**(14,651,827)**	(12,888,974)
	249,872	543,904

Contracts for services

	2014 RMB'000	2013 RMB'000
Amount due from contract customers	**815,218**	564,239
Amount due to contract customers	**(687,853)**	(546,708)
	127,365	17,531

	2014 RMB'000	2013 RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	**6,865,608**	5,445,005
Less: Progress billings received and receivable	**(6,738,243)**	(5,427,474)
	127,365	17,531

23. TRADE AND BILLS RECEIVABLES

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

GROUP

	Note	**2014 RMB'000**	2013 RMB'000
Trade receivables		**1,861,508**	1,540,710
Provision for impairment		**(159,016)**	(140,378)
Trade receivables, net		**1,702,492**	1,400,332
Bills receivable		**6,514**	7,000
		1,709,006	1,407,332
Portion classified as non-current assets	(i)	**(32,028)**	(13,609)
Current portion		**1,676,978**	1,393,723

COMPANY

	Note	**2014 RMB'000**	2013 RMB'000
Trade receivables		**1,634,147**	1,438,764
Provision for impairment		**(140,141)**	(127,159)
Trade receivables, net		**1,494,006**	1,311,605
Bills receivable		**6,514**	7,000
		1,500,520	1,318,605
Portion classified as non-current assets	(i)	**(32,028)**	(13,609)
Current portion		**1,468,492**	1,304,996

(i) The non-current portion of trade receivables mainly represents the amounts of retentions held by customers as at 31 December 2014 and 2013.

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

At 31 December 2014 and 2013, the amounts of retentions held by customers for contract works included in trade receivables are approximately as follows:

	2014 **RMB'000**	2013 RMB'000
Amounts of retentions in trade receivables	**53,656**	21,628

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

GROUP

	2014 **RMB'000**	2013 RMB'000
Within 3 months	**650,741**	618,892
3 months to 6 months	**235,303**	165,414
6 months to 1 year	**168,596**	247,165
1 to 2 years	**483,448**	215,250
2 to 3 years	**93,043**	101,229
3 to 4 years	**52,932**	37,094
4 to 5 years	**16,839**	13,976
Over 5 years	**1,590**	1,312
	1,702,492	1,400,332

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

COMPANY

	2014 RMB'000	2013 RMB'000
Within 3 months	**571,751**	592,446
3 months to 6 months	**195,438**	152,176
6 months to 1 year	**114,267**	242,307
1 to 2 years	**467,317**	188,071
2 to 3 years	**82,893**	89,385
3 to 4 years	**45,534**	34,762
4 to 5 years	**15,926**	11,594
Over 5 years	**880**	864
	1,494,006	1,311,605

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

GROUP

	2014 RMB'000	2013 RMB'000
At beginning of the year	**140,378**	121,673
Impairment losses recognised	**20,116**	22,866
Impairment losses reversed	**–**	(4,161)
Impairment losses written-off	**(1,478)**	–
At end of the year	**159,016**	140,378

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of RMB65,780,000 and RMB66,990,000 with aggregate carrying amounts before provision of RMB471,205,000 and RMB363,506,000 as at 31 December 2014 and 2013 respectively.

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

COMPANY

	2014 **RMB'000**	2013 RMB'000
At beginning of the year	**127,159**	105,350
Impairment losses recognised	**12,982**	23,441
Impairment losses reversed	**–**	(1,632)
At end of the year	**140,141**	127,159

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of RMB65,355,000 and RMB64,992,000 with aggregate carrying amounts before provision of RMB470,781,000 and RMB361,508,000 as at 31 December 2014 and 2013 respectively.

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

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

GROUP

	2014 **RMB'000**	2013 RMB'000
Neither past due nor impaired	**886,044**	784,306

COMPANY

	2014 **RMB'000**	2013 RMB'000
Neither past due nor impaired	**767,189**	744,622

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

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

The amounts due from BUCG, Beneficial Shareholders and their affiliates, fellow subsidiaries and other related parties included in the trade receivables are as follows:

GROUP

	2014	2013
	RMB'000	RMB'000
BUCG	**7,783**	1,383
Beneficial Shareholders and their affiliates	**874,138**	587,690
Fellow subsidiaries	**784**	711
Associates of BUCG	**9**	30
	882,714	589,814

COMPANY

	2014	2013
	RMB'000	RMB'000
BUCG	**518**	718
Beneficial Shareholders and their affiliates	**810,498**	568,066
Fellow subsidiaries	**148**	170
	811,164	568,954

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

GROUP

	Note	**2014** **RMB'000**	2013 RMB'000
Deposits and other receivables		**133,623**	161,225
Provision for impairment of deposits and other receivables		**(9,730)**	(13,812)
		123,893	147,413
Prepayments to suppliers		**116,238**	74,254
Prepayment of rental expense		**8,094**	4,534
Interest receivables		**696**	2,389
Dividend receivables		**67**	151
		248,988	228,741
Portion classified as non-current assets	(i)	**(49,061)**	(18,598)
Current portion		**199,927**	210,143

COMPANY

	Note	**2014** **RMB'000**	2013 RMB'000
Deposits and other receivables		**115,993**	161,183
Provision for impairment of deposits and other receivables		**(8,203)**	(12,850)
		107,790	148,333
Prepayments to suppliers		**129,751**	86,859
Prepayment of rental expense		**4,556**	–
Interest receivables		**696**	2,389
Dividend receivables		**2,760**	2,760
		245,553	240,341
Portion classified as non-current assets	(i)	**(47,079)**	(18,353)
Current portion		**198,474**	221,988

(i) The non-current portion of deposits and other receivables mainly represents performance guarantee amounts held by customers as at 31 December 2014 and 2013.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

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

GROUP

	2014 **RMB'000**	2013 RMB'000
At beginning of the year	**13,812**	11,684
Impairment losses recognised	**1,556**	2,479
Impairment losses reversed	**(2,034)**	(351)
Impairment losses written-off	**(3,604)**	–
At end of the year	**9,730**	13,812

Included in the above provision for impairment of other receivables are provisions for individually impaired other receivables of RMB5,563,000 and RMB6,457,000 with aggregate carrying amounts before provision of RMB5,797,000 and RMB8,296,000 as at 31 December 2014 and 2013, respectively.

COMPANY

	2014 **RMB'000**	2013 RMB'000
At beginning of the year	**12,850**	11,027
Impairment losses recognised	**991**	2,174
Impairment losses reversed	**(2,034)**	(351)
Impairment losses written-off	**(3,604)**	–
At end of the year	**8,203**	12,850

Included in the above provision for impairment of other receivables are provisions for individually impaired other receivables of RMB5,563,000 and RMB6,457,000 with aggregate carrying amounts before provision of RMB5,797,000 and RMB8,296,000 as at 31 December 2014 and 2013, respectively.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

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

GROUP

	2014 **RMB'000**	2013 RMB'000
Neither past due nor impaired	**98,281**	112,699

COMPANY

	2014 **RMB'000**	2013 RMB'000
Neither past due nor impaired	**90,626**	121,268

None of the balances except for the deposits and other receivables disclosed above is either past due or impaired, as they relate to balances for which there was no recent history of default.

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

GROUP

	2014 **RMB'000**	2013 RMB'000
BUCG	**2,762**	–
Fellow subsidiaries	**896**	1,499
Associates	**17,804**	14,358
Associates of BUCG	**853**	24,500
A Beneficial Shareholder	**550**	4,933
	22,865	45,290

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

COMPANY

	2014 **RMB'000**	2013 RMB'000
BUCG	**2,762**	–
Subsidiaries	**8,310**	29,686
Fellow subsidiaries	**381**	1,499
Associates	**17,804**	14,358
Associates of BUCG	**853**	24,500
A Beneficial Shareholder	**550**	4,933
	30,660	74,976

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

25. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

GROUP

	2014 **RMB'000**	2013 RMB'000
Cash and bank balances	**1,200,970**	1,281,144
Time deposits	**768,702**	536,616
	1,969,672	1,817,760
Less: Pledged bank balances for bidding guarantees and performance guarantees	**(24,985)**	(27,032)
Cash and bank balances in the consolidated statement of financial position	**1,944,687**	1,790,728
Less: Non-pledged time deposits with original maturity of more than three months when aquired	**(475,322)**	(304,583)
Cash and cash equivalents in the consolidated statement of cash flows	**1,469,365**	1,486,145
Cash and bank balances and time deposits denominated in:		
– RMB	**1,159,132**	1,665,091
– Other currencies	**810,540**	152,669
	1,969,672	1,817,760

25. CASH AND BANK BALANCES AND PLEDGED DEPOSITS (CONTINUED)

COMPANY

	2014 **RMB'000**	2013 RMB'000
Cash and bank balances	**1,054,066**	1,129,951
Time deposits	**763,702**	515,506
	1,817,768	1,645,457
Less: Pledged bank balances for bidding guarantees and performance guarantees	**(11,414)**	(11,922)
Cash and bank balances in the statement of financial position	**1,806,354**	1,633,535
Cash and bank balances and time deposits denominated in:		
– RMB	**1,007,228**	1,492,788
– Other currencies	**810,540**	152,669
	1,817,768	1,645,457

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

26. TRADE PAYABLES

An aged analysis of the trade payables, as at the end of the reporting period based on the invoice date, is as follows:

GROUP

	2014 **RMB'000**	2013 RMB'000
Within 6 months	**653,271**	667,132
6 months to 1 year	**209,034**	249,247
1 to 2 years	**301,637**	210,466
2 to 3 years	**111,651**	120,834
Over 3 years	**162,890**	133,531
	1,438,483	1,381,210

COMPANY

	2014 **RMB'000**	2013 RMB'000
Within 6 months	**614,461**	630,722
6 months to 1 year	**170,534**	242,400
1 to 2 years	**289,867**	195,175
2 to 3 years	**102,821**	106,764
Over 3 years	**155,373**	131,520
	1,333,056	1,306,581

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

26. TRADE PAYABLES (CONTINUED)

The amounts due to fellow subsidiaries, subsidiaries, joint ventures, associates and other related parties included in the trade payables are as follows:

GROUP

	2014 RMB'000	2013 RMB'000
Fellow subsidiaries	**90,793**	131,583
A Joint venture	**932**	–
Associates	**1,868**	6,406
Associates of BUCG	**136,874**	124,741
	230,467	262,730

COMPANY

	2014 RMB'000	2013 RMB'000
Subsidiaries	**7,932**	29,193
Fellow subsidiaries	**90,793**	113,219
A Joint venture	**932**	–
Associates	**1,868**	6,406
Associates of BUCG	**136,874**	124,741
	238,399	273,559

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

27. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

GROUP

	Note	**2014 RMB'000**	2013 RMB'000
Advances from customers		**874,452**	807,915
Accrued salaries, wages and benefits		**262,112**	195,917
Other taxes payable		**107,958**	137,402
Retention payables		**93,572**	81,355
Dividends payable to shareholders		**–**	75,068
Dividends payable to non-controlling interests		**185**	185
Other payables		**95,888**	68,053
		1,434,167	1,365,895
Portion classified as non-current liabilities	(i)	**(31,722)**	(16,303)
Current portion		**1,402,445**	1,349,592

COMPANY

	Note	**2014 RMB'000**	2013 RMB'000
Advances from customers		**805,674**	753,197
Accrued salaries, wages and benefits		**208,420**	160,464
Other taxes payable		**69,622**	103,397
Retention payables		**93,453**	81,108
Dividends payable to shareholders		**–**	75,068
Other payables		**96,689**	57,940
		1,273,858	1,231,174
Portion classified as non-current liabilities	(i)	**(31,722)**	(16,303)
Current portion		**1,242,136**	1,214,871

(i) The non-current portion mainly represents the performance guaranteed amounts from sub-contractors and suppliers of the Group as at 31 December 2014 and 2013.

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

27. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS (CONTINUED)

The amounts due to BUCG, Beneficial Shareholders and their affiliates, fellow subsidiaries and other related parties, included in other payables, advances from customers and accruals are as follows:

GROUP

	2014 **RMB'000**	2013 RMB'000
BUCG	**8,524**	77,512
Beneficial Shareholders and their affiliates	**256,318**	162,302
Fellow subsidiaries	**8,341**	3,643
An associate	**5,946**	4,320
Associates of BUCG	**9,662**	14,921
	288,791	262,698

COMPANY

	2014 **RMB'000**	2013 RMB'000
Subsidiaries	**12,495**	–
BUCG	**6,395**	77,512
Beneficial Shareholders and their affiliates	**166,168**	153,449
Fellow subsidiaries	**2,956**	3,416
An associate	**5,946**	4,320
Associates of BUCG	**8,250**	14,839
	202,210	253,536

28. PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS

The Group has the following supplementary retirement benefits: (1) the retirement pension subsidies, medical benefits and other supplementary benefits to retirees who retired before 31 December 2012; (2) the supplementary allowances to the beneficiaries and dependents of retirees who retired before 31 December 2012; and (3) the heating allowances to its employees upon their retirement. These supplementary retirement benefits are considered to be defined benefit plans as the Group is obligated to provide retirement benefits to those retirees and employees mentioned above.

The Group's obligations in respect of the above supplementary retirement benefits at 31 December 2014 and 2013 were computed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited (韜睿惠悅諮詢公司) using the projected unit credit method.

The components of net benefit expenses recognised in profit or loss and the amounts recognised in the statement of financial position are summarised below:

(A) THE PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION ARE SHOWN AS FOLLOWS:

Group

	2014 **RMB'000**	2013 RMB'000
At end of the year	**76,460**	69,400
Portion classified as current liabilities	**(5,140)**	(5,250)
Non-current portion	**71,320**	64,150

Company

	2014 **RMB'000**	2013 RMB'000
At end of the year	**64,334**	60,164
Portion classified as current liabilities	**(4,540)**	(4,660)
Non-current portion	**59,794**	55,504

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

28. PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS (CONTINUED)

(B) THE MOVEMENTS OF THE PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS ARE AS FOLLOWS:

Group

	2014	2013
	RMB'000	RMB'000
At beginning of the year	**69,400**	75,080
Interest costs on benefit obligations	**3,170**	2,680
Current service costs	**340**	340
Benefits paid during the year	**(3,960)**	(4,070)
Re-measurement losses/(gains) recognised in other comprehensive income	**7,510**	(4,630)
At end of the year	**76,460**	69,400

Company

	2014	2013
	RMB'000	RMB'000
At beginning of the year	**60,164**	65,074
Interest costs on benefit obligations	**2,740**	2,310
Current service costs	**240**	190
Benefits paid during the year	**(3,390)**	(3,500)
Re-measurement losses/(gains) recognised in other comprehensive income	**4,580**	(3,910)
At end of the year	**64,334**	60,164

28. PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS (CONTINUED)

(B) THE MOVEMENTS OF THE PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS ARE AS FOLLOWS: (CONTINUED)

The details of re-measurement losses/(gains) recognised in other comprehensive income of the Group during the years ended 31 December 2014 and 2013 are as follows:

Group

	2014 **RMB'000**	2013 RMB'000
Actuarial changes arising from changes in financial assumptions	**7,700**	(7,540)
Liability experience adjustments	**(190)**	2,910
Re-measurement losses/(gains) recognised in other comprehensive income	**7,510**	(4,630)

(C) THE NET EXPENSES RECOGNISED IN PROFIT OR LOSS IN RESPECT OF THE PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS OF THE GROUP ARE AS FOLLOWS:

Group

	2014 **RMB'000**	2013 RMB'000
Interest costs on benefit obligations	**3,170**	2,680
Current service costs	**340**	340
Net benefit expenses recognised in administrative expenses (note 7)	**3,510**	3,020

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

28. PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS (CONTINUED)

(D) THE PRINCIPAL ACTUARIAL ASSUMPTIONS USED IN VALUING THE PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS AS AT 31 DECEMBER 2014 AND 2013 ARE AS FOLLOWS:

Group

	2014	2013
Discount rates	**3.75%**	4.00%

Mortality rate	Average life expectancy of residents in Mainland China	
Average annual benefit increase:		
– Cost of living adjustment for internal retirees	4.00%	4.00%
– Medical expenses	8.00%	8.00%
– Withdrawal rate for actives	2.00%	2.00%

The average duration of the provision for supplementary retirement benefits and early retirement benefits at 31 December 2014 and 2013 is as follows:

	2014	2013
Average life expectancy	**41.9**	41.4

(E) THE QUANTITATIVE SENSITIVITY ANALYSIS OF THE PROVISIONS FOR SUPPLEMENTARY RETIREMENT BENEFITS AS AT 31 DECEMBER 2014 AND 2013 IS AS FOLLOWS:

Group

	Increase in rate %	**Increase/ (decrease) in provisions for supplementary retirement benefits** RMB'000	**Decrease in rate** %	**Increase/ (decrease) in provisions for supplementary retirement benefits** RMB'000
As at 31 December 2013				
Discount rate	0.25	(1,700)	(0.25)	1,780
Future medical expense	0.25	660	(0.25)	(630)
As at 31 December 2014				
Discount rate	**0.25**	**(2,070)**	**(0.25)**	**2,180**
Future medical expense	**0.25**	**950**	**(0.25)**	**(900)**

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the provisions for supplementary retirement benefits as a result of reasonable changes in key assumptions occurring as at 31 December 2014 and 2013.

29. SHARE CAPITAL

	31 December 2014		31 December 2013	
	Number of shares '000	**Nominal value RMB'000**	Number of shares '000	Nominal value RMB'000
Registered, issued and fully paid	**1,272,670**	**1,272,670**	920,000	920,000

The movements in share capital are as follows:

	Notes	**Number of shares** '000	**Nominal value** RMB'000
At 1 January 2013		–	–
Transformation into a joint stock company			
– Convertion into share capital	(i)	230,769	230,769
– Capitalisation of capital reserve	(i)	689,231	689,231
At 31 December 2013 and 1 January 2014		920,000	920,000
Public offer of H shares	(ii)	352,670	352,670
At 31 December 2014		1,272,670	1,272,670

Notes:

(i) On 28 October 2013, the Company was converted from a limited liability into a joint stock company with limited liability. The initial share capital of the Company is RMB920,000,000 divided into 920,000,000 shares with a par value of RMB1 each. The share capital is paid up by capitalisation of the paid-in capital of RMB231 million and capitalisation of capital reserve of RMB689 million.

(ii) The Company's shares were listed on the Stock Exchange on 8 July 2014 and in connection with the Company's Global Offering, 352,670,000 ordinary shares of the Company of RMB1.00 each were issued at a price of HK$2.75 per share for a total cash consideration, before expenses, of approximately HK$970 million.

The net proceeds received from the issue of 352,670,000 H shares amounted to RMB708,616,000, net of share issue expenses. Part of the net proceeds amounting to RMB352,670,000 was credited as issued share capital, and the remaining balance of the proceeds of RMB355,946,000 was credited to capital reserve. The registered capital of the Company increased from RMB920,000,000 to RMB1,272,670,000, accordingly, upon completion of the issue of the new shares.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

30. RESERVES

(A) GROUP

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2014 and 2013 are presented in the consolidated statements of changes in equity.

(B) COMPANY

	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Special reserve* RMB'000	Retained profits* RMB'000	Proposed dividend RMB'000	Total RMB'000
At 1 January 2013	256,501	32,334	–	204,780	–	493,615
Profit for the year	–	–	–	192,561	–	192,561
Other comprehensive income	3,910	–	–	–	–	3,910
Total comprehensive income for the year	3,910	–	–	192,561	–	196,471
Capital contribution from the Beneficial Shareholders	622,391	–	–	–	–	622,391
Capitalisation of capital reserve on transformation into a joint stock company (note 29(i))	(689,231)	–	–	–	–	(689,231)
Appropriation to statutory surplus reserve	–	19,341	–	(19,341)	–	–
Dividends declared	–	–	–	(75,068)	–	(75,068)
Transfer to special reserve	–	–	26,207	(26,207)	–	–
Utilisation of special reserve	–	–	(26,207)	26,207	–	–
As at 31 December 2013 and 1 January 2014	193,571	51,675	–	302,932	–	548,178
Profit for the year	–	–	–	317,823	–	317,823
Other comprehensive income	(4,484)	–	–	–	–	(4,484)
Total comprehensive income for the year	(4,484)	–	–	317,823	–	313,339
Issue of H shares	418,352	–	–	–	–	418,352
Share issue expenses	(62,406)	–	–	–	–	(62,406)
Appropriation to statutory surplus reserve	–	31,898	–	(31,898)	–	–
Proposed final 2014 dividend	–	–	–	(93,796)	93,796	–
Transfer to special reserve	–	–	28,817	(28,817)	–	–
Utilisation of special reserve	–	–	(28,817)	28,817	–	–
At 31 December 2014	545,033	83,573	–	495,061	93,796	1,217,463

* These reserve accounts comprise the reserves of RMB1,123,667,000 (31 December 2013: RMB548,178,000) in the statement of financial position as at 31 December 2014.

31. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

During the years ended 31 December 2014 and 2013, the Group had the following major non-cash transaction:

	Note	**2014** **RMB'000**	2013 RMB'000
Increase in share capital by capitalisation of capital reserve	29(i)	**–**	689,231

32. PLEDGE OF ASSETS

Details of the Group's assets pledged for letters of guarantee and performance guarantees are disclosed in note 25 to the financial statements.

33. OPERATING LEASE ARRANGEMENTS

AS LESSEE

As at 31 December 2014 and 2013, the Group and the Company had the following total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

	2014 **RMB'000**	2013 RMB'000
Within one year	**31,731**	27,469
In the second to fifth years, inclusive	**87,480**	57,274
After five years	**28,810**	41,092
	148,021	125,835

Company

	2014 **RMB'000**	2013 RMB'000
Within one year	**26,561**	17,655
In the second to fifth years, inclusive	**75,633**	46,141
After five years	**21,847**	33,000
	124,041	96,796

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

34. COMMITMENTS

Capital commitments as at 31 December 2014 and 2013 not provided for in the financial statements were as follows:

GROUP

	2014 RMB'000	2013 RMB'000
Capital expenditure in respect of property, plant and equipment:		
– Contracted, but not provided for	**70,106**	45,000
– Authorised, but not contracted for	**–**	400
	70,106	45,400

COMPANY

	2014 RMB'000	2013 RMB'000
Capital expenditure in respect of property, plant and equipment:		
– Contracted, but not provided for	**70,106**	45,000
– Authorised, but not contracted for	**–**	400
	70,106	45,400

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

35. RELATED PARTY TRANSACTIONS

(A) THE GROUP HAD THE FOLLOWING MATERIAL TRANSACTIONS WITH RELATED PARTIES DURING THE YEARS ENDED 31 DECEMBER 2014 AND 2013:

	Note	**2014 RMB'000**	2013 RMB'000
Design, survey and consultancy services provided to:			
BUCG		**16,829**	6,035
Fellow subsidiaries		**6,533**	8,536
Associates of BUCG		**1,189**	2,474
Beneficial Shareholders and their affiliates	(i)	**278,681**	164,271
		303,232	181,316
Construction contracting services provided to:			
Beneficial Shareholders and their affiliates	(i)	**776,514**	391,157
Construction contracting services provided by:			
Fellow subsidiaries		**10,014**	82,005
Associates of BUCG		**116,119**	70,560
		126,133	152,565
Design, survey and consultancy services provided by:			
Associates		**18,533**	20,405
A fellow subsidiary		**–**	15,864
		18,533	36,269
Borrowings provided to:			
A fellow subsidiary		**–**	18,290
Project management services provided by:			
BUCG		**–**	5,158
Rental expenses and property management fees paid or payable to:			
BUCG		**2,741**	2,471
Fellow subsidiaries		**11,444**	11,402
		14,185	13,873

Note:

(i) Since the Beneficial Shareholders and their affiliates became the related parties of the Group from 24 May 2013, the transactions with the Beneficial Shareholders and their affiliates only covered the period from 24 May 2013 to 31 December 2013.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(A) THE GROUP HAD THE FOLLOWING MATERIAL TRANSACTIONS WITH RELATED PARTIES DURING THE YEARS ENDED 31 DECEMBER 2014 AND 2013: (CONTINUED)

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

On 10 March 2014, the Company disposed of all its equity interests in Beijing "Urban Rapid Rail Transit" Journal Press Co., Ltd. to BUCG. Therefore, from the date of disposal onwards, Beijing "Urban Rapid Rail Transit" Journal Press Co., Ltd. ceased to be accounted for as a joint venture of the Group.

On 10 October 2014, Zhikong Technology was established by the Company and BUCIC, the fellow subsidiary of the Company. The Company owned directly a 60% equity interest in the entity.

BUCG guaranteed certain of the Group's letters of guarantee for bidding, performance and prepayment for projects undertaking and the outstanding balances of such guarantee letters as at 31 December 2014 and 2013 were RMB241 million and RMB360 million, respectively.

In addition, BUCG issued certain letters of guarantee for performance and prepayment to customers in respect of its operation of urban rail transit construction contracting. As at 31 December 2014 and 2013, the balances of the relevant letters of guarantee were RMB823 million and RMB843 million, respectively. Due to the Reorganisation, BUCG transferred the operation related to urban rail transit construction contracting services to the Company. Such outstanding letters of guarantee are in the process of navigating the title from BUCG to the Company.

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Enterprises" ("SOEs")). During the years ended 31 December 2014 and 2013, the Group entered into extensive transactions with other SOEs, such as bank deposits, rendering and receiving of design, survey and consultancy services and construction contracting services, and purchase of inventories and machinery. In the opinion of the Directors, the transactions with SOEs are activities conducted in the ordinary course of business, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for rendered services and such pricing policies do not depend on whether or not the customers are SOEs.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(B) IN THE OPINION OF THE DIRECTORS, THE BELOW RELATED PARTY TRANSACTIONS SHALL ALSO CONSTITUTE CONTINUING CONNECTED TRANSACTIONS UNDER CHAPTER 14A OF THE LISTING RULES AFTER THE LISTING OF THE COMPANY'S SHARES ON THE STOCK EXCHANGE:

	2014	2013
	RMB'000	RMB'000
Design, survey and consultancy services provided to:		
BUCG	**16,829**	6,035
Fellow subsidiaries	**1,112**	8,536
	17,941	14,571
Construction contracting services provided by:		
Fellow subsidiaries	**9,960**	82,005
Associates of BUCG	**21,233**	19,521
	31,193	101,526
Design, survey and consultancy services provided by:		
A fellow subsidiary	**–**	15,864
Borrowings provided to:		
A fellow subsidiary	**–**	18,290
Project management services provided by:		
BUCG	**–**	5,158
Rental expenses and property management fees paid or payable to:		
BUCG	**2,741**	2,471
Fellow subsidiaries	**11,444**	11,402
	14,185	13,873

(C) OUTSTANDING BALANCES WITH RELATED PARTIES

Details of the outstanding balances with related parties are set out in notes 23, 24, 26 and 27 to the financial statements.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

Further details of Directors' and supervisors' emoluments are included in note 8 to the financial statements.

	2014	2013
	RMB'000	RMB'000
Short term employee benefits	**7,958**	4,187
Pension scheme	**546**	359
	8,504	4,546

(E) COMMITMENTS WITH RELATED PARTIES

As at 31 December 2014, the Group entered into several construction contracts and service contracts with related parties. The material commitments are as follows:

Pursuant to certain construction contracts signed by the Company and a Beneficial Shareholder, the Company is engaged to build certain subways and the backlog as at 31 December 2014 was RMB1,669 million (31 December 2013: RMB1,731 million).

Pursuant to certain design services contracts signed by the Company and certain Beneficial Shareholders and a Beneficial Shareholder's affiliates, the Company is engaged to design certain subways and the backlog as at 31 December 2014 was RMB1,065 million (31 December 2013: RMB337 million).

Since the Beneficial Shareholders and their affiliates became the related parties of the Group from 24 May 2013, the commitments with the Beneficial Shareholders and their affiliates as at 31 December 2013 were included in the commitments with related parties as at 31 December 2013.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

GROUP

	2014 **RMB'000**	2013 RMB'000
Financial assets		
Available-for-sale financial investments:		
Available-for-sale investments	**913,650**	3,650
Loans and receivables:		
Trade and bills receivables	**1,709,006**	1,407,332
Financial assets included in prepayments, deposits and other receivables	**124,656**	149,953
Pledged deposits	**24,985**	27,032
Cash and bank balances	**1,944,687**	1,790,728
	4,716,984	3,378,695
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	**1,438,483**	1,381,210
Financial liabilities included in other payables, advances from customers and accruals	**189,645**	224,661
	1,628,128	1,605,871

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

COMPANY

	2014 **RMB'000**	2013 RMB'000
Financial assets		
Available-for-sale financial investments:		
Available-for-sale investments	**913,650**	3,650
Loans and receivables:		
Trade and bills receivables	**1,500,520**	1,318,605
Financial assets included in prepayments, deposits and other receivables	**111,246**	153,482
Pledged deposits	**11,414**	11,922
Cash and bank balances	**1,806,354**	1,633,535
	4,343,184	3,121,194
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	**1,333,056**	1,306,581
Financial liabilities included in other payables, advances from customers and accruals	**190,142**	214,116
	1,523,198	1,520,697

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2014

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

GROUP

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Available-for-sale financial investments:				
Available-for-sale investments	**913,650**	3,650	**916,055**	3,650
Loans and receivables:				
Trade and bills receivables, non-current portion	**32,028**	13,609	**32,028**	12,638
Financial assets included in prepayments, deposits and other receivables, non-current portion	**20,206**	18,598	**20,206**	16,691
	965,884	35,857	**968,289**	32,979
Financial liabilities				
Financial liabilities at amortised cost:				
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	**31,722**	16,303	**31,722**	15,614

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2014

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

COMPANY

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Available-for-sale financial investments:				
Available-for-sale investments	**913,650**	3,650	**916,055**	3,650
Loans and receivables:				
Trade and bills receivables, non-current portion	**32,028**	13,609	**32,028**	12,638
Financial assets included in prepayments, deposits and other receivables, non-current portion	**18,225**	18,353	**18,225**	16,427
	963,903	35,612	**966,308**	32,715
Financial liabilities				
Financial liabilities at amortised cost:				
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	**31,722**	16,303	**31,722**	15,614

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

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

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The following methods and assumptions were used to estimate the fair values.

The fair values of the non-current portion of trade and bills receivables, financial assets included in prepayments, deposits and other receivables and the non-current portion of financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

All financial assets and liabilities for which fair value was measured or disclosed in the financial statements are categorised within level 3 of the fair value hierarchy as at 31 December 2014 and 2013.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and pledged deposits. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of Directors of the Company holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(A) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. With the majority of the Group's business transacted in RMB, the aforesaid currency is defined as the Group's functional currency. RMB is not freely convertible into foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 95% 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 in order to reduce the Group's exposure to foreign currency risk in this regard.

Details of the Group's cash and bank balances and pledged deposits as at the end of the reporting period are disclosed in note 25 to the financial statements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(A) FOREIGN CURRENCY RISK (CONTINUED)

The following tables indicate the appropriate change in the Group's profit before tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure during the years ended 31 December 2014 and 2013. The sensitivity analysis is on bank deposits in United States dollars and Hong Kong dollars.

Effects on profit before tax

	Increase/ (decrease) in foreign exchange rate	Increase/(decrease) in profit before tax	
		2014	2013
		RMB'000	RMB'000
If RMB weakens against the United States dollar	5%	**55,609**	7,641
If RMB strengthens against the United States dollar	(5%)	**(55,609)**	(7,641)
If RMB weakens against the Hong Kong dollar	5%	**24,992**	–
If RMB strengthens against the Hong Kong dollar	(5%)	**(24,992)**	–

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at the end of the reporting period and has applied the exposure to foreign currency risk to bank deposits denominated in United States dollars and Hong Kong dollars in existence at that dates.

(B) CREDIT RISK

The carrying amounts of cash and bank balances, pledged deposits, trade and bills receivables, available-for-sale investments and financial assets included in prepayments, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. Substantially all of the Group's cash and bank balances and pledged deposits 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.

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 and the Group's exposure to bad debts is not significant.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(B) CREDIT RISK (CONTINUED)

As the Group's major customers are either PRC government agencies at the national, provincial and local levels or 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. The senior management of the Company keeps reviewing and assessing the creditworthiness of the Group's existing customers on an ongoing basis.

A significant portion of the revenue is derived from a wholly State-owned enterprise, which exposes the Group to concentration risks. The Group endeavours to diversify its customers base by (i) exploring new business opportunities and further diversifying its existing business, (ii) continually expanding its business network in other cities in China, with the PRC government granting approvals for more urban rail transit projects in various cities in recent years, and (iii) expanding its presence in overseas markets. It is expected that the level of reliance on certain customers would decrease in the future by broadening the customer base of the Group through the implementation of its business strategies.

(C) LIQUIDITY RISK

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.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	Within 1 year RMB'000	**1 to 5 years** RMB'000	**Total** RMB'000
31 December 2014			
Trade payables	1,438,483	–	1,438,483
Financial liabilities included in other payables and accruals	157,923	31,722	189,645
Total	1,596,406	31,722	1,628,128
31 December 2013			
Trade payables	1,381,210	–	1,381,210
Financial liabilities included in other payables and accruals	208,358	16,303	224,661
Total	1,589,568	16,303	1,605,871

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(C) LIQUIDITY RISK (CONTINUED)

Company

	Within 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
31 December 2014			
Trade payables	1,333,056	–	1,333,056
Financial liabilities included in other payables and accruals	158,420	31,722	190,142
Total	1,491,476	31,722	1,523,198
31 December 2013			
Trade payables	1,306,581	–	1,306,581
Financial liabilities included in other payables and accruals	197,813	16,303	214,116
Total	1,504,394	16,303	1,520,697

(D) CAPITAL MANAGEMENT

The Group's primary objective for managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services 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 the 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 amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debts. No change was made in the objectives, policies or processes for managing capital as at 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes trade payables, other payables and accruals, less cash and bank balances and pledged deposits. Capital includes the equity attributable to owners of the parent and non-controlling interests stated in the consolidated statements of financial position.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(D) CAPITAL MANAGEMENT (CONTINUED)

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios as at the end of the reporting period are as follows:

	2014 **RMB'000**	2013 RMB'000
Trade payables (note 26)	**1,438,483**	1,381,210
Financial liabilities included in other payables and accruals	**189,645**	224,661
Cash and bank balances (note 25)	**(1,944,687)**	(1,790,728)
Pledged deposits (note 25)	**(24,985)**	(27,032)
Net cash	**(341,544)**	(211,889)
Total equity	**2,622,690**	1,558,567
Capital and net cash	**2,281,146**	1,346,678
Gearing ratio	**NA***	NA*

* The Group does not have a gearing ratio as at 31 December 2013 and 2014 since the Group is in net cash position as at 31 December 2013 and 2014, which is mainly due to (1) a cash contribution from the Beneficial Shareholders in May 2013 and a cash contribution from the shareholders as a result of the issue and listing of the Company's H Shares on the Stock Exchange on 8 July 2014, respectively and (2) an increase of cash and bank balances as a result of improved operation performance as at 31 December 2013 and 2014.

39. EVENTS AFTER THE REPORTING PERIOD

Until the approval date of the financial statements, no material subsequent events of the Group are subject to disclosure.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 30 March 2015.