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

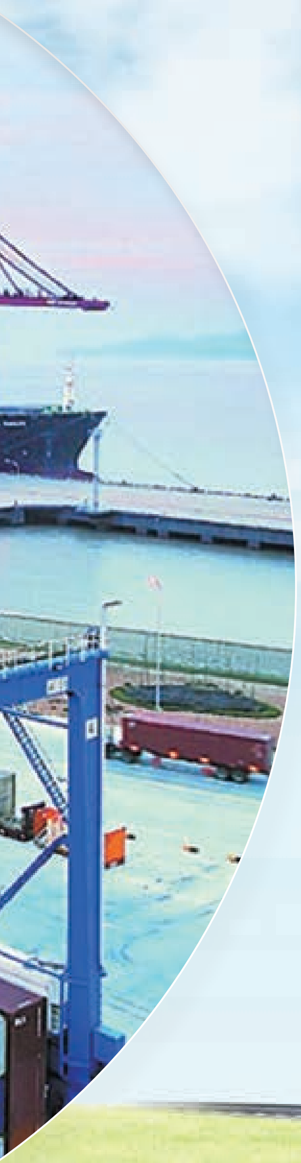
Making In-Roads into the FUTURE

Annual Report 2015

(H Share)


宁波港

Contents



STRATEGICALLY

Positioned for SUCCESS

5-Year Plan

For Striving, Upgrading and Harvesting

THE COMPANY ENTERED INTO A NEW STAGE FOR CORPORATE DEVELOPMENT DURING THE TWELFTH FIVE-YEAR PLAN PERIOD

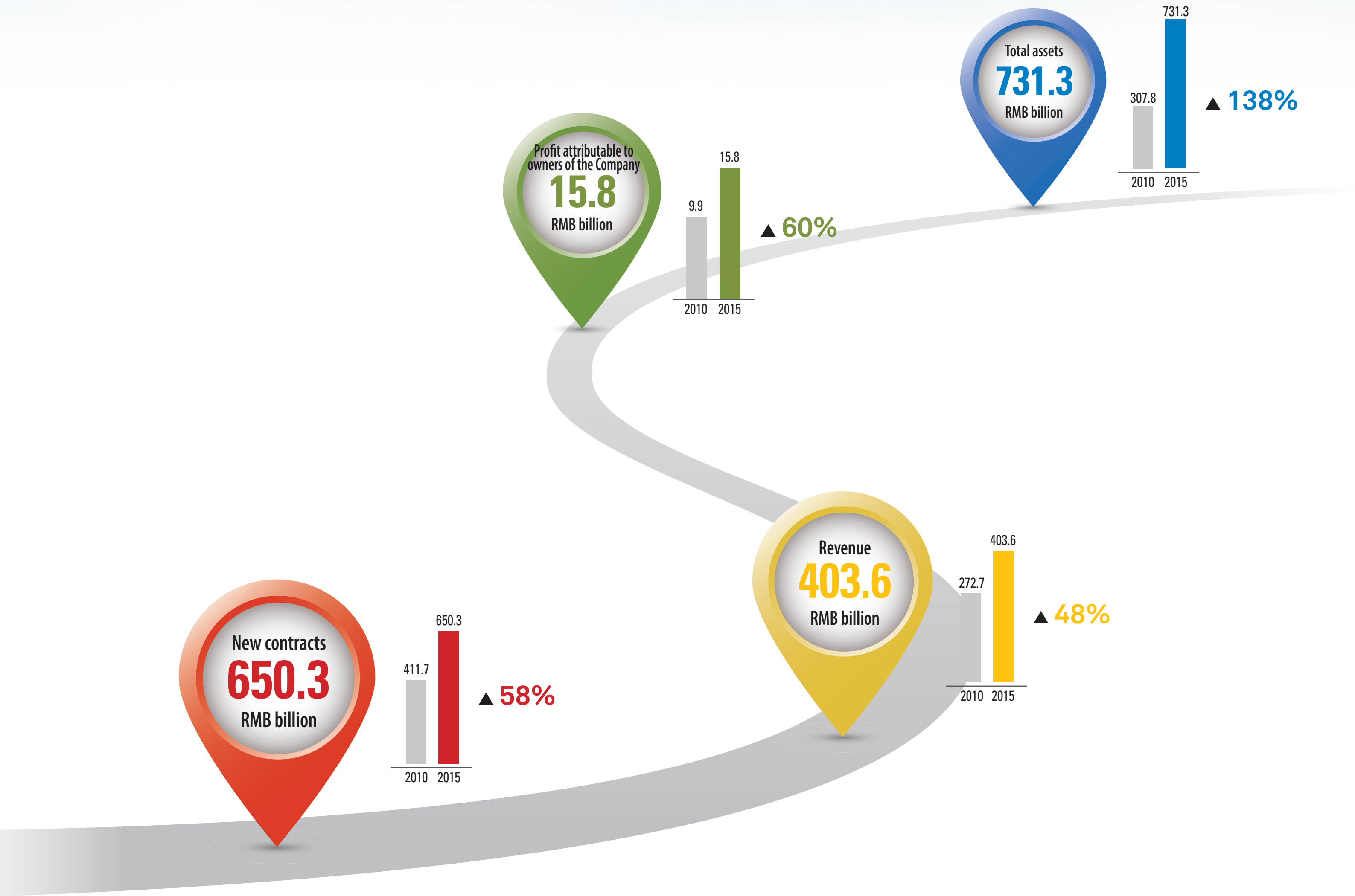
The Twelfth Five-Year Plan period is a period of five years with the significance of a milestone for the Company in the course of its corporate development. As guided by the strategy of "experts in five areas", the Company successfully completed various tasks as planned for the Twelfth Five-Year Plan period by consolidating its foundation, adjusting its structure and going global.

Compared with the end of the Eleventh Five-Year Plan period, the Company's new contracts, revenue and profit attributable to owners of the Company increased from RMB411,738 million, RMB272,734 million and RMB9,863 million to RMB650,315 million, RMB403,616 million and RMB15,828 million, respectively, representing a compound annual growth rate of 9.6%, 8.2% and 9.9% respectively. The total assets and net assets increased from RMB307,794 million and RMB71,080 million to RMB731,313 million and RMB169,006 million, respectively, both representing a compound annual growth rate of 18.9%. During this period, the Company accumulatively turned over RMB80,834 million of profit tax and paid dividends of RMB14,782 million.

The Company is among the three state-owned enterprises that were listed as both the "ten key contact enterprises for implementing the strategy of internationalised operations" and the "ten key contact enterprises for implementing the policy of developing the world's first class enterprises" confirmed by the SASAC. 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 tenth consecutive year and was among the 11 state-owned enterprises being rated as Grade A enterprises consecutively.

The Company has improved its ranking among the Fortune Global 500 from 210th to 165th, achieving the target of becoming top 200 3 years in advance. It also kept improving its rankings among the Engineering News-Records' ("ENR") Top International Contractors, and early achieved the goal of becoming top 5, topping all other Chinese enterprises on the list.

The Company's strategy of "experts in five areas" enhanced its overall development strengths and the Company was honored with the Golden Prize for Strategic Plan in the fifth "Management Academy Award in China". The Company has also been highly affirmed by the state and the market for its efforts in implementing state strategies such as "One Belt One Road" and national key engineering projects. In addition, the Company has been generally appreciated across the world for its harmonious and win-win development with stakeholders.



The Company strives to build itself into

A World-class Enterprise

at the end of the Thirteenth Five-Year Plan period, and will attentively write a new chapter in practicing the five development philosophies of "Innovation, Coordination, Greenery, openness and Sharing".

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 01800.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.SH 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 eight consecutive years (2008-2015) by Fortune Magazine. As the integrated strength of the Company grew continuously, its ranking moved up accordingly from 426 in 2008 to 165 in 2015, 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 130 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 Group 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. Meanwhile, the Group proactively participated in the railway projects of "Going Global", and the whole railway project of Mombasa-Nairobi, Kenya was designed and constructed by the Group on the basis of the construction standards of railway in China.

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 ENR list of the world's top 250 international contractors consecutively since 1992, remains ranking the first among the Chinese enterprises in ENR for nine consecutive years in terms of revenue from overseas projects, and is the only Chinese enterprise of top 10 with ranking top 5 in 2015. Together with CHEC, CRBC and ZPMC, CCCC now enjoys a high reputation around the world.

CORPORATE PROFILE

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 Research and Development ("R&D") facilities, with "26 centres, 17 laboratories and 15 institutes" (eight national level science and research centres, 18 provincial level science and research centres, one national key laboratory, 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 the cultivation of 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

	For the year ended 31 December		
RMB million (except per share data)	**2015**	2014	Change (%)
Revenue	**403,616**	366,042	10.3
Gross Profit	**49,754**	39,272	26.7
Operating Profit	**25,798**	23,785	8.5
Profit attributable to owners of the Company	**15,828**	13,985	13.2
Earnings per share (Note 1)	**0.96**	0.86	11.6

	As at 31 December		
RMB million	**2015**	2014	Change (%)
Total assets	**731,313**	630,180	21.8
Total liabilities	**562,307**	498,568	20.8
Total equity	**169,006**	131,612	25.5
Capital and reserves attributable to owners of the Company	**146,724**	116,531	22.8

	For the year ended 31 December			
RMB million	**2015**	**% of total**	2014	Change (%)
New Contracts (Note 2)	**650,315**	**100.00**	608,417	6.89
Infrastructure Construction Business	**539,456**	**82.95**	496,821	7.22
– Port Construction	**53,064**	**8.16**	45,639	2.17
– Road and Bridge Construction	**151,794**	**23.34**	131,919	15.07
– Railway Construction	**27,063**	**4.16**	21,430	26.29
– Investment Projects	**85,900**	**13.21**	100,688	(14.69)
– Overseas Construction Projects	**136,249**	**20.95**	105,496	29.15
– Municipal and Other Projects	**85,386**	**13.13**	91,649	(6.83)
Infrastructure Design Business	**35,929**	**5.52**	31,137	15.39
Dredging Business	**41,194**	**6.33**	42,332	14.33
Heavy Machinery Manufacturing Business	**32,714**	**5.03**	33,032	(0.96)
Other Businesses	**5,331**	**0.82**	5,095	4.63
Elimination	**(4,309)**	**(0.66)**		

	As at 31 December			
RMB million	**2015**	**% of total**	2014	Change (%)
Backlog (Note 2)	**867,298**	**100.00**	818,280	5.99
Infrastructure Construction Business	**757,842**	**87.38**	720,669	5.31
Infrastructure Design Business	**46,518**	**5.36**	40,736	14.19
Dredging Business	**43,341**	**5.00**	34,649	21.45
Heavy Machinery Manufacturing Business	**22,685**	**2.62**	21,546	5.29
Other Businesses	**1,721**	**0.20**	680	153.09
Elimination	**(48.49)**	**(0.55)**		

Note 1: The medium term notes (the "MTN") issued by the Company on 18 December 2014 were classified as equity instruments with deferrable cumulative interest distribution and payment. The MTN interests which have been generated but not yet declared, from issue date to 31 December 2015, were deducted from earnings when calculate the earnings per share for the year ended 31 December 2015.

Note 2: CCCC Dredging was established as a result of successful implementation of internal restructuring for the dredging business in 2015, and related data in 2014 was restated to reflect the above changes. Meanwhile, the sub-contracting contracts within the Group secured by CCCC Dredging in 2015 were offset on the level of consolidation.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

In light of the complicated external situation in 2015, the Company, as guided by the strategy of "experts in five areas", comprehensively completed the annual targets by performing the major tasks of consolidating foundation, adjusting the structure and going global. The Company has optimally accomplished various tasks as planned for the "Twelfth Five-Year Plan" period, and has made preparations for the favourable beginning of the "Thirteenth Five-Year Plan" period.

In 2015, both the existing and new business of the Company developed stably and contributed to the solid growth of business performance. Revenue of the Group was RMB403,616 million, representing a year-on-year increase of 10.3%. Profit attributable to owners of the Company was RMB15,828 million, representing a year-on-year increase of 13.2%. Earnings per share was RMB0.96. New contracts amounted to RMB650,315 million, representing a year-on-year increase of 6.9%. As at 31 December 2015, the backlog of the Group amounted to RMB867,298 million, representing an increase of 6.0% compared with that as at 31 December 2014.

CHAIRMAN'S STATEMENT

In 2015, the Company ranked the 165th among Fortune Global 500, improving by 22 places. The Company ranked the 5th in ENR's Top International Contractors and was the only Chinese enterprise ranking the Top 10. 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 tenth consecutive year and was among the 11 state-owned enterprises being rated as Grade A enterprises consecutively. The Company has won 2 State Scientific and Technological Progress Awards, 2 State Technological Invention Awards, 7 National Patent Awards and 11 National Grade Normalised Construction Methods. It was the first time for the Company to win the Special State Scientific and Technological Progress Award, State Technological Invention Award and National Invention Patent Gold Award. The Company has also been highly affirmed by the state and market for its efforts in implementing state strategies such as "One Belt, One Road" and national key engineering construction. In addition, the Company has been generally appreciated across the world for its harmonious and win-win development with stakeholders.

Over the past year, under the grand background that a new round of state-owned enterprise reform has been fully launched, the Company has accelerated its integration and adjustment pace of internal production resources and operating assets on the basis of its current situation and has achieved positive effects. The Company has further highlighted the innovation-driven model, systematically promoted technological innovation, financial innovation and business model innovation and successfully built up the new advantage of transformation upgrade. The Company endeavours to pursue efficiency and benefit from management and has further enhanced the standardised, intensified, informationalised and refined level of its fundamental management. The strengthened construction of talent teams has provided the Company with strong organisational guarantee and talent support.

Looking back the past five years, CCCC has weaved a marvelous chapter of business development by their steadfast efforts with sweat, wisdom and diligence. Pleasing and encouraging achievements have been made accordingly.

The "Thirteenth Five-Year Plan" brings us both challenges and opportunities as usual. The Company is still undergoing an important strategic opportunity period for remarkable development. The Company will deepen its understanding of the development requirements under new normal situation, build the core strategy of "experts in five areas", devise and implement the targets and tasks during the "Thirteenth Five-Year Plan" period elaborately with strong determination. The Company will attentively write a new chapter in practicing the five development concept of "innovation, harmonization, green, openness and sharing", striving to comprehensively build itself into a world-class enterprise by the end of the "Thirteenth Five-Year Plan" period.

The starting point determines the subsequent tendency, while the beginning correlates with the overall situation. The year of 2016 is a starting year of the "Thirteenth Five-Year Plan" as well as a crucial year for implementing the structural reform. On the basis of summarising previous achievements and problems comprehensively, the Company will utilise the dual-wheel driving factors of reform innovation and operational excellence, and endeavour to fulfill the following six major works properly:

Firstly, the Company will continue to deepen the reform in crucial points and release our corporate vitality. We will endeavour to do well in compilation and demonstration of the "Thirteenth Five-Year Plan", and set up a special reform working group to coordinate the relationship among reform, development and stability, the relationship between stable growth and restructuring, and the relationship between intensifying reform vitality and strengthening monitoring.

Secondly, the Company will attach great importance to enhancing the development quality and efficiency and achieving the operational excellence. We will endeavour to pursue benefits from making increment, from revitalising stock assets and from enhancing management. We will also strengthen risk control and safety management.

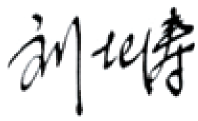
Thirdly, the Company will deepen the innovation-driven model to promote enterprise transformation and upgrade. According to the changes in market demands, we will endeavour to promote the transformation upgrade from a contractor and manufacturer to an investor, operator and developer and adapt to the supply side changes as soon as possible.

Fourthly, the Company will try to increase its market share and fully promote the business growth. We will research, create and expand the market, make use of all organisational structures at all levels to achieve the all-round adaption to market changes, and fully exploit the market potentials.

Fifthly, the Company will further give priority to overseas development and improve the business levels. We will deepen the construction of overseas priority execution system, make sure to give priority to overseas development in terms of resources allocation, management, incentive guarantee and "Going Global" of major business modules and develop the overseas business to a brand new level.

Sixthly, the Company will conform to the market development environment and carry out investment with steady steps. We will fully recognise the unique role of investment in our business development system, deeply grasp boundary conditions of investment business development and its internal relationship with other businesses of the Company, positively optimise the investment scale, structure and layout, and promote the orderly development of investment business.

In 2016, standing on the new starting point of history, the Company will firmly build the consciousness of opportunity, risk and responsibility, with the mentality of starting afresh, break the inertia and keep going with a constantly upgrading attitude; we will start off again with an courageous, persistent and tenacious attitude, work steadily and assume our due responsibility bravely; we will build an eco-system with picturesque sceneries, do our work on the clean and eco-friendly principle, and accumulate powerful high-spiritedly positive energy. With the spirit of "communicating with the world and constructing without boundaries", I believe CCCC people not only could create the encouraging past, but could also certainly open up a brighter future. All shareholders, people from all walks of life and friends that have cared about our Company for a long time, we hope for your continual help and support!



Liu Qitao
Chairman

Beijing, the PRC
28 March 2016

Shenzhen Yantian Port Container Terminals, the first port with a title of the "World's Best Port" in China and an important gateway for Chinese imports and exports.

In 2015, the Company and all staff members devoted themselves to solve the problems they encountered and strived to make positive progress despite facing a very complicated operating environment. Positive results were achieved for all tasks. In particular, the major operating indicators were well realised and good operating results were achieved with enhanced quality and effectiveness.

In 2015, revenue of the Group was RMB403,616 million, representing a year-on-year increase of 10.3%. The value of new contracts amounted to RMB650,315 million, representing a year-on-year increase of 6.9%. As at 31 December 2015, the backlog of the Group was RMB867,298 million, representing an increase of 6.0% as compared with the backlog as at the end of 2014.

In 2015, revenue of the Group's business derived from overseas markets, including revenue realised from export trade of domestically manufactured industrial products and the same hereafter, amounted to RMB74,961 million (equivalent to approximately USD12,031 million), representing approximately 18.6% of the Group's revenue. The value of new contracts from overseas markets amounted to RMB156,296 million (equivalent to approximately USD25,209 million), representing approximately 23.9% of the Group's new contract value. According to statistics, as of 31 December 2015, the Company commenced foreign contracting engineering projects in 135 countries and regions and a total of 602 foreign contracting engineering projects were under construction, with a total contract amount of approximately USD48,500 million.

In 2015, the value of new contracts (budget for investment, same as below) from investment projects of all business of the Group amounted to RMB98,495 million, accounting for approximately 15.0% of the value of new contracts of the Group. During the process of designing and implementing the foregoing projects, the Group was expected to undertake such construction and installation contracts in an amount of RMB58,678 million.

I. BUSINESS REVIEW AND MARKET STRATEGIES

In 2015, China's economy operated in a reasonable manner but the downward pressure on economic growth continued to increase. China successively launched a series of policies and measures, for the purposes of stabilising growth, promoting reforms, adjusting the structure, benefiting the people's livelihood and preventing against risks, further highlighting the importance of steady investment in infrastructure construction while the scales of investment in fixed asset of transportation industry continued to maintain its high level and the construction of new urbanisation continued to proceed. The development of the Company saw stable and good momentum in the domestic market. Projects under construction were developing orderly and the bid-winning rate for new projects increased. Meanwhile, we were confronted with various challenges and problems including the adjustment in traditional business and weak growth in some individually segmented markets.

In 2015, international market was underwent tremendous changes. Oil prices dropped significantly. The economy in Latin America was staggering. All such produced an impact on the development of the overseas business to a certain extent. However, the Chinese government was determined to facilitate the implementation of the "Going Global" strategies. The state leaders paid close attention to the "One Belt, One Road" and "Six Corridors projects", overseas railway projects under the "Going Global" strategy, framework projects in cooperation with the government and the development of the cooperative projects in the realm of global production capacity and equipment manufacturing. Faced with market opportunities and challenges, the Company has been speeding up the establishment of an unified effective overseas command and decision-making system, strengthening marketing and coordination for high-end markets, increasing the synergic development of the brand and giving full play to the market exploring and developing capability as a professional company. Our overseas business was developing rapidly and did achieve extraordinary results for the entire year. The Company steadily ranked in the first place in terms of the largest global contractor among Chinese enterprises and was the only Chinese enterprise among top 10, ranking top 5 in 2015.

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business

In 2015, revenue from infrastructure construction projects by the Group was RMB345,475 million, representing a year-on-year increase of 15.5%. The value of new contracts entered into by the Group amounted to RMB539,456 million, representing a year-on-year increase of 7.2%. Wherein, 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 RMB53,064 million, RMB151,794 million, RMB27,063 million, RMB85,900 million, RMB136,249 million and RMB85,386 million, respectively, representing 10%, 28%, 5%, 16%, 25% and 16% of the total value of new infrastructure construction contracts. As at 31 December 2015, the backlog was RMB757,842 million, representing an increase of 5.3% as compared with the backlog as at the end of 2014.

(1) Port Construction

In 2015, the value of new contracts of the Group for Mainland China port construction projects reached RMB53,064 million, representing a year-on-year increase of 2.2%, and accounting for 10% of that of the infrastructure construction business.

In 2015, the market of water transportation construction which took coastal ports construction as the core saw a slow recovery with limited increase. According to the data of investment in fixed assets of coastal water transportation construction published by the Ministry of Transport, the investment completed from January to November amounted to approximately RMB79,958 million, accounting for a slight year-on-year decrease of 5.2%. With reference to the Company's statistical data regarding the bidding of new projects, the number of large-scale and quality domestic projects of coastal construction further decreased. The focus of construction shifted towards ports of a lower grade, some newly planned port areas and cargo owner's wharf.

By leveraging on the absolute advantages of pelagic construction, the Company has undertaken the national key construction projects for 2015, which has produced boosting effect in production and operation for that year. Meanwhile, under the guidance of strategies including the integrated transportation planning under the coordinated development of Beijing, Tianjin and Hebei, the outlines of Yangtze River Economic Zone development and "One Belt, One Road", the Company exercised full exploration of project opportunities in Yangtze Rive basin, transformation and upgrading of old ports, and seized market opportunities regarding the ports construction along Maritime Silk Road, which could supplement the traditional business. Furthermore, the Company fully leveraging on the controlling capability of the business department over production and operation, strengthened the overall preliminary planning of major projects and timely analysed and summarised the market changes. As a result, the bidding rate and bid-winning rate for the Company in 2015 were higher than those for the same period in previous years and the market share of the Company was further solidified and enhanced.

In 2016, China will facilitate the revision of the "Layout Plan of National Coastal Ports" (《全國沿海港口佈局規劃》) whereby the construction of some inland waterways of higher grade in respect of the "Two Horizontal, One Vertical, Two Networks and Eighteen Lines" ("兩橫一縱兩網十八線") and major ports for inland waterways will be fully accelerated and construction of large-scale port areas and professionalised piers will be facilitated in an orderly manner, and key engineering work including Phase IV of Shanghai International Shipping Center Yangshan Port will be implemented. The implementation of the foregoing projects will strongly support the steady development of the Company's business of port construction.

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business (Continued)

(2) Road and Bridge Construction

In 2015, the value of new contracts of the Group for Mainland China road and bridge construction projects reached RMB151,794 million, representing a year-on-year increase of 15.1%, and accounting for 28% of that of the infrastructure construction business.

In 2015, the overall growth in the investment in the market of road and bridge construction saw a slowdown. According to the data of investment in transportation fixed assets of road construction published by the Ministry of Transport, the investment completed from January to November amounted to approximately RMB1.50 trillion, accounting for a year-on-year increase of 6.5%. The scale of the investment was maintained at a high level while the western regions were welcoming the peak of construction.

In 2016, China is planning to facilitate road construction in an orderly manner. The Company is paying particular attention to the construction of the sections of national expressways pending to be connected, the expansion and transformation in the sections with heavy traffic and the upgrading and transformation projects of major roads at national and provincial level focusing on national roads connected with the "undeveloped and remote areas" ("老少邊窮"). It is expected that the expressways newly constructed in the year will be around 4,500km and the major roads at the national and provincial level newly constructed in the year will be around 16,000 km.

(3) Railway Construction

In 2015, the value of new contracts of the Group for Mainland China railway construction projects reached RMB27,063 million, representing a year-on-year increase of 26.3%, and accounting for 5% of that of the infrastructure construction business.

According to the data of the Ministry of Transport, it is expected that the scale of investment in railway construction completed in 2015 could reach RMB823,800 million and the railway construction was in the status of active development. For the first six months of 2015, the bidding of new projects became less. Nevertheless, under the impact of the central government policy in relation to further increasing railway construction and newly-commenced projects, the Company kept close to the market changes, strengthened the collection of bidding information, communicated well with potential customers and enhanced the quality for preparing bidding documents. For the last six months of the year, the bid-winning projects of the Company increased significantly, which brought a significantly growth for the value of the newly executed contracts regarding railway projects for the entire year.

(4) Investment Projects

In 2015, the value of new contracts of the Group for investment projects in Mainland China infrastructure construction business amounted to RMB85,900 million, accounting for 16% of that of the infrastructure construction business. During the process of designing and implementing the foregoing projects the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB47,562 million.

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business (Continued)

(4) Investment Projects (Continued)

In 2015, the Company unswervingly adhered to the investment projects with PPP model as the main investment method. And among our infrastructure construction business, the value of new contracts in terms of BOT projects, government procurement projects and urban comprehensive development projects amounted to RMB25,643 million, RMB52,964 million and RMB7,293 million, respectively, representing 30%, 62% and 8% of the value of new contracts for infrastructure construction investment projects, respectively.

During the "Eleventh Five-Year" period, the Company dedicated to the development of investment projects aiming to obtain profits from investment activities other than from, among others, rational design and construction projects. As at 31 December 2015, according to statistics, the total contracted investment volume of the Group's BOT projects was estimated to be RMB230,088 million, wherein, the accumulative completed investment amounted to RMB134,940 million, and uncompleted investment amounted to RMB95,148 million. The total contract value of government procurement projects entered into by the Group amounted to RMB230,642 million, wherein, the accumulative completed investment amounted to RMB75,312 million, with an investment amount of RMB62,123 million of projects having entered into the payback period and cumulatively RMB29,833 million having been recovered. The total contract value of the Group's urban comprehensive development projects was estimated to be RMB171,353 million, among which, RMB41,031 million having been completed cumulatively, RMB21,634 million sales amount having been realised and RMB17,142 million having been received by the Company.

In 2015, the governments at all levels in China were actively promoting the PPP model where the governments collaborate with social capital. This highly matched with the strategic vision of the "experts in five areas" and layout of business streams implemented by the Company. The Company closely followed the direction of the market development and subject to the strict implementation of overall budget management regarding investment business, the Company also gave full play to its capability for market exploration of the business department and the regional headquarters and guided its subsidiaries to undergo differentiated development. As a result, some PPP projects with excellent potential were successfully landed and signed.

Meanwhile, as for those signed projects under execution, the Company has accelerated the progress of adoption and implementation. This has provided strong support for driving the Company's major business operation, speeding up the structural transformation and upgrading, and realising the operating goals for the entire year. With respect to the BOT projects which have entered into the operation period, the Company would strengthen the professionalised management of the operational assets. By taking BOT projects for trial, the newly established CCCC Asset Management Company Limited would actively prepare for the implementation of asset securitisation and speed up the progress of financial innovation and asset activation for its next step.

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business (Continued)

(5) Overseas Construction Projects

In 2015, the value of the new contracts for overseas construction projects of the infrastructure construction business entered into by the Group amounted to RMB136,249 million (equivalent to approximately USD22,185 million), representing a year-on-year increase of 29.2% and accounting for 25% of that of the infrastructure construction business. Wherein, the number of new projects with contracted value of more than USD300 million were 18, with total contractual value amounting to RMB15,145 million and accounting for 68.3% of total value of all new contracts for overseas construction projects.

Categorised by project type, the value of overseas new infrastructure construction contracts for roads and bridges, port, railway, housing, airports, municipal and other projects accounted for 27%, 24%, 21%, 2%, 2% and 24% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Africa, Southeast Asia, Hong Kong/Macau/Taiwan, Oceania, Central Caribbean, Central Asia and West Asia, Europe and South America accounted for 52%, 15%, 10%, 9%, 6%, 4%, 3% and 1% of the value of new contracts for overseas projects, respectively.

In 2015, the progress of the production of the overseas projects under construction was normal, the expected target revenue has been well guaranteed and the operating risk was under control. Benefiting from the good market environment from the "One Belt, One Road", our overseas business was closely following the national strategy. The senior management of national leaders witnessed that and rapid business exploration and development were the highlights of the development of our overseas business.

Firstly, successively following China's strategy and high-end visit cycle, we have grasped the internal demand of the regional economic development of the global market and have dug deep the strong driving need for "Going Global" of our domestic industries and enterprises. Among which, during the FOCAC Summit in South Africa (中非合作論壇南非峰會), the Chairman of the Company served as the sole representative of Chinese enterprises and gave a speech at the closing ceremony of the entrepreneurs' meeting, and signed proposals and agreements with an aggregate value of more than USD11,000 million. Such fully reflected the real power and strength of the Company and highlighted the sound and good image of the Company as a responsible enterprise during the process of internationalisation.

Secondly, we firmly grasped the key markets of Pakistan, Uganda and Kenya and explored the new market opportunities in Russia, Senegal, Trinidad and Tobago, Australia and others. Our capability of making global layout was further strengthened.

Thirdly, we successfully acquired John Holland Group Pty Ltd., an Australian company, and then entered into the markets of Australia and New Zealand, as well as obtained professional supplement in respect of water work engineering and railway construction and operation. After the completion of such acquisition, new contracts with an aggregate value of USD1,898 million were contributed by John Holland for that year.

BUSINESS OVERVIEW

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

1. Infrastructure Construction Business (Continued)

(6) Municipal and Other Projects

In 2015, the value of new contracts for municipal and other projects in Mainland China entered into by the Group reached RMB85,386 million, representing a year-on-year decrease of 6.8%, and accounting for 16% of that of the infrastructure construction business.

For the first six months in 2015, the progress of market exploration was slow because of lack of new projects under construction and vigorous market competition for the traditional bidding market. By market analysis, the Company has strengthened its business positioning, defined key cities and key regions, reinforced high-end commercial connection, centralised quality resources and established adaptive operating structure. As a result, the new orders placed for the last six months of 2015 slightly improved. Meanwhile, the Company innovated its commercial mode and steadily facilitated the development of PPP projects by utilising its experience in its long-term cooperation with the local governments in investment business as the social capital. Through capital injections, it successfully entered into the infrastructure projects including underground railway in Harbin and Qingdao, and those infrastructure projects in Jintan City and Jurong City in Jiangsu Province.

2. Infrastructure Design Business

In 2015, revenue from the infrastructure design business of the Group was RMB24,483 million, representing a year-on-year increase of 16.1%. The value of new infrastructure design contracts entered into by the Group reached RMB35,929 million, representing a year-on-year increase of 15.4%. Wherein, the value of new contracts from overseas markets amounted to RMB1,548 million (equivalent to approximately USD252 million), while the value of new investment contracts amounted to RMB2,993 million, with the value of construction and installation contracts to be undertaken by the Group being estimated to be RMB2,643 million. As at 31 December 2015, the backlog amounted to RMB46,518 million, representing an increase of 14.2% as compared with the backlog as at the end of 2014.

Categorised by project type, the values of new contracts for survey and design, project supervision, EPC contracts and other projects (including PPP projects) amounted to RMB11,423 million, RMB911 million, RMB20,062 million and RMB3,533 million, respectively, representing 32%, 2%, 56% and 10% of the total value of new infrastructure design contracts, respectively, as compared with 31%, 3%, 54% and 12%, respectively recorded for the corresponding period of 2014.

In 2015, the business of port survey and design in China was steadily growing. Since the business of road and bridge business was growing to a certain extent, the total market volume of the business of port survey and design tended to be in mild growth. Subject to the characteristics of the market and the environmental changes, the Company has been actively grasping the market opportunities brought by the national key projects. By adopting measures in various aspects to explore the market, the Company has realised sustainable development of infrastructure design business.

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

2. Infrastructure Design Business (Continued)

Major achievement includes the following: firstly, the Company has been endeavouring its best efforts to consolidate its market share on the traditional market, to strengthen the collaborated development of market with all subsidiaries (branches) through the business department and to centralise the resources for better cultivation and follow-up of key projects. Meanwhile, it undertakes the specific plannings at the national and provincial level, including the "Thirteenth Five-Year" plan for the development of the marine business and the plan of informatisation of transportation, and thus the influencing power on the market was enhanced. Secondly, it has been positively seeking market opportunities for PPP projects and has successfully signed and executed contracts for the non-operational PPP integrated projects at Wuxing District in Huzhou, Zhejiang Province. Thirdly, relying on the Company's professional platform of overseas business, it has strengthened the development of overseas market and has realised the breakthrough in the regional market development. Fourthly, it has implemented reform in and has expanded new aspect of business. It has completed the restructuring of the professional railway survey and design institute and has successfully entered into the business regarding urban roads and bridges, and rail transit, for purposes of diversifying the business by making good and great efforts.

3. Dredging Business

In 2015, revenue from the dredging business of the Group was RMB33,515 million, representing a year-on-year increase of 19.6%. The value of new dredging contracts entered into by the Group reached RMB41,194 million, representing a year-on-year increase of 14.3%. Wherein, the value of new contracts from overseas markets amounted to RMB6,492 million (equivalent to approximately USD1,057 million), while the value of new investment contracts amounted to RMB3,893 million, with the value of construction and installation contracts to be undertaken by the Group being estimated to be RMB3,433 million. As at 31 December 2015, the backlog amounted to RMB43,341 million, representing an increase of 21.5% as compared with that as at the end of 2014.

In 2015, 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 2015, the Group's dredging capacity amounted to approximately 740 million cubic meters under standard operating conditions.

The downturn of market demand for coastal port and channel dredging in the PRC continued in 2015. However, following the activation and implementation of certain extra-large scale reclamation engineering projects and the on-going acceleration in the construction of inland golden watercourses, there were signs of stronger recovery in the market. Confronted with the market changes, the Company completed the reorganisation of the dredging business in June and set up a dredging group to further streamline the development strategy and the management and control model for the dredging business, established the market layout of developing the overseas dredging business on priority, coordinate the operation of extra-large domestic and overseas projects, and scientifically planned the procurement, transformation, repair and maintenance of vessels. By means of a series of reform initiatives, the dredging business experienced an enhancement and improvement for the value of new contracts and the level of earnings in 2015.

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

3. Dredging Business (Continued)

In 2016 and future periods, with the PRC's economy in the "new normal" stage, certain projects including the oceanic resources exploration, the construction of artificial islands and the comprehensive improvement of the regional environment, which were related to the implementation of "National Ocean Power" and "Beautiful China", as well as more comprehensive investment projects in bigger scale will be presented on the schedule. The market capacity will continue to be at a relatively high level. In light of the different opportunities in the domestic and the international markets, the Company will go on expediting the strategic deployment for constructing the worldwide first-rated dredging enterprise to proactively fulfill the extension of the industry chain and the improvement of the industrial structure, enhance the proportion of overseas business revenue, new business revenue and investment business revenue as well as give full play to its impact on the global dredging industry through the integration of resources and the model innovation.

4. Heavy Machinery Manufacturing Business

In 2015, revenue from the heavy machinery manufacturing business of the Group was RMB24,104 million, representing a year-on-year decrease of 9.8%. The value of new heavy machinery manufacturing contracts entered into by the Group reached RMB32,714 million, representing a slight year-on-year decrease of 1.0%. Wherein, the value of new contracts from overseas markets amounted to RMB12,965 million (equivalent to approximately USD2,111 million), while the value of new investment contracts amounted to RMB5,709 million with the value of construction and installation contracts to be undertaken by the Group being estimated to be RMB5,040 million. As at 31 December 2015, the backlog was RMB22,685 million, representing an increase of 5.3% as compared with that as at the end of 2014.

In 2015, the global port machinery market continued to be on the rise with more outstanding recovery of product orders and the record high monthly results amounting to US$615 million in July. However, upon completion of numerous major procurement projects for large-scale terminals in 2015, the room for market growth is expected to bear bigger pressure in 2016. In order to cope with the market changes and on the basis of assuring the market share, we have managed to grasp the opportunities for the trend of global energy-saving and environmental protection, the port automation, the construction of bigger vessels, continued to innovate technologies, launched the brand new fully automatic loading/unloading system for container terminals and the full set of bulk loading/unloading system to ensure the absolute leading position of the port machinery products in the global industry.

As the marine engineering equipment business was affected by the persistent downturn of the international oil prices, the volume of new contracts had a significant year-on-year decline in 2015. Postponed receipt, overdue payment for the construction cost and abandoned orders in various degrees appeared in the global market of marine engineering equipment business. The prospects are not optimistic for the market development in the coming two to three years. According to the market changes, the Company has commenced the comprehensive investigation of the contract performance of projects under execution and endeavoured to go through the recession of the industry smoothly and stably by means of early warning and effective schemes to cope with the situation through risk assessment with prompt utilisation of various legal measures to safeguard the legal interests.

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

4. Heavy Machinery Manufacturing Business (Continued)

Meanwhile, the PRC has kept on attaching greater importance to the industry of the marine engineering equipment with launching a series of supporting policies in the aspects of finance, fiscal matters and taxation, so as to create a more easing and excellent financial environment for the manufacturing enterprises of marine engineering equipment. Confronted with the opportunities for development, the Company will make sufficient use of the PRC's strategic planning of "Made in China 2025",the development of "One Belt, One Road" and the strategy of "Going Global" for the heavy machinery manufacturing industry, strengthen the research and development of the high-end products of marine engineering equipment and the core supporting components and equipment, consolidate and enhance the advantageous product positioning, reinforce the capability of independent research and development, design, production and the supporting capacity, so as to seize the high-end market of marine engineering equipment production and endeavour to enhance competitiveness.

Some major contracts entered into by the Group in 2015 are as follows: (Unit: RMB million)

(1) Infrastructure Construction Business

No.	Port Construction Contract Name	Contract Value
1	No. 6 to No.10 container terminal project in Meishan Port Zone of Ningbo-Zhoushan Port, Zhejiang	2,201
2	The auxiliary terminal project of Jiahu Bay Power Plant in Lufeng, Guangdong	1,570
3	Phase II of Guang'ao Port Zone of Shantou Port in Guangdong	1,337
4	The construction engineering for the regulating structure of Fujiangsha waterway in Phase II of the 12.5-meter deepwater channel regulation of the Yangtze River under Nanjing	1,139
5	The regulating structure of Hechangzhou waterway in Phase II of the 12.5-meter deepwater channel regulation of the Yangtze River under Nanjing	1,095

No.	Road and Bridge Construction Contract Name	Contract Value
1	EPC project for section LBMSG-3 of Linhe-Baigeda section of Beijing-Xinjiang Highway	8,651
2	Section HBTJ01 of the main civil works of Huinan-Baishan Highway in Jilin	2,127
3	EPC project for section EMSG-1 of Erenhot Port to Mandalt section of National Highway 331 in Inner Mongolia	1,360
4	Section 1 of Fuyou-Shatou Highway reconstruction project of Provincial Highway 41 in Yongjia, Zhejiang	1,299
5	Section TS11 of Taizhou Bay Bridge and connection line project in Zhejiang	1,118

BUSINESS OVERVIEW

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

(1) Infrastructure Construction Business (Continued)

No.	Railway Construction Contract Name	Contract Value
1	Section 6 of the station project of Anhui- Zhejiang Section of Shangqiu-Hefei- Hangzhou Railway	2,704
2	Section LZDQSG-1 of Wufengshan Yangtze River Mega Bridge of Lianyungang-Zhenjiang Railway	2,521
3	Section JSJJSG-11 of the station project of Beijing Section of Beijing-Shenyang Dedicated Passenger Line	2,504
4	Section XYZQ-4 of EPC station project for Xuzhou-Huaian-Yancheng Railway in Suqian	1,984
5	Section 4 of Nanchang-Ganzhou Railway	1,984

No.	Investment Projects Contract Name	Capital	Contract Value
1	Phase II of Harbin Subway Line 3	5,800	26,458
2	BOT project of Guigang-Long'an Highway in Guangxi		19,800
3	Phase I of Qingdao Subway Line R3	2,800	13,500
4	Weng'an-Machangping Railway project in Guizhou		4,993
5	Terminal and auxiliary project of Quanhui Petrochemical Industrial Zone in Fujian		3,893

Note: Please see "Investment Projects of the Company" in Section VI for all the contracts of investment business entered into by the Group in 2015.

No.	Overseas Projects Contract Name	Contract Value (USD million)
1	Nairobi-Malabar Railway project in Kenya	1,483
2	Tamatave Deepwater Harbour Project in Madagascar	1,017
3	The vehicle clearance square and auxiliary construction of Hong Kong Port for the Hong Kong-Zhuhai-Macau Bridge	982
4	Extension project of Abidjan Port in Cote d'ivoire	933
5	Ground leveling and infrastructual construction project of Liantang/Heung Yuen Wai Port, Hong Kong	841

I. BUSINESS REVIEW AND MARKET STRATEGIES (Continued)

(2) Infrastructure Design Business

No.	Contract Name	Contract Value
1	Comprehensive project in Wuxing District, Huzhou City, Zhejiang	2,993
2	Terminal project design for coal consumption power station in philippine	700
3	Terminal (100,000 tonnes) EPC project of Yongxing Phase IV Cogeneration Plant in Vietnam	282
4	Survey and design project of regulation and reconstruction project of Dengqen-Xielashan Highway of National Highway 317 (Tibet border)	99
5	Section A1 of survey and design project of construction project of Lianzhou-Fogang Highway in Guangdong	94

(3) Dredging Business

No.	Contract Name	Contract Value
1	Terminal and auxiliary project of Quanhui Petrochemical Industrial Zone in Fujian	3,893
2	Section 1 of land formation and foundation treatment project in Da Xiao Deng, Fujian	1,938
3	Phase II reclamation project in Penang, Malaysia	1,539
4	Phase II of Guang'ao Port Zone of Shantou Port	1,337
5	Cofferdam, land formation and foundation treatment of No. 6 to No. 10 Container Terminal project in Meishan Port Zone of Ningbo-Zhoushan Port, Zhejiang	1,322

(4) Heavy Machinery Manufacturing Business

No.	Contract Name	Contract Value
1	Phase I of integrated development project of Zhongguancun science and technology park in Liyang, Jiangsu	3,700
2	Encircled basin project of Lvsi Port in Nantong Port, Jiangsu	2,009
3	Quayside container cranes for Jebel Ali harbour in Dubai, United Arab Emirates	982
4	Quayside container cranes, platform trailer, railway crane, container removing equipment for Qingdao Harbour	964
5	Track crane automation in Singapore	878

II. BUSINESS OUTLOOK

Based on the spirits of the Working Conference of the Ministry of Transport in 2016, the period of the "Thirteenth Five-Year Plan" has remained to be an important strategic opportunities for the transportation development in the PRC, The transportation still has to continue to give full play to the critical effects of having effective investment to offset the pressure of the economic downturn. The scale of investment in the transportation infrastructure will keep on running at high level. The basic facet of the positive long-term trend of the market for the construction of infrastructure has remained unchanged.

2016 marks the commencement of the "Thirteenth Five-Year Plan" period. The PRC will definitely expedite the implementation for the network construction of the comprehensive transportation infrastructure. With the forming of new growth momentum under way, the investment in the infrastructure is expected to keep on growing more rapidly. The PRC will expand the innovative investment and financing modes, explore the application of new financing modes including the specialised bonds, the policy-related loans and equity financing. In addition, the PRC will study and explore the establishment of the transportation development funds, and fully implement the development mode of PPP projects for the construction of the transportation infrastructure in order to ensure the steady progress of various types of investment in the transportation infrastructure.

As for the international market, the recovery of the global economy is still relatively weak, with slight increase of the GDP growth rate. It is expected that the easing monetary policy will continue. Some countries have more construction demand for improving their own infrastructure. The international engineering contract market will be expanded steadily, and the strategy of "One Belt, One Road" will bring in new room for the market. Emphasis will be placed on pushing ahead with the interoperability of the infrastructure in the countries along the route and the construction of the international great route, the reinforcement of the cooperation in energy resources, the construction of the international economic cooperation corridor and the joint construction of the industry gathering zone for the purpose of promoting the establishment of local industrial systems.

In light of the opportunities and challenges, the Company, as an extra-large scale construction enterprise with international competitiveness, will make in-depth research and judgment on the circumstances, with outstanding overseas priority development strategy, enhance the awareness of unexpected unfavourable development, utilise favourable conditions to overcome the unfavourable factors and expedite the reform and innovation, in order to seek with great efforts to achieve excellent operation and continue to push forward with the healthy development of the enterprise.

III. BUSINESS PLAN

In 2015, according to statistics, the value of new contracts entered into by the Group amounted to RMB650,315 million, accomplishing 100% of our goal, which was in line with the Group's forecast. Revenue amounted to RMB403,616 million, accomplishing 102.2% of our goal, which was in line with the Group's forecast.

The goal of the value of new contracts to be entered into by the Group for 2016 is a year-on-year increase of 9.55%, and the goal of revenue is a year-on-year increase of 6.00%.

IV. TECHNOLOGY INNOVATION

The effectiveness of technological innovation was remarkable in 2015. The Company was awarded two National Technology Advancement Awards, two National Technological Invention Awards, seven National Patent Awards, and 11 National Grade Normalised Construction Method Awards to fill out the blank of the Company in various awards such as the National Technology Advancement Outstanding Award, the Enterprise Engineering Technology Advancement Award, the National Technological Invention Award and the National Patent Gold Award.

The key laboratory construction has obtained fruitful results. In particular, the Company was approved for the construction of the key state laboratory featuring "road engineering safety and health in regions of high-elevation and frosty area" after the review organised by the Chinese Ministry of Science and Technology. This has been the first key state laboratory of the Company.

The Company has proactively pushed forward with the strategy of "Going Global" for Chinese standards and basically constructed "three levels and three categories" technological innovation platform, including the key laboratories, the research and development centers and the enterprise technological centers of the state grade as well as provincial and ministerial grade. This platform has become the innovation platform system integrating the application fundamental research, the application research and the engineering and industrial research and development into one unity, to provide the Company with the solid foundation for technological development with various projects of technological research having attained the leading level worldwide.

V. FINANCIAL INNOVATION

Under the PPP development mode, the construction market is undergoing an earthshaking reform. The construction enterprises will provide the clients with upgraded services for the whole industry chain such as the preliminary investment and financing, planning, design, construction, operation and maintenance instead of the traditional business mode of spot exchange settlement. For the sake of enhancing the market competitiveness and obtaining more potential income, the construction enterprises should be equipped with the capability of integrating resources of the whole industry chain, particularly the capital operational capability of the preliminary period and the operation period of the project.

The Company has proactively been adapted to the environmental changes and pushed forward with the financial innovation. In 2015, the Company set up the financial management division with clear financial business development positioning and targets, studied and formulated the financial development project planning of CCCC, completed the construction of the major financial platform, set up in succession the financial company, the leasing company, the funds company, the asset company, combined various types of financial tools, and tapped the investment potentials of the main business. The Company further expanded the investment and financing channels, innovated the business mode of the industrial funds, introduced the external funds including China Merchants Bank, the National Social Security Fund and Ping An Bank, and set up, in succession, the Phase I Investment Fund of CCCC (Beijing) and China Merchants for the urban rail transit project (with committed capital contribution of RMB15,000 million in aggregate), the Phase I Equity Investment Fund of CCCC (Beijing) (with committed capital contribution of RMB15,000 million in aggregate), and the CCCC Guangzhou Nansha Equity Investment Fund (with committed capital contribution of RMB10,000 million in aggregate) to provide powerful support for the development of the Company's investment business.

BUSINESS OVERVIEW

VI. INVESTMENT PROJECTS OF THE COMPANY (UNIT: RMB MILLION)

1. Investment Projects newly entered in 2015

No.	Project Name	Project Type	Contract Value Entered	Expected Construction and Installation Contract Value undertaken by the Company	Construction Period (Year)	Toll Collection Rights Period/ Operation Period/ Procurement Period (Year)	Remarks
1	Integrated regulation project of Shuidong Bay New Town in Maoming, Guangdong	Preliminary land development	3,693	2,585	5	7	
2	Construction Project of Daijiashan bridge and cross-straits connection in Wuhan, Hubei	PPP+Procurement	1,221	539	2	2	
3	Phase I of infrastructure construction project in Jurong, Jiangsu	PPP+Procurement	950	857	2	3	
4	City infrastructure construction project of Anlu City, Hubei	PPP+Procurement	1,630	1,500	Each period 1.5 years	Each period 3 years	Construction in 3 periods
5	Phase I of Xiangtan Circle Line and Heling-Nangu Highway project in Hunan	PPP+Procurement	1,124	1,022	Circle Line Phase I 3 years; Heling-Nangu Highway 1.5 years	3	
6	Guigang-Longan Highway project in Guangxi	BOT	19,800	13,283	4	30	
7	Phase I of Qingdao Subway R3 Line	PPP+Procurement	13,500	5,500	4	4	Equity investment only

VI. INVESTMENT PROJECTS OF THE COMPANY (UNIT: RMB MILLION) (Continued)

1. Investment Projects newly entered in 2015 (Continued)

No.	Project Name	Project Type	Contract Value Entered	Expected Construction and Installation Contract Value undertaken by the Company	Construction Period (Year)	Toll Collection Rights Period/ Operation Period/ Procurement Period (Year)	Remarks
8	Phase II of Harbin Subway No. 3 Line	PPP+Procurement	26,458	10,000	5	3	Equity investment only
9	Phase I of rural-urban infrastructure construction project in Jintan, Jiangsu	PPP+Procurement	2,742	2,194	2	5	
10	Phase I of City comprehensive development project of Qidongqu in Western Hi-tech Zone of Shunde, Guangdong	City comprehensive development	3,600	1,550	6	2	
11	Terminal and auxiliary project of Quanhui Petrochemical Industrial Zone in Fujian (including terminal, pipe gallery and reclamation etc.)	PPP+procurement	3,893	3,433	*Note 2	*Note 2	
12	Weng'an-Machangping Railway project in Guizhou	BOT	4,993	3,131	3.5	30 (tentative)	Equity investment only
13	Xichang urbanization project in Sichuan	PPP+procurement	929	662	3	1	Equity investment only

VI. INVESTMENT PROJECTS OF THE COMPANY (UNIT: RMB MILLION) (Continued)

1. Investment Projects newly entered in 2015 (Continued)

No.	Project Name	Project Type	Contract Value Entered	Expected Construction and Installation Contract Value undertaken by the Company	Construction Period (Year)	Toll Collection Rights Period/ Operation Period/ Procurement Period (Year)	Remarks
14	Longtou Operation Zone project in Chongqing	PPP+procurement	2,348	2,348	Each period 1.5 years	Each period 3 years	Construction in 3 periods
15	Phase I of comprehensive development project of Zhongguancun science and technology park in Liyang, Jiangsu	City comprehensive development	3,700	3,100	3	4	
16	Encircled basin project of Lvsi Port in Nantong Port,Jiangsu	PPP+procurement	2,009	1,940	Each period 2 years	*Note 2	
17	Integration project of Wuxing District in Huzhou, Zhejiang	PPP+procurement	2,993	2,643	Each period 1-2.5 years	*Note 2	
18	Infrastructure construction project in Hejiang County of Luzhou, Sichuan	PPP+procurement	2,062	1,700	Bridge project: 3 years, Road project: 1-2 years	7	
19	National Highway 108 of Yumenkou Yellow River Bridge project	BOT	850	689	2.5	27.5	
		Total	98,495	58,678			

*Note:
1. The information in the table is the general situation of the projects. For matters not being mentioned, the contracts shall prevail.
2. For various sub-items of the projects, specific details agreed in the contracts shall prevail.

VI. INVESTMENT PROJECTS OF THE COMPANY (UNIT: RMB MILLION) (Continued)

2. Concession Investment Projects

(1) Concession Investment Projects Under Development

No.	Project Name	Contract Value Entered	Investment Amount in 2015	Accumulated Investment Value
1	New Songming-Kunming Highway, Xuanwei-Qujing Highway, and Mengzi-Wenshan-Yanshan Highway in Yunnan	33,027	8,004	12,947
2	Daozhen-Weng'an Highway in Guizhou	26,242	9,342	22,545
3	Guigang-Longan Highway in Guangxi	19,800	Construction not yet commenced	Construction not yet commenced
4	Jiangkou-Weng'an Highway in Guizhou	16,003	8,051	15,963
5	Hechang Section of Chongqing Sanhuan Highway	10,077	Construction not yet commenced	Construction not yet commenced
6	Guiyang-Qianxi Highway in Guizhou	9,012	5,133	7,264
7	Hubei Jiatong Section of Wuhan-Shenzhen Highway	8,176	1,804	3,351
8	Chongqing Wanzhou-Hubei Lichuan Highway	8,128	/	(40% share participation)
9	Zhongxian-Wanzhou Highway in Chongqing	8,091	2,258	6,053
10	Jiulongpo-Yongchuan Highway in Chongqing	5,353	880	880
11	Dunkou Yangtze River bridge project in Wuhan	5,225	1,005	1,577
12	Weng'an-Machangping Railway project in Guizhou	4,993	/	(17% share participation)
13	Youyang-Yanhe Highway in Chongqing	3,594	/	(40% share participation)
14	Chongqing Wanzhou-Sichuan Dazhou Highway	3,316	/	(40% share participation)
15	Qingxi bridge and connecting line in Guangdong	2,827	231	235
16	Fengdu-Zhongxian Highway in Chongqing	1,249	/	(40% share participation)
17	National Highway 108 Yumenkou Yellow River bridge project	850	Construction not yet commenced	Construction not yet commenced
	Total	165,963	36,708	70,815

VI. INVESTMENT PROJECTS OF THE COMPANY (UNIT: RMB MILLION) (Continued)

2. Concession Investment Projects (Continued)

(2) Concession Projects In Operation Period

No.	Project Name	Accumulated Investment Amount	Operating Revenue during the Year	Toll Collection Rights Period (years)	Completed Toll Collection Rights Period (years)
1	Yanhe-Dejiang Highway in Guizhou	9,078	/	30	0
2	Guiyang-Weng'an Highway in Guizhou	7,516	/	30	0
3	Guizhou-Douyun Highway in Guizhou	7,467	727	30	4.8
4	Yongchuan-Jiangjin Highway in Chongqing	6,006	33	30	1
5	Yulin-Jiaxian Highway in Shannxi	5,917	142	30	2
6	Fengdu-Fuling Highway in Chongqing	5,492	192	30	2
7	Fengdu-Shizhu Highway in Chongqing	5,230	112	30	2
8	Guangzhou-Gaoming Highway in Foshan	4,995	205	26.5	6.5
9	Xianning-Tongshan Highway in Hubei	3,154	61	30	2
10	Yicheng-Houma Highway in Shanxi	2,398	74	30	8
11	Tongliang-Hechuan Highway in Chongqing	2,165	22	30	1
12	Tongliang-Yongchuan Highway in Chongqing	1,630	(40% share participation)	30	0.3
13	Tongcheng-Jieshang Highway in Hubei	1,527	7	30	2
14	Wangjiang-Qianjiang Highway in Anhui	966	(40% share participation)	25	0.1
15	Qingshuihe-Dafanpu Section of National Highway 109	584	85	26	6.2
	Total	64,125	1,650		

Note: Yanhe-Dejiang Highway in Guizhou and Guiyang-Weng'an Highway in Guizhou recorded no revenue for the time being, as both highways only commenced operation at the end of December 2015.

Shaanxi Xi'an-Xianyang Northern Ring Highway, the first highroad constructed by utilising the recycled materials from building wastes massively and comprehensively.

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 2015, revenue of the Group increased by 10.3% to RMB403,616 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB74,961 million, representing a year-on-year increase of 19.9%. The value of the Group's new contracts in 2015 was RMB650,315 million, representing a year-on-year increase of 6.9%. As at 31 December 2015, the backlog for the Group was RMB867,298 million, representing an increase of 6.0% over that as at 31 December 2014.

Gross profit in 2015 amounted to RMB49,754 million, representing an increase of RMB10,482 million, or 26.7%, from RMB39,272 million in 2014. Gross profit from infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other business increased by 29.4%, 13.5%, 43.8%, 0.5% and 60.2%, respectively from 2014. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other businesses in 2015 were 10.1%, 21.3%, 14.6%, 14.7% and 11.1% respectively, as compared with 9.1%, 21.7%, 13.6%, 13.1% and 7.1% in 2014.

Mainly as a result of the growth in gross profit, operating profit in 2015 amounted to RMB25,798 million, representing an increase of RMB2,013 million, or 8.5%, from RMB23,785 million in 2014. Operating profit from infrastructure construction business, infrastructure design business and dredging business increased by 17.0%, 12.8% and 40.2% respectively from 2014, while operating profit from heavy machinery manufacturing business and other business decreased by 19.1% and 866.7% respectively from 2014.

For the year 2015, profit attributable to owners of the Company amounted to RMB15,828 million, representing an increase of RMB1,843 million, or 13.2%, from RMB13,985 million in 2014. For the year 2015, earnings per share of the Group was RMB0.96, representing a 11.6% increase from RMB0.86 for the year 2014.

The following is a comparison of financial results between the years ended 31 December 2015 and 2014.

CONSOLIDATED RESULTS OF OPERATIONS

Revenue

Revenue in 2015 increased by 10.3% to RMB403,616 million from RMB366,042 million in 2014. The growth was mainly attributable to the increases in the revenue from the infrastructure construction business, infrastructure design business, dredging business and other business, which amounted to RMB46,489 million, RMB3,397 million, RMB5,495 million and RMB131 million (all before elimination of inter-segment transactions), respectively, representing a year-over-year growth rate of 15.5%, 16.1%, 19.6% and 3.1%. The increase in revenue from the above segments was partially offset by a decrease in revenue from heavy machinery manufacturing business by RMB2,629 million, or 9.8%.

Cost of Sales and Gross Profit

Cost of sales in 2015 amounted to RMB353,862 million, representing an increase of RMB27,092 million, or 8.3%, from RMB326,770 million in 2014. Cost of sales from infrastructure construction business, infrastructure design business and dredging business amounted to RMB310,423 million, RMB19,277 million and RMB28,029 million (all before elimination of inter-segment transactions) respectively, representing an increase of 14.2%, 16.8% and 15.8%. Cost of sales from heavy machinery manufacturing business and other business decreased by RMB2,646 million and RMB49 million, or 11.4% and 1.3%, to RMB20,573 million and RMB3,844 million, respectively in 2015.

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 2015, cost of raw materials and consumables used, subcontracting costs, employee benefit expenses and rentals increased by 5.7%, 3.8%, 9.0% and 15.3% respectively.

As a result of the increase in both revenue and cost of sales in 2015, gross profit in 2015 amounted to RMB49,754 million, representing an increase of RMB10,482 million, or 26.7%, from RMB39,272 million in 2014. Gross profit margin increased to 12.3% in 2015 from 10.7% in 2014, primarily due to the increase in gross profit margin of infrastructure construction business, dredging business, heavy machinery manufacturing business and other business.

Administrative expenses

Administrative expenses in 2015 amounted to RMB26,129 million, representing a large increase of RMB7,805 million, or 42.6%, from RMB18,324 million in 2014. This growth was primarily attributable to the increase in cost of research & development.

Operating Profit

Operating profit in 2015 amounted to RMB25,798 million, representing an increase of RMB2,013 million, or 8.5%, from RMB23,785 million in 2014. The increase was mainly due to the increase in gross profit.

For the year 2015, operating profit from infrastructure construction business, infrastructure design business and dredging business increased by RMB2,654 million, RMB332 million and RMB1,076 million (all before elimination of inter-segment transactions and unallocated cost), representing a growth rate of 17.0%, 12.8% and 40.2% respectively from 2014; operating profit from heavy machinery manufacturing business and other business decreased respectively by RMB352 million and RMB78 million (before elimination of inter-segment transactions and unallocated cost), or 19.1% and 866.7%, from 2014.

Operating profit margin slightly decreased to 6.4% in 2015 from 6.5% in 2014.

Finance Income

Finance income in 2015 amounted to RMB3,701 million, representing an increase of RMB113 million, or 3.1%, from RMB3,588 million in 2014. The increase was mainly due to more finance income from BT projects.

Finance Costs, net

Net finance costs in 2015 amounted to RMB10,212 million as compared with RMB10,108 million in 2014.

Share of Profit of Joint Ventures

Share of profit of joint ventures in 2015 amounted to RMB95 million, as compared with RMB81 million in 2014.

Share of Profit of Associates

Share of profit of associates in 2015 amounted to RMB289 million, as compared with RMB258 million in 2014.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax in 2015 amounted to RMB19,671 million, representing an increase of RMB2,067 million, or 11.7%, from RMB17,604 million in 2014.

CONSOLIDATED RESULTS OF OPERATIONS (Continued)

Income Tax Expense

Income tax expense in 2015 amounted to RMB3,758 million, representing a slight increase of RMB37 million, or 1.0%, from RMB3,721 million in 2014. Effective tax rate for the Group in 2015 decreased to 19.1% from 21.1% in 2014, mainly because more subsidiaries of the Group enjoyed preferential tax rate for high-tech enterprises in 2015.

Profit/(Loss) Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests in 2015 amounted to RMB85 million compared to a loss of RMB102 million in 2014.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company in 2015 amounted to RMB15,828 million, representing an increase of RMB1,843 million, or 13.2%, from RMB13,985 million in 2014.

Profit margin with respect to profit attributable to owners of the Company slightly increased to 3.9% in 2015 from 3.8% in 2014.

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 2015 and 2014.

Business	Revenue		Gross Profit		Gross Profit Margin		Operating Profit/(losses)[1]		Operating Profit Margin	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2015 (RMB million)	2014 (RMB million) (Restated)	**2015 (RMB million)**	2014 (RMB million) (Restated)	**2015 (%)**	2014 (%) (Restated)	**2015 (RMB million)**	2014 (RMB million) (Restated)	**2015 (%)**	2014 (%) (Restated)
Infrastructure Construction	**345,475**	298,986	**35,052**	27,085	**10.1**	9.1	**18,259**	15,605	**5.3**	5.2
% of total	**80.0**	78.9	**70.4**	68.9	**–**	–	**69.3**	68.7	**–**	–
Infrastructure Design	**24,483**	21,086	**5,206**	4,586	**21.3**	21.7	**2,923**	2,591	**11.9**	12.3
% of total	**5.7**	5.6	**10.5**	11.7	**–**	–	**11.1**	11.4	**–**	–
Dredging	**33,515**	28,020	**5,486**	3,814	**16.4**	13.6	**3,752**	2,676	**11.2**	9.6
% of total	**7.8**	7.4	**11.0**	9.7	**–**	–	**14.2**	11.8	**–**	–
Heavy Machinery Manufacturing	**24,104**	26,733	**3,531**	3,514	**14.6**	13.1	**1,491**	1,843	**6.2**	6.9
% of total	**5.5**	7.1	**7.1**	8.9	**–**	–	**5.7**	8.1	**–**	–
Other businesses	**4,323**	4,192	**479**	299	**11.1**	7.1	**(69)**	9	**(1.6)**	0.2
% of total	**1.0**	1.0	**1.0**	0.8	**–**	–	**(0.3)**	0.0	**–**	–
Subtotal	**431,900**	379,017	**49,754**	39,298	**–**	–	**26,356**	22,724	**–**	–
Intersegment elimination and unallocated costs	**(28,284)**	(12,975)	**–**	(26)	**–**	–	**(558)**	1,061	**–**	–
Total	**403,616**	366,042	**49,754**	39,272	**12.3**	10.7	**25,798**	23,785	**6.4**	6.5

(1) Total operating profit/(losses) 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 2015 and 2014.

	Years ended 31 December	
	2015	2014
	(RMB million)	(RMB million) (Restated)
Revenue	**345,475**	298,986
Cost of sales	**(310,423)**	(271,901)
Gross profit	**35,052**	27,085
Selling and marketing expenses	**(211)**	(148)
Administrative expenses	**(18,102)**	(11,819)
Other income, net	**1,520**	487
Segment result	**18,259**	15,605
Depreciation and amortisation	**5,941**	5,440

Revenue. Revenue from the infrastructure construction business in 2015 was RMB345,475 million, representing an increase of RMB46,489 million, or 15.5%, from RMB298,986 million in 2014. This growth was primarily attributable to the increase of revenue from investment projects, overseas projects, as well as some other projects. The value of new contracts entered into for the infrastructure construction business in 2015 was RMB539,456 million, representing an increase of RMB36,334 million, or 7.2%, from RMB503,122 million in 2014. No single project accounted for more than 5% of the Group's total revenue in 2015 or 2014.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2015 was RMB310,423 million, representing an increase of RMB38,522 million, or 14.2% from RMB271,901 million in 2014. Cost of sales as a percentage of revenue decreased to 89.9% in 2015 from 90.9% in 2014.

Gross profit from the infrastructure construction business in 2015 grew by RMB7,967 million, or 29.4%, to RMB35,052 million from RMB27,085 million in 2014. Gross profit margin increased to 10.1% in 2015 from 9.1% in 2014, mainly attributable to the increased proportion of revenue generated from investment projects and overseas projects that has relatively higher gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2015 were RMB211 million, representing an increase of RMB63 million from RMB148 million in 2014.

Administrative expenses. Administrative expenses for the infrastructure construction business were RMB18,102 million in 2015, representing an increase of RMB6,283 million, or 53.2%, from RMB11,819 million in 2014. The increase was mainly attributable to the increase in cost of research & development and in provision for impairment of trade and other receivables. Administrative expenses as a percentage of revenue increased to 5.2% in 2015 from 4.0% in 2014.

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Infrastructure Construction Business (Continued)

Other income, net. Other net income for the infrastructure construction business increased to RMB1,520 million in 2015 from RMB487 million in 2014, mainly attributable to the increase in proceeds from disposal of subsidiaries and associates, government grants and dividend income from available-for-sale financial assets.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2015 was RMB18,259 million, representing an increase of RMB2,654 million, or 17.0% from RMB15,605 million in 2014. Segment result margin slightly increased to 5.3% in 2015 from 5.2% in 2014.

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 2015 and 2014.

	Years ended 31 December	
	2015	2014
	(RMB million)	(RMB million)
Revenue	**24,483**	21,086
Cost of sales	**(19,277)**	(16,500)
Gross profit	**5,206**	4,586
Selling and marketing expenses	**(230)**	(195)
Administrative expenses	**(2,193)**	(1,918)
Other income, net	**140**	118
Segment result	**2,923**	2,591
Depreciation and amortisation	**217**	252

Revenue. Revenue from the infrastructure design business in 2015 was RMB24,483 million, representing an increase of RMB3,397 million, or 16.1% from RMB21,086 million in 2014. This growth was primarily attributable to the increase in the demand of comprehensive contracts, which was in turn 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 2015 was RMB35,929 million, representing an increase of RMB4,792 million, or 15.4%, from RMB31,137 million in 2014.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2015 was RMB19,277 million, representing an increase of RMB2,777 million, or 16.8%, from RMB16,500 million in 2014. Cost of sales as a percentage of revenue slightly increased to 78.7% in 2015 from 78.3% in 2014.

Gross profit from the infrastructure design business in 2015 was RMB5,206 million, representing an increase of RMB620 million, or 13.5%, as compared with RMB4,586 million in 2014. Gross profit margin slightly decreased to 21.3% in 2015 from 21.7% in 2014, 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 2015 were RMB230 million, representing an increase of RMB35 million from RMB195 million in 2014.

Administrative expenses. Administrative expenses for the infrastructure design business in 2015 were RMB2,193 million, representing an increase of RMB275 million, or 14.3%, from RMB1,918 million in 2014. Administrative expenses as a percentage of revenue slightly decreased to 9.0% in 2015 from 9.1% in 2014.

Other income, net. Other net income for the infrastructure design business in 2015 was RMB140 million, representing an increase of RMB22 million from RMB118 million in 2014.

Segment result. As a result of the above, segment result for the infrastructure design business in 2015 was RMB2,923 million, representing an increase of RMB332 million, or 12.8%, from RMB2,591 million in 2014. Segment result margin slightly decreased to 11.9% in 2015 from 12.3% in 2014.

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 2015 and 2014.

	Years ended 31 December	
	2015	2014
	(RMB million)	(RMB million)
		(Restated)
Revenue	**33,515**	28,020
Cost of sales	**(28,029)**	(24,206)
Gross profit	**5,486**	3,814
Selling and marketing expenses	**(40)**	(25)
Administrative expenses	**(2,511)**	(1,857)
Other income, net	**817**	744
Segment result	**3,752**	2,676
Depreciation and amortisation	**914**	903

Revenue. Revenue from the dredging business in 2015 was RMB33,515 million, representing an increase of RMB5,495 million, or 19.6%, from RMB28,020 million in 2014. The increase was primarily attributable to the recovery of dredging market in certain areas of China from historical low period of 2014. The value of new contracts entered into for the dredging business in 2015 was RMB41,194 million, representing an increase of RMB5,162 million, or 14.3%, from RMB36,032 million in 2014.

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Dredging Business (Continued)

Cost of sales and gross profit. Cost of sales for the dredging business in 2015 was RMB28,029 million, representing an increase of RMB3,823 million, or 15.8%, as compared with RMB24,206 million in 2014. Cost of sales as a percentage of revenue for the dredging business in 2015 decreased to 83.6% from 86.4% in 2014.

Gross profit from the dredging business in 2015 was RMB5,486 million, representing an increase of RMB1,672 million, or 43.8%, from RMB3,814 million in 2014. Gross profit margin for the dredging business increased to 16.4% in 2015 from 13.6% in 2014, mainly attributable to synergy from restructuring of dredging business in first half of 2015 as well as certain large projects with higher gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2015 were RMB40 million, representing an increase of RMB15 million from RMB25 million in 2014.

Administrative expenses. Administrative expenses for the dredging business in 2015 were RMB2,511 million, representing an increase of RMB654 million, or 35.2%, from RMB1,857 million in 2014, 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 7.5% in 2015 from 6.6% in 2014.

Other income, net. Other net income for the dredging business in 2015 was RMB817 million, representing an increase of RMB73 million from RMB744 million in 2014. The increase was mainly attributable to increased gains on disposal of a subsidiary which was partially offset by the decreased gains on disposal of available-for-sale financial assets.

Segment result. As a result of the above, segment result for the dredging business in 2015 was RMB3,752 million, representing an increase of RMB1,076 million, or 40.2%, from RMB2,676 million in 2014. Segment result margin increased to 11.2% in 2015 from 9.6% in 2014.

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 2015 and 2014.

	Years ended 31 December	
	2015	2014
	(RMB million)	(RMB million)
Revenue	**24,104**	26,733
Cost of sales	**(20,573)**	(23,219)
Gross profit	**3,531**	3,514
Selling and marketing expenses	**(128)**	(117)
Administrative expenses	**(2,021)**	(1,885)
Other income, net	**109**	331
Segment result	**1,491**	1,843
Depreciation and amortisation	**1,370**	1,327

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Heavy Machinery Manufacturing Business (Continued)

Revenue. Revenue from the heavy machinery manufacturing business in 2015 was RMB24,104 million, representing a decrease of RMB2,629 million, or 9.8%, from RMB26,733 million in 2014. The decrease was primarily due to shrunk demand for marine engineering products. The value of new contracts entered into for the heavy machinery manufacturing business in 2015 was RMB32,714 million, representing a slight decrease of RMB318 million, or 1.0%, from RMB33,032 million in 2014.

Cost of sales and gross profit. Cost of sales for the heavy machinery manufacturing business in 2015 was RMB20,573 million, representing a decrease of RMB2,646 million, or 11.4%, from RMB23,219 million in 2014. Cost of sales as a percentage of revenue decreased to 85.4% in 2015 from 86.9% in 2014.

Gross profit from the heavy machinery manufacturing business in 2015 was RMB3,531 million, representing a slight increase of RMB17 million, or 0.5%, from RMB3,514 million in 2014. Gross profit margin increased to 14.6% in 2015 from 13.1% in 2014. The increment was mainly attributable to improved profitability of traditional business such as port machinery and the improvement of product structure.

Selling and marketing expenses. Selling and marketing expenses for the heavy machinery manufacturing business in 2015 were RMB128 million, representing a slight increase of RMB11 million from RMB117 million in 2014.

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business in 2015 were RMB2,021 million, representing an increase of RMB136 million, or 7.2%, from RMB1,885 million in 2014. The increase was 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 for the heavy machinery manufacturing business increased to 8.4% in 2015 from 7.1% in 2014.

Other income, net. Other net income for the heavy machinery manufacturing business in 2015 was RMB109 million, representing a decrease of RMB222 million, or 67.1%, from RMB331 million in 2014. The decrease was mainly due to the increase of foreign exchange losses.

Segment result. As a result of the above, segment result for the heavy machinery manufacturing business in 2015 was RMB1,491 million profit, representing a decrease of RMB352 million from RMB1,843 million in 2014. Segment result margin decreased to 6.2% in 2015 from 6.9% in 2014.

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 2015 and 2014.

	Years ended 31 December	
	2015	2014
	(RMB million)	(RMB million)
Revenue	**4,323**	4,192
Cost of sales	**(3,844)**	(3,893)
Gross profit	**479**	299

DISCUSSION OF SEGMENT OPERATIONS (Continued)

Other Businesses (Continued)

Revenue. Revenue from the other businesses in 2015 was RMB4,323 million, representing an increase of RMB131 million, or 3.1%, from RMB4,192 million in 2014.

Cost of sales and gross profit. Cost of sales for the other businesses in 2015 was RMB3,844 million, representing a slight decrease of RMB49 million, or 1.3%, from RMB3,893 million in 2014. Cost of sales as a percentage of revenue decreased to 88.9% in 2015 from 92.9% in 2014.

Gross profit from the other businesses in 2015 was RMB479 million, representing an increase of RMB180 million, or 60.2%, from RMB299 million in 2014. Gross profit margin increased to 11.1% in 2015 from 7.1% in 2014, mainly because of more contribution from emerging financial business which has higher 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 2015, the Group had unutilised credit facilities in the amount of RMB580,295 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 2015 and 2014.

	Years ended 31 December	
	2015	2014
	(RMB million)	(RMB million)
Net cash generated from operating activities	**31,913**	4,408
Net cash used in investing activities	**(45,473)**	(45,505)
Net cash generated from financing activities	**36,424**	31,801
Net increase/(decrease) in cash and cash equivalents	**22,864**	(9,296)
Cash and cash equivalents at beginning of year	**71,823**	81,238
Exchange gains/(losses) on cash and cash equivalents	**273**	(119)
Cash and cash equivalents at end of year	**94,960**	71,823

Cash flow from operating activities

During the year 2015, net cash generated from operating activities surged to RMB31,913 million from RMB4,408 million in 2014, primarily attributable to changes in working capital, in particular, due to less increase in trade and other receivables, contract work-in-progress, inventories, as well as larger increase in trade and other payables. During the year 2015, trade and other receivables, contract work-in-progress, inventories and trade and other payables increased by RMB19,440 million, RMB4,163 million, RMB4,600 million and RMB30,915 million respectively, compared with the amount of increase of RMB38,003 million, RMB4,292 million, RMB6,409 million, and RMB29,030 million during 2014. The changes in working capital reflect, to some extent, the Company's endeavour to better manage liquidity.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Cash Flow Data (Continued)

Cash flow from investing activities

Net cash used in investing activities in 2015 slightly decreased to RMB45,473 million from RMB45,505 million in 2014, representing a decrease of RMB32 million, mainly due to the decrease of purchases of available-for-sale financial assets, which was largely offset by the increase in the purchase of property, plant and equipment and intangible assets.

Cash flow from financing activities

Net cash generated from financing activities in 2015 was RMB36,424 million, representing an increase of RMB4,623 million, or 14.5%, from RMB31,801 million in 2014. The increase was primarily attributable to the increase in proceeds from borrowings by RMB26,551 million and the increase in proceeds from financial instruments classified as equity of RMB16,165 million, while partially offset by increase in repayment of borrowings of RMB37,935 million and increase in interest paid of RMB2,816 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 sets forth the Group's capital expenditure by business for the years ended 31 December 2015 and 2014.

	Years ended 31 December	
	2015	2014
	(RMB million)	(RMB million)
Infrastructure Construction Business	**56,913**	48,234
– BOT projects	**46,600**	35,014
Infrastructure Design Business	**441**	408
Dredging Business	**2,306**	1,649
Heavy Machinery Manufacturing Business	**2,565**	1,332
Other	**45**	30
Total	**62,270**	51,653

Capital expenditure in 2015 was RMB62,270 million, as compared with RMB51,653 million in 2014. The increase of RMB10,617 million or 20.6% was primarily attributable to the increase of investment in BOT projects and investment in self-use equipment for heavy machinery manufacturing 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 2015 and 2014.

	Years ended 31 December	
	2015 (Number of days)	2014 (Number of days)
Turnover of average trade and bills receivables(1)	**56**	59
Turnover of average trade and bills payables(2)	**154**	150

(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 2015 and 2014.

	As at 31 December	
	2015 (RMB million)	2014 (RMB million)
Less than 6 months	**45,508**	45,715
6 months to 1 year	**6,976**	5,161
1 year to 2 years	**9,191**	7,133
2 years to 3 years	**3,827**	2,871
Over 3 years	**4,944**	2,813
Total	**70,446**	63,693

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 2015, the Group had a provision for impairment of RMB7,156 million, as compared with RMB4,161 million as at 31 December 2014.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Working Capital (Continued)

The following table sets forth an ageing analysis of trade and bills payables as at December 2015 and 2014.

	As at 31 December	
	2015	2014
	(RMB million)	(RMB million)
Within 1 year	**141,231**	129,322
1 year to 2 years	**9,683**	9,074
2 years to 3 years	**2,504**	2,803
Over 3 years	**2,861**	1,675
Total	**156,279**	142,874

The Group's credit terms with its suppliers for the year ended 31 December 2015 remained the same as that for the year ended 31 December 2014. 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 2015 and 2014.

	As at 31 December	
	2015	2014
	(RMB million)	(RMB million)
Current	**25,379**	20,998
Non-current	**28,605**	26,363
Total	**53,984**	47,361

INDEBTEDNESS

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 31 December 2015 and 2014.

	As at 31 December	
	2015	2014
	(RMB million)	(RMB million)
Within 6 months	**58,025**	60,993
Between 6 months and 1 year	**28,580**	30,041
Between 1 year and 5 years	**76,843**	79,682
Over 5 years	**91,735**	58,119
Total borrowings	**255,183**	228,835

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Japanese Yen, Euro and Hong Kong dollar. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2015 and 2014.

	As at 31 December	
	2015	2014
	(RMB million)	(RMB million)
Renminbi	**227,699**	206,528
U.S. dollar	**21,918**	19,141
Japanese Yen	**2,388**	268
Euro	**1,565**	1,212
Hong Kong dollar	**1,141**	1,130
Others	**472**	556
Total borrowings	**255,183**	228,835

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 2015 was 48.7%, as compared with 54.4% as at 31 December 2014.

INDEBTEDNESS (Continued)

Contingent Liabilities

	As at 31 December	
	2015	2014
	(RMB million)	(RMB million)
Pending lawsuits[1]	**3,091**	3,047

(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 RMB2,403 million). As at 31 December 2015, the subsidiary was unable to ascertain the likelihood and reasonably estimate the outcome of the lawsuit based on advice of legal counsel.

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 135 countries and regions, with major overseas business in Africa, Southeast Asia, Hong Kong/Macau/Taiwan, Oceania and Central Caribbean. Due to various factors, the political and economic conditions in certain areas of Africa 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.

MARKET RISKS (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 2015, approximately RMB134,970 million (as at 31 December 2014: RMB115,889 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 2015, Renminbi had appreciated by approximately 15% 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 2015 and 2014, 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, Australian 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 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.


Xihoumen Bridge of the Zhoushan Island and Continent Linkage Project, a Mega suspension bridge ranked first in China and second in the word in terms of span.

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 IFRS for the year ended 31 December 2015.

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 2015 and the financial position of the Group as at 31 December 2015 are set out in the audited financial statements in this annual report.

DIVIDENDS

On 28 March 2016, the Board recommended a final dividend of RMB0.19037 (including tax) per share (amounting to approximately RMB3,079 million in total) for the year ended 31 December 2015. The recommended final dividends are subject to shareholders' approval at the annual general meeting to be held on 16 June 2016. 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 2016. The register of members will be closed from 24 June 2016 to 29 June 2016 (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 RMB0.84081 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 ("CSDC") 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 2015, 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.

DIVIDENDS (Continued)

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 2015 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.

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 2016. 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.

DISTRIBUTION OF FINAL DIVIDEND TO INVESTORS OF NORTHBOUND TRADING

For investors of Hong Kong Stock Exchange, including enterprises and individuals, investing in the A shares of the Company listed on the Shanghai Stock Exchange (the "Investors of Northbound Trading"), their final dividends will be distributed in RMB by the Company through CSDC Shanghai Branch to the account of the nominees holding such shares. The Company will withhold and pay income taxes of 10% on behalf of those investors and will report to the tax authorities. For Investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date, the ex-entitlement date and the date of distribution of final dividend and other arrangements for the Investors of Northbound Trading will be the same with those for the A Shareholders of the Company.

DISTRIBUTION OF FINAL DIVIDEND TO INVESTORS OF SOUTHBOUND TRADING

For investors of the Shanghai Stock Exchange, including enterprises and individuals, investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Investors of Southbound Trading"), the Company has enter into "the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading" (港股通H股股票現金紅利派發協議) with CSDC Shanghai Branch, pursuant to which, CSDC Shanghai Branch, as the nominee holders of H shares for the Investors of Southbound Trading, will receive the final dividends distributed by the Company and distribute the final dividends to the relevant Investors of Southbound Trading through its depository and clearing system.

The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect" (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Caishui [2014] No. 81), for dividends received by domestic investor from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date, the ex-entitlement date and the date of distribution of final dividend and other arrangements for the Investors of Southbound Trading will be the same with those for the H Shareholders of the Company.

SHARE CAPITAL

The share capital of the Company remains unchanged during the year of 2015. As at 31 December 2015, 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%**

ISSUANCE OF PREFERENCE SHARES

References are made to the circular of the Company dated 28 November 2014 in relation to the proposed issuance of preference shares of the Company in the PRC and the announcements of the Company dated 16 September 2015 and 27 October 2015 in relation to the issuances of preference shares.

In order to further enhance the Company's overall competitiveness and strengthen its sustainable development capabilities, the Company proposed to issue preference shares in the PRC in accordance with the State Council Guiding Opinions on the Experimental Development of Preference Shares (《國務院關於開展優先股試點的指導意見》), the Experimental Administrative Measures on Preference Shares (《優先股試點管理辦法》) and other relevant rules.

On 10 September 2015, the Company issued a total of 90,000,000 preference shares to ten independent third parties of the Company at the subscription price of RMB100 per preference share, being part of the proposed issuance (the "Partial Issuance"). The net proceeds of the Partial Issuance is RMB8,979,683,076.50. Upon completion of the Partial Issuance, the Company has a total of 16,174,735,425 issued ordinary shares and 90,000,000 issued Preference Shares. On 26 October 2015, the Company issued a total of 55,000,000 preference shares to six independent third parties of the Company at the subscription price of RMB100 per preference share, being another part of the proposed issuance (the "Second Partial Issuance"). The net proceeds of the Second Partial Issuance is RMB5,488,734,300. Upon completion of the Second Partial Issuance, the Company has completed the issuance of preference shares and has a total of 16,174,735,425 issued ordinary shares and 145,000,000 issued preference shares. For terms of the preference shares, please refer to the circular of the Company dated 28 November 2014. The net proceeds received from the issuance of preference shares were intended to use for infrastructure investment projects, supplementing the operating capital for major construction contracting projects and supplementing the general floating capital.

Amendment of the Company's Articles of Association

To facilitate the issuance of preference shares and other matters in compliance with the requirements of all relevant laws and regulations applicable in the PRC, on 15 January 2015, the Company convened the first extraordinary general meeting in 2015 to consider and approve the amendment of the Company's Articles of Association by means of the special resolution.

For details, please refer to the Circular dated 28 November 2014, the Announcements dated 25 November 2014 and 15 January 2015, and the amended Articles of Association of the Company.

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 utilise 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; and (3) intended to use all accrued interests on the proceeds raised to supplement the Company's working capital permanently.

As of 31 December 2015, proceeds amounted to RMB4,806 million have been utilised in accordance with the proposed plans as set out in the abovementioned circular.

UTILISATION OF PROCEEDS FROM THE ISSUANCE OF CORPORATE BONDS BY THE COMPANY IN 2012

According to the Overseas Regulatory Announcement of the Company dated 14 August 2012 in relation to the result of corporate bond issuance in 2012, the corporate bonds for an aggregate amount of RMB12 billion have been issued by the Company to the public from 9 August 2012 to 13 August 2012, net proceeds (calculated by total proceeds minus underwriting fees) has been credited to the Company' s account on 14 August 2012.

According to the Overseas Regulatory Announcement of the Company dated 7 August 2012 in relation to the issuance of corporate bonds by the Company in 2012, the Company planed to utilise the proceeds from the issuance of corporate bonds as follows:

1. The proceeds from this issuance of corporate bonds was RMB12 billion, among which RMB3 billion should be used to adjust debt structure and replace bank loans.

2. The remaining proceeds after deducting issuance costs should be used to supplement the working capital and improve the financial condition.

As at 31 December 2015, the proceeds from the issuance of corporate bonds has been fully utilised as planed.

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.

REPORT OF THE BOARD OF DIRECTORS

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.

Name	Age	Position in the Company	Date of appointment	Emoluments for the year ended 31 December 2015 (before income tax)(Note 1) (RMB'000)
LIU Qitao	58	Executive Director and Chairman	22 April 2014	887
CHEN Fenjian	53	Executive Director and President	22 April 2014	897
FU Junyuan	54	Executive Director and chief financial officer	22 April 2014	814
LIU Maoxun	50	Non-executive Director	22 April 2014	0
LIU Zhangmin	66	Independent non-executive Director	22 April 2014	150
LEUNG Chong Shun	50	Independent non-executive Director	22 April 2014	126
HUANG Long	62	Independent non-executive Director	22 April 2014	143
ZHEN Shaohua (Note 2)	58	Chairman of the Supervisory Committee (representative of the shareholders)	15 January 2015	831
WANG Yongbin	50	Supervisor (representative of the shareholders)	22 April 2014	819
YAO Yanmin	52	Supervisor (representative of the employees)	22 April 2014	820
CHEN Yun	52	Vice president	22 April 2014	849
YANG Liqiang	59	Vice president	22 April 2014	847
SONG Hailiang	50	Vice president	22 April 2014	1,017
WANG Haihuai	47	Vice president	22 April 2014	1,023
SUN Ziyu	53	Vice president	22 April 2014	920
LIU Wensheng	55	Secretary of the Board, Company secretary and chief economist	22 April 2014	1,099
WU Zhenfang (Note 3)	63	Independent non-executive Director	22 April 2014	33
LIU Xiangdong (Note 4)	57	Chairman of the Supervisory Committee (representative of the shareholders)	22 April 2014	18
CHEN Yusheng (Note 5)	60	Vice president	22 April 2014	616
ZHU Bixin (Note 6)	50	Vice president	22 April 2014	848

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

Note 1: Please refer to Note 42 of the audited financial statements for details of the emoluments of the Directors and Supervisors of the Company in 2015. 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 2: Mr. ZHEN Shaohua was elected to be the chairman of the Supervisory Committee and a supervisor representing shareholders of the Company on 15 January 2015.

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 being investigated by relevant authorities reasons on 2 April 2015. The above table only shows his emolument from 1 January 2015 to the date when he ceased to be in his position.

Note 4: Mr. LIU Xiangdong ceased to be the chairman of the Supervisory Committee and a Supervisor representing shareholders of the Company on 15 January 2015. The above table only shows his emolument from 1 January 2015 to the date when he ceased to be in his position.

Note 5: Mr. CHEN Yusheng ceased to be in his position on 2 June 2015. The above table only shows his emolument from 1 January 2015 to the date when he ceased to be in his position.

Note 6: Mr. ZHU Bixin ceased to be in his position on 23 December 2015. The above table only shows his emolument from 1 January 2015 to the date when he 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 2015 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	171	44	634	849
YANG Liqiang	171	44	632	847
SONG Hailiang	475	44	498	1,017
WANG Haihuai	472	44	507	1,023
SUN Ziyu	474	44	402	920
LIU Wensheng	524	50	525	1,099
CHEN Yusheng (Note 1)	70	17	529	616
ZHU Bixin (Note 2)	171	44	633	848

Note 1: Please refer to note 5 on page 51.

Note 2: Please refer to note 6 on page 51.

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 2015, 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 SFO are as follows:

Name of shareholder(Note 1)	Number of shares held	Type of shares	Percentage of the respective type of shares(Note 2) (%)	Percentage of the total number of shares in issue(Note 3) (%)	Capacity in which the shares are held
CCCG	10,325,207,306	A shares	87.89	63.84	Beneficial owner
Merrill Lynch (Asia Pacific) Limited	525,000,000 (Long position)	H shares	11.85	3.24	Interest of controlled corporation
	528,912,000 (Short position)	H shares	11.94	3.26	Interest of controlled corporation
Merrill Lynch Far East Limited(Note 5)	525,000,000 (Long position)	H shares	11.85	3.24	Interest jointly held with another person
	528,912,000 (Short position)	H shares	11.94	3.26	Interest jointly held with another person
Merrill Lynch International Holdings Inc.(Note 6)	525,000,000 (Long position)	H shares	11.85	3.24	Interest of controlled corporation
	528,912,000 (Short position)	H shares	11.94	3.26	Interest of controlled corporation
Merrill Lynch International Incorporated(Note 7)	525,000,000 (Long position)	H shares	11.85	3.24	Interest of controlled corporation
	528,912,000 (Short position)	H shares	11.94	3.26	Interest of controlled corporation
Blackrock, Inc.(Note 8)	307,540,464 (Long position)	H shares	6.94	1.90	Interest of controlled corporation
	452,000 (Short position)	H shares	0.01	0.002	Interest of controlled corporation
JPMorgan Chase & Co.(Note 9)	304,523,193 (Long position)	H shares	6.87	1.88	Beneficial owner Investment manager Custodian corporation/approved lending agent
	8,703,957 (Short position)	H shares	0.19	0.05	Beneficial owner
	149,321,828 (Lending pool)	H shares	3.37	0.92	Custodian corporation/approved lending agent
Credit Suisse Group AG(Note 10)	251,171,498 (Long position)	H shares	5.67	1.55	Interest of controlled corporation
	130,489,410 (Short position)	H shares	2.94	0.80	Interest of controlled corporation

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

Note 1: Except for the number of shares held by CCCG, the table is prepared based on the disclosure of interest fillings of the substantial shareholders published on the website of the Hong Kong Stock Exchange for the relevant events as of 31 December 2015.

Note 2: The percentage of respective type of shares is based on 11,747,235,425 A shares and 4,427,500,000 H shares of the Company as at 31 December 2015, respectively.

Note 3: The percentage of total number of shares in issue is based on 16,174,735,425 shares of the total issued share capital of the Company as at 31 December 2015.

Note 4: The number of shares held is based on the disclosure of interest fillings of Merrill Lynch (Asia Pacific) Limited on 19 December 2006.

Note 5: The number of shares held is based on the disclosure of interest fillings of Merrill Lynch Far East Limited on 19 December 2006.

Note 6: The number of shares held is based on the disclosure of interest fillings of Merrill Lynch International Holdings Inc. on 19 December 2006.

Note 7: The number of shares held is based on the disclosure of interest fillings of Merrill Lynch International Incorporated on 19 December 2006.

Note 8: The number of shares held is based on the disclosure of interest fillings of Blackrock, Inc. on 4 January 2016.

Note 9: The number of shares held is based on the disclosure of interest fillings of JPMorgan Chase & Co. on 15 December 2015.

Note 10: The number of shares held is based on the disclosure of interest fillings of Credit Suisse Group AG on 28 December 2015.

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

As at 31 December 2015, there were 15,740 H shareholders and 165,537 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 2015 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	63.84	10,325,207,306	0	Nil
2	HKSCC NOMINEES LIMITED	Foreign legal entities	27.09	4,381,072,361	0	Unknown
3	China Securities Finance Corporation Limited	State-owned legal entities	2.76	446,871,667	0	Unknown
4	Central Huijin Asset Management Ltd.	State-owned legal entities	0.61	98,075,800	0	Unknown
5	China Merchants Securities Co., Ltd.	Unknown	0.12	19,036,906	0	Unknown
6	Hong Kong Securities Clearing Company Limited	Foreign legal entities	0.08	13,272,160	0	Unknown
7	Industrial and Commercial Bank of China – SSE 50 Trading – Index Securities Investment Open-ended Fund	Unknown	0.07	10,677,206	0	Unknown
8	Abu Dhabi Investment Authority	Unknown	0.05	7,306,400	0	Unknown
9	YANG Xun	Domestic natural person	0.03	5,533,350	0	Unknown
10	Kuwait Investment Authority – Self-owned fund	Unknown	0.03	5,514,650	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 2015, 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 2015, 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 TRANSACTIONS, ARRANGEMENTS OR 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 2015, none of the Directors or Supervisors of the Company was materially interested, whether directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, its subsidiary or holding company or a subsidiary of the Company's holding company is a party.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group assumes its responsibility to build a beautiful country and promote green development by strictly observing various national provisions for energy conservation and emissions reduction, improving its environmental protection system, thoroughly promoting green governance, green office, green procurement and green science and technology and developing green ecological projects.

The Group insists on integrating energy conservation and environmental protection work into the whole process of its production, operation management and project construction, improving the management and appraisal system in relation to the *Measures for the Administration of Environmental Protection*, *Treatment Measures for Safety Production and Environmental Accidents*, and *Evaluation Measures for Safety and Environment Protection*, reducing energy consumption, carrying out green office and green procurement, conducting 100% environmental assessment in building projects and promoting the green development of the enterprise. For details of the Group's environment policies and performance, please refer to the Group's "2015 Social Responsibility Report of China Communications Construction Company Limited" published on the Company website.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. During the year ended 31 December 2015, the Group had complied in all material respects with relevant PRC laws and regulations, and we and all of our direct subsidiaries had obtained all licenses, approvals and permits from appropriate regulatory authorities that are material for our business operations in the PRC. As a result of our international activities, we are subject to the laws and regulations of the various countries and regions in which we do business, in addition to the laws of the PRC. Meanwhile, as the Company is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, therefore we are also required to comply with the listing rules and applicable laws and regulations of listing places. As far as the Company is aware, the Group has also complied with overseas laws and regulations, as well as the listing rules and applicable laws and regulations of listing places during the year ended 31 December 2015. The Group has more sound internal control system in place, so as to monitor and ensure the legitimacy and compliance of our production, construction and operating activities.

REPORT OF THE BOARD OF DIRECTORS

KEY RELATIONSHIPS

The Group's success also depends on the support from employees, customers, suppliers and etc.

Employees

Adhering to the people-oriented concept, the Group actively protects the rights and interest of employees for whom career development platforms are created. The Group actively promotes the establishment of harmonious labour relations, provides good career development space and working environment for the employees, concerns about their lives, shares the corporate development results with them and realised mutual development between the employees and the Group.

Customers

Most of the customers of the Group's Infrastructure Construction Business, Infrastructure Design Business and Dredging Business are PRC government agencies at the national, provincial and local levels, and state owned enterprises. The Group's major customers for Heavy Machinery Manufacturing Business include port authorities and port operators in China and around the world, including PSA International in Singapore, A. P. Moller Maersk Group in Denmark, Dubai Port International in the United Arab Emirates and Hutchison Whampoa in Hong Kong. When providing prime-quality projects and products for customers, the Group performs its obligations under contracts in good faith, actively creates values for its customers, and enhances the level of service satisfaction. All subsidiaries of CCCC have established client visit systems.

Suppliers

The Group has established a list of qualified suppliers, regulates the management system of suppliers, and completes the admission and withdrawal mechanism for suppliers. As for the admission of suppliers, the Group reviews strictly the business license, operation scale, service capacity and business reputation of suppliers, gives priority to suppliers with leading technology and outstanding results in the industry and carries out dynamic evaluation of the suppliers. The Group will then select the suppliers for next year based on the evaluation results.

PERMITTED INDEMNITY PROVISION

As of December 31, 2015, all directors of the Company were covered under the liability insurance purchased by the Company for its directors.

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 2015.

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 2015.

Consolidated Income Statement

	2015	2014	2013	2012	2011
	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	**403,616**	366,042	331,798	295,321	294,281
Gross profit	**49,754**	39,272	33,938	32,598	27,907
Profit before income tax	**19,671**	17,604	15,852	15,551	15,029
Profit for the year	**15,913**	13,883	12,272	11,761	11,983
Attributable to:					
– owners of the Company	**15,828**	13,985	12,568	12,277	11,767
– non-controlling interests	**85**	(102)	(296)	(516)	216
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)					
– basic	**0.96**	0.86	0.78	0.77	0.79
– diluted	**0.96**	0.86	0.78	0.77	0.79
Dividends	**3,079**	2,778	3,035	2,988	2,902

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)				
	2015	2014	2013	2012	2011
Total assets	**731,313**	630,180	517,445	434,277	358,780
Total liabilities	**562,307**	498,568	412,604	338,164	277,835
Capital and reserves attributable to owners of the Company	**146,724**	116,531	94,861	86,659	70,206
Non-controlling interests	**22,282**	15,081	9,980	9,454	10,739

Note:

(a) The financial figures for the year 2014 and 2015 were extracted from the 2015 Consolidated Financial Statements. The financial figures for the year 2011 to 2013 were extracted from the 2011, 2013 and 2014 annual report, respectively.

BANK LOANS AND OTHER BORROWINGS

Please refer to Note 26 of the audited financial statements for details of bank loans and other borrowings of the Group.

ISSUANCE OF DEBENTURES

The first tranche of 2015 ultra-short-term financing bonds in an aggregate principal amount of RMB3 billion have been issued by the Company at the issue price of RMB100 on 5 January 2015. The maturity period of the bonds is 270 days, with interests of 4.70% accruing from 6 January 2015. For more details, please refer to the overseas regulatory announcement published by the Company on 8 January 2015.

The second tranche of 2015 ultra-short-term financing bonds in an aggregate principal amount of RMB3 billion have been issued by the Company at the issue price of RMB100 on 3 March 2015. The maturity period of the bonds is 270 days, with interests of 4.60% accruing from 4 March 2015. For more details, please refer to the overseas regulatory announcement published by the Company on 7 March 2015.

The third tranche of 2015 ultra-short-term financing bonds in an aggregate principal amount of RMB3 billion have been issued by the Company at the issue price of RMB100 on 21 October 2015. The maturity period of the bonds is 270 days, with interests of 3.24% accruing from 22 October 2015. For more details, please refer to the overseas regulatory announcement published by the Company on 23 October 2015.

The unsubordinated guaranteed perpetual securities in an aggregate principal amount of no more than US$1.1 billion have been issued overseas by CCCI Treasure Limited, a wholly-owned subsidiary of the Company. The initial interest rate of the securities is 3.50% per annum. Pursuant to the terms and conditions of the securities, the interest rate per annum will be reset from 21 April 2020 (such date included) every five years. The interest is payable semi-annually in arrears on 21 April and 21 October in each year starting from 21 October 2015. The Company provided guarantee to the issuance. For more details, please refer to the announcement published by the Company on 15 April 2015.

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 2015.

CAPITALISED INTEREST

Please refer to Note 36 of the audited financial statements for details of the capitalised interest expense of the Group for the year ended 31 December 2015.

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 2015.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2015 amounted to approximately RMB15,152 million.

DONATIONS

For the year ended 31 December 2015, the Group made charitable and other donations in a total amount of approximately RMB11 million.

SUBSIDIARIES

Please refer to Note 48 of the audited financial statements for details of the Company's principal subsidiaries as at 31 December 2015.

CHANGE IN EQUITY

Please refer to Notes 21 to 24 of the audited financial statement for detail of changes in equity.

RETIREMENT BENEFITS

Please refer to Note 28 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 2015, the sales of the Group to the five largest customers amounted to RMB24,621 million, representing less than 30% of the Group's revenue; the aggregate purchase from the five largest suppliers by the Group amounted to RMB10,416 million, representing less than 30% of the Group's aggregate purchase for the year.

CONNECTED TRANSACTIONS

The Company has entered into the following connected transaction in the year 2015.

Establishment of CCCG Overseas Real Estate

Reference is made to the announcement of the Company dated 9 December 2015 in relation to the establishment of CCCG Overseas Real Estate. On 9 December 2015, CCCG Real Estate Group, CRBC, a wholly-owned subsidiary of the Company and CHEC, a wholly-owned subsidiary of the Company entered into the shareholders' agreement regarding their joint investment in and the establishment of CCCG Overseas Real Estate. Pursuant to the shareholders' agreement, the registered capital of CCCG Overseas Real Estate is US$100 million, of which US$51 million would be contributed by CCCG Real Estate Group, accounting for 51% of the equity interests, and US$24.5 million would be contributed respectively by CRBC and CHEC, each accounting for 24.5% of the equity interests. As CCCG is the controlling shareholder of the Company, CCCG Real Estate Group is a wholly-owned subsidiary of CCCG, therefore CCCG Real Estate Group is a connected person of the Company. CRBC and CHEC are wholly-owned subsidiaries of the Company. Therefore, the transaction under the shareholders' agreement constitutes a connected transaction of the Company.

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

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 47 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.

REPORT OF THE BOARD OF DIRECTORS

EMPLOYEES

As at 31 December 2015, the Group had 115,179 employees that had signed labor contracts with the Group. The Group was responsible for the expenses of 29,728 retired employees. The breakdown of employees as at 31 December 2015 was as follows:

(a) categorized by major

Major	Number of Employees	Percentage
Management	42,028	36.49%
Specialist	47,597	41.32%
Technician	14,940	12.97%
Others	10,614	9.22%
Total	115,179	100.00%

(b) categorized by degree held

	Number of Employees	Percentage
Master and above	8,506	7.39%
Bachelor	59,971	52.07%
Junior college degree	24,031	20.86%
Associate degree	7,390	6.42%
Junior high school degree and other	15,281	13.27%
Total	115,179	100.00%

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 2015, as far as the Directors are aware, except as disclosed in Note 44 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.

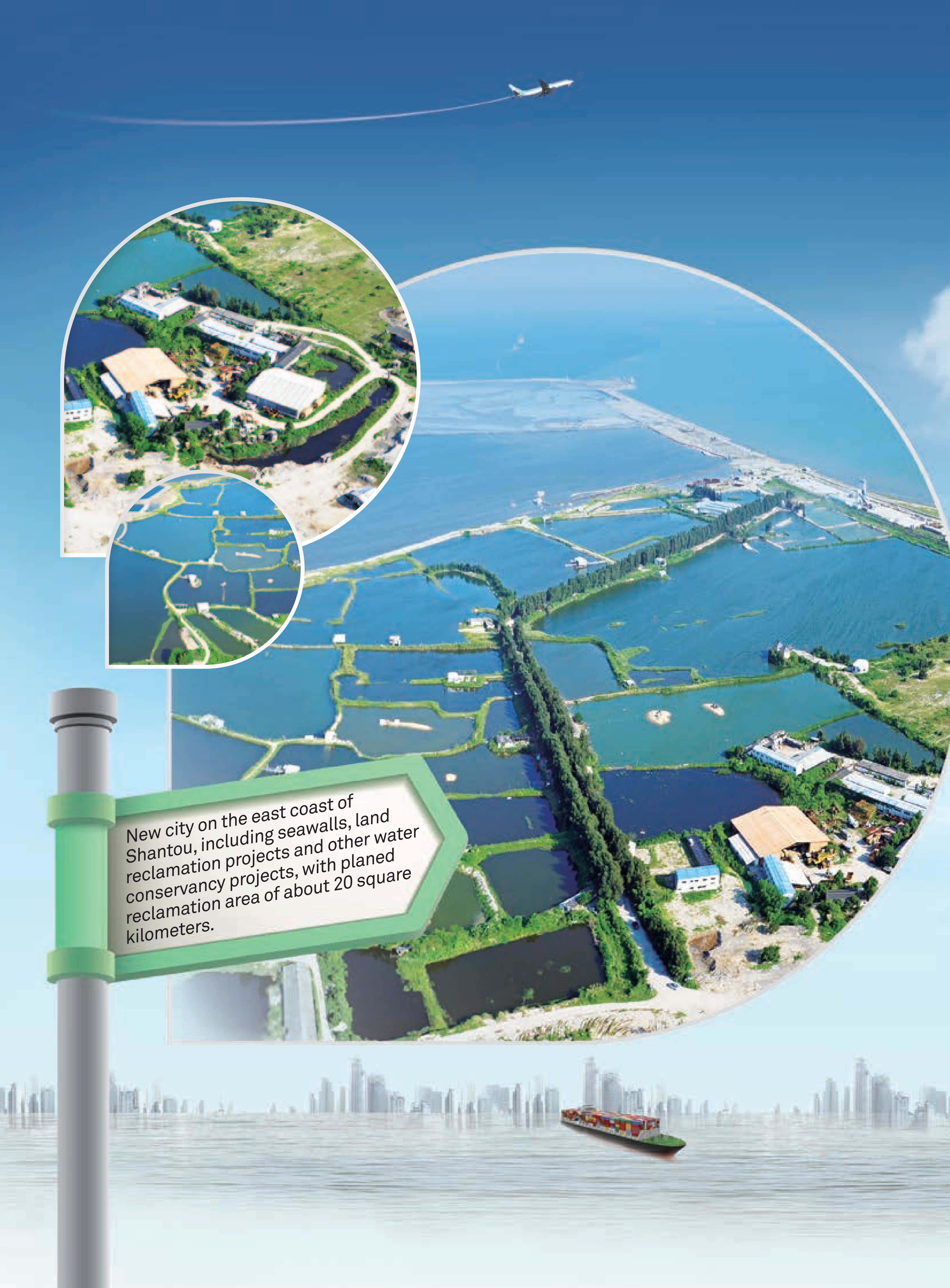
AUDITORS

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2015, 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

As approved by CSRC, a tranche of corporate bonds were issued by CCCC Dredging, a subsidiary of the Company, to the public on 22 February 2016 at a nominal value of RMB2,000 million, with maturities of 5 years from issuance. The interest rate is 2.99% per annum.

Pursuant to the Notice on Entire Implementation of Business Tax to Value Added Tax Transformation Pilot Program (the "Program") and relevant further regulations issued by Ministry of Finance and State Administration of Taxation on 23 March 2016, revenues derived from construction services and other relevant businesses of the Group will be no longer subject to business tax from 1 May 2016. Under the Program, the above businesses will be subject to VAT at the rates of 11% and 6%, respectively.


New city on the east coast of Shantou, including seawalls, land reclamation projects and other water conservancy projects, with planed reclamation area of about 20 square kilometers.

REPORT OF THE SUPERVISORY COMMITTEE

I. WORK PERFORMED BY THE SUPERVISORY COMMITTEE

During the reporting period, the Company held five supervisory committee meetings. All Supervisors attended such meetings except for Mr. Zhen Shaohua, who was unable to attend the twelfth meeting of the third session of the Supervisory Committee due to business engagement 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 ninth meeting of the third session of the Supervisory Committee was held on 15 January 2015 to consider the Resolution on the Election of Chairman of the Supervisory Committee of the Company, and the Resolution on Acquisition of Hong Kong Marine Construction Limited by CHEC.

2. The tenth meeting of the third session of the Supervisory Committee was held on 30 March 2015 to consider the Resolution on the Final Budget of the Company for 2014, the Resolution on the Annual Results Announcement and Annual Report of the Company for 2014, the Resolution on the Profit Distribution and Dividend Payment plan of the Company for 2014, the Resolution on the Special Report on the Deposit and Use of Proceeds from Funds-Raising for 2014, the Resolution on the Changes in Accounting Policies or the Changes in Accounting Estimates, Correction of Major Accounting Errors, the Resolution on Considering the 2014 Self-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 2014 of the Company.

3. The eleventh meeting of the third session of the Supervisory Committee was held on 28 April 2015 to consider the Resolution on the Quarterly Report of the Company for the First Quarter of 2015, the Resolution on the Infrastructure Investment Budget of CCCC for 2015 and the Resolution on the Investments Budget of CCCC for 2015.

4. The twelfth meeting of the third session of the Supervisory Committee was held on 28 August 2015 to consider the Resolution on the Drafts of the Interim Results Announcement and Interim Report of the Company for 2015 and the Resolution on the Special Report on the Deposit and Actual Use of Proceeds of CCCC, the Resolution on the Related-party Transactions in Relation to the Formation of CCCG Overseas Real Estate Pte. Ltd., the Resolution on the Related-party Transactions in Relation to the Establishment of the Branch of CCCC in South Latin America, the Resolution on the Related-party Transactions in Relation to Joint Investment of CCCC (Indonesia) Pte. Ltd. in the Real Estate Project of CCCC New Garden in Jakarta, Indonesia with Other Companies and the Resolution on the Adjustment to the Amounts of the Day-to-Day Related-party/Connected Transactions of the Company for 2015.

5. The thirteenth meeting of the third session of the Supervisory Committee was held on 30 October 2015 to consider the Resolution on the Quarterly Report of the Company for the Third Quarter of 2015, the Resolution on the Results of Performance Appraisal of the Senior Management for 2014 and the Proposal for Remuneration Payment, the Resolution on the Replacement of Self-Financing Funds Already Committed in Advance to Fund-Raising Investment Projects with the Proceeds from the Preferred Shares and the Resolution on the Capital Increase of Second-tier Subsidiaries with the Proceeds from the Preferred Shares.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE LEGAL COMPLIANCE OF THE OPERATIONS OF THE COMPANY IN 2015

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 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 2015, 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 CSRC 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 2015, 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 2015 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.


Mombasa – Nairobi Railway Project in Kenya, the design and construction of which is completed independently by CCCC using Chinese railway construction standards.
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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 2015 with the exception of Code Provision A.5.1 from 2 April 2015 to 27 April 2015.

Code provision A.5.1 provides that a nomination committee should, among others, comprise a majority of independent non-executive directors. The Nomination Committee of the Board comprised five Directors, of whom two were executive Directors and three were independent non-executive Directors before 2 April 2015. Due to Mr. WU Zhenfang's resignation on 2 April 2015, the members of Nomination Committee of the Board then comprised four Directors, of whom two were executive Directors and two were Independent Non-executive Directors. On 28 April 2015, the members of Nomination Committee of the Board were changed back to five Directors, of whom two were executive Directors and three were independent non-executive Directors, thus the Company complied with Code Provision A.5.1 from that day on.

THE BOARD OF DIRECTORS

(1) Composition of the Board of Directors

As at 31 December 2015, the Board consisted of seven Directors, including three Executive Directors, one Non-executive Director and three 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 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 that 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 2015 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.

(2) Shareholders' General Meetings

In 2015, the Company held three shareholders' general meetings. The table below sets out the details of shareholders' general meeting attendance of each Director in 2015:

Director	Number of Meetings Attended
Liu Qitao	3
Chen Fenjian	3
Fu Junyuan	1
Liu Maoxun	3
Liu Zhangmin	2
Leung Chong Shun	2
Huang Long	1
Wu Zhenfang (Note)	1

Note: Mr. Wu Zhenfang resigned as the Independent Non-executive Director on 2 April 2015.

THE BOARD OF DIRECTORS (Continued)

(3) Board Meetings

In 2015, the Company held 12 board meetings to discuss the fundamental system, the internal control system, the establishment of branches, fund raising and investment opportunities, the election of Supervisor of the Company. The table below sets out the details of Board meeting attendance of each Director in 2015:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Qitao	12	12	0	100%
Chen Fenjian	12	12	0	100%
Fu Junyuan	12	11	1	92%
Liu Maoxun	12	12	0	100%
Liu Zhangmin	12	12	0	100%
Leung Chong Shun	12	12	0	100%
Huang Long	12	11	1	92%
Wu Zhenfang (Note)	3	2	0	67%

Note: Mr. Wu Zhenfang resigned as the Independent Non-executive Director on 2 April 2015.

(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. For the year ended 31 December 2015, Mr. Liu Qitao served as the Chairman of the Board and Mr. Chen Fenjian served as the President of the Company.

The corporate governance functions of the Company are performed by the Board. In 2015, 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 inquiries 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 2015.

(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. For the year ended 31 December 2015, Director Liu Qitao and Director Leung Chong Shun read and studied the updates and revisions of the Hong Kong Listing Rules and other relevant laws and regulations, Director Chen Fenjian participated in the training on Board operation practices, Director Fu Junyuan participated in the special training organized by Beijing Securities Regulatory Authority on overseas financing and investment M&A for listed companies, Director Liu Maoxun and Director Huang Long participated in the training class on communication for directors of the Company and SASAC – Tsinghua University training class for directors, while Director Liu Zhangmin participated in the training class on communication for directors of the Company.

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 2015, 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 2015, the Strategy Committee consisted of five members, namely Mr. Liu Qitao, Mr. Chen Fenjian, Mr. Fu Junyuan, Mr. Liu Maoxun and Mr. Leung Chong Shun, and is chaired by Mr. Liu Qitao.

The Strategy Committee held 1 meeting in 2015 to preliminarily review and discuss the "Thirteenth Five-Year" Strategic Plan of CCCC. The table below sets out the details of Strategy Committee meeting attendance of each Director in 2015:

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	1	1	0	100%
Fu Junyuan	1	1	0	100%
Liu Maoxun	1	1	0	100%
Leung Chong Shun (Note)	1	1	0	100%
Wu Zhenfang (Note)	0	–	–	–

Note: Mr. Leung Chong Shun became a member of the Strategy Committee with effect from 28 April 2015. Mr. Wu Zhenfang ceased to serve as a member of the Strategy Committee on 2 April 2015.

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 2015, 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. All of the three members of the Audit Committee were Independent Non-executive Directors.

The Audit Committee held 3 meetings in 2015 to discuss, among other things, the audited annual financial statements of 2014, the internal control report of the Company, the internal audit summary of 2014 and the plan of 2015, the report of duty performance of the audit committee in 2014, the quarterly financial reports of 2015 and the interim financial report of 2015, the re-appointment of the international and domestic auditors for 2015 and matters concerning connected transactions. The table below sets out the details of Audit Committee meeting attendance of each Director in 2015:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Zhangmin	3	3	0	100%
Leung Chong Shun	3	3	0	100%
Huang Long	3	3	0	100%

THE BOARD OF DIRECTORS (Continued)

(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 2015, the Remuneration and Appraisal Committee consisted of three members, namely Mr. Huang Long, Mr. Liu Maoxun and Mr. Liu Zhangmin and is chaired by Mr. Huang Long. Two out of three members of the Remuneration and Appraisal Committee were Independent Non-executive Directors.

The Remuneration and Appraisal Committee held 3 meeting in 2015 to review and discuss the implementation scheme of "Increase Security" reward of Senior Management of CCCC for the year 2014 and the Recommendation on the Assessment of Operational Performance and Remuneration of Senior Management of CCCC for the Year 2014. The table below sets out the details of Remuneration and Appraisal Committee meeting attendance of each Director in 2015:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Huang Long (Note)	3	3	0	100%
Liu Maoxun (Note)	3	3	0	100%
Liu Zhangmin	3	3	0	100%
Leung Chong Shun (Note)	0	–	–	–
Wu Zhenfang (Note)	0	–	–	–

Note: Mr. Huang Long became the chairman of the Remuneration and Appraisal Committee and Mr. Huang Long and Mr. Liu Maoxun became a member of the Remuneration and Appraisal Committee with effect from 28 April 2015. Mr. Wu Zhenfang and Mr. Leung Chong Shun ceased to serve as the members of the Remuneration and Appraisal Committee on 2 April 2015 and 28 April 2015, 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 2015, the Nomination Committee consisted of five members, namely Mr. Liu Qitao, Mr. Chen Fenjian, Mr. Liu Zhangmin, Mr. Leung Chong Shun and Mr. Huang Long, and is chaired by Mr. Liu Qitao.

The Nomination Committee held 1 meeting in 2015 to consider a policy concerning diversity of board members. The table below sets out the details of Nomination Committee meeting attendance of each Director in 2015:

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	1	1	0	100%
Liu Zhangmin (Note)	1	1	0	100%
Leung Chong Shun	1	1	0	100%
Huang Long	1	1	0	100%
Wu Zhenfang (Note)	0	–	–	–

Note: Mr. Liu Zhangmin became a member of the Nomination Committee with effect from 28 April 2015. Mr. Wu Zhenfang ceased to serve as a member of the Nomination Committee on 2 April 2015.

For the year ended 31 December 2015, the Nomination Committee adopted a basic policy concerning diversity of Board members. Nomination Committee may consider diversity of Board members from a number of aspects, including but not limited to gender, age, ethnicity, education, specialty, experience, skills, knowledge and length of service and so forth. When reviewing the size and composition of the Board and searching for and recommending candidates for Directors, the Nomination Committee should take into account relevant factors mentioned above to try to achieve the diversity of the Board members in accordance with the Company's development strategy, business needs and specific functions of job vacancy. Upon selection, the Nomination Committee shall make a final recommendation to the Board based on merit of the selected candidates and fits with the development of the Company.

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 2015, the Supervisory Committee of the Company consisted of three members, Mr. Zhen Shaohua, Mr. Yao Yanmin and Mr. Wang Yongbin (as the representative of employees). The term of office for supervisors is three years which is renewable upon re-election.

The Supervisory Committee held 5 meetings in 2015 to consider and approve the 2014 report of the Supervisory Committee, the 2014 internal control assessment report of the Company, the 2015 first quarterly report, the 2015 third quarterly report of the Company and etc. The table below sets out the details of Supervisory Committee meeting attendance of each Supervisor in 2015:

Supervisors	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Zhen Shaohua (chairman) (Note)	5	4	1	80%
Yao Yanmin	5	5	0	100%
Wang Yongbin	5	5	0	100%
Liu Xiangdong (Note)	–	–	–	–

Note: Mr. Liu Xiangdong ceased to be the supervisor with effect on 15 January 2015. Mr. Zhen Shaohua was appointed to replace Mr. Liu Xiangdong 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 2015 are as follows:

	RMB'000
Audit services	28,700
Audit-related services	9,400
Non-audit services	
– Tax consulting services	579
– Other services	5,651
Total	44,330

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 2015 Internal Control Self-assessment Report of the Company and the 2015 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 2015, 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.

300,000t-class Navigation Channel Regulation in Tianjin Port, the highest level of deep-water artificial waterway in the world, with accumulated dredging workload of nearly 1 billion cubic meters.

PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

As at 31 December 2015, the Board consisted of seven Directors, including three Executive Directors, one Non-executive Director, three 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 director and the vice chairman of Jiang Tai Insurance Brokers Limited, and a supervisor of China Merchants Bank Co., Ltd.. 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.

BOARD OF DIRECTORS (Continued)

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, and an external director of Dongfang Electric Corporation. 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.

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 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 SSY Group Limited (formerly known as 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. 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.

PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORY COMMITTEE

As at 31 December 2015, 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. 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 and the Chairman of Supervisory Committee of the Company since 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 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.

SENIOR MANAGEMENT

As at 31 December 2015, the Company's senior management consisted of eight 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. 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 Water Transportation Consultants Co., Ltd, 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.

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 Engineering Company Ltd. 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 from Wuhan University 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.

SENIOR MANAGEMENT (Continued)

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 Consultants Co., Ltd, the chief engineer of CHEC Group, the chief engineer of CCCC, the general manager and chairman of CHEC, the general manger of the overseas operations department of the Company and the chairman of CHEC. 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, a director of CCCC Dredging, and an executive director and co-chairman of Greentown China Holdings Limited with effect from 15 January 2016. He has extensive operational and management experience and held positions as the deputy general manager of CCCC Tianjin Dredging Co., Ltd, 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 2 April 2015, Mr. Wu Zhenfang resigned as an independent non-executive director of the Company and the Chairman of the Remuneration and Appraisal Committee, a member of the Strategy Committee and the Nomination Committee of the Board.

On 15 January 2015, Mr. Liu Xiangdong resigned as the Chairman of the Supervisory Committee and a shareholder representative supervisor of the Company.

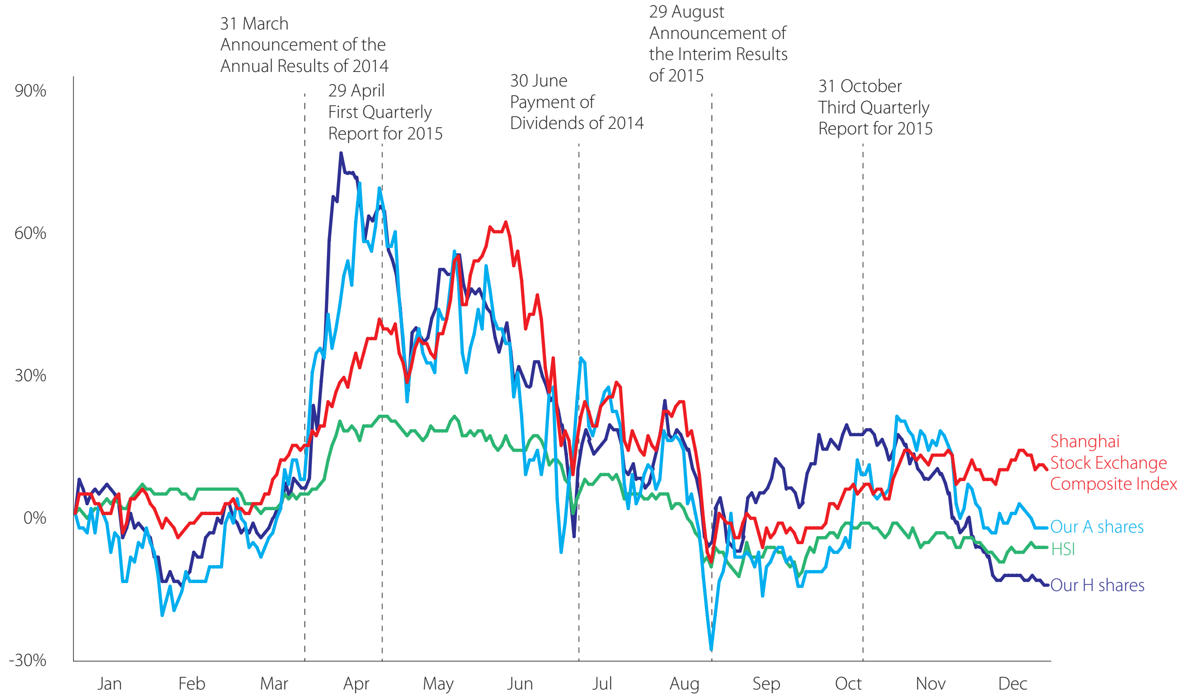
On 2 June 2015, Mr. Chen Yusheng resigned as a Vice President of the Company.

On 23 December 2015, Mr. Zhu Bixin resigned as a Vice President of the Company.


Xiamen Ocean Gate Terminal, the first truly unmanned and fully automated container terminal in the world.

CAPITAL MARKET REVIEW

The closing price of the Company's H shares on 31 December 2015 was HKD7.92, representing a decrease of 15.11% as compared to the closing price of HKD9.33 on 31 December 2014. The closing price of the Company's A shares on 31 December 2015 was RMB13.41, representing a decrease of 3.46% as compared to the closing price of RMB13.89 on 31 December 2014.



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 2015, 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 and the President, the Executive Director who was also CFO as well as the Company Secretary, in visits to over 50 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 2014 annual results and 2015 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.

INVESTOR RELATIONS

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

In 2015, the Company took the initiative to participate in 13 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 nearly 200 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.

(3) Reception of investors

In 2015, the Company exchanged ideas with over 200 institutional investors through nearly 100 one-to-one meetings and 10 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 over 160,000 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 2015

Month	Activity	Organiser
January	15th Greater China Conference	UBS Securities
	13th DB Access China Summit in Beijing	Deutsche Bank
	2015 CICC Investment Conference	CICC
March	2014 Annual Results Announcement	CCCC
	• Online Results Presentation	
	• Analysts Briefing	
	• Press Conference	
	Non-deal roadshow	CCCC
April	First Quarterly Report for 2015	CCCC
May	Spring Forum of Listed Companies	Haitong Securities
	2015 Greater China Conference	Macquarie Group
	20th CLSA China Investment Forum	CLSA
	China Industrial Summit	HSBC
	China Industrial Summit – Balanced Growth	Morgan Stanley
June	11th China Industrial Summit	JP Morgan
August	2015 Interim Results Announcement	CCCC
September	• Online Results Presentation	
	• Analysts Briefing	
	• Press Conference	
	Non-deal roadshow	CCCC
	22th CLSA Investor Forum	CLSA
October	Third Quarterly Report for 2015	CCCC
November	2015 China Investment Summit	Bank of America Merrill Lynch
	2015 China Investment Forum	Credit Suisse
	2015 Greater China Summit	Goldman Sachs Gao Hua

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.

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. Moreover, 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. Finally, the Company specially sorted out operating information such as successful bids and execution of agreement to send by email on a weekly basis to a variety of analysts and fund managers who usually paid attention to the Company, so as to enable them to be timely informed of the operating development of the Company.

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. Upon relevant election, the Company was elected successfully as the "2015 Top 100 Hong Kong Listed Companies" and China's Top 100 Listed Companies, and also received the Famous Chinese Enterprises Award and the Top 100 Best Chinese Board Secretaries Award. The Company was awarded the "Listed Company with the Best Brand Value" from 2015 China Securities Golden Bauhinia Awards, the 2014 Top 100 Golden Bull Listed Companies, the 2015 Outstanding Contribution Dragon Award in China's Securities Market, the Best Board Secretaries in the 17th Chinese Listed Companies Golden Bull Awards Campaign and the Top 100 Board Secretaries in the Value Election of the Chinese Main Board Listed Companies. In addition, as evaluated by Shanghai Stock Exchange, the Company was considered as A Class (highest level of honor) in terms of information disclosure for 2014. 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 2016. 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 set out on pages 90 to 203, which comprise the consolidated balance sheet as at 31 December 2015, 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance 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, 28 March 2016

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CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2015 RMB million	2014 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	6	**67,973**	63,377
Lease prepayments	7	**10,036**	9,682
Investment properties	8	**2,045**	733
Intangible assets	9	**141,345**	90,378
Investments in joint ventures	12	**1,967**	1,742
Investments in associates	12	**10,622**	7,988
Deferred income tax assets	27	**4,169**	2,916
Available-for-sale financial assets	15	**22,322**	22,205
Trade and other receivables	16	**77,816**	75,902
Held-to-maturity financial assets		**280**	328
		338,575	275,251
Current assets			
Inventories	17	**51,904**	46,149
Trade and other receivables	16	**167,914**	150,734
Amounts due from customers for contract work	18	**74,645**	73,223
Other financial assets at fair value through profit or loss		**143**	171
Available-for-sale financial assets	15	**46**	6,586
Derivative financial instruments	19	**9**	26
Restricted bank deposits and term deposits with initial term of over three months	20(a),(b)	**3,117**	6,217
Cash and cash equivalents	20(c)	**94,960**	71,823
		392,738	354,929
Total assets		**731,313**	630,180

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2015 RMB million	2014 RMB million
EQUITY and LIABILITIES			
Equity attributable to owners of the Company			
Share capital	21	**16,175**	16,175
Share premium	21	**19,656**	19,656
Financial instruments classified as equity	22	**19,431**	4,986
Reserves	23	**91,462**	75,714
		146,724	116,531
Non-controlling interests	24	**22,282**	15,081
Total equity		**169,006**	131,612
Liabilities			
Non-current liabilities			
Borrowings	26	**168,578**	137,801
Deferred income		**4,396**	4,921
Deferred income tax liabilities	27	**7,543**	7,805
Retirement benefit obligations	28	**1,589**	1,796
Trade and other payables	25	**7,121**	6,949
		189,227	159,272
Current liabilities			
Trade and other payables	25	**257,379**	224,617
Amounts due to customers for contract work	18	**25,499**	19,585
Current income tax liabilities		**3,197**	3,473
Borrowings	26	**86,605**	91,034
Derivative financial instruments	19	**134**	48
Retirement benefit obligations	28	**113**	153
Provisions for other liabilities and charges	29	**153**	386
		373,080	339,296
Total liabilities		**562,307**	498,568
Total equity and liabilities		**731,313**	630,180

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

The financial statements on pages 90 to 203 were approved by the Board of Directors on 28 March 2016 and were signed on its behalf.

Liu Qitao	**Fu Junyuan**
Director	*Director*

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2015 RMB million	2014 RMB million
Revenue	5	**403,616**	366,042
Cost of sales	33	**(353,862)**	(326,770)
Gross profit		**49,754**	39,272
Other income	30	**3,000**	2,414
Other gains, net	31	**744**	1,776
Selling and marketing expenses	33	**(696)**	(528)
Administrative expenses	33	**(26,129)**	(18,324)
Other expenses	32	**(875)**	(825)
Operating profit		**25,798**	23,785
Finance income	35	**3,701**	3,588
Finance costs, net	36	**(10,212)**	(10,108)
Share of profit of joint ventures	12	**95**	81
Share of profit of associates	12	**289**	258
Profit before income tax		**19,671**	17,604
Income tax expense	37	**(3,758)**	(3,721)
Profit for the year		**15,913**	13,883
Attributable to:			
– Owners of the Company		**15,828**	13,985
– Non-controlling interests		**85**	(102)
		15,913	13,883
Earnings per share for profit attributable to owners of the Company			
(expressed in RMB per share)			
– Basic	40	**0.96**	0.86
– Diluted	40	**0.96**	0.86

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	RMB million	RMB million
Profit for the year	**15,913**	13,883
Other comprehensive income/(expenses)		
Item that will not be subsequently reclassified to profit or loss		
Actuarial losses on retirement benefit obligations, net of deferred tax	**(36)**	(91)
Item that may be subsequently reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets, net of deferred tax		
– Gains arising during the year	**282**	6,561
– Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**(674)**	(741)
Losses from cash flow hedges, net of deferred tax	**(2)**	–
Share of other comprehensive expenses of associates	**(3)**	–
Currency translation differences	**483**	(11)
Other comprehensive income for the year, net of tax	**50**	5,718
Total comprehensive income for the year	**15,963**	19,601
Total comprehensive income/(expenses) attributable to:		
– Owners of the Company	**15,925**	19,671
– Non-controlling interests	**38**	(70)
	15,963	19,601

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company							
	Note	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	41	–	–	–	–	(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 CHANGES IN EQUITY

		Attributable to owners of the Company							
	Note	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 2015		16,175	19,656	4,986	18,200	57,514	116,531	15,081	131,612
Comprehensive income									
Profit for the year		–	–	–	–	15,828	15,828	85	15,913
Other comprehensive income									
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	152	–	152	130	282
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax		–	–	–	(478)	–	(478)	(196)	(674)
Actuarial losses on retirement benefit obligations, net of deferred tax		–	–	–	(36)	–	(36)	–	(36)
Losses from cash flow hedges, net of deferred tax		–	–	–	(2)	–	(2)	–	(2)
Share of other comprehensive expenses of associates		–	–	–	(3)	–	(3)	–	(3)
Currency translation differences		–	–	–	464	–	464	19	483
Total other comprehensive income/(expenses), net of tax		–	–	–	97	–	97	(47)	50
Total comprehensive income		–	–	–	97	15,828	15,925	38	15,963
2014 final dividend	41	–	–	–	–	(2,778)	(2,778)	–	(2,778)
Distributions to holders of financial instruments classified as equity		–	–	–	–	(300)	(300)	–	(300)
Dividends paid and payable to non-controlling interests		–	–	–	–	–	–	(372)	(372)
Contribution from non-controlling interests		–	–	–	–	–	–	2,241	2,241
Cash contribution from government	23	–	–	–	2,971	–	2,971	–	2,971
Financial instruments classified as equity	22,24	–	–	14,445	–	–	14,445	6,706	21,151
Disposal of subsidiaries		–	–	–	–	–	–	(79)	(79)
Deemed disposal of a subsidiary		–	–	–	–	–	–	(1,340)	(1,340)
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries		–	–	–	(23)	(50)	(73)	7	(66)
Share of other reserves a joint venture		–	–	–	3	–	3	–	3
Transfer to statutory surplus reserve	23	–	–	–	304	(304)	–	–	–
Transfer to general reserve	23	–	–	–	281	(281)	–	–	–
Transfer to safety reserve	23	–	–	–	102	(102)	–	–	–
Balance at 31 December 2015		16,175	19,656	19,431	21,935	69,527	146,724	22,282	169,006

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2015 RMB million	2014 RMB million
Cash flows from operating activities			
Cash generated from operations	43	**36,538**	8,403
Income tax paid		**(4,625)**	(3,995)
Net cash generated from operating activities		**31,913**	4,408
Cash flows from investing activities			
Purchases of property, plant and equipment ("PPE")		**(13,342)**	(9,941)
Increase in lease prepayments		**(674)**	(1,091)
Purchases of intangible assets		**(37,999)**	(31,781)
Proceeds from disposal of PPE	43	**683**	548
Proceeds from disposal of lease prepayments		**59**	10
Proceeds from disposal of intangible assets		**6**	–
Additional investments in joint ventures		**(189)**	(663)
Additional investments in associates		**(895)**	(1,346)
Acquisition of subsidiaries	46	**(3,735)**	(5,888)
Proceeds from disposal of subsidiaries		**710**	–
Net cash outflow in respect of deemed disposal of a subsidiary		**(860)**	–
Purchases of available-for-sale financial assets		**(4,346)**	(8,787)
Purchases of other financial assets at fair value through profit or loss		**(4)**	(20)
Changes in term deposits with initial term of over three months		**1,432**	96
Proceeds from disposal of joint ventures		**17**	2
Proceeds from disposal of associates		**221**	224
Proceeds from disposal of available-for-sale financial assets		**10,235**	8,573
Proceeds from disposal of other financial assets at fair value through profit or loss		**39**	22
Proceeds from withdrawal upon maturity of held-to-maturity financial assets		**22**	–
Proceeds from government grants related to assets		**1,181**	2,826
Interest received		**1,014**	982
Dividends received		**952**	729
Net cash used in investing activities		**(45,473)**	(45,505)
Cash flows from financing activities			
Proceeds from borrowings		**190,529**	163,978
Proceeds from financial instruments classified as equity		**21,151**	4,986
Repayments of borrowings		**(163,667)**	(125,732)
Interest paid		**(14,462)**	(11,646)
Changes in restricted bank deposits		**1,222**	(978)
Dividends paid to the Company's shareholders		**(2,778)**	(3,035)
Distributions paid to holders of financial instruments classified as equity		**(300)**	–
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries		**(66)**	–
Dividends paid to non-controlling interests of subsidiaries		**(417)**	(81)
Capital contribution from non-controlling interests		**2,241**	4,260
Cash contribution from government		**2,971**	49
Net cash generated from financing activities		**36,424**	31,801
Net increase/(decrease) in cash and cash equivalents		**22,864**	(9,296)
Cash and cash equivalents at beginning of year		**71,823**	81,238
Exchange gains/(losses) on cash and cash equivalents		**273**	(119)
Cash and cash equivalents at end of year		**94,960**	71,823

The accompanying notes are an integral part of these 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.

On 20 April 2015, CCCC International Holding Limited ("CCCI"), a wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interests in John Holland Group Pty Ltd. ("John Holland") from Leighton Holdings Limited ("Leighton") with a consideration of Australian Dollar ("AUD") 787 million (equivalent to approximately RMB3,954 million). Upon completion of the acquisition, the Company has indirectly held 100% equity interests in John Holland, which has become an indirectly wholly-owned subsidiary of the Company. Detailed information of this acquisition was set out in Note 46.

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 28 March 2016.

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 all applicable 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 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) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015.

	Effective for accounting periods beginning on or after
Amendment to IAS 19 regarding defined benefit plans: employee contributions	1 July 2014
Annual improvements 2010-2012, which include changes to: IFRS2, IFRS3, IFRS8, IAS 16, IAS 38 and IAS 24	1 July 2014
Annual improvements 2011-2013, which include changes to: IFRS 3, IFRS 13 and IAS 40	1 July 2014

The adoption of the above amended standards 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 Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) 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 2015, and have not been applied in preparing these consolidated financial statements.

	Effective for accounting periods beginning on or after
IFRS 14 'Regulatory Deferral Accounts'	1 January 2016
Amendment to IFRS 11 on accounting for acquisitions of interests in joint operations	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 Agriculture: bearer plants	1 January 2016
Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associate or joint venture	to be determined
Amendment to IAS 27 on the equity method in separate financial statements	1 January 2016
Annual improvements 2012-2014, which includes changes to: IFRS 5, 7, IAS 19 and 34	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities: applying the consolidation exception	1 January 2016
Amendments to IAS 1 on disclosure initiative	1 January 2016
Amendments to IAS 12 "Recognition of deferred tax assets for unrealised losses"	1 January 2017
Amendments to IAS 7 "Statement of cash flows"	1 January 2017
IFRS 15 "Revenue from Contracts with Customers"	1 January 2018
IFRS 9 "Financial Instruments"	1 January 2018
IFRS 16 "Leases"	1 January 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(c) 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 2018. 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", replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it includes an expected credit losses model that replaces the incurred loss impairment model used today; it also includes an improved hedge accounting model to better align hedge accounting with the risk management activities. 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.

- IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 "Leases", and related interpretations. The standard is effective on 1 January 2019. The Group is currently assessing the impact of IFRS 16 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.

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 ultimate controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the ultimate 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 ultimate 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)

Acquisition 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.

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

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.

2.8 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. Such concession assets represent the consideration received for its construction service rendered (Note 2.29). 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 individual acquisition group level within respective operation segment.

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 of disposal 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.

2.12.2 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

2.12.2 Recognition and measurement (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Derivative financial instruments and hedging activities

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. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 3.2. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within 'other gains, net'.

Amounts accumulated in equity are reclassified in the consolidated income statement in the periods when the hedged item affects profit or loss (for instance when the forecast purchase that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging foreign currency denominated expenses or receivables is recognised in the consolidated income statement within "other gains, net". However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, property, plant and equipment) or a non-financial liability, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost or carrying amount of the asset or liability. The deferred amounts are ultimately recognised in the consolidated income statement as "cost of sales" in the case of inventory, or as depreciation or impairment in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement, or upon the initial recognition of a non-financial asset or liability. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

(b) Derivatives at fair value through profit or loss

Certain 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 variable number of its own equity instruments; if the financial instrument 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.

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.

Outside basis differences

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, 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 ventures 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Current and deferred income tax (Continued)

(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 tax 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Employee benefits (Continued)

(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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Government grants

Grants from the government are recognised 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.

2.28 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 when it is probable that total contract costs will exceed total revenue. 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 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, dredging and manufacturing of heavy machinery contracts

Revenue from individual construction, 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 survey and design, transportations and logistics services is recognised in the accounting period in which the services are rendered by reference to stage of completion of the specific transaction, 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. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount less cumulative amortisation, 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 2015, denominated in foreign currencies, mainly United States Dollars ("USD"), are disclosed in Notes 16, 20, 25 and 26, 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 2015, if RMB had weakened/strengthened by 5% against USD with all other variables held constant, post-tax profit for the year would have been approximately RMB510 million (2014: 5%, RMB450 million) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. Profit is more sensitive to movement in RMB/USD exchange rates in 2015 than 2014 mainly because of the increased amount of USD-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:

	2015	2014
Increases/decreases in quoted price in open markets	10%	10%

	2015 RMB million	2014 RMB million
Impact on post-tax profit for the year	14	16
Impact on equity attributable to owners of the Company for the year	2,067	2,028

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2015 and 2014, the Group's borrowings at variable rate were mainly denominated in RMB, USD, Euro ("EUR"), Hong Kong Dollars ("HKD") and Japanese Yen ("JPY").

Borrowings obtained at fixed rates expose the Group 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 outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group, and makes decisions with reference to the latest market conditions. From time to time, the Group 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 2015 and 2014.

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 2015, approximately RMB134,970 million (2014: RMB115,889 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 26. As at 31 December 2015, if interest rates on borrowings had been 1.00 percentage-point higher/lower with all other variables held constant, profit attributable to the owners of the Company for the year would have been RMB1,350 million lower/higher (2014: 1.00 percentage-point higher/lower, RMB1,159 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.

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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(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 26.

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 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)

	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 2015				
Borrowings (excluding finance lease liabilities)	**94,779**	**44,667**	**56,529**	**151,928**
Finance lease liabilities	**656**	**626**	**1,180**	**385**
Trade and other payables (excluding statutory and non-financial liabilities)	**190,517**	**8,668**	**–**	**–**
Financial guarantee contracts	**895**	**–**	**–**	**–**
Net-settled derivative financial instruments	**8**	**7**	**–**	**–**
Gross-settled derivative financial instruments – outflows				
– held for trading	**1,753**	**–**	**–**	**–**
– cash flow hedges	**635**	**–**	**–**	**–**
Gross-settled derivative financial instruments – inflows				
– held for trading	**(1,754)**	**–**	**–**	**–**
– cash flow hedges	**(2)**	**–**	**–**	**–**
	287,487	**53,968**	**57,709**	**152,313**
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
Trade and other payables (excluding statutory and non-financial liabilities)	163,923	7,591	–	–
Financial guarantee contracts	527	–	–	–
Net-settled derivative financial instruments	7	6	6	–
Gross-settled derivative financial instruments outflows – held for trading	5,585	–	–	–
Gross-settled derivative financial instruments inflows – held for trading	(5,657)	–	–	–
	263,837	44,285	61,599	83,633

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The Group entered into the guarantee contracts for bank borrowings made by joint ventures, associates and a third party. 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.

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

(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.

	2015 RMB million	2014 RMB million
Total borrowings (Note 26)	255,183	228,835
Less: cash and cash equivalents (Note 20(c))	(94,960)	(71,823)
Net debt	160,223	157,012
Total equity	169,006	131,612
Total capital	329,229	288,624
Gearing ratio	49%	54%

The gearing ratio as at 31 December 2015 decreased by 5% compared with that in 2014 primarily attributable to the issuance of financial instruments classified as equity 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 2015, 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 2014: 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 2015.

	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	143	–	–	143
Derivative financial instruments				
– held for trading	–	1	–	1
– cash flow hedges	–	8	–	8
Available-for-sale financial assets				
– equity securities and other investments	20,253	–	414	20,667
– other unlisted instruments	–	46	–	46
Total assets	20,396	55	414	20,865
Liabilities				
Derivative financial instruments				
– held for trading	–	(122)	–	(122)
– cash flow hedges	–	(12)	–	(12)
Total liabilities	–	(134)	–	(134)

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)

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.

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. Should there be any change in the assumptions and estimates, revisions to the provision for impairment of trade and other receivables would be required.

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. For those unlisted investments without quoted price in active market, the Group evaluates 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 RMB193 million in the consolidated financial statements for the year ended 31 December 2015, 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.

4.5 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

As at 31 December 2015, the carrying amount of goodwill is RMB6,016 million (2014: RMB1,537 million). Details of the impairment test for goodwill are disclosed in Note 9.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (CONTINUED)

4.6 Determination of control over structured entities

The Group invested in several structured entities which were mainly engaged in infrastructure investment activities. Based on the assessment following the accounting policies set out in Notes 2.2.1, 2.3 and 2.4, the Group consolidated certain structured entities that it has control and account for as joint ventures when it has joint control over the structured entities. For those that the Group has neither control nor joint control, the Group accounts for as available-for-sale. Judgement is involved when performing the assessment. Should those joint ventures and available-for-sale be consolidated, net assets, revenue and profit of the Group could be affected.

Management applies its judgement to determine whether the control indicators set out in Note 2.2.1 indicate that the Group controls a structured entity.

The Group acts as manager to a number of structured entities and also carries interests in these entities. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity.

Further disclosure in respect of unconsolidated structured entities in which the Group has an interest has been set out in Note 11.

4.7 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.

4.8 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.

4.9 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).

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (CONTINUED)

4.10 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 28.

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 RMB31 million (2014: RMB35 million) lower or RMB33 million (2014: RMB37 million) higher.

4.11 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. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly. It is possible that actual outcomes in next financial period are different from estimates made based on historical experience. Then it could cause a material adjustment to the depreciation and carrying amount of the Group's property, plant and equipment.

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the President Office that are used to allocate resources to the segments 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:

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

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

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

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

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

In 2015, the Board of Directors approved a restructuring in respect of the assets, personnel and entities relating to the Group's dredging business. A new subsidiary, CCCC Dredging (Group) Co., Ltd. was incorporated, which is principally engaged in: (i) dredging business; (ii) land reclamation business; (iii) pre- and post-dredging services; and (iv) environmental protection and maritime engineering business. In this connection, the following changes were made to the operating segments to align with the restructured dredging business:

– CCCC International Shipping Corporation, which is primarily engaged in the business of ships and equipment transportation for the maritime engineering business, previously included in Construction Segment, is now allocated to Dredging Segment;

– Hong Kong Marine Construction Limited, previously included in Construction Segment, is now allocated to Dredging Segment.

The changes are in line with the internal management reporting to the President Office.

The comparative segment information has been restated to reflect the above mentioned changes.

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 sales 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, investment properties, intangible assets, inventories, receivables, amounts due from customers for contract work, restricted cash, term deposits with initial term of over three months and cash and cash equivalents. They exclude deferred taxation, investments, available-for-sale financial assets, held-to-maturity financial assets, other financial assets at fair value through profit or loss 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.

5. SEGMENT INFORMATION (CONTINUED)

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).

The segment results for the year ended 31 December 2015 and other segment items included in the consolidated financial statements are as follows:

	For the year ended 31 December 2015						
	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	345,475	24,483	33,515	24,104	4,323	(28,284)	403,616
Inter-segment revenue	(6,351)	(1,876)	(18,807)	(965)	(285)	28,284	–
Revenue	339,124	22,607	14,708	23,139	4,038	–	403,616
Segment result	18,259	2,923	3,752	1,491	(69)	(447)	25,909
Unallocated costs							(111)
Operating profit							25,798
Finance income							3,701
Finance costs, net							(10,212)
Share of profit of joint ventures							95
Share of profit of associates							289
Profit before income tax							19,671
Income tax expense							(3,758)
Profit for the year							15,913
Other segment items							
Depreciation	5,359	186	888	1,260	39	–	7,732
Amortisation	582	31	26	110	34	–	783
Write-down of inventories	4	–	–	55	–	–	59
Provision for foreseeable losses on construction contracts	616	–	–	305	89	–	1,010
Provision for impairment of trade and other receivables	911	242	1,234	294	482	–	3,163

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 (Restated)						
	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	298,986	21,086	28,020	26,733	4,192	(12,975)	366,042
Inter-segment revenue	(4,294)	(808)	(6,444)	(628)	(801)	12,975	–
Revenue	294,692	20,278	21,576	26,105	3,391	–	366,042
Segment result	15,605	2,591	2,676	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 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.

The segment assets and liabilities at 31 December 2015 and capital expenditure for the year then ended are as follows:

	As at 31 December 2015						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Segment assets	502,171	22,931	61,320	58,323	20,747	(24,419)	641,073
Investments in joint ventures							1,967
Investments in associates							10,622
Unallocated assets							77,651
Total assets							731,313
Segment liabilities	255,770	15,219	24,061	14,826	1,338	(23,969)	287,245
Unallocated liabilities							275,062
Total liabilities							562,307
Capital expenditure	56,913	441	2,306	2,565	45	–	62,270

Segment assets and liabilities at 31 December 2015 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	641,073	287,245
Investments in joint ventures	1,967	–
Investments in associates	10,622	–
Unallocated:		
Deferred income tax assets/liabilities	4,169	7,543
Current income tax liabilities	–	3,197
Current borrowings	–	86,605
Non-current borrowings	–	168,578
Available-for-sale financial assets	22,368	–
Other financial assets at fair value through profit or loss	143	–
Derivative financial instruments	9	134
Cash and other corporate assets/corporate liabilities	50,962	9,005
Total	731,313	562,307

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 (Restated)						
	Construction	Design	Dredging	Heavy machinery	Others	Elimination	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Segment assets	438,829	20,601	61,372	51,151	8,431	(21,030)	559,354
Investments in joint ventures							1,742
Investments in associates							7,988
Unallocated assets							61,096
Total assets							630,180
Segment liabilities	230,513	12,763	21,745	12,284	1,001	(20,679)	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	Liabilities
	RMB million	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)

Revenue from external customers in the PRC and other regions (other regions primarily include Australia and countries in Africa, Middle East and South East Asia) is as follows:

	2015	2014
	RMB million	RMB million
PRC (excluding Hong Kong, Macau and Taiwan)	**328,655**	303,547
Other regions	**74,961**	62,495
	403,616	366,042

Revenue from the individual countries or regions other than the PRC is not material in 2015 and 2014.

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:

	2015	2014
	RMB million	RMB million
PRC (excluding Hong Kong, Macau and Taiwan)	**207,392**	158,189
Other regions	**14,007**	5,981
	221,399	164,170

Non-current assets in the individual countries or regions other than the PRC are not material as at 31 December 2015 and 2014.

6. PROPERTY, PLANT AND EQUIPMENT

	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 2014						
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 43(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 33)	(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
Year ended 31 December 2015						
Opening net book amount	**14,691**	**11,922**	**22,773**	**2,604**	**11,387**	**63,377**
Additions	**654**	**3,279**	**1,020**	**2,437**	**7,321**	**14,711**
Disposals (Note 43(b))	**(17)**	**(343)**	**(140)**	**(78)**	**–**	**(578)**
Acquisition of subsidiaries (Note 46)	**102**	**869**	**52**	**18**	**21**	**1,062**
Disposal of subsidiaries	**(177)**	**(120)**	**(2)**	**(5)**	**(1,214)**	**(1,518)**
Transfers	**1,138**	**(481)**	**2,096**	**239**	**(2,992)**	**–**
Transferred to investment properties (Note 8)	**(22)**	**–**	**–**	**–**	**(1,325)**	**(1,347)**
Transferred to intangible assets (Note 9)	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Depreciation charge (Note 33)	**(669)**	**(2,714)**	**(2,054)**	**(2,229)**	**–**	**(7,666)**
Currency translation differences	**(7)**	**(51)**	**(3)**	**(1)**	**–**	**(62)**
Closing net book amount	**15,693**	**12,361**	**23,742**	**2,985**	**13,192**	**67,973**
At 31 December 2015						
Cost	**21,159**	**27,681**	**46,365**	**10,783**	**13,192**	**119,180**
Accumulated depreciation	**(5,466)**	**(15,320)**	**(22,623)**	**(7,798)**	**–**	**(51,207)**
Net book amount	**15,693**	**12,361**	**23,742**	**2,985**	**13,192**	**67,973**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation of the Group's property, plant and equipment of RMB6,930 million (2014: RMB6,466 million) has been charged to cost of sales, RMB659 million (2014: RMB680 million) to administrative expenses and RMB77 million (2014: RMB65 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 RMB772 million (2014: RMB240 million) (Note 26).

(c) As at 31 December 2015, 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 RMB3,931 million (2014: RMB4,383 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:

	2015	2014
	RMB million	RMB million
Cost – Capitalised finance leases	**5,610**	5,617
Accumulated depreciation	**(1,231)**	(1,521)
Net book amount	**4,379**	4,096

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:

	2015	2014
	RMB million	RMB million
Cost	**778**	714
Accumulated depreciation	**(322)**	(359)
Net book amount	**456**	355

7. LEASE PREPAYMENTS

	2015 RMB million	2014 RMB million
At 1 January		
Cost	11,074	9,454
Accumulated amortisation	(1,392)	(1,181)
Net book amount	9,682	8,273
For the year ended 31 December		
Opening net book amount	9,682	8,273
Additions	843	1,091
Disposals	(62)	(10)
Acquisition of subsidiaries	–	542
Disposal of subsidiaries	(61)	–
Transferred to inventories (Note 17)	(144)	–
Amortisation charge (Note 33)	(222)	(214)
Closing net book amount	10,036	9,682
At 31 December		
Cost	11,681	11,074
Accumulated amortisation	(1,645)	(1,392)
Net book amount	10,036	9,682

(a) Amortisation of the Group's lease prepayments of RMB129 million (2014: RMB57 million) has been charged to cost of sales and RMB93 million (2014: RMB157 million) to administrative expenses.

(b) As at 31 December 2015, 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 RMB2,494 million (2014: RMB418 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 RMB1,348 million (2014: RMB1,163 million) (Note 26).

8. INVESTMENT PROPERTIES

	2015 RMB million	2014 RMB million
At 1 January		
Cost	**1,041**	1,009
Accumulated depreciation	**(308)**	(257)
Net book amount	**733**	752
For the year ended 31 December		
Opening net book amount	**733**	752
Additions	**31**	–
Transferred from property, plant and equipment (Note 6)	**1,347**	18
Depreciation charge (Note 33)	**(66)**	(37)
Closing net book amount	**2,045**	733
At 31 December		
Cost	**2,433**	1,041
Accumulated depreciation	**(388)**	(308)
Net book amount	**2,045**	733
Fair value at end of the year (a)	**8,448**	3,657

(a) As at 31 December 2015, 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 RMB7,808 million (2014: RMB3,260 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 RMB640 million (2014: RMB397 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 RMB217 million (2014: RMB135 million) was recognised as "other income" and depreciation of the Group's investment properties of RMB66 million (2014: RMB37 million) was recognised as "other expenses" in the consolidated income statement for the year ended 31 December 2015.

(c) As at 31 December 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: nil).

9. INTANGIBLE ASSETS

	Concession assets	Goodwill	Trademark, patent and proprietary technologies	Computer software	Others	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
At 1 January 2014						
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 46)	–	1,229	–	2	–	1,231
Amortisation charge (Note 33)	(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
Year ended at 31 December 2015						
Opening net book amount	**88,382**	**1,537**	**198**	**125**	**136**	**90,378**
Additions	**46,600**	**–**	**34**	**50**	**1**	**46,685**
Disposals	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Acquisition of subsidiaries (Note 46)	**–**	**4,805**	**743**	**111**	**23**	**5,682**
Disposal of subsidiaries	**(464)**	**–**	**–**	**(1)**	**–**	**(465)**
Transferred from property, plant and equipment (Note 6)	**–**	**–**	**–**	**6**	**–**	**6**
Amortisation charge (Note 33)	**(462)**	**–**	**(20)**	**(50)**	**(29)**	**(561)**
Impairment charge	**–**	**(50)**	**–**	**–**	**–**	**(50)**
Currency translation differences	**–**	**(276)**	**(42)**	**(6)**	**–**	**(324)**
Closing net book amount	**134,056**	**6,016**	**913**	**235**	**125**	**141,345**
At 31 December 2015						
Cost	**135,561**	**6,066**	**1,103**	**463**	**280**	**143,473**
Accumulated amortisation and impairment	**(1,505)**	**(50)**	**(190)**	**(228)**	**(155)**	**(2,128)**
Net book amount	**134,056**	**6,016**	**913**	**235**	**125**	**141,345**

(a) As at 31 December 2015, concession assets represent assets under "Build-Operate-Transfer" service concession arrangements and mainly consist of toll roads in the PRC. Certain concession projects have been put into operations, the cost of related concession assets amounted to RMB60,002 million (2014: RMB45,300 million). The cost of concession assets where the related projects were under construction amounted to RMB75,559 million (2014: RMB44,125 million).

(b) Amortisation of the Group's intangible assets of RMB469 million (2014: RMB452 million) has been charged to cost of sales, and RMB92 million (2014: RMB83 million) to administrative expenses.

(c) Certain bank borrowings are secured by concession assets with carrying amount of approximately RMB103,565 million (2014: RMB57,388 million) (Note 26).

9. INTANGIBLE ASSETS (CONTINUED)

(d) Goodwill is allocated to the Group's CGUs identified in accordance with individual acquisition group within respective operating segments. The goodwill of the Group mainly relates to the following three acquisition groups.

(i) The goodwill included in Construction segment that arose in connection with the Group's acquisition of 100% equity interest in John Holland in April 2015 (Note 46).

(ii) The goodwill included in Construction segment that 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. (collectively referred as "Phoenix Island") in March and April 2014.

(iii) The goodwill included in Heavy Machinery segment that arose in connection with the Group's acquisition of 100% equity interest in Friede Goldman United, Ltd. ("F&G") in August 2010.

Impairment test for goodwill:

The following is a summary of goodwill allocation for each acquisition group:

	2015 RMB million	2014 RMB million
John Holland (i)	4,529	–
Phoenix Island	1,229	1,229
F&G (ii)	245	295
Others	13	13
	6,016	1,537

(i) For goodwill arose in connection with John Holland, the recoverable amount was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2.5%. The growth rate does not exceed the long-term average growth rate for the related industry in which John Holland operates.

The summary of key assumptions are set out below:

	John Holland
Revenue (% annual growth rate) (a)	2.5%
Pre-tax discount rate (b)	21.8%

(a) Revenue growth rate is the average annual growth rate over the five-year forecast period. It is based on past performance and management's expectations of market development.

(b) The discount rate used are pre-tax and reflect specific risks relating to the acquisition group.

No impairment was recognised based on the assessment as at 31 December 2015.

9. INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill: (Continued)

(ii) As at 31 December 2015, the carrying amount of the goodwill in connection with F&G has been calculated using value-in-use method, the recoverable amount of which has been reduced to RMB245 million, with the recognition of an impairment loss of RMB50 million. This loss has been included in "cost of sales" in the consolidated income statement. The impairment was due to the estimated reduction of new contracts in the coming 2 to 3 years.

10. SUBSIDIARIES

(a) Details of the principal subsidiaries as at 31 December 2015 are shown in Note 48.

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2015 was RMB22,282 million (2014: RMB15,081 million), of which RMB7,868 million is for ZPMC (2014: RMB7,873 million), and RMB3,000 million is for CCCC (Beijing) Equity Investment Fund LLP (2014: RMB3,002 million). In addition, on 21 April 2015, a subsidiary of the Company issued a tranche of USD denominated perpetual securities which should be classified as equity of the issuer, and consequently, as non-controlling interests of the Group (Note 24). The non-controlling interests in respect of other subsidiaries are individually 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

	2015 RMB million	2014 RMB million (Restated)
Current		
Assets	**28,673**	28,050
Liabilities	**(40,057)**	(35,451)
Total current net liabilities	**(11,384)**	(7,401)
Non-current		
Assets	**30,369**	29,975
Liabilities	**(3,183)**	(6,965)
Total non-current net assets	**27,186**	23,010
Net assets	**15,802**	15,609

10. SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (Continued)

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

Summarised income statement

	2015 RMB million	2014 RMB million (Restated)
Revenue	23,272	25,477
Profit before income tax	272	178
Income tax expense	(78)	(21)
Profit for the year	194	157
Other comprehensive (expenses)/income	(107)	70
Total comprehensive income	87	227
Total comprehensive expenses allocated to non-controlling interests	51	47
Dividends paid to non-controlling interests	–	–

Summarised cash flows

	2015 RMB million	2014 RMB million (Restated)
Cash flows from operating activities		
Cash used in operations	(1,562)	(537)
Income tax paid	(270)	(327)
Net cash used in operating activities	(1,832)	(864)
Net cash generated from/(used in) investing activities	2,582	(1,856)
Net cash (used in)/generated from financing activities	(335)	1,144
Net increase/(decrease) in cash and cash equivalents	415	(1,576)
Cash and cash equivalents at beginning of year	1,881	3,463
Exchange gains/(losses) on cash and cash equivalents	41	(6)
Cash and cash equivalents at end of year	2,337	1,881

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

	2015 RMB million	2014 RMB million
Current		
Assets	3,756	3,756
Liabilities	(2)	(3)
Total current net assets	3,754	3,753
Net assets	3,754	3,753

10. SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (Continued)

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

Summarised income statement

	2015 RMB million	2014 RMB million
Revenue	303	21
Profit before income tax	276	9
Profit for the year	276	9
Total comprehensive income	276	9
Total comprehensive income allocated to non-controlling interests	221	6
Dividends paid to non-controlling interests	(276)	–

Summarised cash flows

	2015 RMB million	2014 RMB million
Cash flows from operating activities		
Cash generated from/(used in) operations	276	(10)
Net cash generated from/(used in) operating activities	276	(10)
Net cash used in investing activities	–	(3,729)
Net cash (used in)/generated from financing activities	(276)	3,745
Net increase in cash and cash equivalents	–	6
Cash and cash equivalents at beginning of year	6	–
Cash and cash equivalents at end of year	6	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 investment 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 2015, the total assets and total liabilities of these unconsolidated structured entities amounted to RMB4,713 million and RMB4,181 million, respectively. (2014: RMB1,376 million and RMB1,311 million, respectively).

11. UNCONSOLIDATED STRUCTURED ENTITIES MANAGED BY THE GROUP (CONTINUED)

The exposure to the Group's investments in the unconsolidated structured entities as at 31 December 2015 is disclosed in the following table.

	2015	2014
	RMB million	RMB million
Available-for-sale financial assets	**414**	64
Investments in joint ventures	**135**	2
	549	66

As at 31 December 2015, 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:

	2015	2014
	RMB million	RMB million
Associates	**10,622**	7,988
Joint ventures	**1,967**	1,742
	12,589	9,730

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

	2015	2014
	RMB million	RMB million
Associates	**289**	258
Joint ventures	**95**	81
	384	339

(a) Investments in associates

	2015	2014
	RMB million	RMB million
At 1 January	**7,988**	6,780
Additions	**895**	1,346
Acquisition of subsidiaries (Note 46)	**127**	–
Disposals	**(26)**	(169)
Share of profit or loss, net	**289**	258
Dividend distribution	**(108)**	(35)
Transferred from subsidiaries, due to deemed disposal of a subsidiary	**560**	–
Transferred from available-for-sale financial assets, due to acquiring of significant influence (Note 15)	**900**	–
Share of other comprehensive expenses of associates	**(3)**	–
Transferred to available-for-sale financial assets, due to loss of significant influence (Note 15)	**–**	(192)
At 31 December	**10,622**	7,988

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) Investments in associates (Continued)

(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 RMB694 million (2014: RMB358 million).

(b) Investments in joint ventures

	2015 RMB million	2014 RMB million
At 1 January	**1,742**	1,019
Additions	**189**	663
Disposals	**(13)**	(3)
Share of profit or loss, net	**95**	81
Dividend distribution	**(49)**	(18)
Share of other reserves of a joint venture	**3**	–
At 31 December	**1,967**	1,742

(i) In the opinion of the Directors, none of the joint ventures is individually material to the Group as at 31 December 2015.

(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 RMB182 million (2014: RMB149 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

Joint operations in which the Group has material interests are set out below:

Name of arrangement	Principal activity	Country/ Region	Ownership interests 31 December 2015 %	31 December 2014 %
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	**40.00**	51.00
Abigroup Contractors Pty Ltd & Coleman Rail Pty Ltd & John Holland Pty Ltd (Integrate Rail)	Construction	Australia	**40.00**	N/A
Coleman Rail John Holland & York Civil (Tracksure Rail Upgrade)	Construction	Australia	**38.00**	N/A
GHD John Holland (Perth City Link Rail Alliance)	Construction	Australia	**85.00**	N/A
John Holland Bouygues Travaux Publics (North Strathfield Rail Underpass)	Construction	Australia	**50.00**	N/A
John Holland Abigroup Contractors (Bulk Water Alliance)	Construction	Australia	**50.00**	N/A
John Holland Coleman Rail (Activate)	Construction	Australia	**50.00**	N/A
John Holland Fairbrother (Uni Tas, Risdon, IMAS)	Construction	Australia	**50.00**	N/A
John Holland Fulton Hogan (Hunua, Minor Rail Projects)	Construction	Australia	**50.00**	N/A
John Holland Leed Engineering and Construction (NIAW)	Construction	Australia	**67.00**	N/A
John Holland Leighton Asia, India and Offshore (South East Asia)	Construction	India	**50.00**	N/A
John Holland Lend Lease (SW Program Management Works)	Construction	Australia	**50.00**	N/A
John Holland Pindan (Eastern Goldfields)	Construction	Australia	**50.00**	N/A
John Holland Tenix Alliance (Mackay Water)	Construction	Australia	**50.00**	N/A
John Holland UGL Infrastructure (Murrumbidgee Irrigation Alliance)	Construction	Australia	**50.00**	N/A
John Holland Veolia Water Australia (Sydney Desalination Plant)	Construction	Australia	**72.00**	N/A
John Holland Veolia Water Australia (Gold Coast Desalination Plant)	Construction	Australia	**64.00**	N/A
Leighton Asia, India and Offshore John Holland (Hong Kong South Island Line Project)	Construction	Hong Kong	**45.00**	N/A
Leighton Asia, India and Offshore John Holland (Singapore LTA Project)	Construction	Singapore	**50.00**	N/A
Thiess John Holland (EastLink)	Construction	Australia	**50.00**	N/A

13. JOINT OPERATIONS (CONTINUED)

Name of arrangement	Principal activity	Country/ Region	Ownership interests 31 December 2015 %	31 December 2014 %
Dragados Australia Pty Ltd & John Holland Pty Ltd & Thiess Pty Ltd (NWRL TSC)	Construction	Australia	**25.00**	N/A
John Holland Pty Ltd and Kellogg Brown & Root Pty Ltd (Melbourne Water Capital Works)	Construction	Australia	**50.00**	N/A
John Holland Pty Ltd, UGL Engineering Pty Ltd and GHD Pty Ltd (Malabar Alliance)	Construction	Australia	**43.00**	N/A

14. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	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 consolidated balance sheet				
31 December 2015				
Available-for-sale financial assets (Note 15)	**–**	**–**	**22,368**	**22,368**
Derivative financial instruments (Note 19)	**–**	**9**	**–**	**9**
Other financial assets at fair value through profit or loss	**–**	**143**	**–**	**143**
Trade and other receivables excluding prepayments (Note 16)	**225,200**	**–**	**–**	**225,200**
Cash and bank balances (Note 20)	**98,077**	**–**	**–**	**98,077**
Total	**323,277**	**152**	**22,368**	**345,797**
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

14. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
	RMB million	RMB million	RMB million
Liabilities as per consolidated balance sheet			
31 December 2015			
Borrowings (excluding finance lease liabilities) (Note 26)	–	**252,673**	**252,673**
Finance lease liabilities (Note 26)	–	**2,510**	**2,510**
Derivative financial instruments (Note 19)	**134**	–	**134**
Trade and other payables excluding statutory and non-financial liabilities (Note 25)	–	**197,638**	**197,638**
Total	**134**	**452,821**	**452,955**
31 December 2014			
Borrowings (excluding finance lease liabilities) (Note 26)	–	226,130	226,130
Finance lease liabilities (Note 26)	–	2,705	2,705
Derivative financial instruments (Note 19)	48	–	48
Trade and other payables excluding statutory and non-financial liabilities (Note 25)	–	170,872	170,872
Total	48	399,707	399,755

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	RMB million	RMB million
At 1 January	**28,791**	18,116
Fair value gains	**287**	8,554
Release of investment revaluation upon disposal of available-for-sale financial assets	**(848)**	(941)
Additions	**4,346**	9,237
Transferred from investments in associates, due to loss of significant influence (Note 12)	–	192
Transferred to investments in associates, due to acquiring of significant influence (Note 12)	**(900)**	–
Disposals	**(9,308)**	(6,367)
At 31 December	**22,368**	28,791
Less: non-current portion	**(22,322)**	(22,205)
Current portion	**46**	6,586

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial assets include the following:

	2015 RMB million	2014 RMB million
Non-current		
Listed equity securities and other unlisted investments, at fair value (Note b)		
– Mainland China	20,025	20,151
– Hong Kong	642	124
Unlisted equity investments, at cost (Note c)	1,655	1,930
	22,322	22,205
Current		
Other unlisted instruments, at fair value (Note d)	46	6,586
	22,368	28,791

(a) The Group reclassified available-for-sale investments gains, net of deferred tax, of RMB674 million (2014: RMB741 million) upon disposal from other comprehensive income to consolidated income statement.

(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.

(e) Available-for-sale financial assets are denominated in the following currencies:

	2015 RMB million	2014 RMB million
RMB	21,387	28,347
HKD	682	162
USD	299	282
	22,368	28,791

16. TRADE AND OTHER RECEIVABLES

	2015 RMB million	2014 RMB million
Trade and bills receivables (a)	**70,446**	63,693
Less: provision for impairment	**(7,156)**	(4,161)
Trade and bills receivables – net	**63,290**	59,532
Prepayments	**20,530**	17,597
Retentions	**53,955**	47,335
Deposits	**20,810**	20,707
Other receivables	**29,081**	27,601
Staff advances	**760**	810
Long-term receivables	**57,304**	53,054
	245,730	226,636
Less: non-current portion		
– Retentions	**(28,576)**	(26,337)
– Deposits	**(1,939)**	(3,360)
– Long-term receivables	**(46,179)**	(44,928)
– Prepayments for equipment	**(1,122)**	(1,277)
	(77,816)	(75,902)
Current portion	**167,914**	150,734

(a) Ageing analysis of trade and bills receivables is as follows:

	2015 RMB million	2014 RMB million
Within 6 months	**45,508**	45,715
6 months to 1 year	**6,976**	5,161
1 year to 2 years	**9,191**	7,133
2 years to 3 years	**3,827**	2,871
Over 3 years	**4,944**	2,813
	70,446	63,693

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. Please refer to Note 16(f), (g) and (h) for detailed impairment analysis.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) The fair values of trade and other receivables are as follows:

	2015	2014
	RMB million	RMB million
Trade and bills receivables	**63,290**	59,532
Retentions	**53,984**	47,361
Deposits	**20,812**	20,710
Other receivables	**29,081**	27,601
Staff advances	**760**	810
Long-term receivables	**57,335**	53,085
	225,262	209,099

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 4.75% to 4.90% per annum as at 31 December 2015 (2014: ranging from 6.00% 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 2015, retentions, deposits and long-term receivables of the Group totalling RMB124,723 million (2014: RMB113,563 million) were neither past due nor impaired, and RMB8,000 million (2014: RMB8,166 million) were past due/partially impaired with the provision of RMB654 million (2014: RMB633 million).

(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 2015, relevant trade receivables, with recourse factoring clauses in the agreements, amounted to RMB1,885 million (2014: RMB1,374 million). In the opinion of the Directors, such transactions did not qualify for derecognition and were accounted for as secured borrowings (Note 26). In addition, as at 31 December 2015, trade receivables of RMB11,683 million (2014: RMB13,058 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 2015, bills receivables – bank acceptance notes of RMB61 million (2014: RMB22 million) were endorsed to suppliers and RMB175 million (2014: RMB24 million) were discounted with banks with rights of recourse. In the opinion of the Directors, such transactions did not qualify for derecognition. In addition, as at December 2015, bills receivables – bank acceptance and commercial acceptance notes of RMB1,958 million (2014: RMB2,057 million) were endorsed to suppliers, and RMB418 million (2014: RMB860 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.

(f) As of 31 December 2015, trade and bills receivables of the Group amounting to RMB3,754 million (2014: RMB4,321 million) were neither past due nor impaired.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(g) As of 31 December 2015, trade and bills receivables of RMB42,579 million (2014: RMB40,671 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. The ageing analysis of these trade and bills receivables is as follows:

	2015 RMB million	2014 RMB million
Within 6 months	38,787	38,564
6 months to 1 year	1,706	498
1 year to 2 years	1,382	1,013
2 years to 3 years	206	493
Over 3 years	498	103
	42,579	40,671

(h) As of 31 December 2015, trade and bills receivables of RMB24,113 million (2014: RMB18,701 million) were impaired and provided for. The provision amounted to RMB7,156 million as of 31 December 2015 (2014: RMB4,161 million). The amount of individually impaired receivables was RMB3,642 million (2014: RMB3,077 million) with the provision of RMB1,320 million (2014: RMB829 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. The ageing analysis of these receivables (net of impairment provision) is as follows:

	2015 RMB million	2014 RMB million
Within 6 months	2,571	3,998
6 months to 1 year	4,838	4,441
1 year to 2 years	6,197	3,943
2 years to 3 years	2,342	1,499
Over 3 years	1,009	659
	16,957	14,540

(i) Movements on provision for impairment of trade receivables are as follows:

	2015 RMB million	2014 RMB million
At 1 January	4,161	3,802
Provision for the year	3,912	1,648
Receivables written off during the year as non-collectible	(1)	(28)
Released	(916)	(1,261)
At 31 December	7,156	4,161

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.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(j) The carrying amount of trade and other receivables are denominated in the following currencies:

	2015 RMB million	2014 RMB million
RMB	**222,186**	206,886
USD	**12,183**	11,142
Central African CFA Franc BEAC	**2,270**	405
Saudi Riyal	**1,860**	1,558
HKD	**1,019**	832
Qatar Riyal	**1,016**	642
Macanese Patacas	**808**	520
United Arab Emirates Dirham	**730**	1,210
JPY	**535**	140
EUR	**375**	860
Other currencies	**2,748**	2,441
	245,730	226,636

As at 31 December 2015, other currencies mainly comprised of Libyan Dinar, Kuwaiti Dinar and Indonesian Rupiah.

(k) The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

(l) Receivables generated from finance leases

	2015 RMB million	2014 RMB million
Non-current receivables		
Finance leases – gross receivables	**1,162**	675
Unearned finance income	**(95)**	(71)
Net investment in finance leases	**1,067**	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:

	2015 RMB million	2014 RMB million
No later than 1 year	**201**	228
Later than 1 year and no later than 5 years	**229**	187
Later than 5 years	**363**	144
	793	559

17. INVENTORIES

	2015 RMB million	2014 RMB million
Raw materials	**16,487**	18,119
Work in progress	**2,966**	1,988
Properties under development and held for sale (a)	**26,517**	21,153
Completed properties held for sale (b)	**5,356**	3,973
Finished goods	**578**	916
	51,904	46,149

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 RMB5,331 million (2014: RMB2,189 million) (Note 26).

(a) Properties under development and held for sale

	2015 RMB million	2014 RMB million
As at 1 January	**21,153**	10,909
Additions	**8,531**	6,692
Acquisition of subsidiaries	**–**	5,292
Transferred from lease prepayment (Note 7)	**144**	–
Properties completed during the year	**(3,311)**	(1,740)
As at 31 December	**26,517**	21,153

	2015 RMB million	2014 RMB million
Properties under development and held for sale comprise:		
Land use rights	**14,341**	11,552
Construction cost	**11,230**	8,568
Finance cost capitalised	**946**	1,033
	26,517	21,153

All of the properties under development are expected to be completed within the Group's normal operating cycle and are include under current assets.

(b) Completed properties held for sale

	2015 RMB million	2014 RMB million
As at 1 January	**3,973**	1,513
Additions	**3,311**	1,740
Acquisition of subsidiaries	**–**	2,047
Properties sold during the year	**(1,928)**	(1,327)
As at 31 December	**5,356**	3,973

The amount of properties under development and held for sale expected to be recovered beyond one year is RMB1,856 million (2014: RMB855 million). The remaining amount is expected to be recovered within one year.

18. CONTRACT WORK-IN-PROGRESS

	2015 RMB million	2014 RMB million
Contract costs incurred and recognised profit (less recognised losses)	1,741,664	1,435,934
Less: progress billings	(1,692,518)	(1,382,296)
	49,146	53,638
Representing:		
Amounts due from customers for contract work	74,645	73,223
Amounts due to customers for contract work	(25,499)	(19,585)
	49,146	53,638

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Contract revenue recognised as revenue in the year	360,470	331,096

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Assets RMB million	Liabilities RMB million	Assets RMB million	Liabilities RMB million
Forward foreign exchange contracts				
– held for trading	1	(122)	26	(48)
– cash flow hedges	8	(12)	–	–
	9	(134)	26	(48)

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2015 were RMB2,443 million (2014: RMB5,675 million).

In order to protect against exchange rate movements, John Holland has entered into forward exchange contracts to purchase USD, EUR, Offshore Chinese Yuan ("CNH"), Great Britain Pound ("GBP"), JPY and New Zealand Dollars ("NZD") by AUD, and purchase AUD by NZD. These contracts are hedging recognised assets and liabilities, firm commitments and highly probable forecast transactions, and the contracts are timed to mature when items of plant and equipment or constructions materials are to be shipped or when trade and other payables is due.

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

		2015 RMB million	2014 RMB million
Restricted bank deposits	(a)	**2,438**	3,933
Term deposits with initial term of over three months	(b)	**679**	2,284
Cash and cash equivalents	(c)	**94,960**	71,823
		98,077	78,040

(a) As at 31 December 2015, restricted bank deposits mainly included deposits for issuance of bank acceptance notes, performance bonds, letters of credit to customers, and mandatory reserve deposits placed with People's Bank of China by CCCC Finance Company Limited ("CCCC Finance").

(b) Term deposits with initial term of over three months are excluded from cash and cash equivalents, as management are of the opinion that these term deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

(c) Cash and cash equivalents

	2015 RMB million	2014 RMB million
Cash on hand	**150**	176
Bank deposits	**94,810**	71,647
Cash and cash equivalents	**94,960**	71,823

(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 0.43% per annum as at 31 December 2015 (2014: 0.61% per annum).

(d) The carrying amount of cash and bank balances are denominated in the following currencies:

	2015 RMB million	2014 RMB million
– RMB	**71,908**	54,553
– USD	**16,941**	15,841
– AUD	**2,460**	211
– EUR	**1,085**	633
– Angolan Kwanza	**917**	1,024
– Central African CFA Franc BEAC	**823**	1,365
– HKD	**494**	485
– Saudi Riyal	**152**	697
– Others	**3,297**	3,231
	98,077	78,040

20. CASH AND BANK BALANCES (CONTINUED)

(e) The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. 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 2015, less than 3% (2014: less than 5%) 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

	2015		2014	
	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 2015, the Company's share capital was RMB16,174,735,425 (2014: 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

	2015 RMB million	2014 RMB million
Medium term notes (a)	**4,963**	4,986
Preference shares (b)	**14,468**	–
	19,431	4,986

(a) 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 MTN is subject to redemption in whole, at the option of the Company, five years after the issue date, or upon the occurrence of certain events, at its principal amount together with accrued interest.

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.

(b) As approved by China Securities Regulatory Commission ("CSRC"), two tranches of preference shares were issued on 10 September and 26 October 2015, respectively, with a total number of shares of 145 million. The initial dividend rate of these tranches of preference shares were 5.1% and 4.7% respectively, which will be reset once in every five years since the issuance dates. The declaration of dividend is optional for the issuer and the undeclared dividend is non-cumulative. The subscription price of these preference shares is RMB100 per share and the total net proceeds were RMB14,468 million.

The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay any dividend for the preference shares, and the preference shares should be classified as equity.

23. RESERVES

	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 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	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. RESERVES (CONTINUED)

	Capital reserve RMB million	Statutory surplus reserve RMB million	General Reserve RMB million	Remeasurement reserve RMB million	Investment revaluation reserve RMB million	Hedging Reserve RMB million	Safety reserve RMB million	Exchange reserve RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2015	512	3,464	108	(83)	12,796	–	1,450	(47)	57,514	75,714
Profit for the year	–	–	–	–	–	–	–	–	15,828	15,828
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	–	–	152	–	–	–	–	152
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax	–	–	–	–	(478)	–	–	–	–	(478)
Losses from cash flow hedges, net of deferred tax	–	–	–	–	–	(2)	–	–	–	(2)
Share of other comprehensive expenses of associates	–	–	–	–	(3)	–	–	–	–	(3)
Actuarial losses on retirement benefit obligations, net of deferred tax	–	–	–	(36)	–	–	–	–	–	(36)
Currency translation differences	–	–	–	–	–	–	–	464	–	464
2014 final dividend	–	–	–	–	–	–	–	–	(2,778)	(2,778)
Share of other reserves of a joint venture	3	–	–	–	–	–	–	–	–	3
Distributions to holders of financial instruments classified as equity	–	–	–	–	–	–	–	–	(300)	(300)
Cash contribution from government (Note a)	2,971	–	–	–	–	–	–	–	–	2,971
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	(23)	–	–	–	–	–	–	–	(50)	(73)
Transfer to statutory surplus reserve (Note b)	–	304	–	–	–	–	–	–	(304)	–
Transfer to general reserve (Note c)	–	–	281	–	–	–	–	–	(281)	–
Transfer to safety reserve (Note d)	–	–	–	–	–	–	102	–	(102)	–
At 31 December 2015	3,463	3,768	389	(119)	12,467	(2)	1,552	417	69,527	91,462

23. 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.

Including in current year contributions were a concession made by a non-controlling interest of a subsidiary amounting to RMB2,971 million. The amount was originated from government's capital contribution to a state-owned enterprise operating a BOT project. As the enterprise encountered financial difficulties in obtaining sufficient fund for the project, the Group was invited to become the majority shareholder of the project company upon successful bidding. Based on negotiation, the non-controlling interest agreed to concede a portion of government contribution to the Group. As there is no transaction involved in this concession, such amount was treated as transaction between the equity owners and is recorded in equity. Such amount cannot be converted into shares of the Company.

(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 2015, the Board of Directors proposed appropriation 10% (2014: 10%) of the Company's profit after tax as determined under the PRC GAAP, of RMB304 million (2014: RMB948 million) to the statutory surplus reserve.

(c) General Reserve

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 2015 amounted to RMB389 million (2014: RMB108 million), which has reached 1.5% of the year-end balance of the risk assets of CCCC Finance.

(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.

24. NON-CONTROLLING INTERESTS

On 21 April 2015, CCCI Treasure Limited ("Issuer"), a company incorporated in British Virgin Islands and an indirect wholly owned subsidiary of the Company, issued a tranche of USD denominated unsubordinated guaranteed perpetual securities ("Securities") with an aggregate principal amount of USD1,100 million (equivalent to approximately RMB6,706 million). The Securities are guaranteed unconditionally and irrevocably by the Company and listed on the Stock Exchange of Hong Kong Limited by way of debt issues to professional investors only. The Securities bear the initial interest rate of 3.5% per annum and has no maturity date. The interest rate will be reset from 21 April 2020 every five years. The interest is payable semi-annually in arrears on 21 April and 21 October in each year starting from 21 October 2015. Pursuant to the terms and conditions of the Securities, the Issuer may, at its sole discretion, 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 Securities are subject to redemption in whole, at the option of the Issuer, five years after the issue date, or upon the occurrence of certain changes in tax laws and regulations and certain other events, at their principal amount together with accrued interest.

The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Securities, the Securities should be classified as equity of the Issuer, and consequently, as non-controlling interests of the Group.

Upon completion of the issuance, the proceeds have been transferred to other subsidiaries of the Company.

25. TRADE AND OTHER PAYABLES

	2015 RMB million	2014 RMB million
Trade and bills payables (a)	156,279	142,874
Advances from customers	57,752	51,076
Deposits from suppliers	13,250	10,780
Retentions	9,706	8,489
Deposits from CCCG and fellow subsidiaries (b)	7,237	337
Other taxes	7,090	7,937
Social security	1,268	1,026
Accrued payroll	752	655
Accrued expenses	242	243
Others	10,924	8,149
	264,500	231,566
Less: non-current portion		
– Retentions	(7,121)	(6,949)
Current portion	257,379	224,617

(a) The ageing analysis of the trade and bills payables (including amounts due to related parties of trading nature) was as follows:

	Group	
	2015 RMB million	2014 RMB million
Within 1 year	141,231	129,322
1 year to 2 years	9,683	9,074
2 years to 3 years	2,504	2,803
Over 3 years	2,861	1,675
	156,279	142,874

25. TRADE AND OTHER PAYABLES (CONTINUED)

(b) CCCC Finance, a subsidiary of the Company, accepted deposits from CCCG and fellow subsidiaries. These deposits were due within one year with average annual interest rate of 0.3%.

(c) At 31 December 2015, the fair values of non-current portion of trade and other payables is RMB7,131 million (2014: RMB6,920 million). The fair values are based on projected cash flows discounted using a rate based on current market interest rate ranging from 4.75% to 4.90% per annum as available to the Group for similar financial instruments (2014: 6.00% to 6.55% per annum). The fair values are within level 3 of the fair value hierarchy. The carrying amounts of the current trade and other payables approximate their fair value.

(d) The carrying amount of trade and other payables are denominated in the following currencies:

	2015 **RMB million**	2014 RMB million
RMB	**214,460**	189,771
USD	**34,478**	28,560
EUR	**3,021**	1,393
HKD	**2,024**	1,585
Saudi Riyal	**1,321**	1,081
Central African CFA Franc BEAC	**1,163**	1,166
Ethiopia Birr	**874**	904
Other currencies	**7,159**	7,106
	264,500	231,566

At 31 December 2015, other currencies mainly consist of Libyan Dinar, Macanese Patacas and Qatar Riyal.

26. BORROWINGS

	Note	2015 RMB million	2014 RMB million
Non-current			
Long-term bank borrowings			
– secured	(a)	79,124	72,514
– unsecured	(b)	53,287	24,402
		132,411	96,916
Other borrowings			
– secured	(a)	700	1,520
– unsecured	(b)	1,451	3,412
Corporate bonds	(c)	19,857	19,846
Medium term notes	(d)	–	3,800
Non-public debt instruments	(f)	12,192	10,189
Finance lease liabilities	(m)	1,967	2,118
		36,167	40,885
Total non-current borrowings		168,578	137,801
Current			
Current portion of long-term bank borrowings			
– secured	(a)	1,965	6,442
– unsecured	(b)	13,330	5,237
		15,295	11,679
Short-term bank borrowings			
– secured	(a)	2,215	13,976
– unsecured	(b)	58,637	52,475
		60,852	66,451
Other borrowings			
– secured	(a)	–	500
– unsecured	(b)	221	1,746
Corporate bonds	(c)	374	373
Medium term notes	(d)	3,989	188
Debentures	(e)	5,023	9,240
Non-public debt instruments	(f)	308	270
Finance lease liabilities	(m)	543	587
		10,458	12,904
Total current borrowings		86,605	91,034
Total borrowings		255,183	228,835

26. BORROWINGS (CONTINUED)

(a) As at 31 December 2015 and 2014, these borrowings were secured by the Group's property, plant and equipment (Note 6), lease prepayment (Note 7), concession assets (Note 9), trade receivables (Note 16), properties under development and held for sale and completed properties held for sale (Note 17).

(b) Unsecured borrowings include those guaranteed by certain subsidiaries of the Group, the Company and certain third parties.

(c) As approved by China Securities Regulatory Commission document [2009] No. 761, the Company issued domestic corporate bonds with an aggregate principal amount of RMB7,900 million in August 2009. These corporate bonds bear interest at a rate of 5.2% per annum with maturities through 2019. The Company raised totally net proceeds of RMB7,829 million from the issuance.

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 with effective interest rates ranging from 4.45% to 5.32%. Interest is payable once a year. Accrued interest is included in current borrowings. All corporate bonds are guaranteed by CCCG.

(d) As approved by NAFMII, the Group issued the medium term notes with a nominal value of RMB3,800 million 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 with an effective interest rate of 6.21%. Interest is payable once a year. Accrued interest is included in current borrowings.

(e) The Group issued the following debentures as approved by NAFMII:

– As approved by NAFMII, three tranches of debentures were issued in April and June 2014, respectively, at nominal values of RMB3,000 million, RMB3,000 million and RMB3,000 million, respectively, totalling RMB9,000 million, with maturities of 270 days, 270 days and 270 days from issuance respectively. The interest rate is 5.05%, 4.80% and 4.68% per annum, respectively. As at 31 December 2015, these debentures have been fully paid off.

– As approved by NAFMII, two tranches of debentures were issued in January and March 2015, respectively, at nominal values of RMB3,000 million and RMB3,000 million, respectively, totalling RMB6,000 million, with maturities of 270 days, 270 days from issuance respectively. The interest rate is 4.70% and 4.60% per annum, respectively. As at 31 December 2015, these debentures have been fully paid off.

– As approved by NAFMII, two tranches of debentures were issued in October and November 2015, respectively, at nominal values of RMB3,000 million and RMB2,000 million, respectively, with maturities of 270 days and 360 days from issuance respectively. The interest rate is 3.24% and 3.50% per annum, respectively. The debentures are stated at amortised cost with effective interest rates ranging from 3.25% to 3.76%.

26. BORROWINGS (CONTINUED)

(f) The Group issued the following non-public instruments as approved by NAFMII:

- 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.

- A tranche of non-public debt instrument with a nominal value of RMB2,000 million in August 2015, with a maturity of five years from issuance, bearing interest at a rate of 4.80% per annum.

The non-public debt instruments are stated at amortised cost with effective interest rates ranging from 4.95% to 7.10%. Interest is payable once a year. Accrued interest is included in current borrowings.

(g) The exposure of the Group's variable rate borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2015 **RMB million**	2014 RMB million
6 months or less	**82,702**	58,871
6 -12 months	**52,268**	57,018
	134,970	115,889

26. BORROWINGS (CONTINUED)

(h) The Group's borrowings were repayable as follows:

	2015 RMB million	2014 RMB million
Bank borrowings		
– Within 1 year	**76,147**	78,130
– Between 1 and 2 years	**25,691**	22,379
– Between 2 and 5 years	**21,317**	22,938
– Over 5 years	**85,403**	51,599
	208,558	175,046
Others, excluding finance lease liabilities		
– Within 1 year	**9,915**	12,317
– Between 1 and 2 years	**13,247**	6,365
– Between 2 and 5 years	**14,996**	26,367
– Over 5 years	**5,957**	6,035
	44,115	51,084
	252,673	226,130

(i) The carrying amounts of the borrowings are denominated in the following currencies:

	2015 RMB million	2014 RMB million
RMB	**227,699**	206,528
USD	**21,918**	19,141
JPY	**2,388**	268
EUR	**1,565**	1,212
HKD	**1,141**	1,130
Others	**472**	556
	255,183	228,835

(j) 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 0.40% to 8.70% per annum at the end of the reporting period (2014: 1.37% to 7.69%).

26. BORROWINGS (CONTINUED)

(k) 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:

	2015 RMB million	2014 RMB million
Carrying amount		
– Bank borrowings	132,411	96,916
– Other borrowings	2,151	4,932
– Corporate bonds	19,857	19,846
– Medium term notes	–	3,800
– Finance lease liabilities	1,967	2,118
– Non-public debt instruments	12,192	10,189
	168,578	137,801
Fair value		
Level 1		
– Corporate bonds	20,418	19,771
Level 2		
– Bank borrowings	133,352	96,046
– Other borrowings	1,987	4,883
– Medium term notes	–	3,617
– Finance lease liabilities	1,967	2,105
– Non-public debt instruments	13,048	10,125
	170,772	136,547

The fair values of borrowings included in level 2 are based on cash flows discounted using the prevailing market rates of interest ranging from 4.35% to 4.90% available to the Group for financial instruments with similar terms and characteristics at the respective ends of reporting periods.

(l) The Group has the following undrawn borrowing facilities:

	2015 RMB million	2014 RMB million
Floating rate		
– Expiring within one year	266,875	85,120
– Expiring beyond one year	313,420	363,958
	580,295	449,078

26. BORROWINGS (CONTINUED)

(m) 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.

	2015 RMB million	2014 RMB million
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**656**	737
Later than 1 year and no later than 5 years	**1,806**	1,959
Later than 5 years	**385**	541
	2,847	3,237
Future finance charges on finance leases	**(337)**	(532)
Present value of finance lease liabilities	**2,510**	2,705
The present value of finance lease liabilities is as follows:		
No later than 1 year	**543**	587
Later than 1 year and no later than 5 years	**1,592**	1,633
Later than 5 years	**375**	485
	2,510	2,705

27. DEFERRED INCOME TAX

(a) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2015		2014	
	Deferred tax assets RMB million	Deferred tax liabilities RMB million	Deferred tax assets RMB million	Deferred tax liabilities RMB million
The balances before offsetting	5,755	(9,129)	3,714	(8,603)
Offsetting	(1,586)	1,586	(798)	798
	4,169	(7,543)	2,916	(7,805)

(b) The gross movement on the deferred income tax account is as follows:

	2015 RMB million	2014 RMB million
At 1 January	(4,889)	(281)
Recognised in the income statement (Note 37)	569	125
Recognised in other comprehensive income (Note 37)	175	(1,770)
Acquisition of subsidiaries (Note 46)	1,086	(2,963)
Disposal of subsidiaries	(38)	–
Currency translation difference	(277)	–
At 31 December	(3,374)	(4,889)

(c) 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

	Available-for-sale financial assets RMB million	Undistributed profits in subsidiaries RMB million	Property, plant and equipment RMB million	Inventories RMB million	Others RMB million	Total RMB million
At 1 January 2014	(2,395)	(311)	(48)	–	(722)	(3,476)
Charged to the consolidated income statement	–	(86)	(23)	–	(149)	(258)
Charged to other comprehensive income	(1,750)	–	–	–	–	(1,750)
Acquisition of subsidiaries	–	–	(478)	(2,114)	(527)	(3,119)
At 31 December 2014	(4,145)	(397)	(549)	(2,114)	(1,398)	(8,603)
At 1 January 2015	(4,145)	(397)	(549)	(2,114)	(1,398)	(8,603)
(Charged)/credited to the consolidated income statement	–	(122)	14	–	(272)	(380)
Credited to other comprehensive income	150	–	–	–	3	153
Acquisition of subsidiaries (Note 46)	–	–	(28)	–	(76)	(104)
Currency translation difference	–	–	(52)	–	(143)	(195)
At 31 December 2015	(3,995)	(519)	(615)	(2,114)	(1,886)	(9,129)

27. DEFERRED INCOME TAX (CONTINUED)

(c) 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:

	Provision for impairment of assets	Depreciation and amortisation	Provision for foreseeable contract losses	Provision for employee benefits	Tax losses	Discount on long-term receivables	Others	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
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 subsidiaries	–	–	–	–	–	–	156	156
At 31 December 2014	1,083	7	102	399	682	718	723	3,714
At 1 January 2015	**1,083**	**7**	**102**	**399**	**682**	**718**	**723**	**3,714**
Credited/(charged) to the consolidated income statement	**656**	**(15)**	**(187)**	**(72)**	**610**	**(22)**	**(21)**	**949**
Credited to other comprehensive income	**–**	**–**	**–**	**6**	**–**	**–**	**16**	**22**
Acquisition of subsidiaries (Note 46)	**–**	**115**	**961**	**–**	**–**	**–**	**114**	**1,190**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**(38)**	**–**	**–**	**(38)**
Currency translation difference	**–**	**(8)**	**(65)**	**–**	**–**	**–**	**(9)**	**(82)**
At 31 December 2015	**1,739**	**99**	**811**	**333**	**1,254**	**696**	**823**	**5,755**

27. DEFERRED INCOME TAX (CONTINUED)

(d) 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 2015, the Group did not recognise deferred tax assets of RMB2,745 million (2014: RMB2,033 million) in respect of tax losses amounting to RMB11,212 million (2014: RMB8,287 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 2015, the tax losses with no deferred tax assets recognised carried forward are as follows:

	2015	2014
	RMB million	RMB million
Year of expiry of tax losses		
2015	**N/A**	1,271
2016	**832**	898
2017	**2,057**	2,062
2018	**1,670**	1,694
2019	**2,184**	2,362
2020	**4,469**	N/A
	11,212	8,287

As at 31 December 2015, the Group did not recognise deferred tax assets of RMB368 million (2014: RMB379 million) in respect of deductible temporary differences amounting to RMB1,504 million (2014: RMB1,543 million) as the Directors believe it is not probable that such deductible temporary differences would be utilised.

(e) As at 31 December 2015, the unrecognised deferred income tax liabilities were RMB13 million (2014: 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 2015 amounted to RMB85 million (2014: RMB64 million).

28. 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:

	2015 RMB million	2014 RMB million
Present value of defined benefits obligations	1,702	1,949
Less: current portion	(113)	(153)
	1,589	1,796

The movement of retirement benefit obligations over the year is as follows:

	2015 RMB million	2014 RMB million
At 1 January	1,949	1,953
Past service cost	(127)	11
Interest cost	69	83
Effect of settlement	(33)	(3)
	1,858	2,044
Remeasurements		
–Losses from change in financial assumptions	99	102
–Experience (gains)/losses	(57)	12
	1,900	2,158
Payment	(198)	(209)
At 31 December	1,702	1,949

(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:

	2015	2014
Discount rate	3.00%	3.75%
Medical cost growth rate	4%-8%	4%-8%

28. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

2015	**Impact on defined benefit obligations**		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	**0.25%**	**(1.85%)**	**1.91%**
Medical cost growth rate	**1.00%**	**1.18%**	**(1.05%)**

2014	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.

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 discount rate. The decrease of discount 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	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	RMB million	RMB million	RMB million	RMB million	RMB million
As at 31 December 2015					
Defined benefit obligations	**168**	**161**	**439**	**1,414**	**2,182**
As at 31 December 2014					
Defined benefit obligations	192	184	498	1,796	2,670

29. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Pending Lawsuits RMB million	Others RMB million	Total RMB million
At 1 January 2014	301	55	356
Acquisition of subsidiaries	–	13	13
Charged/(credited) 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
At 1 January 2015	**297**	**89**	**386**
Charged/(credited) to the consolidated income statement:			
– Additional provisions	**–**	**44**	**44**
– Utilised/reversed during the year	**(273)**	**(4)**	**(277)**
At 31 December 2015	**24**	**129**	**153**

30. OTHER INCOME

	2015 RMB million	2014 RMB million
Rental income	**426**	367
Income from sale of materials	**36**	49
Dividend income on available-for-sale financial assets		
– Listed equity securities	**686**	542
– Unlisted equity investments	**82**	87
Government grants	**520**	372
Dividend income on other financial assets at fair value through profit or loss	**–**	6
Others	**1,250**	991
	3,000	2,414

In 2015 and 2014, others mainly consist of consultation service income, property management service income and transportation income.

31. OTHER GAINS, NET

	2015 RMB million	2014 RMB million
Gains on disposal of property, plant and equipment	105	90
Losses on disposal of lease prepayments	(3)	–
Fair value gains/(losses) from other financial assets at fair value through profit or loss	7	(18)
Net losses on derivative financial instruments:		
– Foreign exchange forward contracts	(65)	(82)
Gains on disposal of available-for-sale financial assets	927	2,206
Net foreign exchange losses (Note 38)	(833)	(474)
Net gains on disposal of subsidiaries	407	–
Net gains on disposal of joint ventures and associates	199	54
	744	1,776

32. OTHER EXPENSES

	2015 RMB million	2014 RMB million
Depreciation and other costs relating to assets being leased out	238	177
Cost of sale of materials	126	127
Others	511	521
	875	825

33. EXPENSES BY NATURE

	2015 RMB million	2014 RMB million
Raw materials and consumables used	**117,259**	110,914
Subcontracting costs	**121,025**	116,563
Employee benefit expenses (Note 34)	**38,360**	35,179
Rentals	**16,815**	14,581
Business tax and other transaction taxes	**10,168**	9,233
Fuel	**5,978**	6,427
Depreciation of property, plant and equipment and investment properties (Note 6, Note 8)	**7,732**	7,248
Transportation costs	**1,029**	1,046
Amortisation of intangible assets (Note 9)	**561**	535
Amortisation of lease prepayments (Note 7)	**222**	214
Cost of goods sold	**9,000**	7,483
Research and development costs	**7,265**	3,324
Repair and maintenance expenses	**3,886**	1,986
Utilities	**1,328**	1,427
Insurance	**1,055**	1,016
Provision for impairment of trade and other receivables	**3,163**	328
Provision for foreseeable losses on construction contracts	**1,010**	762
Write-down of inventories	**59**	203
Auditors' remuneration	**40**	40
Other expenses	**34,732**	27,113
Total cost of sales, selling and marketing expenses and administrative expenses	**380,687**	345,622

In 2015 and 2014, other expenses mainly consist of survey and design expenses, office expenses and tendering expenses.

34. EMPLOYEE BENEFIT EXPENSES

	2015 RMB million	2014 RMB million
Salaries, wages and bonuses	**25,916**	24,815
Pension costs – defined contribution plans (Note a)	**2,954**	2,810
Pension (gains)/costs – defined benefit plans (Note 28)	**(91)**	91
Housing benefits (Note b)	**1,490**	1,316
Welfare, medical and other expenses	**8,091**	6,147
	38,360	35,179

(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.

Defined contributions totalling RMB452 million (2014: RMB594 million) payable to various retirement benefit plans as at 31 December 2015 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.

35. FINANCE INCOME

	2015 RMB million	2014 RMB million
Interest income:		
– Bank deposits	694	847
– Unwinding of discount of long-term receivables	2,765	2,555
Others	242	186
	3,701	3,588

36. FINANCE COSTS, NET

	2015 RMB million	2014 RMB million
Interest expense incurred	14,063	12,383
Less: capitalised interest expense	(4,720)	(3,376)
Net interest expense	9,343	9,007
Representing:		
– Bank borrowings	6,737	6,307
– Other borrowings	171	247
– Corporate bonds	991	1,057
– Medium term notes	223	241
– Debentures	364	498
– Non-public debt instruments	724	517
– Finance lease liabilities	133	140
	9,343	9,007
Net foreign exchange losses/(gains) on borrowings (Note 38)	317	(81)
Others	552	1,182
	10,212	10,108

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 RMB4,720 million (2014: RMB3,376 million) were capitalised in 2015, of which approximately RMB1,030 million (2014: RMB699 million) was charged to contract work-in-progress, approximately RMB765 million (2014: RMB912 million) was included in cost of properties under development, approximately RMB2,745 million (2014: RMB1,595 million) was included in cost of concession assets, approximately RMB180 million (2014: RMB170 million) was included in cost of construction-in-progress. A weighted average capitalisation rate of 4.75% (2014: 5.29%) per annum was used, representing the costs of the borrowings used to finance the qualifying assets.

37. 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% (2014: 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% (2014: 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% (2014: 16.5%) on the estimated assessable profit for the year.

37. TAXATION (CONTINUED)

(a) Income Tax Expense (Continued)

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:

	2015 **RMB million**	2014 RMB million
Current income tax		
– PRC enterprise income tax	**3,936**	3,490
– Others	**391**	356
	4,327	3,846
Deferred income tax (Note 27)	**(569)**	(125)
Income tax expense	**3,758**	3,721

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:

	2015 **RMB million**	2014 RMB million
Profit before income tax	**19,671**	17,604
Less: share of profits of joint ventures and associates	**(384)**	(339)
	19,287	17,265
Tax calculated at PRC statutory tax rate of 25% (2014: 25%)	**4,822**	4,316
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(1,700)**	(840)
Effect of higher tax rate for the appreciation of land in the PRC	**111**	23
Income not subject to tax	**(400)**	(142)
Additional tax concession on research and development costs	**(295)**	(278)
Expenses not deductible for tax purposes	**171**	145
Utilisation of previously unrecognised tax losses	**(68)**	(94)
Tax losses for which no deferred income tax asset was recognised	**1,117**	591
Income tax expense	**3,758**	3,721

37. TAXATION (CONTINUED)

(a) Income Tax Expense (Continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2015			2014		
	Before tax RMB million	**Tax credit RMB million**	**After tax RMB million**	Before tax RMB million	Tax Charge RMB million	After tax RMB million
Actuarial losses on retirement benefit obligations	**(42)**	**6**	**(36)**	(114)	23	(91)
Changes in fair value of available-for-sale financial assets	**287**	**(5)**	**282**	8,554	(1,993)	6,561
Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**(848)**	**174**	**(674)**	(941)	200	(741)
Losses from cash flow hedge	**(2)**	**–**	**(2)**	–	–	–
Share of other comprehensive income of investments accounted for using the equity method	**(3)**	**–**	**(3)**	–	–	–
Currency translation differences	**483**	**–**	**483**	(11)	–	(11)
Other comprehensive income	**(125)**	**175**	**50**	7,488	(1,770)	5,718
Current income tax		**–**			–	
Deferred income tax (Note 27)		**175**			(1,770)	
		175			(1,770)	

(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.

(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 transportation services and design services of the Group are subject to value added tax at rates ranging from 6% to 11%. The subsidiaries are also subject to CCT and ES based on 1% to 7% and 3% of net VAT payable, respectively.

38. NET FOREIGN EXCHANGE (LOSSES)/GAINS

The exchange differences (charged)/credited to the consolidated income statement are included as follows:

	2015 RMB million	2014 RMB million
Finance costs (Note 36)	**(317)**	81
Other gains – net (Note 31)	**(833)**	(474)
	(1,150)	(393)

39. 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 RMB3,009 million (2014: RMB9,414 million).

40. EARNINGS PER SHARE

(a) Basic

Basic earnings per share ("EPS") 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.

For those financial instruments classified as equity, if the distributions are cumulative, the undeclared amount of the cumulative distributions were deducted in arriving at earnings for the purposes of the EPS calculation. On the other hand, if the distributions are non-cumulative, only the amount of dividends declared in respect of the year should be deducted in arriving at the profit attributable to ordinary shareholders.

	2015	2014
Profit attributable to owners of the Company (RMB million)	**15,828**	13,985
Less: distribution relating to the MTN (RMB million) (Note i)	**(300)**	–
Profit used to determine basic earnings per share (RMB million)	**15,528**	13,985
Weighted average number of ordinary shares in issue (millions)	**16,175**	16,175
Basic earnings per share (RMB per share)	**0.96**	0.86

(i) The MTN issued by the Company on 18 December 2014 were classified as equity instruments with deferrable cumulative interest distribution and payment. The MTN interests which have been generated but not yet declared, from issue date to 31 December 2015, were deducted from earnings when calculate the earnings per share for the year ended 31 December 2015.

(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 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. DIVIDENDS

	2015 RMB million	2014 RMB million
Proposed final dividend of RMB0.19037 per ordinary share (2014: RMB0.17172)	3,079	2,778

The dividends paid in 2015 and 2014 were RMB2,778 million (RMB0.17172 per ordinary share) and RMB3,035 million (RMB0.18762 per ordinary share) respectively. A dividend in respect of the year ended 31 December 2015 of RMB0.19037 per ordinary share, amounting to a total dividend of RMB3,079 million, is to be approved at the annual general meeting in 2016. These financial statements do not reflect this dividend payable.

42. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

(a) Directors' and Supervisors' Emoluments

	2015 RMB'000	2014 RMB'000
Directors and supervisors		
– Basis salaries, housing allowances and other allowances	2,341	3,999
– Contributions to pension plans	268	245
– Discretionary bonuses	2,929	2,433
	5,538	6,677

The emoluments of every director and supervisor for the year ended 31 December 2015 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	187	44	656	887
Mr. Chen Fenjian	186	44	667	897
Mr. Fu Junyuan	171	44	599	814
Non-executive director				
Mr. Liu Maoxun	–	–	–	–
Independent non-executive directors				
Mr. Liu Zhangmin	150	–	–	150
Mr. Leung Chong Shun	126	–	–	126
Mr. Wu Zhenfang (i)	33	–	–	33
Mr. Huang Long	143	–	–	143
Supervisors				
Mr. Zhen Shaohua (ii)	170	44	617	831
Mr. Wang Yongbin	580	44	195	819
Mr. Yao Yanmin	581	44	195	820
Mr. Liu Xiangdong (iii)	14	4	–	18
	2,341	268	2,929	5,538

(i) Mr. Wu Zhenfang retired from his position as an independent non-executive director of the Company on 2 April 2015.

(ii) Mr. Zhen Shaohua was elected as the Chairman of the Supervisory Committee on 15 January 2015.

(iii) Mr. Liu Xiangdong retired from his position as the Chairman of the Supervisory Committee on 15 January 2015.

42. 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. 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 (iii)	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

(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.

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.

42. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

(b) Five Highest Paid Individuals

None of the Directors' emoluments as disclosed in Note 42 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:

	2015 RMB'000	2014 RMB'000
Basic salaries, housing allowances, and other allowances and benefits in kind	**2,704**	2,416
Contributions to pension plans	**229**	278
Discretionary bonuses	**5,372**	5,797
	8,305	8,491

The emoluments of the above individuals fall within the following bands:

	2015	2014
– HKD1,500,001 to HKD2,000,000 (equivalent to approximately RMB1,183,306 to RMB1,577,740)	**3**	3
– HKD2,000,001 to HKD2,500,000 (equivalent to approximately RMB1,577,741 to RMB1,972,175)	**2**	–
– HKD2,500,001 to HKD3,000,000 (equivalent to approximately RMB1,972,176 to RMB2,366,610)	**–**	2
	5	5

43. CASH GENERATED FROM OPERATIONS

(a) Cash Generated from Operations

	2015 RMB million	2014 RMB million
Profit for the year	**15,913**	13,883
Adjustments for:		
– Income tax expense	**3,758**	3,721
– Depreciation of property, plant and equipment and investment properties	**7,732**	7,248
– Amortisation of intangible assets and lease prepayments	**783**	749
– Net gains on disposal of property, plant and equipment	**(105)**	(90)
– Fair value losses on derivative financial instruments	**97**	132
– Fair value (gains)/losses on other financial assets at fair value through profit or loss	**(7)**	18
– Net gains on disposal of subsidiaries	**(407)**	–
– Losses on disposal of lease prepayments	**3**	–
– Net gains on disposal of available-for-sale financial assets	**(927)**	(2,206)
– Net gains on disposal of joint ventures and associates	**(199)**	(54)
– Write-down of inventories	**59**	203
– Provision for impairment of trade and other receivables	**3,163**	328
– Provision for foreseeable losses on construction contracts	**1,010**	762
– Provision for impairment of goodwill	**50**	–
– Dividend income from available-for-sale financial assets	**(768)**	(629)
– Investment income from held-to-maturity financial assets	**(22)**	(11)
– Interest income	**(3,701)**	(3,588)
– Interest expenses	**9,343**	9,007
– Share of profit of joint ventures	**(95)**	(81)
– Share of profit of associates	**(289)**	(258)
– Net foreign exchange losses/(gains) on borrowings	**317**	(81)
	35,708	29,053
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Inventories	**(4,600)**	(6,409)
– Trade and other receivables	**(19,440)**	(38,003)
– Contract work-in-progress	**(4,163)**	(4,292)
– Restricted bank deposits	**446**	(1,086)
– Retirement benefit obligations	**(289)**	(118)
– Trade and other payables	**30,915**	29,030
– Provisions for other liabilities and charges	**(233)**	17
– Deferred income	**(1,806)**	211
Cash generated from operations	**36,538**	8,403

43. 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:

	2015 RMB million	2014 RMB million
Net book amount (Note 6)	578	458
Gains on disposal of property, plant and equipment (Note 31)	105	90
Proceeds from disposal of property, plant and equipment	683	548

44. CONTINGENCIES

	2015 RMB million	2014 RMB million
Pending lawsuits	3,091	3,047

The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision as set out in Note 29 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 GBP 250 million (equivalent to approximately RMB2,403 million). As at 31 December 2015, the subsidiary was unable to ascertain the likelihood and reasonably estimate the outcome of the lawsuit based on advice of legal counsel.

45. COMMITMENTS

(a) Capital Commitments

Capital expenditure contracted for but not yet incurred at the end of the reporting period is as follows:

	2015 RMB million	2014 RMB million
Intangible assets – concession assets	**104,154**	126,446
Property, plant and equipment	**3,819**	4,298
	107,973	130,744

(b) Operating Lease Commitments – 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:

	2015 RMB million	2014 RMB million
No later than 1 year	**971**	763
Later than 1 year and no later than 5 years	**1,503**	1,630
Later than 5 years	**171**	343
	2,645	2,736

46. BUSINESS COMBINATIONS

The Group acquired 100% equity interest in John Holland from Leighton with a consideration of AUD787 million (equivalent to approximately RMB3,954 million). The acquisition was completed on 20 April 2015.

John Holland is incorporated in Australia, and is primarily engaged in the infrastructure construction, operation and maintenance of rail infrastructure. The businesses are primarily operated in Australia, New Zealand, and South East Asia.

At the acquisition date, the estimated fair value of the net liabilities acquired in John Holland amounted to RMB849 million. The goodwill amounting to approximately RMB4,803 million arising from the above acquisitions is generated from the expected economic effects resulting from expected synergies, revenue growth, future market development and the assembled workforce of John Holland.

The following tables summarise the consideration paid for John Holland and the amounts of the assets acquired and the liabilities assumed at the acquisition dates.

46. BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of John Holland

	At 20 April 2015 RMB million
Purchase consideration	
– cash paid	3,954
Amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	219
Trade and other receivables	1,737
Investments in associates (Note 12)	127
Amount due from customers for contract work	40
Inventories	30
Derivative financial instruments-assets	2
Property, plant and equipment (Note 6)	1,062
Intangible assets (Note 9)	877
Goodwill (Note 9)	2
Deferred income tax assets (Note 27)	1,190
Trade and other payables	(6,003)
Derivative financial instruments-liabilities	(5)
Current income tax liabilities	(23)
Deferred income tax liabilities (Note 27)	(104)
Total identifiable net liabilities	(849)
Goodwill (Note 9)	4,803
	3,954

The total acquisition-related costs for John Holland is RMB49 million, which have been included in administrative expenses in the consolidated income statement for the year ended 31 December 2015.

As at 20 April 2015, the fair value of trade and other receivables was RMB1,737 million, of which the contractual amount was RMB1,737 million. These trade and other receivables were due within one year and none of which was expect to be uncollectible.

Net cash outflow in respect of the acquisition of the John Holland is analysed as follows:

Purchase consideration	
– cash paid	3,954
Less: cash and cash equivalents in acquired subsidiaries	(219)
Net cash outflow on acquisition	3,735

The acquired businesses contributed revenue of RMB7,914 million and net profit of RMB607 million to the Group for the period from acquisition date to 31 December 2015. If the acquisition had occurred on 1 January 2015, unaudited consolidated revenue and unaudited consolidated net profit for the year 2015 would have been RMB407,407 million and RMB15,701 million respectively.

47. 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 2015.

(a) Related Party Transactions

The following transactions were carried out with related parties other than government-related entities:

	2015 **RMB million**	2014 RMB million
Transactions with CCCG		
– Rental expenses	**58**	57
– Property maintenance expenses	**55**	56
– Deposit placed with CCCC Finance and interest	**10,610**	2,805
Transactions with fellow subsidiaries		
– Revenue from provision of construction services	**142**	626
– Revenue from rental income	**34**	–
– Deposit placed with CCCC Finance and interest	**13,390**	2,039
Transactions with joint ventures and associates		
– Revenue from provision of construction services	**9,321**	5,313
– Subcontracting fee charges	**350**	624
– Purchase of materials	**124**	110
– Sales of machinery	**54**	18
– Other costs	**27**	12
– Services charges	**1**	74
– Revenue from rental income	**3**	3
– Deposit placed with CCCC Finance and interest	**762**	1,001

These transactions are carried out on terms agreed with the counter parties in the ordinary course of business.

47. RELATED-PARTY TRANSACTIONS (CONTINUED)

(b) Key Management Compensation

	2015 RMB'000	2014 RMB'000
Basis salaries, housing allowances and other allowances	4,867	7,870
Contributions to pension plans	601	560
Others	7,289	6,692
	12,757	15,122

(c) Year-end Balances with Related Parties

	2015 RMB million	2014 RMB million
Trade and other receivables		
Trade receivables due from		
– Fellow subsidiaries	514	420
– Joint ventures and associates	486	680
Long-term receivables due from		
– Fellow subsidiaries	106	92
– Joint ventures and associates	343	258
Prepayments		
– Joint ventures and associates	11	11
Other receivables due from		
– Joint ventures and associates	488	1,036
	1,948	2,497

The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties in 2015 and 2014.

Long-term receivables are expected to be received beyond one year. The remaining trade and other receivables are expected to be received within one year.

47. RELATED-PARTY TRANSACTIONS (CONTINUED)

(c) Year-end Balances with Related Parties (Continued)

	2015 RMB million	2014 RMB million
Trade and other payables		
Trade and bills payable due to		
– Joint ventures and associates	730	726
Advanced from customers		
– Fellow subsidiaries	220	139
– Joint ventures and associates	513	380
Other payables due to		
– CCCG	4,219	689
– Fellow subsidiaries	3,018	686
– Joint ventures and associates	24	65
	8,724	2,685
Amounts due from customers for contract work with		
– Joint ventures and associates	2,114	119
Amounts due to customers for contract work with		
– Joint ventures and associates	225	–
– Fellow subsidiaries	286	75
Outstanding corporate loan guarantees provided by the Group		
– Joint ventures	182	149
– Associates	694	358
Outstanding bond guarantees provided by CCCG	20,231	20,219

The payables are not secured and bear no interest. They are expected to be repaid within one year.

47. 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:

	2015 RMB million	2014 RMB million
Transactions with other government-related entities		
– Interest from bank deposits	575	537
– Interest on bank borrowings	12,953	9,035
– Proceeds from borrowings	108,139	99,205

	2015 RMB million	2014 RMB million
Balances with other government-related entities		
– Restricted bank deposits	2,012	3,405
– Term deposits with initial terms over 3 months	250	1,275
– Cash and cash equivalents	82,076	59,532
– Borrowings	178,800	167,294
	263,138	231,506

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at 31 December 2015, 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 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
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	RMB6,010	100%	–	–	Infrastructure construction in the PRC
CCCC Second Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB3,810	100%	–	–	Infrastructure construction in the PRC
CCCC Third Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB5,377	100%	–	–	Infrastructure construction in the PRC
CCCC Fourth Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB4,282	100%	–	–	Infrastructure construction in the PRC
CCCC First Highway Engineering Co., Ltd.	the PRC	Limited liability company	RMB4,367	100%	–	–	Infrastructure construction in the PRC
CCCC Second Highway Engineering Co., Ltd.	the PRC	Limited liability company	RMB2,569	100%	–	–	Infrastructure construction in the PRC
Road & Bridge International Co., Ltd.	the PRC	Limited liability company	RMB2,824	100%	–	–	Infrastructure construction in the PRC
CCCC Investment Co., Ltd.	the PRC	Limited liability company	RMB10,551	100%	–	–	Investment holding in the PRC
CCCC Dredging (Group) Co., Ltd.	the PRC	Limited liability company	RMB11,775	99.9%	0.1%	–	Dredging in the PRC
CCCC Third Highway Engineering Co., Ltd.	the PRC	Limited liability company	RMB1,509	100%	–	–	Infrastructure construction in the PRC
CCCC Fourth Highway Engineering Co., Ltd.	the PRC	Limited liability company	RMB1,255	100%	–	–	Infrastructure construction in the PRC
CCCC Tunnel Engineering Co., Ltd.	the PRC	Limited liability company	RMB1,507	100%	–	–	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

48. 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		Proportional of ordinary shares held by non-controlling interests	Principal activities and place of operation
				Directly held	Indirectly held		
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 Fourth Harbour Consultants 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 Consultants Co., Ltd.	the PRC	Limited liability company	RMB650	100%	–	–	Infrastructure design in the PRC
CCCC Highway & Bridge Technology 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%	Trading of machinery in Japan
CCCC Shanghai Equipment Engineering Co., Ltd.	the PRC	Limited liability company	RMB10	55%	–	45%	Maintenance and repairing of port machinery in the PRC
CCCC Mechanical & Electrical Engineering Co., Ltd.	the PRC	Limited liability company	RMB833	60%	40%	–	Trading of machinery in PRC
China Communications Materials & Equipment Co., Ltd.	the PRC	Limited liability company	RMB34	100%	–	–	Trading of construction materials and equipment in the PRC
CCCC Finance	the PRC	Limited liability company	RMB3,500	95%	–	5%	Financial service in the PRC
CCCC Financial Leasing Co., Ltd	the PRC	Limited liability company	RMB3,600	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
CCCC Asset Management Co., Ltd	the PRC	Limited liability company	RMB11,914	5.88%	94.12%	–	Asset Management in the PRC
CCCC Urban Investment Co., Ltd.	the PRC	Limited liability partnership	RMB3,150	100%	–	–	Investment holding in the PRC

49. HOLDING COMPANY

The Company's directors regard CCCG, a company established in the PRC, as the immediate and ultimate holding company of the Company.

50. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2015	2014
	RMB million	RMB million
ASSETS		
Non-current assets		
Property, plant and equipment	**81**	52
Intangible assets	**62**	60
Investments in subsidiaries	**114,820**	100,977
Investments in joint ventures	**62**	62
Investments in associates	**2,094**	2,094
Available-for-sale financial assets	**13,540**	13,903
Trade and other receivables	**2,652**	4,262
	133,311	121,410
Current assets		
Inventories	**341**	341
Trade and other receivables	**22,443**	11,448
Loans to subsidiaries	**24,186**	26,881
Amounts due from subsidiaries	**9,854**	8,519
Amounts due from customers for contract work	**5,334**	4,211
Restricted bank deposits	**26**	98
Cash and cash equivalents	**28,875**	18,708
	91,059	70,206
Total assets	**224,370**	191,616

50. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

	Note	As at 31 December 2015 RMB million	As at 31 December 2014 RMB million
EQUITY and LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**16,175**	16,175
Share premium		**19,656**	19,656
Financial instruments classified as equity		**19,431**	4,986
Reserves	(a)	**48,522**	49,187
Total equity		**103,784**	90,004
Liabilities			
Non-current liabilities			
Borrowings		**25,967**	21,959
Deferred income tax liabilities		**2,770**	3,005
Retirement benefit obligations		**63**	74
Trade and other payables		**2,265**	2,451
		31,065	27,489
Current liabilities			
Trade and other payables		**24,779**	15,200
Amounts due to subsidiaries		**42,901**	32,463
Amounts due to customers for contract work		**1,640**	1,201
Current income tax liabilities		**17**	16
Borrowings		**20,179**	25,236
Derivative financial instruments		**–**	2
Retirement benefit obligations		**5**	5
		89,521	74,123
Total liabilities		**120,586**	101,612
Total equity and liabilities		**224,370**	191,616

The balance sheet of the Company was approved by the Board of Directors on 28 March 2016 and were signed on its behalf.

Liu Qitao
Director

Fu Junyuan
Director

50. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a) Reserve movement of the 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 2015	21,170	3,468	50	9,244	6	15,249	49,187
Profit for the year	–	–	–	–	–	3,009	3,009
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	–	(601)	–	–	(601)
Actuarial gains on retirement benefit obligations, net of deferred tax	–	–	5	–	–	–	5
2014 final dividend	–	–	–	–	–	(2,778)	(2,778)
Distributions to holders of financial instruments classified as equity	–	–	–	–	–	(300)	(300)
Transfer to statutory surplus reserve	–	304	–	–	–	(304)	–
At 31 December 2015	21,170	3,772	55	8,643	6	14,876	48,522

	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	–	948	–	–	–	(948)	–
At 31 December 2014	21,170	3,468	50	9,244	6	15,249	49,187

51. SUBSEQUENT EVENTS

(a) As approved by CSRC, a tranche of domestic corporate bonds were issued by CCCC Dredging (Group) Co., Ltd, a subsidiary of the Company, on 22 February 2016 at a nominal value of RMB2,000 million, with maturities of 5 years from issuance. The interest rate is 2.99% per annum.

(b) Pursuant to the Notice on Entire Implementation of Business Tax to Value Added Tax Transformation Pilot Program ("the Program") and relevant further regulations issued by Ministry of Finance and State Administration of Taxation on 23 March 2016, revenues derived from construction services and other relevant businesses of the Group will be no longer subject to business tax from 1 May 2016. Under the Program, the above businesses will be subject to VAT at the rates of 11% and 6%, respectively.

TERMS & GLOSSARIES

"AGM"	The annual general meeting of the Company for the year 2015 to be held on 16 June 2016
"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 Dredging"	CCCC Dredging (Group) Co., Ltd., a subsidiary of the Company
"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 63.84% equity interest in the Company
"CCCG Overseas Real Estate"	CCCG Overseas Real Estate Pte. Ltd. (中交海外房地產有限公司), a company established in Singapore with limited liabilities
"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
"CSRC"	China Securities Regulatory Commission
"Director(s)"	The director(s) of the Company
"EPC"	Engineer-Procure-Construct, being the general contracting of design-procurement-construction
"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
"PPP"	Public-Private-Partnership, the cooperative model between governments and private sector, which refers to the mechanisms through which governments build profit sharing, risk pooling and long-term cooperating relationship with the private sector, such as granting exclusivity rights, services purchasing and co-investment, so as to enhance the availability of public products and services and improve supplying efficiency

TERMS & GLOSSARIES

"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
"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
"Supervisor(s)"	Supervisor(s) of the Company
"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
"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

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:
19th Floor, 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:
19th Floor, 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

CORPORATE INFORMATION

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 ZHANG Lin

International Auditors:
PricewaterhouseCoopers
22nd Floor, Prince's Building, Central, Hong Kong

Sponsor performing continuous supervisory duty during the reporting period:
CITIC Securities Company Limited
CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing, the PRC
Signing representative of sponsor: YE Jianzhong, DING Yongcai
Period of continuous supervision: 16 March 2015 to 31 December 2017

Hong Kong legal advisor:
Baker & McKenzie
14th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong

PRC legal advisor:
DeHeng Law Offices
12th Floor, Tower B, Focus Place, No.19, Finance Street, Xicheng District, Beijing, the PRC

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

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

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