中國交通建設股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

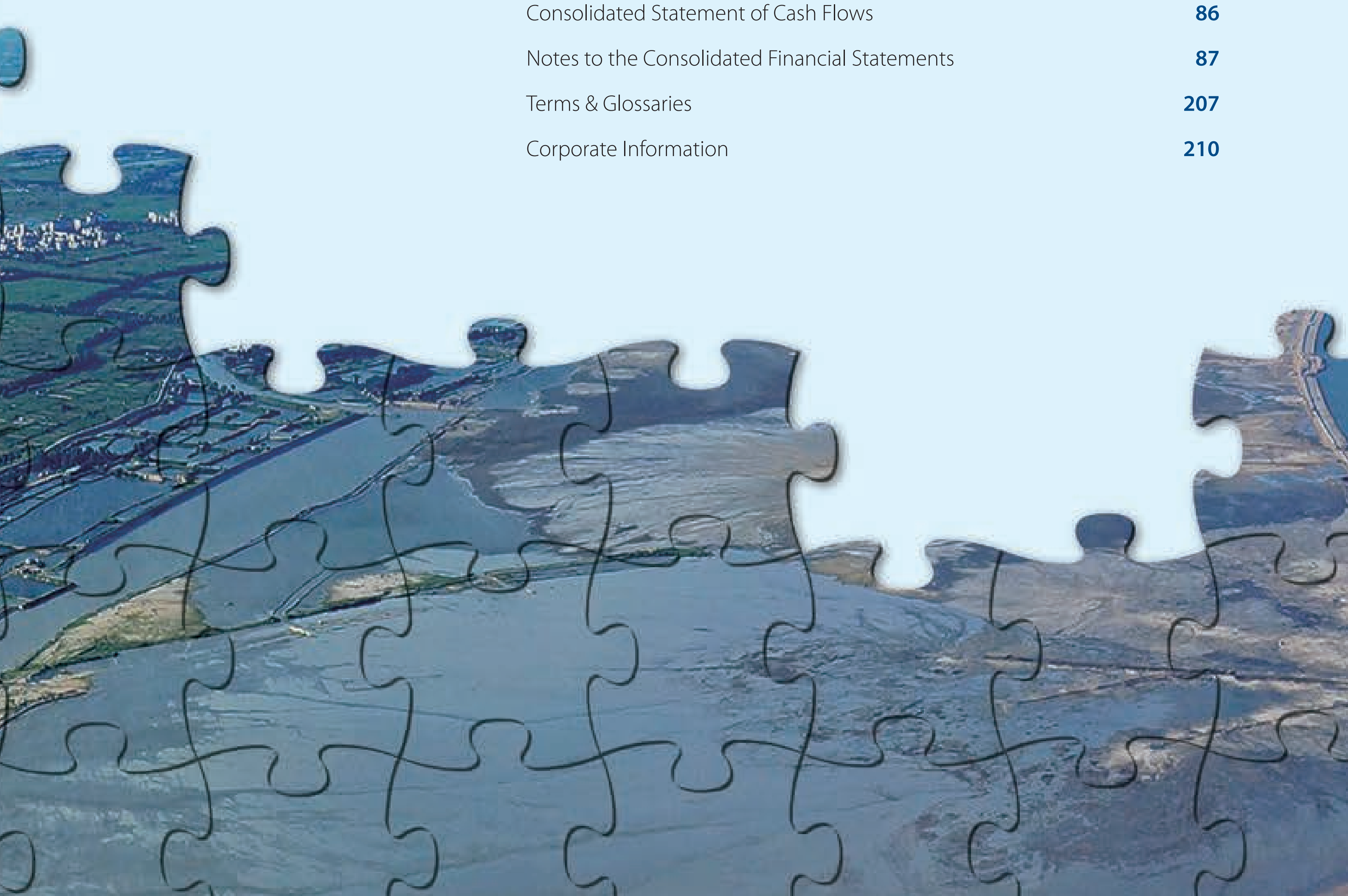
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
H Share Stock Code: 1800

We are **Building** a Connected World

ANNUAL REPORT 2014

(H Share)

Contents



Corporate Profile

The Company was incorporated on 8 October 2006 and was initiated and founded by CCCG (a state-owned enterprise under the SASAC). Its H shares were listed on the Main Board of the Hong Kong Stock Exchange with stock code of 1800.HK on 15 December 2006. It is the first ultra large state-owned transportation infrastructure group entering the overseas capital market. The Company's A shares were listed on the Shanghai Stock Exchange with stock code of 601800.SS on 9 March 2012, representing a leap-and-bound advance taken by the Company in the course of its development. CCCC was named one of the "Global 500" companies for seven consecutive years (2008-2014) by Fortune Magazine. As the integrated strength of the Company grew continuously, its ranking moved up accordingly from 426 in 2008 to 187 in 2014, making CCCC ranked above average on the list.

As a leading transportation infrastructure group in the PRC, the Group is the industry leader in each of its four core businesses, namely infrastructure construction, infrastructure design, dredging and heavy machinery manufacturing. Leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken across a wide range of areas over the past six decades, the Company is capable of providing integrated solutions throughout each stage of infrastructure projects for its customers. It is the largest port design and construction company in China, a leading company in road and bridge construction and design, a leading railway construction company, the largest dredging company (in terms of total capacity of suction hopper dredgers and cutter suction dredgers) in the world. The Company is also the world's largest container crane manufacturer and the largest international contractor and designer in China. The Company currently has 37 principal wholly-owned or controlled subsidiaries. The Company operates its businesses throughout China, including Hong Kong and Macau Special Administrative Regions, and has established its global presence in over 120 countries and regions.

Through designing and constructing in state-level engineering construction projects, the Group has set many records recognised as the "first", the "best" and the "most" in the history of port and bridge construction not only in the PRC but also the rest of Asia and around the world. Construction projects such as the Sutong Yangtze River Bridge, Shanghai Yangshan Deepwater Port and Yangtze River Mouth Deepwater Navigation Channel regulation project reflected the state-of-the-art standard of China, and that of the world. The Company entered the railway market since the market opened and participated in the design and construction of over 70 national key railway projects, including Harbin-Dalian PDL, Beijing-Shanghai PDL, Lanzhou-Chongqing Railway, etc. Currently, the railway business of the Company encompasses multiple aspects such as infrastructure, bridges, tunnels, track laying and bridge erection, electrical service, surveillance and design, supervision, equipment manufacturing, etc.

The Group has received good results in its participation of and competition in projects under external assistance and cooperation in international contracting projects. It has been included in the Engineering News Records' ("ENR") list of the world's top 225 international contractors consecutively since 1992 and remains ranking the first among the Chinese enterprises in ENR for eight consecutive years in terms of revenue from overseas projects. Together with CHEC, CRBC and ZPMC, CCCC now enjoys a high reputation around the world.

CCCC places great emphasis on scientific research and development which would improve the Company's competency in operation. Following the direction of "making innovations and leapfrog advances in key areas supporting development and thus creating a better future" and leveraging on the tertiary interaction between the management level, execution level and application level, the Company established and perfected a three-level system in technological innovation which has a sound structure and high operation efficiency. A cluster of R&D facilities, with "26 centres, 16 laboratories and 15 institutes" (eight national level science and research centres, 18 provincial level science and research centres, eight provincial and ministerial level key laboratories, eight key laboratories of the Group, 15 scientific research institutes specialising in technological R&D) at its core, holds a leading position in the relevant scientific R&D fronts. The Company attaches great importance to cultivating talents and has spent great effort in nurturing teams of talents and cadres continuously. The Company retains the members of the Chinese Academy of Engineering, National Reconnaissance Masters and other national experts and senior engineers. The Group also holds eight Post-Doctoral research centres.

The Group owns a diverse range of specialised equipment, including modern dredging vessels, dedicated transportation fleet for port machinery, various equipment for marine and onshore engineering, as well as various state-of-the-art machinery and equipment for investigation, design and research, which gives the Group competitive advantages to win and perform contracts for challenging large-scale complex projects.

The Company is committed to developing the transportation infrastructure business in the PRC and abroad as well as providing its customers with high quality services and products by consistently pursuing its corporate mission of "Trustworthy Service to Clients, High Quality Returns and Consistent Out-Performance" to pursue an even brighter future together with friends around the world, achieve "CCCC Dream" and fulfill "China Dream".

Performance Highlights

RMB million (except per share data)	For the year ended 31 December 2014	2013	Change (%)
Revenue	**366,042**	331,798	10.3
Gross Profit	**39,272**	33,938	15.7
Operating Profit	**23,785**	19,575	21.5
Profit attributable to owners of the Company	**13,985**	12,568	11.3
Earnings per share (Note)	**0.86**	0.78	–

RMB million	As at 31 December 2014	2013	Change (%)
Total assets	**630,180**	517,445	21.8
Total liabilities	**498,568**	412,604	20.8
Total equity	**131,612**	104,841	25.5
Capital and reserves attributable to owners of the Company	**116,531**	94,861	22.8

RMB million	For the year ended 31 December 2014	% of total	2013	Change (%)
New Contracts	**608,417**	**100.0**	543,261	12.0
Infrastructure Construction Business	**496,821**	**81.7**	450,551	10.3
– Port Construction	**45,639**	**7.5**	42,456	13.0
– Road and Bridge Construction	**131,919**	**21.7**	153,545	7.5
– Railway Construction	**21,430**	**3.5**	15,570	(14.1)
– Investment Business	**100,688**	**16.5**	58,535	37.6
– Overseas Projects	**105,496**	**17.3**	104,240	72.0
– Municipal and Other Projects	**91,649**	**15.2**	76,205	1.2
Infrastructure Design Business	**31,137**	**5.1**	25,191	20.3
Dredging Business	**42,332**	**7.0**	39,336	23.6
Heavy Machinery Manufacturing Business	**33,032**	**5.4**	27,850	18.6
Other Businesses	**5,095**	**0.8**	333	1,430.0

RMB million	As at 31 December 2014	% of total	2013	Change (%)
Backlog	**818,280**	**100.0**	738,055	10.9
Infrastructure Construction Business	**720,669**	**88.1**	653,706	10.2
Infrastructure Design Business	**40,736**	**5.0**	35,545	14.6
Dredging Business	**34,649**	**4.2**	29,760	16.4
Heavy Machinery Manufacturing Business	**21,546**	**2.6**	19,026	13.2
Other Businesses	**680**	**0.1**	18	3,677.8

Chairman's Statement

Dear Shareholders,

In light of the ever-changing complicated global economic situation and the aggravated competition of China's construction industry in 2014, the Company assumed an arduous role of reform and development. During the year, we firmly substantiated the strategy of "experts in five areas", with adequate respect for market discipline and shareholders' desires, emphasis on deepening reform, persistent implementation of upgrading transformation, and unceasing enhancement of competitive stronghold for optimal fulfillment of various key economic indicators.

In 2014, revenue of the Group was RMB366,042 million, representing a year-on-year increase of 10.3%. Profit attributable to owners of the Company was RMB13,985 million, representing a year-on-year increase of 11.3%. Earnings per share was RMB0.86. New contracts amounted to RMB608,417 million, representing a year-on-year increase of 12.0%. As at 31 December 2014, the backlog of the Group amounted to RMB818,280 million, representing an increase of 10.9% compared with that as at 31 December 2013.

Chairman's Statement

In 2014, the Company ranked the 187th among Fortune Global 500 early achieving the target of becoming top 200, the 9th in ENR's Top International Contractors, the 11th among the world's largest design enterprises, topping other Chinese enterprises for consecutive years, and the 2014 Top 100 Hong Kong Listed Companies, topping the listed construction companies. The Company has been rated as a Grade A enterprise in the Operating Results Assessment of State-owned Enterprises conducted by the SASAC for the ninth consecutive year. The Company has won four State Scientific and Technological Progress Awards, eleven National Quality Project Awards, three Luban Awards, and five Zhan Tianyou Awards.

In 2014, guided by the strategy of "experts in five areas", the business divisions, regional headquarters and subsidiaries of the Company jointly endeavored to bring about more prominent synergistic effect of the industrial chain, with fruitful outcome for the transformation upgrade. Firstly, the traditional market stronghold of the Company has been further solidified with steady growth in the infrastructure construction business, the rise in the infrastructure design business, the rebound in the dredging business, and the launching into the high-end market in the heavy machinery manufacturing business. Secondly, the overseas business has developed rapidly, with strong development momentum for the investment business, positive progress in the market exploration of the urban rail transit and the railway market, material breakthrough in the offshore heavy machinery and the further substantiation in the development base of the emerging market.

In 2014, the Company actively sought the strategic transformation with capital as the link to push forward the projects and provide new momentum for the Company's upgrade development. Firstly, we completed the acquisition of Phoenix Island Project in Sanya and the overall development of the subsequent projects has entered into preparatory stage. Secondly, the Company initiated the acquisition of equity interests in John Holland Group Pty Ltd, an Australian construction company to further capture market share in the global infrastructure and investment market. Thirdly, we activated the issuance of preference shares to support the infrastructure investment projects and replenish the working capital and general liquidity of major contracted projects. Fourthly, we completed the issuance of perpetual medium-term notes with the registered total amount of RMB10,000 million and RMB5,000 million was successfully issued. Fifthly, the Company got the rating of A3 and A- from Moody and Fitch, respectively, both of which were international rating agencies with stable prospects for the rating. Sixthly, the Company planned to liquidise remnant assets, with the new concept to positively explore the effective method of assets securitisation.

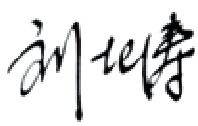
In 2015, the changes in market environment will bring us various kinds of opportunities and challenges. To understand, get adapted to, and guide the new normal situation will be the main logic of China's economic development in the current and future period, and will also be the key base for the Company's research and judgment of the situation, planning for long-term transformation upgrade. Guided by the strategy of "experts in five areas", we will endeavor to fulfill the following major works properly:

Firstly, the Company will solidify the development foundation and promote the transformation upgrade to assure the growth with full efforts. With a focus on consolidating and enhancing our leading position in traditional businesses such as the ports, roads, bridges and port machinery, we will seek more development opportunities and market share in the limited market space. We will also speed up the market exploration in the associated emerging business sector. In particular, it is required to increase the development efforts in the sectors of railway and rail transit in order to endeavor to capture the market opportunities. Closely following the national "Going-global" step and actively performing the national "One Belt, One Road" strategy, the Company will firmly promote the overseas development on priority to further optimise the operation and development layout of our internationalisation to enable the transnationality index to reach 30% in 2015. We will positively explore the innovative business model such as PPP and urban comprehensive development, and strive to become the duty bearer of the government development, the in-depth participant in the regional economic development and the active provider of public services purchased by the government.

Secondly, the Company will duly handle the relationship among the development speed, operation scale and economical benefit. The Company will expand the assessment in terms of the financial quality indicators, properly reduce the assessment impact of scale indicator, and focus on the growth quality of the Company, strengthen the capital budget management, fully control the scale of interest-bearing liabilities, and seek the balance between investment and development as well as development and risks, to strictly prevent financial risks. The Company will further decrease the dependency on loans, and strive to control the percentage of the receivables and the inventory scale to stay below 40% of the core businesses income, to promote the continuous and healthy development of the Company. We will carry out the activity of the "Year for Enhancing Project Management" to strictly implement the after-bidding budget decomposition and refine the management in terms of changes and compensation. With stringent control on the crucial links such as engineering subcontract, material purchase and fund payment, the Company will intensify the audit work of projects, and establish and perfect the assessment method for project managers, reinforce the accountability for projects and perform the talents selection based on the assessment outcome. We will actively explore the management reform based on the Internet information technology condition, reshape the management logic and improve the management ecology to promote the Company's upgrade and development.

Thirdly, the Company will continue to deepen the reform and innovation to promote its upgrade and development. The Company is preparing to establish asset management company(ies) to be injected with the dispersed operational assets such as the highways and ports in a proper way, so as to form various quality assets packages under the unified management and cultivation for entry to the capital market timely. We will fully utilise the financial platform to which the Company belongs, deepen the combination of the industry and finance by virtue of the international capital market and actively raise the funds for the development of the Company by fully utilising the financial leverage. We will also pro-actively promote the issuance of preference shares to seek to realise it in the second half of 2015 at the right time to raise funds and lower the level of liabilities; expedite the integration on business specialisation of the Company and actively create conditions for structural reform in those business sections with prominent core business, strong core competitiveness, leading ability in the industry and international competitiveness to attract domestic and overseas investors and realise the spin-off and listing when the time is right.

In 2015, we will continue to go on with the in-depth implementation of the strategy of "experts in five areas" on the emphasis of upgrading quality and increasing effectiveness by means of deepening the reform; supported by innovative drive with greater focus on business integration and capital operation, with further reinforcement on overseas priority, and strong enterprise and talents, featuring further lean management and risk control and prevention for achieving all targets of the "Twelfth Five-Year" Plan and the scientific planning blueprint of the "Thirteenth Five-Year" Plan to endeavor to become a world-class enterprise. May we have the continuous support from all our shareholders and all the people and friends who have paid long-term attention to us!



Liu Qitao
Chairman

Beijing, the PRC
30 March 2015

LNG terminal and land formation project in Shandong, a key LNG project of the National 11th Five-Year Plan.

Business Overview

In 2014, combined with the instability in international political environment, the slowdown in domestic economic growth and the aggravated competition in the construction industry, the Company assumed an arduous and formidable task of reform and development. Over the past year, the Company firmly implemented the "experts in five areas" strategy according to the established development ideas, through deepening its reform, innovation and development, strict corporate governance, strengthening its resource integration, as well as promoting its transformation and upgrading, the Company achieved significant results in all aspects.

In 2014, revenue of the Group was RMB366,042 million, representing a year-on-year increase of 10.3%. The profit attributable to owners of the Company was RMB13,985 million, representing a year-on-year increase of 11.3%. The value of new contracts amounted to RMB608,417 million, representing a year-on-year increase of 12.0%. As at 31 December 2014, the backlog of the Group was RMB818,280 million, representing an increase of 10.9% as compared with the backlog as at the end of 2013.

In 2014, revenue of the Group's businesses derived from overseas markets, including revenue realised from export trade of domestically manufactured industrial products and the same hereafter, amounted to RMB62,495 million (equivalent to approximately USD10,176 million), representing approximately 17.1% of the Group's revenue. The value of new contracts from overseas markets amounted to RMB131,204 million (equivalent to approximately USD21,162 million), representing approximately 21.6% of the Group's new contract value.

1. BUSINESS REVIEW AND MARKET STRATEGIES

In 2014, China's economy maintained the growth at a reasonable level. The CPI growth was in line with the expected annual target and the PPI was flat to down, the stable operating environment was beneficial for the Company to control its costs. Under the pressure of the slowdown in domestic economic growth, the growth of investment in transportation infrastructure construction accelerated, and the growth of investment in roads, railways and urban transportation infrastructure construction accelerated significantly, vigorously promoting the steady growth of China's economy.

In the international contracting for construction market, the promotion and implementation of the "One Belt, One Road" strategy (i.e. Silk Road economic belt and Maritime Silk Road), "Two Corridors" project (Sino-Pakistan Economic Corridor and BCIM Economic Corridor), interconnection projects between China and North Korea, Burma, Pakistan, Kyrgyzstan, Uzbekistan and other countries, "Three networks, One industrialisation" project in Africa (i.e. high-speed railway, expressway and regional aviation, as well as infrastructure industrialization in Africa) provided a broad market space for accelerating the implementation of the overseas expansion strategies.

In 2014, under the guidance of "experts in five areas" strategy, the Company successfully consolidated its leading position in traditional markets, such as port construction, road and bridge construction, dredging and port machinery etc. Meanwhile, through promoting business transformation and upgrading, actively expanding its business into emerging markets with high market demands and competitive advantages, such as the fields of infrastructure investments, urban rail transit projects, railway projects and offshore heavy equipments, the Company further realised the synergies in its whole industry chain and achieved great results from transformation and upgrading.

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business

In 2014, revenue from infrastructure construction projects completed by the Group was RMB299,192 million, representing a year-on-year increase of 13.3%. The value of new contracts entered into by the Group amounted to RMB496,821 million, representing a year-on-year increase of 10.3%. Categorized by project type, the value of new contracts in terms of port construction, road and bridge projects, railway construction, investment projects, overseas infrastructure construction, municipal and other projects amounted to RMB45,639 million, RMB131,919 million, RMB21,430 million, RMB100,688 million, RMB105,496 million and RMB91,649 million, respectively, representing 9%, 27%, 4%, 20%, 21% and 19% of the total value of new infrastructure construction contracts. As at 31 December 2014, the backlog was RMB720,669 million, representing an increase of 10.2% as compared with the backlog as at the end of 2013.

(1) Port Construction

In 2014, the value of new contracts of the Group for Mainland China port construction projects reached RMB45,639 million, representing a year-on-year increase of 7.5%, and accounting for 9% of that of the infrastructure construction business.

In 2014, new progress was secured in the port and channel construction market of China. However, there was slight decline in the investment in the coastal port construction. Port construction has undergone rapid development in the recent over ten years, therefore the demand for coastal port construction has been basically saturated, with the market exploration shifting to the second-grade ports, some newly planned port areas and cargo owners' wharves, with more intensified competition. There will be some projects starting construction in the course of the launch of the "Comprehensive 3D Traffic Corridor Planning for the Yangtze River Economic Zone (2014-2020)" and the adjusting and compiling the "Layout Plan of National Coastal Ports" in 2015 by the Chinese government. The Company will closely monitor the implementation of its major projects, reinforce combination and operation of its high-end projects as well as capitalise on the advantages of full industrial upstream and downstream integration so as to consolidate its shares in the traditional markets.

(2) Road and Bridge Construction

In 2014, the value of new contracts of the Group for Mainland China road and bridge construction projects reached RMB131,919 million, representing a year-on-year decrease of 14.1%, and accounting for 27% of that of the infrastructure construction business.

In 2014, the National Expressway Network Plan was orderly advanced and implemented and a series of major projects were commenced. The traditional highway tendering projects decreased and more project operating modes were provided mainly to attract social capital for investment and construction. In light of market changes, the Company, as an infrastructure investor, timely participated in the construction of key projects in Yunnan, Chongqing and other regions, and successfully obtained many project opportunities. As transportation infrastructure is an important part of "growth stabilisation" of the PRC economy in future periods, the China government will continue to grasp the foundation of the construction of the major projects such as "dead-end highways" and the remaining sections of national expressways and will accelerate the expansion and reconstruction of "bottleneck sections" of ordinary main highways with an increased efforts in investment for transport infrastructure further leaned toward areas of middle and western China over a period of time. Meanwhile, the rapid progression of the development of Beijing-Tianjin-Hebei integration will give birth to a number of transportation infrastructure construction projects and is bound to form regional hotspots.

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business (Continued)

(3) Railway Construction

In 2014, the value of new contracts of the Group for Mainland China railway construction projects reached RMB21,430 million, representing a year-on-year increase of 37.6%, and accounting for 4% of that of the infrastructure construction business.

In 2014, the Central Government decided to further increase efforts on railway construction by promoting the reform of railway investment and financing systems, absorbing social investments from various channels, appropriately expanding the scale of fixed assets investment, adjusting the mileage of new lines, and adding new projects. Fixed assets investment in railway maintained faster growth. In the coming period of time, railway construction will further focus on areas of middle and western China and construction of intercity rail and intra-city rail with relatively broader market potential. The Company will strive to explore the market for key projects such as those which require huge investment and long routes, and reinforce tender budget management in order to consolidate and expand the market share of the Company.

(4) Investment Business (BOT/BT and preliminary land development projects)

In 2014, the value of new contracts of the Group for Mainland China investment business amounted to RMB100,688 million, representing a year-on-year increase of 72.0%, and accounting for 20% of that of the infrastructure construction business. Categorized by project type, the value of new contracts in terms of BOT projects, BT projects and primary land development projects amounted to RMB58,104 million, RMB12,632 million and RMB29,952 million, respectively, representing 58%, 12% and 30% of the value of new contracts for investment projects, respectively. For the corresponding period of 2013, the value of new contracts for BOT projects, BT projects and primary land development projects represented 40%, 42% and 18% of the value of new contracts for investment projects, respectively.

As at 31 December 2014, according to project statistics, the total contracted investment volume of the Group's BOT projects was estimated to be RMB206,499 million, and the accumulative completed investment amounted to RMB101,119 million, with RMB46,501 million of project assets have been put into operation. The total contract value of BT projects entered into by the Group amounted to RMB104,871 million and the accumulative completed investment amounted to RMB67,630 million. Wherein, projects with an investment amount of RMB58,652 million have entered into the payback period, cumulatively recovering funds at RMB21,208 million. The total contracted investment of the Group's primary land development projects was estimated to be RMB127,826 million, with RMB29,574 million having been completed, while the sales amount was RMB6,238 million.

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business (Continued)

(4) Investment Business (BOT/BT and preliminary land development projects) (Continued)

In 2014, the Company unswervingly adhered to the concept of prudent investment and implemented investment budget management to effectively control investment impulses. Market development steadily progressed and achieved sound results with the combination of investment business with PPP investment method. During the market development process, the Company gave due attention to the organic combination of project quality, structure optimisation, industry layout, and risk prevention and control, focused on major projects with innovative models, wide influence and good profit. Based on different return characteristics of various infrastructure projects, the Group sought cooperation and investment channels in different categories to ensure return and risk control. The Group focused on investing in BT and other projects with "little investments, short periods, fast returns, and high cost-effectiveness", which has made up for the lack of short-term gains for investment business to a certain extent and enhanced the rolling development capabilities of the business.

In 2014, the Company further improved its project management systems for investment business and reinforced various management activities. Firstly, the Company strictly enacted the four levels of project approval procedures and strived to select the "best of the best" investment projects. Secondly, the Company established comprehensive rules and regulation for risk management and further upgraded the standard of risk control. Thirdly, the Company actively implemented post-completion assessment for investment projects. A comprehensive conclusion was conducted from various stages of pre-planning, investment decision and execution, from multi-respect of investment results and target achievement and from multi-level of decision makers, executors and participants in order to continuously upgrade the investment decision-making standard and investment return of the projects. Fourthly, the Company actively explored the multi-channel financing and asset utilisation for investment projects. The top level design of asset securitisation and overall planning research were actively pushed forward.

In 2015, the Company will closely follow the government strategies such as new urbanisation, "One Belt, One Road" and priority will be given to the development of the middle and western regions. The Company will closely capture the strategic opportunities from the reform of national investment and financing systems, the establishment of multi-level capital market system and incentives to new emerging industries and the development of emerging business environment. Meanwhile, the Company will seek the right investment direction, control investment scale, select the good investment projects, enhance adoption of an innovation-driven model, optimise asset structure, emphasise joint efforts and cooperation of different categories, improve investment approval system and accelerate the promotion for the transformation upgrade of investment business. In addition, the Company will control its investment impulses and enhance project management with strict risk control on investments.

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business (Continued)

(5) Overseas Construction Projects

In 2014, the value of the new contracts for overseas construction projects of the infrastructure construction business entered into by the Group amounted to RMB105,496 million (equivalent to approximately USD17,016 million), which was basically in line with that of the same period last year and accounting for 21% of that of the infrastructure construction business.

Categorized by project type, the value of new infrastructure construction contracts for roads and bridges, port construction, airports, municipal and others accounted for 39%, 30%, 2% and 29% of the value of new contracts for overseas projects, respectively.

Categorized by project location, the value of new infrastructure construction contracts for Africa, Southeast Asia, Middle East, Hong Kong/Macau/Taiwan, Europe, America, Central Asia and other regions accounted for 36%, 19%, 18%, 7%, 7%, 6%, 2% and 5% of the value of new contracts for overseas projects, respectively.

In 2014, the Company adopted the strategic guidance of "experts in five areas" in establishing its business presence overseas on its platform of "one body with two wings". In addition, it pressed on with the enhancement of its five core capabilities of overseas business integration, industry chain integration, financing, collective management and formation of strategic alliance. In particular, the Company continued to convert its industry chain into a value chain by building an overseas professional platform as a carrier with an aim to accomplish the transition from a "contractor" to an "operator".

In 2014, satisfactory progress was accomplished in a number of overseas projects on international standards. In particular, satisfactory progress in the Hong Kong-Zhuhai-Macau Bridge was gained and operations in the Serbia Zemun Borca Bridge, Friendship Harbor in Mauritania, New Doha Port in Qatar, the Ethiopian highway built on technical standards of the PRC and the middle section of the North-South Highway BOT Project in Jamaica were put into use in turn. In addition, the implementation of using Chinese equipment and design standards for Mombasa-Nairobi Railway in Kenya was orderly proceeded.

Breakthroughs were made in the expansion of new markets. Whilst consolidating traditional markets in Africa and Asia, the Company continued to expand its share in mid- and high-end markets in Latin America, the Middle East as well as mid- and eastern Europe, and further developed its presence in high-end and developed markets including the US, Europe and Australia. In 2014, contracts of 185 projects in a total of 53 countries and regions were granted. In particular, contracts of 18 projects were at an amount above USD300 million, and the total amount of the contracts were USD10,075 million, accounting for 59.2% of that of the contracts newly granted on overseas projects.

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business (Continued)

(5) Overseas Construction Projects (Continued)

In 2014, leaders of the PRC government witnessed in more than ten occasions the results of overseas expansions of CCCC in its implementation of the major government strategy of "Going global". On the one hand, the PRC government recognised and encouraged CCCC in its implementation of the "Going global" strategy, such that the Company can strengthen its first-mover advantages in the development of "One Belt, One Road", interoperability and regional cooperation. On the other hand, the Company can take the opportunity of developing the "One Belt, One Road" to reinforce its fundamentals for overseas expansion with the support from the PRC government.

In 2014, the operational quality of overseas projects remained robust. As at 31 December 2014, the Company had 520 engineering contracting projects in 80 countries and regions, with a total contract value of approximately USD40,000 million. All these projects were progressing smoothly. The project management and order quality were constantly improving, account receivables and inventories were controlled at a reasonable level, and net operating cash flow remained positive.

(6) Municipal and Other Projects

In 2014, the value of new contracts for municipal and other projects in Mainland China entered into by the Group reached RMB91,649 million, representing a year-on-year increase of 20.3%, and accounting for 19% of that of the infrastructure construction business.

In 2014, the Company made tangible results in the market development of rail transportation, municipal, and water projects, which boosted the steady growth of the infrastructure construction business. With the accelerated pace of development of China's new urbanisation and urban capacity expansion, municipal rail transport market will continue its fast development track, and investments in emerging markets such as municipal roads, bridges, tunnels, drainage pipe networks, environmental engineering (including environmental technologies, sewage and garbage disposal), low carbon buildings, and underground space development will be gradually increased. The Company has been well prepared to grasp market opportunities and actively seek business increments.

2. Infrastructure Design Business

In 2014, revenue from the infrastructure design business of the Group was RMB21,086 million, representing a year-on-year increase of 8.7%. The value of new infrastructure design contracts entered into by the Group reached RMB31,137 million, representing a year-on-year increase of 23.6%. As at 31 December 2014, the backlog amounted to RMB40,736 million, representing an increase of 14.6% as compared with the backlog as at the end of 2013.

Categorized by project type, the values of new contracts for reconnaissance and design, project supervision, EPC projects and other projects amounted to RMB9,611 million, RMB799 million, RMB17,039 million and RMB3,688 million, respectively, representing 31%, 3%, 54% and 12% of the total value of new infrastructure design contracts, respectively, as compared with 42%, 4%, 45% and 9%, respectively recorded for the corresponding period of 2013.

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

2. Infrastructure Design Business (Continued)

In 2014, the markets of the traditional business of the Company, including ports, roads and bridge design, were in downturn as the number of large projects decreased after years of on-going and extensive development of infrastructure. The Company accomplished preliminary results in overseas expansion with the support of its platform of "one body with two wings" despite that was still at the start-up phase. In addition, the increase in new contracts for infrastructure design was mainly supported by the increase in EPC projects.

In 2015, slowdown in the traditional business of the Company may ease as investment in infrastructure is expected to increase under the requirements of the PRC government in growth stabilisation. In the meantime, demand from projects on the development of free-trade zones and urbanisation in China as well as the implementation of the strategy of "One Belt, One Road" will provide better support for the operating concepts of reinforcing core businesses, restructuring and market switching.

3. Dredging Business

In 2014, revenue from the dredging business of the Group was RMB27,838 million, representing a year-on-year decrease of 15.1%. The value of new dredging contracts entered into by the Group reached RMB42,332 million, representing a year-on-year increase of 7.6%. As at 31 December 2014, the backlog amounted to RMB34,649 million, representing an increase of 16.4% as compared with that as at the end of 2013.

In 2014, according to the vessel purchase plan, there was one large vessel constructed with special purpose to serve in the Group's dredger fleets. As at 31 December 2014, the Group's dredging capacity amounted to approximately 760 million cubic meters under standard operating conditions.

In 2014, features of the market mainly included the combination of financing and investment in project companies, integrated development and construction for projects as well as extensive and cross-professionalism in project development. The dredging market rebounded in the second half of 2014.

The Company will fully leverage the advantage of its own suction hopper and cutter suction dredgers in developing its offshore reclamation projects and coordinating its high-end projects in response to the changing markets. In addition, the Company will fully leverage on its absolute advantages in overseas projects as well as traditional markets and regions to provide support to the projects on Maritime Silk Road as the development of "One Belt, One Road" is in full swing. On the other hand, new opportunities for dredging business have been arising from the development of Beijing-Tianjin-Hebei integration, Yangtze River economic zone, steady urbanisation as well as marine economy. In the meantime, we have better technology resources as we have started business in environment and dredging projects earlier and our dredging business may become a new growth engine as the potential of the environmental protection and dredging market will become higher due to the promulgation of the Interim Measures on the Administration of Key Water Pollution Control Projects by the Chinese government.

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

4. Heavy Machinery Manufacturing Business

In 2014, revenue from the heavy machinery manufacturing business of the Group was RMB26,733 million, representing a year-on-year increase of 10.6%. The value of new heavy machinery manufacturing contracts entered into by the Group reached RMB33,032 million, representing a year-on-year increase of 18.6%. As at 31 December 2014, the backlog was RMB21,546 million, representing an increase of 13.2% as compared with that as at the end of 2013.

In 2014, recovery of the global port machinery market continued. The market share of the Company was stable, with business presence in a total of 88 countries and regions. In the second half of 2014, ZPMC acquired the single largest order in the global port machinery market again as it entered into a sales contract with PSA, Singapore, for an amount of SGD471 million, equivalent to approximately RMB2,200 million.

Under the unfavorable impact of the sluggish offshore oil and gas markets across the world, the Company still managed to gain satisfactory results in its expansion in the market of ocean engineering equipment. It has acquired new orders for "3+1" oil rigs and started the construction of globally advanced 5,000 ton deepwater derrick pipelay barge with J-Lay and S-Lay pipeline installation. In addition, "Zhen Hai I", its first drilling platform and the largest US steel floating dock project have been completed and delivered.

In 2015, the Company will continue to propel and implement the CCCC "Large Equipment" Industry Rolling Plan 2014-2016. The Company will facilitate reasonable allocation and effective utilisation of production resources as a general strategy for the development of "big equipment" industry whilst consolidating its traditional business. The objective of such activities is to accomplish breakthroughs in the development of the industry chain of offshore and onshore equipment.

Some major contracts entered into by the Group in 2014 are as follows: (Unit: RMB million)

(1) Infrastructure Construction Business

No.	Port Construction Contract Name	Contract Value
1	Phase II of Container Terminal project in Gaolan Zone, Zhuhai Port, Guangdong	1,116
2	Marine engineering EPC project of Leizhou power plant in Guangdong	936
3	Container Terminal project of West Operating Area in Shenzhen Port, Guangdong	620
4	Berth and reclamation project of Niutouwan operating area of Songxia Port area in Fuzhou, Fujian	616
5	Phase I of Coal Terminal in Binhai Port area of Yancheng Harbour, Jiangsu (section SG-06)	607

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

4. Heavy Machinery Manufacturing Business (Continued)

(1) Infrastructure Construction Business (Continued)

No.	Road and Bridge Construction Contract Name	Contract Value
1	Highway construction project of Dalijiashan (provincial boundary) -Xunhua Section and Xunhua-Longwuxia Section of G310 line in Qinghai	7,924
2	2014 infrastructure construction project in the center area of Qingyuan, Guangdong	3,553
3	Leqingwan Bridge and connecting engineering in Zhejiang	2,733
4	Lot SG1 of highway construction project of Jiaoniwan – Xiyanghe (Hebei-Shanxi boundary) in Hebei	2,642
5	Lot S2 and S3 of Humen Second Bridge in Guangzhou, Guangdong	2,547

No.	Railway Construction Contract Name	Contract Value
1	Lot 1 of construction project of Shanghai-Nantong Yangtze River Bridge of Shanghai-Nantong Railway	3,992
2	Lot 5 of the station project of Zhangjiakou-Hohhot Railway	2,456
3	Lot HHZQ-5 of the station and related projects of Hangzhou-Huangshan Railway	2,160
4	Lot 8 of the station project of Huaihua-Shaoyang-Hengyang Railway	1,943
5	Lot JSJJSG-6 of the station project of Hebei Section of Beijing-Shenyang Passenger Dedicated Railway	1,880

No.	Investment Business (BOT/BT and preliminary land development projects) Contract Name	Contract Value
1	BOT project of Foshan Rail Transit in Guangdong	19,800
2	BOT project of Mengwenyan Highway in Yunnan	15,508
3	BOT project of Quxuan Highway in Yunnan	9,384
4	Urban development and construction project in Qibu Zone, Pearl Bay District, Nansha New Area, Guangzhou	8,200
5	BOT project of Xinsongkun Highway in Yunnan	7,548

No.	Overseas Construction Projects Contract Name	Contract Value (USD million)
1	North-South Highway project in the Republic of Montenegro	1,110
2	Katengbei Bridge and its connecting project in Maputo, Mozambique	725
3	Port Gentil-Omboue Highway Project (93 kilometers) in Gabon	663
4	JIGCC Water Intake and Outlet project in Jazan, Saudi	512
5	Expansion project of Container Terminal in Aden Port, Yemen	507

1. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

4. Heavy Machinery Manufacturing Business (Continued)

(2) Infrastructure Design Business

No.	Contract Name	Contract Value
1	EPC project of 20,000,000 ton/year heavy crude oil process engineering product terminal	1,371
2	Phase III of Ore Terminal of Caofeidian Area in Tangshan Port, Hebei	1,108
3	EPC project of Xiexin Port engineering in Taicang Port, Jiangsu	781
4	EPC project of breakwater engineering of Jida Area in Maoming Port, Guangdong	500
5	EPC project of liquefied natural gas terminal engineering in Guangxi	391

(3) Dredging Business

No.	Contract Name	Contract Value
1	EPC project of 100,000 ton-class channel dredging and back land formation of Haigang Area in Binzhou Port, Shandong	3,000
2	EPC project of painted surface treatment engineering in East New District, Taizhou, Zhejiang	1,148
3	Lot 1 of 35,000 ton-class channel regulation of middle area of Weifang Port in Shandong	1,139
4	Dedicated terminal and yard backfill engineering of Southern Area in Qianwan Port, Qingdao, Shandong	929
5	Back beach enclosure engineering of submerged breakwater in Changxing, Zhejiang	792

(4) Heavy Machinery Manufacturing Business

No.	Contract Name	Contract Value
1	72 automatic rail mounted gantry cranes and 20 quayside container cranes	Approximately SGD471 million
2	One 5,000 ton deepwater derrick pipelay barge	Approximately USD200 million
3	One JU2000E jack-up drilling rig	Approximately USD200 million
4	One 400 feet high-tech jack-up drilling rig	Approximately USD200 million
5	One JU-2000E 400 feet high-tech jack-up drilling rig	Approximately USD200 million

2. BUSINESS OUTLOOK

In 2015, the economy of the PRC will be entering a "new normal" stage whilst maintaining moderate or rapid growth in the next few years. Recovery of the global economy will continue, and repaid globalisation will provide better opportunities for the Company to engage in global resource allocation. In terms of overseas expansion, China is in a period of critical strategic development. Through strategies including "One Belt, One Road", the Chinese government will lead the development of global channels and interoperability with neighboring countries, with the objective to establish a global economic corridor. As such, critical opportunities will be created for the global development of the Company.

As for the market of the industry, demand was not sufficient in the traditional markets whilst competition has been keen among emerging industries. Changes in the models of investment have also posed challenges to the development of the Company. In addition, we have noted that the high correlation between the economic development strategy of China and the development of the Company's business has not been changed despite the narrowing traditional markets. The Chinese government will continue to develop transport infrastructure. Key projects in the major strategic planning of the government including "One Belt, One Road", Beijing-Tianjin-Hebei integration and Yangtze River economic zone will commence soon, contributing to the steady development of the Company's traditional business in domestic and overseas markets. With the implementation of the South China Sea strategy by the government and the rapid growth of the marine economy, open sea projects and related equipment will become an important growth driver for the domestic economy. The potential of development on marine projects including open-sea islands and installation of offshore wind power will become relatively higher, providing more opportunities for the business of waterworks, dredging and heavy equipment manufacturing. In the meantime, urbanisation will still be the growth engine of the PRC economy. Projects on rail transit, municipal infrastructure, environmental protection and general urban development will be providing opportunities to the new growth drivers of the Company.

In general, we see opportunities and challenges ahead in 2015. The Company will endeavor to maintain the advantages in its traditional business and explore markets of new businesses. In addition, the Company will pursue a strategy of prioritising overseas markets, improve the quality and efficiency of its projects and enhance the innovation in its management and business models.

3. BUSINESS PLAN

The goal of the value of new contracts to be entered into by the Group for 2015 is RMB650,000 million, and the goal of revenue is RMB395,000 million.

In 2014, according to statistics, value of new contracts entered into by the Group amounted to RMB608,417 million, accomplishing 101.4% of our goal. Audited revenue amounted to RMB366,042 million, accomplishing 96.3% of our goal.

4. TECHNOLOGY INNOVATION

In 2014, the Company accomplished new technological innovation and increased its capability in related activities. During the year, the Company was granted four National Technology Advancement Awards, 11 National Quality Project Awards, three Luban Awards, five Zhan Tianyou Awards, 153 provincial or ministerial technology advancement awards and 679 patents.

The Company reinforced its research and development and focus on some major projects, including the development of Building Information Modeling, with the objective to improve the quality and efficiency of its business development. In addition, the Company divided its projects into four categories of ultra-large, major and key scientific R&D projects as well as R&D projects for the application and development of innovative platforms. The Company will continue to subsidise the ultra-large and major scientific R&D projects that can increase its profit, revenue and market share, and benefit the whole industry chain in the future.

The Company aggressively proceeded with R&D projects that were in line with government policies and favorable to its operation and development. "The Major Application and Demonstration Project for the Beidou Satellite Navigation Industry" was approved by the National Development and Reform Commission and the Ministry of Finance. "The Application and Demonstration System for General Traffic Remote Sensing by Gaofen Satellite (Phase I)" was approved for the establishment of national science and technology major project. "The Technology for Developing Highways in Regions of High Altitude and Extreme Cold Weather" was recognized as a project under the National Science and Technology Support Program.

The Company stepped up the preparation of its system on technical standards with an aim to standardise its technologies. It endeavored to complete the mission of preparing a system on industry, national and international standards. For example, the three national standards on the control system for dredgers prepared by the Company were approved by ISO and are led by the Company together with the United States, Germany, United Kingdom, Japan and Korea in preparing the documents on international standards. As a result, the influence of the Company in the global market will increase, supporting its strategy to develop as an outstanding global enterprise and the national strategy of developing as a strong country in the dredging industry.

Sinan-Jianhe Highway in Guizhou, a component of Guizhou Highway Net.

Management's Discussion and Analysis

The following section should be read in conjunction with the consolidated financial statements of the Group and accompanying notes herein.

OVERVIEW

For the year 2014, revenue of the Group increased by 10.3% to RMB366,042 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB62,495 million, representing a year-on-year increase of 10.4%. The value of the Group's new contracts in 2014 was RMB608,417 million, representing a year-on-year increase of 12.0%. As at 31 December 2014, the backlog for the Group was RMB818,280 million, representing an increase of 10.9% over that as at 31 December 2013.

Gross profit in 2014 amounted to RMB39,272 million, representing an increase of RMB5,334 million, or 15.7%, from RMB33,938 million in 2013. Gross profit from infrastructure construction business, heavy machinery manufacturing business and other business increased by 18.3%, 119.1% and 44.4% respectively from 2013; while gross profit from infrastructure design business and dredging business decreased by 0.9% and 16.3%, respectively from 2013. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other businesses in 2014 were 9.1%, 21.7%, 13.6%, 13.1% and 7.1% respectively, as compared with 8.7%, 23.9%, 13.8%, 6.6% and 5.6% in 2013.

Mainly as a result of the growth in gross profit, operating profit in 2014 amounted to RMB23,785 million, representing an increase of RMB4,210 million, or 21.5%, from RMB19,575 million in 2013. Operating profit from infrastructure construction business, infrastructure design business and heavy machinery manufacturing business increased by 16.1%, 0.7% and 2,424.7% respectively from 2013, while operating profit from dredging business and other business decreased by 27.0% and 94.7% respectively from 2013.

For the year 2014, profit attributable to owners of the Company amounted to RMB13,985 million, representing an increase of RMB1,417 million, or 11.3%, from RMB12,568 million in 2013. For the year 2014, earnings per share of the Group was RMB0.86, representing a 10.3% increase from RMB0.78 for the year 2013.

The following is a comparison of financial results between the years ended 31 December 2014 and 2013.

CONSOLIDATED RESULTS OF OPERATIONS

Revenue

Revenue in 2014 increased by 10.3% to RMB366,042 million from RMB331,798 million in 2013. The growth was mainly attributable to the increases in the revenue from the infrastructure construction business, infrastructure design business, heavy machinery manufacturing business and other business, which amounted to RMB299,192 million, RMB21,086 million, RMB26,733 million and RMB4,192 million (all before elimination of inter-segment transactions), respectively representing a year-over-year growth rate of 13.3%, 8.7%, 10.6% and 13.1%. The increase in revenue from the above segments was partially offset by a decrease in revenue from dredging business by RMB4,951 million, or 15.1%.

Cost of Sales and Gross Profit

Cost of sales in 2014 amounted to RMB326,770 million, representing an increase of RMB28,910 million, or 9.7%, from RMB297,860 million in 2013. Cost of sales from infrastructure construction business, infrastructure design business, heavy machinery manufacturing business and other business amounted to RMB272,075 million, RMB16,500 million, RMB23,219 million and RMB3,893 million (all before elimination of inter-segment transactions) respectively, representing an increase of 12.8%, 11.7%, 2.9% and 11.3%. Cost of sales from dredging business decreased by RMB4,217 million, or 14.9%, to RMB24,056 million in 2014.

CONSOLIDATED RESULTS OF OPERATIONS (Continued)

Cost of Sales and Gross Profit (Continued)

Cost of sales consisted mainly of cost of raw materials and consumables used, subcontracting costs, employee benefit expenses and rentals. For the year 2014, cost of raw materials and consumables used, subcontracting costs, employee benefit expenses and rentals increased by 2.1%, 17.3%, 15.0% and 2.2% respectively.

As a result of the increase in both revenue and cost of sales in 2014, gross profit in 2014 amounted to RMB39,272 million, representing an increase of RMB5,334 million, or 15.7%, from RMB33,938 million in 2013. Gross profit margin increased to 10.7% in 2014 from 10.2% in 2013, primarily due to the increase in gross profit margin of infrastructure construction business, heavy machinery manufacturing business and other business.

Operating Profit

Operating profit in 2014 amounted to RMB23,785 million, representing an increase of RMB4,210 million, or 21.5%, from RMB19,575 million in 2013. The increase was mainly due to the increase in gross profit.

For the year 2014, operating profit from infrastructure construction business, infrastructure design business and heavy machinery manufacturing business increased by RMB2,173 million, RMB18 million and RMB1,770 million (all before elimination of inter-segment transactions and unallocated cost), representing a growth rate of 16.1%, 0.7% and 2,424.7% respectively from 2013; operating profit from dredging business and other business decreased respectively by RMB976 million and RMB160 million (before elimination of inter-segment transactions and unallocated cost), or 27.0% and 94.7%, from 2013.

Operating profit margin increased to 6.5% in 2014 from 5.9% in 2013.

Finance Income

Finance income in 2014 amounted to RMB3,588 million, representing an increase of RMB1,160 million, or 47.8%, from RMB2,428 million in 2013. The increase was mainly due to more finance income from BT projects.

Finance Costs, net

Net finance costs in 2014 amounted to RMB10,108 million, representing an increase of RMB3,735 million, or 58.6%, from RMB6,373 million in 2013. The increase was primarily attributable to increased volume of borrowings.

Share of Profit of Joint Ventures

Share of profit of joint ventures in 2014 amounted to RMB81 million, as compared with RMB65 million in 2013.

Share of Profit of Associates

Share of profit of associates in 2014 amounted to RMB258 million, as compared with RMB157 million in 2013.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax in 2014 amounted to RMB17,604 million, representing an increase of RMB1,752 million, or 11.1%, from RMB15,852 million in 2013.

CONSOLIDATED RESULTS OF OPERATIONS (Continued)

Income Tax Expense

Income tax expense in 2014 amounted to RMB3,721 million, representing a slight increase of RMB141 million, or 3.9%, from RMB3,580 million in 2013. Effective tax rate for the Group in 2014 decreased to 21.1% from 22.6% in 2013, mainly because more subsidiaries of the Group enjoyed preferential tax rate in 2014.

Loss Attributable to Non-Controlling Interests

Loss attributable to non-controlling interests in 2014 decreased to RMB102 million from RMB296 million in 2013.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company in 2014 amounted to RMB13,985 million, representing an increase of RMB1,417 million, or 11.3%, from RMB12,568 million in 2013.

Profit margin with respect to profit attributable to owners of the Company remained the same at 3.8% in 2014 as in 2013.

DISCUSSION OF SEGMENT OPERATIONS

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the years ended 31 December 2014 and 2013.

	Revenue		Gross Profit		Gross Profit Margin		Operating Profit/(loss)(Note)		Operating Profit Margin	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
Business	**2014 (RMB million)**	2013 (RMB million)	**2014 (RMB million)**	2013 (RMB million)	**2014 (%)**	2013 (%)	**2014 (RMB million)**	2013 (RMB million)	**2014 (%)**	2013 (%)
Infrastructure Construction	**299,192**	264,146	**27,117**	22,931	**9.1**	8.7	**15,637**	13,464	**5.2**	5.1
% of total	**78.9**	76.8	**69.0**	67.7	**–**	–	**68.9**	67.7	**–**	–
Infrastructure Design	**21,086**	19,394	**4,586**	4,627	**21.7**	23.9	**2,591**	2,573	**12.3**	13.3
% of total	**5.6**	5.6	**11.7**	13.7	**–**	–	**11.4**	12.9	**–**	–
Dredging	**27,838**	32,789	**3,782**	4,516	**13.6**	13.8	**2,644**	3,620	**9.5**	11.0
% of total	**7.3**	9.5	**9.6**	13.3	**–**	–	**11.6**	18.2	**–**	–
Heavy Machinery Manufacturing	**26,733**	24,171	**3,514**	1,604	**13.1**	6.6	**1,843**	73	**6.9**	0.3
% of total	**7.1**	7.0	**8.9**	4.7	**–**	–	**8.1**	0.4	**–**	–
Other businesses	**4,192**	3,706	**299**	207	**7.1**	5.6	**9**	169	**0.2**	4.6
% of total	**1.1**	1.1	**0.8**	0.6	**–**	–	**0.0**	0.8	**–**	–
Subtotal	**379,041**	344,206	**39,298**	33,885	**–**	–	**22,724**	19,899	**–**	–
Intersegment elimination and unallocated profit/(costs)	**(12,999)**	(12,408)	**(26)**	53	**–**	–	**1,061**	(324)	**–**	–
Total	**366,042**	331,798	**39,272**	33,938	**10.7**	10.2	**23,785**	19,575	**6.5**	5.9

Note: Total operating profit/(loss) represents the total of segment profit less unallocated costs or add unallocated profit.

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Infrastructure Construction Business

The financial information for the infrastructure construction business presented in this section is before elimination of inter-segment transactions and unallocated costs.

The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2014 and 2013.

	Years ended 31 December	
	2014	2013
	(RMB million)	(RMB million)
Revenue	**299,192**	264,146
Cost of sales	**(272,075)**	(241,215)
Gross profit	**27,117**	22,931
Selling and marketing expenses	**(148)**	(113)
Administrative expenses	**(11,819)**	(9,987)
Other income, net	**487**	633
Segment result	**15,637**	13,464
Depreciation and amortisation	**5,440**	4,867

Revenue. Revenue from the infrastructure construction business in 2014 was RMB299,192 million, representing an increase of RMB35,046 million, or 13.3%, from RMB264,146 million in 2013. This growth was primarily attributable to the increase of revenue from road and bridge construction projects, investment projects, overseas projects as well as municipal and other projects. The value of new contracts entered into for the infrastructure construction business in 2014 was RMB496,821 million, representing an increase of RMB46,270 million, or 10.3%, from RMB450,551 million in 2013. No single project accounted for more than 5% of the Group's total revenue in 2014 or 2013.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2014 was RMB272,075 million, representing an increase of RMB30,860 million, or 12.8% from RMB241,215 million in 2013. Cost of sales as a percentage of revenue decreased to 90.9% in 2014 from 91.3% in 2013.

Gross profit from the infrastructure construction business in 2014 grew by RMB4,186 million, or 18.3%, to RMB27,117 million from RMB22,931 million in 2013. Gross profit margin increased to 9.1% in 2014 from 8.7% in 2013, mainly attributable to the increased proportion of revenue generated from investment business that has relatively higher gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2014 were RMB148 million, representing an increase of RMB35 million, or 31.0% from RMB113 million in 2013.

Administrative expenses. Administrative expenses for the infrastructure construction business were RMB11,819 million in 2014, representing an increase of RMB1,832 million, or 18.3%, from RMB9,987 million in 2013. The increase was mainly attributable to the increase in cost of research & development as well as cost of administrative staff. Administrative expenses as a percentage of revenue slightly increased to 4.0% in 2014 from 3.8% in 2013.

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Infrastructure Construction Business (Continued)

Other income, net. Other net income for the infrastructure construction business decreased to RMB487 million in 2014 from RMB633 million in 2013, mainly attributable to the increase in foreign exchange losses while partially offset by gains on the sale of available-for-sale financial assets.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2014 was RMB15,637 million, representing an increase of RMB2,173 million, or 16.1% from RMB13,464 million in 2013. Segment result margin increased to 5.2% in 2014 from 5.1% in 2013.

Infrastructure Design Business

The financial information for the infrastructure design business presented in this section is before elimination of inter-segment transactions and unallocated costs.

The following table sets out the principal profit and loss information for infrastructure design business for the years ended 31 December 2014 and 2013.

	Years ended 31 December	
	2014	2013
	(RMB million)	(RMB million)
Revenue	**21,086**	19,394
Cost of sales	**(16,500)**	(14,767)
Gross profit	**4,586**	4,627
Selling and marketing expenses	**(195)**	(175)
Administrative expenses	**(1,918)**	(1,925)
Other income, net	**118**	46
Segment result	**2,591**	2,573
Depreciation and amortisation	**252**	217

Revenue. Revenue from the infrastructure design business in 2014 was RMB21,086 million, representing an increase of RMB1,692 million, or 8.7% from RMB19,394 million in 2013. This growth was primarily attributable to the increase in the aggregate value of comprehensive contracts, which was driven by higher demand for the Group's specialised design skills and experience in complex projects. The value of new contracts entered into for the infrastructure design business in 2014 was RMB31,137 million, representing an increase of RMB5,946 million, or 23.6%, from RMB25,191 million in 2013.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2014 was RMB16,500 million, representing an increase of RMB1,733 million, or 11.7%, from RMB14,767 million in 2013. Cost of sales as a percentage of revenue increased to 78.3% in 2014 from 76.1% in 2013.

Gross profit from the infrastructure design business in 2014 was RMB4,586 million, representing a slight decrease of RMB41 million, or 0.9%, as compared with RMB4,627 million in 2013. Gross profit margin decreased to 21.7% in 2014 from 23.9% in 2013, mainly attributable to the increased proportion of revenue generated from comprehensive contracts, which have lower gross profit margin.

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Infrastructure Design Business (Continued)

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business in 2014 were RMB195 million, representing an increase of RMB20 million, or 11.4% from RMB175 million in 2013.

Administrative expenses. Administrative expenses for the infrastructure design business in 2014 were RMB1,918 million, representing a slight decrease of RMB7 million, or 0.4%, from RMB1,925 million in 2013. Administrative expenses as a percentage of revenue decreased to 9.1% in 2014 from 9.9% in 2013.

Other income, net. Other net income for the infrastructure design business in 2014 was RMB118 million, representing an increase of RMB72 million from RMB46 million in 2013.

Segment result. As a result of the above, segment result for the infrastructure design business in 2014 was RMB2,591 million, representing a slight increase of RMB18 million, or 0.7%, from RMB2,573 million in 2013. Segment result margin decreased to 12.3% in 2014 from 13.3% in 2013.

Dredging Business

The financial information for the dredging business presented in this section is before elimination of inter-segment transactions and unallocated costs.

The following table sets out the principal profit and loss information for the dredging business for the years ended 31 December 2014 and 2013.

	Years ended 31 December	
	2014	2013
	(RMB million)	(RMB million)
Revenue	**27,838**	32,789
Cost of sales	**(24,056)**	(28,273)
Gross profit	**3,782**	4,516
Selling and marketing expenses	**(25)**	(29)
Administrative expenses	**(1,857)**	(1,545)
Other income, net	**744**	678
Segment result	**2,644**	3,620
Depreciation and amortisation	**903**	1,665

Revenue. Revenue from the dredging business in 2014 was RMB27,838 million, representing a decrease of RMB4,951 million, or 15.1%, from RMB32,789 million in 2013. The decline was primarily attributable to the slow-down of coastal line reclamation activities under the tightened macro economy in 2014. The value of new contracts entered into for the dredging business in 2014 was RMB42,332 million, representing an increase of RMB2,996 million, or 7.6%, from RMB39,336 million in 2013. The increased value of new contracts in 2014 signals a recovery of dredging business in 2015.

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Dredging Business (Continued)

Cost of sales and gross profit. Cost of sales for the dredging business in 2014 was RMB24,056 million, representing a decrease of RMB4,217 million, or 14.9%, as compared with RMB28,273 million in 2013. Cost of sales as a percentage of revenue for the dredging business in 2014 slightly increased to 86.4% from 86.2% in 2013.

Gross profit from the dredging business in 2014 was RMB3,782 million, representing a decrease of RMB734 million, or 16.3%, from RMB4,516 million in 2013. Gross profit margin for the dredging business slightly decreased by 0.2 percentage to 13.6% in 2014.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2014 were RMB25 million, representing a decrease of RMB4 million, or 13.8%, from RMB29 million in 2013.

Administrative expenses. Administrative expenses for the dredging business in 2014 were RMB1,857 million, representing an increase of RMB312 million, or 20.2%, from RMB1,545 million in 2013, mainly attributable to the increase in the cost of research & development and in provision for impairment of trade and other receivables. Administrative expenses as a percentage of revenue increased to 6.7% in 2014 from 4.7% in 2013.

Other income, net. Other net income for the dredging business in 2014 was RMB744 million, representing an increase of RMB66 million from RMB678 million in 2013. The increase was mainly attributable to increased gains on sale of available-for-sale financial assets.

Segment result. As a result of the above, segment result for the dredging business in 2014 was RMB2,644 million, representing a decrease of RMB976 million, or 27.0%, from RMB3,620 million in 2013. Segment result margin decreased to 9.5% in 2014 from 11.0% in 2013.

Heavy Machinery Manufacturing Business

The financial information for the heavy machinery manufacturing business presented in this section is before elimination of inter-segment transactions and unallocated costs.

The following table sets out the principal profit and loss information for the heavy machinery manufacturing business for the years ended 31 December 2014 and 2013.

	Years ended 31 December	
	2014 (RMB million)	2013 (RMB million)
Revenue	**26,733**	24,171
Cost of sales	**(23,219)**	(22,567)
Gross profit	**3,514**	1,604
Selling and marketing expenses	**(117)**	(128)
Administrative expenses	**(1,885)**	(1,809)
Other income, net	**331**	406
Segment result	**1,843**	73
Depreciation and amortisation	**1,327**	1,231

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Heavy Machinery Manufacturing Business (Continued)

Revenue. Revenue from the heavy machinery manufacturing business in 2014 was RMB26,733 million, representing an increase of RMB2,562 million, or 10.6%, from RMB24,171 million in 2013. The increase was primarily due to the development of new business and new products in 2014. The value of new contracts entered into for the heavy machinery manufacturing business in 2014 was RMB33,032 million, representing an increase of RMB5,182 million, or 18.6%, from RMB27,850 million in 2013.

Cost of sales and gross profit. Cost of sales for the heavy machinery manufacturing business in 2014 was RMB23,219 million, representing an increase of RMB652 million, or 2.9%, from RMB22,567 million in 2013. Cost of sales as a percentage of revenue decreased to 86.9% in 2014 from 93.4% in 2013.

Gross profit from the heavy machinery manufacturing business in 2014 was RMB3,514 million, representing an increase of RMB1,910 million, or 119.1%, from RMB1,604 million in 2013. Gross profit margin increased to 13.1% in 2014, doubling that of 6.6% in 2013. The increment was mainly attributable to improved profitability of ZPMC and F&G.

Selling and marketing expenses. Selling and marketing expenses for the heavy machinery manufacturing business in 2014 were RMB117 million, representing a decrease of RMB11 million from RMB128 million in 2013.

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business in 2014 were RMB1,885 million, representing an increase of RMB76 million, or 4.2%, from RMB1,809 million in 2013. The increase was mainly attributable to the increase in the cost of research & development. Administrative expenses as a percentage of revenue for the heavy machinery manufacturing business decreased to 7.1% in 2014 from 7.5% in 2013.

Other income, net. Other net income for the heavy machinery manufacturing business in 2014 was RMB331 million, representing a decrease of RMB75 million, or 18.5%, from RMB406 million in 2013. The decrease was mainly due to losses on the disposal of certain fixed assets.

Segment result. As a result of the above, segment result for the heavy machinery manufacturing business in 2014 was RMB1,843 million profit, representing an increase of RMB1,770 million from RMB73 million in 2013.

Other Businesses

The financial information for the other businesses presented in this section is before elimination of inter-segment transactions and unallocated costs.

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the years ended 31 December 2014 and 2013.

	Years ended 31 December	
	2014	2013
	(RMB million)	(RMB million)
Revenue	**4,192**	3,706
Cost of sales	**(3,893)**	(3,499)
Gross profit	**299**	207

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Other Businesses (Continued)

Revenue. Revenue from the other businesses in 2014 was RMB4,192 million, representing an increase of RMB486 million, or 13.1%, from RMB3,706 million in 2013. The increase was mainly due to the growth in trading business.

Cost of sales and gross profit. Cost of sales for the other businesses in 2014 was RMB3,893 million, representing an increase of RMB394 million, or 11.3%, from RMB3,499 million in 2013. Cost of sales as a percentage of revenue decreased to 92.9% in 2014 from 94.4% in 2013.

Gross profit from the other businesses in 2014 was RMB299 million, representing an increase of RMB92 million, or 44.4%, from RMB207 million in 2013. Gross profit margin increased to 7.1% in 2014 from 5.6% in 2013, mainly because certain trading contracts enjoyed higher gross margin.

LIQUIDITY AND CAPITAL RESOURCES

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 31 December 2014, the Group had unutilised credit facilities in the amount of RMB449,078 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

Cash Flow Data

The following table presents selected cash flow data from the Company's consolidated cash flow statements for the years ended 31 December 2014 and 2013.

	Years ended 31 December	
	2014	2013
	(RMB million)	(RMB million)
Net cash generated from operating activities	**4,408**	6,972
Net cash used in investing activities	**(45,505)**	(28,086)
Net cash generated from financing activities	**31,801**	34,562
Net (decrease)/increase in cash and cash equivalents	**(9,296)**	13,448
Cash and cash equivalents at beginning of year	**81,238**	68,003
Exchange losses on cash and cash equivalents	**(119)**	(213)
Cash and cash equivalents at end of year	**71,823**	81,238

Cash flow from operating activities

During the year 2014, net cash generated from operating activities decreased to RMB4,408 million from RMB6,972 million in 2013, primarily attributable to changes in working capital, in particular, due to larger increase in inventories and trade and other receivables as well as smaller increase in trade and other payables, which was then partially offset by smaller increase in contract work-in-progress. During the year 2014, inventories, trade and other receivables and trade and other payables increased by RMB6,409 million, RMB38,003 million and RMB29,030 million respectively, compared with the amount of increase of RMB3,277 million, RMB35,286 million and RMB31,866 million during 2013. Meanwhile, contract work-in-progress increased by RMB4,292 in 2014, compared with the amount of increase of RMB7,966 million during 2013. The changes in working capital reflect, to some extent, the fact that rapid growth of investment business and land development projects requires more working capital than traditional infrastructure construction business.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Cash Flow Data (Continued)

Cash flow from investing activities

Net cash used in investing activities in 2014 increased to RMB45,505 million from RMB28,086 million in 2013. The increase of RMB17,419 million, or 62.0%, was primarily attributable to the increase in the purchase of intangible assets and property, plant and equipment ("PPE") and in the acquisition of subsidiaries, respectively amounting to RMB14,743 million, RMB2,610 million and RMB4,963 million.

Cash flow from financing activities

Net cash generated from financing activities in 2014 was RMB31,801 million, representing a decrease of RMB2,761 million, or 8.0%, from RMB34,562 million in 2013. The decrease was primarily attributable to the increase in repayment of borrowings of RMB42,459 million and the increase in paid interest of RMB3,371 million, while partially offset by an increase in borrowings by RMB37,918 million.

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipments and vessels, and the building of plants. The following table set forth the Group's capital expenditure by business for the years ended 31 December 2014 and 2013.

	Years ended 31 December	
	2014	2013
	(RMB million)	(RMB million)
Infrastructure Construction Business	**48,234**	24,262
– BOT projects	**35,014**	18,307
Infrastructure Design Business	**408**	269
Dredging Business	**1,649**	804
Heavy Machinery Manufacturing Business	**1,332**	253
Other	**30**	1,280
Total	**51,653**	26,868

Capital expenditure in 2014 was RMB51,653 million, as compared with RMB26,868 million in 2013. The increase of RMB24,785 million or 92.2% was primarily attributable to additional capital injection in BOT projects as well as in property mainly for the Group's own use and equipment in infrastructure construction business.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the years ended 31 December 2014 and 2013.

	Years ended 31 December	
	2014 (Number of days)	2013 (Number of days)
Turnover of average trade and bills receivables[1]	**59**	60
Turnover of average trade and bills payables[2]	**150**	143

(1) Average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.

(2) Average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

The following table sets forth an ageing analysis of trade and bills receivables as at 31 December 2014 and 2013.

	As at 31 December	
	2014 (RMB million)	2013 (RMB million)
Less than 6 months	**45,715**	48,147
6 months to 1 year	**5,161**	5,865
1 year to 2 years	**7,133**	4,762
2 years to 3 years	**2,871**	1,603
Over 3 years	**2,813**	1,776
Total	**63,693**	62,153

The Group's credit terms with its customers for the year ended 31 December 2014 remained the same as that for the year ended 31 December 2013. For sales of products, a credit period ranging from 30 to 90 days may be granted to large or long-established customers with good repayment history. Revenues from small businesses or new customers are normally expected to be settled shortly after provision of services or delivery of goods. Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 31 December 2014, the Group had a provision for impairment of RMB4,161 million, as compared with RMB3,802 million as at 31 December 2013.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Working Capital (Continued)

The following table sets forth an ageing analysis of trade and bills payables as at December 2014 and 2013.

	As at 31 December	
	2014	2013
	(RMB million)	(RMB million)
Within 1 year	**129,322**	115,799
1 year to 2 years	**9,074**	8,002
2 years to 3 years	**2,803**	1,595
Over 3 years	**1,675**	1,019
Total	**142,874**	126,415

The Group's credit terms with its suppliers for the year ended 31 December 2014 remained the same as that for the year ended 31 December 2013. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Retentions

The following table sets forth the fair value of the retentions as at 31 December 2014 and 2013.

	As at 31 December	
	2014	2013
	(RMB million)	(RMB million)
Current	**20,998**	17,548
Non-current	**26,363**	19,193
Total	**47,361**	36,741

INDEBTEDNESS

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 31 December 2014 and 2013.

	As at 31 December	
	2014	2013
	(RMB million)	(RMB million)
Within 1 year	**91,034**	87,818
Between 1 year and 2 years	**29,186**	13,587
Between 2 years and 5 years	**50,496**	35,847
Over 5 years	**58,119**	49,723
Total borrowings	**228,835**	186,975

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Hong Kong dollars and Japanese Yen. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2014 and 2013.

	As at 31 December	
	2014	2013
	(RMB million)	(RMB million)
Renminbi	**206,528**	167,921
U.S. dollar	**19,141**	16,108
Euro	**1,212**	806
Hong Kong dollar	**1,130**	684
Japanese Yen	**268**	698
Others	**556**	758
Total borrowings	**228,835**	186,975

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 31 December 2014 was 54.4%, as compared with 50.2% as at 31 December 2013.

INDEBTEDNESS (Continued)

Contingent Liabilities

	As at 31 December	
	2014	2013
	(RMB million)	(RMB million)
Pending lawsuits(note 1)	**3,047**	439
Outstanding loan guarantees(note 2)	**527**	262
Total	**3,574**	701

Note 1: The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for above pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resource is not probable. The Group does not include any pending lawsuit in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

During the year ended 31 December 2013, a subsidiary of the Company was involved in a product quality dispute arising from the ordinary course of business. In September 2014, the contractor instituted a proceeding against the subsidiary, to claim a compensation relating to the product quality dispute, totalling Great Britain Pound 250 million (equivalent to approximately RMB2,386 million). As at 31 December 2014, the subsidiary was unable to ascertain the likelihood and reasonably estimate the outcome of the lawsuit based on advice of legal counsel.

Note 2: The Group has acted as the guarantor for various external borrowings made by certain joint ventures and associates of the Group and certain third party entities.

MARKET RISKS

The Group is exposed to various types of market risks, including changes in interest rate risks and foreign exchange risks in the normal course of business.

Marco-economy risk

The Group's businesses are closely related to the development of macro-economy, especially for infrastructure design, infrastructure construction and heavy machinery manufacturing business, of which the industry development is subject to the effects of macroeconomic factors including investment scale of social fixed assets and the process of urbanisation.

In recent years, the national economy has kept a rapid growth and the global economy has gradually come out of the shadow of financial crisis and is in the process of recovering. However, the possibility of periodic fluctuations of macro-economy cannot be eliminated. If the global macro-economy is in the down cycle or the national economic growth speed significantly slows down, there will be a gliding risk in the operation performance of the Group.

Market risk

The Group conducts its business in over 120 countries and regions, with major overseas business in Africa, Southeast Asia, Middle East, Eurasia and Latin America. Due to various factors, the political and economic conditions in Africa, Middle East and Southeast Asia are usually subject to uncertainty. If the political and economic conditions of such countries and regions change adversely, or there are frictions or disputes in the diplomatic and economic relations among the PRC government and governments of such relevant countries and regions, the overseas business of the Group in such countries and regions would be exposed to certain risks.

INDEBTEDNESS (Continued)

Interest rate risk

The Group's exposure to changes in interest rates is mainly due to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2014, approximately RMB70,988 million (as at 31 December 2013: RMB110,030 million) of the Group's borrowings were at variable rates.

Foreign exchange risk

The Group's functional currency of a majority of the entities within the Group is Renminbi with most of the Group's transactions settled in Renminbi. The Group uses, however, foreign currencies to settle the Group's invoices from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. In addition, the Group generates revenue from certain construction contracts denominated in foreign currencies and a significant proportion of the Group's bank borrowings are denominated in foreign currencies, particularly U.S. dollar, Euro and Japanese Yen. Renminbi is not freely convertible into other foreign currencies and conversion of Renminbi into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. In July 2005, the PRC government introduced a managed floating exchange rate system to allow Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2% against U.S. dollar. As at 31 December 2014, Renminbi had appreciated by approximately 30% against U.S. dollar since July 2005. The PRC government may in the future make further adjustments to the exchange rate system. When Renminbi appreciates, the value of foreign currency denominated assets will decline against Renminbi.

Fluctuations in foreign exchange currency rates could adversely affect the Group by decreasing any revenues from the Group's sales on contracts which are denominated in foreign currencies and increasing the Group's borrowings in terms of real value which are denominated in foreign currencies.

During the years ended 31 December 2014 and 2013, certain subsidiaries within the Group used foreign exchange forward contracts for transactions with domestic and overseas registered banks, to hedge the Group's exposure to foreign currency risk on individual transactions primarily vis-à-vis U.S. dollar, Japanese Yen, and the Euro.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale financial assets or other financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Quanzhou Bay Cross-sea bridge, the longest bridge in Fujian.

Report of the Board of Directors

The Board is pleased to present its report together with the audited financial statements of the Group prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2014.

PRINCIPAL BUSINESS

We are a leading transportation infrastructure group in the PRC and are principally engaged in infrastructure construction, infrastructure design, dredging and heavy machinery manufacturing businesses.

RESULTS

Results of the Group for the year ended 31 December 2014 and the financial position of the Company and the Group as at 31 December 2014 are set out in the audited financial statements in this annual report.

DIVIDENDS

On 30 March 2015, the Board recommended a final dividend of RMB0.17172 (including tax) per share (amounting to approximately RMB2,778 million in total) for the year ended 31 December 2014. The recommended final dividends are subject to shareholders' approval at the annual general meeting to be held on 16 June 2015. The recommended final dividends distribution will be made based on the Company's entire issued share capital of 16,174,735,425 shares. The final dividends are expected to be paid to shareholders whose names appear on the register of members of the Company at the opening of business on 29 June 2015. The register of members will be closed from 24 June 2015 to 29 June 2015 (both days inclusive), during which period no transfers will be registered.

Dividends will be denominated and declared in Renminbi and will be paid to holders of H Shares in Hong Kong dollars. The relevant exchange rate is determined at RMB0.79186 equivalent to HK$1.00 as the middle rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on the date when such dividends were declared.

Under relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and in line with the market practice regarding dividend distribution for A Shares, the Company will publish a separate announcement in respect of its final dividends distribution for A Shares after the Company's annul general meeting for 2014, which, among others, will set out the record date and ex-entitlement date of dividend distribution for A Shares.

Pursuant to relevant laws and regulations including the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法實施條例》), and the letter dated 28 June 2011 from the State Administration of Taxation to the Inland Revenue Department of Hong Kong, as a withholding agent, the Company is required to withhold and pay the individual income tax at the tax rate of 10% in general on behalf of the Individual H Shareholders. For Individual H Shareholders who are citizens from countries under agreements to be entitled to tax rates lower than 10%, the Company can process applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to relevant regulations, and upon approval by the tax authorities, over withheld tax amounts will be refunded. For Individual H Shareholders receiving dividends who are citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the Company will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and no application procedures will be necessary. For Individual H Shareholders receiving dividends who are citizens from countries without taxation agreements with the PRC or are under other situations, the Company will withhold the individual income tax at a tax rate of 20% when distributing dividends.

For the non-resident enterprise shareholders of the Company, pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》), the Company shall continue to withhold and pay 10% enterprise income tax when the Company distributes the 2014 final dividend to non-resident enterprise shareholders whose names appear on the Company's H share register of members in accordance with its previous practice.

DIVIDENDS (Continued)

The Company will withhold for payment of the income tax strictly in accordance with the relevant laws or requirements of the relevant government departments and strictly based on what has been registered on the Company's register of members for H shares at the opening of business on 29 June 2015. Investors and potential investors in the H shares of the Company are recommended to consult their professional tax advisors if they are in any doubt as to the implications of the above mechanism of withholding, and the Company does not accept responsibility for any effect the above mechanism of withholding may have on any person.

SHARE CAPITAL

The share capital of the Company remains unchanged during the year of 2014. As at 31 December 2014, the share capital structure of the Company was as follows:

		Shareholding structure	
No.	**Item**	**Number of shares**	**Percentage**
1	A shares	11,747,235,425	72.63%
2	H shares	4,427,500,000	27.37%
	Total	**16,174,735,425**	**100.00%**

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Company's issue of new shares at the time of its listing on the Shanghai Stock Exchange in March 2012 amounted to approximately RMB4,864 million.

At the second extraordinary general meeting of the Company on 30 October 2013, a resolution was passed in relation to the change in the use of proceeds raised from the A share issue, details of which were set out in the circular published on the Hong Kong Stock Exchange on 13 September 2013 and the poll results of the abovementioned extraordinary meeting was published on the Hong Kong Stock Exchange and on the Shanghai Stock Exchange on 30 October 2013, respectively.

According to the resolution, the Company (1) terminated the project to purchase dredging vessels where the Company originally planned to utilize proceeds of approximately RMB1,892 million, and the proceeds will be used as to RMB1,100 million in the development of the BOT Project of Guizhou Guiyang-Weng'an Expressway, RMB330 million in the BOT Project of Fengdu-Zhongxian Expressway of Chongqing Coastal Expressway, and approximately RMB462 million to supplement the Company's working capital permanently; (2) terminated the project to purchase engineering ships and mechanical equipment where the Company originally planned to utilize proceeds of approximately RMB1,080 million, and the proceeds are intended to be used to purchase 2 crane vessels and 8 shield machines; (3) intended to use all accrued interests on the proceeds raised to supplement the Company's working capital permanently.

As of 31 December 2014, proceeds amounted to RMB4,728 million have been utilized in accordance with the proposed plans as set out in the abovementioned circular.

PUBLIC FLOAT

As at the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed public float under the Hong Kong Listing Rules and as agreed with the Hong Kong Stock Exchange.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

The following table sets out certain information concerning the Directors, Supervisors and senior management of the Company as at the date of this annual report.(Note 1)

Name	Age	Position in the Company	Date of appointment	Emoluments for the year ended 31 December 2014 (before income tax)(Note 2) (RMB'000)
LIU Qitao	57	Executive director and Chairman	22 April 2014	1,159
CHEN Fenjian	52	Executive director and President	22 April 2014	1,109
FU Junyuan	53	Executive director and chief financial officer	22 April 2014	1,047
LIU Maoxun	49	Non-executive Director	22 April 2014	0
LIU Zhangmin	65	Independent non-executive Director	22 April 2014	168
LEUNG Chong Shun	49	Independent non-executive Director	22 April 2014	137
WU Zhenfang (Note 3)	62	Independent non-executive Director	22 April 2014	105
HUANG Long	61	Independent non-executive Director	22 April 2014	84
LIU Xiangdong	56	Chairman of the Supervisory Committee (representative of the shareholders)	22 April 2014	1,034
WANG Yongbin	49	Supervisor (representative of the shareholders)	22 April 2014	759
YAO Yanmin	51	Supervisor (representative of the employees)	22 April 2014	760
CHEN Yun	51	Vice president	22 April 2014	1,014
CHEN Yusheng	59	Vice president	22 April 2014	1,012
ZHU Bixin	49	Vice president	22 April 2014	1,014
YANG Liqiang	58	Vice president	22 April 2014	1,014
SONG Hailiang	49	Vice president	22 April 2014	957
WANG Haihuai	46	Vice president	22 April 2014	1,257
SUN Ziyu	52	Vice president	22 April 2014	1,215
LIU Wensheng	54	Secretary of the Board, Company secretary and chief economist	22 April 2014	963
ZHANG Changfu (Note 3)	69	Non-executive Director	29 December 2009	3
LU Hongjun (Note 4)	65	Independent non-executive Director	29 December 2009	52
YUAN Yaohui (Note 4)	69	Independent non-executive Director	29 December 2009	47
ZOU Qiao (Note 4)	68	Independent non-executive Director	29 December 2009	51
XU Sanhao (Note 4)	60	Supervisor	29 December 2012	162

Note 1: On 22 April 2014, the election and re-election of the members of the third session of the Board and the shareholders' representative supervisors of the third session of the Supervisory Committee were considered and approved by the Shareholders at the extraordinary general meeting of the Company. The Chairman, President, chief financial officer, vice presidents and the company secretary were considered and approved by the Board. The term of office of the third session of the Board, the third session of the Supervisor Committee and the aforementioned senior management is three-year commencing from 22 April 2014.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY (Continued)

Note 2: Please refer to Note 41 of the audited financial statements for details of the emoluments of the Directors and Supervisors of the Company in 2014. The emoluments payable to the Directors, Supervisors and senior management are determined with reference to responsibilities, years of service and performance of each individual, the results of the Group and prevailing market rate.

Note 3: Mr. WU Zhenfang ceased to be an Independent Non-executive Director of the Company, the Chairman of Remuneration and Appraisal Committee and a member of Strategy Committee and Nomination Committee of the Board due to personal reasons on April 2, 2015.

Note 4: Mr. Zhang Changfu ceased to be in his position on 19 March 2014. The above table only shows his emolument from 1 January 2014 to the date when he ceased to be in his position.

Note 5: Mr. LU Hongjun, Mr. YUAN Yaohui, Mr. ZOU Qiao and Mr. XU Sanhao ceased to be in their respective positions on 22 April 2014. The above table only shows their emoluments from 1 January 2014 to the date when they ceased to be in his position.

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2014 are set out below:

Name	Basic salaries, housing allowances and other allowances RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
CHEN Yun	477	40	497	1,014
CHEN Yusheng	477	40	495	1,012
ZHU Bixin	477	40	497	1,014
YANG Liqiang	478	40	496	1,014
SONG Hailiang	519	40	398	957
WANG Haihuai	473	40	744	1,257
SUN Ziyu	542	40	633	1,215
LIU Wensheng	426	40	497	963

The biographical details of the Directors, Supervisors and senior management of the Company are set out in the "Profiles of Directors, Supervisors and Senior Management" in this annual report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has confirmed its receipt of a confirmation from each of the Independent Non-executive Directors of the Company of its independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent.

BOARD COMMITTEES

Committees under the Board include Strategy Committee, Audit Committee, Remuneration and Appraisal Committee as well as Nomination Committee. The composition of each committee is set out in the "Corporate Governance Report" in this annual report.

MATERIAL INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2014, the interests or short positions of every person (other than Directors, Supervisors and chief executive of the Company) who have an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed by the Company as recorded in the register required to be maintained under Section 336 of the Securities and Futures Ordinance (the "SFO") are as follows:

Name of shareholder	Number of shares held	Type of shares	Percentage of the respective type of shares (%)	Percentage of the total number of shares in issue (%)	Capacity in which the shares are held
CCCG	10,324,907,407	A Shares	87.89	63.83	Beneficial owner
Merrill Lynch (Asia Pacific) Limited	525,000,000 (Long Position)	H Shares	13.64	3.25	Interest of controlled corporation
	528,912,000 (Short Position)	H Shares	13.74	3.27	Interest of controlled corporation
Merrill Lynch Far East Limited	525,000,000 (Long Position)	H Shares	13.64	3.25	Interest jointly held with another person
	528,912,000 (Short Position)	H Shares	13.74	3.27	Interest jointly held with another person
Merrill Lynch International Holdings Inc.	525,000,000 (Long Position)	H Shares	13.64	3.25	Interest of controlled corporation
	528,912,000 (Short Position)	H Shares	13.74	3.27	Interest of controlled corporation
Merrill Lynch International Incorporated	525,000,000 (Long Position)	H Shares	13.64	3.25	Interest of controlled corporation
	528,912,000 (Short Position)	H Shares	13.74	3.27	Interest of controlled corporation
Blackrock, Inc.	367,501,778 (Long Position)	H Shares	8.30	2.27	Interest of controlled corporation
Citigroup Inc.	229,239,405 (Long Position)	H Shares	5.17	1.42	Person having a security interest in shares/ Interest of controlled corporation
	3,350,015 (Short Position)	H Shares	0.07	0.02	Interest of controlled corporation
	224,525,288 (Lending Pool)	H Shares	5.07	1.39	Custodian corporation/approved lending agent

Note: The above table is prepared based on the latest disclosure of interest fillings of the substantial shareholders published on the website of the Hong Kong Stock Exchange.

MATERIAL INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

As at 31 December 2014, there were 18,405 H shareholders and 152,711 A shareholders as shown on the register of members of the Company. As at 24 March 2015, there were 17,823 H shareholders and 188,950 A shareholders as shown on the register of members of the Company. Particulars of the top 10 shareholders of the Company as at 31 December 2014 were as follows:

	Name of shareholder	Nature	Percentage	Number	Number of shares subject to trading restriction	Number of shares pledged or frozen
1	CCCG	State	63.83	10,324,907,306	10,304,907,407	Nil
2	HKSCC NOMINEES LIMITED[note]	Foreign legal entities	27.00	4,367,105,166	0	Unknown
3	National Council for Social Security Fund	State	0.57	92,592,593	92,592,593	Unknown
4	Shanghai Port & Shipping Equity Investment Co., Ltd.	State-owned legal entities	0.19	31,537,000	0	Unknown
5	Orient Securities Company Limited	Unknown	0.09	14,186,370	0	Unknown
6	Guang Fa Securities Co., Ltd.	Unknown	0.08	13,087,903	0	Unknown
7	Agricultural Bank of China – Zhongyou Core Growth Equity Securities Investment Fund (中郵核心成長股票型證券投資基金)	Unknown	0.08	13,082,656	0	Unknown
8	Bank of China Limited – Jiashi Hushen 300 Trading Open-end Index Securities Investment Fund (嘉實滬深300交易型開放式指數證券投資基金)	Unknown	0.08	12,848,223	0	Unknown
9	Haitong Securities Co., Ltd.	Unknown	0.07	11,167,910	0	Unknown
10	Abu Dhabi Investment Authority	Unknown	0.07	11,122,776	0	Unknown

Note: HKSCC NOMINEES LIMITED are holding H Shares of the Company on behalf of various shareholders of the Company.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares of equity derivatives or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules ("Model Code").

As at 31 December 2014, the Company had not granted its Directors, Supervisors or chief executive or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for shares or debentures.

COMPETING BUSINESS

None of the Directors of the Company, directly or indirectly, has any interest which constitutes or may constitute a competing business of the Company.

FINANCIAL, BUSINESS AND FAMILY RELATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There are no relationships among the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years and may be re-elected upon expiry of the term.

None of the Directors or Supervisors has any existing or proposed service contract with any member of the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Apart from the service contracts with the Company or its subsidiaries (if applicable), in the year ended 31 December 2014, none of the Directors or Supervisors of the Company was materially interested, whether directly or indirectly, in any contract of significance to which the Company, its subsidiary or holding company or a subsidiary of the Company's holding company is a party.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the year ended 31 December 2014.

SUMMARY OF FINANCIAL INFORMATION FOR THE LAST FIVE YEARS

The tables below set out a summary of the operating results, assets and liabilities of the Group for each of the years in the five-year period ended 31 December 2014.

Consolidated Income Statement

	2014 RMB million	2013 RMB million	2012 RMB million	2011 RMB million	2010 RMB million
Revenue	**366,042**	331,798	295,321	294,281	272,734
Gross profit	**39,272**	33,938	32,598	27,907	23,473
Profit before income tax	**17,604**	15,852	15,551	15,029	12,453
Profit for the year	**13,883**	12,272	11,761	11,983	9,901
Attributable to:					
– owners of the Company	**13,985**	12,568	12,277	11,767	9,863
– non-controlling interests	**(102)**	(296)	(516)	216	38
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)					
– basic	**0.86**	0.78	0.77	0.79	0.67
– diluted	**0.86**	0.78	0.77	0.79	0.67
Dividends	**2,778**	3,035	2,988	2,902	2,372

Note: The Company completed an issuance of 1,349,735,425 A shares on the Shanghai Stock Exchange on 9 March 2012, resulting in a change of the Company's share capital.

Consolidated Balance Sheet

	As at 31 December (RMB Million)				
	2014	2013	2012	2011	2010
Total assets	**630,180**	517,445	434,277	358,780	307,794
Total liabilities	**498,568**	412,604	338,164	277,835	236,714
Capital and reserves attributable to owners of the Company	**116,531**	94,861	86,659	70,206	60,142
Non-controlling interests	**15,081**	9,980	9,454	10,739	10,938

Note:

(a) The financial figures for the year 2013 and 2014 were extracted from the 2014 Consolidated Financial Statements. The financial figures for the year 2010 to 2012 were extracted from the 2010, 2012 and 2013 annual report, respectively.

BANK LOANS AND OTHER BORROWINGS

Please refer to Note 25 of the audited financial statements for details of bank loans and other borrowings of the Group.

FIXED ASSETS

Please refer to Note 6 of the audited financial statements for movements in the property, plant and equipment of the Group for the year ended 31 December 2014.

CAPITALISED INTEREST

Please refer to Note 35 of the audited financial statements for details of the capitalised interest expense of the Group for the year ended 31 December 2014.

RESERVES

Please refer to Note 23 of the audited financial statements for details of the movements in the reserves of the Company and the Group for the year ended 31 December 2014.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2014 amounted to approximately RMB15,494 million.

DONATIONS

For the year ended 31 December 2014, the Group made charitable and other donations in a total amount of approximately RMB11 million.

SUBSIDIARIES

Please refer to Note 47 of the audited financial statements for details of the Company's principal subsidiaries as at 31 December 2014.

CHANGE IN EQUITY

Please refer to Note 21 and 23 of the audited financial statement for detail of changes in equity.

RETIREMENT BENEFITS

Please refer to Note 27 of the audited financial statements for details of retirement benefits.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in the Company's Articles of Association which require the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

MAJOR CUSTOMERS AND SUPPLIERS

The diversified business structure of the Company had provided an extensive base of suppliers and customers with low concentration. There is no reliance of the Company on a single supplier or customer. As at 31 December 2014, the sales of the Group to the five largest customers amounted to RMB17,814 million, representing less than 30% of the Group's revenue; the aggregate purchase from the five largest suppliers by the Group amounted to RMB4,879 million, representing less than 30% of the Group's aggregate purchase for the year.

CONNECTED TRANSACTIONS

One-off Connected Transactions

The Company has entered into the following connected transactions in the year 2014.

Change of venture partner for the establishment of CCCC (Wanxi) Investment

Reference is made to the announcements of the Company dated 28 February 2014 in relation to, among others, the formation of a project company, CCCC (Wanxi) Investment. At the Board meeting held on 28 February 2014, it was approved that the venture partner for the establishment of CCCC (Wanxi) Investment changed from CCCC Real Estate to its wholly-owned subsidiary, China Urban and Rural Construction and Development Limited, while other terms in the related cooperative agreement remain unchanged and the establishment of CCCC (Wanxi) Investment is still a connected transaction of the Company. After the change of the venture partner, the establishment of CCCC (Wanxi) Investment still constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Incorporation of a project company

Reference is made to the announcement of the Company dated 13 May 2014 in relation to the establishment of a project company. On 13 May 2014, CCCC East China Investment Limited (中交華東投資有限公司), a wholly-owned subsidiary of the Company, Huatong Real Estate Corporation Limited (華通置業有限公司), a wholly-owned subsidiary of CCCG and Suzhou Rongheyuan Trading Limited (蘇州融和緣貿易有限公司), an independent third party, entered into an agreement to establish a project company with an aim to develop a parcel of land located in Zhuyuan Road, New District, Suzhou. As CCCG is the controlling shareholder of the Company, Huatong Real Estate Corporation Limited (華通置業有限公司) is a connected person of the Company and the agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Capital increase in a project company

Reference is made to the announcement of the Company dated 18 June 2014 in relation to the capital increase in a project company, CCCC (Qingdao) Urbanization Construction Investment Limited (中交(青島)城鎮化建設投資有限公司) ("**CCCC (Qingdao) Investment**"). On 13 December 2013, for reconstruction of city block in Qingdao, CCCC Shanghai Dredging, CCCC Electronics, CCCC WTC and Urban and Rural Development entered into an agreement to incorporate a project company, CCCC (Qingdao) Investment. On 18 June 2014 a supplemental agreement was entered into by the above mentioned parties in relation to the capital increase in CCCC (Qingdao) Investment. Pursuant to the supplemental agreement, upon completion of the capital increase, the registered capital of CCCC (Qingdao) Investment will be increased from RMB200 million to RMB350 million, out of which CCCC Shanghai Dredging, CCCC Electronics, CCCC WTC and Urban and Rural Development will contribute RMB37.5 million, RMB30 million, RMB22.5 million and RMB60 million, respectively. Urban and Rural Development is a wholly-owned subsidiary of CCCC Real Estate, a wholly-owned subsidiary of CCCG, therefore a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. CCCC Shanghai Dredging, CCCC WTC and CCCC Electronics are subsidiaries of the Company. Accordingly, the proposed capital increase in CCCC (Qingdao) Investment constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the abovementioned connected transactions, exceeds 0.1% but is less than 5%. Accordingly, such transactions were subject to the reporting and announcement requirements, but were exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions

With a view to avail itself of certain exemption provided under the Shanghai Listing Rules in relation to the exemption of day-to-day related party transactions from certain review and disclosure requirements, the Company and CCCG entered into a project contracting framework agreement and a labour services and subcontracting framework agreement, both of which constitute a continuing connected transaction under the Hong Kong Listing Rules.

Project contracting framework agreement

On 26 March 2014, the Company entered into the project contracting framework agreement with CCCG, pursuant to which, the Group agreed to (i) provide construction service for real property development projects that may be undertaken by CCCG Group; (ii) design, construct, operate, manage and dismantle temporary supporting facilities for CCCG Group; and (iii) provide consultancy and management service to CCCG Group that may be required for the development of such real property projects. The project construction service fees under the Project Contracting Framework Agreement shall be agreed following arm's length negotiation between the parties with reference to the prevailing market prices. By entering into the agreement, the Company expected to enjoy the profits from the service provided to CCCG and also gain more experience in real property construction industry. The agreement became effective on 26 March 2014 and expired on 31 December 2014. The annual cap for the project contracting framework agreement is RMB1,520 million.

During 2014, the transaction amount under the project contracting framework agreement was RMB626 million which is within the annual cap as approved by the Board meeting and is under 5% of the most recent audited net asset of the Group. Please refer to Note 46 "Transactions with fellow subsidiaries" of the audited financial statements for more details.

Labour services and subcontracting framework agreement

On 8 April 2014, the Company entered into a labour services and subcontracting framework agreement with CCCG, pursuant to which, CCCG Group agreed to provide (i) labour services; and (ii) subcontracting services for those construction projects that will be undertaken by the Company to the Company for its construction projects. The fees collected by CCCG Group for each transaction contemplated under the labour services and subcontracting framework agreement shall be agreed upon by arm's length negotiation between the parties and specified in agreement entered into for each transaction in accordance with the following market-oriented pricing principle: (a) the fee proposed by CCCG Group for each future transaction shall be made with reference to its expected costs incurred such as labour costs and management costs. CCCG Group is entitled to charge the service fees with a price at the costs plus profit margin of comparable transactions in the market after taking into account the actual circumstances for each future transaction; and (b) the Company will seek fee quotes for similar services from two independent third parties on a quarterly basis in the market in order to assess and review the fairness and reasonableness of the quotes for the services proposed by CCCG in accordance with paragraph (a) above. By selecting CCCG Group as a provider of such services, our Directors are of the view that the Company can benefit from its relatively low fee quote, knowledge of the Company's business and its extensive experience and expertise in providing such services. The agreement became effective on 8 April 2014 and expired on 31 December 2014. The annual cap for the labour services and subcontracting framework agreement is RMB150 million.

During 2014, the Company did not conduct any transaction under the Labour Services and Subcontracting framework agreement.

CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions (Continued)

Independent non-executive directors' confirmation

In relation to the continuing connected transaction mentioned above, the independent non-executive Directors of the Company confirm that:

(i) the connected transactions mentioned above have been entered into in the ordinary and usual course of business of the Company;

(ii) the connected transactions mentioned above have been entered into on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole;

(iii) the connected transactions mentioned above have been entered into on normal commercial terms in accordance with the terms of the agreements governing such transactions.

Auditor's Confirmation

The auditor of the Company was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the conclusions in respect of the above-mentioned continuing connected transactions in accordance with the HKEx Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Others

Except the aforesaid connected transaction, the Group did not enter into any other connected transactions or continuing connected transactions which should comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For related party transactions discussed in Note 46 of the audited financial statements which are also connected transactions under Chapter 14A of the Hong Kong Listing Rules, the Company had made disclosure when required under the Hong Kong Listing Rules.

EMPLOYEES

As at 31 December 2014, the Group had 103,357 employees that had signed labor contracts with the Group. The Group was responsible for the expenses of 32,949 retired employees. The breakdown of employees as at 31 December 2014 was as follows:

(a) categorized by major

Major	Number of Employees	Percentage
Management	37,647	36.42%
Specialist	40,799	39.47%
Technician	15,201	14.71%
Others	9,710	9.39%
Total	103,357	100.0%

EMPLOYEES (Continued)

(b) categorized by degree held

	Number of Employees	Percentage
Master and above	7,289	7.05%
Bachelor	52,800	51.09%
Junior college degree	20,730	20.06%
Associate degree	7,014	6.79%
Junior high school degree and other	15,524	15.01%
Total	103,357	100.0%

Note: The percentage figures mentioned above have been rounded to the nearest two decimal places.

In accordance with applicable regulations, the Group makes contributions to the employees' pension plan, medical insurance plan, unemployment insurance plan, maternity insurance plan and personal injury insurance plan. The amount of contributions is based on the specified percentages of employees' aggregate salaries as provided for by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group also provides voluntary benefits to current employees and retired employees. Current employees of the Group are also entitled to performance-based annual bonus.

MATERIAL LEGAL PROCEEDINGS

As at 31 December 2014, as far as the Directors are aware, except as disclosed in Noted 43 of the audited financial statements, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

AUDITORS

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2014, respectively. PricewaterhouseCoopers has audited the accompanying financial statements, which have been prepared in accordance with IFRS. The Company has retained PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP since the date of its listing.

SIGNIFICANT SUBSEQUENT EVENTS

On 14 April 2015, the Company and CCCI Treasure Limited ("Issuer"), a company incorporated in British Virgin Islands and an indirect wholly-owned offshore subsidiary of the Company, entered into a subscription agreement in connection with the issuance and purchase of the USD denominated unsubordinated guaranteed perpetual securities proposed to be issued by the Issuer and guaranteed by the Company in the aggregate principal amount of US$1,100,000,000 with an initial interest rate of 3.5% per annum with UBS AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, and Morgan Stanley & Co. International plc. The aggregate net proceeds from the issuance of the securities are estimated to be approximately US$1,093.8 million. The Issuer currently intends to use the net proceeds from the issuance of the Securities for working capital and for general corporate purposes outside the PRC. The Company and the Issuer have made an application for the listing of the Securities on the Hong Kong Stock Exchange. For details, please see the announcement of the Company dated 15 April 2015.

BOT project of the extension line of Guangzhou-Gaoming Highway, will become an east-west transportation artery in Guangdong.

Report of the Supervisory Committee

I. WORK PERFORMED BY THE SUPERVISORY COMMITTEE

During the reporting period, the Company held ten supervisory committee meetings. All Supervisors attended such meetings except for Mr. XU Sanhao, who was unable to attend the seventeenth meeting of the second session of the Supervisory Committee due to personal reason and appointed Mr. LIU Xiangdong to attend the meeting and vote on his behalf and Mr. Yao Yanmin, who was unable to attend the fourth meeting of the third session of the Supervisory Committee due to personal reason and appointed Mr. WANG Yongbin to attend the meeting and vote on his behalf. The relevant resolutions considered at those meetings are detailed as follows:

1. The sixteenth meeting of the second session of the Supervisory Committee was held on 28 February 2014 to consider the Resolution on the Change of the Entity Involved in the Related-Party Transaction in Relation to Anhui Liuan Primary Land Development Project, and the Resolution on Re-election of the Supervisory Committee of the Company.

2. The seventeenth meeting of the second session of the Supervisory Committee was held on 25 March 2014 to consider the Resolution on Considering the Final Budget of the Company for 2013, the Resolution on Considering the Annual Results Announcement and Annual Report of the Company for 2013, the Resolution on the Profit Distribution and Dividend Payment plan of the Company for 2013, the Resolution on the Changes in Accounting Policies of the Company, the Resolution on the Changes in Accounting Estimates of the Company, the Resolution on Considering the Special Report on the Deposit and Use of Proceeds from Funds-Raising for 2013, the Resolution on Considering the 2013 Assessment Report on Internal Control of CCCC, the Resolution on Considering the Day-to-Day Related-party/Connected Transactions of the Company for 2014 and the Resolution on Considering the Report of the Supervisory Committee for 2013 of the Company.

3. The first meeting of the third session of the Supervisory Committee was held on 22 April 2014 to consider the Resolution on the Election of Chairman of the Third Session of the Supervisory Committee.

4. The second meeting of the third session of the Supervisory Committee was held on 29 April 2014 to consider the Resolution on the Quarterly Report of the Company for the First Quarter of 2014.

5. The third meeting of the third session of the Supervisory Committee was held on 13 May 2014 to consider the Resolution on the Related-Party/Connected Transaction in Relation to the Establishment of Project Company Involved in Investment in the Development of Project in Zhuyuan Road, New District, Suzhou by Huadong Investment Company.

6. The fourth meeting of the third session of the Supervisory Committee was held on 18 June 2014 to consider the Resolution on the Related-Party Transaction in Relation to the Increase in Registered Capital of CCCC (Qingdao) Urbanization Construction and Investment Limited (中交(青島)城鎮化建設投資有限公司) and the Resolution on the Supervision and Inspection Program for 2014 of the Supervisory Committee of CCCC.

7. The fifth meeting of the third session of the Supervisory Committee was held on 26 August 2014 to consider the Resolution on Considering the Drafts of the Interim Results Announcement and Interim Report of the Company for 2014 and the Resolution on Considering the Special Report on the Deposit and Actual Use of Proceeds of the Company for the first half of 2014.

I. WORK PERFORMED BY THE SUPERVISORY COMMITTEE (Continued)

8. The sixth meeting of the third session of the Supervisory Committee was held on 30 October 2014 to consider the Resolution on Considering the Quarterly Report of the Company for the Third Quarter of 2014 and the Resolution on the Changes in Accounting Policies of the Company.

9. The seventh meeting of the third session of the Supervisory Committee was held on 18 November 2014 to consider the Resolution on the Waiver of the Term of Notices of the Supervisory Committee Meetings and the Resolution on the Election of Supervisors of the Company.

10. The eighth meeting of the third session of the Supervisory Committee was held on 24 November 2014 to consider the Resolution on Borrowings from the Controlling Shareholders and Related-party Transactions.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE LEGAL COMPLIANCE OF THE OPERATIONS OF THE COMPANY IN 2014

During the reporting period, through the supervision on the Directors and senior management of the Company, the Supervisory Committee was of the opinion that the Board operated in strict compliance with the Company Law, Securities Law, the Articles of Association and other relevant laws, regulations and requirements and operated lawfully. Significant operational decisions made by the Company were reasonable and the procedures were legitimate and valid. To further regulate the operations, the Company further established and refined its internal management system and internal control system. Directors and senior management of the Company had duly performed their duties with dedication, diligence and responsibility in strict compliance with the laws and regulations of the PRC, the Articles of Association, resolutions of the shareholders' meeting and resolutions of the Board meeting. The Supervisory Committee was not aware of any act of the Directors or senior management of the Company which was in violation of any laws, regulations and the Articles of Association or was detrimental to the interests of the Company and its shareholders.

III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE REVIEW OF THE FINANCIAL POSITIONS OF THE COMPANY

Members of the Supervisory Committee examined and supervised the financial positions of the Company through the debriefing report of the responsible person of the financial department of the Company, reviewing financial statements of the Company, regular reports of the Company and on-site investigation of material investments and financing projects resolved by the Board. The Supervisory Committee was of the opinion that the financial system of the Company was comprehensive and the expenses made were reasonable and that the financial report gave a true view of financial positions and operating results of the Company. An accounting firm has audited the financial report of the Company and issued an unqualified audit report confirming that the accounting report of the Company was in compliance with the related provisions of Enterprise Accounting Standards and Enterprise Accounting System and gave an objective, fair, true and accurate view of statement of affairs of the Company in 2014, and that there were no false representations, misleading statements, or material omissions contained therein.

IV. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE USE OF PROCEEDS

During the reporting period, the Company ensured that the proceeds were safely utilized and placed, and used the proceeds in strict compliance with the relevant requirements of usage of the proceeds. The Supervisory Committee of the Company considers that the actual usage of the proceeds was in line with the committed purposes without prejudice to the interests of the Company and the shareholders.

V. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON MATERIAL ACQUISITION OF THE COMPANY

During the reporting period, the Supervisory Committee duly supervised the material acquisition, merger and consolidation made by the Company and was of the opinion that the above activities had been conducted at fair prices in accordance with legal procedures. The Supervisory Committee was not aware of any circumstances that were detrimental to the interests of the shareholders or resulted in a dissipation of assets of the Company.

VI. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELATED-PARTY/CONNECTED TRANSACTIONS OF THE COMPANY

During the reporting period, the Supervisory Committee duly supervised the related-party/connected transactions of the Company and was of the opinion that all related-party/connected transactions made by the Company were in compliance with the rules and regulations under the Company Law, Securities Law, Shanghai Listing Rules and Hong Kong Listing Rules; as well as the provisions under the Articles of Association and Rules for the Management of Related-party Transactions of the Company. All related-party/connected transactions of the Company were conducted at fair market prices after thorough discussion and cautious decision-making by the Board and the management under the principle of making compensation for equal value. No acts were found to be in violation of open and fair principles and legal approval procedures were followed. No acts were detrimental to the interests of the Company and the minority shareholders.

VII. REVIEW OF THE SUPERVISORY COMMITTEE ON THE SELF-ASSESSMENT REPORT ON INTERNAL CONTROL

During the reporting period, the Supervisory Committee of the Company reviewed the Self-assessment Report on Internal Control and considered that the Company had complied with the Company Law and relevant requirements of the China Securities Regulatory Commission and Shanghai Stock Exchange, upheld the fundamental principles of internal control, established and perfected the internal control system that covered every part of the Company's operations with reference to its actual conditions and ensured the orderly function of the Company's production and operation. At the same time, the Company has established a complete internal control structure that ensures the effective supervision and implementation of the Company's internal control system. In 2013, the Company's key internal control activities were regulated, conducted in compliance with the law and were valid without any instance of breaching the relevant requirements of the national securities regulatory authorities and the Company's internal control system. To sum up, the Supervisory Committee of the Company considered that the 2013 Self-assessment Report on Internal Control reflected the actual situation of the establishment, improvement and operation of the Company's internal control system in a comprehensive, objective and truthful manner and thus no dissenting opinion was given.

VIII. DESCRIPTIONS FROM THE SUPERVISORY COMMITTEE ON CHANGES IN ACCOUNTING POLICIES

During the reporting period, according to the requirements from the Ministry of Finance, the Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments and Accounting Standards for Business Enterprises No. 41 – Disclosure of Interests in Other Entities shall be implemented from 1 July 2014, the Accounting Standards for Business Enterprises No. 37 – Presentation and Disclosures of Financial Instruments shall be presented in the financial report from year 2014 and the subsequent periods, while the Accounting Standards for Business Enterprises – Basic Standards shall be implemented from the date of issuance. In order to implement the above-mentioned standards, the Company has made some changes and adjustments to the accounting policies and accounting for relevant accounting items.

After consideration, the Supervisory Committee believes that the changes in accounting policies of the Company during the reporting period meet the requirements of the Accounting Standards for Business Enterprises issued and revised by the Ministry of Finance and the revised accounting measures of the Company, such that the accounting policies of the Company can reflect the financial position of the Company more accurately and provide accounting information more accurately, thus in the interests of the Company and its all shareholders. In view of the above reasons, the Supervisory Committee agrees to make relevant changes to the accounting policies.


Nacala Coal terminal in Mozambique, part of Nacala corridor project.

Corporate Governance Report

OVERVIEW

As a both H shares and A shares listed company, the Company operates in strict compliance with the requirements of the applicable laws, administrative regulations and regulatory documents, including the Company Law, the Securities Law and relevant rules of the Hong Kong Stock Exchange in relation to corporate information disclosure, the management and services of investor relations. In addition, the Company amended the Articles of Association and the related internal governance rules in 2011 and 2012 according to the requirements of the laws and regulations of the Code of Corporate Governance for Listed Companies, Rules for Shareholders' General Meetings of Listed Companies, the Guidelines for the Articles of Association of Listed Companies (as Amended in 2006) and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (as Amended in 2008). As a result, the Company has set up a corporate governance system that complies with the regulatory requirements for domestic listed companies and has further enhanced its corporate governance standard. During the reporting period, the Company had effectively implemented the corporate governance rules, including the Articles of Association, the Rules of Procedures for General Meetings, the Rules of Procedures for Board Meetings, the Working Manual of Independent Directors, the Rules of Procedures for the Supervisory Committee Meetings and the Working Rules of the President. The general meetings, Board meetings and Supervisory Committee meetings are convened independently and efficiently with their respective duties and obligations fully fulfilled.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions as set out in the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules ("Corporate Governance Code") for the year ended 31 December 2014, with the exception of code provisions A.2.1, A.5.1 and A.5.6.

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu Qitao served as Chairman of the Board and President of the Company with effect from 26 April 2013, On 22 April 2014, Mr. Chen Fenjian was elected as President of the Company and Mr. Liu Qitao was re-elected as Chairman of the Board with effect from the same day. There has been no deviation from Code provision A.2.1 for the Company since then.

Code provision A.5.1 provides that a nomination committee should, among others, comprise a majority of independent non-executive directors. Before 22 April 2014, the Nomination Committee of the Board comprised six Directors, of whom two were executive Directors, one was non-executive Director and three were independent non-executive Directors. On 22 April 2014, the Board approved the members of the Nomination Committee, comprising two executive Directors and three independent non-executive Directors. There has been no deviation from Code provision A.2.1 for the Company since then.

Code provision A.5.6 provides that the nomination committee should have a policy concerning diversity of board members. In January 2014, the Company made some amendments to the Rules of Procedures for Nomination Committee and included setting up a policy concerning diversity of board members into the revised duties of the Nomination Committee. The Company will set up a policy concerning diversity of board members in the latest meeting of Nomination Committee.

THE BOARD OF DIRECTORS

(1) Composition of the Board of Directors

As at 31 December 2014, the Board consisted of eight Directors, including three Executive Directors, one Non-executive Director and four Independent Non-executive Directors; and members of the Board were as follows:

Chairman of the Board: Liu Qitao

President: Chen Fenjian

Executive Directors: Liu Qitao, Chen Fenjian, Fu Junyuan

Non-executive Director: Liu Maoxun

Independent Non-executive Directors: Liu Zhangmin, Leung Chong Shun, Wu Zhenfang and Huang Long

The Company has appointed a sufficient number of Independent Non-executive Directors in compliance with the Rule 3.10A of the Hong Kong Listing Rules which requires independent non-executive directors shall represent at least one-third of the board of a listed company.

The Company has received the confirmation on independence from each of the Independent Non-executive Directors for the year 2014 and the Company considers each Independent Non-executive Director to be independent.

Pursuant to the Articles of Association, the term of office for Directors (including Independent Non-executive Directors) is three years, which is renewable upon re-election and re-appointment and each Independent Non-executive Director shall not serve that position for more than six consecutive years in order to ensure its independence.

THE BOARD OF DIRECTORS (Continued)

(2) Shareholders' General Meetings

In 2014, the Company held two shareholders' general meetings. The table below sets out the details of shareholders' general meeting attendance of each Director in 2014:

Director	Number of Meetings Attended
Liu Qitao	2
Chen Fenjian (Note 1)	1
Fu Junyuan	1
Liu Maoxun (Note 1)	1
Liu Zhangmin	2
Leung Chong Shun	1
Wu Zhenfang (Note 1)	1
Huang Long (Note 1)	1
Zhang Changfu (Note 2)	0
Lu Hongjun (Note 2)	0
Yuan Yaohui (Note 2)	0
Zou Qiao (Note 2)	0

Note 1: Mr. Chen Fenjian, Mr. Liu Maoxun, Mr. Wu Zhenfang and Mr. Huang Long were appointed as the Directors on 22 April 2014.

Note 2: Mr. Zhang Changfu resigned as the Director on 19 March 2014. Mr. Lu Hongjun, Mr. Yuan Yaohui and Mr. Zou Qiao ceased to be Directors on 22 April 2014.

(3) Board Meetings

In 2014, the Company held 13 board meetings to discuss the fundamental system, the internal control system, the establishment of branches, fund raising and investment opportunities, the re-election of the Board and the election of Senior Management of the Company. The table below sets out the details of Board meeting attendance of each Director in 2014:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Qitao	13	13	0	100%
Chen Fenjian (Note 1)	10	10	0	100%
Fu Junyuan	13	12	1	92%
Liu Maoxun (Note 1)	10	10	0	100%
Liu Zhangmin	13	13	0	100%
Leung Chong Shun	13	12	1	92%
Wu Zhenfang (Note 1)	10	9	1	90%
Huang Long (Note 1)	10	10	0	100%
Zhang Changfu (Note 2)	2	2	0	100%
Lu Hongjun (Note 2)	3	3	0	100%
Yuan Yaohui (Note 2)	3	2	1	67%
Zou Qiao (Note 2)	3	3	0	100%

Note 1: Mr. Chen Fenjian, Mr. Liu Maoxun, Mr. Wu Zhenfang and Mr. Huang Long were appointed as the Directors on 22 April 2014.

Note 2: Mr. Zhang Changfu resigned as the Director on 19 March 2014. Mr. Lu Hongjun, Mr. Yuan Yaohui and Mr. Zou Qiao ceased to be Directors on 22 April 2014.

(4) Responsibilities and Operations of the Board

The principal responsibilities of the Board are, among other things, making decisions on business strategies, business plans, material investment plans, formulating annual financial budget, proposing profit distribution plan, appointing and dismissing the President of the Company and implementing shareholders' resolutions. There are currently four committees established under the Board, being the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. Each committee has its respective operation rules and reports to the Board regularly.

THE BOARD OF DIRECTORS (Continued)

(4) Responsibilities and Operations of the Board (Continued)

The division of power between the Board and senior management complies with the Articles of Association and relevant regulations. The Chairman of the Board is responsible for ensuring that the Directors perform their duties properly and ensuring discussions on material matters are on a timely basis. Pursuant to the Articles of Association, the President is responsible to the Board and is delegated the authority to, among other things, oversee the operation and management of the Company, implement the decisions of the Board, carry out investment plans and establish an internal management system. While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, the Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive directors of the Company. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, financing and financial reporting, internal controls, communication with shareholders and corporate governance.

The corporate governance functions of the Company are performed by the Board. In 2014, the Board reviewed the Company's policies and practices on corporate governance, reviewed and monitored the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements as well as the company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

(5) Code for Securities Transactions by Directors

The Company has adopted the Model Code. The Company has made specific inquiry with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2014.

(6) Directors' Training

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has provided a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and A Guide on Directors' Duties issued by the Companies Registry of Hong Kong to each newly appointed Director to ensure that he/she is fully aware of his/her responsibilities and obligations under the Hong Kong Listing Rules and other regulatory requirements.

The Company Secretary reports from time to time the latest changes and development of the Hong Kong Listing Rules, Corporate Governance Code and other regulatory regime to the Directors with written materials, as well as organizes seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities. During 2014, the Company Secretary undertook over 15 hours of professional training to update his skills and knowledge.

THE BOARD OF DIRECTORS (Continued)

(7) Committees under the Board

(a) Strategy Committee

The main duties of the Strategy Committee include, among other things, to review proposals and to make recommendations to the Board regarding the Company's strategic development plans, annual budgets, capital allocation plans, significant mergers and acquisitions and significant financing plans.

As at 31 December 2014, the Strategy Committee consisted of five members, namely Mr. Liu Qitao, Mr. Chen Fenjian, Mr. Fu Junyuan, Mr. Liu Maoxun and Mr. Wu Zhenfang, and is chaired by Mr. Liu Qitao.

The Strategy Committee held one meeting in 2014 to review and approve the Resolution on Strategic Plan for International Operating of CCCC and the Resolution on "Thirteenth Five-Year Plan" for Financial Business Development of CCCC. The table below sets out the details of Strategy Committee meeting attendance of each Director in 2014:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Qitao	1	1	0	100%
Chen Fenjian(Note)	1	1	0	100%
Fu Junyuan	1	1	0	100%
Liu Maoxun(Note)	1	1	0	100%
Wu Zhenfang(Note)	1	1	0	100%
Lu Hongjun(Note)	0	–	–	–
Leung Chong Shun(Note)	0	–	–	–

Note: Mr. Chen Fenjian, Mr. Liu Maoxun and Mr. Wu Zhenfang became the members of the Strategy Committee with effect from 22 April 2014. Mr. Lu Hongjun and Mr. Leung Chong Shun ceased to serve as the members of the Strategy Committee on the same day.

THE BOARD OF DIRECTORS (Continued)

(7) Committees under the Board (Continued)

(b) Audit Committee

The main duties of the Audit Committee include, among other things,

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to monitor the integrity of financial statements of the Company and the Company's annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; and
- to oversee the Company's financial reporting system and internal control procedures, including but not limited to, review of financial controls, internal control and risk management systems, consideration of action on any findings of major investigations of internal control matters as delegated by the Board or at its own initiative and management's response thereto, and review of the Company's financial and accounting policies and practices.

As at 31 December 2014, the Audit Committee consisted of three members, namely Mr. Liu Zhangmin, Mr. Leung Chong Shun and Mr. Huang Long, and is chaired by Mr. Liu Zhangmin. Two out of the three members of the Audit Committee were Independent Non-executive Directors.

The Audit Committee held 11 meetings in 2014 to discuss, among other things, the audited annual financial statements of 2013, quarterly financial reports of 2014 and the interim financial report of 2014, the re-appointment of the international and domestic auditors for 2014 and matters concerning connected transactions. The table below sets out the details of Audit Committee meeting attendance of each Director in 2014:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Zhangmin	11	11	0	100%
Leung Chong Shun(Note)	7	7	0	100%
Huang Long(Note)	7	7	0	100%
Lu Hongjun(Note)	4	4	0	100%
Zou Qiao(Note)	4	4	0	100%

Note: Mr. Leung Chong Shun and Mr. Huang Long became the members of the Audit Committee with effect from 22 April 2014. Mr. Lu Hongjun and Mr. Zou Qiao ceased to serve as the members of the Audit Committee on the same day.

(7) Committees under the Board (Continued)

(c) Remuneration and Appraisal Committee

The main duties of the Remuneration and Appraisal Committee include, among other things:

- to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of a formal and transparent process for developing policy on such remuneration;

- to have the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment) and make recommendations relating to the remuneration of independent non-executive Directors to the Board; and

- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

As at 31 December 2014, the Remuneration and Appraisal Committee consisted of three members, namely Mr. Liu Zhangmin, Mr. Leung Chong Shun and Mr. Wu Zhenfang and is chaired by Mr. Wu Zhenfang. Two out of three members of the Remuneration and Appraisal Committee were Independent Non-executive Directors.

The Remuneration and Appraisal Committee held 2 meeting in 2014 to review and discuss the Application for the Trial Implementation of Total Wage Budget Filing System of CCCC, and the Recommendation on the Assessment of Operational Performance and Remuneration of Senior Management of CCCC for the Year 2013. The table below sets out the details of Remuneration and Appraisal Committee meeting attendance of each Director in 2014:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wu Zhenfang(Note)	2	2	0	100%
Liu Zhangmin	2	2	0	100%
Leung Chong Shun(Note)	2	2	0	100%
Yuan Yaohui(Note)	0	–	–	–
Zhang Changfu(Note)	0	–	–	–

Note: Mr. Wu Zhenfang and Mr. Leung Chong Shun became the members of the Remuneration and Appraisal Committee with effect from 22 April 2014. Mr. Yuan Yaohui and Mr. Zhang Changfu ceased to serve as the members of the Audit Committee on 22 April 2014 and 19 March 2014, respectively.

THE BOARD OF DIRECTORS (Continued)

(7) Committees under the Board (Continued)

(d) Nomination Committee

The main duties of the Nomination Committee include, among other things, to study the recruiting standard and procedure in respect of nomination of Directors and President and to review the credentials of Director or President candidates and make recommendations to the Board.

The Directors were nominated by criteria such as personal integrity, work experience relating to the Company's core business, performance track record, professional background, familiarity with corporate governance requirements for listed companies, etc.

As at 31 December 2014, the Nomination Committee consisted of five members, namely Mr. Liu Qitao, Mr. Chen Fenjian, Mr. Leung Chong Shun, Mr. Wu Zhenfang and Mr. Huang Long, and is chaired by Mr. Liu Qitao.

The Nomination Committee held 1 meeting in 2014 to consider the re-election of the Board and the nomination of candidates. The table below sets out the details of Nomination Committee meeting attendance of each Director in 2014:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Qitao	1	1	0	100%
Chen Fenjian(Note)	1	1	0	100%
Leung Chong Shun(Note)	1	1	0	100%
Wu Zhenfang(Note)	1	1	0	100%
Huang Long(Note)	1	1	0	100%
Fu Junyuan(Note)	0	–	–	–
Zhang Changfu(Note)	0	–	–	–
Yuan Yaohui(Note)	0	–	–	–
Zou Qiao(Note)	0	–	–	–

Note: Mr. Chen Fenjian, Mr. Leung Chong Shun, Mr. Wu Zhenfang and Mr. Huang Long became the members of the Nomination Committee with effect from 22 April 2014. Mr. Fu Junyuan, Mr. Yuan Yaohui and Mr. Zou Qiao ceased to serve as the members of the Nomination Committee on 22 April 2014 and Mr. Zhang Changfu ceased to serve as the member of the Nomination Committee on 19 March 2014.

SUPERVISORY COMMITTEE

The Supervisory Committee is responsible for supervising the Board, its individual members and senior management to safeguard against any potential abuse of authority by the Board, its individual members and senior management so as to protect the interests of the Company and its shareholders as a whole. As at 31 December 2014, the Supervisory Committee of the Company consisted of three members, Mr. Liu Xiangdong, Mr. Yao Yanmin and Mr. Wang Yongbin. The term of office for supervisors is three years which is renewable upon re-election.

The Supervisory Committee held 10 meetings in 2014 to consider and approve the 2013 report of the Supervisory Committee, the 2013 internal control assessment report of the Company as well as the 2014 first quarterly report and the 2014 third quarterly report of 2014 the Company. The table below sets out the details of Supervisory Committee meeting attendance of each Supervisor in 2014:

Supervisors	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Xiangdong	10	10	0	100%
Yao Yanmin	8	7	1	87.5%
Wang Yongbin	10	10	0	100%
Xu Sanhao (Note)	2	1	1	50%

Note: Mr. Xu Sanhao ceased to be the supervisor with effect on 22 April 2014. Mr. Yao Yanmin was appointed to replace Mr. Xu Sanhao with effect on the same day.

AUDITORS' REMUNERATION

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP are appointed as the international and domestic auditors of the Company, respectively. PricewaterhouseCoopers Zhong Tian LLP is also appointed as the auditor of ZPMC, a subsidiary of the Company. Breakdown of the remuneration to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for audit services provided and other non-audit service assignments for the year ended 31 December 2014 are as follows:

	RMB'000
Audit services	27,740
Audit-related services	9,200
Non-audit services	
– Tax consulting services	1,207
– Other services	6,386
Total	44,533

The Company will consider the resolution on appointment of auditors at the first meeting upon formation of a new session of the Board, which will then be submitted to the AGM for consideration and approval.

INTERNAL CONTROL, INTERNAL CONTROL SELF-ASSESSMENT REPORT AND CORPORATE SOCIAL RESPONSIBILITY REPORT

The Board takes ultimate responsibility for the internal controls of the Company, and reviews the effectiveness of the system through the Audit Committee. The Audit Committee has reviewed the effectiveness of the system of internal control of the Company, which covers, among other things, financial, operational and compliance controls and risk management functions.

The Company attaches great importance to internal control and its corporate social responsibility. The 2014 Internal Control Self-assessment Report of the Company and the 2014 Corporate Social Responsibility Report of the Company have been published on the Company's website.

ACCOUNTABILITY OF THE DIRECTORS IN RELATION TO FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of the financial statements for each fiscal period. In preparing the financial statements for the year ended 31 December 2014, the Directors have selected appropriate accounting policies and applied them consistently and made prudent and reasonable judgment and estimates so as to give a true and fair view of the state of affairs of the Company and of the results and cash flow for that fiscal year.

SHAREHOLDERS' RIGHTS

The Company is committed to pursue active communications with shareholders as well as to provide disclosure of information concerning the Group's material developments to shareholders, investors and other stakeholders.

The AGM of the Company serves as an effective forum for communication between shareholders and the Board. Notice of the AGM together with the meeting materials will be dispatched to all shareholders not less than 45 days prior to the AGM. The Chairman of the Board and of Strategy Committee, Audit Committee, Remuneration and Appraisal Committee and Nomination Committee, or in their absence, other members of the respective Committees, will be invited to the AGM to answer questions from shareholders. External auditors will also be invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and the independence of auditors.

Shareholders individually or jointly holding in aggregate more than 10% of the shares of the Company are entitled to request the convention of a shareholders' general meeting. Shareholders individually or jointly holding more than 3% of the shares of the Company shall have the right to submit proposals to the Company at a shareholders' general meeting. Shareholders individually or jointly holding more than 3% of the shares of the Company may bring forward provisional proposals and submit the same in writing to the convener ten days prior to a shareholders' general meeting.

Voting by shareholders at a shareholders' general meeting will be conducted by poll in accordance with the Hong Kong Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the inception of a shareholders' general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of a shareholders' general meeting for each material issue. Poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange on the same business day of the shareholders' general meeting.

SHAREHOLDERS' RIGHTS (Continued)

Pursuant to the Articles of Association, a special general meeting can be convened upon the written requisition by any two or more shareholders holding in aggregate not less than 10% in the paid up capital of the Company, provided that at the date of the lodging of such requisition such capital carries the right of voting at shareholders' general meetings of the Company. Such requisition must state the objects of the meeting and must be signed by the requisitionists and lodged at the office of the Company.

Enquiries directed to the Board or the Company are facilitated by email to ir@ccccltd.cn or through the online messaging system on the Company's website. All announcements, press releases and conducive corporate information of the Company are available on the Company's website to enhance the transparency of the Company.

INVESTOR RELATIONS

Please refer to the chapter headed "Investor Relations" for detailed information.

Compound sea-route in Tianjin Port, the first artificial compound sea-route in China.

Profile of Directors, Supervisors and Senior Management

BOARD OF DIRECTORS

As at 31 December 2014, the Board consisted of eight Directors, including three Executive Directors, one Non-executive Director, four Independent Non-executive Directors. Profiles of the Directors are as follows:

Mr. Liu Qitao, born in 1957, Chinese nationality with no overseas permanent residence, is an Executive Director and Chairman of the Board of the Company. Mr. Liu also serves as the chairman of the board, general manager and the director of CCCG. He has in-depth knowledge and extensive management and operational experience. Mr. Liu held positions as the deputy head of No.13 Bureau of Sinohydro, the assistant to general manager and deputy general manager of China National Water Resources and Hydropower Engineering Corporation and the general manager of its department of overseas operations, the deputy general manager at Sinohydro Corporation and the chairman of the board of directors of Sinohydro International Engineering Co., Ltd., director and general manager of Sinohydro Group Ltd.. Mr. Liu graduated from Dalian University of Technology (formerly known as Dalian Institute of Technology) with a bachelor's degree in water conservancy and hydropower engineering construction, and is qualified as a first class constructor. He is a professor equivalent senior engineer and is entitled to the special government allowance awarded by the State Council. Mr. Liu has been serving as the President of the Company since December 2010, an Executive Director of the Company since January 2011 and Chairman of the Board since 26 April 2013.

Mr. Chen Fenjian, born in 1962, Chinese nationality with no overseas permanent residence, is an Executive Director and President of the Company. Mr. Chen also serves as a director of CCCG. He joined the Company in August 1983 and has extensive operational and management experience. Mr. Chen held positions as the deputy head and head of Fourth Navigational Engineering Bureau of CHEC Group, and vice president of CCCG. Mr. Chen graduated from Changsha Communications University with a bachelor's degree in harbour and channel engineering. He also holds a master's degree in business administration from Guanghua School of Management of Peking University. He is a professor equivalent senior engineer. Mr. Chen has been serving as a Vice President of the Company since September 2006 and the President of the Company since April 2014.

Mr. Fu Junyuan, born in 1961, Chinese nationality with no overseas permanent residence, is an Executive Director and the Chief Financial Officer of the Company. Mr. Fu also serves as the Chairman of CCCC Finance Company Limited, a non-executive director of China Merchants Bank Co., Ltd., a director and the vice chairman of Jiang Tai Insurance Brokers Limited. Mr. Fu has extensive operational and financial management experience, and worked for over ten years at the financial bureau and auditing bureau of the Ministry of Transportation. He held positions as the chief accountant of CHEC Group, the chief accountant and non-executive director of CCCG. Mr. Fu holds a doctor's degree in business administration from Beijing Jiaotong University. He is a senior accountant and is entitled to the special government allowance awarded by the State Council. Mr. Fu has been serving as an Executive Director and the Chief Financial Officer of the Company since September 2006.

Mr. Liu Maoxun, born in 1955, Chinese nationality with no overseas permanent residence, is a Non-executive Director of the Company. Mr. Liu also serves as an external director of China Energy Conservation and Environmental Protection Group. He has extensive experience in corporate administration and financial management. Mr. Liu held positions as a cadre of Financial Department of and the deputy division director, division director and deputy director of Immediate Financial Division of the former Ministry of Chemical Industry of the PRC, the deputy director of Corporate Reform and Financial Department of the State Bureau of Petroleum and Chemical Industry, the deputy head and head of Service Administration Bureau (Administration Bureau of the Former and Retired Staff) of the former State Economic and Trade Commission, head of Service Administration Bureau (Administration Bureau of the Former and Retired Staff) under the SASAC, deputy head of Inspection Team under the SASAC. Mr. Liu graduated from Correspondence Department of Central Institute of Finance and Banking with a major in industrial accounting and later received a master's degree in law from the PRC Central Party College. He is a senior accountant. Mr. Liu has been serving as a Non-executive Director of the Company since April 2014.

BOARD OF DIRECTORS (Continued)

Mr. Liu Zhangmin, born in 1949, Chinese nationality with no overseas permanent residence, is an Independent Non-executive Director of the Company. Mr. Liu also serves as an independent non-executive director of China First Heavy Industries Co., Ltd., an independent non-executive director of China Yangtze Power Co., Ltd., and an external director of China Shipping (Group) Company and China Poly Group Corporation. He has extensive experience in corporate administration and financial management. Mr. Liu worked for Second Automotive Works in various positions including deputy manager of Standard Component Factory, deputy director of supply department, deputy director and director of finance department of Second Automotive Works. He worked at Dongfeng Motor Corporation for a variety of positions, including head of finance department, assistant to general manager, deputy general manager and chief accountant. He also served as executive director and president of Dongfeng Motor Group Co., Ltd. Mr. Liu graduated from Beijing Mechanical Industry Management College with a major in financial accounting of industrial enterprises. He is a senior accountant. Mr. Liu has been serving as an Independent Non-executive Director of the Company since December 2009.

Mr. Leung Chong Shun, born in 1965, Chinese nationality, permanent resident of Hong Kong Special Administrative Region, was an Independent Non-executive Director of the Company. Mr. Leung also serves as an independent non-executive director of China National Materials Co., Ltd., and Lijun International Pharmaceutical (Holding) Co., Ltd., respectively. Mr. Leung has been admitted as a solicitor in 1991 and has extensive experience in legal practice of corporate finance, mergers and acquisitions and initial public offerings. He served as the chief representative of Woo Kwan Lee & Lo's Beijing office and participated in various initial public offerings and acquisition projects for H share and red-chip companies of the PRC. Mr. Leung graduated from the University of Hong Kong and obtained a bachelor's degree in law with honors. He is qualified as a solicitor in Hong Kong and England. Mr. Leung has been serving as an Independent Non-executive Director of the Company since January 2011.

Mr. Wu Zhenfang, born in 1952, Chinese nationality with no overseas permanent residence, is an Independent Non-executive Director of the Company. Mr. Wu also serves as an independent non-executive director of Aluminum Corporation of China Limited. Mr. Wu graduated from Dalian University of Technology with a major in offshore petroleum engineering and later received an EMBA degree from Shanghai Jiao Tong University. He is a professor equivalent senior engineer. Mr. Wu has been serving as an Independent Non-executive Director of the Company since April 2014 and ceased to be an Independent Non-executive Director of the Company due to personal reasons since April 2, 2015.

Mr. Huang Long, born in 1953, Chinese nationality with no overseas permanent residence, is an Independent Non-executive Director of the Company. He has extensive experience in corporate administration. Mr. Huang held positions as the deputy manager and manager of International Cooperation Department of and manager of International Cooperation and Commercial Contract Department of Huaneng International Power Development Corporation, deputy general manager and the vice chairman of Huaneng Power International, Inc., deputy general manager of China Huaneng Group. Mr. Huang graduated with a master's degree from the Department of Electrical Engineering of North Carolina State University in the United States, majoring in communications and auto-control. He is a senior engineer. Mr. Huang has been serving as an Independent Non-executive Director of the Company since April 2014.

SUPERVISORY COMMITTEE

As at 31 December 2014, the Supervisory Committee consisted of three Supervisors, including two shareholder representative Supervisors and one employee representative Supervisor. Profiles of the Supervisors are as follows:

Mr. Liu Xiangdong, born in 1958, Chinese nationality with no overseas permanent residence. Mr. Liu held a number of positions at the former State Economy and Trade Commission and the former Ministry of Domestic Trade of the PRC, and served as an inspector of the Enterprises Reform Bureau of SASAC. He has extensive management experience. Mr. Liu holds a master's degree in science from Hunan University. Mr. Liu has been serving as a Supervisor of the Company and the Chairman of the Supervisory Committee from September 2006 to January 2015.

Mr. Wang Yongbin, born in 1965, Chinese nationality with no overseas permanent residence, is a Supervisor and the general manager of the auditing department of the Company. Mr. Wang also serves as a staff representative supervisor of CCCG, a supervisor of China Northeast Municipal Engineering Design & Research Institute Co., Ltd., CCCC Investment Co., Ltd., Zhen Hua (Shenzhen) Engineering Co., Ltd., CCCC Hainan Construction Investment Limited (中交海南建設投資有限公司), the chairman of the supervisory committee of CCCC Finance Company Limited, a supervisor of CCCC Financial Leasing Co., Ltd., the chairman of the supervisory committee of Zhenhua Logistics Group and a supervisor of Shanghai Zhenshalongfu Machinery Co., Ltd. He has extensive management experience. Mr. Wang graduated from Changsha Communications University with a bachelor's degree in project finance and accounting. Mr. Wang is a senior accountant. Mr. Wang has been serving as a Supervisor of the Company since September 2006.

Mr. Yao Yanmin, born in 1963, Chinese nationality with no overseas permanent residence, is a Supervisor of the Company. Mr. Yao also serves as the deputy general manager of corporate culture department and the chairman of trade union of the Company. Mr. Yao joined the Company in 1992, and has extensive management experience. He held positions as the head of president office, assistant to the general manager and the deputy general manager of China Road and Bridge Construction Corporation, the deputy head of general office of CCCG and the deputy head of general office of the Company. Mr. Yao graduated from Guangdong University of Foreign Studies and Renmin University of China with a bachelor's degree in English and a bachelor's degree in law, respectively. Mr. Wang has been serving as a Supervisor of the Company since April 2014.

Mr. Zhen Shaohua, born in 1957, Chinese nationality with no overseas permanent residence, is a Supervisor of the Company. Mr. Zhen also serves as the deputy general manager of CCCG. Mr. Zhen has extensive experience in corporate administration. Mr. Zhen worked at Metal Subsidiary of China National Township Enterprises Corporation (中國鄉鎮企業聯合總公司金屬公司) for various positions, including deputy general manager and manager. The positions once held by Mr. Zhen at China National Township Enterprises Corporation (中國鄉鎮企業總公司) include assistant to general manager, deputy general manager and general manager. Mr. Zhen also worked as general manager of Zhongtian Industry Investment Company (中天實業投資公司), director and chairman of China National Real Estate Development Group Corporation. Mr. Zhen graduated from Dalian Institute of Light Industry with a bachelor's degree. He is a senior engineer. Mr. Zhen has been serving as a Supervisor of the Company since January 2015.

Profile of Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

As at 31 December 2014, the Company's senior management consisted of ten members with the profile as follow (profiles of Mr. Chen Fenjian and Mr. Fu Junyuan who are also Directors are set out above):

Mr. Chen Yun, born in 1963, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. He served as the chairman of CCCC Dredging Technology and Equipment National Research Centre Limited and the chairman of CCCC Ocean Engineering Vessel Technology Research Centre Limited. Mr. Chen joined the Company in September 1998 and has extensive operational and management experience. He held positions as the general manager of assets management division of CHEC Group, the deputy general manager of CHEC Group, and the vice president of CCCG. Mr. Chen graduated from Hehai University (formerly known as East China Institute of Water Conservancy) with a bachelor's degree in harbour and channel engineering. He also holds a master's degree in business administration from Tsinghua University. He is a senior engineer. Mr. Chen has been serving as a Vice President of the Company since September 2006.

Mr. Chen Yusheng, born in 1955, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. Mr. Chen also serves as the chairman of the board of Beijing United Development Co., Ltd. (resigned in January 2014). He joined the Company in June 1999 and has extensive operational and management experience. Mr. Chen held positions as the assistant to president and the deputy general manager of CRBC Group, and the vice president of CCCG. Mr. Chen graduated from Central Communist Party School with a major in politics and law. He is a senior economist. Mr. Chen has been serving as a Vice President of the Company since September 2006.

Mr. Zhu Bixin, born in 1965, Chinese nationality with no overseas permanent residence, is a Vice President and general legal counsel of the Company. He joined the Company in April 1995 and has extensive operational and management experience. Mr. Zhu held positions as the head of trade union of CRBC Group and the vice president of CCCG. Mr. Zhu graduated from Chongqing Jiaotong University (formerly known as Chongqing Jiaotong College) with a bachelor's degree in transportation management. He also holds a master's degree in business administration from Peking University, and a doctor's degree in science and engineering from University of Science and Technology of China. He is a senior economist and is entitled to the special government allowance awarded by the State Council. Mr. Zhu has been serving as a Vice President of the Company since September 2006.

Mr. Yang Liqiang, born in 1956, Chinese nationality with no overseas permanent residence, is a Vice President and the head of trade union of the Company. He has extensive management experience, and worked in the Ministry of Communications for over ten years. Mr. Yang then held positions as the head of trade union of CHEC Group and the head of the trade union of CCCG. Mr. Yang holds a master's degree in economics from China University of Geosciences. Mr. Yang has been serving as a Vice President and the head of trade union of the Company since September 2006.

Mr. Song Hailiang, born in 1965, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. Mr. Song also served as the general manager of the heavy equipment manufacturing division of the Company, the chairman of ZPMC and a director of CCCC Highway and Long Bridge Construction National Research Centre Limited. Mr. Song joined the Company in 1987 and has extensive operational and management experience. He has been serving as the chairman and the general manager of CCCC WTC, the chairman of ZPMC and the assistant to president of the Company. Mr. Song graduated from Wuhan Institute of Water Transportation Engineering with a major in port machinery design and manufacture and subsequently obtained a master's degree in the project management from Tsinghua University and a doctor's degree in engineering management from Tianjin University and is a professor equivalent senior engineer. Mr. Song has been serving as a Vice President of the Company since April 2014.

SENIOR MANAGEMENT (Continued)

Mr. Wang Haihuai, born in 1968, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. Mr. Wang joined the Company in 1991 and has extensive operational and management experience. He has been serving as the chairman and the general manager of CCCC Second Harbor and the general manager of the port and waterway dredging division of the Company. Mr. Wang graduated from Chongqing Jiaotong College with a major in harbour and channel engineering and subsequently obtained a master's degree in the business administration and is a professor equivalent senior engineer and senior economist. Mr. Wang has been serving as a Vice President of the Company since April 2014.

Mr. Sun Ziyu, born in 1962, Chinese nationality with no overseas permanent residence, is a Vice President and chief engineer of the Company. Mr. Sun joined the Company in 1983 and has extensive operational and management experience and profound professional attainments. He has been serving as the Vice President of CCCC First Harbour, the chief engineer of CHEC Group, the chief engineer of CCCC, the general manager and chairman of China Harbour, the general manger of the overseas operations department of the Company and the chairman of China Harbour. Mr. Sun graduated from Zhejiang University (formerly known as Hangzhou University) with a major in marine geology and geomorphology and subsequently obtained a master's degree from Delft University of Technology NL and a master's degree in Business Administration from Peking University. He is a professor equivalent senior engineer awarded special allowance by the State council, British royal chartered civil engineer and British royal chartered constructor. Mr. Sun has been serving as a Vice President of the Company since April 2014.

Mr. Liu Wensheng, born in 1960, Chinese nationality with no overseas permanent residence, is the Secretary to the Board, the Company Secretary and the Chief Economist of the Company. Mr. Liu also serves as the chairman of CCCI and F&G, the chairman of CCCC Financial Leasing Co., Ltd. (resigned in February 2015) and a director of ZPMC (resigned in February 2015). He has extensive operational and management experience and held positions as the deputy general manager of CCCC Tianjin Dredging, the deputy chief economist of CHEC Group and general manager of its corporate planning department, and chief economist of CCCG. Mr. Liu graduated from Dalian Maritime University (formerly known as Dalian Maritime College) with a bachelor's degree in engineering. He is a senior engineer. Mr. Liu has been serving as the Secretary to the Board, the Company Secretary and the Chief Economist of the Company since September 2006.

On 19 March 2014, Mr. Zhang Changfu resigned as a Non-executive Director as well as from his positions as a member of the Remuneration and Appraisal Committee and the Nomination Committee of the Board. Please refer to the announcement published by the Company on 20 March 2014 for more information.

On the 38th meeting of the Second Session of the Board held on 28 February 2014, Mr. Liu Qitao, Mr. Chen Fenjian, Mr. Fu Junyuan were nominated as candidates for Executive Directors of the Third Session of the Board, Mr. Liu Maoxun was nominated as candidate for Non-executive Directors of the Third Session of the Board, Mr. Liu Zhangmin, Mr. Leung Chong Shun, Mr. Wu Zhenfang, Mr. Huang Long were nominated as candidates for Independent Non-executive Directors of the Third Session of the Board. The proposal was submitted for consideration and approval by the first extraordinary general meeting in 2015. Please refer to the announcement of the Company dated 28 February 2014 for biographical details of the persons mentioned above. On the general meeting of the Company held on 22 April 2014, the proposed election and re-election of the Third Session of the Board was considered and approved by the Shareholders.

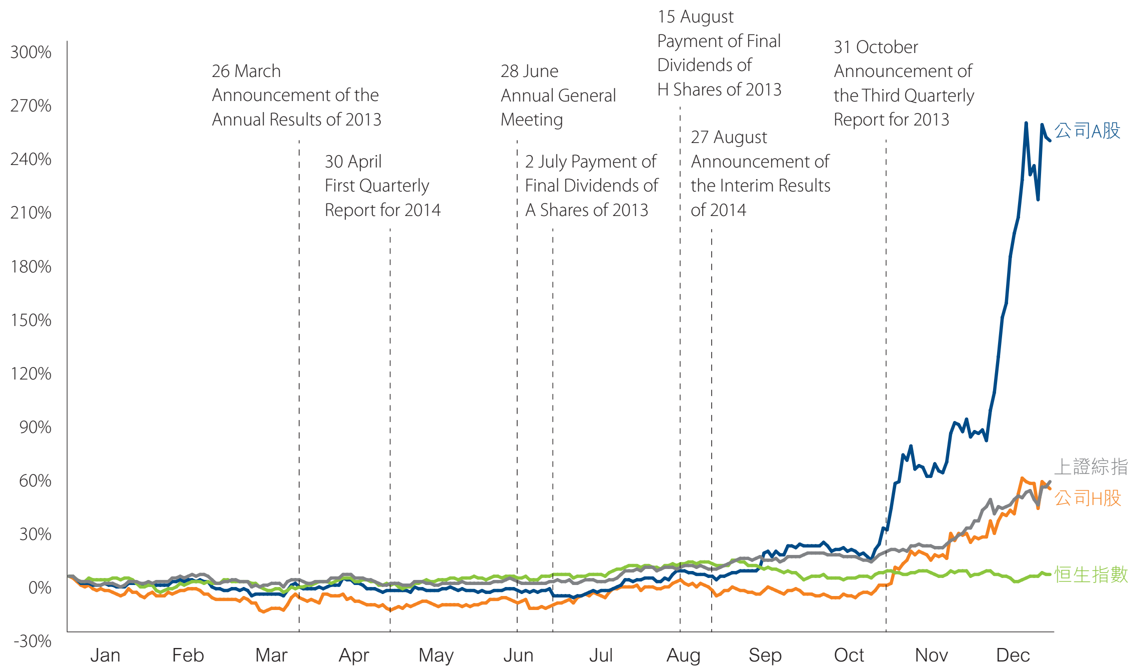
On the sixteen meeting of the Second Session of the Supervisory Committee held on 28 February 2014, Mr. Liu Xiangdong and Mr. Wang Yongbin were nominated as candidates for Supervisors representing the shareholders of the Third Session of the Supervisory Committee. This proposal has been submitted for consideration and approval by the first extraordinary general meeting in 2015. Please refer to the announcement of the Company dated 28 February 2014 for biographical details of the persons mentioned above. On the general meeting of the Company held on 22 April 2014, the proposed appointment of Mr. Liu Xiangdong and Mr, Wang Yongbin as the shareholder representative supervisor was considered and approved by the Shareholders.


"Java Star", the first
300 feet self-elevating
drilling platform
manufactured by
ZPMC, came into use.

Investor Relations

CAPITAL MARKET REVIEW

The closing price of the Company's H shares on 31 December 2014 was HKD9.33, representing an increase of 49.28% as compared to the closing price of HKD6.25 on 31 December 2013. The closing price of the Company's A shares on 31 December 2014 was RMB13.87, representing an increase of 243.32% as compared to the closing price of RMB4.04 on 31 December 2013.



COMPREHENSIVE, EFFICIENT AND INTERACTIVE INVESTOR COMMUNICATIONS

The Company maintained active communications with investors in a candid and practical manner with an initiative and open stance and established a comprehensive investor relations service system.

(1) Results Presentations and Non-deal Roadshows

In 2014, results presentations were timely held upon announcement of the annual and interim results, at which the Company detailed its latest operating results to the investors. Upon that, several teams were led by the Executive Director who was also CFO as well as the Company Secretary, in visits to over 40 institutional investors and fruitful results were achieved in terms of communication.

With a view to strengthening communications and conversations between the Company and small and medium investors, and protecting their legal interests, upon announcement of 2013 annual results and 2014 interim results, the Company held results presentations by using online interactive platforms to mainly communicate with various investors, especially small and medium investors, on the Company's strategic planning, operating performance, dividends distribution policy and related business issues, and gained valuable experience. In the future, we will create opportunities and increase the usage of online interactive platforms to debrief advice and suggestions raised by small and medium investors towards the Company.

(2) REVERSE ROADSHOW

In July 2014, the Company held the visit tour to the urban comprehensive development and railway transportation projects in Shantou and Fushan, Guangdong, and over 20 famous security analysts and institutional investors all over the world made an on-the-spot investigation on sites. The Company focused on the development and new change about the various businesses under the strategy of being "experts in five areas", especially the size and efficiency of new businesses such as the urban complex projects, integrated infrastructure projects etc., and made the interactive communications with attendees to enable them to have a deeper and clearer understanding of the Company's operation and improve their confidence on our sustainable development.

(3) Attending strategy sessions and overseas investors conferences organized by investment institutions

In 2014, the Company took the initiative to participate in 10 investment strategy report sessions and overseas investors conferences organised by domestic and international investment institutions. Through nearly 80 one-to-one meetings and group conferences, the Company interviewed over 150 investors to exchange ideas with them over the macroeconomy of the PRC, the development prospect of the industry the Company is engaged in and the development of the Company's operations, etc. Efficiency was maximised by communicating with such large number of investors within a relatively short period of time.

(4) Reception of investors

In 2014, the Company exchanged ideas with over 100 institutional investors through nearly 70 one-to-one meetings and 5 investor group conferences. The Company's executives had participated in the communication activities with investors in person to respond to enquiries from visitors in an earnest and honest manner whenever time permits. Such arrangement was highly welcomed by the investors. Meanwhile, with nearly 150,000 minority shareholders, the Company arranged dedicated staff to attend to calls to the IR hotline and handle the IR mailbox. During the year, hundreds of different kinds of enquiries were addressed, thus enabling the investors to have more and more understanding of the Company's strategic vision, integrated operating model and development characteristics of each business segment, etc. The Company also further formed a clearer view on concerns of investors, which laid a solid foundation for maintaining smooth communications and interactions and achieving mutual growth and development.

List of the Company's major investor relations activities in 2014

Month	Activity	Organiser
January	12th DB Access China Summit in Beijing	Deutsche Bank
	14th Greater China Conference	UBS Securities
March	2013 Annual Results Announcement	CCCC
	• Online Results Presentation	
	• Analysts Briefing	
	• Press Conference	
	Non-deal roadshow	CCCC
April	First Quarterly Report for 2014	CCCC
May	19th CLSA China Investment Forum	CLSA
June	10th China Summit	JP Morgan
	5th China Industrial Summit	Morgan Stanley
August	2014 Interim Results Announcement	CCCC
	• Online Results Presentations	
	• Analysts Briefing	
	• Press Conference	
	Non-deal roadshow	CCCC
October	Third Quarterly Report for 2014	CCCC
November	2014 China Investment Summit	Bank of America Merrill Lynch
	2014 Greater China CEO Summit	Goldman Sachs Gao Hua
December	2015 Investment Strategy Report Session	China Galaxy Securities
	Theme Meeting on China Infrastructure Industry	Citigroup
	2015 Investment Strategy Conference & PE/VC Forum	Essence Securities

During the communication with investors, the Company tried its best to satisfy the demands for investigation and research of investors, research institutions and financial media by answering each question seriously. During the course, other than fully fulfilling our information disclosure responsibility by communicating our business strategies and operation performance to investors, we also actively listened to the questions and suggestions raised by investors. We prepared the Market Weekly and Summary of Roadshows to pass the questions raised by investors to the management in a timely and comprehensive manner. Through our work and services, an effective and interactive bridge of communication was built between the investors from the capital market and the Company.

Investor Relations

TIMELY AND ACCURATE INFORMATION DISCLOSURE

During the reporting period, the Company carefully made every information disclosure in plain words without misleading and fraud contents, and uploaded those announcements on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange and the website of the Company in the stipulated time period, to facilitate timely and accurate understanding of investors in the Company's operations. Secondly, for discloseable important decisions and significant matters, the Company would publish impromptu announcements on the Shanghai Stock Exchange side by side with overseas regulatory announcements on the Hong Kong Stock Exchange to ensure fairness and consistency in information acquired by domestic and overseas investors, protect the interests of different types of investors and reduce market risks. Finally, matters such as common questions from investors, the Company's dividends distribution, investor relations activities calendar and bids of representative projects were published in the Investor Relations section on the Company's website and newsletter (online version) to make full use of the fast, extensive and low-cost nature of the internet.

All in all, the information release and publication system comprising regular reports, impromptu announcements and the Company's website has offered a comprehensive and multi-dimension channel for different types of investors and people who are concerned about the development of the Company to acquire information about the Company and further shortened the distance between the Company and investors.

CONTINUOUS IMPROVEMENT OF INVESTOR RELATIONS

Through the activities above, we strengthened communications between the management and the investors from the capital market, and enhanced the transparency of the operation and management of the Company. In 2014, the Company was elected successfully again as the 2014 Top 100 Hong Kong Listed Companies, and also received the "Listed Company with the Best Brand Value" award from the Overseas Summit Forum of Chinese Listed Companies & Presenting Ceremony of China Securities Golden Bauhinia Awards. In addition, as evaluated by Shanghai Stock Exchange, the Company was considered as A Class (highest level of honor) in terms of information disclosure. All these achievements represent recognitions from investors of our unremitting efforts in corporate governance, operational management, information disclosure and investor relations management in the past year, which further reinforced the sound image of the Company on capital market.

The Company will continue to enhance the management of capital market, highly value its investor relations work, attach great importance to the value creation for small and medium investors and further improve its information disclosure to continually increase the transparency of the Company in 2015. Investor relation management will be taken as a sustainable development strategy. We are committed to maximising shareholders' return through effective multi-channel and multi-level communication with investors that features equality, sincerity and mutual respect.

Independent Auditor's Report

羅兵咸永道

To the shareholders of China Communications Construction Company Limited
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Communications Construction Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 80 to 206, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 auditor's judgment, 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 auditor considers 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.

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.

Other Matters

This report, including the opinion, has been prepared for and only for 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2015

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Balance Sheets

	Note	Group As at 31 December 2014 RMB million	Group As at 31 December 2013 RMB million	Company As at 31 December 2014 RMB million	Company As at 31 December 2013 RMB million
ASSETS					
Non-current assets					
Property, plant and equipment	6	**63,377**	55,619	**52**	50
Lease prepayments	7	**9,682**	8,273	**–**	–
Investment properties	8	**733**	752	**–**	–
Intangible assets	9	**90,378**	54,592	**60**	18
Investments in subsidiaries	10	**–**	–	**100,977**	91,875
Investments in joint ventures	12	**1,742**	1,019	**62**	62
Investments in associates	12	**7,988**	6,780	**2,094**	2,094
Deferred income tax assets	26	**2,916**	2,612	**6**	93
Available-for-sale financial assets	15	**22,205**	13,913	**13,903**	7,957
Trade and other receivables	16	**75,902**	55,032	**4,262**	1,385
Held-to-maturity financial assets		**328**	–	**–**	–
		275,251	198,592	**121,416**	103,534
Current assets					
Inventories	17	**46,149**	32,850	**341**	336
Trade and other receivables	16	**150,734**	129,870	**11,448**	11,261
Loans to subsidiaries	10	**–**	–	**26,881**	17,897
Amounts due from subsidiaries	10	**–**	–	**8,519**	4,164
Amounts due from customers for contract work	18	**73,223**	66,131	**4,211**	3,165
Other financial assets at fair value through profit or loss		**171**	191	**–**	–
Available-for-sale financial assets	15	**6,586**	4,203	**–**	–
Derivative financial instruments	19	**26**	121	**–**	–
Restricted bank deposits	20(a)	**6,217**	4,249	**98**	1
Cash and cash equivalents	20(b)	**71,823**	81,238	**18,708**	25,226
		354,929	318,853	**70,206**	62,050
Total assets		**630,180**	517,445	**191,622**	165,584

The accompanying notes are an integral part of these financial statements.

Balance Sheets

	Note	Group As at 31 December 2014 RMB million	 2013 RMB million	Company As at 31 December 2014 RMB million	 2013 RMB million
EQUITY and LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	**16,175**	16,175	**16,175**	16,175
Share premium	21	**19,656**	19,656	**19,656**	19,656
Financial instruments classified as equity	22	**4,986**	–	**4,986**	–
Other reserves	23	**72,936**	55,995	**46,409**	35,230
Proposed final dividend	40	**2,778**	3,035	**2,778**	3,035
		116,531	94,861	**90,004**	74,096
Non-controlling interests		**15,081**	9,980	**–**	–
Total equity		**131,612**	104,841	**90,004**	74,096
Liabilities					
Non-current liabilities					
Borrowings	25	**137,801**	99,157	**21,959**	21,270
Deferred income		**4,921**	1,884	**–**	–
Deferred income tax liabilities	26	**7,805**	2,893	**3,011**	1,584
Retirement benefit obligations	27	**1,796**	1,809	**74**	74
Trade and other payables	24	**6,949**	2,126	**2,451**	539
		159,272	107,869	**27,495**	23,467
Current liabilities					
Trade and other payables	24	**224,617**	198,064	**15,200**	13,242
Amounts due to subsidiaries	10	**–**	–	**32,463**	33,361
Amounts due to customers for contract work	18	**19,585**	15,096	**1,201**	1,012
Current income tax liabilities		**3,473**	3,246	**16**	19
Borrowings	25	**91,034**	87,818	**25,236**	20,380
Derivative financial instruments	19	**48**	11	**2**	2
Retirement benefit obligations	27	**153**	144	**5**	5
Provisions for other liabilities and charges	28	**386**	356	**–**	–
		339,296	304,735	**74,123**	68,021
Total liabilities		**498,568**	412,604	**101,618**	91,488
Total equity and liabilities		**630,180**	517,445	**191,622**	165,584
Net current assets/(liabilities)		**15,633**	14,118	**(3,917)**	(5,971)
Total assets less current liabilities		**290,884**	212,710	**117,499**	97,563

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 80 to 206 were approved by the Board of Directors on 30 March 2015 and were signed on its behalf.

Liu Qitao
Director

Fu Junyuan
Director

Consolidated Income Statement

	Note	Year ended 31 December **2014** **RMB million**	 2013 RMB million
Revenue	5	**366,042**	331,798
Cost of sales	32	**(326,770)**	(297,860)
Gross profit		**39,272**	33,938
Other income	29	**2,414**	2,054
Other gains, net	30	**1,776**	767
Selling and marketing expenses	32	**(528)**	(480)
Administrative expenses	32	**(18,324)**	(15,810)
Other expenses	31	**(825)**	(894)
Operating profit		**23,785**	19,575
Finance income	34	**3,588**	2,428
Finance costs, net	35	**(10,108)**	(6,373)
Share of profit of joint ventures	12	**81**	65
Share of profit of associates	12	**258**	157
Profit before income tax		**17,604**	15,852
Income tax expense	36	**(3,721)**	(3,580)
Profit for the year		**13,883**	12,272
Attributable to:			
– Owners of the Company		**13,985**	12,568
– Non-controlling interests		**(102)**	(296)
		13,883	12,272
Earnings per share for profit attributable to owners of the Company			
(expressed in RMB per share)			
– Basic	39	**0.86**	0.78
– Diluted	39	**0.86**	0.78

The accompanying notes are an integral part of these financial statements. Details of the aggregate amounts of the dividends paid and proposed to owners of the Company during the years 2014 and 2013 are set out in Note 40.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2014	2013
	RMB million	RMB million
Profit for the year	**13,883**	12,272
Other comprehensive income/(expenses)		
Item that will not be reclassified subsequently to profit or loss		
Actuarial (losses)/gains on retirement benefit obligations, net of deferred tax	**(91)**	132
Items that may be reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets, net of deferred tax		
– Gains/(losses) arising during the year	**6,561**	(696)
– Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**(741)**	(254)
– Reclassification of investment revaluation reserve due to impairment of available-for-sale financial assets	**–**	113
Currency translation differences	**(11)**	(130)
Other comprehensive income/(expenses) for the year, net of tax	**5,718**	(835)
Total comprehensive income for the year	**19,601**	11,437
Total comprehensive income/(expenses) attributable to:		
– Owners of the Company	**19,671**	11,644
– Non-controlling interests	**(70)**	(207)
	19,601	11,437

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Note	Share capital RMB million	Share premium RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
		Attributable to owners of the Company						
Balance at 1 January 2013		16,175	19,656	11,538	39,290	86,659	9,454	96,113
Comprehensive income								
Profit/(losses) for the year		–	–	–	12,568	12,568	(296)	12,272
Other comprehensive income								
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	(782)	–	(782)	86	(696)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax		–	–	(254)	–	(254)	–	(254)
Reclassification of investment revaluation reserve due to impairment of available-for-sale financial assets, net of deferred tax		–	–	113	–	113	–	113
Actuarial gains on retirement benefit obligations, net of deferred tax		–	–	132	–	132	–	132
Currency translation differences		–	–	(133)	–	(133)	3	(130)
Total other comprehensive (expenses)/income, net of tax		–	–	(924)	–	(924)	89	(835)
Total comprehensive (expenses)/income		–	–	(924)	12,568	11,644	(207)	11,437
2012 final dividend	40	–	–	–	(2,988)	(2,988)	–	(2,988)
Dividends paid to non-controlling interests		–	–	–	–	–	(35)	(35)
Capital contribution from non-controlling interests		–	–	–	–	–	414	414
Cash contribution from government	23	–	–	63	–	63	1	64
Acquisition of a subsidiary		–	–	(48)	–	(48)	722	674
Disposal of subsidiaries		–	–	(60)	–	(60)	(371)	(431)
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries		–	–	(408)	–	(408)	2	(406)
Transfer to National Social Security Fund	23	–	–	–	(1)	(1)	–	(1)
Transfer to statutory surplus reserve	23	–	–	1,107	(1,107)	–	–	–
Transfer to general reserve	23	–	–	54	(54)	–	–	–
Transfer to safety reserve	23	–	–	140	(140)	–	–	–
Balance at 31 December 2013		16,175	19,656	11,462	47,568	94,861	9,980	104,841

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company							
		Share capital RMB million	Share premium RMB million	Financial instruments classified as equity RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 1 January 2014		16,175	19,656	–	11,462	47,568	94,861	9,980	104,841
Comprehensive income									
Profit/(losses) for the year		–	–	–	–	13,985	13,985	(102)	13,883
Other comprehensive income									
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	6,360	–	6,360	201	6,561
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax		–	–	–	(579)	–	(579)	(162)	(741)
Actuarial losses on retirement benefit obligations, net of deferred tax		–	–	–	(91)	–	(91)	–	(91)
Currency translation differences		–	–	–	(4)	–	(4)	(7)	(11)
Total other comprehensive income, net of tax		–	–	–	5,686	–	5,686	32	5,718
Total comprehensive income/(expenses)		–	–	–	5,686	13,985	19,671	(70)	19,601
2013 final dividend	40	–	–	–	–	(3,035)	(3,035)	–	(3,035)
Dividends paid and payable to non-controlling interests		–	–	–	–	–	–	(130)	(130)
Capital contribution from non-controlling interests		–	–	–	–	–	–	4,348	4,348
Cash contribution from government	23	–	–	–	48	–	48	1	49
Financial instruments classified as equity	22	–	–	4,986	–	–	4,986	–	4,986
Acquisition of subsidiaries		–	–	–	–	–	–	952	952
Transfer to statutory surplus reserve	23	–	–	–	948	(948)	–	–	–
Transfer to general reserve	23	–	–	–	54	(54)	–	–	–
Transfer to safety reserve	23	–	–	–	2	(2)	–	–	–
Balance at 31 December 2014		16,175	19,656	4,986	18,200	57,514	116,531	15,081	131,612

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

		Year ended 31 December	
	Note	**2014**	2013
		RMB million	RMB million
Cash flows from operating activities			
Cash generated from operations		**8,403**	10,649
Income tax paid		**(3,995)**	(3,677)
Net cash generated from operating activities		**4,408**	6,972
Cash flows from investing activities			
Purchases of property, plant and equipment ("PPE")		**(9,941)**	(7,331)
Increase in lease prepayments		**(1,091)**	(765)
Purchases of intangible assets		**(31,781)**	(17,038)
Proceeds from disposal of PPE		**548**	1,073
Proceeds from disposal of lease prepayments		**10**	133
Proceeds from disposal of investment properties		**–**	4
Additional investments in joint ventures		**(663)**	(254)
Additional investments in associates		**(1,346)**	(2,669)
Acquisition of subsidiaries		**(5,888)**	(925)
Net cash inflow in respect of disposal of subsidiaries		**–**	210
Purchases of available-for-sale financial assets		**(8,787)**	(8,976)
Purchases of other financial assets at fair value through profit or loss		**(20)**	(184)
Changes in term deposits with initial term of over three months		**96**	–
Proceeds from disposal of joint ventures		**2**	73
Proceeds from disposal of associates		**224**	148
Proceeds from disposal of available-for-sale financial assets		**8,573**	5,911
Proceeds from disposal of other financial assets at fair value through profit or loss		**22**	18
Proceeds from government grants related to assets		**2,826**	978
Interest received		**982**	832
Dividends received		**729**	676
Net cash used in investing activities		**(45,505)**	(28,086)
Cash flows from financing activities			
Proceeds from borrowings		**163,978**	126,060
Proceeds from financial instruments classified as equity		**4,986**	–
Repayments of borrowings		**(125,732)**	(83,273)
Interest paid		**(11,646)**	(8,275)
Changes in restricted bank deposits		**(978)**	2,655
Dividends paid to the Company's shareholders		**(3,035)**	(2,988)
Dividends paid to non-controlling interests of subsidiaries		**(81)**	(91)
Capital contribution from non-controlling interests		**4,260**	414
Cash contribution from government		**49**	64
Additional investments in subsidiaries		**–**	(4)
Net cash generated from financing activities		**31,801**	34,562
Net (decrease)/increase in cash and cash equivalents		**(9,296)**	13,448
Cash and cash equivalents at beginning of year		**81,238**	68,003
Exchange losses on cash and cash equivalents		**(119)**	(213)
Cash and cash equivalents at end of year		**71,823**	81,238

The accompanying notes are an integral part of these financial statements.

Notes to the consolidated financial statements

1. General Information

China Communications Construction Company Limited (the "Company") was established in the People's Republic of China (the "PRC") on 8 October 2006 as a joint stock company with limited liability under the Company Law of the PRC as part of the group reorganisation of China Communications Construction Group Ltd. ("CCCG"), the parent company and a state-owned enterprise established in the PRC. The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 15 December 2006 and the A shares of the Company were listed on the Shanghai Stock Exchange on 9 March 2012. The address of the Company's registered office is 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in infrastructure construction, infrastructure design, dredging, manufacturing of heavy machinery and other businesses.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2015.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) Amended standards and interpretation adopted by the Group

The following amendments to standards and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 January 2014.

Changes effective for annual periods beginning on or after 1 January 2014

Amendment to IAS 32 "Financial instruments: Presentation" on asset and liability offsetting
Amendments to IFRS 10, 12 and IAS 27"Consolidation for investment entities"
Amendment to IAS 36, "Impairment of assets" on recoverable amount disclosures
Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" – "Novation of derivatives"
IFRIC 21 "Levies"

Changes effective for transactions with transaction date on or after 1 July 2014

Annual Improvements 2012, which includes changes to: IFRS 2, 3, IAS 37 and 39

The adoption of the above amended standards and interpretation in the current year did not have any material effect on the consolidated financial statements or result in any significant changes in the Group's accounting policies.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards not yet adopted by the Group

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements.

	Effective for accounting periods beginning on or after
Amendment to IAS 19 regarding defined benefit plans	1 July 2014
Annual improvements 2012, which includes changes to: IFRS 8, IAS 16, 24 and 38	1 July 2014
Annual improvements 2013, which includes changes to: IFRS 3, 13 and IAS 40	1 July 2014
IFRS 14 'Regulatory Deferral Accounts'	1 January 2016
Amendment to IFRS 11 on accounting for acquisitions of interests in joint operation	1 January 2016
Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 and 41 on bearer plants	1 January 2016
Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associates or joint venture	1 January 2016
Amendments to IAS 27 on the equity method	1 January 2016
Annual improvements 2014, which includes changes to: IFRS 5, 7, IAS 19 and 34	1 July 2016
IFRS 15 "Revenue from Contracts with Customers"	1 January 2017
IFRS 9 "Financial Instruments"	1 January 2018

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards not yet adopted by the Group (Continued)

The Group has commenced an assessment of the related impact to the Group, and anticipates that the adoption of above new and amended standards will have no material impact on the results and financial position of the Group, except for the following set out below:

- IFRS 15, "Revenue from Contracts with Customers", establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) identify the contracts with customer; (2) identify separate performance obligations in a contract; (3) determine the transaction price; (4) allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes to an 'asset-liability' approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition. The standard is not effective until 1 January 2017. As the implementation of IFRS 15 is complex, the Group is yet to assess IFRS 15's full impact and will apply the new standard when it becomes effective.

- IFRS 9, "Financial instruments", has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

Notes to the consolidated financial statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards not yet adopted by the Group (Continued)

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost, a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

IFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of IAS 39.

The standard is not effective until 1 January 2018. The Group is yet to assess IFRS 9's full impact and will apply the new standard when it becomes effective.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2. Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combination

The acquisition method of accounting is used to account for the acquisitions of subsidiaries of the Group, except for those acquisitions which are considered as a business combination under common control in a manner similar to pooling-of-interests and with reference to the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations".

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous end of the reporting period or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

2. Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combination (Continued)

Purchase method of accounting for non-common control combinations

The Group applies the acquisition method to account for non-common control business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2. Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

2. Summary of Significant Accounting Policies (Continued)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of associates" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

In the Company's balance sheet, the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

2. Summary of Significant Accounting Policies (Continued)

2.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has. The Group has assessed the nature of its joint arrangements and determined that it has both joint ventures and joint operations.

Joint ventures

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, from part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, investments in joint ventures are stated at cost less provision for impairment losses. The results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

Joint operations

The Group recognises its direct rights to (and its share of) the jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the consolidated financial statements under the appropriate headings.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President Office, which is chaired by the Chief Executive Officer and consists of senior management of the Company, that make strategic decisions.

2. Summary of Significant Accounting Policies (Continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance costs, net". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains, net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale, are included in other comprehensive income.

Notes to the consolidated financial statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Notes to the consolidated financial statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Leasehold land classified as finance lease	Shorter of useful life or remaining lease term
– Buildings	20-40 years
– Machinery	5-20 years
– Vessels	10-25 years
– Motor vehicles	5 years
– Other equipment	2-5 years

Construction-in-progress represents buildings, vessels and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Costs include construction and acquisition costs, and interest charges arising from borrowings used to finance the assets during the construction period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and available for use. When the assets concerned become available for use, the costs are transferred to appropriate category of property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net" in the consolidated income statement.

2. Summary of Significant Accounting Policies (Continued)

2.8 Investment properties

Investment properties, principally comprising leasehold buildings, are held for long-term rental yields and are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Investment properties are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line method to write off the cost less accumulated impairment loss of the asset over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net" in the consolidated income statement.

2.9 Lease prepayments

Lease prepayments represent upfront prepayments made for the land use rights and are expensed in the consolidated income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the consolidated income statement.

2.10 Intangible assets

(a) Concession assets

The Group is engaged in certain service concession arrangements in which the Group carries out construction work (e.g. toll highways, bridges and ports) in exchange for a right for the Group to operate the asset concerned in accordance with pre-established conditions set by the granting authority. In accordance with the IFRIC Interpretation 12 Service Concession Arrangement (IFRIC 12), the assets under the concession arrangements may be classified as intangible assets or financial assets. The assets are classified as intangibles if the operator receives a right (a license) to charge users of the public service or as financial assets if the operator has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The Group classifies the non-current assets linked to the long-term investment in these concession arrangements as "concession assets" within intangible assets on the balance sheet if the intangible asset model is adopted. Once the underlying infrastructure of the concession arrangements is completed, the concession assets are amortised over the term of the concession using traffic flow method or straight-line method under the intangible asset model.

2. Summary of Significant Accounting Policies (Continued)

2.10 Intangible assets (Continued)

(b) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Trademark, patent and proprietary technologies

Separately acquired trademark, patent and proprietary technologies are shown at historical cost. Trademark, patent and proprietary technologies acquired in a business combination are recognised at fair value at the acquisition date. Trademark, patent and proprietary technologies have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3 to 17 years.

(d) Computer software

Acquired computer software license costs recognised as assets are amortised over their estimated useful lives of 1 to 10 years.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill, or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of Significant Accounting Policies (Continued)

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held-to-maturity financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "restricted bank deposit" and "cash and cash equivalents" in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(d) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

2. Summary of Significant Accounting Policies (Continued)

2.12 Financial assets (Continued)

2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "Other gains, net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains and losses from investment securities.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. However, if the range of reasonable fair value estimate is significant and the probabilities of various estimates cannot be reasonably assessed, such financial assets are carried out at cost less accumulated impairment losses.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. Summary of Significant Accounting Policies (Continued)

2.14 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

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.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Notes to the consolidated financial statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

2.15 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Derivative instruments which do not qualify for hedge accounting are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the consolidated income statement within other gains, net.

2.16 Inventories

Inventories comprise raw materials, work in progress, properties under development and held for sale, completed properties held for sale and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs eligible for capitalisation incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion. Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for services performed or products sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of Significant Accounting Policies (Continued)

2.20 Financial instruments classified as equity

Financial instruments issued by the Group are classified as equity instruments when all the following conditions have been met:

(i) The financial instruments have no contracted obligation to pay cash or other financial assets to others, nor to exchange financial assets or liabilities with others under potential unfavorable circumstance;

(ii) The financial instruments will or may be settled in the Group's own equity instruments: if the financial instrument is non-derivative, it should not have the contractual obligation to be settled by the Group delivering a fixed number of its own equity instruments; if the financial is derivative, it should solely be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets.

Financial instruments classified as equity instruments are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, these financial instruments are measured at amortised cost using the effective interest method.

2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. Summary of Significant Accounting Policies (Continued)

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.24 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Summary of Significant Accounting Policies (Continued)

2.24 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

2. Summary of Significant Accounting Policies (Continued)

2.25 Employee benefits (Continued)

(a) Pension obligations (Continued)

Past-service costs are recognised immediately in the consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the full-time employees of the Group in the PRC excluding Hong Kong and Macau ("Mainland China") are covered by the government-sponsored or privately administered pension plans under which the employees are entitled to a monthly pension based on certain formula. The Group pays contributions to these pension plans monthly, on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or jurisdictions outside Mainland China. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries of fixed sums and length of service.

(b) Other post-employment obligations

The Group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognise costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. Summary of Significant Accounting Policies (Continued)

2.25 Employee benefits (Continued)

(d) Housing funds

All full-time employees of the Group in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(e) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2.26 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment and intangible assets are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2. Summary of Significant Accounting Policies (Continued)

2.28 Contract work

Contract costs are recognised in the consolidated income statement when incurred. When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage of completion method" to determine the appropriate amount to be recognised in a given period. Depending on the nature of contracts, the stage of completion is measured by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work. Costs incurred in the period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Contract work-in-progress is valued at the cost of the work done, plus a part of the expected profit upon completion of the project in proportion to the progress made and less progress billings and provisions. Provisions are recognised for expected losses on contract work-in-progress, as soon as they are foreseen, and deducted from the cost. The cost includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, borrowing costs directly attributable to the relevant contracts, rental charges, maintenance costs for the equipment used and other direct costs. The progress of a project is determined on the basis mentioned in preceding paragraph. Profits are not recognised unless a reliable estimate can be made of the result on completion of the project.

The balance of the value of contract work-in-progress and progress billings is determined on a project by project basis. On the consolidated balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset the "amounts due from customers for contract work" where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability the "amounts due to customers for contract work" where the opposite is the case.

2. Summary of Significant Accounting Policies (Continued)

2.29 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the construction contracts and the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from construction, design, dredging and manufacturing of heavy machinery contracts

Revenue from individual construction, design, dredging and manufacturing of heavy machinery contracts is recognised under the percentage of completion method, when the outcome of a contract can be estimated reliably and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work. Expected losses are fully provided on contracts when identified.

(b) Services rendered

Revenue for services rendered including surveying, transportations and logistics services is recognised when services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity.

(c) Sales of products

Sales of products are recognised when an entity has delivered the products to the customer, and the customer has accepted the products and collectability of the related receivables is reasonably assured.

(d) Rental income

Rental income under operating leases of vessels and buildings is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

2.30 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.31 Dividend income

Dividend income is recognised when the right to receive payment is established.

2. Summary of Significant Accounting Policies (Continued)

2.32 Leases

2.32.1 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) As a lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) As a lessor

Assets leased out under operating leases are included in property, plant and equipment and investment properties in the consolidated balance sheet. Lease income on operation leases is recognised over the term of the lease on a straight-line basis.

2.32.2 Finance leases

(a) As a lessee

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the expected useful life of the asset and the lease term.

(b) As a lessor

When assets are leased out by the Group under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to accounting periods is referred to as the "actuarial method". The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

2. Summary of Significant Accounting Policies (Continued)

2.33 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and developing of new or improved products and processes) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development cost is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of capitalised development cost is calculated using the straight-line method over its expected useful life from the date they are available for use.

2.34 Financial Guarantee Contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks by the Group to secure loans. These guarantees in relation to loans are provided for no compensation.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement.

2.35 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by Finance Department under policies approved by the Board of Directors. The Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The functional currency of majority of the entities within the Group is RMB. Most of the Group's transactions are based and settled in RMB. Foreign currencies are used to settle the Group's revenue from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers, and certain expenses.

RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC Government.

Details of the Group's trade and other receivables, cash and bank balances, trade and other payables and borrowings as at 31 December 2014, denominated in foreign currencies, mainly United States Dollars ("USD"), are disclosed in Notes 16, 20, 24 and 25, respectively.

To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to currency risks, and a portion of those risks is hedged by using derivative financial instruments when management considers necessary.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, post-tax profit for the year would have been approximately RMB450 million (2013: 5%, RMB351 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar -denominated trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. Profit is more sensitive to movement in RMB/US dollar exchange rates in 2014 than 2013 mainly because of the increased amount of US dollar-denominated trade and other payables and borrowings.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated balance sheet either as available-for-sale financial assets or other financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarises the impact of increases/decreases of quoted price in open markets on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity price had increased/decreased by 10% with all other variables held constant:

	2014	2013
Increases/decreases in quoted price in open markets	**10%**	10%

	2014 **RMB million**	2013 RMB million
Impact on post-tax profit for the year	**16**	19
Impact on equity attributable to owners of the Company for the year	**2,028**	1,247

(iii) Cash flow and fair value interest rate risk

The Group's and the Company's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group and the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2014 and 2013, the Group's borrowings at variable rate were mainly denominated in RMB, USD, Euro ("EUR"), Japanese Yen ("JPY") and Hong Kong Dollars ("HKD"). The Company's borrowings at variable rate were mainly denominated in RMB.

Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk.

Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's and the Company's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's and the Company's financial position. Management continuously monitors the interest rate position of the Group and the Company, and makes decisions with reference to the latest market conditions. From time to time, the Group and the Company may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings, although the Directors did not consider it was necessary to do so in 2014 and 2013.

Notes to the consolidated financial statements (Continued)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk (Continued)

As at 31 December 2014, approximately RMB70,988 million (2013: RMB110,030 million) of the Group's borrowings were at variable rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 25. As at 31 December 2014, if interest rates on borrowings had been 0.25 percentage-point higher/lower with all other variables held constant, profit attributable to the owners of the Company for the year would have been RMB109 million lower/higher (2013: 0.25 percentage-point higher/lower, RMB120 million lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

As at 31 December 2014, approximately RMB10,555 million (2013: RMB8,950 million) of the Company's borrowings were at variable rates. The interest rates and terms of repayment of the Company's borrowings are disclosed in Note 25. As at 31 December 2014, if interest rates on borrowings had been 0.25 percentage-point higher/lower with all other variables held constant, profit of the Company for the year would have been RMB78 million lower/higher (2013: 0.25 percentage-point higher/lower, RMB75 million lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The carrying amounts of cash and bank balances, trade and other receivables except for prepayments, derivative financial instruments, and the nominal value of the guarantees provided on liabilities represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group holds substantially all of bank deposits in major financial institutions located in the PRC and certain overseas banks with proper credit ratings. Management believes these financial institutions are reputable and there is no significant credit risk of losses on such assets. The Group has policies that limit the amount of credit exposure to any financial institutions.

The Group's major customers are PRC Government agencies at the national, provincial and local levels, and other state-owned enterprises, which accounted for significant amount of the Group's total operating revenue during the year. The Group also has policies in place to ensure that services are rendered to customers with appropriate credit history and the Group performs periodic credit evaluation of its customers. With regard to overseas companies of inadequate creditworthiness, the Group usually demands letters of guarantee or letters of credit.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Moreover, impairments are recognised for the credit risk that is inherent in trade receivables from the domestic and overseas businesses. The maximum exposure to loss of trade receivables is equal to their total carrying amounts. The carrying amounts of trade receivables, showing separately those receivables that are past due or impaired, are disclosed in Note 16.

Transactions involving derivative financial instruments that hedge foreign exchange exposures are with counterparties that have good credit ratings, and the Group does not use derivative financial instruments for purposes other than risk management. The maximum exposure to credit risk at the reporting date is equal to the carrying amount of those derivatives classified as financial assets. Given their good credit ratings, management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity risk

Liquidity risk encompasses the risk that the Group cannot meet its financial obligations in full.

The Group's maturity analysis of borrowings that shows the remaining contractual maturities is disclosed in Note 25.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to capital intensive nature of the Group's business, the Group ensures that it maintains flexibility through keeping sufficient cash and cash equivalents and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and banks and other borrowings.

The table below analyses the Group's and the Company's non-derivative financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The spot rate as at the end of the reporting period is used for the cash outflow calculation in relation to the amounts settled with foreign currencies. The amounts disclosed in the table are the contractual undiscounted cash flows.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Group

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million
As at 31 December 2014				
Borrowings (excluding finance lease liabilities)	**98,715**	**36,124**	**60,198**	**83,092**
Finance lease liabilities	**737**	**564**	**1,395**	**541**
Net-settled derivative financial instruments	**7**	**6**	**6**	**–**
Gross-settled derivative financial instruments – outflows	**5,585**	**–**	**–**	**–**
Gross-settled derivative financial instruments – inflows	**(5,657)**	**–**	**–**	**–**
Trade and other payables (excluding statutory and non-financial liabilities)	**163,923**	**7,591**	**–**	**–**
Financial guarantee contracts	**–**	**–**	**133**	**394**
	263,310	**44,285**	**61,732**	**84,027**
As at 31 December 2013				
Borrowings (excluding finance lease liabilities)	93,216	18,391	46,301	73,144
Finance lease liabilities	882	645	1,333	915
Net-settled derivative financial instruments	(3)	(3)	16	1
Gross-settled derivative financial instruments – outflows	3,811	–	–	–
Gross-settled derivative financial instruments – inflows	(3,937)	–	–	–
Trade and other payables (excluding statutory and non-financial liabilities)	146,619	2,694	–	–
Financial guarantee contracts	–	–	115	147
	240,588	21,727	47,765	74,207

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Company

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million
As at 31 December 2014				
Borrowings	**26,028**	**2,802**	**16,451**	**7,937**
Net-settled derivative financial instruments	**–**	**1**	**1**	**–**
Trade and other payables (excluding statutory and non-financial liabilities)	**9,014**	**17**	**–**	**–**
Financial guarantee contracts	**5,391**	**3,571**	**809**	**12,597**
	40,433	**6,391**	**17,261**	**20,534**
As at 31 December 2013				
Borrowings	20,984	2,302	8,661	16,361
Net-settled derivative financial instruments	(6)	(5)	13	1
Trade and other payables (excluding statutory and non-financial liabilities)	6,794	16	–	–
Financial guarantee contracts	9,189	2,334	2,196	11,048
	36,961	4,647	10,870	27,410

The Company has no derivative financial instruments that will be settled on a gross basis.

The Group and the Company entered into the guarantee contracts for bank borrowings made by subsidiaries, joint ventures, associates and certain third party entities. For issued financial guarantee contracts, the maximum amounts of guarantees are allocated to the earliest periods in which the respective guarantees could be called. The Directors of the Company are of the opinion that those guarantees are not likely to be crystallised in the foreseeable future.

Net settled derivative financial instruments comprise forward foreign exchange contracts used by the Group to hedge the exposure to foreign currency risk.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

	2014 **RMB million**	2013 RMB million
Total borrowings (Note 25)	**228,835**	186,975
Less: Cash and cash equivalents (Note 20(b))	**(71,823)**	(81,238)
Net debt	**157,012**	105,737
Total equity	**131,612**	104,841
Total capital	**288,624**	210,578
Gearing ratio	**54%**	50%

The gearing ratio as at 31 December 2014 increased by 4% compared with that in 2013 primarily attributable to the increase in borrowings to meet the financing needs of projects.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(e) Business environment in emerging economies

The Group has business operations in a number of overseas countries, including countries in Africa, Middle East and South East Asia. Management has identified some of the overseas countries that are exposed to or may be exposed to political and social turbulence which may lead to unexpected or accelerated changes in political, social and economic environments, and these changes may result in adverse effect on the Group's operations and assets in these countries. Any political or social turbulence or unexpected or accelerated changes in political, social and economic environments may lead to delays or suspension of construction projects and consequently outstanding construction related cost and receivables may not be fully recoverable. The bank deposits in financial institutions in some of these countries are not freely convertible into other foreign currencies and the remittance of such bank deposits out of those countries is controlled. The Group has contingency plans to minimise the financial impact for unexpected turbulent situations, including safeguard of assets. The Group also has policies in place to limit the amounts to be settled in local currencies of these countries and to maintain minimum level of bank deposits in financial institutions of these countries.

As at 31 December 2014, the balance of contract work-in-progress relating to existing construction projects and bank deposits in these countries in Africa, Middle East and South Asia represent less than 2.0% and 1.0% (31 December 2013: less than 2.0% and 1.0%), respectively, of the respective balances on the consolidated balance sheet. Management continuously monitors the development and changes in political, social and economic environments of these countries. Whenever there is any indication of impairment exists, management will perform impairment assessment of the outstanding assets. Based on current assessment, management does not expect any material losses of outstanding assets in these countries. Future environment may differ from management's current assessment.

3.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss	**171**	**–**	**–**	**171**
Derivative financial instruments – held for trading	**–**	**26**	**–**	**26**
Available-for-sale financial assets				
– Equity securities	**20,275**	**–**	**–**	**20,275**
– Other unlisted instruments	**–**	**6,586**	**–**	**6,586**
Total assets	**20,446**	**6,612**	**–**	**27,058**
Liabilities				
Derivative financial instruments – held for trading	**–**	**(48)**	**–**	**(48)**
Total liabilities	**–**	**(48)**	**–**	**(48)**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss	191	–	–	191
Derivative financial instruments – held for trading	–	121	–	121
Available-for-sale financial assets				
– Equity securities	12,471	–	–	12,471
– Other unlisted instruments	–	4,203	–	4,203
Total assets	12,662	4,324	–	16,986
Liabilities				
Derivative financial instruments – held for trading	–	(11)	–	(11)
Total liabilities	–	(11)	–	(11)

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments in public companies listed on Shanghai, Shenzhen and Hong Kong Stock Exchanges classified as financial assets at fair value through profit or loss or available for sale.

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all the resulting fair value estimates are included in level 2.

4. Critical Accounting Estimates, Assumptions and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 Construction contracts

Revenue from individual contract is recognised under the percentage of completion method which requires estimation made by management. Because of the nature of the activity undertaken in construction, dredging and manufacturing of heavy machinery businesses, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods.

The Group reviews and revises the estimates of both contract revenue and contract costs in each contract budget as the contract progresses and regularly reviews the progress of the contracts. The Group also monitors the progress payments from customers against the contract terms, and periodically evaluates the creditworthiness of the customers. If circumstances arise which make it likely that a customer would default on all or part of its payments or otherwise fail to fulfil its performance obligations under the contract terms, the Group will reassess the outcome of the relevant contract and may revise the relevant estimates. The revision will be reflected in the consolidated income statement in the period in which the circumstances that give rise to the revision become known by the Group.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

4.2 Impairment assessment on concession assets

The Group operates certain concession assets and their impairment is reviewed whenever events or changes in circumstances indicate that the carrying amounts of the concession assets may not be recoverable in accordance with the accounting policy stated in Note 2.11.

The recoverable amounts of the concession assets have been determined based on value-in-use method. The value-in-use calculations require the use of estimates on the projections of cash flows from the traffic volume and other income, deducting the necessary maintenance and operating costs incurred for the concession assets, and discount rates.

Based on management's best estimates, there was no impairment loss for concession assets recognised during the year. Where the expectation is different from the original estimate, such differences will impact the impairment assessment in the periods in which such estimate is changed.

4.3 Impairment of trade and other receivables

The impairment of trade and other receivables is primarily assessed based on current market conditions and prior experience by taking into account past due status, financial position of debtors and guarantees obtained for the outstanding debts, if any. The Group reviews the adequacy of impairment on a regular basis.

Based on the latest assessment, the Group revised the criteria for grouping the receivables with similar credit risk characteristics. Where the impairment of trade and other receivables is provided for based on the ageing of these receivables, the group of ageing is refined and the proportion of impairment provision applied is also revised. The change in accounting estimates was approved in March 2014 by the Board of Directors, and adopted from 1 January 2014.

These changes in accounting estimates are expected to reduce the Group's impairment of trade and other receivables and then increase the Group's profit before income tax for the year ended 31 December 2014 by approximately RMB616 million.

4.4 Impairment of available-for-sale equity investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the Group would suffer an additional loss of RMB107 million in the consolidated financial statements for the year ended 31 December 2014, being the transfer of the accumulated fair value adjustments recognised in equity on the impaired available-for-sale financial assets to the consolidated income statement.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

4.5 Consolidation of entities in which the Company holds less than 50%

Management consider that the Company has de facto control of Shanghai Zhenhua Heavy Industry Co., Ltd. ("ZPMC") even though it has less than 50% of the voting rights. The Company is the majority shareholder of ZPMC with a 46.23% equity interest, while all other shareholders individually own less than 1% of its equity shares. There is no history of other shareholders forming a group to exercise their votes collectively.

4.6 Income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

4.7 Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each end of the reporting period. However, if the range of reasonable fair value estimate is so significant that management are of the opinion that their fair value cannot be measured reliably, such financial instruments are carried out at cost less accumulated impairment losses.

The sensitively analysis in relation to the fluctuation of the fair value of financial instruments has been disclosed in Note 3.1(a)(ii).

4.8 Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 27.

If the discount rate used to increase/decrease by 0.25 percentage point from management's estimates with all other variables held constant, the carrying amount of pension obligations as at the end of the reporting period would have been RMB35 million (2013: RMB35 million) lower or RMB37 million (2013: RMB36 million) higher.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

4.9 Depreciation on property, plant and equipment

Depreciation on the Group's property, plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. The accounting estimate of the useful lives of property, plant and equipment is based on historical experience, taking into account anticipated technological changes.

The Group revised the accounting estimates on the useful lives and residual value of property, plant and equipment to align with their actual useful lives and residual value. The change in accounting estimates was approved in March 2014 by the Board of Directors, and adopted from 1 January 2014.

The table below shows the details of estimated useful lives and estimated residual value of property, plant and equipment before and after 1 January 2014:

	Before 1 January 2014			After 1 January 2014		
Category of property, plant and equipment	**Estimated Useful lives**	**Estimated residual value (%)**	**Annual depreciation rate (%)**	**Estimated Useful lives**	**Estimated residual value (%)**	**Annual depreciation rate (%)**
Buildings	20-30 years	–	3.3-5	20-40 years	–	2.5-5
Machinery	5-10 years	–	10-20	5-20 years	–	5-20
Vessels	10-25 years	By reference to the price of scrap steel	n/a	10-25 years	5-10	3.6-9.5

These changes in accounting estimates are expected to reduce the Group's depreciation expense and then increase the Group's profit before income tax for the year ended 31 December 2014 by approximately RMB458 million.

5. Segment Information

Management has determined the operating segments based on the reports reviewed by the President Office that are used to allocate resources and assess their performance.

The President Office considers the business from the service and product perspectives. Management assesses the performance of the following five operating segments:

(1) infrastructure construction of ports, roads, bridges and railways (the "Construction Segment");

(2) infrastructure design of ports, roads and bridges (the "Design Segment");

(3) dredging (the "Dredging Segment");

(4) manufacturing of heavy machinery (the "Heavy Machinery Segment"); and

(5) others (the "Others Segment").

5. Segment Information (Continued)

The President Office assesses the performance of the operating segments based on operating profit excluding unallocated income or costs. Other information provided to the President Office is measured in a manner consistent with that in the consolidated financial statements.

Sales between segments are carried out on terms with reference to the selling price used for sale made to third parties. The revenue from external parties reported to the President Office is measured in a manner consistent with that in the consolidated income statement.

Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated costs.

Segment assets consist primarily of property, plant and equipment, lease prepayments, intangible assets, inventories, receivables, amounts due from customers for contract work, cash and cash equivalents. They exclude deferred taxation, investments, available-for-sale financial assets and derivative financial instruments.

Segment liabilities comprise primarily payables and amounts due to customers for contract work. They exclude taxation, borrowings and derivative financial instruments.

Capital expenditure comprises mainly additions to property, plant and equipment (Note 6), lease prepayments (Note 7), investment properties (Note 8) and intangible assets (Note 9).

5. Segment Information (Continued)

The segment results for the year ended 31 December 2014 and other segment items included in the consolidated financial statements are as follows:

	For the year ended 31 December 2014						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Total gross segment revenue	299,192	21,086	27,838	26,733	4,192	(12,999)	366,042
Inter-segment revenue	(4,318)	(808)	(6,444)	(628)	(801)	12,999	–
Revenue	294,874	20,278	21,394	26,105	3,391	–	366,042
Segment result	15,637	2,591	2,644	1,843	9	(43)	22,681
Unallocated income							1,104
Operating profit							23,785
Finance income							3,588
Finance costs, net							(10,108)
Share of profit of joint ventures							81
Share of profit of associates							258
Profit before income tax							17,604
Income tax expense							(3,721)
Profit for the year							13,883
Other segment items							
Depreciation	4,881	221	881	1,234	31	–	7,248
Amortisation	559	31	22	93	44	–	749
Write-down of inventories	63	–	–	140	–	–	203
Provision for/(reversal of) foreseeable losses on construction contracts	438	–	(1)	325	–	–	762
(Reversal of)/provision for impairment of trade and other receivables	(175)	24	333	122	24	–	328

5. Segment Information (Continued)

The segment results for the year ended 31 December 2013 and other segment items included in the consolidated financial statements are as follows:

	For the year ended 31 December 2013						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Total gross segment revenue	264,146	19,394	32,789	24,171	3,706	(12,408)	331,798
Inter-segment revenue	(5,831)	(947)	(3,478)	(1,062)	(1,090)	12,408	–
Revenue	258,315	18,447	29,311	23,109	2,616	–	331,798
Segment result	13,464	2,573	3,620	73	169	(235)	19,664
Unallocated costs							(89)
Operating profit							19,575
Finance income							2,428
Finance costs, net							(6,373)
Share of profit of joint ventures							65
Share of profit of associates							157
Profit before income tax							15,852
Income tax expense							(3,580)
Profit for the year							12,272
Other segment items							
Depreciation	4,554	186	1,646	1,168	19	–	7,573
Amortisation	313	31	19	63	43	–	469
Write-down of inventories	21	–	–	306	1	–	328
Provision for/(reversal of) foreseeable losses on construction contracts	62	1	(4)	176	–	–	235
Provision for impairment of trade and other receivables	515	153	181	309	–	–	1,158
Provision for available-for-sale financial assets	150	–	–	–	–	–	150

The amounts provided to the President Office with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are presented based on the operating segments they are associated with.

5. Segment Information (Continued)

The segment assets and liabilities at 31 December 2014 and capital expenditure for the year then ended are as follows:

As at 31 December 2014

	Construction RMB million	Design RMB million	Dredging RMB million	Heavy machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Segment assets	439,488	20,601	60,794	51,151	8,431	(21,111)	559,354
Investments in joint ventures							1,742
Investments in associates							7,988
Unallocated assets							61,096
Total assets							630,180
Segment liabilities	230,695	12,763	21,644	12,284	1,001	(20,760)	257,627
Unallocated liabilities							240,941
Total liabilities							498,568
Capital expenditure	48,234	408	1,649	1,332	30	–	51,653

Segment assets and liabilities at 31 December 2014 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	559,354	257,627
Investments in joint ventures	1,742	–
Investments in associates	7,988	–
Unallocated:		
Deferred income tax assets/liabilities	2,916	7,805
Current income tax liabilities	–	3,473
Current borrowings	–	91,034
Non-current borrowings	–	137,801
Available-for-sale financial assets	28,791	–
Other financial assets at fair value through profit or loss	171	–
Derivative financial instruments	26	48
Cash and other corporate assets/corporate liabilities	29,192	780
Total	630,180	498,568

5. Segment Information (Continued)

The segment assets and liabilities at 31 December 2013 and capital expenditure for the year then ended are as follows:

As at 31 December 2013

	Construction RMB million	Design RMB million	Dredging RMB million	Heavy machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Segment assets	336,233	15,058	61,970	46,117	4,804	(10,048)	454,134
Investments in joint ventures							1,019
Investments in associates							6,780
Unallocated assets							55,512
Total assets							517,445
Segment liabilities	185,972	10,661	23,470	5,899	2,063	(9,685)	218,380
Unallocated liabilities							194,224
Total liabilities							412,604
Capital expenditure	24,262	269	804	253	1,280	–	26,868

Segment assets and liabilities at 31 December 2013 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	454,134	218,380
Investments in joint ventures	1,019	–
Investments in associates	6,780	–
Unallocated:		
Deferred income tax assets/liabilities	2,612	2,893
Current income tax liabilities	–	3,246
Current borrowings	–	87,818
Non-current borrowings	–	99,157
Available-for-sale financial assets	18,116	–
Other financial assets at fair value through profit or loss	191	–
Derivative financial instruments	121	11
Cash and other corporate assets/corporate liabilities	34,472	1,099
Total	517,445	412,604

5. Segment Information (Continued)

Revenue from external customers in the PRC and other regions is as follows:

	2014 RMB million	2013 RMB million
PRC (excluding Hong Kong and Macau)	**303,547**	275,179
Other regions	**62,495**	56,619
	366,042	331,798

Non-current assets other than financial instruments, investments in joint ventures, investments in associates and deferred income tax assets located in the PRC and other regions is as follows:

	2014 RMB million	2013 RMB million
PRC (excluding Hong Kong and Macau)	**158,189**	115,616
Other regions	**5,981**	3,620
	164,170	119,236

Other regions primarily include countries in Africa, Middle East and South East Asia.

6. Property, Plant and Equipment

Group

	Land and buildings RMB million	Machinery RMB million	Vessels and vehicles RMB million	Other equipment RMB million	Construction-in-progress RMB million	Total RMB million
At 1 January 2013						
Cost	15,929	18,389	43,636	7,827	7,111	92,892
Accumulated depreciation	(3,903)	(8,354)	(18,719)	(5,104)	–	(36,080)
Net book amount	12,026	10,035	24,917	2,723	7,111	56,812
Year ended 31 December 2013						
Opening net book amount	12,026	10,035	24,917	2,723	7,111	56,812
Additions	166	1,657	1,281	2,766	1,875	7,745
Disposals (Note 42(b))	(82)	(180)	(660)	(116)	–	(1,038)
Transfers	1,273	657	1,183	65	(3,178)	–
Disposal of a subsidiary	(431)	–	(69)	(12)	(9)	(521)
Transferred from investment properties (Note 8)	156	–	–	–	–	156
Depreciation charge (Note 32)	(571)	(1,887)	(3,074)	(2,003)	–	(7,535)
Closing net book amount	12,537	10,282	23,578	3,423	5,799	55,619
At 31 December 2013						
Cost	16,764	20,086	44,064	9,966	5,799	96,679
Accumulated depreciation	(4,227)	(9,804)	(20,486)	(6,543)	–	(41,060)
Net book amount	12,537	10,282	23,578	3,423	5,799	55,619
Year ended 31 December 2014						
Opening net book amount	**12,537**	**10,282**	**23,578**	**3,423**	**5,799**	**55,619**
Additions	**244**	**2,645**	**1,016**	**2,498**	**3,564**	**9,967**
Transferred from inventories	**–**	**–**	**–**	**–**	**1,746**	**1,746**
Disposals (Note 42(b))	**(112)**	**(97)**	**(63)**	**(186)**	**–**	**(458)**
Acquisition of subsidiaries	**1,418**	**273**	**3**	**–**	**2,038**	**3,732**
Transfers	**1,193**	**1,120**	**163**	**(716)**	**(1,760)**	**–**
Transferred to investment properties (Note 8)	**(18)**	**–**	**–**	**–**	**–**	**(18)**
Depreciation charge (Note 32)	**(571)**	**(2,301)**	**(1,924)**	**(2,415)**	**–**	**(7,211)**
Closing net book amount	**14,691**	**11,922**	**22,773**	**2,604**	**11,387**	**63,377**
At 31 December 2014						
Cost	**19,631**	**25,638**	**43,901**	**8,952**	**11,387**	**109,509**
Accumulated depreciation	**(4,940)**	**(13,716)**	**(21,128)**	**(6,348)**	**–**	**(46,132)**
Net book amount	**14,691**	**11,922**	**22,773**	**2,604**	**11,387**	**63,377**

6. Property, Plant and Equipment (Continued)

Company

	Land and buildings RMB million	Machinery RMB million	Vessels and vehicles RMB million	Other equipment RMB million	Construction-in-progress RMB million	Total RMB million
At 1 January 2013						
Cost	22	31	53	114	2	222
Accumulated depreciation	(5)	(31)	(42)	(95)	–	(173)
Net book amount	17	–	11	19	2	49
Year ended 31 December 2013						
Opening net book amount	17	–	11	19	2	49
Additions	–	–	6	4	2	12
Depreciation charge	(1)	–	(4)	(6)	–	(11)
Closing net book amount	16	–	13	17	4	50
At 31 December 2013						
Cost	22	31	59	118	4	234
Accumulated depreciation	(6)	(31)	(46)	(101)	–	(184)
Net book amount	16	–	13	17	4	50
Year ended 31 December 2014						
Opening net book amount	**16**	**–**	**13**	**17**	**4**	**50**
Additions	**–**	**–**	**5**	**4**	**–**	**9**
Depreciation charge	**(1)**	**–**	**(1)**	**(5)**	**–**	**(7)**
Closing net book amount	**15**	**–**	**17**	**16**	**4**	**52**
At 31 December 2014						
Cost	**22**	**31**	**64**	**122**	**4**	**243**
Accumulated depreciation	**(7)**	**(31)**	**(47)**	**(106)**	**–**	**(191)**
Net book amount	**15**	**–**	**17**	**16**	**4**	**52**

6. Property, Plant and Equipment (Continued)

(a) Depreciation of the Group's property, plant and equipment of RMB6,466 million (2013: RMB6,875 million) has been charged to cost of sales, RMB680 million (2013: RMB643 million) to administrative expenses and RMB65 million (2013: RMB17 million) to selling and marketing expenses.

(b) Bank borrowings are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB240 million (2013: RMB374 million) (Note 25).

(c) As at 31 December 2014, the Group is in the process of applying for registration of the ownership certificates for certain of its properties with an aggregate book carrying amount of approximately RMB4,383 million (2013: RMB4,532 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

(d) Vessels and machinery include the following amounts where the Group is a lessee under finance leases:

	2014 **RMB million**	2013 RMB million
Cost – Capitalised finance leases	**5,617**	5,309
Accumulated depreciation	**(1,521)**	(1,029)
Net book amount	**4,096**	4,280

The Group leases various vessels and machinery under non-cancellable finance lease agreements and has the option to purchase these assets at minimal prices upon the expiry of the agreements.

(e) The category of machinery, vessels and vehicles and other equipment includes vehicles and equipment leased by the Group to third parties under operating leases with the following carrying amounts:

	2014 **RMB million**	2013 RMB million
Cost	**4,115**	3,330
Accumulated depreciation	**(2,440)**	(1,682)
Net book amount	**1,675**	1,648

7. Lease Prepayments – Group

	2014 RMB million	2013 RMB million
At 1 January		
Cost	**9,454**	8,993
Accumulated amortisation	**(1,181)**	(1,032)
Net book amount	**8,273**	7,961
For the year ended 31 December		
Opening net book amount	**8,273**	7,961
Additions	**1,091**	765
Disposals	**(10)**	(58)
Amortisation charge (Note 32)	**(214)**	(188)
Acquisition of subsidiaries (Note 45)	**542**	–
Disposal of a subsidiary	**–**	(207)
Closing net book amount	**9,682**	8,273
At 31 December		
Cost	**11,074**	9,454
Accumulated amortisation	**(1,392)**	(1,181)
Net book amount	**9,682**	8,273

The Group's interests in leasehold land and land use rights, mainly in Mainland China, represent prepaid operating lease payments and their net book value are analysed as follows:

	2014 RMB million	2013 RMB million
Held on:		
Leases of over 50 years	**552**	537
Leases of between 10 to 50 years	**9,130**	7,736
	9,682	8,273

(a) Amortisation of the Group's lease prepayments of RMB57 million (2013: RMB59 million) has been charged to cost of sales and RMB157 million (2013: RMB129 million) to administrative expenses.

(b) As at 31 December 2014, the Group is in the process of applying for registration of the title certificates for certain of its leasehold land with an aggregate carrying value of approximately RMB418 million (2013: RMB228 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these leasehold land.

(c) Bank borrowings are secured by certain lease prepayments with an aggregate book carrying amount of approximately RMB1,163 million (2013: RMB1,811 million) (Note 25).

8. Investment Properties – Group

	2014 RMB million	2013 RMB million
At 1 January		
Cost	**1,009**	1,227
Accumulated depreciation	**(257)**	(239)
Net book amount	**752**	988
For the year ended 31 December		
Opening net book amount	**752**	988
Transferred from/(to) property, plant and equipment (Note 6)	**18**	(156)
Disposals	**–**	(4)
Depreciation charge (Note 32)	**(37)**	(38)
Disposal of a subsidiary	**–**	(38)
Closing net book amount	**733**	752
At 31 December		
Cost	**1,041**	1,009
Accumulated depreciation	**(308)**	(257)
Net book amount	**733**	752
Fair value at end of the year (a)	**3,657**	3,595

(a) As at 31 December 2014, the fair value of the Group's investment properties is based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent and professionally qualified valuers.

The investment properties located in mainland China are valued by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. The fair value of these properties is RMB3,260 million (2013: RMB3,128 million), which falls into the category of fair value measurements using significant unobservable inputs (Level 3) including future rental cash inflows, discount rates and capitalisation rates, etc.

The investment properties located outside mainland China are mainly valued by the comparison approach by making reference to comparable market transactions. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. The fair value of these properties is RMB397 million (2013: RMB467 million), which falls into the category of fair value measurements using significant observable inputs (Level 2) including comparable price in the market.

(b) Rental income of the Group's investment properties of RMB135 million (2013: RMB138 million) was recognised as "other income" and depreciation of the Group's investment properties of RMB37 million (2013: RMB38 million) was recognised as "other expenses" in the consolidated income statement for the year ended 31 December 2014.

(c) As at 31 December 2014, the Group had no unprovided contractual obligations for future repairs and maintenance (2013: Nil).

Notes to the consolidated financial statements (Continued)

9. Intangible Assets

Group

	Concession assets RMB million	Goodwill RMB million	Trademark, patent and proprietary technologies RMB million	Computer software RMB million	Others RMB million	Total RMB million
At 1 January 2013						
Cost	36,104	308	367	194	255	37,228
Accumulated amortisation	(399)	–	(126)	(119)	(65)	(709)
Net book amount	35,705	308	241	75	190	36,519
Year ended at 31 December 2013						
Opening net book amount	35,705	308	241	75	190	36,519
Additions	18,307	–	–	41	10	18,358
Amortisation charge (Note 32)	(198)	–	(22)	(27)	(34)	(281)
Disposal of a subsidiary	–	–	–	(4)	–	(4)
Closing net book amount	53,814	308	219	85	166	54,592
At 31 December 2013						
Cost	54,411	308	367	229	265	55,580
Accumulated amortisation	(597)	–	(148)	(144)	(99)	(988)
Net book amount	53,814	308	219	85	166	54,592
Year ended at 31 December 2014						
Opening net book amount	**53,814**	**308**	**219**	**85**	**166**	**54,592**
Additions	**35,014**	**–**	**1**	**74**	**1**	**35,090**
Acquisition of subsidiaries (Note 45)	**–**	**1,229**	**–**	**2**	**–**	**1,231**
Amortisation charge (Note 32)	**(446)**	**–**	**(22)**	**(36)**	**(31)**	**(535)**
Closing net book amount	**88,382**	**1,537**	**198**	**125**	**136**	**90,378**
At 31 December 2014						
Cost	**89,425**	**1,537**	**368**	**306**	**266**	**91,902**
Accumulated amortisation	**(1,043)**	**–**	**(170)**	**(181)**	**(130)**	**(1,524)**
Net book amount	**88,382**	**1,537**	**198**	**125**	**136**	**90,378**

9. Intangible Assets

Company

	Computer software RMB million
Year ended at 31 December 2013	
Opening net book amount	13
Additions	10
Amortisation charge	(5)
Closing net book amount	18
At 31 December 2013	
Cost	43
Accumulated amortisation	(25)
Net book amount	18
Year ended at 31 December 2014	
Opening net book amount	**18**
Additions	**50**
Amortisation charge	**(8)**
Closing net book amount	**60**
At 31 December 2014	
Cost	**93**
Accumulated amortisation	**(33)**
Net book amount	**60**

(a) As at 31 December 2014, concession assets represent assets under "Build-Operate-Transfer" service concession arrangements and mainly consist of toll roads in the PRC, with cost of RMB45,300 million (2013: RMB25,403 million) generating operating income and RMB44,125 million (2013: RMB29,008 million) under construction.

(b) Amortisation of the Group's intangible assets of RMB452 million (2013: RMB206 million) has been charged to cost of sales, and RMB83 million (2013: RMB75 million) to administrative expenses.

(c) Certain bank borrowings are secured by concession assets with carrying amount of approximately RMB57,388 million (2013: RMB28,548 million) (Note 25).

9. Intangible Assets (Continued)

(d) Goodwill is allocated to the Group's CGUs identified in accordance with operating segment. The goodwill of the Group mainly relates to Construction and Heavy Machinery segments.

(i) The goodwill relates to Construction arose in connection with the Group's acquisitions of Sanya Phoenix Island International Cruise Terminal Development Co., Ltd., Sanya Phoenix Island Development Co., Ltd., and Sanya Phoenix Island Real Estate Co., Ltd. in March and April 2014 (Note 45).

(ii) The goodwill relates to Heavy Machinery mainly arose in connection with the Group's acquisition of 100% equity interest in Friede Goldman United, Ltd. ("F&G") in August 2010. F&G, a company incorporated under the laws of Cayman Islands, has engaged in design and manufacturing of equipment in relation to offshore drilling rigs.

10. Subsidiaries – Company

	2014 **RMB million**	2013 RMB million
Non-current assets		
Listed investments, at cost	**6,671**	6,671
Unlisted investments, at cost	**94,306**	85,204
	100,977	91,875
Quoted market value of listed investments	**9,277**	4,480
Current assets		
Loans to subsidiaries (Note a)	**26,881**	17,897
Amounts due from subsidiaries (Note b)	**8,519**	4,164
Current liabilities		
Amounts due to subsidiaries (Note c)	**32,463**	33,361

(a) The loans to subsidiaries are unsecured, repayable within 1 year, and bear interest at rates ranging from 5.04% to 5.54% (2013: 5.00% to 6.00%) per annum.

(b) The amounts due from subsidiaries represent dividends receivable from subsidiaries.

(c) The amounts due to subsidiaries are unsecured, repayable within 1 year and bear interest at rates ranging from 0.39% to 3.03% (2013: 0.39% to 3.30%) per annum.

(d) Details of the principal subsidiaries as at 31 December 2014 are shown in Note 47.

10. Subsidiaries – Company (Continued)

(e) Material non-controlling interests

The total non-controlling interests as at 31 December 2014 was RMB15,081 million, of which RMB7,873 million is for ZPMC, and RMB3,002 million is for CCCC (Beijing) Equity Investment Fund LLP. The non-controlling interests in respect of other subsidiaries are not material.

Financial information on subsidiaries with material non-controlling interests

Set out below are the financial information for ZPMC in which there is non-controlling interests that are material to the Group.

Summarised balance sheet

	2014 RMB million	2013 RMB million
Current		
Assets	**27,332**	26,880
Liabilities	**(34,326)**	(28,276)
Total current net liabilities	**(6,994)**	(1,396)
Non-current		
Assets	**28,834**	22,296
Liabilities	**(6,863)**	(6,210)
Total non-current net assets	**21,971**	16,086
Net assets	**14,977**	14,690

Summarised income statement

	2014 RMB million	2013 RMB million
Revenue	**25,069**	23,202
Profit before income tax	**163**	120
Income tax expense	**25**	56
Post-tax profit	**188**	176
Other comprehensive income	**71**	71
Total comprehensive income	**259**	247
Total comprehensive income allocated to Non-controlling interests	**(51)**	(6)
Dividends paid to Non-controlling interests	**–**	–

10. Subsidiaries – Company (Continued)

(e) Material non-controlling interests (Continued)

Financial information on subsidiaries with material non-controlling interests (Continued)

Summarised cash flows

	2014 RMB million	2013 RMB million
Cash flows from operating activities		
Cash (used)/generated from operations	(586)	1,157
Income tax paid	(287)	(218)
Net cash (used)/generated from operating activities	(873)	939
Net cash used in investing activities	(1,680)	(2,688)
Net cash generated from financing activities	1,272	2,544
Net (decrease)/increase in cash and cash equivalents	(1,281)	795
Cash and cash equivalents at beginning of year	3,153	2,358
Exchange losses on cash and cash equivalents	(3)	–
Cash and cash equivalents at end of year	1,869	3,153

Set out below are the financial information for CCCC (Beijing) Equity Investment Fund LLP in which there is non-controlling interests that are material to the Group.

Summarised balance sheet

	2014 RMB million	2013 RMB million
Current		
Assets	3,756	–
Liabilities	(3)	–
Total current net assets	3,753	–
Net assets	3,753	–

Summarised income statement

	2014 RMB million	2013 RMB million
Revenue	21	–
Profit before income tax	9	–
Post-tax profit	9	–
Total comprehensive income	9	–
Total comprehensive income allocated to Non-controlling interests	6	–
Dividends paid to Non-controlling interests	–	–

10. Subsidiaries – Company (Continued)

(e) Material non-controlling interests (Continued)

Financial information on subsidiaries with material non-controlling interests (Continued)

Summarised cash flows

	2014 RMB million	2013 RMB million
Cash flows from operating activities		
Cash used in operations	**(10)**	–
Net cash used in operating activities	**(10)**	–
Net cash used in investing activities	**(3,729)**	–
Net cash generated from financing activities	**3,745**	–
Net increase in cash and cash equivalents	**6**	–
Cash and cash equivalents at beginning of year	**–**	–
Cash and cash equivalents at end of year	**6**	–

The information above is the amounts before inter-company eliminations.

11. Unconsolidated structured entities managed by the Group

The Group invested in several funds ("Investee Funds") which were mainly engaged in infrastructure construction and property development activities. These Investee Funds were established in the form of Limited Liability Partnership (the "LLP"). The Group, together with some other unrelated asset managers, acted as general partners of the LLP and applied various investment strategies to accomplish the respective investment objectives of these Investee Funds. A number of trust funds acted as limited partners of the LLP and finance the operation activities of these Investee Funds.

The Directors of the Company are of the opinion that the Group did not have sufficient ability to affect the variable returns through its power over the Investee Funds and therefore, these Investee Funds were deemed as structured entities and were not consolidated by the Group.

As at 31 December 2014, the total assets of these unconsolidated structured entities amounted to RMB1,376 million (2013: nil).

The exposure to the Group's investments in the unconsolidated structured entities as at 31 December 2014 is disclosed in the following table.

	2014 RMB million	2013 RMB million
Available-for-sale financial assets	**63**	–
Investments in joint ventures	**2**	–
	65	–

As at 31 December 2014, there was no contractual liquidity arrangements, guarantees or other commitments between the Group and the Investee Funds.

12. Investments accounted for using the equity method

The amounts recognised in the consolidated balance sheet are as follows:

	Group	
	2014	2013
	RMB million	RMB million
Associates	**7,988**	6,780
Joint ventures	**1,742**	1,019
	9,730	7,799

The amounts recognised in the consolidated income statement are as follows:

	Group	
	2014	2013
	RMB million	RMB million
Associates	**258**	157
Joint ventures	**81**	65
	339	222

(a) Investments in associates

	Group	
	2014	2013
	RMB million	RMB million
At 1 January	**6,780**	3,811
Additions	**1,346**	2,948
Disposals	**(169)**	(120)
Disposal of a subsidiary	**–**	(46)
Share of profit or loss, net	**258**	157
Dividend distribution	**(35)**	(3)
Transferred to Available-for-sale financial assets, due to loss of significant influence (Note 15)	**(192)**	–
Transferred from joint ventures	**–**	33
At 31 December	**7,988**	6,780

(i) The Directors are of the opinion that all of the associates are individually immaterial to the Group.

(ii) All of the associates of the Group are unlisted and there is no quoted market price available for their shares.

(iii) The Group acts as the guarantors for various external borrowings made by certain associates amounted to RMB358 million (2013: RMB119 million).

12. Investments accounted for using the equity method (Continued)

(b) Investments in joint ventures

	Group	
	2014	2013
	RMB million	RMB million
At 1 January	**1,019**	1,052
Additions	**663**	258
Disposals	**(3)**	(38)
Disposal of a subsidiary	**–**	(148)
Transferred to associates, due to loss of joint control	**–**	(33)
Transferred to subsidiaries	**–**	(124)
Share of profit or loss, net	**81**	65
Dividend distribution	**(18)**	(13)
At 31 December	**1,742**	1,019

(i) In the opinion of the Directors, none of the joint ventures is individually material to the Group as at 31 December 2014.

(ii) All of the joint ventures of the Group are unlisted and there is no quoted market price available for their shares.

(iii) The Group acts as the guarantors for various external borrowings made by certain joint ventures amounted to RMB149 million (2013: RMB143 million).

(iv) There is no contingent liability relating to the Group's interest in its joint ventures and there is no material contingent liability of the joint ventures themselves.

13. Joint operations

The Group has the following interests in joint operations:

			Ownership interests	
Name of arrangement	**Principal activity**	**Country/Region**	**31 December 2014 %**	31 December 2013 %
Hong Kong-Zhuhai-Macau Bridge Hong Kong Link Road (Section between HKSAR Boundary and Scenic Hill)	Construction	Hong Kong	**40.00**	40.00
Toll Road Development of Medan-Kualanamu, Indonesia	Construction	Indonesia	**37.50**	37.50
Tuen Mun-Chek Lap Kok Link-Northern Connection Toll Plaza and Associated Works	Construction	Hong Kong	**51.00**	–

Notes to the consolidated financial statements (Continued)

14. Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

Group

	Loans and receivables	Assets at fair value through profit or loss	Available-for-sale financial assets	Total
	RMB million	RMB million	RMB million	RMB million
Assets as per consolidated balance sheet				
31 December 2014				
Available-for-sale financial assets (Note 15)	**–**	**–**	**28,791**	**28,791**
Derivative financial instruments (Note 19)	**–**	**26**	**–**	**26**
Other financial assets at fair value through profit or loss	**–**	**171**	**–**	**171**
Trade and other receivables excluding prepayments (Note 16)	**209,039**	**–**	**–**	**209,039**
Cash and bank balances (Note 20)	**78,040**	**–**	**–**	**78,040**
Total	**287,079**	**197**	**28,791**	**316,067**
31 December 2013				
Available-for-sale financial assets (Note 15)	–	–	18,116	18,116
Derivative financial instruments (Note 19)	–	121	–	121
Other financial assets at fair value through profit or loss	–	191	–	191
Trade and other receivables excluding prepayments (Note 16)	170,076	–	–	170,076
Cash and bank balances (Note 20)	85,487	–	–	85,487
Total	255,563	312	18,116	273,991

14. Financial Instruments by Category (Continued)

Group

	Liabilities at fair value through profit or loss RMB million	Other financial liabilities at amortised cost RMB million	Total RMB million
Liabilities as per consolidated balance sheet			
31 December 2014			
Borrowings (excluding finance lease liabilities) (Note 25)	**–**	**226,130**	**226,130**
Finance lease liabilities (Note 25)	**–**	**2,705**	**2,705**
Derivative financial instruments (Note 19)	**48**	**–**	**48**
Trade and other payables excluding statutory and non-financial liabilities (Note 24)	**–**	**170,872**	**170,872**
Total	**48**	**399,707**	**399,755**
31 December 2013			
Borrowings (excluding finance lease liabilities) (Note 25)	–	183,818	183,818
Finance lease liabilities (Note 25)	–	3,157	3,157
Derivative financial instruments (Note 19)	11	–	11
Trade and other payables excluding statutory and non-financial liabilities (Note 24)	–	148,745	148,745
Total	11	335,720	335,731

Notes to the consolidated financial statements (Continued)

14. Financial Instruments by Category (Continued)

Company

	Loans and receivables RMB million	Assets at fair value through profit or loss RMB million	Available for-sale financial assets RMB million	Total RMB million
Assets as per balance sheet				
31 December 2014				
Available-for-sale financial assets (Note 15)	**–**	**–**	**13,903**	**13,903**
Trade and other receivables excluding prepayments (Note 16)	**10,897**	**–**	**–**	**10,897**
Loans to subsidiaries (Note 10)	**26,881**	**–**	**–**	**26,881**
Amounts due from subsidiaries (Note 10)	**8,519**	**–**	**–**	**8,519**
Cash and bank balances (Note 20)	**18,806**	**–**	**–**	**18,806**
Total	**65,103**	**–**	**13,903**	**79,006**
31 December 2013				
Available-for-sale financial assets (Note 15)	–	–	7,957	7,957
Trade and other receivables excluding prepayments (Note 16)	7,034	–	–	7,034
Loans to subsidiaries (Note 10)	17,897	–	–	17,897
Amounts due from subsidiaries (Note 10)	4,164	–	–	4,164
Cash and bank balances (Note 20)	25,227	–	–	25,227
Total	54,322	–	7,957	62,279

14. Financial Instruments by Category (Continued)

Company

	Liabilities at fair value through profit or loss RMB million	Other financial liabilities at amortised cost RMB million	Total RMB million
Liabilities as per balance sheet			
31 December 2014			
Borrowings (Note 25)	**–**	**47,195**	**47,195**
Amounts due to subsidiaries (Note 10)	**–**	**32,463**	**32,463**
Derivative financial instruments (Note 19)	**2**	**–**	**2**
Trade and other payables excluding statutory and non-financial liabilities (Note 24)	**–**	**11,465**	**11,465**
Total	**2**	**91,123**	**91,125**
31 December 2013			
Borrowings (Note 25)	–	41,650	41,650
Amounts due to subsidiaries (Note 10)	–	33,361	33,361
Derivative financial instruments (Note 19)	2	–	2
Trade and other payables excluding statutory and non-financial liabilities (Note 24)	–	9,616	9,616
Total	2	84,627	84,629

15. Available-for-sale Financial Assets

	Group		Company	
	2014 **RMB million**	2013 RMB million	**2014** **RMB million**	2013 RMB million
At 1 January	**18,116**	15,962	**7,957**	8,413
Fair value gains/(losses)	**8,554**	(951)	**6,061**	(575)
Release of investment revaluation upon disposal of available-for-sale financial assets	**(941)**	(338)	**–**	(1)
Additions	**9,237**	8,976	**53**	621
Transferred from investments in associates (Note 12)	**192**	–	**–**	–
Disposals	**(6,367)**	(5,532)	**(168)**	(500)
Transferred to National Social Security Fund (Note 23)	**–**	(1)	**–**	(1)
At 31 December	**28,791**	18,116	**13,903**	7,957
Less: non-current portion	**(22,205)**	(13,913)	**(13,903)**	(7,957)
Current portion	**6,586**	4,203	**–**	–

15. Available-for-sale Financial Assets (Continued)

Available-for-sale financial assets include the following:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Non-current				
Listed equity securities, at fair value (Note b)				
– Mainland China	**20,151**	12,403	**13,885**	7,824
– Hong Kong	**124**	68	**–**	–
Unlisted equity investments, at cost (Note c)	**1,930**	1,442	**18**	133
	22,205	13,913	**13,903**	7,957
Current				
Other unlisted instruments, at fair value (Note d)	**6,586**	4,203	**–**	–
	28,791	18,116	**13,903**	7,957
Market value of listed securities	**20,275**	12,471	**13,885**	7,824

(a) The Group reclassified available-for-sale investments gains, net of deferred tax, of RMB741 million (2013: RMB254 million) upon disposal from other comprehensive income to consolidated income statement. The Group did not provide any impairment for available-for-sale financial assets during the year of 2014 (2013: RMB113 million, net of deferred tax).

(b) These securities primarily represent promoters' shares listed and traded in stock markets, of which no securities are subject to trading restrictions at the end of the reporting period. The fair value of these securities was based on the quoted market prices at the balance sheet date.

(c) Management is of the opinion that the range of reasonable fair value estimate for the unlisted equity investments is significant and the probabilities of various estimates cannot be reasonably assessed. Accordingly, such financial assets are carried at cost less accumulated impairment losses, if any.

(d) Other unlisted instruments represented wealth management products issued by financial institutions. Major investment targets of these products are bills issued by the People's Bank of China, debt securities issued by policy banks, debt securities issued by Chinese government in the national financial market for institutional investors, and other financial instruments. As at 31 December 2014, bank borrowings are secured by certain unlisted debt instruments with carrying amount of approximately RMB2,063 million (31 December 2013: RMB3,980 million) (Note 25).

(e) Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
RMB	**28,347**	17,730	**13,903**	7,957
HKD	**162**	105	**–**	–
USD	**282**	281	**–**	–
	28,791	18,116	**13,903**	7,957

16. Trade and Other Receivables

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Trade and bills receivables (a)	**63,693**	62,153	**3,215**	3,035
Less: Provision for impairment	**(4,161)**	(3,802)	**(66)**	(39)
Trade and bills receivables – net	**59,532**	58,351	**3,149**	2,996
Prepayments	**17,597**	14,826	**4,813**	5,612
Retentions	**47,335**	36,710	**4,438**	2,509
Deposits	**20,707**	18,766	**131**	448
Other receivables	**27,601**	16,976	**2,736**	619
Staff advances	**810**	740	**10**	11
Long-term receivables	**53,054**	38,533	**433**	451
	226,636	184,902	**15,710**	12,646
Less: non-current portion				
– Retentions	**(26,337)**	(19,162)	**(3,529)**	(634)
– Deposits	**(3,360)**	(3,514)	**–**	–
– Long-term receivables	**(44,928)**	(31,012)	**(433)**	(451)
– Prepayments for equipment	**(1,277)**	(1,344)	**(300)**	(300)
	(75,902)	(55,032)	**(4,262)**	(1,385)
Current portion	**150,734**	129,870	**11,448**	11,261

(a) Ageing analysis of trade and bills receivables is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Within 6 months	**45,715**	48,147	**2,719**	2,447
6 months to 1 year	**5,161**	5,865	**61**	484
1 year to 2 years	**7,133**	4,762	**356**	103
2 years to 3 years	**2,871**	1,603	**79**	–
Over 3 years	**2,813**	1,776	**–**	1
	63,693	62,153	**3,215**	3,035

Majority of the Group's revenues are generated through construction, design, dredging and heavy machinery contracts and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. For sales of products, a credit period ranging from 30 to 90 days may be granted to large or long-established customers with good repayment history. Revenues from small business or new customers are normally expected to be settled shortly after provision of services or delivery of goods.

16. Trade and Other Receivables (Continued)

(b) The fair values of trade and other receivables are as follows:

	Group		Company	
	2014 **RMB million**	2013 RMB million	**2014** **RMB million**	2013 RMB million
Trade and bills receivables	**59,532**	58,351	**3,149**	2,996
Retentions	**47,361**	36,741	**4,442**	2,513
Deposits	**20,710**	18,778	**131**	448
Other receivables	**27,601**	16,976	**2,736**	619
Staff advances	**810**	740	**10**	11
Long-term receivables	**53,085**	38,576	**433**	451
	209,099	170,162	**10,901**	7,038

The carrying amounts of the current trade and other receivables approximate their fair value. The fair values of non-current trade and other receivables are based on projected cash flows discounted using a rate based on current market interest rate ranging from 6.00% to 6.55% per annum as at 31 December 2014 (2013: ranging from 6.15% to 6.55%) available to the Group for similar financial instruments. The fair values are within level 3 of the fair value hierarchy.

(c) Retentions receivable represented amounts due from customers upon completion of the free maintenance period of the construction work, which normally last from one to two years. Deposits represented tender and performance bonds due from customers. Long-term receivables represented amounts due from customers for "Build-Transfer" projects and certain construction works with payment periods over one year. As of 31 December 2014, retentions, deposits and long-term receivables of the Group totalling RMB113,563 million (2013: RMB93,017 million) were neither past due nor impaired, and RMB8,166 million (2013: RMB1,559 million) were past due/partially impaired with the provision of RMB633 million (2013: RMB567 million). These receivables of the Company amounting to RMB5,002 million (2013: RMB3,408 million) were neither past due nor impaired.

(d) The Group has entered into certain recourse and non-recourse factoring agreements with certain banks so as to obtain bank advances. As at 31 December 2014, relevant trade receivables, with recourse factoring clauses in the agreements, amounted to RMB1,374 million (2013: RMB2,817 million). In the opinion of the Directors, such transactions did not qualify for derecognition and were accounted for as secured borrowings (Note 25). In addition, as at 31 December 2014, trade receivables of RMB13,058 million (2013: RMB13,293 million) had been transferred to the banks in accordance with relevant non-recourse factoring agreements. Relevant trade receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.

(e) As at 31 December 2014, bills receivables – bank acceptance notes of RMB22 million (2013: RMB41 million) were endorsed to suppliers with rights of recourse. In the opinion of the Directors, such transactions did not qualify for derecognition. In addition, as at December 2014, bills receivables – bank acceptance notes of RMB2,057 million (2013: RMB1,206 million) were endorsed to suppliers, and RMB860 million (2013: RMB340 million) were discounted with banks. Relevant bills receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with those bank acceptance notes have been transferred and therefore qualified for derecognition.

16. Trade and Other Receivables (Continued)

(f) As of 31 December 2014, trade and bills receivables of the Group amounting to RMB4,321 million (2013: RMB4,732 million) were neither past due nor impaired. Trade and bills receivables of the Company amounting to RMB1 million (2013: RMB173 million) were neither past due nor impaired as of 31 December 2014.

(g) As of 31 December 2014, trade and bills receivables of RMB40,671 million (2013: RMB47,154 million) were past due but not impaired. These receivables relate to a number of customers for whom there is no recent history of default. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Trade and bills receivables of the Company amounting to RMB2,673 million (2013: RMB2,773 million) were past due but not impaired as of 31 December 2014. The ageing analysis of these trade and bills receivables is as follows:

	Group		Company	
	2014 RMB million	2013 RMB million	**2014 RMB million**	2013 RMB million
Within 6 months	**38,564**	41,782	**2,640**	2,677
6 months to 1 year	**498**	2,887	**7**	56
1 year to 2 years	**1,013**	1,779	**26**	24
2 years to 3 years	**493**	370	**–**	16
Over 3 years	**103**	336	**–**	–
	40,671	47,154	**2,673**	2,773

(h) As of 31 December 2014, trade and bills receivables of RMB18,701 million (2013: RMB10,267 million) were impaired and provided for. The provision amounted to RMB4,161 million as of 31 December 2014 (2013: RMB3,802 million). The amount of individually impaired receivables was RMB3,077 million (2013: RMB751 million) with the provision of RMB829 million (2013: RMB542 million). The individually impaired trade receivables relate to customers that were in financial difficulties or customers that were in default or delinquency in payments. The Directors are of the opinion that only a portion of the receivables is expected to be recovered. As of 31 December 2014, trade and bills receivables of the Company amounting to RMB541 million (2013: RMB89 million) were impaired and provided for. The provision of the Company amounted to RMB66 million (2013: 39 million). The amount of individually impaired receivables of the Company was RMB219 million (2013: RMB65 million) with the provision of RMB34 million (2013: RMB19 million). The ageing analysis of these receivables (net of impairment provision) is as follows:

	Group		Company	
	2014 RMB million	2013 RMB million	**2014 RMB million**	2013 RMB million
Within 6 months	**3,998**	1,751	**389**	5
6 months to 1 year	**4,441**	2,198	**54**	–
1 year to 2 years	**3,943**	1,656	**–**	–
2 years to 3 years	**1,499**	625	**–**	45
Over 3 years	**659**	235	**32**	–
	14,540	6,465	**475**	50

16. Trade and Other Receivables (Continued)

(i) Movements on provision for impairment of trade receivables are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
At 1 January	**3,802**	2,964	**39**	21
Provision for the year	**1,648**	1,826	**47**	18
Receivables written off during the year as uncollectible	**(28)**	(10)	**–**	–
Released	**(1,261)**	(978)	**(20)**	–
At 31 December	**4,161**	3,802	**66**	39

The provision and release of provision for impaired receivables have been included in administrative expenses in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(j) The carrying amount of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
RMB	**206,886**	169,302	**13,058**	10,954
USD	**11,142**	8,928	**303**	334
Central African CFA Franc BEAC	**1,558**	931	**–**	–
Qatar Riyal	**860**	929	**–**	–
Saudi Riyal	**1,210**	905	**–**	–
United Arab Emirates Dirham	**642**	758	**–**	–
EUR	**405**	547	**1,468**	1,155
Other currencies	**3,933**	2,602	**881**	203
	226,636	184,902	**15,710**	12,646

As at 31 December 2014, other currencies mainly comprised of Macanese Pataca, HKD and Libyan Dinar.

(k) The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

16. Trade and Other Receivables (Continued)

(l) Receivables generated from finance leases

	2014 RMB million	2013 RMB million
Non-current receivables		
Finance leases – gross receivables	**675**	–
Unearned finance income	**(71)**	–
Net investment in finance leases	**604**	–

(m) Receivables generated from operating leases

The Group rents out various offices, machinery, vessels and vehicles and other equipment under non-cancelable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments receivable under non-cancelable operating leases are as follows:

Group

	2014 RMB million	2013 RMB million
No later than 1 year	**242**	147
Later than 1 year and no later than 5 years	**248**	278
Later than 5 years	**218**	276
	708	701

The Company has no receivables generated from operating leases.

17. Inventories

	Group		Company	
	2014 RMB million	2013 RMB million	**2014 RMB million**	2013 RMB million
Raw materials	**18,119**	16,284	**5**	–
Work in progress	**1,988**	3,508	**–**	–
Properties under development and held for sale (a)	**21,153**	10,909	**336**	336
Completed properties held for sale (b)	**3,973**	1,513	**–**	–
Finished goods	**916**	636	**–**	–
	46,149	32,850	**341**	336

Bank borrowings are secured by certain properties under development and held for sale and completed properties held for sale with an aggregate book carrying amount of approximately RMB2,189 million (2013: RMB661 million) (Note 25).

17. Inventories (Continued)

(a) Properties under development and held for sale

	Group	
	2014	2013
	RMB million	RMB million
As at 1 January	**10,909**	5,750
Additions	**6,692**	6,981
Acquisition of subsidiaries (Note 45)	**5,292**	–
Properties completed during the year	**(1,740)**	(1,822)
As at 31 December	**21,153**	10,909

	Group	
	2014	2013
	RMB million	RMB million
Properties under development and held for sale comprise:		
Land use rights	**11,552**	8,122
Construction cost	**8,568**	2,120
Finance cost capitalised	**1,033**	667
	21,153	10,909
Land use rights:		
In the PRC (excluding Hongkong and Macau), held on leases of:		
– Between 10-50 years	**4,291**	3,227
– Over 50 years	**6,541**	4,188
	10,832	7,415
In other regions, held on leases of:		
– Over 50 years	**720**	707
	720	707

All of the properties under development are expected to be completed within the Group's normal operating cycle and are included under current assets.

17. Inventories (Continued)

(b) Completed properties held for sale

	Group	
	2014	2013
	RMB million	RMB million
As at 1 January	**1,513**	743
Additions	**1,740**	1,822
Acquisition of subsidiaries (Note 45)	**2,047**	–
Properties sold during the year	**(1,327)**	(1,052)
As at 31 December	**3,973**	1,513

18. Contract Work-in-progress

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Contract costs incurred and recognised profit (less recognised losses)	**1,435,934**	1,224,864	**87,984**	81,235
Less: progress billings	**(1,382,296)**	(1,173,829)	**(84,974)**	(79,082)
	53,638	51,035	**3,010**	2,153
Representing:				
Amounts due from customers for contract work	**73,223**	66,131	**4,211**	3,165
Amounts due to customers for contract work	**(19,585)**	(15,096)	**(1,201)**	(1,012)
	53,638	51,035	**3,010**	2,153

	Group Year ended 31 December	
	2014	2013
	RMB million	RMB million
Contract revenue recognised as revenue in the year	**331,096**	302,767

19. Derivative Financial Instruments

Group

	2014		2013	
	Assets RMB million	**Liabilities RMB million**	Assets RMB million	Liabilities RMB million
Forward foreign exchange contracts				
– held for trading	**26**	**(48)**	121	(11)

Company

	2014		2013	
	Assets RMB million	**Liabilities RMB million**	Assets RMB million	Liabilities RMB million
Forward foreign exchange contracts				
– held for trading	**–**	**(2)**	–	(2)

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2014 were RMB5,675 million (2013: RMB3,957 million).

The maximum exposure to credit risk at the end of the reporting period is the fair value of the derivative financial assets in the balance sheet.

20. Cash and Bank Balances

	Group		Company	
	2014 RMB million	2013 RMB million	**2014 RMB million**	2013 RMB million
Restricted bank deposits (a)	**6,217**	4,249	**98**	1
Cash and cash equivalents (b)	**71,823**	81,238	**18,708**	25,226
	78,040	85,487	**18,806**	25,227

(a) As at 31 December 2014, restricted bank deposits mainly included deposits for issuance of bank acceptance notes, performance bonds, letters of credit to customers, term deposits with initial term of over three months and mandatory reserve deposits placed with People's Bank of China by CCCC Finance Company Limited.

20. Cash and Bank Balances (Continued)

(b) Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Cash on hand	**176**	162	**1**	2
Bank deposits				
– Term deposits with initial term of over three months	**–**	2,713	**–**	616
– Other bank deposits	**71,647**	78,363	**18,707**	24,608
Cash and cash equivalents	**71,823**	81,238	**18,708**	25,226

(i) The maximum exposure to credit risk approximates the carrying amounts of the Group's cash and cash equivalents at the end of the reporting period.

(ii) The weighted average effective interest rate on bank deposits was 0.61% per annum as at 31 December 2014 (2013: 0.91% per annum).

(c) The carrying amount of cash and bank balances are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
– RMB	**54,553**	65,816	**16,344**	21,263
– USD	**15,841**	11,991	**1,846**	3,237
– Central African CFA Franc BEAC	**1,365**	335	**200**	175
– Angolan Kwanza	**1,024**	984	**310**	472
– Saudi Riyal	**697**	214	**–**	–
– EUR	**633**	1,429	**–**	–
– HKD	**485**	303	**–**	–
– Pakistani Rupee	**211**	1,848	**–**	56
– Papua New Guinea Kina	**203**	162	**–**	24
– Singapore Dollar	**192**	214	**–**	–
– Others	**2,836**	2,191	**106**	–
	78,040	85,487	**18,806**	25,227

(d) The Group's cash and bank balances denominated in RMB are deposited with banks in Mainland China. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC Government.

As at 31 December 2014, less than 5% (2013: less than 4%) of the cash and bank balances denominated in currencies other than RMB was deposited in banks in certain countries which are subject to foreign exchange control and the currencies are not freely convertible into other currencies or remitted out of those countries.

21. Share Capital and Premium

	2014		2013	
	Number of shares (thousands)	**Nominal value (RMB'000)**	Number of shares (thousands)	Nominal value (RMB'000)
Registered, issued and fully paid				
A shares of RMB1.00 each	**11,747,235**	**11,747,235**	11,747,235	11,747,235
H shares of RMB1.00 each	**4,427,500**	**4,427,500**	4,427,500	4,427,500
At 31 December	**16,174,735**	**16,174,735**	16,174,735	16,174,735

The Company was incorporated on 8 October 2006, with an initial registered share capital of RMB10,800 million, divided into 10,800,000,000 domestic shares with a nominal value of RMB1.00 each which were issued to CCCG, the parent company.

In December 2006, the Company completed an H share listing on the Hong Kong Stock Exchange and 4,025,000,000 H shares with a nominal value of RMB1.00 each were issued at HKD4.6 (equivalent to approximately RMB4.63) each. The Company raised net proceeds of approximately RMB17,878 million (equivalent to HKD17,772 million) from the issuance of H shares, of which paid-up share capital was RMB4,025 million and share premium was approximately RMB13,853 million. Upon the issuance of H shares, 402,500,000 domestic shares (10% of the number of H shares issued) were converted into H shares and transferred to the National Social Security Fund.

In March 2012, the Company completed an initial public offering of A-shares on the Shanghai Stock exchange. In this connection, the Company issued 1,349,735,425 A-shares, of which 925,925,925 A-shares were issued to domestic investors by way of public offering, and 423,809,500 A-shares were issued for the purpose of implementing the merger agreement through share exchange with the non-controlling shareholders of Road & Bridge International Co., Ltd., a former A share listed company and a subsidiary of the Company. Upon the completion of this A share issuance and listing, 92,592,593 A shares (10% of the number of new A shares issued by public offering) were transferred to the National Social Security Fund.

As at 31 December 2014, the Company's share capital was RMB16,174,735,425 (2013: RMB16,174,735,425), comprising 11,747,235,425 A shares and 4,427,500,000 H shares, representing approximately 72.6% and 27.4% of the registered capital, respectively.

22. Financial instruments classified as equity

As approved by National Association of Financial Market Institutional Investors ("NAFMII"), a tranche of medium term notes (the "MTN") was issued by the Company on 18 December 2014, with a nominal value of RMB5,000 million. There is no maturity date for the MTN and the holders have no right to receive a return of principal. The initial interest rate of the MTN was 6% per annum, which will be reset once in every five years since the issuance date. Pursuant to the terms of the MTN, the Company may elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred.

The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay any distribution for the MTN, and the MTN should be classified as equity.

23. Other Reserves

Group

	Capital reserve RMB million	Statutory surplus reserve RMB million	General Reserve RMB million	Remeasurement reserve RMB million	Investment revaluation reserve RMB million	Safety reserve RMB million	Exchange reserve RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2013	917	1,409	–	(124)	7,938	1,308	90	39,290	50,828
Profit for the year								12,568	12,568
Currency translation differences	–	–	–	–	–	–	(133)	–	(133)
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	–	–	(782)	–	–	–	(782)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets	–	–	–	–	(254)	–	–	–	(254)
Reclassification of investment revaluation reserve due to impairment of available-for-sale financial assets	–	–	–	–	113	–	–	–	113
Actuarial gains on retirement benefit obligations	–	–	–	132	–	–	–	–	132
Cash contribution from government (Note a)	63	–	–	–	–	–	–	–	63
Acquisition of a subsidiary	(48)	–	–	–	–	–	–	–	(48)
Disposal of subsidiaries	(60)	–	–	–	–	–	–	–	(60)
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	(408)	–	–	–	–	–	–	–	(408)
Transfer to National Social Security Fund (Note d)	–	–	–	–	–	–	–	(1)	(1)
2012 final dividend	–	–	–	–	–	–	–	(2,988)	(2,988)
Transfer to statutory surplus reserve (Note b)	–	1,107	–	–	–	–	–	(1,107)	–
Transfer to general reserve (Note c)	–	–	54	–	–	–	–	(54)	–
Transfer to safety reserve (Note d)	–	–	–	–	–	140	–	(140)	–
At 31 December 2013	464	2,516	54	8	7,015	1,448	(43)	47,568	59,030

23. Other Reserves (Continued)

Group (Continued)

	Capital reserve (Note a) RMB million	Statutory surplus reserve RMB million	General Reserve RMB million	Remeasurement reserve RMB million	Investment revaluation reserve RMB million	Safety reserve RMB million	Exchange reserve RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2014	464	2,516	54	8	7,015	1,448	(43)	47,568	59,030
Profit for the year	–	–	–	–	–	–	–	13,985	13,985
Currency translation differences	–	–	–	–	–	–	(4)	–	(4)
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	–	–	6,360	–	–	–	6,360
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax	–	–	–	–	(579)	–	–	–	(579)
Actuarial gains on retirement benefit obligations, net of deferred tax	–	–	–	(91)	–	–	–	–	(91)
Cash contribution from government (Note a)	48	–	–	–	–	–	–	–	48
2013 final dividend	–	–	–	–	–	–	–	(3,035)	(3,035)
Transfer to statutory surplus reserve (Note b)	–	948	–	–	–	–	–	(948)	–
Transfer to general reserve (Note c)	–	–	54	–	–	–	–	(54)	–
Transfer to safety reserve (Note d)	–	–	–	–	–	2	–	(2)	–
At 31 December 2014	512	3,464	108	(83)	12,796	1,450	(47)	57,514	75,714

23. Other Reserves (Continued)

Company

	Capital reserve RMB million	Statutory surplus reserve RMB million	Remeasurement reserve RMB million	Investment revaluation reserve RMB million	Safety reserve RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2013	21,244	1,413	41	5,130	6	2,889	30,723
Profit for the year	–	–	–	–	–	10,995	10,995
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	–	(431)	–	–	(431)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets	–	–	–	(1)	–	1	–
Actuarial gains on retirement benefit obligations, net of deferred tax	–	–	12	–	–	–	12
Disposal of joint ventures	(40)	–	–	–	–	–	(40)
Disposal of a subsidiary	(34)	–	–	–	–	30	(4)
Transfer to National Social Security Fund (Note e)	–	–	–	–	–	(2)	(2)
2012 final dividend	–	–	–	–	–	(2,988)	(2,988)
Transfer to statutory surplus reserve (Note b)	–	1,107	–	–	–	(1,107)	–
At 31 December 2013	21,170	2,520	53	4,698	6	9,818	38,265

	Capital reserve RMB million	**Statutory surplus reserve RMB million**	**Remeasurement reserve RMB million**	**Investment revaluation reserve RMB million**	**Safety reserve RMB million**	**Retained earnings RMB million**	**Total RMB million**
Balance at 1 January 2014	**21,170**	**2,520**	**53**	**4,698**	**6**	**9,818**	**38,265**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**9,414**	**9,414**
Changes in fair value of available-for-sale financial assets, net of deferred tax	**–**	**–**	**–**	**4,546**	**–**	**–**	**4,546**
Actuarial losses on retirement benefit obligations, net of deferred tax	**–**	**–**	**(3)**	**–**	**–**	**–**	**(3)**
2013 final dividend	**–**	**–**	**–**	**–**	**–**	**(3,035)**	**(3,035)**
Transfer to statutory surplus reserve (Note b)	**–**	**948**	**–**	**–**	**–**	**(948)**	**–**
At 31 December 2014	**21,170**	**3,468**	**50**	**9,244**	**6**	**15,249**	**49,187**

23. Other Reserves (Continued)

(a) Capital Reserve

Capital reserve primarily arose upon incorporation of the Company on 8 October 2006 when the Company took over the assets and liabilities relating to the principal operations and businesses (the "Core Operations") of CCCG. The net value of the Core Operations transferred to the Company from CCCG was converted into the Company's share capital of RMB10,800,000,000 of RMB1.00 each with the then existing reserves eliminated and the resulting difference dealt with in the capital reserve of the Group.

As at 31 December 2014, in accordance with relevant regulations issued by the Ministry of Finance, cash contribution from government of RMB49 million cannot be distributed as dividend (2013: RMB64 million). In the future, when the Company increases its share capital, the capital reserve may be converted into shares of the Company to be held by CCCG, provided that appropriate conditions are met. The conversion is however subject to obtaining prior approval from the relevant government authorities and shareholders.

(b) Statutory Surplus Reserve

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to appropriate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC enterprises ("PRC GAAP") and regulations applicable to the Company, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to owners. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

For the year ended 31 December 2014, the Board of Directors proposed appropriation 10% (2013: 10%) of the Company's profit after tax as determined under the PRC GAAP, of RMB948 million (2013: RMB1,107 million) to the statutory surplus reserve.

(c) General Reserve

CCCC Finance Company Limited ("CCCC Finance"), one of the subsidiaries of the Company, is required by the Ministry of Finance to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk assets.

The general reserve balance of CCCC Finance as at 31 December 2014 amounted to RMB108 million (2013: RMB54 million), which has reached 1.5% of the year-end balance of the risk assets of CCCC Finance.

23. Other Reserves (Continued)

(d) Safety Reserve

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside an amount to a safety reserve at different rates ranging from 1.5% to 2% of the total construction contract revenue recognised for the year. The reserve can be utilised for improvements of safety on the construction work, and the amounts are generally expenses in nature and charge to the consolidated income statement as incurred.

(e) Retained Earnings

The Group holds certain A shares of China Everbright Bank Company Limited ("Everbright Bank") as state-owned shareholder since its initial A share public offering. In December 2013, Everbright Bank completed an H share listing on the Hong Kong Stock Exchange. In accordance with the Provisional Measures on the Management of Reducing State-Owned Shares and Raising Social Security Funds (Guofa [2011] No.22) published by the State Council of the PRC, 10% of domestic A shares of Everbright Bank held by the Group were transferred to the National Social Security Fund based on the stock prices at the transfer date.

24. Trade and Other Payables

	Group		Company	
	2014 RMB million	2013 RMB million	**2014 RMB million**	2013 RMB million
Trade and bills payables (a)	**142,874**	126,415	**6,817**	6,263
Advances from customers	**51,076**	43,127	**6,092**	4,022
Deposits from suppliers	**10,780**	9,311	**27**	89
Retentions	**8,489**	5,997	**3,489**	2,900
Other taxes	**7,937**	6,854	**75**	112
Social security	**1,026**	984	**11**	29
Accrued payroll	**655**	480	**8**	2
Accrued expenses	**243**	228	**–**	–
Others	**8,486**	6,794	**1,132**	364
	231,566	200,190	**17,651**	13,781
Less: non-current portion				
– Retentions	**(6,949)**	(2,126)	**(2,451)**	(539)
Current portion	**224,617**	198,064	**15,200**	13,242

24. Trade and Other Payables(Continued)

(a) The ageing analysis of the trade and bills payables (including amounts due to related parties of trading nature) was as follows:

	Group		Company	
	2014 RMB million	2013 RMB million	**2014 RMB million**	2013 RMB million
Within 1 year	**129,322**	115,799	**4,870**	5,040
1 year to 2 years	**9,074**	8,002	**818**	1,212
2 years to 3 years	**2,803**	1,595	**1,122**	11
Over 3 years	**1,675**	1,019	**7**	–
	142,874	126,415	**6,817**	6,263

(b) The carrying amount of trade and other payables are denominated in the following currencies:

	Group		Company	
	2014 RMB million	2013 RMB million	**2014 RMB million**	2013 RMB million
RMB	**189,771**	166,785	**15,223**	11,349
USD	**28,560**	23,260	**2**	5
HKD	**1,585**	1,478	**–**	1
EUR	**1,393**	1,645	**1,213**	1,213
Central African CFA Franc BEAC	**1,166**	554	**–**	–
Saudi Riyal	**1,081**	1,142	**–**	–
Ethiopia Birr	**904**	225	**–**	
Other currencies	**7,106**	5,101	**1,213**	1,213
	231,566	200,190	**17,651**	13,781

At 31 December 2014, other currencies mainly consist of Qatar Riyal, Macanese Pataca and Libyan Dinar.

25. Borrowings

		Group		Company	
	Note	**2014 RMB million**	2013 RMB million	**2014 RMB million**	2013 RMB million
Non-current					
Long-term bank borrowings					
– secured	(a)	**72,514**	48,296	**–**	1,219
– unsecured		**24,402**	17,625	**1,984**	79
		96,916	65,921	**1,984**	1,298
Other borrowings					
– secured	(a)	**1,520**	1,561	**–**	–
– unsecured		**3,412**	1,443	**129**	138
Corporate bonds	(b)	**19,846**	19,834	**19,846**	19,834
Medium term notes	(c)	**3,800**	3,797	**–**	–
Non-public debt instruments	(e)	**10,189**	4,294	**–**	–
Finance lease liabilities	(l)	**2,118**	2,307	**–**	–
		40,885	33,236	**19,975**	19,972
Total non-current borrowings		**137,801**	99,157	**21,959**	21,270
Current					
Current portion of long-term bank borrowings					
– secured	(a)	**6,442**	4,893	**–**	–
– unsecured		**5,237**	2,630	**1,306**	108
		11,679	7,523	**1,306**	108
Short-term bank borrowings					
– secured	(a)	**13,976**	17,820	**–**	–
– unsecured		**52,475**	44,406	**10,557**	10,601
		66,451	62,226	**10,557**	10,601
Other borrowings					
– secured	(a)	**500**	117	**–**	–
– unsecured		**1,746**	2,860	**3,760**	10
Corporate bonds	(b)	**373**	2,509	**374**	2,509
Medium term notes	(c)	**188**	2,459	**–**	–
Debentures	(d)	**9,240**	7,152	**9,239**	7,152
Non-public debt instruments	(e)	**270**	2,122	**–**	–
Finance lease liabilities	(l)	**587**	850	**–**	–
		12,904	18,069	**13,373**	9,671
Total current borrowings		**91,034**	87,818	**25,236**	20,380
Total borrowings		**228,835**	186,975	**47,195**	41,650

25. Borrowings (Continued)

(a) As at 31 December 2014, these borrowings were secured by the Group's property, plant and equipment (Note 6), lease prepayment (Note 7), concession assets (Note 9), unlisted financial instruments (Note 15), trade receivables (Note 16), properties under development and held for sale and completed properties held for sale (Note 17) and guarantees provided by certain subsidiaries of the Group, the Company and certain third parties (2013: secured by the Group's property, plant and equipment, concession assets, term deposits, lease prepayment, unlisted financial instruments, trade receivables, inventories and guarantees provided by certain subsidiaries of the Group, the Company and a third party).

(b) As approved by China Securities Regulatory Commission document [2009] No. 761, the Company issued domestic corporate bonds with an aggregate principal amount of RMB10 billion in August 2009. RMB2,100 million of such bonds bears interest at a rate of 4.7% per annum with maturities through August 2014, and RMB7,900 million bears interest at a rate of 5.2% per annum with maturities through 2019. The Company raised totally net proceeds of RMB9,910 million from the issuance. On 18 August 2014, the bonds of RMB2,100 million have been fully paid off.

As approved by China Securities Regulatory Commission document [2012] No. 998, the Company issued domestic corporate bonds with an aggregate principal amount of RMB12 billion in August 2012. RMB6 billion of such bonds bears interest at a rate of 4.4% per annum with maturities through 2017, RMB2 billion bears interest at a rate of 5.0% per annum with maturities through 2022 and RMB4 billion bears interest at a rate of 5.15% per annum with maturities through 2027. The Company raised totally net proceeds of RMB11,976 million from the issuance.

The corporate bonds are stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings. All corporate bonds are guaranteed by CCCG.

(c) The Group issued the following medium term notes as approved by NAFMII:

– medium term notes at a nominal value of RMB2,200 million issued in March and April 2009, with a maturity of five years from issuance. RMB1,800 million of such notes bears interest at a rate of 4.1% per annum, and the remaining RMB400 million bears interest at 4.0% per annum. As at 31 December 2014, these medium term notes have been fully paid off.

– medium term notes with a nominal value of RMB3,800 million issued in February 2011, with a maturity of five years from issuance, bearing interest at a rate of 5.85% per annum.

The medium term notes are stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings.

25. Borrowings (Continued)

(d) The Group issued the following debentures as approved by NAFMII:

- Three tranches of debentures were issued in April, May and August 2013, respectively, at nominal values of RMB2,000 million, RMB2,000 million and RMB3,000, respectively, totalling RMB7,000 million, with maturities of 270 days from issuance. The interest rate is 3.75%, 3.85% and 4.60% per annum, respectively. As at 31 December 2014, these three tranches of debentures have been fully paid off.

- Five tranches of debentures were issued in February, March, April, June and August 2014, respectively, at nominal values of RMB3,000 million, RMB3,000 million, RMB3,000 million, RMB3,000 million and RMB3,000 million, respectively, totalling RMB15,000 million, with maturities of 180 days, 270 days, 270 days, 270 days and 270 days from issuance respectively. The interest rate is 5.50%, 5.20%, 5.05%, 4.80% and 4.68% per annum, respectively. As at 31 December 2014, the two tranches of debentures issued in February and March with total amount of RMB6,000 million have been fully paid off.

The debentures are stated at amortised cost.

(e) The Group issued the following non-public instruments as approved by NAFMII:

- A tranche of non-public debt instrument with a nominal value of RMB2,000 million in November 2011, with a maturity of three years from issuance, bearing interest at a rate of 6.46% per annum. As at 31 December 2014, this tranche of non-public debt instrument have been fully paid off.

- A tranche of non-public debt instrument with a nominal value of RMB1,500 million in October 2012, with a maturity of five years from issuance, bearing interest at a rate of 5.80% per annum.

- Two tranches of non-public debt instruments were issued in April and one tranche of non-public debt instrument was issued in October 2013, respectively, at nominal values of RMB1,500 million, RMB800 million and RMB800 million, respectively, totalling RMB3,100 million, with maturities of five years, five years and five years from issuance, respectively. The interest rate is 5.10%, 6.00% and 6.65% per annum, respectively.

- Ten tranches of non-public debt instruments were issued in March, May, June, August, and September 2014, respectively, at nominal values of RMB500 million, RMB800 million, RMB800 million, RMB700 million, RMB500 million, RMB500 million, RMB500 million, RMB1,000 million, RMB500 million and RMB100 million, respectively, totalling RMB5,900 million, with maturities of three years, three years, three years, three years, three years, three years, five years, five years, three years and three years from issuance, respectively. The interest rate is 7.10%, 6.35%, 7.00%, 6.50%, 6.60%, 6.30%, 7.00%, 6.00%, 6.40%, and 5.60% per annum, respectively.

The non-public debt instruments are stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings.

25. Borrowings (Continued)

(f) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
6 months or less	**107,417**	102,920	**14,995**	16,103
6 – 12 months	**50,336**	28,068	**8,924**	2,059
1 – 5 years	**54,908**	35,483	**17,137**	8,149
Over 5 years	**16,174**	20,504	**6,139**	15,339
	228,835	186,975	**47,195**	41,650

(g) The Group's borrowings were repayable as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Bank borrowings				
– Within 1 year	**78,130**	69,749	**11,863**	10,709
– Between 1 and 2 years	**22,379**	12,120	**1,615**	1,256
– Between 2 and 5 years	**22,938**	18,670	**368**	41
– Over 5 years	**51,599**	35,131	**1**	1
	175,046	135,670	**13,847**	12,007
Others, excluding finance lease liabilities				
– Within 1 year	**12,317**	17,219	**13,373**	9,671
– Between 1 and 2 years	**6,365**	875	**10**	10
– Between 2 and 5 years	**26,367**	16,096	**13,931**	6,024
– Over 5 years	**6,035**	13,958	**6,034**	13,938
	51,084	48,148	**33,348**	29,643
	226,130	183,818	**47,195**	41,650

25. Borrowings (Continued)

(g) The Group's borrowings were repayable as follows (Continued):

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Wholly repayable within 5 years				
– Bank borrowings	**118,280**	100,141	**13,716**	11,876
– Others, excluding finance lease liabilities	**43,445**	34,158	**27,314**	15,654
	161,725	134,299	**41,030**	27,530
Wholly repayable after 5 years				
– Bank borrowings	**56,766**	35,529	**131**	131
– Others, excluding finance lease liabilities	**7,639**	13,990	**6,034**	13,989
	64,405	49,519	**6,165**	14,120
	226,130	183,818	**47,195**	41,650

(h) The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
RMB	**206,528**	167,921	**44,241**	40,096
USD	**19,141**	16,108	**2,885**	1,368
EUR	**1,212**	806	**–**	55
HKD	**1,130**	684	**–**	–
JPY	**268**	698	**69**	131
Others	**556**	758	**–**	–
	228,835	186,975	**47,195**	41,650

(i) Borrowings of the Group, excluding corporate bonds, medium term notes, debentures, non-public debt instruments and finance lease liabilities, bear interest at effective rates ranging from 1.37% to 7.69% per annum at the end of the reporting period (2013: 1.06% to 7.8%).

25. Borrowings (Continued)

(j) The carrying amounts of current portion of long-term borrowings and short-term borrowings approximate their fair values, as the impact of discounting is not significant.

The carrying amounts and fair values of the non-current borrowings are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Carrying amount				
– Bank borrowings	**96,916**	65,921	**1,984**	1,298
– Other borrowings	**4,932**	3,004	**129**	138
– Corporate bonds	**19,846**	19,834	**19,846**	19,834
– Medium term notes	**3,800**	3,797	**–**	–
– Finance lease liabilities	**2,118**	2,307	**–**	–
– Non-public debt instruments	**10,189**	4,294	**–**	–
	137,801	99,157	**21,959**	21,270
Fair value				
– Bank borrowings	**96,046**	65,224	**1,956**	1,266
– Other borrowings	**4,883**	2,979	**125**	128
– Corporate bonds	**19,167**	19,571	**19,167**	19,571
– Medium term notes	**3,617**	3,527	**–**	–
– Finance lease liabilities	**2,105**	2,329	**–**	–
– Non-public debt instruments	**10,125**	4,237	**–**	–
	135,943	97,867	**21,248**	20,965

The fair values of borrowings are based on cash flows discounted using the prevailing market rates of interest available to the Group for financial instruments with similar terms and characteristics at the respective ends of reporting periods. These fair values are within level 2 of the fair value hierarchy.

(k) The Group has the following undrawn borrowing facilities:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Floating rate				
– Expiring within one year	**85,120**	115,608	**37,100**	37,480
– Expiring beyond one year	**363,958**	294,741	**216,556**	198,243
	449,078	410,349	**253,656**	235,723

25. Borrowings (Continued)

(l) Finance lease liabilities:

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group.

	2014 RMB million	2013 RMB million
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**737**	882
Later than 1 year and no later than 5 years	**1,959**	1,978
Later than 5 years	**541**	915
	3,237	3,775
Future finance charges on finance leases	**(532)**	(618)
Present value of finance lease liabilities	**2,705**	3,157
The present value of finance lease liabilities is as follows:		
No later than 1 year	**587**	850
Later than 1 year and no later than 5 years	**1,633**	1,673
Later than 5 years	**485**	634
	2,705	3,157

(m) A customer of the Group has obtained a long term borrowing facility from a bank. The bank borrowing is effective from 26 April 2013 to 25 April 2038. The customer, as a borrower, has pledged its self-owned asset to secure the bank borrowing. The Group has entered into the loan contract as a co-borrower to take up joint responsibility of loan repayments up to 25 April 2021. Pursuant to the terms of the borrowing contract, upon default in loan repayments by the customer, the bank is entitled to ask for early repayments of bank borrowings and the co-borrower can be liable to repay the outstanding borrowing principal together with accrued interest. Accordingly, if the customer defaults in loan repayments during joint borrowing period, it is possible for the Group to undertake the responsibility to repay the principal and interest.

During the year ended 31 December 2014, as there was no default in payments and the customer had pledged its asset to secure the bank borrowing, management considers that the likelihood of default in payments is not probable, and therefore no provision has been made as of 31 December 2014 (31 December 2013: nil).

26. Deferred Income Tax

(a) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Deferred tax assets:				
– Deferred tax assets to be recovered after more than 12 months	**2,445**	2,472	**6**	93
– Deferred tax assets to be recovered within 12 months	**471**	140	**–**	–
	2,916	2,612	**6**	93
Deferred tax liabilities:				
– Deferred tax liabilities to be settled after more than 12 months	**(7,723)**	(2,844)	**(3,011)**	(1,584)
– Deferred tax liabilities to be settled within 12 months	**(82)**	(49)	**–**	–
	(7,805)	(2,893)	**(3,011)**	(1,584)
Deferred tax liabilities (net)	**(4,889)**	(281)	**(3,005)**	(1,491)

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
At 1 January	**(281)**	(721)	**(1,491)**	(1,639)
Recognised in the income statement (Note 36)	**125**	156	**–**	8
Recognised in other comprehensive income	**(1,770)**	276	**(1,514)**	140
Disposal of subsidiaries	**–**	8	**–**	–
Acquisition of subsidiaries (Note 45)	**(2,963)**	–	**–**	–
At 31 December	**(4,889)**	(281)	**(3,005)**	(1,491)

26. Deferred Income Tax (Continued)

(b) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Liabilities

	Group			
	Available-for-sale financial assets RMB million	**Undistributed profits in subsidiaries** RMB million	**Others** RMB million	**Total** RMB million
At 1 January 2013	(2,731)	(169)	(621)	(3,521)
Charged to the consolidated income statement	–	(142)	(167)	(309)
Credited to other comprehensive income	336	–	–	336
Disposal of a subsidiary	–	–	18	18
At 31 December 2013	(2,395)	(311)	(770)	(3,476)
At 1 January 2014	**(2,395)**	**(311)**	**(770)**	**(3,476)**
Charged to the consolidated income statement	**–**	**(86)**	**(172)**	**(258)**
Charged to other comprehensive income	**(1,750)**	**–**	**–**	**(1,750)**
Acquisition of subsidiaries (Note 45)	**–**	**–**	**(3,119)**	**(3,119)**
At 31 December 2014	**(4,145)**	**(397)**	**(4,061)**	**(8,603)**

	Company		
	Available-for-sale financial assets RMB million	**Others** RMB million	**Total** RMB million
At 1 January 2013	(1,705)	(35)	(1,740)
Credited to the income statement	–	12	12
Credited to other comprehensive income	144	–	144
At 31 December 2013	(1,561)	(23)	(1,584)
At 1 January 2014	**(1,561)**	**(23)**	**(1,584)**
Credited to the income statement	**–**	**23**	**23**
Charged to other comprehensive income	**(1,515)**	**–**	**(1,515)**
At 31 December 2014	**(3,076)**	**–**	**(3,076)**

Notes to the consolidated financial statements (Continued)

26. Deferred Income Tax (Continued)

(b) The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances within the same tax jurisdiction, is as follows (Continued):

Deferred Tax Assets

	Group							
	Provision for impairment of assets RMB million	**Depreciation and amortisation** RMB million	**Provision for foreseeable contract losses** RMB million	**Provision for employee benefits** RMB million	**Tax losses** RMB million	**Discount on long-term receivables** RMB million	**Others** RMB million	**Total** RMB million
At 1 January 2013	758	17	68	524	338	566	529	2,800
Credited/(charged) to the consolidated income statement	258	–	(24)	(69)	154	72	74	465
Charged to other comprehensive income	–	–	–	(26)	–	–	(34)	(60)
Disposal of a subsidiary	(3)	(5)					(2)	(10)
At 31 December 2013	1,013	12	44	429	492	638	567	3,195
At 1 January 2014	**1,013**	**12**	**44**	**429**	**492**	**638**	**567**	**3,195**
Credited/(charged) to the consolidated income statement	**70**	**(5)**	**58**	**(53)**	**190**	**80**	**43**	**383**
Credited/(charged) to other comprehensive income	**–**	**–**	**–**	**23**	**–**	**–**	**(43)**	**(20)**
Acquisition of a subsidiary (Note 45)	**–**	**–**	**–**	**–**	**–**	**–**	**156**	**156**
At 31 December 2014	**1,083**	**7**	**102**	**399**	**682**	**718**	**723**	**3,714**

	Company				
	Provision for impairment of assets RMB million	**Discount of long-term receivable** RMB million	**Provision for employee benefits** RMB million	**Others** RMB million	**Total** RMB million
At 1 January 2013	13	24	26	38	101
Charged to the income statement	–	–	(2)	(2)	(4)
Charged to other comprehensive income	–	–	(4)	–	(4)
At 31 December 2013	13	24	20	36	93
Charged to the income statement	–	(24)	(1)	2	(23)
Charged to other comprehensive income	–	–	1	–	1
At 31 December 2014	**13**	**–**	**20**	**38**	**71**

26. Deferred Income Tax (Continued)

(c) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2014, the Group did not recognise deferred tax assets of RMB2,033 million (2013: RMB1,719 million) in respect of tax losses amounting to RMB8,287 million (2013: RMB6,982 million) as the Directors believes it is more likely than not that such tax losses would not be utilised before they expire.

As at 31 December 2014, the tax losses with no deferred tax assets recognised carried forward are as follows:

	2014 **RMB million**	2013 RMB million
Year of expiry of tax losses		
2015	**1,271**	1,370
2016	**898**	960
2017	**2,062**	2,161
2018	**1,694**	1,809
2019	**2,362**	–
	8,287	6,300

(d) As at 31 December 2014, the unrecognised deferred income tax liabilities were RMB10 million (2013: RMB10 million), relating to income tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 31 December 2014 amounted to RMB64 million (2013: RMB64 million).

27. Retirement Benefit Obligations

The Group provided supplementary pension subsidies and medical benefits to its normal retired or early retired employees in Mainland China who retired prior to 1 January 2006, which are considered to be defined benefit plans, and recognised a liability for the unfunded employee benefit obligations in the consolidated balance sheet.

The amounts of retirement benefit obligations recognised in the balance sheet are determined as follows:

	Group		Company	
	2014 **RMB million**	2013 RMB million	**2014** **RMB million**	2013 RMB million
Present value of defined benefits obligations	**1,949**	1,953	**79**	79
Less: current portion	**(153)**	(144)	**(5)**	(5)
	1,796	1,809	**74**	74

27. Retirement Benefit Obligations (Continued)

The movement of retirement benefit obligations over the year is as follows:

	Group		Company	
	2014 **RMB million**	2013 RMB million	**2014** **RMB million**	2013 RMB million
At 1 January	**1,953**	2,316	**79**	109
Past service cost	**11**	(33)	**(2)**	2
Interest cost	**83**	77	**3**	3
Effect of settlement	**(3)**	(14)	**–**	(10)
	2,044	2,346	**80**	104
Remeasurements				
– Losses/(gains) from change in financial assumptions	**102**	(153)	**4**	(6)
– Experience losses/(gains)	**12**	(5)	**–**	(10)
	2,158	2,188	**84**	88
Payment	**(209)**	(235)	**(5)**	(9)
At 31 December	**1,949**	1,953	**79**	79

(a) The above obligations were determined based on actuarial valuation performed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch, using the projected unit credit method. The significant actuarial assumptions are as follows:

	2014	2013
Discount rate	**3.75%**	4.50%
Medical cost growth rate	**4%-8%**	4%-8%

(b) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligations		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.25%	(1.82%)	1.88%
Medical cost growth rate	1.00%	1.53%	(1.35%)

The above sensitivity analyses are based on a change in an assumption while holding another assumption constant. In practice, this is unlikely to occur, and changes in the above assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumption the same method (present value of the defined benefit obligations calculated with the projected unit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligations within the consolidated balance sheet.

27. Retirement Benefit Obligations (Continued)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(c) Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which is detailed below:

Discount rate: The decrease of discount rate will result in an increase in the plan's liabilities.

Inflation rate: The defined benefit obligations are related to inflation rate. The increase of inflation rate will result in an increase in the plan's liabilities.

(d) The weighted average duration of the defined benefit obligations is 7.5 years.

(e) Expected maturity analysis of undiscounted defined benefit obligations of the Group:

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total RMB million
As at 31 December 2014					
Defined benefit obligations	**153**	**223**	**498**	**1,796**	**2,670**

28. Provisions for Other Liabilities and Charges – Group

	Pending Lawsuits RMB million	**Others** RMB million	**Total** RMB million
At 1 January 2013	294	40	334
Charged to the consolidated income statement:			
– Additional provisions	8	31	39
– Utilised/reversed during the year	(1)	(16)	(17)
At 31 December 2013	301	55	356
At 1 January 2014	**301**	**55**	**356**
Acquisition of subsidiaries (Note 45)	**–**	**13**	**13**
Charged to the consolidated income statement:			
– Additional provisions	**9**	**35**	**44**
– Utilised/reversed during the year	**(13)**	**(14)**	**(27)**
At 31 December 2014	**297**	**89**	**386**

29. Other Income

	2014 **RMB million**	2013 RMB million
Rental income	**367**	373
Income from sale of materials	**49**	126
Dividend income on available-for-sale financial assets		
– Listed equity securities	**542**	480
– Unlisted equity investments	**87**	73
Government grants	**372**	286
Dividend income on other financial assets at fair value through profit or loss	**6**	–
Others	**991**	716
	2,414	2,054

30. Other gains, net

	2014 **RMB million**	2013 RMB million
Gains on disposal of property, plant and equipment	**90**	35
Gains on disposal of lease prepayments	**–**	75
Gains/(losses) on disposal of other financial assets at fair value through profit or loss	**16**	(5)
Fair value losses from other financial assets at fair value through profit or loss	**(34)**	(7)
Net (losses)/gains on derivative financial instruments:		
– Foreign exchange forward contracts	**(82)**	156
Gains on disposal of available-for-sale financial assets	**2,206**	531
Net foreign exchange losses (Note 37)	**(474)**	(197)
Net gains on disposal of subsidiaries	**–**	152
Net gains on disposal of joint ventures and associates	**54**	27
	1,776	767

31. Other Expenses

	2014 **RMB million**	2013 RMB million
Depreciation and other costs relating to assets being leased out	**177**	213
Provision for impairment of available-for-sale financial assets	**–**	150
Cost of sale of materials	**127**	233
Others	**521**	298
	825	894

32. Expenses by Nature

	2014 RMB million	2013 RMB million
Raw materials and consumables used	**110,914**	108,670
Subcontracting costs	**116,563**	99,363
Employee benefits expenses (Note 33)	**35,179**	30,580
Rentals	**14,581**	14,273
Business tax and other transaction taxes	**9,233**	8,642
Fuel	**6,427**	6,479
Depreciation of property, plant and equipment and investment properties (Note 6, Note 8)	**7,248**	7,573
Transportation costs	**332**	307
Amortisation of intangible assets (Note 9)	**535**	281
Amortisation of lease prepayments (Note 7)	**214**	188
Cost of goods sold	**7,483**	4,437
Research and development costs	**3,324**	3,381
Repair and maintenance expenses	**1,986**	1,876
Utilities	**1,427**	1,256
Insurance	**1,016**	844
Provision for impairment of trade and other receivables	**328**	1,158
Provision for foreseeable losses on construction contracts	**762**	235
Write-down of inventories	**203**	328
Auditors' remuneration	**40**	40
Other expenses	**27,827**	24,239
Total cost of sales, selling and marketing expenses and administrative expenses	**345,622**	314,150

33. Employee Benefit Expenses

	2014 RMB million	2013 RMB million
Salaries, wages and bonuses	**24,815**	21,424
Pension costs – defined contribution plans (Note a)	**2,810**	2,471
Pension costs – defined benefit plans (Note 27)	**91**	30
Housing benefits (Note b)	**1,316**	1,155
Share appreciation rights (Note c)	**–**	(5)
Welfare, medical and other expenses	**6,147**	5,505
	35,179	30,580

33. Employee Benefit Expenses (Continued)

(a) The Group participates in certain defined contribution pension plans and pays contributions to government-sponsored or privately administered pension insurance plans on a mandatory or contractual basis.

No forfeited contribution was available as at 31 December 2014 and 2013 to reduce future contributions.

Contributions totalling RMB594 million (2013: RMB660 million) payable to various retirement benefit plans as at 31 December 2014 are included in trade and other payables.

(b) These represent contributions to the government-sponsored housing funds in Mainland China, at different rates of the employees' basic salary depending on the applicable local regulations.

(c) The Group has adopted a cash-settled shared-based payment arrangement, also known as share appreciation rights ("SAR") plan (the "Plan"), which provides for the grant of SAR to eligible participants as approved by the Company's Board of Directors.

Under the Plan, a holder of one SAR unit is entitled to receive an amount in respect of the appreciation in market value of one ordinary share of the Company when the Company's share price rises above the exercise price specified in the Plan, subject to certain terms and conditions of the Plan.

As at 31 December 2013, all of the above share appreciation has forfeited since the non-market conditions of the Plan were not reached. Accordingly, provision of RMB5 million for the share-based payment was reversed in the year ended 31 December 2013.

The Group did not adopt any share-based payment plan in the year ended 31 December 2014.

34. Finance Income

	2014 **RMB million**	2013 RMB million
Interest income:		
– Bank deposits	**847**	723
– Unwinding of discount of long-term receivables	**2,555**	1,612
Others	**186**	93
	3,588	2,428

35. Finance Costs, net

	2014 RMB million	2013 RMB million
Interest expense incurred	**12,383**	8,598
Less: Capitalised interest expense	**(3,376)**	(2,858)
Net interest expense	**9,007**	5,740
Representing:		
– Bank borrowings	**6,307**	3,460
– Other borrowings	**247**	221
– Corporate bonds	**1,057**	1,093
– Medium term notes	**241**	312
– Debentures	**498**	241
– Non-public debt instruments	**517**	308
– Finance lease liabilities	**140**	105
	9,007	5,740
Net foreign exchange gains on borrowings (Note 37)	**(81)**	(476)
Others	**1,182**	1,109
	10,108	6,373

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. Borrowing costs of RMB3,376 million (2013: RMB2,858 million) were capitalised in 2014, of which approximately RMB1,611 million (2013: RMB1,182 million) was charged to contract work-in-progress, approximately RMB1,595 million (2013: RMB1,320 million) was included in cost of concession assets, approximately RMB170 million (2013: RMB344 million) was included in cost of construction-in-progress, and none was included in property, plant and equipment (2013: RMB12 million) as at 31 December 2014. A generally capitalisation rate of 5.29% (2013: 4.4%) per annum was used, representing the costs of the borrowings used to finance the qualifying assets.

36. Taxation

(a) Income Tax Expense

Most of the companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2013: 25%) of the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for a few subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 15% (2013: 15%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

Taxation of other companies of the Group has been calculated on the estimated assessable profit for the year at the appropriate rates of taxation prevailing in the countries in which these companies operate.

The amount of income tax expense charged to the consolidated income statement represents:

	2014 **RMB million**	2013 RMB million
Current income tax		
– PRC enterprise income tax	**3,490**	3,583
– Others	**356**	153
	3,846	3,736
Deferred income tax (Note 26)	**(125)**	(156)
Income tax expense	**3,721**	3,580

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2014 **RMB million**	2013 RMB million
Profit before income tax	**17,604**	15,852
Less: Share of profits of joint ventures and associates	**(339)**	(222)
	17,265	15,630
Tax calculated at PRC statutory tax rate of 25% (2013: 25%)	**4,316**	3,908
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(840)**	(699)
Effect of higher tax rate for the appreciation of land in the PRC	**23**	–
Income not subject to tax	**(142)**	(104)
Additional tax concession on research and development costs	**(278)**	(213)
Expenses not deductible for tax purposes	**145**	289
Utilisation of previously unrecognised tax losses	**(94)**	(53)
Tax losses for which no deferred income tax asset was recognised	**591**	452
Income tax expense	**3,721**	3,580

36. Taxation (Continued)

(a) Income Tax Expense (Continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2014			2013		
	Before tax RMB million	**Tax charge RMB million**	**After tax RMB million**	Before tax RMB million	Tax credit RMB million	After tax RMB million
Actuarial (losses)/gains on retirement benefit obligations	**(114)**	**23**	**(91)**	158	(26)	132
Changes in fair value of available-for-sale financial assets	**8,554**	**(1,993)**	**6,561**	(951)	255	(696)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**(941)**	**200**	**(741)**	(338)	84	(254)
Reclassification of investment revaluation reserve due to impairment of available-for-sale financial assets	**–**	**–**	**–**	150	(37)	113
Currency translation differences	**(11)**	**–**	**(11)**	(130)	–	(130)
Other comprehensive income	**7,488**	**(1,770)**	**5,718**	(1,111)	276	(835)
Current income tax		**–**			–	
Deferred income tax (Note 26)		**(1,770)**			276	
		(1,770)			276	

(b) Business Tax ("BT") and Related Taxes

Certain revenue of the Group are subject to BT at rates ranging from 3% to 5% of the service fee income received and receivable. In addition, the Group is subject to city construction tax ("CCT") and educational surcharge ("ES") based on 1% to 7% and 3% of BT payable, respectively.

36. Taxation (Continued)

(c) Value-Added Tax ("VAT") and Related Taxes

Certain revenue of the Group are subject to output VAT generally calculated at 17% of the product selling prices. An input credit is available whereby input VAT previously paid on purchases of raw materials or semi-finished products can be used to offset the output VAT to determine the net VAT payable. Certain products of the subsidiaries are subject to output VAT calculated at 6% of the product selling prices with no input credit. The subsidiaries are also subject to CCT and ES based on 1% to 7% and 3% of net VAT payable, respectively.

Pursuant to the Notice on Issuance of Business Tax to Value Added Tax Transformation Pilot Program ("Pilot Program") and relevant regulations, revenues derived from transportation and design services provided by some subsidiaries of the Group were no longer subject to business tax. Under the pilot program, the transportation services and design services were subject to value added tax at rates ranging from 6% to 11%.

37. Net Foreign Exchange (Losses)/Gains

The exchange differences (charged)/credited to the consolidated income statement are included as follows:

	2014 **RMB million**	2013 RMB million
Finance costs (Note 35)	**81**	476
Other gains – net (Note 30)	**(474)**	(197)
	(393)	279

38. Profit Attributable to Owners of the Company

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB9,414 million (2013: RMB10,995 million).

39. Earnings per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	2013
Profit attributable to owners of the Company (RMB million)	**13,985**	12,568
Weighted average number of ordinary shares in issue (million)	**16,175**	16,175
Basic earnings per share (RMB per share)	**0.86**	0.78

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2014 and 2013.

40. Dividends

	2014 RMB million	2013 RMB million
Proposed final dividend of RMB0.17172 per ordinary share (2013: RMB0.18762)	**2,778**	3,035

The dividends paid in 2014 and 2013 were RMB3,035 million (RMB0.18762 per ordinary share) and RMB2,988 million (RMB0.1847 per ordinary share) respectively. A dividend in respect of the year ended 31 December 2014 of RMB0.17172 per ordinary share, amounting to a total dividend of RMB2,778 million, is to be approved at the annual general meeting in 2015. These financial statements do not reflect this dividend payable.

41. Directors' and Supervisors' Emoluments

(a) Directors' and Supervisors' Emoluments

	2014 RMB'000	2013 RMB'000
Directors and supervisors		
– Basis salaries, housing allowances and other allowances	**3,999**	3,455
– Contributions to pension plans	**245**	188
– Discretionary bonuses	**2,433**	2,067
	6,677	5,710

41. Directors' and Supervisors' Emoluments (Continued)

(a) Directors' and Supervisors' Emoluments (Continued)

The emoluments of every director and supervisor for the year ended 31 December 2014 are set out below:

Name	Basis salaries, housing allowances and other allowances RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
Mr. Liu Qitao	**561**	**40**	**558**	**1,159**
Mr. Chen Fenjian (i)	**551**	**40**	**518**	**1,109**
Mr. Fu Junyuan	**490**	**40**	**517**	**1,047**
Non-executive director				
Mr. Liu Maoxun (i)	**–**	**–**	**–**	**–**
Mr. Zhang Changfu (ii)	**3**	**–**	**–**	**3**
Independent non-executive directors				
Mr. Liu Zhangmin	**168**	**–**	**–**	**168**
Mr. Leung Chong Shun	**137**	**–**	**–**	**137**
Mr. Wu Zhenfang (i)	**105**	**–**	**–**	**105**
Mr. Huang Long (i)	**84**	**–**	**–**	**84**
Mr. Yuan Yaohui (ii)	**47**	**–**	**–**	**47**
Mr. Zou Qiao (ii)	**51**	**–**	**–**	**51**
Mr. Lu Hongjun (ii)	**52**	**–**	**–**	**52**
Supervisors				
Mr. Liu Xiangdong	**478**	**40**	**516**	**1,034**
Mr. Xu Sanhao (ii)	**157**	**5**	**–**	**162**
Mr. Yao Yanmin (iv)	**558**	**40**	**162**	**760**
Mr. Wang Yongbin	**557**	**40**	**162**	**759**
	3,999	**245**	**2,433**	**6,677**

41. Directors' and Supervisors' Emoluments (Continued)

(a) Directors' and Supervisors' Emoluments (Continued)

(i) Mr. Chen Fenjian, Mr. Liu Maoxun, Mr. Wu Zhenfang and Mr. Huang Long were elected as the directors of the Company on 22 April 2014.

(ii) Mr. Zhang Changfu, Mr. Yuan Yaohui, Mr. Zou Qiao and Mr. Lu Hongjun retired from their positions as the directors of the Company on 22 April 2014.

(iii) Mr. Xu Sanhao retired from his position as a supervisor of the Company on 22 April 2014.

(iv) Mr. Yao Yanmin was elected as the supervisors of the Company on 27 February 2014.

The emoluments of every director and supervisor for the year ended 31 December 2013 are set out below:

Name	Basis salaries, housing allowances and other allowances RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
Mr. Zhou Jichang (i)	181	3	–	184
Mr. Liu Qitao	535	37	519	1,091
Mr. Fu Junyuan	469	37	463	969
Non-executive director				
Mr. Zhang Changfu	114	–	–	114
Independent non-executive directors				
Mr. Liu Zhangmin	156	–	–	156
Mr. Yuan Yaohui	136	–	–	136
Mr. Zou Qiao	129	–	–	129
Mr. Lu Hongjun	132	–	–	132
Mr. Leung Chong Shun	109	–	–	109
Supervisors				
Mr. Liu Xiangdong	470	37	462	969
Mr. Xu Sanhao	471	37	461	969
Mr. Wang Yongbin	553	37	162	752
	3,455	188	2,067	5,710

(i) Mr. Zhou Jichang, who, due to reaching retirement age, resigned as an executive director and chairman of the Board on 26 April 2013.

During the year, no directors, supervisors or senior management of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

41. Directors' and Supervisors' Emoluments (Continued)

(b) Five Highest Paid Individuals

None of the Directors' emoluments as disclosed in Note 41 above was included in the emoluments paid to the five highest paid individuals. The five individuals whose emoluments were the highest in the Group during the year are as follows:

	2014	2013
	RMB'000	RMB'000
Basic salaries, housing allowances, and other allowances and benefits in kind	**2,416**	2,256
Contributions to pension plans	**278**	256
Discretionary bonuses	**5,797**	7,491
	8,491	10,003

The emoluments of the above individuals fall within the following bands:

	2014	2013
– HKD1,500,001 to HKD2,000,000 (equivalent to approximately RMB1,183,306 to RMB1,577,740)	**3**	–
– HKD2,000,001 to HKD2,500,000 (equivalent to approximately RMB1,577,741 to RMB1,972,175)	**–**	3
– HKD2,500,001 to HKD3,000,000 (equivalent to approximately RMB1,972,176 to RMB2,366,610)	**2**	2
	5	5

42. Cash Generated from Operations

(a) Cash Generated from Operations

	2014 RMB million	2013 RMB million
Profit for the year	**13,883**	12,272
Adjustments for:		
– Income tax expense	**3,721**	3,580
– Depreciation of property, plant and equipment and investment properties	**7,248**	7,573
– Amortisation of intangible assets and lease prepayments	**749**	469
– Gains on disposal of property, plant and equipment	**(90)**	(35)
– Reversal of share-based payment provision	**–**	(5)
– Fair value losses/(gains) on derivative financial instruments	**132**	(89)
– Fair value losses on other financial assets at fair value through profit or loss	**34**	7
– Net gains on disposal of subsidiaries	**–**	(152)
– Gains on disposal of lease prepayments	**–**	(75)
– Gains on disposal of available-for-sale financial assets	**(2,206)**	(531)
– Gains/(losses) on disposal of other financial assets at fair value through profit or loss	**(16)**	5
– Net gains on disposal of joint ventures and associates	**(54)**	(27)
– Write-down of inventories	**203**	328
– Provision for impairment of trade and other receivables	**328**	1,158
– Provision for foreseeable losses on construction contracts	**762**	235
– Provision for impairment on available-for-sale financial assets	**–**	150
– Dividend income from available-for-sale financial assets	**(629)**	(553)
– Investment income from held-to-maturity financial assets	**(11)**	–
– Interest income	**(3,588)**	(2,428)
– Interest expenses	**9,007**	5,740
– Share of profit of joint ventures	**(81)**	(65)
– Share of profit of associates	**(258)**	(157)
– Net foreign exchange gains on borrowings	**(81)**	(476)
	29,053	26,924
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Inventories	**(6,409)**	(3,277)
– Trade and other receivables	**(38,003)**	(35,286)
– Contract work-in-progress	**(4,292)**	(7,966)
– Restricted bank deposits	**(1,086)**	(1,323)
– Retirement benefit obligations	**(118)**	(205)
– Trade and other payables	**29,030**	31,866
– Provisions for other liabilities and charges	**17**	37
– Deferred income	**211**	(121)
Cash generated from operations	**8,403**	10,649

42. Cash Generated from Operations (Continued)

(b) Proceeds from disposal of PPE

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2014 **RMB million**	2013 RMB million
Net book amount (Note 6)	**458**	1,038
Gains on disposal of property, plant and equipment (Note 30)	**90**	35
Proceeds from disposal of property, plant and equipment	**548**	1,073

43. Contingencies

	Group		Company	
	2014 **RMB million**	2013 RMB million	**2014** **RMB million**	2013 RMB million
Pending lawsuits (Note a)	**3,047**	439	**–**	–
Outstanding loan guarantees (Note b)	**527**	262	**22,368**	24,767
	3,574	701	**22,368**	24,767

(a) The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision as set out in Note 26 has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for above pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The Group does not include any pending lawsuits in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

During the year ended 31 December 2013, a subsidiary of the Company was involved in a product quality dispute arising from the ordinary course of business. In September 2014, the contractor instituted a proceeding against the subsidiary, to claim a compensation relating to the product quality dispute, totalling Great Britain Pound 250 million (equivalent to approximately RMB2,386 million). As at 31 December 2014, the subsidiary was unable to ascertain the likelihood and reasonably estimate the outcome of the lawsuit based on advice of legal counsel.

(b) The Group and the Company have acted as the guarantors for various external borrowings made by certain subsidiaries, joint ventures and associates of the Group and certain third party entities.

44. Commitments

(a) Capital Commitments

Capital expenditure approved but not contracted for at the balance sheet date is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Property, plant and equipment	**126**	331	**126**	331

Capital expenditure contracted for but not yet incurred at the end of the reporting period is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Property, plant and equipment	**4,298**	5,006	**–**	–
Intangible assets – concession assets	**126,446**	88,829	**–**	–
	130,744	93,835	**–**	–

(b) Operating Lease Commitments – the Group as Lessee

The Group leases various offices, warehouses, residential properties, machinery and vessels under non-cancelable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
No later than 1 year	**763**	688	**85**	78
Later than 1 year and no later than 5 years	**1,630**	878	**170**	–
Later than 5 years	**343**	282	**–**	–
	2,736	1,848	**255**	78

45. Business combinations

During the year ended 31 December 2014, several business combinations were conducted by the Group. Detailed information of these business combinations are set out below:

(a) Acquisitions of Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate

The Group acquired 45% equity interest in Sanya Phoenix Island International Cruise Terminal Development Co., Ltd. ("Phoenix Island Cruise Terminal") from Sanya Phoenix Island Investment Group Co., Ltd., a third party of the Group, for a total consideration of RMB1,000 million in cash. In addition, Sanya YuSheng Investment Co., Ltd. ("Sanya Yusheng"), a third party of the Group, who holds 10% equity interest in Phoenix Island Cruise Terminal, entrusts the Group to exercise the voting rights of 10% held by Sanya Yusheng. The acquisition was completed on 28 March 2014.

The Group holds 45% equity interest in Phoenix Island Cruise Terminal and the voting rights of 10% equity interest held by Sanya Yusheng, therefore the Group will hold the voting right of 55% in total and consolidate Phoenix Island Cruise Terminal upon the completion of the acquisition.

Upon the completion of the above acquisition, Phoenix Island Cruise Terminal acquired from Zhejiang Guodu Holding Co., Ltd. and Hainan Dayang Infrastructure Investment Co., Ltd., third parties of the Group, their 100% equity interests in Sanya Phoenix Island Development Co., Ltd. ("Phoenix Island Development") and Sanya Phoenix Island Real Estate Co., Ltd. ("Phoenix Island Real Estate") for a total consideration of RMB2,999 million and RMB962 million in cash, respectively. The acquisitions were completed on 9 April 2014 and 15 April 2014, respectively.

Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate are together referred as "Phoenix entities". The Phoenix entities are incorporated in Hainan province, PRC, and are primarily engaged in the infrastructure development in Phoenix island in Hainan province.

At respective acquisition dates, the fair value of the net assets and liabilities in Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate amounted to RMB1,681 million, RMB2,762 million and RMB363 million, respectively. The goodwill amounting to RMB244 million, RMB237 million and RMB599 million arising from the above acquisitions respectively are generated from the expected economic effects resulting from exploiting the platform of infrastructure developments in phoenix island in Hainan province.

The following tables summarise the consideration paid for Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate and the amounts of the assets acquired, liabilities assumed and the non-controlling interests recognised at the acquisition dates.

45. Business combinations (Continued)

(a) Acquisitions of Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate (Continued)

(i) Acquisition of Phoenix Island Cruise Terminal

	At 28 March 2014 RMB million
Purchase consideration	
– cash paid	**1,000**
Amounts of identifiable assets acquired, liabilities assumed and non-controlling interests recognised:	
Property, plant and equipment	**2,124**
Lease prepayments (Note 7)	**236**
Trade and other receivables	**24**
Trade and other payables	**(161)**
Deferred income tax liabilities (Note 26)	**(542)**
Total identifiable net assets	**1,681**
Non-controlling interests	**(925)**
Goodwill (Note 9)	**244**
	1,000

The fair value of trade and other receivables is RMB24 million and includes trade receivables with a fair value of RMB5 million. The gross contractual amount for trade receivables due is RMB5 million, none of the receivables is expected to be uncollectible.

The Group has chosen to recognise the non-controlling interests at the proportion of net assets acquired shared by the non-controlling interests.

45. Business combinations (Continued)

(a) Acquisitions of Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate (Continued)

(ii) Acquisition of Phoenix Island Development

	At 9 April 2014 RMB million
Purchase consideration	
– cash paid	**2,999**
Amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	**167**
Inventories-properties under development and completed properties held for sale	**6,342**
Trade and other receivables	**1,405**
Deferred income tax assets (Note 26)	**156**
Borrowings	**(2,055)**
Trade and other payables	**(898)**
Current income tax liabilities	**(407)**
Deferred income tax liabilities (Note 26)	**(1,948)**
Total identifiable net assets	**2,762**
Goodwill (Note 9)	**237**
	2,999

The fair value of trade and other receivables is RMB1,405 million and includes trade receivables with a fair value of RMB116 million. The gross contractual amount for trade receivables due is RMB116 million, none of the receivables is expected to be uncollectible.

45. Business combinations (Continued)

(a) Acquisitions of Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate (Continued)

(iii) Acquisition of Phoenix Island Real Estate

	At 15 April 2014 RMB million
Purchase consideration	
– cash paid	**962**
Amounts of identifiable assets acquired and liabilities assumed:	
Inventories-properties under development and completed properties held for sale	**997**
Trade and other receivables	**4**
Trade and other payables	**(39)**
Deferred income tax liabilities(Note 26)	**(599)**
Total identifiable net assets	**363**
Goodwill (Note 9)	**599**
	962

The fair value of trade and other receivables is RMB4 million and no trade receivables included.

The total acquisition-related costs for Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate are RMB7 million, which have been included in administrative expenses in the consolidated income statement for the year ended 31 December 2014.

Net cash outflow in respect of the acquisition of the Phoenix entities is analysed as follows:

Purchase consideration	
– cash paid	**4,961**
Less: Cash and cash equivalents in acquired subsidiaries	**(167)**
Net cash outflow on acquisition	**4,794**

The acquired businesses contributed revenue of RMB7 million and net losses of RMB291 million to the Group for the period from acquisition dates to 31 December 2014. If the acquisition had occurred on 1 January 2014, consolidated revenue and consolidated profits for the year ended 31 December 2014 would have been RMB366,409 million and RMB13,274 million respectively.

45. Business combinations (Continued)

(b) Acquisition of Shanghai Zhen Hua Heavy Industries Qidong Marine Engineering Company Limited

ZPMC, a subsidiary of the Company, acquired 67% equity interest in Shanghai Zhen Hua Heavy Industries Qidong Marine Engineering Company Limited ("Qidong Marine Engineering") from Nantong Huafu Port Co., Ltd., a third party of the Group, for a total consideration of RMB203 million in cash. The acquisition was completed on 28 February 2014.

At the acquisition date, the fair value of the net assets and liabilities in Qidong Marine Engineering amounted to RMB80 million. The goodwill amounting to RMB149 million is generated from the expected economic effects resulting from designing and manufacturing of vessels and equipments.

The following table summarises the consideration paid for Qidong Marine Engineering and the amounts of the assets acquired, liabilities assumed and the non-controlling interests recognised at the acquisition date.

	At 28 February 2014 RMB million
Purchase consideration	
– cash paid	**203**
Amounts of identifiable assets acquired, liabilities assumed and non-controlling interests recognised:	
Property, plant and equipment	**1,181**
Lease prepayments (Note 7)	**306**
Intangible assets (Note 9)	**2**
Cash and cash equivalents	**80**
Inventories-work in progress	**256**
Trade and other receivables	**356**
Borrowings	**(960)**
Deferred income	**(4)**
Deferred income tax liabilities (Note 26)	**(30)**
Trade and other payables	**(960)**
Amounts due to customers for contract work	**(134)**
Provisions for other liabilities and charges (Note 28)	**(13)**
Total identifiable net assets	**80**
Non-controlling interests	**(26)**
Goodwill (Note 9)	**149**
	203

45. Business combinations (Continued)

(b) Acquisition of Shanghai Zhen Hua Heavy Industries Qidong Marine Engineering Company Limited (Continued)

The fair value of trade and other receivables is RMB356 million and includes trade receivables with a fair value of RMB35 million. The gross contractual amount for trade receivables due is RMB35 million, none of the receivables is expected to be uncollectible.

The Group has chosen to recognise the non-controlling interests at the proportion of net assets acquired shared by the non-controlling interests.

The acquired businesses contributed revenue of RMB504 million and net losses of RMB487 million to the Group for the period from acquisition date to 31 December 2014.

46. Related-party Transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Company is controlled by CCCG, the parent company and a state-owned enterprise established in the PRC. CCCG is subject to the control of the PRC Government which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as the "government-related entities"). In accordance with IAS 24 "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC Government are regarded as related parties of the Group. On that basis, related parties include CCCG, other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence, and key management personnel of the Company and CCCG, as well as their close family members. For the purpose of the related party transaction disclosures, management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following is a summary of related party transactions entered into in the ordinary course of business between the Group and its related parties, including other government-related entities, during the year and balances arising from related party transactions as at 31 December 2014.

46. Related-party Transactions(Continued)

(a) Related Party Transactions

The following transactions were carried out with related parties other than government-related entities:

	2014 **RMB million**	2013 RMB million
Transactions with CCCG		
– Rental expense	**57**	46
– Property maintenance expenses	**56**	56
– Acquisition of a subsidiary	**–**	48
– Deposit placed with CCCC Finance and interest	**2,805**	1,408
Transactions with fellow subsidiaries		
– Revenue from provision of construction services	**626**	884
– Other costs	**–**	7
– Deposit placed with CCCC Finance and interest	**2,039**	200
Transactions with joint ventures and associates		
– Revenue from provision of construction services	**5,313**	3,063
– Disposal of property, plant and equipment	**–**	381
– Subcontracting fee charges	**624**	869
– Purchase of materials	**110**	154
– Services charges	**74**	54
– Other costs	**12**	8
– Sales of machinery	**18**	8
– Revenue from rental income	**3**	3
– Deposit placed with CCCC Finance and interest	**1,001**	–

These transactions are carried out on terms agreed with the counter parties in the ordinary course of business.

(b) Key Management Compensation

	2014 **RMB'000**	2013 RMB'000
Basis salaries, housing allowances and other allowances	**7,870**	6,428
Contributions to pension plans	**560**	420
Others	**6,692**	5,109
	15,122	11,957

46. Related-party Transactions (Continued)

(c) Year-end Balances with Related Parties

	Group		Company	
	2014	2013	**2014**	2013
	RMB million	RMB million	**RMB million**	RMB million
Trade and other receivables				
Trade receivables due from				
– Fellow subsidiaries	**420**	346	**420**	346
– Joint ventures and associates	**680**	813	**110**	251
– Subsidiaries	**–**	–	**240**	178
Long-term receivables due from				
– Fellow subsidiaries	**92**	–	**92**	–
– Joint ventures and associates	**258**	89	**–**	–
– Subsidiaries	**–**	–	**137**	–
Prepayments				
– Subsidiaries	**–**	–	**4,122**	4,577
– Joint ventures and associates	**11**	64	**–**	–
Other receivables due from				
– Joint ventures and associates	**1,036**	570	**–**	–
– Subsidiaries	**–**	–	**256**	163
	2,497	1,882	**5,377**	5,515
Loans to subsidiaries	**–**	–	**26,881**	17,897
Amounts due from subsidiaries	**–**	–	**8,519**	4,164

The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties in 2014 and 2013.

46. Related-party Transactions (Continued)

(c) Year-end Balances with Related Parties (Continued)

	Group		Company	
	2014 RMB million	2013 RMB million	**2014 RMB million**	2013 RMB million
Trade and other payables				
Trade and bills payable due to				
– Fellow subsidiaries	**–**	1	**–**	–
– Joint ventures and associates	**726**	683	**–**	–
– Subsidiaries	**–**	–	**5,623**	5,284
Advanced from customers				
– Fellow subsidiaries	**139**	–	**139**	–
– Joint ventures and associates	**380**	972	**–**	–
– Subsidiaries	**–**	–	**1,064**	712
Other payables due to				
– CCCG	**689**	943	**56**	226
– Fellow subsidiaries	**686**	652	**–**	–
– Joint ventures and associates	**65**	49	**–**	–
– Subsidiaries	**–**	–	**539**	157
	2,685	3,300	**7,421**	6,379
Amounts due to subsidiaries	**–**	–	**32,463**	33,361
Amounts due from customers for contract work with				
– Joint ventures and associates	**119**	253	**–**	–
Amounts due to customers for contract work with				
– Joint ventures and associates	**75**	117	**89**	62
Outstanding corporate loan guarantees provided by the Group				
– Joint ventures	**149**	143	**6**	7
– Associates	**358**	119	**–**	–
– Subsidiaries	**–**	–	**22,362**	24,760
Outstanding bond guarantees provided by CCCG	**20,220**	22,343	**20,220**	22,343

The payables bear no interest.

46. Related-party Transactions (Continued)

(d) Transactions and Year-end Balances with Other Government-Related Entities

The Group's major customers are PRC Government agencies and other government-related entities. A significant portion of revenue from provision of construction, design, dredging and other services, and sales of heavy machinery is conducted with other government-related entities. The Group also incurred some portion of subcontracting costs, rentals and purchases of materials and services from other government-related entities. These transactions are carried out on terms agreed with the counter parties in the ordinary course of business. As a result, a major portion of the Group's trade and other receivables and payables, as well as amount due from/due to customers for contract work, is with other government-related entities.

In addition, the Group has the following significant transactions and balances with other government-related entities:

	Group	
	2014	2013
	RMB million	RMB million
Transactions with other government-related entities		
– Interest from bank deposits	**537**	399
– Interest on bank borrowings	**9,035**	6,156

	Group	
	2014	2013
	RMB million	RMB million
Balances with other government-related entities		
– Restricted bank deposits	**4,680**	3,559
– Cash and cash equivalents	**59,532**	53,309
– Borrowings	**167,294**	131,606
	231,506	188,474

47. Particulars of Principal Subsidiaries

As at 31 December 2014, the Company had direct and indirect interests in the following principal subsidiaries:

Name	Place of incorporation	Type of legal entity	Issued/paid in capital (in million)	Proportional of ordinary shares held by the Company		Proportional of ordinary shares held by non-controlling interests	Principal activities and place of operation
				Directly held	Indirectly held		
Listed -							
Shanghai Zhenhua Heavy Industry Co., Ltd.	the PRC	Joint stock limited company	RMB4,390	28.83%	17.40%	53.77%	Manufacturing of heavy machinery in the PRC
Unlisted -							
China Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB3,278	50%	50%	–	Infrastructure construction in the PRC and other regions
China Road and Bridge Corporation	the PRC	Limited liability company	RMB3,889	96.37%	3.63%	–	Infrastructure construction in the PRC and other regions
CCCC First Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB5,475	100%	–	–	Infrastructure construction in the PRC
CCCC Second Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB3,002	100%	–	–	Infrastructure construction in the PRC
CCCC Third Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB3,740	100%	–	–	Infrastructure construction in the PRC
CCCC Fourth Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB3,140	100%	–	–	Infrastructure construction in the PRC
CCCC First Highway Engineering Bureau Co., Ltd.	the PRC	Limited liability company	RMB2,728	100%	–	–	Infrastructure construction in the PRC
CCCC Second Highway Engineering Bureau Co., Ltd.	the PRC	Limited liability company	RMB2,086	100%	–	–	Infrastructure construction in the PRC
Road & Bridge International Co., Ltd.	the PRC	Limited liability company	RMB2,449	100%	–	–	Infrastructure construction in the PRC
CCCC Investment Co., Ltd.	the PRC	Limited liability company	RMB8,901	100%	–	–	Investment holding in the PRC
CCCC Tianjin Dredging Co., Ltd.	the PRC	Limited liability company	RMB5,807	100%	–	–	Dredging in the PRC
CCCC Shanghai Dredging Co., Ltd.	the PRC	Limited liability company	RMB7,606	100%	–	–	Dredging in the PRC
CCCC Guangzhou Dredging Co., Ltd.	the PRC	Limited liability company	RMB4,934	100%	–	–	Dredging in the PRC
CCCC Third Highway Engineering Bureau Co., Ltd.	the PRC	Limited liability company	RMB930	100%	–	–	Infrastructure construction in the PRC
CCCC Fourth Highway Engineering Bureau Co., Ltd.	the PRC	Limited liability company	RMB685	100%	–	–	Infrastructure construction in the PRC

47. Particulars of Principal Subsidiaries(Continued)

Name	Place of incorporation	Type of legal entity	Issued/paid in capital (in million)	Proportional of ordinary shares held by the Company Directly held	Proportional of ordinary shares held by the Company Indirectly held	Proportional of ordinary shares held by non-controlling interests	Principal activities and place of operation
CCCC Tunnel Engineering Co., Ltd.	the PRC	Limited liability company	RMB1,226	99.33%	0.67%	–	Infrastructure construction in the PRC
CCCC International Holding Limited	Hong Kong	Limited liability company	HKD2,372	100%	–	–	Investment holding in the PRC
CCCC Water Transportation Consultants Co., Ltd.	the PRC	Limited liability company	RMB818	100%	–	–	Infrastructure design in the PRC
CCCC Highway Consultants Co., Ltd.	the PRC	Limited liability company	RMB730	100%	–	–	Infrastructure design in the PRC
CCCC First Harbour Consultants Co., Ltd.	the PRC	Limited liability company	RMB723	100%	–	–	Infrastructure design in the PRC
CCCC Second Harbour Consultants Co., Ltd.	the PRC	Limited liability company	RMB428	100%	–	–	Infrastructure design in the PRC
CCCC Third Harbour Consultants Co., Ltd.	the PRC	Limited liability company	RMB731	100%	–	–	Infrastructure design in the PRC
CCCC-FHDI Engineering Co., Ltd.	the PRC	Limited liability company	RMB630	100%	–	–	Infrastructure design in the PRC
CCCC First Highway Consultants Co., Ltd.	the PRC	Limited liability company	RMB856	100%	–	–	Infrastructure design in the PRC
CCCC Second Highway Consultants Co., Ltd.	the PRC	Limited liability company	RMB872	100%	–	–	Infrastructure design in the PRC
China Highway Engineering Consulting Group Co., Ltd.	the PRC	Limited liability company	RMB650	100%	–	–	Infrastructure design in the PRC
CCCC Road and Bridge Consultants Co., Ltd.	the PRC	Limited liability company	RMB123	100%	–	–	Infrastructure design in the PRC
CCCC Xi'an Road Construction Machinery Co., Ltd.	the PRC	Limited liability company	RMB433	54.31%	45.69%	–	Manufacturing of road construction machinery in the PRC
China Highway Vehicle & Machinery Co., Ltd.	the PRC	Limited liability company	RMB168	100%	–	–	Trading of motor vehicles spare parts in the PRC
Chuwa Bussan Co., Ltd.	Japan	Limited liability company	JPY 12,021	75%	–	25.00%	Trading of machinery in Japan
CCCC Shanghai Equipment Engineering Co., Ltd.	the PRC	Limited liability company	RMB10	55%	–	45.00%	Maintenance and repairing of port machinery in the PRC
CCCC Electromechanical Engineering Co., Ltd.	the PRC	Limited liability company	RMB833	60%	40%	–	Infrastructure construction in the PRC
China Communications Materials & Equipment Company Limited	the PRC	Limited liability company	RMB34	100%	–	–	Trading of construction materials and equipment in the PRC
CCCC Finance Company Limited	the PRC	Limited liability company	RMB3,500	95%	–	5.00%	Financial service in the PRC
CCCC Financial Leasing Co.,Ltd	the PRC	Limited liability company	RMB1,800	45%	55%	–	Financial service in the PRC
CCCC Fund Management Co.,Ltd	the PRC	Limited liability company	RMB100	70%	–	30%	Fund Management in the PRC

Notes to the consolidated financial statements (Continued)

48. Holding Company

The Company's directors regard CCCG, a company established in the PRC, as the immediate and ultimate holding company of the Company.

49. Subsequent Events

(a) On 11 December 2014, CCCC International Holding Limited ("CCCI"), a wholly-owned subsidiary of the Company, entered into a share sale agreement with Leighton Holdings Limited ("Leighton"), a company incorporated in Australia. Pursuant to the share sale agreement, CCCI agreed to purchase and Leighton agreed to sell 100% equity interests in John Holland Group Pty Ltd. ("John Holland"), a direct wholly-owned subsidiary of Leighton, on the terms and conditions as set out in the share sale agreement. The aggregated amount of the proposed consideration for the acquisition equals to approximately RMB4,882 million.

The Company anticipates that the completion of this acquisition will occur on or before 30 April 2015. Upon the completion, the Company will indirectly hold 100% equity interests in John Holland, which will become an indirectly wholly-owned subsidiary of the Company.

(b) As approved by NAFMII, two tranches of debentures were issued by the Company on 5 January 2015 and 3 March 2015, respectively, at nominal values of RMB3,000 million and RMB3,000 million, respectively, totalling RMB6,000 million, with maturities of 270 days from issuance. The interest rate is 4.7% and 4.6% per annum, respectively.

(c) As approved by the Extraordinary General Meeting held on 15 January 2015, the Company proposed to issue preference shares in the PRC. The total number of the preference shares to be issued shall not exceed 145 million shares with the proceeds not more than RMB14.5 billion. As at 30 March 2015, this proposed issuance is subject to the approval of China Securities Regulatory Commission ("CSRC"). Upon approval by CSRC, the preference shares will be issued in tranches by non-public issuance to qualified investors.

(d) On 30 March 2015, the Board of Directors approved a restructuring in respect of the assets, personnel and entities relating to the Group's dredging business and the establishment of a joint stock limited company in preparation for a spin-off of the dredging business and subsequent listing.

Terms & Glossaries

"AGM"	The annual general meeting of the Company for the year 2014 to be held on 16 June 2015
"A Shares"	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"A Share Issue"	the issue of an aggregate of 1,349,735,425 A Shares by the Company, which were listed on the Shanghai Stock Exchange on 9 March 2012
"Articles of Association"	the articles of associations of the Company, approved on 8 October 2006, and as amended thereafter
"Board"	the board of Directors of the Company
"BOT"	build, operate and transfer
"BT"	build and transfer
"Company" or "CCCC"	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries
"CCCC Finance"	CCCC Finance Company Limited, a limited liability company incorporated under the laws of the PRC
"CCCC Real Estate"	CCCC Real Estate Company Limited, a wholly-owned subsidiary of CCCG
"CCCG"	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 63.83% equity interest in the Company
"CCCI"	CCCC International Holding Limited, a wholly-owned subsidiary of the Company
"CHEC"	China Harbour Engineering Company Ltd., a wholly-owned subsidiary of the Company
"CHEC Group"	China Harbour Engineering Company (Group), one of the predecessors of the Company
"CRBC"	China Road & Bridge Corporation, a wholly-owned subsidiary of the Company
"CRBC International"	Road & Bridge International Co., Ltd., a wholly-owned subsidiary of the Company

Terms & Glossaries

"CRBC Group"	China Road and Bridge Corporation, one of the predecessors of the Company
"CRED Group"	China National Real Estate Development Group Corporation, a wholly-owned subsidiary of CCCG
"CRED Real Estate"	CRED-Chongshi Real Estate Corporation Limited, a subsidiary of CRED Group, which is approximately 53.32% owned by CRED Group
"Director(s)"	The director(s) of the Company
"experts in five areas"	the strategy of being "experts in five areas", is the optimisation and re-building of the Company based on our existing businesses, markets and resources. That is, to build the Company to be a world-famous engineering contractor, an urban complex developer and operator, a distinctive real estate developer, an integrated infrastructure investor and a general contractor of offshore heavy equipment and port machinery manufacturing and system integration
"F&G"	Friede Goldman United, Ltd.
"GDP"	gross domestic product
"Group"	the Company itself and all of its subsidiaries
"Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"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
"IFRS"	International Financial Reporting Standards promulgated by the International Accounting Standard Board ("IASB"). IFRS includes International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations
"Ministry of Finance"	the Ministry of Finance of the PRC
"PBOC"	People's Bank of China
"PRC" or "China" or "Mainland China"	the People's Republic of China excluding, for the purpose of this annual report only, Hong Kong, Macau and Taiwan
"RMB" or "Renminbi"	the lawful currency of the PRC

Terms & Glossaries

"SASAC"	State-owned Assets Supervisor and Administration Commission of the State Council
"SFO"	the Securities and Future Ordinance
"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Shareholders"	the shareholders of the Company
"State Council"	the State Council of the PRC
"terminal"	an assigned area in which containers and cargo are prepared for loading onto a vessel, train, truck or plane or are stacked immediately after discharge from the vessel, train, truck or plane
"Twelfth Five-Year Plan"	the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015) promulgated by the State Council on the Eleventh National People's Congress in 2010
"Thirteenth Five-Year Plan"	the Thirteenth Five-Year Plan for National Economic and Social Development (2016-2020) expected to be proposed at the National People's Congress and the Chinese People's Political Consultative Conference in 2016 for implementation
"U.S."	United States of America
"U.S. dollars" or "USD"	United States dollars, the lawful currency of the U.S.
"ZPMC"	Shanghai Zhenhua Heavy Industry Co., Ltd, a company incorporated on 14 February 1992 in the PRC and listed on the Shanghai Stock Exchange, which the Company owns, directly and indirectly, a controlling equity interest of approximately 46.2%

Note: Any discrepancies between the amounts herein and the amounts set out in the tables herein are due to rounding

Corporate Information

I. CORPORATE INFORMATION

Legal name of the Company in Chinese: 中國交通建設股份有限公司
Legal Chinese abbreviation of the Company: 中國交建
Legal name of the Company in English: China Communications Construction Company Limited
Legal English abbreviation of the Company: CCCC
Legal representative of the Company: LIU Qitao

II. CONTACT PERSON AND CONTACT DETAILS

Secretary to the Board of the Company: LIU Wensheng
Address: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Tel: 8610-82016562
Fax: 8610-82016524
E-mail: ir@ccccltd.cn

III. BASIC INFORMATION

Registered address of the Company:
85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088

Office address of the Company:
85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088

Company website: http://www.ccccltd.cn
E-mail: ir@ccccltd.cn

IV. INFORMATION DISCLOSURE AND PLACE AVAILABLE FOR INSPECTION

Newspapers designated by the Company for disclosure of information (A Shares):
China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by China Securities Regulatory Commission for publishing annual reports of A Shares:
www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing annual reports of H Shares:
www.hkexnews.hk

Place available for inspection of the Company's annual reports of A Shares:
85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Place available for inspection of the Company's annual reports of H Shares:
Room 2805, 28th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong, China

V. BASIC INFORMATION ON SHARES OF THE COMPANY

Listing place of A Shares: Shanghai Stock Exchange
Abbreviation of A Shares: 中國交建
Stock code of A Shares: 601800

Listing place of H Shares: The Stock Exchange of Hong Kong Limited
Abbreviation of H Shares: CHINA COMM CONS
Stock code of H Shares: 01800

VI. OTHER INFORMATION OF THE COMPANY

Registration date of the Company: 8 October 2006
Legal person business license registration number: 100000000040563
Tax registration number: 110105710934369
Organisation code: 71093436-9

Domestic Auditors:
PricewaterhouseCoopers Zhong Tian LLP
11th Floor PricewaterhouseCoopers Centre, Building 2, Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, China
Signing auditors: WANG Lei and SU Ling

International Auditors:
PricewaterhouseCoopers
22nd Floor, Prince's Building, Central, Hong Kong

Sponsor performing continuous supervisory duty during the reporting period:
BOC International (China) Limited (Note 1)
200 Yincheng Zhong Rd.(M), Pudong District, Shanghai, China
Signing representative of sponsor: TIAN Jin and WANG Ding
Period of continuous supervision: 9 March 2012 to 31 December 2014

Sponsor performing continuous supervisory duty during the reporting period:
Guotai Junan Securities Co., Ltd.
618 Shangcheng Road, Pudong District, Shanghai, China
Signing representative of sponsor: LIU Xin and ZHU Rui
Period of continuous supervision: 9 March 2012 to 31 December 2014

VI. OTHER INFORMATION OF THE COMPANY (Continued)

Hong Kong legal advisor:
Freshfields Bruckhaus Deringer (Note 2)
11th Floor, Two Exchange Square, Central, Hong Kong

PRC legal advisor:
Jia Yuan Law Firm
F407, Ocean Plaza, 158 Fu Xing Men Nei Avenue, Beijing, China

Authorised representatives of H Shares:
FU Junyuan, LIU Wensheng

H Share registrar:
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Note 1: Since 2015, CITIC Securities Co., Ltd. will be responsible for continuously supervising the initial public offering of A shares by the Company, for which Ye Jianzhong and Ding Yongcai (as sponsors) have been designated for the supervision work. For more details, please see the announcement dated 17 March 2015 of the Company.

Note 2: Since 2015, the Hong Kong legal advisor and PRC legal advisor of the Company change to Baker & Mckenzie and Deheng Law Offices respectively.

中國交通建設股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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