



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

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

Stock Code: 1186

2013

ANNUAL REPORT





Important Notice

- I. The Board and the Supervisory Committee of the Company and the directors (the “Directors”), supervisors and members of the senior management warrant the truthfulness, accuracy and completeness of the contents herein and confirm that there are no misrepresentations or misleading statements contained in, or material omissions from, this report, and accept joint and several legal responsibilities.
- II. All the Directors of the Company attended the Thirty-first Meeting of Second Session of the Board (“Board Meeting”).
- III. The 2013 financial report of the Company was prepared under the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and relevant regulations (“PRC GAAP”), for which Ernst & Young Hua Ming LLP has issued a standard unqualified audit report. Unless specifically indicated, Renminbi is the reporting currency in this annual report.
- IV. MENG Fengchao, Chairman of the Company, ZHUANG Shangbiao, CFO, and CAO Xirui, Head of the Finance Department (person in charge of accounting), confirm that the financial report in this annual report is true, accurate and complete.
- V. The profit distribution plan or reserves-to-equity transfer plan during the Reporting Period as considered by the Board Meeting:

According to the audited financial report of the Company for 2013, the undistributed profit of the parent as at the beginning of 2013 was RMB5,145,062,960.31. After taking into consideration of the net profit of RMB2,747,375,542.38 recorded for the parent of the year and deducting the cash dividend of RMB1,357,129,565.00 for 2012, the distributable profit for the parent at the end of the year was RMB6,535,308,937.69. Pursuant to the Company Law and the Articles of Association, in 2013, after the appropriation to the statutory surplus reserve of RMB274,737,554.24, which was 10% of the net profit of the parent, the profit attributable to the shareholders of the parent was RMB6,260,571,383.45. A cash dividend of RMB0.13 (tax inclusive) per share will be distributed based on the total share capital of 12,337,541,500 shares as at 31 December 2013, totalling RMB1,603,880,395.00. Upon such distribution, the undistributed profit for the parent will amount to RMB4,656,690,988.45, which will be transferred to the next year.

This profit distribution plan is subject to consideration and approval at the 2013 Annual General Meeting of the Company for approval.

- VI. Forward-looking statements, including future plan and development strategy, contained in this report do not constitute substantive commitments to investors by the Company. Investors should be reminded of such investment risks.
- VII. None of the controlling shareholder of the Company or its associates has misappropriated the Company’s funds for purposes other than for business.
- VIII. The Company did not provide external guarantees in violation of any prescribed decision-making procedures.
- IX. The contents of this annual report are in compliance with all the requirements in relation to information to be disclosed in annual report under the Shanghai Listing Rules and the Hong Kong Listing Rules. In addition, this annual report will be simultaneously published in Mainland China and Hong Kong. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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Definitions and Important Risk Warnings

1. DEFINITIONS

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

Definition of frequently used terms

“Company” or “CRCC”	China Railway Construction Corporation Limited (中國鐵建股份有限公司)
“Group”	China Railway Construction Corporation Limited and its wholly-owned and non wholly-owned subsidiaries
“Controlling Shareholder” or “CRCCG”	China Railway Construction Corporation (中國鐵道建築總公司)
“General Meeting”	a general meeting of China Railway Construction Corporation Limited
“Board”	the board of directors of China Railway Construction Corporation Limited
“Independent Director”	a person who assumes no duties in the Company except the duty of Director, and has no relation with the Company and its substantial shareholders which could hinder his independent and objective judgments
“Supervisory Committee”	the supervisory committee of China Railway Construction Corporation Limited
“Articles of Association”	the articles of association of China Railway Construction Corporation Limited
“PRC” or “Mainland China “	the People’s Republic of China which, for the purposes of this report, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“the year” or “this year”	year 2013
“previous year, prior year”	year 2012
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Former Companies Ordinance”	the former Companies Ordinance (Chapter 32 of the Laws of Hong Kong) which was effective before 3 March 2014

Definitions and Important Risk Warnings (continued)

“CSRC”	China Securities Regulatory Commission
“Reporting Period”	from January to December 2013
“end of the Reporting Period”	31 December 2013
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Company Law”	the Company Law of the People’s Republic of China
“Securities Law”	the Securities Law of the People’s Republic of China
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council

2. IMPORTANT RISK WARNINGS

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



Basic Corporate Information

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

The Company is one of the most strengthful and largest scale integrated construction groups in China and in the world. It was included among the "Top 250 Global Contractors" consecutively by Engineering News-Record (ENR), an American magazine and ranked No.1 in 2013. It was listed among the Fortune "Global 500 Companies" consecutively, ranking No.100 in 2013. It was listed among the "Top 500 Chinese Enterprises" consecutively, ranking No.11 in 2013.

The business of the Company comprises construction, survey, design and consultancy, manufacturing, real estate development, logistics and materials trading, etc., which constitute a seamless industry chain covering scientific research, planning, survey, design, construction, supervision, maintenance, operation, investment and financing, etc. The Company has established a leading position in the industry of engineering design and construction of plateau railways, high-speed railways, highways, bridges, tunnels and urban rail transits. Since the 1980s, the Company has received 505 national-level awards in construction, survey, design and consultancy and other fields, including 66 National Prizes for Progress in Science and Technology, 92 National Prizes for "Four Excellences" in Survey and Design, 59 Zhan Tianyou Civil Engineering Awards, 197 National High-Quality Projects Awards and 91 Lu ban Prizes for China Construction. The Company holds 2,839 patents and 216 national-level engineering methods.

At present, the Company's operating businesses cover 31 provinces, autonomous regions, municipalities and Hong Kong and Macau special administrative regions in China, as well as 69 foreign countries in the world. The Company boasts a professional team consisting of one member of Chinese Academy of Engineering, 6 National Survey and Design Masters, 7 national candidates of the "Bai Qian Wan Talents Project (百千萬人才工程)", 1 Winner of National Award for Youth in Science and Technology and 220 experts who are recipients of special subsidies granted by the State Council.

I. CORPORATE INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

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

Basic Corporate Information (continued)

III. BASIC INFORMATION

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

VI. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

V. BASIC INFORMATION OF THE COMPANY'S SHARES

Place of listing for A shares of the Company	Shanghai Stock Exchange
Stock name for A shares of the Company	China Rail Cons
Stock code for A shares of the Company	601186
Place of listing for H shares of the Company	Hong Kong Stock Exchange
Stock name for H shares of the Company	China Rail Cons
Stock code for H shares of the Company	1186



Basic Corporate Information (continued)

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

(1) *Basic information*

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

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

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

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

No change.

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

No change.

VII. OTHER INFORMATION

(1) *Auditors appointed by the Company*

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

(2) *Legal advisers appointed by the Company*

As to Hong Kong law	Name	Baker & McKenzie
	Office address	23/F, One Pacific Place, 88 Queensway, Hong Kong
As to the PRC law	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing

(3) *Share registrar of H shares of the Company*

Name	Computershare Hong Kong Investor Services Limited
Office address	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Highlights of Accounting Data and Financial Indicators

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

(I) Major accounting data

Unit: thousand yuan

Major accounting data	2013	2012		increase or decrease at this year over the previous year (%)	2011	
		Adjusted	Before adjustment		Adjusted	Before adjustment
Revenue	586,789,590	484,312,928	484,312,928	21.16	457,366,110	457,366,110
Net profit attributable to shareholders of listed company	10,344,658	8,629,127	8,478,891	19.88	7,934,677	7,854,292
Net profit excluding non-recurring profit or loss attributable to shareholders of listed company	9,543,406	8,269,454	8,119,218	15.41	7,717,219	7,636,834
Net cash flows from operating activities	-9,313,980	4,719,740	5,544,971	-297.34	-12,576,311	-12,576,311

Major accounting data	At the end of 2013	At the end of 2012		increase or decrease at the end of this year over the previous year (%)	At the end of 2011	
		Adjusted	Before adjustment		Adjusted	Before adjustment
Net assets attributable to shareholders of listed company	80,986,894	71,840,919	71,963,667	12.73	64,564,369	64,748,343
Total assets	553,018,596	480,683,438	480,661,303	15.05	423,022,714	422,982,841



Highlights of Accounting Data and Financial Indicators (continued)

(II) Major financial data

Major financial indicators	2013	2012			2011	
		Adjusted	Before adjustment	increase or decrease at this year over the previous year (%)	Adjusted	Before adjustment
Basic earnings per share (yuan per share)	0.84	0.70	0.69	20.00	0.64	0.64
Diluted earnings per share (yuan per share)	N/A	N/A	N/A	N/A	N/A	N/A
Basic earnings per share after deduction of non-recurring profit or loss (yuan per share)	0.77	0.67	0.66	14.93 Increased by 0.88 percentage point	0.63	0.62
Weighted average return on net assets (%)	13.59	12.71	12.47		13.39	12.98
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	12.54	12.18	11.94	Increased by 0.36 percentage point	13.27	12.62

II. ACCOUNTING DATA DIFFERENCES BETWEEN THE PRC GAAP AND IFRSS

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

Highlights of Accounting Data and Financial Indicators (continued)

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: thousand yuan

Item	2013	2012 (restated)	2011 (restated)
Net profit attributable to ordinary shareholders/ owners of the Company	10,344,658	8,629,127	7,934,677
Add/(less): non-recurring profit or loss items (Gains)/losses from disposal of fixed assets, intangible assets and other long-term assets	-38,885	-8,872	147,134
Gains from disposal of long-term equity investment	-190,836	-119,232	-8,422
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	-302,190	-386,188	-152,848
Net gains from debt restructuring	-5,432	-2,666	-6,177
(Gains)/losses from changes in fair value of financial assets held for trading	-942	-3,240	27,109
Investment gains from disposal of financial assets held for trading and available-for-sale financial assets	—	—	-7,814
Reversal of impairment for accounts receivable	-150,313	-172,081	-114,091
Losses from exchange of non-monetary assets	—	30	—
Other non-operating income and expenses other than the above items	-389,521	210,325	-175,857
Sub-total	-1,078,119	-481,924	-290,966
Impact on income tax of non-recurring profit or loss, net (after tax)	269,530	120,481	72,742
Impact of non-recurring profit or loss attributable to minority interests	7,337	1,770	766
Net effect of non-recurring profit or loss	-801,252	-359,673	-217,458
Net profit excluding non-recurring profit or loss items attributable to ordinary shareholders/owners of the Company	9,543,406	8,269,454	7,717,219

IV. ITEMS MEASURED AT FAIR VALUE

Unit: thousand yuan

Item	Balance at the beginning of the period	Balance at the end of the period	Change during the period	Impact on profit for the period
Financial assets at fair value through profit or loss	115,025	123,161	8,136	942
Available-for-sale financial assets	264,970	222,097	-42,873	—
Total	379,995	345,258	-34,737	942



Chairman's Statement

DEAR SHAREHOLDERS,

I would like to extend my heartfelt gratitude to you for your care and supports for the Group. On behalf of the Board of the Company, I am pleased to present to the shareholders the annual report of CRCC for 2013.

In 2013, the Group adhered to the general keynote of “sustainable and sound development of the Company” to study and analyse the situation in a scientific manner as well as proactively seize opportunities for development. Emphasis was placed on stable growth, structural adjustment, foundation enhancement, efficiency improvement, work-style correction and improvement in standard, which delivered favourable results.

The economic indicators of the Company hit a record high. Always focusing on the production and business operation, the Company maintained the emphasis on both operating and contracting business; with key attention to the production site, the Company grasped the improvement on management, set the target of building reputation and improving efficiency, and therefore constantly made breakthroughs on and beyond itself, with all main economic indicators reached all-time high. For the whole year, the total newly signed contract amount exceeded RMB850 billion for the first time, reaching RMB853,483.5 million. In addition, operation revenue had for the first time hurdled over RMB500.0 billion to RMB586,789.6 million. The Company recorded a net profit that exceeded RMB10.0 billion for the first time and amounted to RMB10.4394 billion. The Company was ranked in the top 100 in the list of Fortune Global 500 for the first time, ranking No.1 yet again among the global 250 largest contractors by the American magazine, Engineering News Record (ENR), and received the S&P international credit of A-, also the highest in the global construction industry.

The Company made significant progress in both transformation and upgrade. With the structure adjustment and transformation and upgrade as the fundamental, overall and strategic tasks of the Group, the Company advanced such key tasks with efforts so as to seek substantial results. Greater efforts were made in the integration of internal resources: in order to integrate internal quality housing resources, CRCC Urban Construction Group Co., Ltd. (its name was CRCC Urban Construction Co., Ltd. as at the end of the Reporting Period while its current name is CRCC Urban Construction Group Co., Ltd.) was incorporated; China Railway 13th Bureau Group Co., Ltd. was restructured as CRCC Bridge Bureau Group Co., Ltd. (the relevant formalities for change in industrial and commercial registration were not yet completed as at the date of publication of this annual report and the definite name of the abovementioned company shall be subject to the approval of the competent administrative department). In 2013, the Company accomplished the non-construction contracting operations accounting for 19.07% in the newly signed contracts, and recorded operating revenue of RMB133.5571 billion, up by 51.55% year-on-year, accounting for 22.20% of the total operating revenue, 4.42 percentage points higher than that for 2012; and the Company achieved a total profit (before tax) of RMB6.7489 billion, an year-on-year growth of 16.78%, accounting for 50.95% of the total profit, or 0.90 percentage point lower than that for 2012.

Chairman's Statement (continued)

The ability of management and control was further improved. The Company advanced its initiative of improving the management, considering the strengthening of management the key measure to preserve growth. Through system improvement, flow enhancement and detailed measures, the Company consolidated the operation basis, streamlined the process and promoted systematic, standardised management that focused on workflows and information technology. It formulated and introduced a series of rules and documents that strengthened fundamental corporate management, engineering project management and other aspects. To concentrate on major issues in decision making, internal control and risk prevention and other key problems, the Company improved the accountability system. Through implementing relevant measures at all corporate levels, the supervision role of both internal audit and legal compliance was fully played, which resulted in more scientific decision-making, more effective performance and more in-place control, thereby further lifting up the management level and the capacity of creating reputation and efficiency.

By economic situation, the outlook of 2014 is shown as follows: there was differentiation in global economic growth, with a moderate recovery in developed countries, while the emerging economies had a weakening growth, and therefore, the world economy still faces difficulties and risks that shall not be ignored. It is anticipated that the domestic economy will maintain an increase around 7.5%, so the major task of the government is still to stabilize economic growth, adjust structure and prevent risks. By the industry trend: Globally, the infrastructure investment will stay at a high position. At the same time, with the "High-speed Railway Diplomacy" actively carried out by China's leaders, who also advocated the construction of the economic belt of "silk road" and "marine silk road", enterprises in China are greeting huge opportunities of "Going-abroad". Domestically, with the introduction of diversified investment subject, reasonable orientation adjustment of investment, moderate increase in investment, the maintenance of the driving force of infrastructure construction on economic growth will still be one of basic national economic development policies. By the enterprise trend: The Company is expected to have incentives for operation, with the comprehensively deepening reform on state-owned enterprises in China. In terms of comprehensive outlook, in the new year, the Company will be under a status of both opportunities and challenges, and there will be more opportunities than challenges. Therefore, we will be more concentrated on the following: through strategic guide, to optimize the strategy layout; deepen reform on the enterprise to enhance the vitality; speed up structural adjustment, and promote the transformation and upgrade; build a safety system to realize ensured development.

CRCC, adhering to the established strategies, will grasp any opportunity to speed up development, strive to further strengthen ourselves to become better constantly; and through building "a world-class multinational construction enterprise that has booming operations, happy employees, respect from society and high value creativity", so as to reward shareholders with good performance!

Meng Fengchao

Chairman

Beijing, the PRC

28 March 2014



Report of Directors

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

(I) DISCUSSION AND ANALYSIS OF THE OVERALL OPERATIONS

In 2013, facing the complicated and volatile environment both at home and abroad, the Group adhered to the general keynote of “sustainable and sound development of the Company” to seek unity in thoughts and refresh ideas. Focus was put on implementation of reform, solidification of foundation and management enhancement. The Group strove to carry out works base on the updated ideas related to corporate development, vigorously boosted the corporate reform, management and development and achieved a prominent result.

1. Hitting a new record of the value of new contracts

During the Reporting Period, the Group always focused on production and operation with the business contracting as its leading operation to make breakthroughs and new records of its own. The total value of new contracts for the year amounted to RMB853,483.5 million, accounting for 131.30% of the value as set in the annual plan and representing an increase of 8.13% as compared to the corresponding period last year, of which the value of overseas new contracts amounted to RMB80,004.9 million, accounting for 9.37% of the total value of new contracts. As at the end of 2013, the value of outstanding contracts of the Group was RMB1,743,771.1 million, representing an increase of 16.89% as compared to the corresponding period last year. The key indicators are as follows:

Unit: '00 million

Category	Value of new contracts			Value of outstanding contracts		
	2013	2012	YoY Growth	2013	2012	YoY Growth
Construction operations	6,907.045	6,603.430	4.60%	16,016.263	13,806.367	16.01%
Survey, design and supervision operations	91.923	81.814	12.36%	41.787	27.478	52.07%
Manufacturing operations	120.189	102.808	16.91%	32.493	29.860	8.82%
Logistics and materials trading	1,122.711	880.497	27.51%	1,182.307	921.661	28.28%
Real estate	285.626	211.646	34.95%	157.898	119.368	32.28%
Other	7.341	13.174	-44.28%	6.963	13.862	-49.77%
Total	8,534.835	7,893.369	8.13%	17,437.711	14,918.596	16.89%

Report of Directors (continued)

As the core business and advantageous segment of the Group, the construction operations continued to be consolidated and strengthened in 2013. The value of new contracts for construction operations amounted to RMB690,704.5 million, accounting for 80.93% of the total value of new contracts and representing an increase of 4.60% as compared to the corresponding period last year. Among this, the value of new contracts for railway construction amounted to RMB216,023.4 million, accounting for 31.28% of the construction operations segment and representing an increase of 25.59% as compared to the corresponding period last year; the value of new contracts for road projects amounted to RMB143,666.6 million, accounting for 20.80% of the construction operations segment and representing an increase of 8.76% as compared to the corresponding period last year; the value of new contracts for urban rail transit amounted to RMB65,872.4 million, accounting for 9.54% of the construction operations segment and representing an increase of 6.38% as compared to the corresponding period last year; the value of new contracts for housing construction amounted to RMB152,732.7 million, accounting for 22.11% of the construction operations segment and representing a decrease of 2.06% as compared to the corresponding period last year; the value of new contracts for municipal engineering amounted to RMB65,165 million, accounting for 9.43% of the construction operations segment and representing a decrease of 17.14% as compared to the corresponding period last year; the value of new contracts for hydraulic and electric engineering amounted to RMB16,728.5 million, accounting for 2.42% of the construction operations segment and representing a decrease of 26.74% as compared to the corresponding period last year; the value of new contracts for airport terminals amounted to RMB4,430.5 million, accounting for 0.64% of the construction operations segment and representing an increase of 114.55% as compared to the corresponding period last year. The rapid growth in the value of new contracts for airport terminals was mainly because its overall scale was relatively small. Therefore, it was normal to record a significant volatility.

In 2013, the value of new contracts for non-construction operations of the Group amounted to RMB162,779.0 million, accounting for 19.07% of the total value of new contracts and representing an increase of 26.19% as compared to the corresponding period last year. Among this, the value of new contracts for survey, design and consultancy amounted to RMB9,192.3 million, representing an increase of 12.36% as compared to the corresponding period last year; the value of new contracts for manufacturing operations amounted to RMB12,018.9 million, representing an increase of 16.91% as compared to the corresponding period last year; the value of new contracts for logistics and materials trading amounted to RMB112,271.1 million, representing an increase of 27.51% as compared to the corresponding period last year; the value of new contracts for real estate development amounted to RMB28,562.6 million, representing an increase of 34.95% as compared to the corresponding period last year. The main reason for the decrease in the new contracts for other operations was the relatively small scale. Therefore, it was normal to record a significant volatility.



Report of Directors (continued)

Based on the overall improvement of its business performance, the Group had accomplished remarkable results on key projects and high-end building market development. At first, the bid winning of the section four of Fuping railway enabled the Group access to the construction field of deep-water bay railway bridges for the first time, and the above project contracting has been a most remarkable milestone for the Group in bridge engineering sector over recent years. Secondly, the bid winning of both construction and production of TBMs of a diversion works relating Songhua River in the central city of Jilin province marked that the TBM manufactured by the CRCC Heavy Industry Group Co., Ltd. has entered for the first time the field of hydraulic construction, which is also the first adoption of the domestic TBM in China's water conservancy market. Thirdly, the Group successfully won the bid of general contracting on metro projects respectively in Guiyang and Xianmen, which not only promoted the Group's market share in the regional subway and strengthened our leading position in the industry, but also played the demonstrative role for the promotion of the engineering general contracting mode.

2. Achieving continuous improvement in the economic efficiency

The Group regarded management reinforcement as an essential measure for maintaining growth. In light of it, the Group further improved management standard and promoted its capability of reputation and profitability enhancement. During the reporting period, the Group realized a revenue of RMB586,789.6 million, representing an increase of 21.16% as compared to the corresponding period last year; and a net profit of RMB10,439.4 million, representing an increase of 20.40% as compared to the corresponding period last year, which hit a record high in economic benefits and achieved remarkable improvement in the quality of economic operation.

Major operational and financial indicators

Unit: thousand yuan

	2013	2012 (restated)	Growth
Revenue	586,789,590	484,312,928	21.16%
Operating cost	527,247,896	432,889,011	21.80%
Operating profit	12,283,412	10,856,162	13.15%
Operating margin	2.09%	2.24%	Decreased by 0.15 percentage points
Net profit	10,439,383	8,670,856	20.40%

Report of Directors (continued)

3. Attaining remarkable results in transformation and upgrade

The Group is always adhering to the strategic development direction, namely “rooting in construction while digging related and diversified business”. The Group puts priority to adjustment of structure and transformation and upgrading as the fundamental and overall tasks, thus continuously intensifies the relevant strength. At first, through gripping the development opportunity of national “urbanization”, the Group integrated internal quality housing resources, thereby having formed the CRCC Urban Engineering Co., Ltd. to focus on developing realty construction market. Secondly, it is rebuilding China Railway 13th Bureau Group Co., Ltd. as China Railway Construction DaQiao Bureau Group Co., Ltd. (this report to the announcement date has not yet been changed in industrial and commercial registration, name will be subject to the administrative department for industry and commerce for examination and approval) in order to deep bridge construction segment and raise the overall strength of bridge construction. Thirdly, the Group further increased capital support to non-engineering plate, including the China Railway Construction Investment Co., Ltd., Chenghe Insurance Brokers Co., Ltd., CRCC Finance Company Limited and China Railway Goods and Materials Group Co., Ltd. The effect of structural adjustment and upgrading transformation has further demonstrated. In 2013, the Group realized the value of new contracts for non-construction operations of RMB162,779 million, recorded an revenue (before offsetting inter-segment transactions) of RMB133,557.1 million and realized a total profit (before tax) of RMB6,748.9 million, accounting for 19.07%, 22.20% and 50.95% respectively, providing an important economic support for the Group.

4. Focusing on promoting technical innovation, energy conservation and emission reduction with remarkable progress

(1) *Technical innovation*

The Group is the only construction enterprise among the first batch of 35 patent pilot enterprises recognised by the State Intellectual Property Office of the PRC. During the Reporting Period, the Group promoted technological innovation. During the entire year, the Company received such honors and awards including: three National Science and Technology Progress Award, nine China Zhan Tianyou Civil Engineering Award, three China State Construction Engineering Luban Award and 17 National Quality Award; one subsidiary was approved for the formation of a National Engineering Research Center, four subsidiaries were certified as the National Enterprise Technology Center, three projects were honored as a Global Major Civil Engineering Project in the FIDIC Centenary Awards by the International Federation of Consulting Engineers, and an individual of the Group won the title of the Global Centenary Distinguished Consulting Engineer. Both the number of National Science and Technology Innovation Awards and approved national innovation platforms hit a record high.



Report of Directors (continued)

(2) Energy conservation and emission reduction

During the Reporting Period, the Group has conscientiously implemented a series of guidelines and policies on energy conservation and emission reduction issued by the CPC Central Committee and the State Council, took energy conservation and emission reduction as an important means for transforming development mode, optimizing industry and product structure and fulfilling social responsibilities, and took the establishment of a resources-saving and environmental-friendly enterprise as the goal, effectively strengthening leadership and improving the organization and system for energy conservation and emission reduction. The Company has also reinforced its foundation, improved the statistical and monitoring system for energy conservation and emission reduction; while enhancing management and improving the rules and regulations for energy conservation and emission reduction.

(II) ANALYSIS OF MAIN BUSINESSES

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

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

Unit: thousand yuan

Item	2013	2012 (restated)	Growth
Revenue	586,789,590	484,312,928	21.16%
Operating costs	527,247,896	432,889,011	21.80%
Selling and distribution expenses	2,509,220	1,946,450	28.91%
General and administrative expenses	22,719,838	20,537,792	10.62%
Finance costs	3,749,441	3,500,584	7.11%
Income tax expenses	2,600,357	2,392,977	8.67%
Net cash flow from operating activities	-9,313,980	4,719,740	-297.34%
Net cash flow from investment activities	-19,996,501	-8,308,870	N/A
Net cash flow from financing activities	29,600,182	9,183,573	222.32%
R&D expenditures	7,678,912	6,586,253	16.59%
Operating profit	12,283,412	10,856,162	13.15%
Operating margin	2.09%	2.24%	Decreased by 0.15 percentage point
Net profit	10,439,383	8,670,856	20.40%

Report of Directors (continued)

2. Revenue

(1) Analysis of factors causing changes in business revenue

The Group recorded a revenue of RMB586,789.6 million in 2013, representing an increase of 21.16% as compared to that in the corresponding period last year. The increase was mainly attributable to the fact that the operating revenue from all business segments witnessed satisfactory growth, of which the growth of logistics and materials trading operations and real estate operations witnessed more significant growth. For details of changes in the revenue of all segments, please refer to “(III) Analysis of the operations in business segment and various regions” in this section.

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

N/A.

(3) Order analysis

In 2013, the value of new contracts entered into by the Company exceeded RMB850,000 million for the first time, recording an amount of RMB853,483.5 million, which hit the record high with the best performance in the value of new contracts for each business segment. Details please refer to “1. Hitting a new record of the value of new contracts” in (I) Discussion and Analysis of the Overall Operations” of this section.

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

N/A.

(5) Major customers

During the Reporting Period, the revenue from the top five customers amounted to RMB32,321.0 million, accounting for approximately 5.51% of the Group's total revenue in 2013 and representing a decrease of 1.30 percentage points as compared to that of 2012. The major customers were railway bureaus and companies under the China Railway Corporation. The controlling shareholder and actual controller of the Company and the companies under its control were not connected to the major customers.

Unit: thousand yuan

Item	2013	2012
Total income from the top five customers	32,321,019	32,977,890
Percentage of total revenue	5.51%	6.81%



Report of Directors (continued)

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

3. Costs

(1) Cost Analysis Table

Unit: thousand yuan

By segment	Item relating to cost composition	Amount for the period	Percentage in the total cost for the period	Amount for the corresponding period last year	Percentage of the amount for the corresponding period last year in total costs	Percentage changes in the amount for the period as compared to that of the corresponding period last year
Construction operations	—	422,453,342	77.97%	367,900,466	82.82%	14.83%
Survey, design and consultancy operations	—	5,531,893	1.02%	5,057,348	1.14%	9.38%
Manufacturing operations	—	9,705,573	1.79%	8,130,218	1.83%	19.38%
Real estate development operations	—	18,380,682	3.39%	13,082,629	2.95%	40.50%
Logistics and materials trading operations and other	—	85,751,320	15.83%	50,051,819	11.26%	71.33%
Sub-total of the above	—	541,822,810	100.00%	444,222,480	100.00%	21.97%
In which:	Labour costs	124,768,200	23.03%	104,392,280	23.50%	19.52%
	Materials costs	272,603,496	50.31%	225,576,180	50.78%	20.85%
	Machinery costs	66,875,365	12.34%	49,886,180	11.23%	34.06%
	Other costs	77,575,749	14.32%	64,367,840	14.49%	20.52%
Inter-segment elimination	—	-14,574,914	—	-11,333,469	—	28.60%
Total	—	527,247,896	—	432,889,011	—	21.80%

Note Pursuant to “No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report (Revision 2012)” of CSRC, the Company shall disclose the proportion of major components of costs for the year to the total cost by industry or product. Given the unique nature of the Company's business, the Company will analyze by segment.

Report of Directors (continued)

(2) Major suppliers

During the Reporting Period, the total purchasing amount of the Group from its top five suppliers of raw material and energy was RMB15,159.9 million, accounting for approximately 2.88% of the total purchasing amount of the Group for 2013 and representing an increase of 1.70 percentage points as compared to that of 2012. The suppliers were mainly large steel enterprises and logistics and trade enterprises in China. The controlling shareholder and actual controller of the Company and the companies under its control were not connected to the major suppliers.

Unit: thousand yuan

Item	2013	2012
Purchasing amount to top five suppliers, in aggregate	15,159,851	5,124,610
Percentage of total purchasing amount	2.88%	1.18%

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

4. Expenses

In 2013, the Group's selling and distribution expenses amounted to RMB2,509.2 million, representing an increase of 28.91% as compared to that of 2012, mainly because the remuneration of sales staff and the transportation costs of logistics and trading business increased due to the increase in sales volume.

In 2013, the Group's general and administrative expenses amounted to RMB22,719.8 million, representing an increase of 10.62% as compared to that of 2012, mainly due to the increase in expenditures related to research and development and remuneration of the management personnel.

In 2013, the Group's financial costs amounted to RMB3,749.4 million, representing an increase of 7.11% as compared to that of 2012, mainly because the Group increased loans to meet the fund demands, thus leading to higher interest expenses for the year than 2012.



Report of Directors (continued)

In 2013, the Group's income tax expenses amounted to RMB2,600.4 million, representing an increase of 8.67% as compared to that of 2012, mainly due to the increase in total profit for the year. The details of income tax expenses are shown in the following table:

Unit: thousand yuan

Item	2013	2012 (restated)
Income tax expenses for the period	2,771,002	2,365,531
Deferred income tax expenses	-170,645	27,446
Total income tax expenses	2,600,357	2,392,977

5. R&D expenditures

(1) Table of R&D Expenditures

Unit: thousand yuan

Expense-type R&D expenditures in current period	7,678,912
Capital R&D expenditures in current period	—
Total	7,678,912
Proportion of total R&D expenditures in the net assets (%)	9.16
Proportion of total R&D expenditures in the revenue (%)	1.31

(2) Representation

During the Reporting Period, the Group continued to maintain strong supports for technology research and development. The projects with R&D expenditures were mainly new techniques of difficult construction projects under the construction operations and development of new products and new techniques under the manufacturing operations. Thus far, the projects progressed smoothly. The research and development of these projects helped the Group capitalize on the latest construction technology and stay ahead in technology among its peers. Such research and development have also facilitated the transformation and upgrades of the Group and opened up new markets. In addition, they helped the Group further expand its business, resulting in higher revenue and lower costs. They also helped boost the Group's core competitiveness.

The total R&D expenditures accounted for 9.16% of the net assets, representing an increase of 0.16 percentage points as compared to that of 2012 (restated). The total R&D expenditures accounted for 1.31% of the revenue, representing a decrease of 0.05 percentage point as compared to that of 2012.

Report of Directors (continued)

6. Capital expenditures

The Group's capital expenditures are mainly used for the purchasing and technical upgrading of equipment and facilities for construction operations, for the plant construction and equipment purchasing for manufacturing operations, as well as for the construction of BOT projects. In 2013, the Group's capital expenditures amounted to RMB16,843.7 million, representing an increase of RMB4,542.0 million as compared to that of 2012. The significant increase over the last year was mainly attributable to the increase in the Group's fixed assets and intangible assets for the year as compared with those of the previous year.

Unit: thousand yuan

	2013	2012
Construction operations	12,890,271	9,383,573
Survey, design and consultancy operations	408,599	247,302
Manufacturing operations	532,676	1,052,898
Real estate development operations	78,908	109,306
Other businesses	2,933,252	1,508,654
Total	16,843,706	12,301,733

Other businesses are mainly the construction costs for BOT projects.

7. Cash flows

Analysis of changes in cash flows

Unit: thousand yuan

Item	2013	2012 (restated)	Growth rate
Net cash flows			
from operating activities	-9,313,980	4,719,740	-297.34%
Net cash flows from			
investment activities	-19,996,501	-8,308,870	N/A
Net cash flows from			
financing activities	29,600,182	9,183,573	222.32%



Report of Directors (continued)

In 2013, the Group's net cash flows from operating activities amounted to RMB-9,314.0 million, representing a decrease of RMB14,033.7 million as compared to that in the same period last year. The main reason is the increase in relevant expenses due to the enlarged scale of production and operation during the year.

In 2013, the Group's net cash flows from investing activities amounted to RMB-19,996.5 million, representing an increase of RMB11,687.6 million in net outflow as compared to that of last year, mainly due to the fixed assets and other long-term assets purchased and built in 2012 increased as compared to the corresponding period last year.

In 2013, the Group's net cash flows from financing activities amounted to RMB29,600.2 million, representing an increase of RMB20,416.6 million as compared to that of last year, mainly due to the increase in borrowings as the net cash outflow from operating activities and investing activities increased.

8. Others

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

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

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

Report of Directors (continued)

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

The 2011 Annual General Meeting held by the Company on 12 June 2012 considered and approved the Proposal in Relation to the Issue of Ultra Short-Term Financing Bonds by the Company, approving the Company to register and issue ultra short-term financing bonds with an aggregate balance of principal amount of not more than RMB30 billion. Taking into account the capital position, demand for financing and sources of capital of the Company, as well as the condition of the domestic bond market, the Company issued the first tranche of ultra short-term financing bonds of RMB1 billion for the year of 2012 with a duration of 180 days on 18 October 2012. Such tranche of ultra short-term financing bonds were matured and repaid in full on 17 April 2013. On 5 November 2012, the Company issued the second tranche of ultra short-term financing bonds of RMB5 billion for the year of 2012 with a duration of 270 days. Such tranche of ultra short-term financing bonds were matured and repaid in full on 2 August 2013. On 22 July 2013, the Company issued the first tranche of ultra short-term financing bonds of RMB3 billion for the year of 2013 with a duration of 270 days. On 22 August 2013, the Company issued the second tranche of ultra short-term financing bonds of RMB3 billion for the year of 2013 with a duration of 270 days. Details please refer to relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) on 13 June 2012, 23 October 2012, 7 November 2012, 10 April 2013, 25 July 2013, 27 July 2013, 28 August 2013. As at 31 December 2013, the balance of the principal amount of the above ultra short-term financing bonds issued by the Company amounted to RMB6 billion.



Report of Directors (continued)

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

The 2010 Annual General Meeting held by the Company on 31 May 2011 considered and approved the Proposal in Relation to the Issue of Short-Term Financing Bonds by the Company, approving the Company to register and issue short-term financing bonds with an aggregate balance of principal amount of not more than RMB15 billion. The 2012 Second Extraordinary General meeting held on 28 December 2012 considered and approved the Proposal in Relation to the Increase in Amounts for Registration and Issuance of Medium-term Notes and Short-term Financing Bonds of the Company, approving the Company to register and issue short-term financing bonds with an aggregate balance of principal amount of not more than 40% of the net assets as stated in the audited financial report of the Company for each reporting period with the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會). Taking into account the capital position, demand for financing and sources of capital of the Company, as well as the condition of the domestic bond market, the Company issued the first tranche of short-term financing bonds of RMB10 billion for the year of 2012 with a duration of 365 days on 18 July 2012. On 29 May 2013, the Company issued the first tranche of short-term financing bonds of RMB2.5 billion for the year of 2013 with a duration of 365 days. Details please refer to relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) on 1 June 2011, 9 November 2011, 20 July 2012, 1 June 2013 and 13 July 2013. As at 31 December 2013, the Company issued the above short-term financing bonds with a balance of principal amount of RMB2.5 billion.

Report of Directors (continued)

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

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

- ④ The implementation of the Proposal in Relation to the Issue of Non-public Debt Financing Instruments by the Company

The 2011 Annual General Meeting held on 12 June 2012 by the Company considered and approved the Proposal in Relation to the Issue of Non-public Debt Financing Instruments by the Company, approving the Company to register and issue non-public debt financing instruments with an aggregate balance of principal amount of not more than RMB15 billion. Details please refer to relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) on 13 June 2012. As at 31 December 2013, the Company had not registered and issued non-public debt financing instruments.



Report of Directors (continued)

- ⑤ The implementation of the Proposal in Relation to the Issue of Overseas Bonds by the Company

The 2011 Annual General Meeting held by the Company on 12 June 2012 considered and approved the Proposal in Relation to the Issue of Overseas Bonds by the Company, approving the Company to issue overseas bonds with an aggregate balance of principal amount overseas equivalent to no more than RMB5 billion. The 2012 annual general meeting of the Company convened on 6 June 2013 considered and approved the proposal in relation to the increase of the issuance size of overseas bonds of the Company, agreeing the increase of issuance of overseas bonds of no more than RMB10,000 million in Hong Kong or other overseas bond markets by the Company or a wholly-owned subsidiary of the Company. On 16 May 2013, the Company and CRCC Yuxiang Limited, a subsidiary of the Company entered into a Trust Deed with Hongkong and Shanghai Banking Corporation Limited, the custodian of the note, in respect to the US\$800 million 3.50% guaranteed notes due 2023 issued by CRCC Yuxiang Limited. Details please refer to relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) on 13 June 2012 and 17 May 2013. As at 31 December 2013, the balance of the foreign bonds issued by the Company was US\$800 million.

- ⑥ The implementation for the issue of short-term financing bonds by the Company's wholly-owned subsidiaries

As at 31 December 2013, the short-term financing bonds issued by the Company's wholly-owned subsidiaries was due and repaid in full. The balance of principal amount of the short-term financing bonds in issue was nil.

Report of Directors (continued)

- ⑦ The Implementation for the issue of non-public debt financing instruments by the Company's wholly-owned subsidiaries

As at 31 December 2013, the Company's wholly-owned subsidiaries issued non-public debt financing instruments with a balance of principal amount of RMB3.55 billion, and the issuing details are shown in the following table.

Unit: '00 million

Bond type	Company name	Issuing date	Maturity	Amount issued
Private placement notes	China Railway 23 rd Bureau Group Co., Ltd.	2012-8-9	Two years	3.5
Private placement notes	China Railway 25 th Bureau Group Co., Ltd.	2012-8-6	Three years	4.0
Private placement notes	China Railway 14 th Bureau Group Co., Ltd.	2012-8-27	Five years	4.0
Private placement notes	China Railway 25 th Bureau Group Co., Ltd.	2012-11-9	Two years	5.0
Private placement notes	China Railway 15 th Bureau Group Co., Ltd.	2012-11-23	Three years	4.0
Private placement notes	China Railway 15 th Bureau Group Co., Ltd.	2013-3-28	Three years	4.0
Private placement notes	China Railway 17 th Bureau Group Co., Ltd.	2013-3-21	Three years	5.0
Private placement notes	China Railway 24 th Bureau Group Co., Ltd.	2013-4-11	Three years	6.0
Total	—	—	—	35.5

For specific details, please refer to V. "30. Current portion of non-current liabilities" and V. "33. Bonds payable" in the Notes to Financial Statements of this report.

(3) Development strategy and progress for operating plan

In 2013, facing the complicated and volatile economic environment both at home and abroad, the Group referred to the corporate development strategy of "being construction-driven, diversifying into relevant businesses, integrating operations and carrying out transformation and upgrades". In strict adherence to the goals set in the corporate strategy, it adopted multiple measures, positively expanded its operations, continued to improve the operating layout and optimized the operating structure. Great efforts were made in resources reorganization and restructuring. In addition, it further strengthened its basic management and further unleashed potentials within the Group, thus making steady progress in all operations and planning of the functions and strategies of the Group. With the accomplishment of the targets set in the operating plan for the year including value of new contracts, revenue and profit, the set strategic goals were fulfilled gradually as scheduled.



Report of Directors (continued)

(4) Foreign exchange risks and exchange gains or losses

Since the Group's business is mainly carried out in the PRC, the incomes, expenditures and over 90% of the financial assets and financial liabilities of the Group are denominated in Renminbi. Therefore, the foreign currency transaction risks of the Group are insignificant. As at 31 December 2013, the Group did not use foreign currency contract to hedge foreign exchange risks.

(5) Financial Risks

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

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

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

1. Performance of main businesses

Performance of each business segment (before elimination of inter-segment transactions)

Unit: thousand yuan

Item	Revenue		Operating costs		Gross profit		Gross profit margin	
	2013	2012	2013	2012	2013	2012	2013	2012
Construction operations	468,014,950	407,601,027	422,453,342	367,900,466	45,561,608	39,700,561	9.74%	9.74%
Survey, design and consultancy operations	7,761,454	7,286,785	5,531,893	5,057,348	2,229,561	2,229,437	28.73%	30.60%
Manufacturing operations	11,755,660	9,984,314	9,705,573	8,130,218	2,050,087	1,854,096	17.44%	18.57%
Real estate development operations	24,709,613	18,137,336	18,380,682	13,082,629	6,328,931	5,054,707	25.61%	27.87%
Logistics and materials trading and other	89,330,397	52,718,097	85,751,320	50,051,819	3,579,077	2,666,278	4.01%	5.06%
Inter-segment elimination	-14,782,484	-11,414,631	-14,574,914	-11,333,469	-207,570	-81,162	—	—
Total	586,789,590	484,312,928	527,247,896	432,889,011	59,541,694	51,423,917	10.15%	10.62%

Report of Directors (continued)

(1) Construction operations

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

During the Reporting Period, the revenue and total profit from construction operations increased by 14.82% and 21.10% respectively as compared to those (restated) of 2012.

Construction operations (before elimination of inter-segment transactions)

Unit: thousand yuan

Item	2013	2012 (restated)	Growth rate
Revenue	468,014,950	407,601,027	14.82%
Operating costs	422,453,342	367,900,466	14.83%
Gross profit	45,561,608	39,700,561	14.76%
Gross profit margin	9.74%	9.74%	Gross profit margin maintained at the same level
Selling and distribution expenses	552,854	443,674	24.61%
General and administrative expenses	19,440,946	17,642,057	10.20%
Total profit	6,498,433	5,366,026	21.10%

In 2013, the revenue from railway market of the Group accounted for 45.50% of the Group's income from construction operations, representing a decrease of 2.55 percentage points as compared to that of 2012.

(2) Survey, design and consultancy operations

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



Report of Directors (continued)

During the Reporting Period, the Group's revenue from the survey, design and consultancy operations reached RMB7,761.5 million, representing an increase of 6.51%, while the gross profit margin decreased by 1.87 percentage points as compared to that of 2012.

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

Unit: thousand yuan

Item	2013	2012 (restated)	Growth rate
Revenue	7,761,454	7,286,785	6.51%
Operating costs	5,531,893	5,057,348	9.38%
Gross profit	2,229,561	2,229,437	0.01%
Gross profit margin	28.73%	30.60%	decreased by 1.87 percentage points
Selling and distribution expenses	640,738	470,742	36.11%
General and administrative expenses	698,252	706,394	-1.15%
Total profit	945,549	985,756	-4.08%

(3) Manufacturing operations

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

During the Reporting Period, the Group's revenue from the manufacturing operations amounted to RMB11,755.7 million, representing an increase of 17.74%, and the gross profits increased by 10.57% as compared to that of 2012.

Report of Directors (continued)

Manufacturing operations (before elimination of inter-segment transactions)*Unit: thousand yuan*

Item	2013	2012 (restated)	Growth rate
Revenue	11,755,660	9,984,314	17.74%
Operating costs	9,705,573	8,130,218	19.38%
Gross profit	2,050,087	1,854,096	10.57%
Gross profit margin	17.44%	18.57%	Decreased by 1.13 percentage points
Selling and distribution expenses	294,318	200,405	46.86%
General and administrative expenses	998,064	886,705	12.56%
Total profit	826,802	727,997	13.57%

(4) Real estate development operations

The real estate business is a principal business of the Company as approved by SASAC. During the Reporting Period, in the case of the continuous national macro control policies for real estate and facing the further differentiation in the real estate market, the Group's real estate segment scientifically arranged the launch time of its projects, accelerated the selling-out speed of items, and kept prudent and steady in expanding land reserves, thus continuously increasing business performance and enhancing the brand influence. In 2013, the real estate segment realized a sales amount of RMB28,560 million, representing an increase of 35% as compared to the corresponding period last year; a sales area of 2,985,000 m², representing an increase of 32% as compared to the corresponding period last year; a revenue of RMB24,709.6 million, representing an increase of 36.24% as compared to the corresponding period last year; a total profit of RMB3,615.5 million, representing an increase of 26.08% as compared to the corresponding period last year. Before elimination of inter-segment transactions, the gross profit margin of the real estate development operations was 25.61%, representing a decrease of 2.26 percentage points as compared to that of 2012.

In 2013, the Company's real estate segment had 62 projects being sold in 36 cities, and 42 projects with single-building sales amount exceeding RMB100 million, of which the single-building sales amount of certain projects including Beijing CRCC Plaza Project, Tianjin International City Project, Beijing Shanyu City Project and Hefei International City Project surmounted RMB1,500 million, i.e. RMB3,280 million, RMB1,630 million, RMB1,580 million and RMB1,560 million respectively.



Report of Directors (continued)

In 2013, the Company adhered to the prudent principle and obtained 20 additional land parcels in 11 domestic cities and other regions including Beijing, Shanghai, Heifei, Chengdu, Wuhan, Nanjing, Changchun, Nanning, Dalian and Foshan with additional land area of 1,375,400 m² and additional planned gross floor area of 4,692,000 m². As at the end of 2013, the Group carried out real estate development projects in 42 cities including Beijing, Shanghai, Tianjin, Chongqing, Guangzhou and Hangzhou, with gross land area for construction of 10,470,000 m², and a planned gross floor area of 33,070,000 m².

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

Unit: thousand yuan

Item	2013	2012 (restated)	Growth rate
Revenue	24,709,613	18,137,336	36.24%
Operating costs	18,380,682	13,082,629	40.50%
Gross profit	6,328,931	5,054,707	25.21%
Gross profit margin	25.61%	27.87%	Decreased by 2.26 percentage points
Selling and distribution expenses	481,236	363,598	32.35%
General and administrative expenses	450,749	333,328	35.23%
Total profit	3,615,513	2,867,650	26.08%

(5) Logistics and materials trading and other businesses

As the largest project logistics system service provider and the second largest railway goods and materials provider in China, the Group has over 70 regional business outlets, 1,330,000 m² logistics space, and more than 40,000 linear meters of railway siding and 32,550 m³ refined oil storage capacity covering all the major cities and logistic nodes in the country. The Group provides integrated circulation services through well-improved and efficient information-oriented, regional and marketized logistics service system. In recent years, the Group promoted transformation and upgrading logistics business, and extended engineering commodities supply chain upstream and downstream market, through which, the material trade, processing and manufacturing, international business, the agency business for central purchasing, e-commerce and other emerging areas had been opened up. The China Railway Goods and Material Co., Ltd. under the Group was ranked fifth among the Top 50 Logistic Enterprises in China by China Federation of Logistics & Purchasing for three consecutive years.

Report of Directors (continued)

In 2013, the Group's revenue from logistics and materials trading and other businesses reached RMB89,330,400 million, representing an increase of 69.45% as compared to that of 2012. Before elimination of inter-segment transactions, the gross profit margin of the logistics and materials trading and other businesses for 2013 was 4.01%, representing a decrease of 1.05 percentage points as compared to that of 2012.

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

Unit: thousand yuan

Item	2013	2012 (restated)	Growth rate
Revenue	89,330,397	52,718,097	69.45%
Of which: logistic and materials trading	86,206,440	50,367,876	71.15%
Operating costs	85,751,320	50,051,819	71.33%
Of which: logistics and materials trading	83,880,679	48,513,369	72.90%
Gross profit	3,579,077	2,666,278	34.23%
Of which: logistics and materials trading	2,325,761	1,854,507	25.41%
Gross profit margin	4.01%	5.06%	Decreased by 1.05 percentage points
Of which: logistic and materials trading	2.70%	3.68%	Decreased by 0.98 percentage point
Selling and distribution expenses	540,074	468,031	15.39%
Of which: logistic and materials trading	501,262	423,367	18.40%
General and administrative expenses	1,131,827	969,308	16.77%
Of which: logistic and materials trading	942,233	802,522	17.41%
Total profit	1,361,013	1,197,566	13.65%
Of which: logistic and materials trading	561,789	657,885	-14.61%



Report of Directors (continued)

2. Principal operations by region

Revenue by region

Unit: thousand yuan

Region	2013	2012	Growth rate
Mainland China	565,525,648	466,885,327	21.13%
Overseas	21,263,942	17,427,601	22.01%
Total	586,789,590	484,312,928	21.16%

As at the end of 2013, the Group had overseas operating business distributed in 69 countries all over the world as well as in Hong Kong, Macao and other regions, and had 501 projects under construction in total. The overseas operations recorded stable growth.

Report of Directors (continued)

(IV) Analysis of Assets and Liabilities

1. Assets-Liabilities Analysis Table

As at the end of the Reporting Period, the Group's principal assets and liabilities and the corresponding changes were as follows:

Unit: thousand yuan

	31 December 2013		31 December 2012 (restated)		
	Amount	Percentage	Amount	Percentage	Growth rate
Total assets	553,018,596	100.00%	480,683,438	100.00%	15.05%
Major asset items					
Cash and bank balances	93,433,837	16.90%	92,274,144	19.20%	1.26%
Accounts receivable and long-term receivables	107,696,320	19.47%	79,405,537	16.52%	35.63%
Advances to suppliers	32,529,418	5.88%	33,560,698	6.98%	-3.07%
Other receivables	30,980,916	5.60%	30,968,057	6.44%	0.04%
Inventories	201,636,822	36.46%	171,336,940	35.64%	17.68%
Fixed assets	40,515,332	7.33%	37,935,943	7.89%	6.80%
Intangible assets	10,630,583	1.92%	8,203,836	1.71%	29.58%
Total liabilities	469,193,880	84.84%	407,476,879	84.77%	15.15%
Major liability items					
Short-term loans	47,062,143	8.51%	38,696,693	8.05%	21.62%
Other current liabilities	8,689,636	1.57%	21,974,691	4.57%	-60.46%
Long-term loans					
due within a year	9,811,930	1.77%	9,704,426	2.02%	1.11%
Current portion of bonds payable					
due within a year	850,000	0.15%			
Accounts payable and long-term payables	181,362,637	32.80%	162,159,086	33.74%	11.84%
Advanced from customers	66,225,429	11.98%	62,097,756	12.92%	6.65%
Other payables	39,836,680	7.20%	34,855,004	7.25%	14.29%
Long-term loans	41,796,520	7.56%	16,930,101	3.52%	146.88%
Bonds payable	29,888,586	5.40%	14,459,980	3.01%	106.70%
Employee benefits payable ^{Note}	8,683,759	1.57%	12,486,323	2.60%	-30.45%

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

As at 31 December 2013, the balance of the Group's account receivables and long-term receivables increased by 35.63% to RMB107,696.3 million as compared to the corresponding period of last year, representing 19.47% of the total assets. The increase was mainly because the Group expanded its operating scale in the year, and the retention money receivables and the "Build-Transfer" project receivables increased significantly as a result of the enlarged operating scale.



Report of Directors (continued)

As at 31 December 2013, the Group's inventory balance increased by 17.68% to RMB201,636.8 million as compared to the corresponding period last year, representing 36.46% of the total assets, mainly attributable to an increase in cost of real estate development and an increase in the amount due from customers for contract work due to the enlarged operating scale.

As at 31 December 2013, the Group's intangible assets balance amounted to RMB10,630.6 million, representing an increase of 29.58% as compared to the corresponding period last year, mainly attributable to the increase in the newly commenced BOT projects of the Group in the year.

As at 31 December 2013, the Group's interest-bearing liabilities (the sum of short-term loans, other current liabilities (excluding deferred income), long-term loans, long-term loans due within one year, payable bonds due within one year and bond payables) amounted to RMB138,075.5 million, representing 24.97% of the total assets and an increase of 35.68% as compared to the corresponding period last year. The increase in loan size was mainly attributable to the increase in demand for funding given the expanded operation of the Group.

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

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

Items related to measurement at fair value

Unit: thousand yuan

Item	Opening amount	Profit or loss from changes in fair value in the current period	Accumulated changes in fair value charged to equity	Closing amount
1. Financial assets at fair value through profit or loss	115,025	942	—	123,161
2. Available-for-sale financial assets	264,970	—	-42,873	222,097
Total	379,995	942	-42,873	345,258

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

Report of Directors (continued)

3. Financial assets at the end of the Reporting Period

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

As at 31 December 2013, the Company's financial assets were as follows:

Unit: thousand yuan

Item	Financial assets at fair value through profit or loss	Held-to-maturity investment	Loans and accounts receivable	Available-for-sale financial assets	Total
Held-to-maturity investment	—	1,269	—	—	1,269
Available-for-sale financial assets	—	—	—	222,097	222,097
Long-term equity investment under cost method	—	—	—	2,836,283	2,836,283
Bills receivable	—	—	3,466,399	—	3,466,399
Accounts receivable	—	—	87,797,722	—	87,797,722
Interest receivable	—	—	213,195	—	213,195
Dividends receivable	—	—	5,951	—	5,951
Other receivables	—	—	30,980,916	—	30,980,916
Long-term receivables	—	—	19,898,598	—	19,898,598
Non-current assets due within one year	—	—	20,407,440	—	20,407,440
Financial assets at fair value through profit or loss	123,161	—	—	—	123,161
Cash and bank balances	—	—	93,433,837	—	93,433,837
Total	123,161	1,269	256,204,058	3,058,380	259,386,868



Report of Directors (continued)

As at 31 December 2013, the Company's financial liabilities were as follows:

Unit: thousand yuan

Item	Amount
Short-term loans	47,062,143
Due to customers	437,821
Bills payable	22,824,023
Accounts payable	177,791,775
Interests payable	644,557
Dividends payable	105,692
Other payables	39,836,680
Provisions	3,887
Non-current liabilities due within one year (excluding long-term employee benefits payable within one year)	11,899,719
Other current liabilities (excluding deferred income)	8,666,277
Long-term loans	41,796,520
Bonds payable	29,888,586
Long-term payables	3,570,862
Total	384,528,542

4. Working capital

Unit: thousand yuan

(1) Contracted construction projects

Gross amount due from/to contract customers

	2013	2012
Contract costs incurred to date	2,279,694,819	1,864,354,579
Total recognized profits less recognized losses, net	163,751,142	135,014,789
Less: progress billings	-2,367,429,705	-1,926,475,303
	76,016,256	72,894,065

Report of Directors (continued)

Contracted construction projects as at the end of the year

	31 December 2013	31 December 2012
Gross amount due from contract customers	88,715,021	86,555,479
Gross amount due to contract customers	-12,698,765	-13,661,414
	76,016,256	72,894,065

(2) *Accounts receivable and accounts payable*

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

	2013	2012
Turnover days of accounts receivable ^{Note 1}	50	51
Turnover days of accounts payable ^{Note 2}	117	130

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

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



Report of Directors (continued)

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

Unit: thousand yuan

	31 December 2013	31 December 2012
Within 1 year	81,793,582	68,021,308
1 to 2 years	4,851,995	2,397,974
2 to 3 years	1,155,707	1,094,864
Over 3 years	886,251	656,314
	88,687,535	72,170,460
Less: provision for bad debts	-889,813	-458,824
	87,797,722	71,711,636

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

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

Unit: thousand yuan

	31 December 2013	31 December 2012
Within 1 year	169,006,568	153,735,553
1 to 2 years	6,084,613	3,761,825
2 to 3 years	1,894,038	545,216
Over 3 years	806,556	819,840
	177,791,775	158,862,434

Report of Directors (continued)

5. Prepayments and other receivables

The Group's prepayments and other receivables decreased from RMB64,528.8 million as at 31 December 2012 to RMB63,510.3 million as at 31 December 2013.

6. Early retirement plan.

Certain employees of the Group had completed their respective early retirement plan applications. Early retirement benefits were recognized in the period in which the relevant entities of the Group have entered into agreements with the employees specifying the terms of redundancy, or after the individual employee has been advised of the specific terms. The specific terms vary among the terminated and early retired employees depending on various factors including their positions, length of service, and the district in which the employee is located, etc.

The Group's obligations in respect of the early retirement benefits at the end of the reporting period were computed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. which is a member of the Society of Actuaries of the United States of America, using the projected cumulative unit credit method. The plan is exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

As at 31 December 2012 (after restatement) and 31 December 2013, the Group held the provisions of such obligations hereof amounting RMB 4.1353 billion and 3.1653 billion respectively. Details of the employees retirement plan of the Company are set out in the V. 35 "long-term employee benefits payables" in the Notes to Financial Statements of this report.

7. Other payables and accruals

Other payables and accruals included prepayments, other payables, employee benefits payables, taxes payable and other non-current liabilities. As of 31 December 2012 (restated) and 31 December 2013, the Group had other payables and accruals of RMB117,402.8 million and RMB123,351.5 million respectively.



Report of Directors (continued)

8. Indebtedness

(1) Loans

The short-term loans of the Group as of 31 December 2013 and 31 December 2012 were as follows:

Unit: thousand yuan

	31 December 2013	31 December 2012
Pledged loans	3,711,544	1,669,813
Mortgaged loans	75,300	115,500
Guaranteed loans	6,767,486	5,532,000
Credit loans	36,507,813	31,379,380
	47,062,143	38,696,693

The other current liabilities of the Group as at 31 December 2013 and 31 December 2012 were as follows:

Unit: thousand yuan

	31 December 2013	31 December 2012 (restated)
Other current liabilities	8,689,636	21,974,691

Report of Directors (continued)

The long-term loans of the Group due within one year as of 31 December 2013 and 31 December 2012 were as follows:

Unit: thousand yuan

	31 December 2013	31 December 2012
Pledged loans	30,690	27,670
Mortgaged loans	2,575,220	2,811,548
Guaranteed loans	1,762,406	2,655,092
Credit loans	5,443,614	4,210,116
	9,811,930	9,704,426

The long-term loans of the Group as of 31 December 2013 and 31 December 2012 were as follows:

Unit: thousand yuan

	31 December 2013	31 December 2012
Pledged loans	291,410	122,100
Mortgaged loans	7,009,840	5,320,803
Guaranteed loans	9,415,151	2,070,703
Credit loans	25,080,119	9,416,495
	41,796,520	16,930,101

The bonds payable of the Group as at 31 December 2013 and 31 December 2012 were as follows:

Unit: thousand yuan

	31 December 2013	31 December 2012
Bonds payable	29,888,586	14,459,980



Report of Directors (continued)

Analysis on asset-liability ratio:

On 31 December 2012 and 31 December 2013, the ratio of capital to liability was 77% and 78% respectively. Such ratio is the result of the net liabilities divided by total equity and net debts. Net liabilities include the sum of deposits, accounts payable, notes payable, other payables, long-term and short-term loans, other current liabilities (excluding deferred revenue), bonds payable, payroll, dividends payable, interest payable, long-term payables and non-current liabilities fall due for the year (excluding long-term employee benefits payable within one year) after deducting cash and bank balances. Total equity includes the holder of the rights and interests and rights and interests of minority shareholders of the company.

(2) *Commitments*

Unit: thousand yuan

Items	31 December 2013	31 December 2012
Capital commitments		
Contracted, but not provided for	378,719	617,794
Authorized by the Board but not contracted	—	48,000
	378,719	665,794
Investment commitments		
Contracted, but not fulfilled	115,000	115,000
Authorized by the Board but not contracted	500,000	800,000
	615,000	915,000
Other commitments <i>(Note)</i>		
Contracted, but not provided for	2,780,000	—
Authorized by the Board but not contracted	—	4,000,000
	2,780,000	4,000,000

Report of Directors (continued)

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

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

(3) *Contingent liabilities*

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

(4) *Mortgage and pledge of group's assets*

Unit: thousand yuan

Items	31 December 2013	31 December 2012
Cash and bank balances	190,000	25,000
Accounts receivable	5,247,446	1,626,033
Notes receivable	—	474,667
Inventories	25,090,918	15,214,762
Fixed assets	67,487	61,447
Intangible assets		
—land use rights	82,109	148,678
Intangible assets		
—franchised assets	397,797	417,950

Please refer to Notes V.18 of Consolidated Financial Statements in financial report for the details of assets with ownership restrictions.



Report of Directors (continued)

(V) Analysis of core competitiveness

1. Outstanding and unique corporate culture

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

2. Experienced management team

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

3. Skilled workforce with solid professional knowledge

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

4. Abundant engineering construction resources

The Group has numerous engineering and technical equipment, professional, complete and high-level engineering construction qualifications and professional institutions of various types, as well as a complete industrial chain, enabling it to provide complete one-stop engineering construction services for customers. The Group’s technology and equipment capability for the year had further strengthened. As at the end of 2013, the Group’s shield equipment increased to 170 sets, and special equipment for the construction of concrete box girder for high-speed railways and passenger lines increased to 376 sets. The additional authorized patents for the year amounted to 1,099, representing an increase of 63% as compared to that of last year. The Group had 2,839 patents accumulatively and the number of patents increased rapidly with remarkable improvement also in quality.

5. Strong market development capability

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

Report of Directors (continued)

(VI) Analysis of Investment

1. Overall Analysis of Investment in External Equities

As at December 31 2013, the carrying balance (original) of the Group's long term equity investment was RMB5.6967 billion, up RMB0.0490 billion compared to RMB5.6477 billion at the beginning of the year, representing the growth rate of 0.87%. In particular, the impairment provision for long term equity investment was RMB0.0226 billion, down RMB0.0055 billion compared to the beginning of the year.

(1) Investment in securities

Unit: thousand yuan

No	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held (Share)	Carrying value at the end of the period	Percentage over total securities investment at the end of the period (%)	Profit/loss during the Reporting Period
1	Stock	HK01258	ChiNF Mining	64,863	36,363,000	62,894	55.38	-1,715
2	Fund	184692	Yulong Fund	20,570	20,090,700	17,017	14.99	-824
3	Fund	500009	Anshun Fund	11,882	15,300,000	16,784	14.78	2,815
4	Stock	601618	MCC	59,265	10,600,000	11,918	10.49	-677
5	Fund	500011	Jinxin Fund	3,350	3,600,000	4,558	4.02	1,343
6	Stock	600028	Sinopec	533	135,000	390	0.34	—
Total				160,463	—	113,561	100.00	942



Report of Directors (continued)

(2) Shareholdings in other listed companies

Unit: thousand yuan

Stock code	Abbreviated stock name	Amount of initial investment	Percentage of interests in the investee	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in equity of owners during the Reporting Period	Accounting item	Source of shares
601328	Bank of Communications	49,892	0.07%	166,971	—	-47,830	Available-for-sale financial assets	Original issue stock
002159	Sante Cableway	3,000	0.99%	19,298	—	4,332	Available-for-sale financial assets	Original issue stock
000759	Wuhan Zhongbai	1,058	0.14%	6,784	—	479	Available-for-sale financial assets	Original issue stock
600885	Hongfa Electroacoustic	1,440	0.71%	20,268	—	9,304	Available-for-sale financial assets	Original issue stock
600809	Shanxi Fenju	708	0.05%	7,720	—	-8,944	Available-for-sale financial assets	Original issue stock
600322	Tianjin Reality Development	160	0.03%	330	—	-40	Available-for-sale financial assets	Original issue stock
601169	Bank of Beijing	2	—	726	—	-173	Available-for-sale financial assets	Original issue stock
Total	—	56,260	—	222,097	—	-42,872	—	—

(3) Shareholdings in non-listed financial enterprises

Unit: thousand yuan

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

Report of Directors (continued)

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

During the period, no shares of other listed companies were dealt with by the Company.

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

(1) Entrusted Financial Management

Unit: thousand yuan

Name of entrustor	Name of trustee	Type of entrusted financial management	Value of entrusted financial management	Amount of provision for impairment	Commence and termination dates	Determination of compensation	Expected earnings	actual principal amount recovered at the end of the reporting period	Actual earnings	involving litigation or not	connected transaction or not	Whether proceeded under legal procedures	Capital source and whether for fund raising
China Railway 22 nd Bureau Group Co., Ltd.	Agricultural Bank of China Limited.	Open-ended wealth management product	9,600	0	From 6 September 2013 to present	Redeem on demand of the liquidity and the actual amount of earnings is subject to the holding period of the product	Redeem on demand of the liquidity and the holding period	0	0	No	No	Yes	No

(2) Entrusted Loan

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

3. Use of Proceeds

The proceeds raised from A share offering and H share offering of the Company were used respectively prior to 31 December 2011 and 31 December 2010. During the Reporting Period, the Company had neither raised proceeds nor used proceeds raised from the previous period.



Report of Directors (continued)

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

(1) Major Subsidiaries

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

Unit: thousand yuan

Name of the Company	Registered capital	Major financial indicators for 2013			Principal operations	Industry
		Total Assets	Net Assets	Net Profits		
China Civil Engineering Construction Corporation	1,210,000	20,056,588	3,009,770	308,872	Construction	Construction
China Railway 11 th Bureau Group Co., Ltd.	1,031,850	32,126,986	3,614,861	614,442	Construction	Construction
China Railway 12 th Bureau Group Co., Ltd.	1,060,677	35,663,433	4,537,386	802,614	Construction	Construction
China Railway 13 th Bureau Group Co., Ltd.	1,044,810	22,013,410	2,587,856	335,276	Construction	Construction
China Railway 14 th Bureau Group Co., Ltd.	1,110,000	25,975,234	2,959,315	357,861	Construction	Construction
China Railway 15 th Bureau Group Co., Ltd.	1,117,210	22,157,940	1,931,371	18,016	Construction	Construction
China Railway 16 th Bureau Group Co., Ltd.	1,068,300	21,969,147	2,135,000	326,574	Construction	Construction
China Railway 17 th Bureau Group Co., Ltd.	1,105,470	27,946,589	3,184,323	464,960	Construction	Construction
China Railway 18 th Bureau Group Co., Ltd.	1,130,000	24,979,003	2,808,717	427,234	Construction	Construction
China Railway 19 th Bureau Group Co., Ltd.	1,095,469	23,547,999	2,572,393	432,222	Construction	Construction
China Railway 20 th Bureau Group Co., Ltd.	1,130,850	22,587,479	2,412,502	318,940	Construction	Construction
China Railway 21 st Bureau Group Co., Ltd.	1,150,000	18,328,844	2,042,588	252,781	Construction	Construction
China Railway 22 nd Bureau Group Co., Ltd.	1,057,000	15,586,812	2,144,821	410,325	Construction	Construction
China Railway 23 rd Bureau Group Co., Ltd.	965,000	15,540,691	1,613,966	15,277	Construction	Construction
China Railway 24 th Bureau Group Co., Ltd.	1,050,000	13,266,790	1,706,304	178,182	Construction	Construction
China Railway 25 th Bureau Group Co., Ltd.	910,720	11,466,380	1,300,114	148,532	Construction	Construction
China Railway Construction Group Ltd.	1,300,000	37,268,209	3,903,364	679,444	Construction	Construction
China Railway Electrification Bureau Group Co., Ltd.	710,000	13,776,926	2,473,819	551,504	Construction	Construction
China Railway Real Estate Group Co., Ltd.	7,000,000	68,828,839	12,435,718	2,130,514	Real estate development and operations	Real Estate
China Railway Goods and Materials Co., Ltd.	2,000,000	27,061,198	4,181,766	602,228	Purchase and sales of goods and materials	Logistics
China Railway Construction Investment Co., Ltd.	6,275,510	30,808,102	11,660,854	520,076	Project investment	Investment
CRCC Finance Company Limited	6,000,000	27,647,619	6,525,539	386,351	Financial Agency	Finance
China Railway Construction Urban Construction Co., Ltd.	2,000,000	9,632,469	2,005,635	65,973	Construction	Construction

Report of Directors (continued)

During the Reporting Period, the major subsidiary in which the Group took a comparatively bigger proportion of the consolidated operating results was China Railway Real Estate Group Co., Ltd.. In 2013, the net profit of China Railway Real Estate Group Co., Ltd. was RMB2.1305 billion, representing a year-on-year increase of 23.00% and 20.41% of the net profit RMB10.4394 billion of the Group. In 2013, its operating revenue was RMB17.5035 billion with the operating profit of RMB2.8696 billion. The main reason for the significant growth in both revenue and profit was that it expedited the expansion of the scale of development and the sales of the inventory, coupled with faster development.

After consideration and approval at the 23rd meeting of the second session of the Board, the Company and CRCCG will increase the registered capital of China Railway Construction Finance Company Limited (“Finance Company”) from RMB1.3 billion to RMB6 billion by way of capital increase in cash. Of which: the Company increased the investment of RMB 4.418 billion, after such increase herein, the Company’s capital contribution amounted to RMB 5.64 billion. Upon the increase in capital contribution of RMB282 million, CRCCG’s capital contribution after the capital increase reached RMB360 million. After the capital increase, the equity structure of Finance Company remained the same. After the capital increase, the registered capital of the Finance Company changed from RMB 1.3 billion to RMB6 billion, and the Company and CRCCG accounted for 94% and 6% of the amount of capital contribution. The increase in capital in Finance Company is beneficial to obtain more lenient credit lines from the PBOC, thereby to improve the ability of financial services. For details, please refer to the information dated 7 June 2013, namely the Announcement on the Resolution at the 23rd Meeting of the Second Session of the CRCC Board and the CRCC Announcement on the Related Party Transaction Regarding Capital Increase in Subsidiaries, which were published respectively in China Securities Journal, Shanghai Securities News, Securities Daily, and such websites as those of SSE (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).



Report of Directors (continued)

As considered and approved at the twenty-seventh meeting of the second session of the Board, the Company re-established China railway 13th Bureau Group Co., Ltd. as a group company specialized in bridge construction and renamed it as China Railway Bridge Bureau Group Co., Ltd. (as of the announcement date of the report herein, the relevant formalities for change in industrial and commercial registration were not yet dealt with, so that the specific name of the abovementioned company shall be subject to the competent administrative department hereof), to increase the registered capital of RMB2 billion. And after reorganization, the original China Railway Zhuzhou Bridge Co., Ltd. under the CRCC Heavy Industry Group Co., Ltd. was included into the CRCC Bridge Bureau Group Co., Ltd.. The business scope of the Company: Bridge construction, railway, highway, municipal engineering, port and coastal construction, urban rail construction and other existing business of China Railway 13th Bureau Group Co., Ltd., of which the main business item is bridge construction (the actual business scope will be subject to registration authority for industry and commerce). For details, please refer to the information dated 31 October 2013, namely the Announcement on the Resolution at the 27th Meeting of the Second Session of the CRCC Board, which was published respectively in China Securities Journal, Shanghai Securities News, Securities Daily, and such websites as those of SSE (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

As considered and adopted at the 27th meeting of the second session of the Board, the Company started integrating the professional housing resources, therefore forming CRCC Urban Construction Group Co., Ltd. (its name was CRCC Urban Construction Co., Ltd. as at the end of the Reporting Period while the current name is CRCC Urban Construction Group Co., Ltd.). The business scope of the company is as follows: a consolidated construction company specialized in the design and construction, decoration and polishing of construction projects as well as urban construction (the actual business scope will be subject to registration authority for industry and commerce for examination and approval). China Railway Construction Co., Ltd. has the registered capital of RMB2 billion. For details, please refer to the information dated 31 October 2013, namely the Announcement on the Resolution at the 27th Meeting of the Second Session of the Board of China Railway Construction Corporation Limited, which was published respectively in China Securities Journal, Shanghai Securities News, Securities Daily, and such websites as those of SSE (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn). The net profit of China Railway Construction Urban Construction Co., Ltd amounted to RMB66.0 million in 2013 and had not imposed significant impact on the overall production and operation as well as the results performance of the Group.

Except for China Railway Construction Urban Construction Co., Ltd. and CRCC Urban Engineering Co., Ltd., the newly established subsidiaries of the Group, no material change had occurred in the consolidated financial statements compared to the previous year. The consolidation of these two new subsidiaries has no material impact on the overall production and operation as well as the results. For details, please refer to Note IV.1. Subsidiaries in the Notes to Financial Statements attached to this annual report.

Report of Directors (continued)

(2) *Main Companies Invested by the Company*

There was no important company invested by the Company. For detailed information, please see “Note V. 10 Investment in Main Joint Ventures and Associates in the Notes to Financial Statements”.

5. Projects not Funded by Proceeds

(1) *BOT Project for Guangxi Ziyuan-Xing'an Expressway*

The total project investment was RMB9,308 million. The capital was RMB2,327 million. The Group held 100% of the equity and its proposed capital contribution was RMB2,327 million. During the Reporting Period, the capital contribution by the Group was RMB100 million. As at 31 December 2013, the accumulated contribution of fund by the Group was RMB100 million. During the Reporting Period, the investment completed by the Group was RMB612.48 million. As at 31 December 2013, the accumulated investment completed for the project was RMB612.48 million.

(2) *The BOT Project for Construction of Jinan - Leling Highway*

The total project investment was RMB7,541.89 million. The capital was RMB1,767.50 million. The Group held 65% of the equity and its proposed capital contribution was RMB1,148.90 million which was fully settled during the Reporting Period. During the Reporting Period, the investment completed for the project was RMB3,860.51 million. As at 31 December 2013, the accumulated contribution of fund completed for the project was RMB5,009.41 million.

(3) *BOT Project for Construction of Chengyu Expressway Double-line (Chongqing Section)*

The total project investment was RMB8,539.78 million. The capital was RMB2,134.90 million. The Group held 40% of the equity and its proposed capital contribution was RMB853.96 million. During the Reporting Period, the accumulated contribution of fund by the Group was RMB266.11 million. As at 31 December 2013, the Group's accumulated capital contribution for the project was RMB853.96 million. During the Reporting Period, the investment completed for the project was RMB2,293.61 million. As at 31 December 2013, the Group's accumulated capital contribution was RMB7,368.20 million.

(4) *The BT Project of Jianyang-Pujiang Highway in Sichuan*

The total project investment was RMB15,678.50 million. The capital was RMB3,919.62 million. The Group held 100% of the equity and its proposed capital contribution was RMB3,919.62 million. During the Reporting Period, the Group's capital contribution for the project was RMB200 million. As at 31 December 2013, the accumulated contribution of fund for the project was RMB200 million. As at 30 December 2013, the Group had not completed investment.



Report of Directors (continued)

(5) *BT Project for Urban Rail Transit Works in Blue Silicon Valley in Qingdao*

The total project investment was RMB16,782.26 million. During the Reporting Period, the investment completed for the project was RMB957.41 million. As at 31 December 2013, the accumulated capital contribution was RMB957.41 million. As at 31 December 2013, the period of collection of payment had not yet arrived.

(6) *BT Project for Chongqing Rail Transit (Huannan Section)*

The total project investment was RMB7,000 million. During the Reporting Period, the investment completed for the project was RMB0. As at 31 December 2013, the investment had not been completed.

(7) *Project for Level-1 Land Development of Phase 1 of the Project (B Area) in the Western City Centre of Zhuhai (珠海西部中心城區首期開發區域(B片區)土地一級開發項目)*

The total project investment was RMB9,848 million. During the Reporting Period, the investment completed for the project was RMB21 million. As at 31 December 2013, the accumulated capital contribution was RMB21 million. As at 31 December 2013, the period of collection of payment had not yet arrived.

(8) *Project for Level-1 Land Development in Cuijia Datan, Lanzhou*

The total project investment was RMB10,000 million. During the Reporting Period, the investment completed for the project was RMB889.20 million. As at 31 December 2013, the accumulated capital contribution was RMB889.20 million. As at 31 December 2013, the period of collection of payment had not yet arrived.

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

Not any entities with special purpose were under the control of the Group.

Report of Directors (continued)

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

(I) Competitive Landscape and Development Trends

The year 2014 is the first one for China to comprehensively deepen reform, also of the significance for the Group's upcoming progress. The New Year will bring forth to the Group new circumstances for development, mainly:

The comprehensively deepened reform and opening-up will still inject brand new vitality for the Group. With the establishment of a decisive role of market in the allocation of resources, the various national rules and practices affecting the unified market and fair competition in China will be cleaned up and abolished, with the accelerated improvement of the mechanism of price determination by the market; the development of employee stock ownership will be encouraged and, under such economy, the implementation of employee stock ownership for the formation of a community of interests will be allowed for practice; with the increasing perfection of the corporate governance structure, the professional manager system will be truly set up, the market-oriented hiring ratio will have a reasonable growth, and therefore the role of entrepreneurs will be better to play; the policy "threshold" for overseas investments and sought to cooperation projects on construction and labor in various countries and regions by China's enterprises will be overall reduced and phased out gradually. All these measures will provide a good policy environment for the Group to speed up development, and thus stimulate new vitality for the enterprise advancement.

The accelerated railway construction in the Midwest China and new urbanization will provide broad market space for enterprises. According to the relevant national planning, the Midwest and railway construction in the poor areas to accelerate comprehensive to commence in 2014 new railway project to further improve the total amount of investment, is expected to usher in a new development climax of railway construction. At the same time, the new building will be fully accelerated urbanization, the construction of the next three years, China's urbanization will reach RMB25 trillion of investment and financing, urban roads, urban rail transportation, housing construction and a variety of municipal public works market will continue to prosper, highways, airports, docks, water, electricity, communications and energy saving projects and so will maintain a certain scale of investment. Furthermore, by going abroad, the high-speed railways in China will also bring brand new overseas opportunities for the enterprise.

(II) Development Strategies of the Company

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

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



Report of Directors (continued)

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

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

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

Report of Directors (continued)

(III) Operation Plan

In the 2014 annual budget of the Group, the value of new contract is RMB766.1 billion, revenue from operations amounted to RMB526.6 billion, costs and taxes amounted to RMB515.3 billion. To this end, the Group will, firstly, strive to expand its market share to achieve stable increase in the operation scale; secondly, it will reinforce the corporate management, enhance risk prevention and control to ensure the healthy and stable operation of the corporate; thirdly, it will foster the transformation upgrading for structural adjustment, and strengthen and optimize the business of non-construction operations; fourthly, it will focus on the innovation of technology and emphasize on the support of technology, and raise its core competitive ability; fifthly, it will reinforce infrastructure improve the team building and staff quality.

For other information, please refer to the sections of “The Company’s Development Strategies” and “Potential Risks” of this chapter.

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

In order to achieve the business goals for 2014 and satisfy the development needs of the Company’s various businesses, the Company will ensure the satisfaction of capital requirement for its operations through internal resources, bank loans and bank acceptances, issues of bonds and other ways.

(V) Potential Risks faced by the Company

The Group pays high attention to risk management. And it organized and conducted risk assessment with a serious manner by referring to the domestic and overseas economic situations, the industry characteristics, business segments and management model and future development strategies of the Group. Then the Group recognized the main potential risks of the Group, including risks in respect of accounts receivable, macro-economy, project management, cost expenses, overseas operations, safety and quality.

1. Risks of Accounts Receivable

The risks of accounts receivable increase in proportion to the scale of account receivables. The more the sales revenue achieved by the enterprises through business credit, the more the risks they will undertake. According to the internal and external circumstantial factors and the trends of changes, the Group will conduct comprehensive and long-term planning of the accounts receivable of the Group, so as to ensure the accounts receivables will not exceed the reasonable limits. On this basis, the Company has established a comprehensive management system on accounts receivable to ensure the normal operation of the Group’s accounts receivable. And by understanding the key elements that may affect accounts receivable, the Company has also made reasonable plans to manage the Group’s accounts receivable. Meanwhile, risk analysis and early warning system of accounts receivable that fit the industry characteristics of the industries which the Company is in are established. The Company also maintains good relations with investors and creditors and actively develops reliable clientele resources. Therefore, it is ensured that the Group’s accounts receivable does not deviate from the corporate general direction and overall goals and constantly improving the turnover rate of accounts receivable.



Report of Directors (continued)

2. Macro-economic risk

In recent years, the global economic growth shown differentiations. While developed nations experienced moderate recovery, such emerging economies were under weakening growth. Therefore, the world economy are exposed to a certain difficulties and risks. Basic to maintain domestic economic stabilisation rebound trend, from high-speed growth stage to the efficient growth stage. International, domestic economic situation occur changes, which will be profound and with long-term influence the reform development for enterprises. For maintaining sustainable and healthy development, we must fully understand and grasp the profound domestic and international economic and industry trend, clearly think out the serious situation and enormous challenges, and seize the positive and favorable conditions and factors for development. Meanwhile, through holding the bottom line for risks, we shall take all forceful measures to further strengthen confidence for concentrated and unified hardworking, and seize opportunities to resolve any challenges, or difficulties in the reform and innovation, so as to realize scientific development in the upgrading transformation.

3. Project management risk

The Group's main business includes construction, production of complex structures, with the operation spaces not fixed, being big personnel mobility, under wide multi-point surface, and a lot of business activities occur in the operating environment with wild, aerial, underground water places affected by natural climatic and geological conditions, etc. The risk is mainly concentrated on safety, quality, schedule, benefits, contracts, management, personnel matching and assessment and other aspects. To control these risks, as well as laying solid foundation management, and to form the key breakthrough. To lay a solid foundation management, namely, the Company will strengthen basic education, improve and perfect the management system, so as to enhance the comprehensive control on projects To form any key breakthrough, that is, the Company shall control on key risk spots, such as the service team management, on-site project management, etc., and thus harvest twice results with half efforts.

4. Cost and expense risk

Because of increasing cost of raw material prices, extensive management or lack of control measures and so on, the product cost (engineering) may be not have been under effective control, and the Company will be unable to realize the expected benefits, or even suffer a loss. To circumvent the risk of cost effective, according to internal and external environment factors and its change trend, the Group earnestly carries out the responsibility system for the cost budget, establish and perfect the system of perfect cost management, and thus guarantee the group's normal production and business operation. Seize the key elements affecting the cost of rational planning, manage our costs, while establishing the characteristics of our industry cost risk analysis and early warning systems and rapid response mechanisms to establish the risk of crisis management, to ensure that the Group's cost fee does not deviate from the general direction and overall objectives of the responsibility to determine the budget of the enterprise, and constantly improve cost management.

Report of Directors (continued)

5. Risks of Overseas Operations

At present, the Group's overseas markets are mainly located at developing countries or economically under-developed areas, and the project targets of the Group are somehow affected by the politics, economy, policies and laws of the countries they operate in. In order to maintain the risks of overseas operations, the Group will involve extensively in international cooperation, effectively strengthen the Group's leadership, management, coordination and resource integration capabilities on overseas operations, actively facilitate international cooperation of different levels and in different ways by adhering to the "win-win" concept, so as to achieve the complementary advantages on all aspects of policy, technology, capital and production. It will also take full advantage of insurance and other risk transferring tools, and improve the capability of domestic operation, the capability of contract management and the capability of scientific and technological research and innovation, so as to facilitate the steady development of the overseas operations business.

6. Risks of Safety and Quality

As scale expansion unceasingly, the Company has many engineering points, wide operation area, and long work lines, therefore, various risk factors such as landslides, debris flows, floods, gas, water flushes, etc. The Group has always attached importance to work safety and quality management. Through earnest implementation of the relevant state requirements, the Company has firmly established the concept of "any development shall not be at the cost of human life", and effectively improved the emphasis on safety and quality at all levels, along with the enhancement of awareness of urgency, responsibility and mission on safety and quality. We have increased the corresponding inputs, and actively conducted related activities on creation of quality for excellence; we have strictly dealt with safety and quality incidents, consolidated the foundation accordingly, so as to ensure that, from the nature to system of the enterprise, the Company can develop in a safe, harmonious and positive way.



Report of Directors (continued)

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

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

Not applicable.

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

The Ministry of Finance issued Accounting Standards for Business Enterprises No.39 Fair Value Measurement, Accounting Standards for Business Enterprises No.40 Joint Arrangements and revised Accounting Standards for Business Enterprises No.30 Presentation of Financial Statements, Accounting Standards for Business Enterprises No.9 Employee Benefits, Accounting Standards for Business Enterprises No.33 Consolidated Financial Statements and Accounting Standards for Business Enterprises No.2 Long-term Equity Investment during January to March 2014. The above six Accounting Standards for Business Enterprises will be effective from 1 July 2014, and entities listed overseas are encouraged to adopt the above six Accounting Standards for Business Enterprises in advance. As an overseas listed company, the Company has adopted the above six Accounting Standards for Business Enterprises for current year’s financial statements in accordance with the regulations.

The change of accounting policies by reason of the adoption of the above Accounting Standards for Business Enterprises has been applied to the company for current year’s financial statements and retrospective adjustments have been made to the comparative financial information.

The application of Accounting Standards for Business Enterprises No.9 Employee Benefits (as revised in 2014) has affected the accounting for the Group’s early retirement benefit. Before 1 January 2013, early retirement benefits are considered as defined benefit plans. The liability recognized in the balance sheet in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have maturities approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets and 10% of the defined benefit obligations, are charged or credited to the income statement over the estimated average remaining working lives of the related employees. Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the “vesting period”). In this case, the past-service costs are amortized on the straight-line basis over the vesting period.

Report of Directors (continued)

Upon the adoption of Accounting Standards for Business Enterprises No.9 Employee Benefits (as revised in 2014), retrospective adjustments have been made to the group. All actuarial gains and losses are required to be recognized immediately in other comprehensive income in order for the net pension liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The opening balances as at 1 January 2012 and comparative information for the year ended 31 December 2012 have been restated in the consolidated financial statements.

The effects of changes to the accounting for the Group and Company's defined benefit plan on the financial statements for the years of 2013 and 2012 are summarised below:

The Group

2013

Unit: RMB'000

	As at 31/12/2012 (as previously reported)	Adjustments	As at 31/12/2012/ (as restated)
Deferred tax assets	1,990,104	22,135	2,012,239
Long-term employee benefits payable	3,170,614	144,883	3,315,497
Capital reserve	33,948,198	-420,403	33,527,795
Retained earnings	24,222,006	297,655	24,519,661

2012

Unit: RMB'000

	As at 31/12/2011/ For the year 2012 (as previously reported)	Adjustments	As at 31/12/2011/ For the year 2012 (as restated)
Deferred tax assets	1,986,991	39,873	2,026,864
Long-term employee benefits payable	3,743,785	223,847	3,967,632
Capital reserve	33,997,676	-331,393	33,666,283
Retained earnings	17,338,492	147,419	17,485,911
General and administrative expenses	20,705,766	-167,974	20,537,792
Income tax expenses	2,375,239	17,738	2,392,977
Other comprehensive income	105,987	-89,010	16,977



Report of Directors (continued)

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

Not applicable.

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

The Audit and Risk Management Committee of the Company has reviewed the financial statements of the Company for the year ended 31 December 2013.

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

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

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

It was resolved at the 20th meeting of the second session of the Board convened by the Company on 27-28 March 2013 that a cash dividend for the 2012 of RMB0.11 (tax inclusive) per 1 share based on the total share capital of 12,337,541,500 shares as at 31 December 2012 was declared, totaling RMB1,357,129,565.00. The profit distribution plan had been considered and passed at the 2012 General Meeting convened on 6 June 2013. As at 31 July 2013, the distribution of the above cash dividend was completed.

2. Formulation and Execution of Cash Dividend Policy

During the Reporting Period, the Company highly valued reasonable investment return to its shareholders

According to relevant regulations under the Notice on Related Matters on Further Improving Cash Dividend Distribution by Listed Companies by the China Securities Regulatory Commission and the document to the corresponding notice by Beijing Securities Regulatory Bureau, after the consideration and adoption by the Company in 2012 at the second extraordinary General Meeting, the profit distribution policy, especially cash dividend policy of the Articles of Association was revised, with the dividend pay-out standard and related ratio clarified. The Company's profit distribution policy is consistent with "Articles" and review process requirements, standards, and the proportion of dividend clear, clear, relevant decision-making procedures and mechanisms complete. The board of directors of the company fulfillment of due diligence responsibilities, the cash dividend policy bill issued agreed independent advice. Whether companies in a number of ways for the small and medium-sized shareholders the chance to fully express their views and demands, fully safeguard the legitimate rights and interests of minority shareholders. During the Reporting Period, in order to facilitate investors to have more comprehensive and further understanding of cash dividend distribution for 2012, the Company held on 24 April 2013 an online illustration meeting, with the investors' corresponding issues hereof under common concern answered; on 6 June 2013, through the combination of on-site open and online voting, the Company considered and adopted the Proposal Regarding 2012 Annual Profit Distribution Plan at the Annual General Meeting for 2012.

Report of Directors (continued)

(II) Profit Distribution Plan of the Company for 2013

1. Profit Distribution Plan for 2013

According to the audited financial report of the Company for 2013, the undistributed profit of the parent as at the beginning of 2013 was RMB5,145,062,960.31. After taking into consideration of the net profit of RMB2,747,375,542.38 recorded for the parent of the year and deducting the cash dividend of RMB1,357,129,565.00 for 2012, the distributable profit for the parent at the end of the year was RMB6,535,308,937.69. Pursuant to relevant provisions of the Company Law and the Articles of Association, upon the appropriation of 10% of the net profit recorded as the statutory reserve for the parent for 2013 of RMB274,737,554.24, the profit of the parent for the year distributable to the shareholders is RMB6,260,571,383.45. Based on the total share capital of 12,337,541,500 shares as at 31 December 2013, a total of cash dividend of RMB1,603,880,395.00 will be distributed on the basis of cash dividend of RMB0.13 (tax inclusive) per 1 share. After the distribution, the undistributed profit of the parent will be RMB4,656,690,988.45, which will be carried forward to the next year.

If the aforesaid profit distribution plan for 2013 is approved by the shareholders in the Annual General Meeting, the Company will separately announce the arrangement on the payment of dividend, such as the dates for the payment of dividend and the dates of closure of register of members.

The ratio of the total cash dividend proposed to be distributed in the plan to the net profit attributable to the shareholders of the listed company in the consolidated statement for 2013 is 15.50%.

2. Explanation

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

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



Report of Directors (continued)

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

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

(3) *Consideration and Voting in the Board Meetings:*

The 31st meeting of the second session of the Board was held on 27 to 28 March 2014 with all the 9 directors attended. The Proposal on the Plan of the Distribution of the 2013 Annual Profit of the Company (《關於公司2013年年度利潤分配方案的議案》) was considered in the meeting, and approved by the voting by open ballot. The profit distribution plan shall be subject to approval in the 2013 Annual General Meeting of the Company.

(4) *Independent Directors of the Company have issued independent opinion of agreement to the 2013 Profit Distribution Plan, and are of the opinion that the Board proposed this distribution plan according to the actual situation of the Company, as to ensure the stable development of the Company and its long-term interests. This distribution plan reflects a reasonable level of cash dividend whilst focusing on the reasonable returns to investors as well as the sustainable development of the Company, as well as catering for the demand for long-term development of the Company and the long-term interests for all shareholders including minority shareholders without prejudice to their interests.*

For details, please refer to the Announcement on Resolutions at Thirty-first Meeting of the Second Session of the Board of China Railway Construction Corporation Limited (《中國鐵建股份有限公司第二屆董事會第三十一次會議決議公告》) published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) on 29 March 2014.

3. There was no capitalisation from capital reserves of the Company for 2013.

Report of Directors (continued)

(III) The Profit and Undistributed Profit of the Parent during the Reporting Period were positive but Cash Dividend Plan has not been Proposed. The Company should Disclose the Reasons in Details and the Purposes and Plans of Usage for the Undistributed Profit

Not applicable.

(IV) PROFIT DISTRIBUTION OR RESERVES-TO-EQUITY TRANSFER PLANS OF THE COMPANY FOR THE PREVIOUS THREE YEARS, INCLUDING THE REPORTING PERIOD:

Year of dividend distribution	Number of bonus shares for every 10 shares (share)	Value of per 10 shares (tax inclusive) (yuan)	Number of shares for every 10 shares (share)	Amount of cash dividend (tax inclusive) (RMB'000)	Net profit	Percentage in net profit attributable to shareholders of the Company in the consolidated statement of the Company in the consolidated statement (%)
					attributable to shareholders of the Company in the consolidated statement during the year of dividend distribution (RMB'000)	
2013	—	1.30	—	1,603,880	10,344,658	15.50
2012(Restated)	—	1.10	—	1,357,130	8,629,127	15.73
2011(Restated)	—	1.00	—	1,233,754	7,934,677	15.55

VI. ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITY

(I) Activities in Social Responsibilities

2013 Social Responsibility Report of CRCC (《中國鐵建股份有限公司2013年社會責任報告》) is published on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company, websites: www.sse.com.cn, www.hkex.com.hk and www.crcc.cn.

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

Not applicable.



Report of Directors (continued)

VII. OTHER DISCLOSURE

(I) Taxation on Dividend

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

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

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

(II) Share Capital

Details of the share capital of the Company are set out in Note V. "38 share capital" to the financial statements of this report.

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

(III) Capital Reserves, Surplus Reserves and Special Reserves

Changes to capital reserves, surplus reserves and special reserves of the Group and the Company in the year are set out in the Consolidated Statement of Changes in Equity and Notes V.39 to 41 to the financial statements in the audited financial statements of this report.

(IV) Property, Plant and Equipment

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

Report of Directors (continued)

(V) Distributable Reserves

The distributable reserve of the Company as at 31 December 2013 was approximately RMB6,260,600,000.

(VI) Designated Deposits and Overdue Time Deposits

As at 31 December 2013, the Group had no designated deposits placed with any financial institutions in China, nor any time deposits which could not be recovered upon maturity.

(VII) Pre-emptive Rights

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

(VIII) Management Contracts

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

(IX) Donation

During the Reporting Period, the charitable donations and other donations of the Group aggregated to RMB6,162,000.

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

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



Significant Events

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

There was no materil litigation, arbitration or matters generally questioned by the media during the Reporting Period

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

N/A.

III. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

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

IV. TRANSACTION OF ASSETS AND MERGER OF BUSINESS

(I) Acquisition and disposal of asset and merger of business by the Company which have been disclosed in the temporary announcements and have no change in the subsequent implementation

Overview and Type of the Matter

Enquiry Index

Approved by the 26th meeting of the second session of the Board of the Company and the shareholders meeting of CRCC-Tongguan Investment Co., Ltd. ("Tongguan Company"), the Company transferred its 20% equity interests Tongguan Company by way of open tender at China Beijing Equity Exchange since 23 October 2013. The transferee was Tongling Nonferrous Metals Group Holdings Co., Ltd., the other shareholder of Tongguan Company, with the consideration of RMB560,000,000 (same with the price of open tender). The two parties entered in to the equity transation contract on 24 December 2013. After this transfer, Tongling Nonferrous Metals Group Holdings Co., Ltd. holds 70% of the equity of Tongguan Company, and the Company holds 30% equity of Tongguan Company.

For details, please see the relevant announcements dated 23 October 2013 and 25 December 2013 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website(www.crcc.cn).

Significant Events (continued)

(II) Matters undisclosed in temporary announcements or those with subsequent progress

1. Acquisition of assets
N/A.
2. Disposal of Assets
N/A.
3. Replacement of assets
N/A.
4. Merger of Business
N/A.

V. SHARE INCENTIVE PLAN AND IMPACTS THEREOF

During the Reporting Period, the Company had not implemented any share incentive plan. The preliminary proposal of the share incentive plan for the senior management and core employees of the Company was in the process of going through the approval procedures of the relevant state departments.

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

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

(I) Non-exempt Continuing Connected Transactions (Disclosure under the Hong Kong stock exchange disclosure requirements)

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

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

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



Significant Events (continued)

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

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

Set out below are the approved annual cap and actual amount of transaction in relation to non-exemption continuing connected transactions under the aforementioned Services Provision Framework Agreement by the Group and CRCCG and/or its associates for the year ended 31 December 2013:

Unit: RMB'000

Nature of transaction	Annual cap of 2013	Consolidated amount of transaction of the Group in 2013
Expense of the Group for provision of services by CRCCG and/or its associates under the Services Provision Framework Agreement	600,000	276,640

Significant Events (continued)

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

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

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

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

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



Significant Events (continued)

Set out below are approved annual cap and actual amount of transaction of the non-exemption continuing connected transactions under the Property Leasing Framework Agreement (as supplemented by a supplementary agreement dated 28 December 2012) and the Land Use Rights Leasing Framework Agreement for the year ended 31 December 2013:

Unit: RMB'000

Nature of transaction	Annual cap of 2013	Consolidated amount of transaction of the Group in 2013
Expense Expense payable by the Group for leasing properties and land use rights from CRCCG and/or its associates under the Property Leasing Framework Agreement (as supplemented by a supplementary agreement dated 28 December 2012) and the Land Use Rights Leasing Framework Agreement	300,000	80,214

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

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

- (i) the above connected transactions were conducted by the Company in the ordinary course of business;
- (ii) the terms of the above connected transactions were fair and reasonable so far as the interest of the shareholders as a whole are concerned;

Significant Events (continued)

- (iii) the above connected transactions were conducted upon normal commercial terms or, where comparisons were available, on terms no less favorable than those available to or from independent third parties; and
- (iv) the above connected transactions were conducted in accordance with the terms of the agreements governing such transactions.

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

- (i) nothing had come to the auditors' attention that had caused them to believe that the continuing connected transactions as disclosed had not been approved by the Board;
- (ii) in respect of the continuing connected transactions relating to the provision of goods and services by the Group, nothing had come to the auditors' attention that caused them to believe that such transactions had not been consistent with the pricing policy of the Company in all material aspects;
- (iii) nothing had come to the auditors' attention that caused them to believe that such transactions had not complied with the requirements under relevant agreements in all material aspects; and
- (iv) nothing had come to the auditors' attention that caused them to believe that the continuing connected transactions as disclosed had exceeded the 2013 annual caps set out in the continuing connected transactions announcement dated 29 December 2012.

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



Significant Events (continued)

(II) The related party transactions to ordinary operations (Disclosure under the Shanghai stock exchange disclosure requirements)

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

According to the requirements of “No. 2 Guidelines for the Content and Format of Information Disclosure by Companies with Public Issue of Securities-Content and Format of Annual Report (as revised in 2012)” by the China Securities Regulatory Commission (CSRC), the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Connected Transactions of Listed Companies in Shanghai Stock Exchange, the connected parties involved in connected transactions of the Company mainly include CRCCG, the controlling shareholder and subsidiaries controlled by it.

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

Significant Events (continued)

Major related party transactions in relation to ordinary operations of the Group during the year 2013 are as follows:

Unit: RMB'000

Related party	Related party transactions type	Related party transactions content	Pricing principle of related party transactions	Related party transactions price	Related party transactions amount	Proportion in the same category of transactions	Settlement method of related party transactions	Market price	Reason for the difference between transaction price and market price
11 units including Shaanxi Railway Engineering Investigation Co., Ltd.	Expenditure for labor service	Survey and design consultation	Agreement pricing	—	276,640	0.05%	Cash	—	—
Controlling shareholder, Jinli Assets Management Center	Property leasing expense	Property Leasing	Agreement pricing	—	80,214	0.02%		—	—

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

Not applicable.

3. Events undisclosed in the temporary announcement

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



Significant Events (continued)

(III) Compliance with the non-competition agreement

CRCCG stated that in the year 2013, it had no violations of the undertakings in the “Non-competition Agreement” signed on November 5, 2007 with the Company.

(IV) Related party transactions from asset acquisition and sales

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

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

As considered and approved by the Twenty-third Board meeting of the second session of the Board of the Company, the Company and CRCCG increased the registered capital of China Railway Construction Finance Company Limited, its subsidiary, from RMB1,300 million to RMB6,000 million in the principle of proportional capital increase. In particular, the Company contributed RMB4,418 million, and the total contribution by the Company after the capital increase amounted to RMB5,640 million. CRCCG contributes RMB282 million, and the total contribution by CRCCG after capital increase amounted to RMB360 million. After the capital increase, the equity structure of China Railway Construction Finance Company Limited remains unchanged. Please refer to “Analysis of Major Subsidiaries and Companies Invested by the Company” in “Report of Directors” in this report.

(VI) Claims and liabilities between related parties

According to the requirements of “No. 2 Guidelines for the Content and Format of Information Disclosure by Companies with Public Offering of Securities-Content and Format of Annual Report (as revised in 2012)” by the China Securities Regulatory Commission (CSRC), the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Connected Transactions of Listed Companies in Shanghai Stock Exchange, the connected parties involved in connected transactions of the Company mainly include CRCCG, the controlling shareholder and subsidiaries controlled by it.

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

Not applicable.

Significant Events (continued)

2. Events disclosed in the interim announcement and have progress or change in the subsequent implementation.

Unit: RMB'000

Related party	Related party relationship	Provision of funds to related party by the listed company			Provision of funds to the listed company by related party		
		Beginning balance	Amount incurred	Ending balance	Beginning balance	Amount incurred	Ending balance
CRCCG ^{Note 1}	Controlling shareholder	1,000,000	-500,000	500,000	289,992	611,284	901,276
CRCCG ^{Note 2}	Controlling shareholder	369,840	-290,166	79,674			
CRCCG ^{Note 2}	Controlling shareholder	31,579	-22,685	8,894			
CRCCG ^{Note 3}	Controlling shareholder				1,590,697	-1,314,217	276,480
Jinli Asset Management Center ^{Note 3}	Wholly-owned subsidiary of the controlling shareholder				82,166	36,340	118,506
Jinli Asset Management Center ^{Note 4}	Wholly-owned subsidiary of the controlling shareholder				3,533	0	3,533
Xian Tianchang Real Estate Co., Ltd. ^{Note 3}	Wholly-owned subsidiary of the controlling shareholder	584	0	584	26,548	20,862	47,410
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 3}	Wholly-owned subsidiary of the controlling shareholder	30	-30	0	1,059	40,826	41,885
Chongqing Tie Fa Suiyu Highway Co., Ltd. ^{Note 3}	Wholly-owned subsidiary of the controlling shareholder	4,803	-1,889	2,914	5,353	-4,592	761
Total		1,406,836	-814,770	592,066	1,999,348	-609,497	1,389,851



Significant Events (continued)

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

Note 1: The amount was resulted from the transfer of the light railway project, in Mecca, Saudi Arabia, between the Company and its Controlling Shareholder. On January 21, 2011, the Company and CRCCG signed the Agreement on the Arrangement of Matters Related to the Saudi Mecca Light Railway Project. Please refer to the announcement dated 21 January 2011 published respectively in "China Securities Journal", "Shanghai Securities News", "Securities Daily", "Securities Times", the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of Hong Kong Stock Exchange (www.hkex.com.hk) for details. Under the agreement, from October 31, 2010 the Company would transfer all rights and obligations of the Mecca Light Railway Project to the Controlling Shareholder while the controlling shareholder should pay a consideration of RMB2.077 billion to the Company. As of December 31, 2013, the controlling shareholder still needed to pay RMB 500 million within one year.

The fund provided to Controlling Shareholder by connected parties to the Company was primarily the allot from the Ministry of Finance. Pursuant to the requirements of "Temporary Requirements in relation to the Enhancement of Management to Corporate Financial Information" 《加強企業財務信息管理暫行規定》) by the Ministry of Finance, the Controlling Shareholder will borrow the amount to the Group as entrusted loan. In the meantime, it was agreed in the entrusted loan contract that the entrusted loan will be transferred to equity interest investment of the Controlling Shareholder as capital increase, share capital enlargement and other events occurred in the Company.

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

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

Note 4: Jinli Asset Management Center provided capital with a closing balance of RMB3.533 million which was an unpaid rental fee related to the lease of properties to the listed company by China Railway Construction Heavy Industry Co., Ltd., a subsidiary under the Group, as detailed in the section "2. Continuous connected transaction under the Property Leasing Framework Agreement and its Supplementary Agreement by the Company and CRCCG" of "(I) Non-exempt continuing connected transactions".

Significant Events (continued)

3. Issues not disclosed in temporary announcements

Not applicable.

(VII) Other significant related party transactions

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

VII. MAJOR CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

During the Reporting Period, the Company had no issues of trusteeship, contracting and leasing necessary to disclose.

(II) Guarantees

1. During the Reporting Period, the external guarantees granted by the Company were as follows:

Unit: RMB'000

External guarantees by the Company (exclusive of such guarantees to its subsidiaries)						
Name of the party guaranteed	Date of occurrence (Date of signing agreement)	Guarantee amount (RMB)	Guarantee type	Guarantee period	Performance completed or not	Guarantee by related party (yes or no)
Sichuan Naxu Railway CO., LTD. (四川納敘鐵路有限公司)	2006. 12. 28	67,200	General guarantee	2006. 12. 28-2026. 12. 28	No	No
Sichuan Naxu Railway CO., Ltd. (四川納敘鐵路有限公司)	2008. 4. 16	50,400	General guarantee	2008. 4. 16-2028. 4. 16	No	No
CRCC Tongguan Investment Co., Ltd.	2010. 5. 25	58,037	General guarantee	2010. 5. 25-2015. 5. 25	No	Yes
CRCC Tongguan Investment Co., Ltd.	2010. 5. 25	764,725	General guarantee	2010. 5. 25-2015. 5. 25	No	Yes



Significant Events (continued)

Total amount of guarantees for the Reporting Period	-244,442
Ending balance of guarantees for the Reporting Period	940,362
Guarantees to subsidiaries by the Company	
Total amount of guarantees to subsidiaries for the Reporting Period	4,936,775
Ending balance of guarantees to subsidiaries for the Reporting Period	8,389,848
Total guarantees by the Company (inclusive of such guarantees to its subsidiaries)	
Total guarantees	9,330,210
The proportion of total guarantees in net assets of the Company	11.13%
Of which:	
The amount of guarantees to the Company's shareholders, actual controllers and their related parties	—
Debt guarantees directly or indirectly to guaranteed objects with the asset-liability ratio higher than 70%	7,388,525
Of total guarantees, the portion in excess of 50% net assets of the Company	—
Total of the above three categories of guarantees	7,388,525

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

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

Pursuant to the approval by the nineteenth meeting of the second session of the Board held on 27 January 2013, the cap for internal guarantees of the Company in 2013 was determined as RMB40 billion. During the Reporting Period, guarantee granted to wholly-owned subsidiaries by the Company was in strict compliance with the guarantee cap. As at the end of the Reporting Period, the total amount of outstanding guarantee was of RMB 8,389.8 million and did not exceed the approved cap of guarantee.

Significant Events (continued)

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

During the Reporting Period, the Company had not granted new external guarantees. As at the end of 2013, the total amount of outstanding external guarantees by the Company was of RMB940.4 million, including the following two guarantees:

- 1 In 2006, China Railway Construction Corporation had provided RMB400 million of loans and RMB67.2 million of guarantee, representing 16.8% of capital contribution, to Sichuan Naxu Railway Co., Ltd. Due to the reform of the Company in December 2007, it entered into a tripartite agreement with China Railway Construction Corporation Limited and the Luzhou branch of China Construction Bank, and to revise the subject of the contract to China Railway Construction Corporation Limited. The resolutions of providing guarantee to the Naxu company for loans had been considered and approved in the tenth meeting of the first session of the Board. In proportion to the capital contribution of 16.8%, RMB50.4 million of guarantee for RMB300 million of loans were agreed to be provided to Sichuan Naxu Railway Co., Ltd., the joint-stock company, hence amounting to a total of RMB117.6 million of guarantee to the Naxu company.
- 2 The resolutions of providing capital and bank loan guarantee to CRCC-Tongguan Investment Co., Ltd. had been considered and approved in the thirty-first meeting of the first session of the Board of the Company. In proportion to the capital contribution of 50%, the Board agreed to provide guarantees for the loan agreement entered by CRCC-Tongguan Investment Co., Ltd. with China Development Bank, Agricultural Bank of China and Bank of China, representing a guarantee amount equivalent to RMB1,067.2 million.
- 3 As at 31 December 2013, CRCC-Tongguan Investment Co., Ltd. has repaid part of the loans. The amount of guarantee provision from the Company was reduced to RMB822.8 million correspondingly.



Significant Events (continued)

(III) Other major contracts

1. Domestic business contract

Unit: RMB 100 million

Contract time	Abstract	Contract amount	The Company's contracting entity	Time limit of performance
2013/2/5	Section SDJC of the "Four Electric" system integration and relevant construction of the section from Yuanping to Xi'an North of the newly-built Datong to Xi'an passenger dedicated line	45.277	China Railway Electrification Bureau Group Co., Ltd.	833 calendar days
2013/4/22	Master construction contract of Section YQZQ-11 of the pre-station construction Contract for the expansion restructuring project of the Chongqing to Guiyang railway	33.752	China Railway 11th Bureau Group Co., Ltd.	1,522 calendar days
2013/9/30	Section ZNZH-2 of the "Four Electric" system integration and relevant construction of the newly-built railway channel of central western Shanxi, including section from Lin County North to Mengmen of the railway from Luliang to Lin County (Mengmen) (新建山西中南部鐵路通道(含呂梁至臨縣(孟門)鐵路臨縣北至孟門段)"四電"系統集成及相關工程ZNZH-2標段)	31.739	The united entity of China Railway Electrification Bureau Group Co., Ltd. and China Railway 12th Bureau Group Co., Ltd.	396 calendar days
2013/10/14	The remaining civil construction contract structure of Metro Line 1, Guiyang City (貴陽市軌道交通1號線剩餘土建結構工程施工總承包)	35.4058	China Railway Construction Corporation Limited	27 months
2013/10/26	Master construction contract of Section FPZQ-4 of the pre-station construction of the newly-built railway stations from Fuzhou to Pingtan (新建福州至平潭鐵路站前工程第FPZQ-4標段施工總價承包)	36.9288	China Railway 13th Bureau Group Co., Ltd.	2,007 calendar days
2013/11/12	Master construction contract of Section GGSD-2 of the "Four Electric" system integration, disaster-prevention monitoring and relevant construction of the newly-built railway from Guiyang to Guangzhou (新建貴陽至廣州鐵路"四電"系統集成、防災安全監控及相關工程GGSD-2標段施工總價承包)	34.8758	China Railway Electrification Bureau Group Co., Ltd. and China Railway 12th Bureau Group Co., Ltd.	10 months

Significant Events (continued)

2. Overseas business contract

Unit: 0.01 million Currency: USD

Contract time	Project name	Contract amount	The Company's contracting entity	Performance Time limit
2013/09/26	Nigeria Au Finance - Kalaba 23 km cross-sea bridge project Phase I (尼日利亞奧融-卡拉巴23公里跨海橋項目一期)	106,612.300	China Civil Engineering Construction Corporation	5 years
2013/11/18	Road and seabed tunnel project in Penang, Malaysia (馬來西亞檳城道路與海底隧道項目)	119,000.000	CRCC International Group Co., Ltd.	10 years
2013/12/24	Eastern Sudan Railway Project (蘇丹東綫鐵路項目)	145,425.800	China Civil Engineering Construction Corporation	To be confirmed
2013/12/11	The bridge between the east western 100 km expressway and the Béjaia Port (阿爾及利亞貝佳亞(Béjaia)港口到東西高速公路100公里連接綫)	130,215.000	CRCC International Group Co., Ltd.	3 years

VIII. THE PERFORMANCE OF UNDERTAKINGS

(I) *Undertakings during or until the Reporting Period by listed company, shareholders holding 5% or more equity, the controlling shareholder and actual controller*

1. In the prospectus, the Company disclosed it totally held 836 lots of land, of which: 349 were under the formalities for obtaining the land use right with the state appraisal price while 53 were in the process of land transfer procedures.

As of the date of this report, among the 349 lots of land under the formalities for obtaining the land use right with the state appraisal price upon the Company's IPO, 348 lots already had the land use permits. And at that time, 53 lots under the transfer procedures already completed all assignment formalities, with the land use permit obtained due to government reasons. There is still one lot (13,554 m², with price of RMB20.67 million upon commencement) is still under such formalities. The Company will continue to urge the head office to complete the procedures for land use permit of the final land lot aforesaid as soon as possible.



Significant Events (continued)

2. The Company disclosed in the prospectus that it held a total of 822 properties without obtaining the ownership certificates.

As of the issue date of this report, among the 822 houses without obtaining ownership certificates upon the Company's IPO, 220 already finished the formalities for ownership certificates; of the remaining 602 houses, 480 need no application for ownership certificate because they are productive auxiliary housings, 121 are not qualified to apply for any ownership certificate due to excessively long history since their establishment, and the final one house (1,064 m², with price of RMB4.47 million upon commencement) cannot obtain ownership certificate due to the absence of the overall property certificate of the building. Although the aforesaid housing do not have ownership certificate yet, there is no controversy or dispute of ownership of the property that the Company invested and established by itself which have relevant proof of account entry and evidence of construction. The Company has been enjoying and executing the rights of occupancy, utilization, to create benefits and take disciplinary actions. For the remaining one ownership certificate, the Company will continue to urge CRCCG to complete in time.

The 31st meeting of the second session of the Board of the Company considered and approved the Proposal in Relation to Change of Performance of Undertakings by Controlling Shareholder in Respect of Self-owned Buildings and Land Use Rights (《關於變更控股股東履行自有房屋及土地使用權相關承諾的議案》), which is still subject to the approval at the general meeting.

- (II) As for the Company's assets or projects, there are earnings forecasts, and such items are within the forecast timespan in the Reporting Period, the Company shall make the explanation on whether such asset or project have achieved the original profit forecast and the corresponding reasons**

Not applicable.

IX. APPOINTMENT AND REMOVAL OF AUDITORS

- (I) The appointment of auditor**

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

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

Significant Events (continued)

On June 6, 2013, the Company's 2012 Annual Shareholders' General Meeting considered and passed the Proposal on Appointing the 2013 Annual External Auditor and Payment of 2012 Annual Audit Fee, approving to continuously hire Ernst & Young Hua Ming LLP as the external auditor. After the review and consideration by the 31st meeting of the second session of Board from March 27 to 28, 2014, the Company is to pay Ernst & Young Hua Ming LLP the audit fees for the 2013 annual financial statements as well as related audit services, interim financial statement review and so forth, as RMB30.70 million, and such proposal is still in need of submission to the 2013 Annual General Meeting for approval.

(II) Appoint of internal control auditor

On June 6, 2013, the Company's 2012 Annual Shareholders' General Meeting considered and passed the Proposal on Appointing the 2013 Annual Internal Control Auditor and Payment of the 2012 Annual Auditing Fee, approving to continue to hire Ernst & Young Hua Ming as the intermediary institute of internal control auditor herein. After the review and consideration by the 31st meeting of the second session of Board from March 27 to 28, 2014, the Company is to pay Ernst & Young Hua Ming LLP the audit fee for the 2013 annual internal control and other related service costs as RMB2.4 million, and such proposal is still in need of submission to the 2013 Annual General Meeting for approval.

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

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

XI. EXPLANATION OF OTHER SIGNIFICANT EVENTS

During the Reporting Period, there happened no significant matters that affect the Company's normal operation.

XII SUBSEQUENT EVENTS

As of the approval date of the report, the Group had no other significant subsequent events that need disclosure after the balance sheet date.



Changes in Shares and Particulars of Shareholders

I CHANGES IN SHARE CAPITAL

(I) Table of Changes in Shares

1. Table of Changes in Shares

Unit: share

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

Changes in Shares and Particulars of Shareholders (continued)

2. Particulars of changes in shareholding

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

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

Nil.

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

Nil.

(II) Changes in Shares Subject to Trading Moratorium

Unit: share

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

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



Changes in Shares and Particulars of Shareholders (continued)

II ISSUE AND LISTING OF SECURITIES

(I) Issue of securities during last three years at end of the Reporting Period

The Company had no issue of securities during last three years at end of the reporting period.

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

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

(III) Existing internal employee shares

The Company had no internal employee shares as at the end of the reporting period.

III. PARTICULARS OF SHAREHOLDERS AND ULTIMATE CONTROLLER

(I) Structure of Share Capital and Public Float

1. Structure of share capital

As at 31 December 2013, the share capital structure of the Company is set out as follows:

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

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

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

Changes in Shares and Particulars of Shareholders (continued)

2. Public float

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

(II) The Number of Shareholders and Particulars of Shareholdings

1. Total number of shareholders

As at the end the reporting period, the total number of shareholders of the Company was 245,187, of which 221,991 were holders of A shares and 23,196 were holders of H shares. As at 24 March 2014, the total number of shareholders of the Company was 248,269, of which 225,196 were holders of A shares and 23,073 were holders of H shares.

Total number of shareholders at the end of the reporting period (<i>households</i>)	245,187
Total number of shareholders at the end of the fifth trading day prior to the date of the issuance of this annual report (<i>households</i>)	248,269



Changes in Shares and Particulars of Shareholders (continued)

2. Particulars of shareholdings of the top ten shareholders

Unit: share

Name of shareholder	Nature of shareholder	Particulars of top 10 shareholders		Increase/decrease during the Reporting Period	Number of shares subject to trading moratorium	Number of shares pledged or frozen
		Shareholding percentage	Total number of shares (%)			
China Railway Construction Corporation	State-owned	61.33	7,566,245,500	0	—	—
HKSCC NOMINEES LIMITED	Overseas legal person	16.66	2,055,382,881	866,500	—	Unknown
Account No. 3 of National Council for Social Security Fund (全國社會保障基金理事會轉持三戶)	State-owned legal person	1.98	245,000,000	0	245,000,000	Unknown
Gaohua—HSBC—GOLDMAN, SACHS & CO.	Other	0.44	54,426,505	-5,172,156	—	Unknown
International Finance - Standard Chartered-GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD (國際金融—渣打—GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD)	Other	0.30	36,780,094	2,733,477	—	Unknown
DEUTSCHE BANK AKTIENGESELLSCHAFT	Other	0.30	36,748,762	16,529,369	—	Unknown
Bosera Value Growth Securities Investment Fund (博時價值增長證券投資基金)	Other	0.29	36,184,564	-32,201,811	—	Unknown
Credit Suisse (Hong Kong) Limited (瑞士信貸(香港)有限公司)	Other	0.28	34,699,231	-9,635,917	—	Unknown
MERRILL LYNCH INTERNATIONAL	Other	0.25	30,416,808	-40,990,377	—	Unknown
CSOP Asset Management Limited — CSOP FTSE China A50ETF (南方東英資產管理有限公司—南方富時中國A50ETF)	Other	0.19	23,955,403	3,600,003	—	Unknown

Changes in Shares and Particulars of Shareholders (continued)

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

Name of shareholder	Number of shares held not subject to trading moratorium	Class of shares
CRCCG	7,566,245,500	A
HKSCC NOMINEES LIMITED	2,055,382,881	H
Gaohua-HSBC-GOLDMAN, SACHS & CO.	54,426,505	A
International Finance — Standard Chartered — GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE. LTD.	36,780,094	A
DEUTSCHE BANK AKTIENGESELLSCHAFT	36,748,762	A
Bosera Value Growth Securities Investment Fund	36,184,564	A
Credit Suisse (Hong Kong) Limited	34,699,231	A
MERRILL LYNCH INTERNATIONAL	30,416,808	A
CSOP Asset Management Limited — CSOP FTSE China A50ETF	23,955,403	A
UBS AG	21,952,894	A

Explanations of the connected relationship or concerted action among the above shareholders

The Company has no information on whether there is any connected relationship among the above shareholders or whether such shareholders are parties acting in concert as defined in the Administrative Measures on Acquisitions by Listed Companies.

Number of shares held by the top ten shareholders subject to trading moratorium and particulars of such trading moratorium

Unit: share

No.	Name of shareholder subject to trading moratorium	Number of shares held subject to trading moratorium	Particulars of tradable shares subject to trading moratorium		Trading moratorium
			Time for listing and trading	Number of additional shares available for listing and trading	
1	National Council for Social Security Fund	245,000,000	10 March 2014	0	Lock-up period extended by another three years following the expiry of the original statutory and voluntary lock-up periods undertaken by the state-owned shareholder (CRCCG)

Explanations of the connected relationship or concerted action among the above shareholders

Nil



Changes in Shares and Particulars of Shareholders (continued)

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

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

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

So far as the Directors of the Company are aware, as at 31 December 2013, the persons other than Directors, supervisors or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Section 336 of Part XV of the SFO were as follows:

Name of substantial shareholder	Class of shares	Capacity	Number of shares interested ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
CRCCG	A shares	Beneficial owner	7,566,245,500	73.74%	61.33%
National Council for Social Security Fund	H shares	Beneficial owner	188,754,500 (L)	9.09%	1.53%
	A shares	Beneficial owner	245,000,000	2.39%	1.98%
BlackRock, Inc. ^{Note 2}	H shares	Interest of corporation controlled by the substantial shareholder	223,258,855 (L)	10.75%	1.81%
		Interest of corporation controlled by the substantial shareholder	1,095,500 (S)	0.05%	0.01%
Deutsche Bank Aktiengesellschaft ^{Note 3}	H shares	Beneficial owner, person having a security interest in shares, interest of corporation controlled by the substantial shareholder	210,516,011 (L)	10.14%	1.71%
		custodian corporation/ approved lending agent, Other			
		Beneficial owner, person having a security interest in shares	166,499,302 (S)	8.02%	1.35%
		Custodian corporation/ approved lending agent	6,390,500 (P)	0.31%	0.05%
HSBC Global Asset Management (Hong Kong) Limited	H shares	Investment manager	145,185,667 (L)	6.99%	1.18%
JPMorgan Chase & Co. ^{Note 4}	H shares	Beneficial owner, investment manager, trustee (other than a bare trustee), custodian corporation/ approved lending agent	126,510,019 (L)	6.09%	1.03%
		Beneficial owner	10,231,431 (S)	0.49%	0.08%
		Custodian corporation/ approved lending agent	98,184,706 (P)	4.73%	0.80%
Plowden, Charles ^{Note 5}	H Shares	Interest of corporation controlled by the substantial shareholder	105,064,500 (L)	5.06%	0.85%

Changes in Shares and Particulars of Shareholders (continued)

- Notes: 1. L - long position, S - short position, P- lending pool
2. As at 31 December 2013, BlackRock, Inc. held long positions in 223,258,855 H shares and short position in 1,095,500 H shares of the Company through certain corporations under their control.
 3. As at 31 December 2013, Deutsche Bank Aktiengesellschaft (including certain corporations under its control) held long positions in 210,516,011 H shares and short position in 166,499,302 H shares of the Company.
 4. As at 31 December 2013, JPMorgan Chase & Co. (including certain corporations under its control) held long positions in 126,510,019 H shares and short position in 10,231,431 H shares of the Company.
 5. As at 31 December 2013, Charles Plowden held long position in 105,064,500 H shares of the Company through certain corporations under its control.

IV PROFILE OF THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling Shareholder

1. Legal person

Legal name of the Controlling Shareholder	China Railway Construction Corporation
Legal representative	MENG Fengchao
Incorporation date	28 August 1990
Organisation code	10001066-0
Registered capital	RMB5,969.89 million
Principal businesses	Supervision and administration of state-owned assets, management, operating and disposal of unlisted assets of CRCCG, construction, operating and management of franchised investment projects and publish of China Railway Construction News.
Operating results ^{Note}	In 2012, CRCCG achieved operating revenue of RMB486,854.3 million, with the profit of RMB10,909.1 million.
Financial position ^{Note}	As at 31 December 2012, total assets, total liabilities and net assets of CRCCG were RMB487,221.4 million, RMB413,196.3 million, and RMB74,025.1 million, respectively.



Changes in Shares and Particulars of Shareholders (continued)

Cash flow ^{Note} and future development strategy

In 2012, net cash flow from operating activities of CRCCG was RMB5,356.6 million, net cash flow from investment activities was RMB-11,514.1 million, and net cash flow from financing activities was RMB12,061.7 million.

Future development strategies: fulfil the duties of Supervision and administration of state-owned assets, give full play to substantial shareholders, take various measures such as strengthen supervision and management, asset injection, increase of shareholding and selecting and recruiting senior management for the purpose of CRCC operating in accordance with the law and regulations, performing the social responsibilities, working hard to realize presupposed targets, protecting minority shareholders' interests and ensuring the preserving and increasing of value of state-owned assets.

Particulars of other domestic and overseas listed companies held and invested by CRCCG during the Reporting Period

Nil

Note: The data for operating results, financial position and cash flow of CRCCG was the audited data for 2012 since the data for 2013 was not audited.

2. Index and date of changes in controlling shareholder during the Reporting Period

There was no change of controlling shareholder during the Reporting Period.

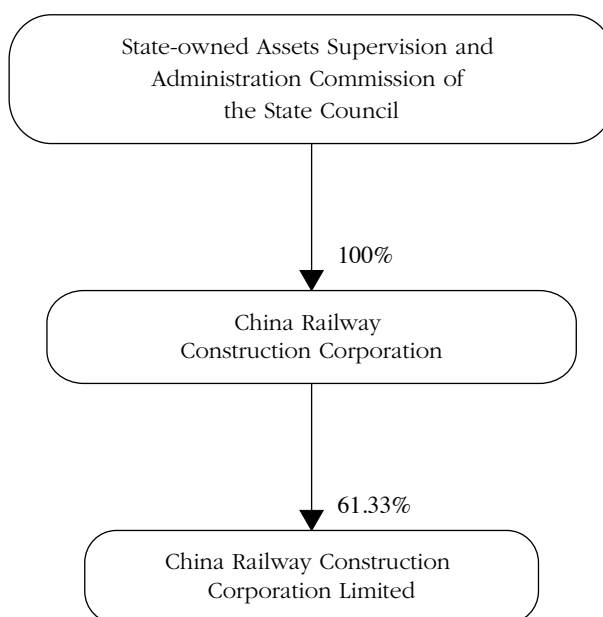
(II) Actual controller

1. Name of actual controller: State-owned Assets Supervision and Administration Commission of the State Council.
2. Index and date of changes in actual controller during the Reporting Period

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

Changes in Shares and Particulars of Shareholders (continued)

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



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

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

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

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



Directors, Supervisors, Senior Management and Staff

I. CHANGES IN SHAREHOLDING AND REMUNERATION

(I) The changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period

Unit: share

Name	Position	Gender	Age	Date of appointment	Date of expiry ^{Note 1}	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares held for the year	Reasons for the changes	Total remuneration	
										Reporting Period (before tax) ^{Note 2} (RMB'000)	remuneration payable received from the Company during the Reporting Period (RMB'000)
MENG Fengchao	Executive Director and Chairman	Male	55	31 May 2011	4 November 2013	—	—	—	—	100,0532	—
ZHANG Zongyan	Executive Director and President	Male	50	31 May 2011 (Vice President), 28 March 2013 (President) and 6 June 2013 (Executive Director)	28 March 2013 (Vice President), 31 May 2014 (President), 4 November 2013 (Executive Director)	—	—	—	—	91,5982	—
PENG Shugui	Executive Director and Vice Chairman	Male	59	31 May 2011	4 November 2013	—	—	—	—	85,5932	—
HU Zhenyi	Executive Director, Vice President and Chief Economist	Male	59	31 May 2011	4 November 2013 (Executive Director), 31 May 2014 (Vice President and Chief Economist)	—	—	—	—	85,5932	—
ZHU Mingxian	Non-executive Director	Male	70	31 May 2011	4 November 2013	—	—	—	—	15,6004	—
LI Kecheng	Independent Non-executive Director	Male	70	31 May 2011	4 November 2013	—	—	—	—	17,0004	—
ZHAO Guangjie	Independent Non-executive Director	Male	68	31 May 2011	4 November 2013	—	—	—	—	17,5996	—
WU Taishi	Independent Non-executive Director	Male	66	31 May 2011	4 November 2013	—	—	—	—	17,9996	—
NGAI Wai Fung	Independent Non-executive Director	Male	52	31 May 2011	4 November 2013	—	—	—	—	13,6004	—
QI Xiaofei	Chairman of the Supervisory Committee	Male	56	31 May 2011	4 November 2013	—	—	—	—	85,5932	—

Directors, Supervisors, Senior Management and Staff (continued)

Name	Position	Gender	Age	Date of appointment	Date of expiry ^{Note 1}	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares held for the year	Reasons for the changes	Period (before tax) ^{Note 2} (RMB'000)	Total remuneration payable received from the Company during the Reporting Period
											Total remuneration payable received from the shareholder's entities during the Reporting Period (RMB'000)
HUANG Shaojun	Supervisor	Male	57	31 May 2011	4 November 2013	—	—	—	—	48,325	—
ZHANG Liangcai	Employee Supervisor	Male	55	31 May 2011	4 November 2013	—	—	—	—	44,393	—
XIA Guobin	Vice President	Male	55	31 May 2011	31 May 2014	—	—	—	—	85,593	—
ZHUANG Shangbiao	Vice President, CFO and Chief Legal Adviser	Male	51	31 May 2011	31 May 2014	—	—	—	—	88,462	—
LIU Ruchen	Vice President	Male	50	31 May 2011	31 May 2014	—	—	—	—	85,402	—
YU Xingxi	Secretary to the Board	Male	55	31 May 2011	31 May 2014	—	—	—	—	75,953	—
ZHAO Guangfa	Executive Director and President	Male	61	31 May 2011	28 March 2013	—	—	—	—	73,868	—
FAN De	Vice President	Male	60	31 May 2011	30 October 2013	—	—	—	—	83,616	—
Total	/	/	/	/	/	/	/	/	/	1,115,846	—

Note 1:

The term of the second session of the Board and the Supervisory Committee of the Company had expired in November 2013. Pursuant to the Articles of Association, before the third session of the Board and the Supervisory Committee are elected, the second session of the Board and the Supervisory Committee still perform their duties.

Note 2:

- (1) The remuneration payable includes the basic remuneration, performance remuneration, housing funds and the enterprise supplementary pension insurance.
- (2) Mr. ZHAO Guangfa has ceased to serve as the Executive Director and President since 28 March 2013 due to age reason. The performance remuneration in the total remuneration for Mr. Zhao Guangfa was the performance remuneration all through the last year during the Reporting Period.
- (3) Mr. FAN De has ceased to serve as the Vice President of the Company since 30 October 2013 for he has reached the retirement age. His performance remuneration in the total remuneration received during the Reporting Period was the performance remuneration for the last year.

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

N/A.



Directors, Supervisors, Senior Management and Staff (continued)

II. MAJOR WORK EXPERIENCE AND OCCUPATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. *Directors*

Mr. MENG Fengchao, aged 55, a Chinese with no right of abode overseas, the chairman and the secretary to the communist party committee of the Company. Mr. MENG is also the chairman, the general manager and deputy secretary to the communist party committee of CRCCG. He has in-depth knowledge and understanding of, profound expertise and extensive operation and management experience in the PRC construction industry. From January 1982 to May 1998, Mr. MENG held various positions in the Ministry of Railways and its engineering companies. From May 1998 to January 2000, he was the assistant to the general manager of China Railway Construction Development Centre. From January 2001 to December 2004, Mr. MENG was the deputy general manager and a member of the standing committee of the communist party committee of China Railway Engineering Company, which is one of the largest railway infrastructure contractors in China. He also served as chairman of China Zhongtie Major Bridge Engineering Group Co. Ltd. from April 2001 to August 2002. From December 2004 to September 2005, he served as general manager and deputy secretary to the communist party committee of China Harbour Engineering Company (Group) (which is one of the predecessors of China Communications Construction Company Limited). From September 2005 to May 2010, he served as a director, general manager, vice chairman and secretary to the communist party committee of China Communications Construction Group (Limited) (a company listed on The Main Board of the Hong Kong Stock Exchange, stock code: 1800). From August 2006 to May 2010, he was vice chairman, general manager and secretary to the communist party committee of China Communications Construction Company Limited. Since May 2010, Mr. MENG has been serving as chairman, general manager and deputy secretary to the communist party committee of CRCCG. He has also been serving as an executive Director and the chairman of the first session of the Board and the secretary to the communist party committee of the Company since December 2010 and an executive Director and the chairman of the second session of the Board of the Company since May 2011. Mr. MENG graduated from Southwest Jiaotong University with a bachelor's degree of engineering, majoring in tunnel and subway. Mr. MENG is a professor-level senior engineer and is a recipient of special government allowance granted by the State Council.

Directors, Supervisors, Senior Management and Staff (continued)

Mr. ZHANG Zongyan, aged 50, a Chinese with no right of abode overseas, is currently an Executive Director, President and the deputy secretary to the communist party committee of the Company, and concurrently as director and secretary to the communist party committee of CRCCG. Mr. ZHANG has in-depth knowledge and understanding of, profound expertise and extensive operation and management experience in the PRC construction industry. Mr. ZHANG joined CRCCG Group in 1981. He served as the deputy general manager of China Railway 12th Bureau Group Company Limited from April 2002 to October 2005, the chairman and the secretary to the communist party committee of China Railway 12th Bureau Group Company Limited from October 2005 to July 2008, the chairman and the deputy secretary to the communist party committee of China Railway 12th Bureau Group Company Limited from July 2008 to April 2009, and has been the vice president of the Company since April 2009. Mr. Zhang was appointed as a director and the secretary to the communist party committee of CRCCG on March 2013, the President of the Company since 28 March 2013 and an Executive Director of the second session of the Board of the Company since 6 June 2013. Mr. ZHANG graduated from Guanghua School of Management of Peking University with a degree of Master of Business Administration and is a senior engineer.

Mr. PENG Shugui, aged 59, a Chinese with no right of abode overseas, is an executive Director, the Vice Chairman of the Board, deputy secretary to the communist party committee and the chairman of the labor union of the Company and concurrently the vice chairman, deputy secretary to the communist party committee of and chairman of the labour union of CRCCG. Mr. PENG has in-depth knowledge and understanding of the construction industry in the PRC and has abundant operation and management experience, as well as a relatively high level of understanding of theories, policies and legal knowledge. Mr. PENG joined CRCCG Group in 1972. From December 1995 to December 1999, Mr. PENG was the deputy secretary and secretary to the communist party committee of the 14th Engineering Bureau of the Ministry of Railways (the predecessor of China Railway 14th Engineering Bureau Group Co., Ltd.). From December 1999 to April 2001, Mr. PENG served as the secretary to the communist party committee of China Railway 14th Engineering Bureau. From April 2001 to February 2006, Mr. PENG was the deputy secretary to the communist party committee and the secretary to the disciplinary committee of CRCCG. From February 2006, Mr. PENG served as the deputy secretary to the communist party committee, secretary to the disciplinary committee and the chairman of the labour union of CRCCG. From July 2006 to November 2007, Mr. PENG served as an employee representative director of CRCCG, as well as the deputy secretary to the communist party committee, secretary to the disciplinary committee and the chairman of the labour union of CRCCG. Mr. PENG was the chairman of the first session of the supervisory committee of the Company from November 2007 to May 2011. Since May 2011, Mr. PENG has been serving as an executive Director and the Vice Chairman of the second session of the Board, the deputy secretary to the communist party committee and chairman of the labour union of the Company and concurrently the vice chairman, the deputy secretary to the communist party committee and the chairman of the labour union of CRCCG. Mr. PENG graduated from La Trobe University in Australia with a master's degree in business administration. He is a senior engineer, a state-recognized first grade project manager and a state-recognized first grade construction engineer.



Directors, Supervisors, Senior Management and Staff (continued)

Mr. HU Zhenyi, aged 59, a Chinese with no right of abode overseas, an executive director, a vice president and chief economist of the Company. Mr. HU currently serves as the chairman of Chongqing Tiefa Suiyu Highway Company Limited, the chairman of Beijing Tongda Jingcheng Highway Co., Ltd., an executive Director of Xi'an Tianchuang Real Estate Company Limited and the chairman of China Railway Construction (United States) Company Limited. Mr. HU has in-depth knowledge and understanding of the construction industry in the PRC and has profound expertise and abundant operation and management experience. Mr. HU joined CRCCG Group in 1972 and served as the deputy head and head of the operation department of CRCCG from December 1990 to May 1996, the deputy chief economist of CRCCG from May 1996 to December 1997, the chief economist of CRCCG from December 1997 to April 2001, the deputy general manager and chief economist of CRCCG from April 2001 to November 2007. Mr. HU was the vice president and chief economist of the Company from November 2007 to May 2011. Mr. HU has been serving as an executive Director of the second session of the Board and a vice president and chief economist of the Company since May 2011. Mr. HU Zhenyi is also an expert of China International Engineering Consulting Corporation, the member of the first session of expert committee for China Association of Metros and a part-time professor in universities such as Shijiazhuang Tiedao University. Mr. HU graduated from Shijiazhuang Tiedao University and then obtained his master degree in business administration from Xiamen University. Mr. HU is a professor-level senior engineer, a member of China Calligraphers Association and enjoys special government allowance granted by the State Council.

Mr. ZHU Mingxian, aged 70, a Chinese with no right of abode overseas, is currently a non-executive Director of the Company. Mr. ZHU successively held the posts of technician, workshop deputy director, chief engineer, deputy secretary and secretary to the communist party committee of Guanghua Cement Plant of Hubei Provincial Building Materials Bureau; deputy chief and acting chief of the Human Resources department, chief of the production management department, member of the department party committee, executive deputy secretary, member of the standing committee as well as the secretary to the department party committee of the National Building Materials Bureau; and deputy head and member of the standing committee of the National Technology Supervision Bureau, member of the standing committee of the General Administration of Quality Supervision, Inspection and Quarantine of the PRC. From May 2001 to September 2006, he served as the chairman of the supervisory committee of key large state-owned enterprises. From September 2006 to March 2007, he served as a cadre at the deputy ministerial level of the supervisory committee of state-owned enterprises. Mr. ZHU has been serving as a non-executive Director of the Company since June 2009. Mr. ZHU graduated from Nanjing University of Chemical Technology, majoring in silicate and is a senior engineer.

Directors, Supervisors, Senior Management and Staff (continued)

Mr. LI Kecheng, aged 70, a Chinese with no right of abode overseas, an independent non-executive Director of the Company. Mr. LI had been the secretary to the communist party committee of the Machinery Factory of Pipeline Bureau of the Ministry of Petroleum and a member of the standing committee of the party committee and the secretary to the disciplinary committee of Pipeline Bureau of Ministry of Petroleum. Mr. LI was the secretary to the communist party committee of the Northeast Petroleum Administration Bureau, a director of general office, a director of policy research department, the confidential secretary of the standing committee, and the director of the political and ideological department and the secretary to the party committee for institutions directly under of China National Petroleum Holding Corporation. Mr. LI was also a member of the standing committee of the party committee and the head of the discipline inspection group of China National Petroleum Corporation. Mr. LI was the chairman of the supervisory committee of PetroChina Company Limited from January 1999 to November 2005, an external director of China Electronics Corporation Limited from May 2006 to July 2013 and an external director of CRCCG from November 2006 to November 2007. He served as an independent non-executive director of Erzhong Group (Deyang) Heavy Equipment Corporation Limited (a company listed on Shanghai Stock Exchange, stock code: 601268) from December 2007. Mr. LI has been an independent non-executive Director of the Company since November 2007. Mr. LI graduated from Beijing Institute of Iron & Steel Technology majoring in metallography material. He is a senior engineer.

Mr. ZHAO Guangjie, aged 68, a Chinese with no right of abode overseas, an independent non-executive Director of the Company. Mr. ZHAO had been a researcher of the manager office, the deputy head of the research team and the deputy chief of the manager office in Anshan Iron and Steel Group Corporation. Mr. ZHAO had also served as the secretary to the general office of Liaoning Province, the general manager and the secretary to the communist party committee of Anshan Iron and Steel Group Corporation Construction Company, the general secretary, deputy general manager, deputy secretary to the communist party committee of Anshan Iron and Steel Group Corporation, and the deputy general manager and a member of the standing committee to the party committee of Anshan Iron and Steel Group Corporation. From May 2005 to January 2006, he served as the deputy general manager of Anshan Iron and Steel Group Corporation. Mr. ZHAO also served as an external director of Xinxing Pipes Group Company Limited from November 2006 to January 2013. From November 2006 to November 2007, Mr. ZHAO was an external director of CRCCG. Mr. ZHAO has been an independent non-executive Director of the Company since November 2007. From July 2013, Mr. ZHAO served as an independent director of China Power Limited. Mr. ZHAO graduated from Northwest Industrial University, majoring in aero-engine design and is a senior engineer.



Directors, Supervisors, Senior Management and Staff (continued)

Mr. WU Taishi, aged 66, a Chinese with no right of abode overseas, an independent non-executive Director of the Company. Mr. WU also serves as an independent non-executive director of Aerospace Securities Co., Ltd. and an external director of China Energy Conservation and Environmental Protection Group. Mr. WU was the deputy chief economist and chief accountant of Shanghai Carrier Rocket Assembly Factory (上海運載火箭總裝廠). Mr. WU served as the deputy general manager of the finance and economics control department and the head of the finance bureau of China Aerospace Industry Corporation from 1993. From 1999, Mr. WU served as the vice chief accountant of China Aerospace Science and Industry Corporation and later in the same year was re-designated as the deputy director of the general office (bureau-level), the head of the office for introducing foreign investment (chief negotiation officer), the deputy head of the office for deepening share reform, the general manager of the research and development department, the chief consultant of the general operation office as well as the chief of the post-doctoral research station of Bank of Communications. Mr. WU has been an independent non-executive Director of the Company since November 2007. Mr. WU graduated from the department of management of Fudan University, majoring in industrial economy, and is a senior accountant at the researcher level and a certified public accountant in the PRC.

Mr. NGAI Wai Fung, aged 52, a citizen of Hong Kong, China, an independent non-executive Director of the Company. Mr. NGAI has over 20 years of senior management experience and is the vice president of the Hong Kong Institute of Chartered Secretaries, the chairman of Top Orient Group of Companies, a director and the general manager of MNCOR Consulting Limited, an Adjunct Professor of Department of Law in Hong Kong Shue Yan University and an independent non-executive director of China Coal Energy Company Limited, BaWang International (Group) Holding Limited, SITC International Holdings Company Limited, Biostime International Holdings Limited, Powerlong Real Estate Holdings Limited, Sany Heavy Equipment International Holdings Company, LDK Solar Co., Ltd. and Bosideng International Holdings Limited. Dr. Ngai recently was appointed by Chief Executive of Hong Kong Special Administrative Region of the People's Republic of China as non-official member of Working Group on Professional Services of Economic Development Commission and obtained professional qualifications from Hongkong Institute of Certified Public Accountants and committee member of Examinations Board. Mr. NGAI held various positions including as an independent non-executive director of China Life Insurance Company Limited and Franshion Properties (China) Limited, and an executive director and chief financial officer in a number of companies listed in Hong Kong, including Cosco Group, China Unicom and Industrial and Commercial Bank of China (Asia) Limited. Mr. NGAI had led, participated in or taken charge of a number of significant corporate finance projects including listings, mergers and acquisitions as well as issue of debt securities, and had provided professional services to many State-owned enterprises and redchip companies. Mr. NGAI has been an independent non-executive Director of the Company since November 2007. Mr. NGAI graduated from Shanghai University of Finance and Economics, Hong Kong Polytechnic University, Andrews University of Michigan, USA and University of Wolverhampton, UK successively, and received a doctoral degree in Economics (Finance), master's degrees in both finance and business administration and an honours bachelor's degree in law.

Directors, Supervisors, Senior Management and Staff (continued)

2. Supervisors

Mr. QI Xiaofei, aged 56, a Chinese with no right of abode overseas, is currently the chairman of the Supervisory Committee, the deputy secretary to the communist party committee and secretary to the disciplinary committee of the Company, as well as the deputy secretary to the communist party committee and secretary to the disciplinary committee of CRCCG. Mr. QI has a long career in economic research and management, and thus has considerable expertise in theories and policies and abundant management experience. From March 1977 to October 1978, Mr. QI worked in the 5708 Factory of the People's Liberation Army. From August 1982 to May 1989, Mr. QI served successively as an officer of the publicity department of the Guizhou provincial committee of the communist youth league, editor of "Guizhou Youth League Lecture", deputy director of the general office, deputy director of the publicity department (in charge), deputy director of the research office (in charge) and concurrently chief editor of "Modern Youth Daily" and a member of the eighth provincial standing committee of Youth League. From May 1989 to November 1991, Mr. QI served as deputy director of the system reform institute of Guizhou provincial committee of economic system reform. From November 1991 to June 1993, Mr. QI served as deputy director of the secretariat of the general office and secretary of the standing committee of the Hainan provincial party committee. From June 1993 to September 1994, Mr. QI served as the standing committee secretary (division level) of the general office of the Hainan provincial communist party committee. From September 1994 to July 1997, Mr. QI served as secretary of the general secretary to the Hainan provincial communist party committee, concurrently secretary of the governor of Hainan province. From July 1997 to April 1998, Mr. QI served as Secretary of the general secretary to the Hainan Provincial communist party committee, concurrently secretary of the governor of Hainan Province and assistant inspector (deputy provincial department level) of the general office of the Hainan provincial communist party committee. From April 1998 to June 1998, Mr. QI served as deputy director and a member of the party group of the economic cooperation department of Hainan province. From June 1998 to December 1999, Mr. QI served as deputy director and a member of the party group of the trade and economic cooperation department of Hainan province. From December 1999 to April 2001, Mr. QI served as director of the general office of State Bureau of Religious Affairs. From April 2001 to May 2011, Mr. QI served as deputy director and a member of the party group, and concurrently secretary to the communist party committee of the sub-organizations, director of the general office, director of the training centre of State Bureau of Religious Affairs, vice chairman and secretary-general of Chinese Religious Cultural Exchange Association, an executive member of China Council for the Promotion of Peaceful National Renunification as well as a council member of the Chinese People's Association for Friendship with Foreign Countries. From April 2011, Mr. QI served as the deputy secretary to the communist party committee and secretary to the disciplinary committee of CRCCG. Since May 2011, Mr. QI has been serving as the chairman of the second session of the supervisory committee, the deputy secretary to the communist party committee and secretary to the disciplinary committee the Company and concurrently the deputy secretary to the communist party committee and secretary to the disciplinary committee of CRCCG. Mr. QI graduated from Guizhou University, majoring in philosophy (from October 1978 to August 1982) and Cheung Kong Graduate School of Business, majoring in business administration (from September 2007 to July 2010 without leaving post), and respectively obtained a bachelor's degree in philosophy and a master's degree in business administration. He's a senior political engineer.



Directors, Supervisors, Senior Management and Staff (continued)

Mr. HUANG Shaojun, aged 57, a Chinese with no right of abode overseas, a Supervisor of the Company. He also serves as the chief of audit and supervision bureau of the Company and a supervisor of Beijing Tongda Jingcheng Highway Co., Ltd. as well as a standing committee member of China Institute of Internal Audit Association and China Risk Managers Association. Mr. HUANG has multiple-year work experience in our industry and has abundant knowledge and experience in modern corporate operation and management. Mr. HUANG joined CRCCG Group in 1976. He served as the deputy director of the planning and finance department of Ganzhou commanding unit of the Beijing-Kowloon Railway of CRCCG from February 1993 to April 1994, the deputy division chief of finance department of CRCCG and the deputy division chief of the planning and finance department of Ganzhou commanding unit of Beijing-Kowloon Railway of CRCCG from April 1994 to November 1998, the chief of the audit division of CRCCG from November 1998 to August 2002, the chief of the audit bureau of CRCCG from August 2002 to November 2007. Mr. HUANG has been serving as a Supervisor of the Company since November 2007. Mr. HUANG graduated from Central Communist Party School, majoring in economics and management and is a senior accountant and certified senior enterprise risk manager.

Mr. ZHANG Liangcai, aged 55, a Chinese with no right of abode overseas, is currently the employee representative supervisor of the Company. He successively graduated from the former Institute of Engineering of Railway Corps (鐵道兵工程學院), majoring in engineering machinery (Bachelor) in 1983 and Southwest Jiaotong University, majoring in management science and engineering (Master) in 2004. Mr. ZHANG is a professor-level senior engineer. Mr. ZHANG started his career in 1978, and served as the manager of the Bridge Engineering Branch of China Railway Bridge Construction Company (中鐵建造橋工程分公司), secretary to the communist Party Committee of Research & Design Institute of Railway Construction (鐵道建築研究設計院) and head of the Organization Department of the communist Party Committee of CRCCG. He has been serving as the head of the Organization Department of the communist Party Committee of the Company from July 2008 to May 2011 and as the employee representative supervisor and the head of the Organization Department of the communist Party Committee of the Company since May 2011.

Directors, Supervisors, Senior Management and Staff (continued)

3. *Senior Management*

For biographies of Mr. ZHANG Zongyan and Mr. HU Zhenyi, please refer to “Directors”.

Mr. XIA Guobin, aged 55, a Chinese with no right of abode overseas, a vice president of the Company. Mr. XIA has in-depth knowledge and understanding of the construction industry in the PRC, as well as abundant knowledge in science and technology development, survey and design. He also has extensive skills and experience in engineering management and construction management. Mr. XIA joined the CRCCG Group in 1975. He served as the deputy chief engineer and then chief engineer of the 13th Engineering Bureau of the Ministry of Railways (the predecessor of China Railway 13th Bureau Group Co., Ltd.) from April 1996 to December 1999, the chief engineer of 13th Engineering Bureau of China Railway from December 1999 to April 2001, the deputy general manager and chief engineer of CRCCG from April 2001 to November 2007. He served as the vice president and chief engineer of the Company from November 2007. Mr. XIA no longer served in the position as the chief engineer of the Company from October 2009. Mr. XIA graduated from Railway Guard Engineering Institute majoring in bridge engineering and obtained his bachelor’s degree in engineering. Mr. XIA is a professor-level senior engineer and enjoys special government allowance granted by the State Council.

Mr. ZHUANG Shangbiao, aged 51, a Chinese with no right of abode overseas, a vice president, the chief financial officer and the general legal counsel of the Company. Mr. ZHUANG has in-depth knowledge and understanding of the PRC construction industry and in-depth financial expertise and substantial corporate finance and financial management experience. Mr. ZHUANG joined CRCCG in 2005. He served as the deputy general manager of the finance department of China Road and Bridge Construction Corporation from March 1992 to February 1994, the deputy general manager and executive deputy general manager of China Road and Bridge Group (H.K.) Limited from February 1994 to February 2001, the chief accountant of China Road and Bridge (Group) Corporation from February 2001 to August 2005, the chief accountant of CRCCG from August 2005 to November 2007, the general legal counsel of CRCCG from April 2006 to November 2007. He has been serving as the chief accountant and the general legal counsel of the Company since November 2007 and a vice president, the chief accountant and the general legal counsel of the Company since April 2008. Mr. ZHUANG graduated from Changsha Jiaotong Institute, majoring in engineering and financial accounting and obtained a bachelor’s degree in engineering. He is a senior accountant and enjoys special government allowance granted by the State Council.



Directors, Supervisors, Senior Management and Staff (continued)

Mr. LIU Ruchen, aged 50, a Chinese with no right of abode overseas, is currently a vice president of the Company. Mr. LIU has in-depth knowledge and understanding of, profound expertise and extensive operation and management experience in the PRC construction industry. Mr. LIU joined CRCCG Group in 1981. He served as the deputy head of the 19th Engineering Bureau of the Ministry of Railways (the predecessor of China Railway 19th Bureau Group Company Limited) from August 1998, the deputy head, vice chairman, general manager and deputy secretary to the communist party committee of China Railway 19th Bureau Group Company Limited from December 1999 to January 2005, chairman and deputy secretary to the communist party committee of China Railway 16th Bureau Group Company Limited from January 2005 to July 2008, vice chairman (in charge of the work of the Board) and deputy secretary to communist party committee of China Railway 16th Bureau Group Company Limited from July 2008 to December 2008, chairman and deputy secretary to communist party committee of China Railway 16th Bureau Group Company Limited from December 2008 to April 2009. He has been serving as the vice president of the Company since April 2009. Mr. LIU graduated from Southwest Jiaotong University with a master's degree in Management Science and Engineering and is a professor-level senior engineer.

4. *Secretary to the Board*

Mr. YU Xingxi, aged 55, a Chinese with no right of abode overseas. Mr. YU has in-depth knowledge and understanding of the PRC construction industry and abundant knowledge and experience in financial affairs, accounting, finance and corporate management. Mr. YU joined CRCCG Group in 1976. Mr. YU served as chief accountant of the construction division of the 20th Bureau of the Ministry of Railways (the predecessor of China Railway 20th Bureau Group Co., Ltd.) from July 1991 to February 1995, chief accountant of the finance division of CRCCG from February 1995 to November 1998, deputy head of the finance division and head of the capital settlement center of CRCCG from November 1998 to November 2001, Manager of the investment division of CRCCG from November 2001 to December 2005 and head of the finance division of CRCCG from December 2005 to November 2007. He was head of the finance division of the Company from November 2007 to October 2010 and has been the secretary to the Board of the Company since October 2010. Mr. YU was the chairman of Chenghe Insurance Brokers Co., Ltd. (a wholly-owned subsidiary of the Company) from April 2009 to August 2010, and a director of CRCC-Tongguan Investment Co., Ltd. (a joint venture of the Company) from December 2009 to April 2012, and a director of CRCC-Tongguan Investment (Canada) Co., Ltd. (a wholly-owned subsidiary of CRCC-Tongguan Co., Ltd.) and Corriente Resources Inc. (a wholly-owned subsidiary of CRCC-Tongguan Co., Ltd.) from May 2010 to April 2012, and currently is also a director of China Railway Shandong Jinghu Highway Co., Ltd. (a non wholly-owned subsidiary of the Company), Mr. YU graduated from Shanxi College of Finance and Economics and from Beijing Jiaotong University and obtained a bachelor's degree in economics and a master's degree in management. Mr. YU is a senior accountant and is qualified as a PRC certified public accountant, a Chinese Certified Tax Agent and a corporate legal advisor.

Directors, Supervisors, Senior Management and Staff (continued)

(III) DECISION-MAKING PROCEDURES AND DETERMINATION BASIS FOR REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND PARTICULARS OF REMUNERATION PAYABLE

1. *Decision-making Procedures*

- (1) Decision-making procedures for remuneration of Directors and supervisors

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

- (2) Decision-making procedures for remuneration of senior management

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

2. *Determination Basis*

- (1) Determination basis for remuneration of Directors

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

- (2) Determination basis for remuneration of supervisors

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

- (3) Determination basis for remuneration of senior management

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



Directors, Supervisors, Senior Management and Staff (continued)

3. *Particulars of remuneration payable*

Please refer to the changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period in I(i) of this section for the details of current and resigned Directors, Supervisors, and senior management during this Reporting Period received remuneration payable and actual remuneration received (remuneration payable equals to actual remuneration received) at the end of this Reporting Period.

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

From 27 to 28 March 2013, the Company convened the 20th meeting of the second session of the Board, during which the Proposal in Relation to the Appointment of President of the Company and the Proposal in Relation to the Appointment of an Executive Director of the Company were considered and approved. For age reason, Mr. ZHAO Guangfa no longer served as the president of the Company nor an executive director or a member of the Strategy and Investment Committee of the Board. The Board agreed to appoint Mr. ZHANG Zongyan as the president of the Company, effective from the date of consideration and approval by the Board to 31 May 2014 (same with the existing senior management). The Board agreed to propose Mr. ZHANG Zongyan as an executive director of the Company, with the same term of office as that of the Directors of the second session of the Board. The Proposal in Relation to the Appointment of an Executive Director of the Company was considered and approved at the 2012 Annual General Meeting of the Company on 6 June 2013. On 6 June 2013, the Company convened the 23rd meeting of the second session of the Board, during which the Proposal in Relation to Adjustment to the Composition of Special Committee of the Board” 《(關於調整董事會專門委員會組成人員的議案)》 was put forward and considered. It was agreed that Mr. ZHANG Zongyan be appointed as the chairman of the Strategy and Investment Committee, with a term of office that ends on the expiry of the term of the current session of the Board. For details, please refer to relevant announcements dated 29 March 2013 and 7 June 2013, respectively, as published by the Company on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

On 30 October 2013, the 27th meeting of the second session of the Board of the Company considered and approved the Proposal in relation to the Resignation of Mr. Fan De from the Position of Vice President of the Company 《(關於范德先生不再擔任公司副總裁的議案)》. It was agreed that Mr. Fan De resign from the position of vice president of the Company for the reason of reaching the age of retirement. For related details, please refer to the relevant announcement dated 31 October 2013 of the Company, published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

Directors, Supervisors, Senior Management and Staff (continued)

Mr. Ngai Wai Fung, an independent non-executive director of the Company, that LDK Solar Co., Ltd. (a company incorporated in the Cayman Islands and principally engaged in the manufacturing of photovoltaic (PV) products, whose American depositary shares are listed on the New York Stock Exchange, stock code: LDK) (hereafter abbreviated as “LDK”), in which Mr. Ngai serves as an independent director, has made a filing on 21 February 2014 with the Grand Court of the Cayman Islands for the appointment of joint provisional liquidators in connection with its plans to resolve its offshore liquidity issues as announced on 24 February 2014. The amount involved in the aforesaid proceeding includes (i) RMB1,700,000,000 in aggregate principal amount of the Renminbi-denominated US\$-settled 10% senior notes due 2014 issued by LDK on 28 February 2011 and (ii) US\$240,000,000 in original investment amount of series A redeemable convertible preference shares, par value US\$0.10 each, issued by LDK Silicon & Chemical Technology Co., Ltd., a subsidiary of LDK on 3 June 2011. As at the date of disclosure of this report, the proceeding is still in progress. LDK is not related to the Company and the Company’s subsidiaries. For related details, please refer to the announcement in relation to “CHANGE OF INFORMATION OF DIRECTOR” dated 26 February 2014 published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crc.cn).

Directors of the second session of the Board and supervisors of the second session of the Supervisory Committee of the Company confirmed that saved as disclosed above, there had been no change in other Directors, supervisors, senior management of the Company and their biography since the disclosure of the 2012 Annual Report of the Company.

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

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



Directors, Supervisors, Senior Management and Staff (continued)

VI. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors and Supervisors had entered into a service contract with the Company for a term of three years. None of the Directors or Supervisors had entered into a service contract with the Company which could not be terminated by the employer within one year without compensation (other than statutory compensation). Remuneration of Directors and Supervisors and details of the five persons with the highest remuneration are set out in Note X. 5 “(iii) Directors’, supervisors’ and key managements’ remuneration” to the financial statements in this report. During the Reporting Period, none of the Directors or Supervisors of the Company waived or agreed to waive any remuneration.

VII. DIRECTORS’ AND SUPERVISORS’ INTERESTS IN CONTRACTS

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

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

The Group possesses a strong professional team. As at 31 December 2013, there were more than 140,000 professional technical personnel, representing an increase of 7,001 or 5.25% as compared with last year. The Group has one member of Chinese Academy of Engineering, 6 National Survey and Design Masters, 7 national candidates of “Bai Qian Wan Talents Project” (百千萬人才工程), 1 awardee of National Award for Youth in Science and Technology (中國青年科技獎) and 220 experts who are recipients of special subsidies granted by the State Council. There was no significant change in the core technical team or key technical personnel.

Directors, Supervisors, Senior Management and Staff (continued)

IX. EMPLOYEES OF THE PARENT AND THE MAJOR SUBSIDIARIES

(I) Employees

At the end of the Reporting Period, there were 246,736 employees in the Group. Setting out below is the employment structure:

Number of existing employees of the parent	333
Number of existing employees of major subsidiaries	246,403
Total number of existing employees	246,736

Professional Composition

Category	number of employees	percentage of the total
Project contracting	222,892	90.34%
Survey, design and consultancy	11,843	4.80%
Industrial manufacturing	3,329	1.35%
Others	8,672	3.51%
Total	246,736	100.00%

Speciality Composition

Category	number of employees	percentage of the total
Administration personnel	47,689	19.33%
Professional and technical personnel	101,093	40.97%
Skilled personnel	97,954	39.70%
Total	246,736	100.00%



Directors, Supervisors, Senior Management and Staff (continued)

Professional Technician Composition

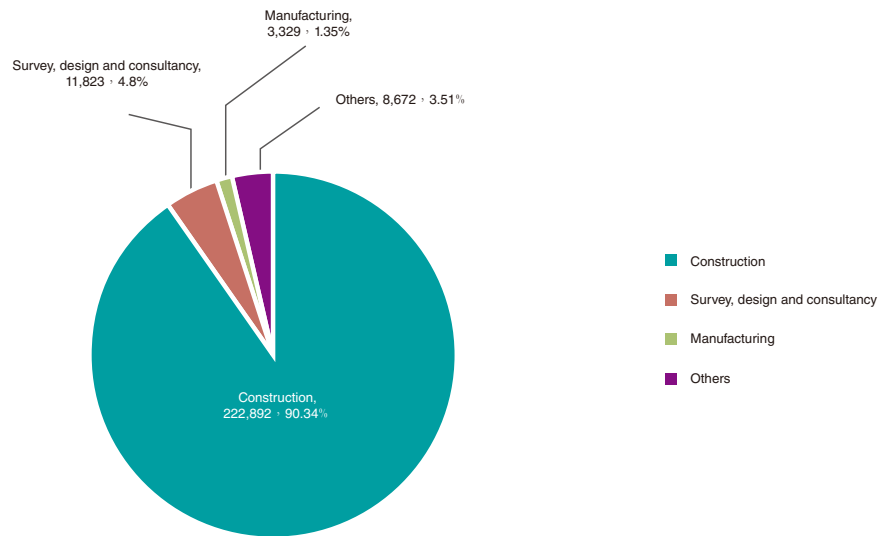
Category	Number of employees	Percentage of the total
Senior professional technician	19,114	13.62%
Including: professor-level senior technician	1,381	0.98%
Middle-level professional technician	36,935	26.32%
Junior technician	70,732	50.41%
Unemployed professional technician	13,534	9.65%
Total	140,315	100%

Educational Background

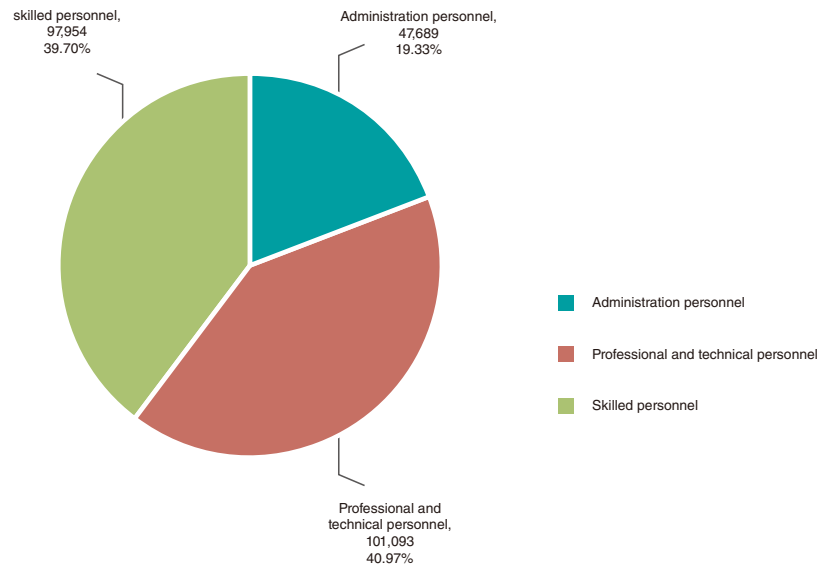
Category	Number of employees	Percentage of the total
Postgraduate or above	5,150	2.09%
Undergraduate	92,185	37.36%
Junior college	60,874	24.67%
Technical secondary school	28,207	11.43%
High school or below	60,320	24.45%
Total	246,736	100.00%

Directors, Supervisors, Senior Management and Staff (continued)

1. Chart of professional compositions



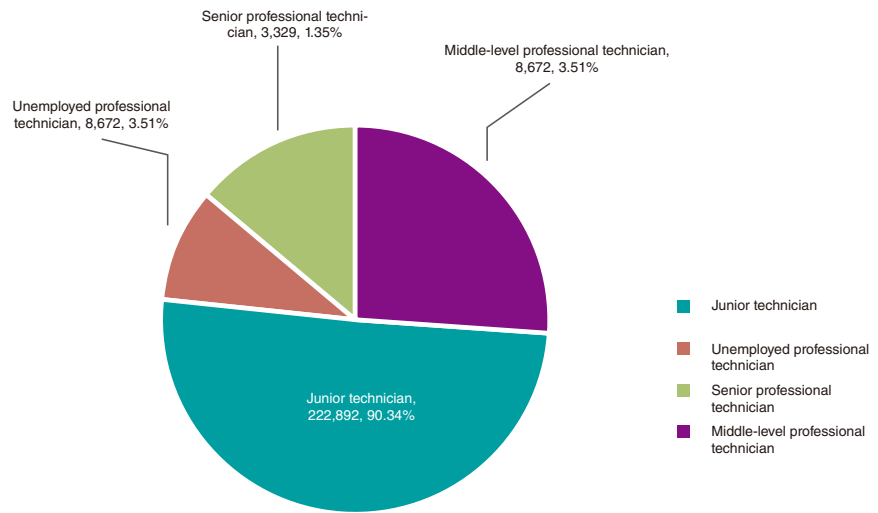
2. Chart of speciality compositions



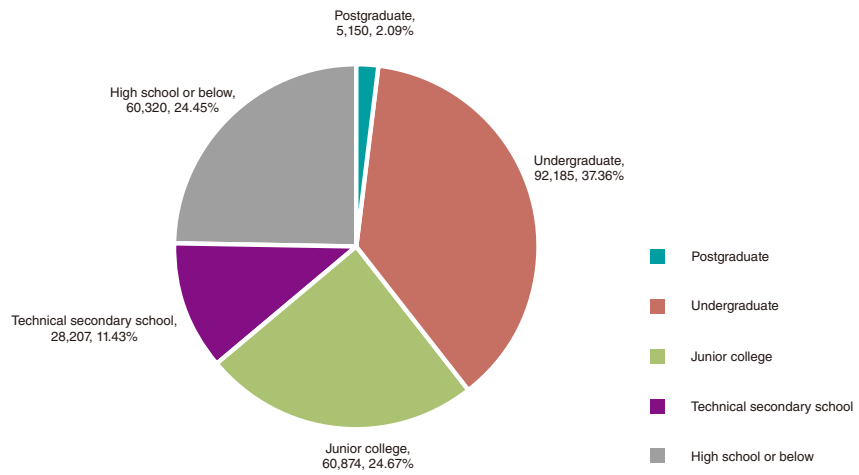


Directors, Supervisors, Senior Management and Staff (continued)

3. Chart of professional technician compositions



4. Chart of educational background



Directors, Supervisors, Senior Management and Staff (continued)

(II) Remuneration Policy

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

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

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

(III) Training Plan

As for the employees' training plan in 2014, the first job is to pay more attention on the training for international business, foreign language, professional skills, operation and management, and the project management, which caters to the needs of the Company's global development. The second job is to cultivate the expertise with registered qualifications such as the PRC Class 1 Registered Architect, Class 1 Registered Structure Engineer and Class 1 Registered Constructor, so as to meet the demands of special-grade qualification of the enterprise as well as the requirements of bidding. The third job is besides the construction of engineering team and grassroots unit, to put more efforts in training the team leader and head of the unit, so as to improve project management. The fourth job is to improve the training and the certificate-for-job system for the workers of crucial and special positions at first-line, striving for a certificate rate of 100%.

(IV) Labor Outsourcing

During the Reporting Period, the annual average contract employees of the Group were approximately 1,990,000, equivalent to 5.98 billion working hours. The payment for the outsourced labor amounted to approximately RMB103.0 billion.



Corporate Governance Structure and Corporate Governance Report

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

(I) *Corporate Governance*

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

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

1. Improving the corporate governance structure. During the Reporting Period, for the age reason, Mr. ZHAO Guangfa no longer held the capacities of executive Director, chairman of the Strategy and Investment Committee under the Board of the Company and president of the Company. The Company hired Mr. ZHANG Zongyan as the president of the Company and supplemented Mr. ZHANG Zongyan as the executive Director of the Company and chairman of the Strategy and Investment Committee under the Board. The Company adjusted the composition of the Strategy and Investment Committee under the Board.
2. Amended the corporate governance rules. During the Reporting Period, the Company amended China Railway Construction Corporation Limited, the Working Rules of the Nomination Committee the Board of Directors of China Railway Construction Corporation Limited, the Management Rules for Information Disclosure of China Railway Construction Corporation Limited and other relevant documents.
3. Enhancing information disclosure management. In strict compliance with provisions of the listing rules where the shares of the Company are listed, the Company carried out information disclosure in a truly, accurate, complete, public, and fair manner, upgraded the information disclosure level and continued to improve investor relations, so that all shareholders and investors can obtain the Company’s information timely and fairly, and the Company’s transparency has kept improving.

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

Corporate Governance Structure and Corporate Governance Report (continued)

(II) Insider registration and management system

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

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

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

The establishment of Insider Management System of China Railway Corporation Limited by the Board was in accordance with the requirements of the supervisory bodies at home and abroad and on the basis of the original Management System for Insiders and External Information Users of China Railway Construction Corporation Limited, and was comprehensively carried out.

II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE BY THE COMPANY

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

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

III. BRIEF INTRODUCTION OF GENERAL MEETINGS

The General Meeting is the Company’s highest authority, and shareholders exercise their rights through General Meetings. The Company ensures that all shareholders enjoy equal status, in order to make sure that the rights of all shareholders are safeguarded. The Company has held one General Meeting during the Reporting Period:



Corporate Governance Structure and Corporate Governance Report (continued)

The 2012 Annual General Meeting was convened on site and via Internet on 6 June 2013. Mr. MENG Fengchao, the chairman of the Company, presided over the meeting and a total of 133 shareholders and proxies of shareholders attended this meeting on site and on the Internet. 13 proposals: such as the Proposal in Relation to the Report of the Board for 2012, the Proposal in Relation to the Report of the Supervisory Committee for 2012, the Proposal in Relation to the 2012 Financial Statements of the Company, the Proposal in Relation to the Profit Distribution Plan of the Company for 2012, the Proposal in Relation to the 2012 Annual Report of the Company and Its Summary, the Proposal in Relation to Supplementing the Executive Director of the Company (《關於增補公司執行董事的議案》), the Proposal in Relation to the Appointment of External Auditor for 2013 and Payment of 2012 Service Fees, the Proposal in Relation to the Appointment Auditing Institution for Internal Control in 2013 and Payment of 2012 Service Fees, the Proposal in Relation to the Remuneration Packages of Directors for 2012, the Proposal in Relation to the Increase of Issuance of Overseas Bonds by the Company (《關於公司增加境外債券發行額度的議案》), the Proposal in Relation to the Adjustment of the Terms of Issuance of Medium-term Notes (《關於調整公司中期票據發行期限的議案》), the Proposal in Relation to Increasing Registered Cap for the Issue of Medium-term Notes and Short-term Financing Bonds by China Railway Construction Corporation Limited (關於增加中國鐵建股份有限公司中期票據和短期融資券註冊發行額度的議案), and the Proposal in Relation to the Granting of a General Mandate to the Board to Issue H Shares, were considered and approved at the meeting. The meeting listened to Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi and Mr. NGAI Wai Fung's performance of duties in 2012. For relevant announcement of the meetings and proposals, please refer to the relevant announcement dated 7 June 2013 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, and the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk), and the website of the Company (www.crcc.cn).

IV. SHAREHOLDER RIGHTS

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

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

Corporate Governance Structure and Corporate Governance Report (continued)

Contact details of the Company:

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

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

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

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

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

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

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



Corporate Governance Structure and Corporate Governance Report (continued)

V. BOARD OF DIRECTORS

(I) Overview of the Board

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

For the end of the Reporting Period, the second session of the Board of the Company consists of nine members, Mr. MENG Fengchao, Mr. PENG Shugui, Mr. ZHANG Zongyan and Mr. HU Zhenyi are executive Directors, Mr. ZHU Mingxian is a non-executive Director, Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi and Mr. NGAI Wai Fung are independent non-executive Directors. Mr. MENG Fengchao is the Chairman and Mr. PENG Shugui is the Vice Chairman of the Company, with the same term as that of the Directors of the second session of the Board.

On 28 March 2013, Mr. ZHAO Guangfa no longer held the position of executive Director, chairman of the Strategy and Investment Committee under the Board of the Company and president of the Company due to his age. Mr. ZHAO Guangfa's term of the second session of the Board was from 31 May 2011 to 28 March 2013.

On 28 March 2013, the Company hired Mr. ZHANG Zongyan as the president of the Company. On 6 June 2013, the Company supplemented Mr. ZHANG Zongyan as an executive Director of the Company and appointed him as the chairman of the Strategy and Investment Committee under the Board. The term of Mr. ZHANG Zongyan in the second session of the Board was from 6 June 2013 to the end of the current session of the Board.

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

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

During the Reporting Period, the Board has held 12 meetings.

(II) The Board and Management

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

Corporate Governance Structure and Corporate Governance Report (continued)

1. The Board

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

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

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

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



Corporate Governance Structure and Corporate Governance Report (continued)

2. Management

The daily operation of the Company is carried out with a President accountability system. The Company shall have a President, several Vice Presidents, a Chief Accountant, a Chief Engineer and a Chief Economist, all of whom shall be appointed or dismissed by the Board of Directors. The Vice Presidents, the Chief Accountant, the Chief Engineer and the Chief Economist are responsible to assist the work of the President and serve together with the President as senior management members of the Company.

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

At the request of the Board, the President timely reported on the execution and performance of material contracts of the Company, on the application of funds and on profits and losses, and ensured the truthfulness, objectivity and completeness of such reports.

The President fulfilled his duties in strict accordance with his assigned duties and the Board's authorization, and the report system requiring him to report to the Board. The president, while exercising his powers, may not change the relevant board resolution or exceed the scope of his duties and powers.

Corporate Governance Structure and Corporate Governance Report (continued)

VI. PERFORMANCE OF DUTIES OF DIRECTORS

(I) Directors' Attendance at the Board Meetings and General Meetings

Name of Director	Whether or not Independent Director	Required attendance for the year	Attendance at the Board meetings					Whether or not for/or attend in person for two consecutive times	Attendance	Attendance at the General Meetings	
			Attendance in person	Attendance by communication	Attendance by proxy	Absence	Number of attendance			Attendance	
MENG Fengchao	No	12	9	3	0	0	No	100%	1	100%	
PENG Shugui	No	12	8	3	1	0	No	92%	1	100%	
ZHANG Zongyan	No	7	5	1	1	0	No	86%	—	—	
HU Zhenyi	No	12	9	3	0	0	No	100%	1	100%	
ZHU Mingxian	No	12	9	3	0	0	No	100%	1	100%	
LI Kecheng	Yes	12	9	3	0	0	No	100%	1	100%	
ZHAO Guangjie	Yes	12	9	3	0	0	No	100%	1	100%	
WU Taishi	Yes	12	8	3	1	0	No	92%	0	0	
NGAI Wai Fung	Yes	12	7	3	2	0	No	83%	1	100%	
Zhao Guangjie	No	3	2	1	0	0	No	100%	—	—	

Note: During the Reporting Period, Mr. ZHANG Zongyan had been a Director from 6 June 2013 to 31 December 2013. Mr. ZHAO Guangfa had been a Director from 1 January 2013 to 28 March 2013.

Notes on the two consecutive absence from the Board meeting: During the Reporting Period, there was no Director who was absent from the Board meeting for two times on a roll.

Number of Board meeting throughout the year	12
Among all:	
number of meeting held on site	9
number of meeting held by communication	3
number of meeting held on site with communication	0

(II) Training of Directors

Mr. MENG Fengchao had attended the seminar on fiscal and taxation policies organised by Ministry of Finance on 11 January 2013, attended the training meeting on management and communication in railway development organised by the Ministry of Railways on 24 January 2013, and seminar and training on the mechanism innovation for the persons-in-charge of certain state-owned enterprises organised by SASAC on 13 October 2013.

Mr. PENG Shugui had attended the China Academy of Discipline Inspection and Supervision leadership cadres training seminar held on 19 April 2013; the All-China Federation of Railway Trade Unions from 25 to 26 June 2013.



Corporate Governance Structure and Corporate Governance Report (continued)

Mr. ZHANG Zongyan had attended the Oxford training project for the special talents in the economic field of the advanced management seminar of Chinese enterprises organised by Organization Department of the Communist Party of China Central Committee from 4 to 29 July 2013.

Mr. HU Zhenyi had attended the SASAC directors communication training seminar held on 8 January 2013 the directors' communication meeting organised by SASAC on 23 June 2013.

Mr. ZHU Mingxian had attended the SASAC directors communication training seminar held on 8 January 2013; the directors communication training meeting held on 23 June 2013.

Mr. LI Kecheng had attended the SASAC directors training communication seminar held on 8 January 2013; the SASAC external directors seminar held on 19 June 2013.

Mr. ZHAO Guangjie had attended the SASAC directors training communication seminar held on 8 January 2013; the SASAC external directors seminar held on 19 June 2013.

Mr. WU Taishi has attended the SASAC directors training seminar held on 20 December 2013;

Mr. NGAI Wai Fung participated in the SASAC directors communication training seminar on 8 January 2013; the Asian Financial Forum of HKTDC from 14 to 15 January 2013; the China Corporate and Regulatory Update (CCRU) for 2013 and roundtable board secretary panel (公司秘書／董事會秘書圓桌) (RBSP) meeting by The Hong Kong Institute of Chartered Secretaries on 24 January 2013; Financial Asia/Asia Investor 2nd Annual Asia-Pacific Corporate Funding Forum on 6 March 2013; Financial Asia/Asia Investor 4th Annual Asia-Pacific Debt Investor Forum on 7 March 2013; Conducting litigation from a client's Perspective by Herbert Smith on 16 April 2013; Crisis Management - the first 48 hours by Freshfields Bruckhaus Deringer LLP on 2 May 2013; training seminar for enterprises on listing and finance in Hong Kong by Shandong Province's Financial Services Office and Hong Kong Exchanges and Clearing Limited on 20 May 2013; 29th enhanced continuing professional development seminar (Xi'an) for joint members (第二十九期聯席成員強化持續專業發展講座(西安)) by The Hong Kong Institute of Chartered Secretaries from 22 to 24 May 2013; the second independent directors subsequent training for 2013 by Shanghai Securities Exchange from 27 to 28 May 2013; China Corporate Regulatory Update (企業規管最新發展研討會) (ACRU) for 2013 by The Hong Kong Institute of Chartered Secretaries on 31 May 2013; The Chinese Accounting Professor's Association of North America 2013 CAPANA Conference from 8 to 9 July 2013; breakfast briefing opportunities in Myanmar by PricewaterhouseCoopers on 12 July 2013; corporate regulatory senior seminar for PRC companies listed overseas – guidelines of insider information management and control practices (中國境外上市公司企業規管高級研修班-內幕消息管控實務指引) for 2013 by The Hong Kong Institute of Chartered Secretaries from 12 to 13 September 2013; finance training seminar for enterprises of Yangzhou City listed in Hong Kong by Financial Affairs Office of Yangzhou City and Hong Kong Exchanges and Clearing Limited on 16 October 2013; Boardroom Briefing for INEDs: Challenges of Discharging Responsibilities as INEDs by Ernst & Young (Hong Kong) on 14 November 2013; and China Accounting and Finance Review(CAFR) Special Issue Conference 2013: Fundamental Analyses of Accounting Information-Comparative Studies between the Chinese and US Capital Markets by the School of Accounting and Finance at Hong Kong Polytechnic University from 6 to 7 December 2013.

Corporate Governance Structure and Corporate Governance Report (continued)

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

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

Develop and review the Company's policies and practices on corporate governance. During the Reporting Period, the Board had amended the regulative documents such as the Working Rules for the Nomination Committee of the Board of Directors of China Railway Construction Corporation Limited and Regulations on Information Disclosure of China Railway Construction Corporation Limited.

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

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

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

(IV) Objections raised by independent Directors to relevant matters of the Company

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

(V) The Independence of Independent Non-Executive Directors

The Company has appointed sufficient number of independent non-executive Directors with relevant professional qualifications including expertise in accounting or financial management according to the regulations of China Securities Regulatory Commission ("CSRC"), Shanghai Stock Exchange ("SSC") and the requirements of the Hong Kong Listing Rules. The Company has received the annual confirmation issued by all independent non-executive Directors to acknowledge their respective independence. After due inquiry, the Board is of the view that each of the 4 independent non-executive Directors of the Company maintains the independence as required by the directions set out in Rule 3.13 of the Hong Kong Listing Rules. They have educational background in accounting, finance and infrastructure construction, and abundant professional experience and they have diligently and earnestly performed their duties. They have sincerely provided professional advice for the Company's steady operation and sustainable development, and carried out monitoring and coordination to safeguard the interests of the Company and the shareholders.



Corporate Governance Structure and Corporate Governance Report (continued)

VII. CHAIRMAN AND PRESIDENT

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

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

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

1. *Nomination Committee*

During the Reporting Period, the Nomination Committee of the Company consisted of the executive Directors, namely, Mr. MENG Fengchao and Mr. PENG Shugui, the non-executive Director, Mr. LI Kecheng, Mr. ZHAO Guangjie and Mr. WU Taishi with Mr. MENG Fengchao serving as the Chairman. The main duties of the Nomination Committee include regulating the selection standards and procedures of the Directors, President and other senior Management of the Company, implement and review the Board diversity policy, etc.

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

Corporate Governance Structure and Corporate Governance Report (continued)

During the Reporting Period, the Nomination Committee implemented its responsibilities conscientiously pursuant to the requirements of the Articles of Association, Working Rules of the Nomination Committee and relevant laws and regulations and reviewed the structure, number of members and the composition (including skills, knowledge and experiences). A total of 2 meetings were held and the particulars are as follows:

Name of meeting	Date	Main contents	Attendance
The second meeting of the second session	27 March 2013	<ol style="list-style-type: none"> 1. Consider the proposal on appointing the president of the Company; 2. Consider the proposal on appointing the executive director of the Company 	Mr. MENG Fengchao, Mr. PENG Shugui, Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi were present at the meeting
the third meeting of the second session	30 October 2013	Consider the proposal in relation to Mr. FAN De's ceasing to be the vice president of China Railway Construction Corporation Limited.	Mr. MENG Fengchao, Mr. PENG Shugui, Mr. LI Kecheng, Mr. ZHAO Guangjie and Mr. WU Taishi were present at the meeting

2. *Strategy and Investment Committee*

During the Reporting Period, before 28 March 2013, the Strategy and Investment Committee of the Company consisted of Mr. ZHAO Guangfa, Mr. HU Zhenyi, executive Directors, Mr. ZHU Mingxian, the non-executive Directors, Mr. LI Kecheng and Mr. WU Taishi, the independent non-executive Directors, with Mr. ZHAO Guangfa serving as the Chairman. On 6 June 2013, upon the consideration of the 23rd meeting of the Second Session of the Board, the Board adjusted the composition of the Strategy and Investment Committee of the Company. The Strategy and Investment Committee consisted of executive directors Mr. ZHANG Zongyan and Mr. HU Zhenyi, non-executive director ZHU Mingxian, and independent non-executive directors Mr. LI Kecheng and Mr. WU Taishi with Mr. ZHANG Zongyan serving as the chairman. The main duties of the committee are to conduct research and make recommendations for the development strategies and plans, significant investment decisions of the Company, etc.



Corporate Governance Structure and Corporate Governance Report (continued)

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

Name of meeting	Date	Main contents	Attendance
The 13th meeting of the second session	26 January 2013	The proposal in relation to the completion of the Business Investment for 2012 and the Business Investment Plan for 2013 was considered;	ZHAO Guangfa, HU Zhenyi, ZHU Mingxian, LI Kecheng and WU Taishi attended the meeting
The 14th meeting of the second session	26 March 2013	The proposal in relation to the investment in the railway transportation project between Xi'an North Station to the Airport of 17th Bureau Group Co., Ltd. by way of equity investment was considered;	ZHAO Guangfa, HU Zhenyi, ZHU Mingxian, LI Kecheng, and WU Taishi attended the meeting.
The 15th meeting of the second session	5 August 2013	<ol style="list-style-type: none"> 1. The proposal in relation to the participation in the investment and construction of the BT Project for the construction of Class Three hospital by the Tianxin district government, Changsha of 20th Bureau of the Ministry of Railways was considered; 2. The proposal in relation to the participation in the investment and construction of the primary land development project of the Head Office Avenue of Binhai New District, Shibei District, Qingdao of the Investment Company. was considered; 3. The proposal in relation to the investment and construction of the BOT project from Jianyang to Pujiang on the expressway in the economic zone of Chengdu was considered; 	ZHANG Zongyan, HU Zhenyi, ZHU Mingxian, LI Kecheng, WU Taishi attended the meeting
The 16th meeting of the second session	29 August 2013	<ol style="list-style-type: none"> 1. The proposal in relation to the change of contribution ratio of the BOT project of Jining-Yutai Expressway in Shandong province of the investing company was considered; 2. The proposal in relation to the change of contribution ratio of the BOT project of Dezhou-Shangqiu Expressway in Shandong province of the investing company was considered; 	ZHANG Zongyan, HU Zhenyi, ZHU Mingxian, LI Kecheng and WU Taishi attended the meeting.
The 17th meeting of the second session	17 September 2013	<ol style="list-style-type: none"> 1. The proposal in relation to the participation in the investment and construction of the BT Project for the experimental zone for infrastructure and public buildings in Hainan International tourism island was considered; 2. The proposal in relation to the participation of the investing company in the investment and construction of the BT Project for the South Extension Section in the rail cycle in Chongqing. was considered; 3. The proposal in relation to the transfer of 20% equity interest of CRCC-Tongguan Investment Co., Ltd. by the investing company was considered; 4. The proposal in relation to the increase of registered capital to China Railway Goods and Materials Co., Ltd. was considered; 	ZHANG Zongyan, HU Zhenyi, ZHU Mingxian, LI Kecheng and WU Taishi, attended the meeting

Corporate Governance Structure and Corporate Governance Report (continued)

Name of meeting	Date	Main contents	Attendance
The 18th meeting of the second session	29 October 2013	<ol style="list-style-type: none"> 1. The proposal in relation to the participation in the investment and construction of the BT Project for Ningxia Yongning Yellow River Highway Bridge of the 16th Bureau was considered; 2. The proposal in relation to the investment in the construction of the BOT Project for the Anshun, Guizhou-Ziyun Section of the investing company was considered; 3. The proposal in relation to the investment in the construction of the Phase I project for the renovation of the shack zone in Dongyeying, Fengtai district, Beijing of the investing company was considered; 4. The proposal in relation to the establishment of China Railway Construction Bridge Engineering Group Co., Ltd. was considered; 5. The proposal in relation to the establishment of China Railway Construction Urban Construction Group Co., Ltd was considered; 	ZHANG Zongyan, Hu Zhenyi ZHU Mingxian, LI Kecheng and WU Taishi attended the meeting
The 19th meeting of the second session	23 December 2013	<ol style="list-style-type: none"> 1. The proposal in relation to the increase of registered capital of China Railway Large Maintenance Machinery Co., Kunming was considered; 2. The proposal in relation to the participation in the investment and construction of the phase I project of Line 8 of Wuhan subway and the BT project of the airport line project of Wuhan by China Railway 19th Bureau Group Co., Ltd. and 11th Bureau Group Co., Ltd. (was considered); 3. The proposal in relation to the participation in the primary land development project of environmental renovation in Dianchang Village, Fengtai District, Beijing by China Railway Construction Real Estate Group Co., Ltd. was considered; 4. The proposal in relation to the participation in the primary development project of the land parcel in Panda County, Chenghua District, Chengdu by China Railway Construction Real Estate Group Co., Ltd. was considered; 5. The proposal in relation to the investment and construction of the southeast portion of the expressway surrounding Kunming by way of capital contribution from joint efforts of internal parties was considered; 	ZHANG Zongyan, ZHU Mingxian, LI Kecheng and WU Taishi attended the meeting, and Mr. HU Zhenyi was absent due to other business commitments.

3. *Remuneration and Evaluation Committee*

During the Reporting Period, the Remuneration and Evaluation Committee consisted of the independent non-executive Directors, namely, Mr. ZHAO Guangjie, Mr. LI Kecheng and Mr. WU Taishi, with Mr. ZHAO Guangjie serving as the Chairman. The main duties of the Remuneration and Evaluation Committee are to formulate and examine the remuneration policies and plans for the Directors and senior management members of the Company; to study the evaluation criteria for Directors and senior management members of the Company, and to carry out evaluation and make recommendations.



Corporate Governance Structure and Corporate Governance Report (continued)

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

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

Name of meeting	Date	Main contents	Attendance
The 5th meeting of the second session	25 April 2013	<ol style="list-style-type: none"> The proposal in relation to the performance evaluation results of the Board for the President for 2012 and the term of 2010-2012 was considered; The proposal in relation to the determination of the performance evaluation plan of the Board for the President for 2013 and the term of 2013-2015 was considered; 	ZHAO Guangjie, LI Kecheng and WU Taishi attended the meeting
The 6th meeting of the second session	15 May 2013	<ol style="list-style-type: none"> The proposal in relation to the performance evaluation results of the vice posts of the management of the Company for 2012 was considered; The proposal in relation to the performance evaluation results of the vice posts of the management of the Company for 2013 was considered; The proposal in relation to the performance evaluation results of the persons in charge of the subsidiaries for 2013 was considered; 	ZHAO Guangjie, LI Kecheng and WU Taishi attended the meeting
The 7th meeting of the second session	5 June 2013	<ol style="list-style-type: none"> The proposal in relation to the performance evaluation results of the vice posts of the management of the Company for 2012 was considered; The proposal in relation to the performance evaluation results of the vice posts of the management of the Company for 2013 was considered; 	ZHAO Guangjie and LI Kecheng attended the meeting, and WU Taishi was absent due to other business commitments.
The 8th meeting of the second session	17 September 2013	The proposal on determining the remuneration for 2012 and the realisation of the performance remuneration for the extension of the term from 2010 to 2012 of the senior management of CRCC was discussed.	ZHAO Guangjie, LI Kecheng and WU Taishi attended the meeting.
The 9th meeting of the second session	29 October 2013	The proposal on the remuneration plans for the senior management for 2012 was discussed.	ZHAO Guangjie, LI Kecheng and WU Taishi attended the meeting.

4. *Audit and Risk Management Committee*

During the Reporting Period, the Audit and Risk Management Committee of the Company consisted of independent non-executive Director Mr. WU Taishi, the non-executive Director Mr. ZHU Mingxian and the independent non-executive Directors, namely, Mr. LI Kecheng, Mr. ZHAO Guangjie and Mr. NGAI Wai Fung, with Mr. WU Taishi serving as the Chairman. The Audit and Risk Management Committee are mainly responsible for making recommendations on the appointment and change of the external auditors of the Company; the monitoring of the internal audit system of the Company; the coordination, monitoring and inspection of internal and external audits of the Company; the review of financial information and disclosure thereof; the inspection of internal control systems; the formulation of the Company's risk management strategies and solutions, and the risk control, management, monitoring and review of major decision-makings, major events and important business procedures.

Corporate Governance Structure and Corporate Governance Report (continued)

During the Reporting Period, the Audit and Risk Management Committee earnestly performed their duties and held 8 meetings in accordance with the requirements of the Company Law, the Articles of Association and the Working Rules for the Audit and Risk Management Committee and other relevant laws and regulations, the details of which are as follows:

Name of meeting	Date	Main contents	Attendance
The 14th meeting of the second session	8 March 2013	<ol style="list-style-type: none"> 1. The progress of the auditing on the annual report of the Company for the year 2012 by Ernst & Young Hua Ming LLP was heard; 2. The report on the internal control of the Company for 2012 was heard; 3. The auditing project plan for 2013 of the Company was heard. 	WU Taishi, ZHU Mingxian, LI Kecheng, ZHAO Guangjie and NGAI Wai Fung attended the meeting.
The 15th meeting of the second session	26 March 2013	<ol style="list-style-type: none"> 1. Ernst & Young Hua Ming LLP's reporting on the Company's 2012 annual report audit (the third communication) was heard; 2. Ernst & Young Hua Ming LLP's reporting on the Company's 2012 internal control audit (the third communication) was heard. 3. The Company's 2012 annual report was considered. 	WU Taishi, ZHU Mingxian, LI Kecheng, ZHAO Guangjie and NGAI Wai Fung attended the meeting.
The 16th meeting of the second session	26 March 2013	<ol style="list-style-type: none"> 1. The self-evaluation report on internal control of the Company for 2012 was considered; 2. The proposal on reappointing the auditing institution for the Company's annual report audit for 2013 considered; was considered 3. The resolution on reappointment of auditing institution for the Company's internal control for 2013 was considered. 	WU Taishi, ZHU Mingxian, LI Kecheng, ZHAO Guangjie and NGAI Wai Fung attended the meeting.
The 17th meeting of the second session	25 April 2013	<ol style="list-style-type: none"> 1. The 2013 First Quarterly Report of the Company was considered; 2. The proposal in relation to the Report on the Comprehensive Risk Management of Enterprises for 2013 was considered; 3. The Company's Work Summary for Risk and Internal Control for 2012 and the Work Plan for 2013 was heard; 	WU Taishi, ZHU Mingxian, LI Kecheng, ZHAO Guangjie and NGAI Wai Fung attended the meeting
The 18th meeting of the second session	5 June 2013	The proposal of the increase of registered capital of CRCC Finance Company Limited was considered;	ZHU Mingxian, LI Kecheng, ZHAO Guangjie and NGAI Wai Fung attended the meeting, and WU Taishi was absent due to other business commitments.
The 19th meeting of the second session	28 August 2013	<ol style="list-style-type: none"> 1. The proposal on the financial report for the first half of 2013 of the Company was considered; 2. The work plan for the internal control and evaluation for 2013 of the Company was considered; 3. Communicated with Ernst & Young Hua Ming LLP on the review of the financial report of the Company for the first half of 2013. 	WU Taishi, ZHU Mingxian, LI Kecheng, ZHAO Guangjie and NGAI Wai Fung attended the meeting
The 20th meeting of the second session	29 October 2013	The Company's 2013 Third Quarterly Financial Report was considered;	WU Taishi, ZHU Mingxian, LI Kecheng, ZHAO Guangjie and NGAI Wai Fung attended the meeting
The 21st meeting of the second session	6 December 2013	<ol style="list-style-type: none"> 1. Ernst & Young Hua Ming LLP's reporting on the financial statements and internal control plan for 2013 of the Company was heard; 2. The proposal on the fee for internal control audit of the Company for 2013 was heard. 3. The resolution on auditing fee for the Company's 2013 annual report was considered. 	WU Taishi, ZHU Mingxian, LI Kecheng, and ZHAO Guangjie attended the meeting, and NGAI Wai Fung was absent due to other business commitments.



Corporate Governance Structure and Corporate Governance Report (continued)

During the Reporting Period, the Audit and Risk Management Committee held a meeting during which together they reviewed the financial and accounting policies, internal control system and relevant financial matters, issued opinions on matters related to the engagement of external audit institutions and heard the external audit institutions' reporting on the audit and review of the 2012 Annual Report and 2013 Interim Report, so as to ensure the integrity, fairness and accuracy of the Company's financial statements, reports and other relevant data, and to establish and improve an effective internal control system.

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

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

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

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

(1) Business independence

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

(2) Personnel independence

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

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

Corporate Governance Structure and Corporate Governance Report (continued)

(3) *Assets independence*

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

(4) *Institution independence*

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

(5) *Financial independence*

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

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

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



Corporate Governance Structure and Corporate Governance Report (continued)

XII. SECURITIES TRANSACTIONS OF DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

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

XIII. INVESTOR RELATIONS

The Company earnestly implemented the spirit of the Circular on Further Strengthening the Management of Investor Relations of Listed Companies issued by Shanghai Stock Exchange and the Circular on Carrying out Centralized Publicity for Investor Protection issued by Beijing Securities Regulatory Bureau, and effectively carried out work related to investor relations in a down-to-earth way in strict compliance with the relevant provisions set forth in the Working Rules for Investor Relations of China Railway Construction Corporation Limited. The Company has dedicated hotlines and mail boxes for investor relations, providing convenience and conditions for investors. Shanghai Stock Exchange established an internet platform named "SSE E-interactive Platform" on 5 July 2013 and the Company paid close attention to relevant information on the interactive platform. It enhanced the interaction and communication with the investors, gave timely response to the questions raised by investors and released the Q&A record on the phone call and letters from investors and the research by the institutional investors. In addition, pursuant to the Notice on Publication of the Websites and Telephones of the Listing Companies within the Administrative Zone in 2013 (《關於公佈2013年轄區上市公司網站和電話調查情況的通知》) issued on 12 November 2013 by Beijing Regulatory Bureau of China Securities Regulatory Commission, the Company conducted a self-check on its issues and problems with the requirements in the notice as a benchmark, adhered to the high standards and stringent requirements and paid close attention to the investor relations management to establish a timely and clear investor relations management website. It also strengthened its initiative and interaction in order to improve investor relations management and clear the channels and means for the communication with investors, systematically plan the investor relations management activities and perfect information disclosure.

In 2013, the Company arranged 90 face-to-face meetings with investors and analysts, receiving more than 329 visitors. Upon disclosure of periodic reports, the Company held results presentations oriented to both domestic and overseas investors in a timely manner, and after issuance of annual report, it organized diversified roadshows both at home and abroad, with a view to communicating with investors actively. The Company participated in exchange activities held by domestic and overseas investment institutions for many times to directly listen to the investors' opinions and suggestions. The Company interpreted the periodic reports and announcements issued by it to investors through a variety of ways, making the investors understand relevant conditions in many aspects, including the latest tendency of the industry where the Company operates and the Company's production and operation and development prospects, so as to make impartial and objective evaluation and judgment for the Company. In 2013, the Company participated 130 roadshows and important investors meetings arranged by the investment institutions, and met 379 investors.

Corporate Governance Structure and Corporate Governance Report (continued)

The Company's work on investor relations has received favorable comments from relevant institutions, media and investors. In 2013, the Company had won 11 awards in capital brand building, corporate governance, regulated operation, information disclosure and investor relations, etc. In April 2013, Mr. Yu Xingxi, the secretary to the Board won the title "New Fortune Golden Secretary to the Board 2013" (2013年度新財富金牌董秘) held by New Fortune magazine. In May, the Company won "Outstanding Board of Directors" (優秀董事會) in the Ninth Golden Round Table Forum and Golden Round Table Award of the Board of Directors in Chinese Listing Companies (第九屆中國上市公司董事會金圓桌論壇暨金圓桌獎), and was selected "Top 100 in Capital Brand Value" (資本品牌價值百強) in the Seventh Summit Forum on Market Value Management of Chinese Listing Companies (第七屆中國上市公司市值管理高峰論壇). Mr. Yu Xingxi was awarded the title of "Most Innovative Board Secretary" (最具創新力董秘) in the Ninth Golden Round Table Forum and Golden Round Table Award of the Board of Directors in Chinese Listing Companies. In September, the Company won "Top 100 Chinese Listed Companies for Comprehensive Strength in 2013" (2013中國上市公司綜合實力100強) and "Enterprise with Strongest Sense of Social Responsibilities of Chinese Listed Companies in 2013" (2013中國上市公司最具社會責任感企業) in the selection of "Top 100 Chinese Listing Companies 2013" (中國上市公司百強). In November, the Company was granted "Listing Company with Highest Brand Value" (最具品牌價值上市公司) in Chinese Securities Golden Bauhinia (中國證券金紫荊獎). Mr. Yu Xingxi was awarded "Best Board Secretary of Hong Kong Listing Companies" (最佳香港上市公司董事會秘書). In December, the Company was awarded "Outstanding Investor Relations Award" (優秀投資者關係獎) awarded by IR Magazine, and Mr. MENG Fengchao, the Chairman was awarded "DIB Outstanding Leader Award 2013 Internal Control Index for Chinese Listing Companies" (迪博•中國上市公司內部控制指數(2013)傑出領袖獎), and Mr. Yu Xingxi awarded "Golden Management: Outstanding Board Secretary of Listing Companies" (金治理•上市公司優秀董秘) in the selection of Golden Management: Outstanding Board Secretary of Listing Companies.

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

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

XV. REMUNERATION OF AUDITORS

For relevant information on the remuneration of auditors, please refer to the paragraph of "Change of Auditors of the Company" in "Significant Events".

XVI. SECRETARY TO THE BOARD OF THE COMPANY

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



Internal Control

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

It is of the Company's responsibility to establish a sound internal control system with effective implementation according to the requirements of the "Basic Criteria for Enterprise Internal Control" promulgated by five ministries, namely the Ministry of Finance and China Securities Regulatory Commission etc., and to evaluate its effectiveness. The Company has dedicated to strictly carry out internal control. Based on existing management system, we keep on strengthen and improve internal control system, upgrade internal control standard and prevent from any internal control deficiency, so as to pursue the greatest value for shareholders, to ensure that the strategic goal of the Company is attainable, and requirements of relevant regulatory bodies are fulfilled. In 2013, the Company continued to enhance internal risk control system and regulated risk evaluation and management in adherence to the working guideline of "Achieving Risk Management through Internal Control" (以風險管理為導向, 以內部控制為手段). Through the above measures, we improved the internal control evaluation, reinforce the rectification of internal control defects, facilitate specialised risk management research to be more systematic, practical and targeted. The Company established and distributed the "CRCC Guidelines for Collection of Risk Information" (《中國鐵建股份有限公司風險信息收集管理辦法》) and "CRCC Guidelines for Risk Evaluation Management" (中國鐵建股份有限公司風險評估管理辦法) etc. to consolidate the regulatory system for internal control.

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

II RELEVANT ISSUE ON AUDIT REPORT ON INTERNAL CONTROL

As approved by the General Meeting, Ernst & Young Hua Ming LLP was appointed by the Company to audit the effectiveness of our internal control for 2013, and express an unqualified audit opinion.

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

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

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

REPORT OF THE AUDITORS



Ernst & Young Hua Ming (2014) Shen Zi No. 60618770_A01

To the shareholders of China Railway Construction Corporation Limited

We have audited the accompanying financial statements of China Railway Construction Corporation Limited, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

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

2. Auditors' responsibility

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

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

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



Report of the Auditors (continued)

3. Opinion

In our opinion, the financial statements present fairly, in all material aspects, the consolidated and company financial position of China Railway Construction Corporation Limited as at 31 December 2013 and its consolidated and company financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming LLP

Beijing, the People's Republic of China

Yang Shujuan
Chinese Certified Public Accountant

Shen Yan
Chinese Certified Public Accountant

28 March 2014

Consolidated Balance Sheet

As at 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

ASSETS	<i>Note V</i>	31 December 2013	31 December 2012 (Restated)
Current assets			
Cash and bank balances	1	93,433,837	92,274,144
Financial assets at fair value through profit or loss	2	123,161	115,025
Bills receivable	3	3,466,399	2,300,570
Accounts receivable	4	87,797,722	71,711,636
Advances to suppliers	5	32,529,418	33,560,698
Interest receivables		213,195	81,250
Dividends receivable		5,951	12,507
Other receivables	6	30,980,916	30,968,057
Inventories	7	201,636,822	171,336,940
Current portion of non-current assets	9	20,407,440	13,427,892
Other current assets		466,539	498,140
Total current assets		471,061,400	416,286,859
Non-current assets			
Available-for-sale financial assets	8	222,097	264,970
Held-to-maturity investments		1,269	1,269
Long-term receivables	9	19,898,598	7,693,901
Long-term equity investments	11	5,674,186	5,624,561
Fixed assets	12	40,515,332	37,935,943
Construction in progress	13	2,648,696	2,334,646
Intangible assets	14	10,630,583	8,203,836
Goodwill	15	100,487	100,135
Long-term prepayments		191,384	125,826
Deferred tax assets	16	1,961,435	2,012,239
Other non-current assets		113,129	99,253
Total non-current assets		81,957,196	64,396,579
TOTAL ASSETS		553,018,596	480,683,438



Consolidated Balance Sheet (continued)

As at 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	<i>Note V</i>	31 December 2013	31 December 2012 (Restated)
Current liabilities			
Short-term loans	19	47,062,143	38,696,693
Due to customers	20	437,821	1,738,943
Bills payable	21	22,824,023	22,013,195
Accounts payable	22	177,791,775	158,862,434
Advances from customers	23	66,225,429	62,097,756
Employee benefits payable	24	6,242,209	9,170,826
Taxes payable	25	8,422,348	7,805,229
Interest payables	26	644,557	236,603
Dividends payable	27	105,692	108,388
Other payables	28	39,836,680	34,855,004
Current portion of non-current liabilities	30	12,623,491	11,252,030
Other current liabilities	31	8,689,636	21,974,691
Total current liabilities		390,905,804	368,811,792
Non-current liabilities			
Long-term loans	32	41,796,520	16,930,101
Bonds payable	33	29,888,586	14,459,980
Long-term payables	34	3,570,862	3,296,652
Long-term employee benefits payable	35	2,441,550	3,315,497
Special payables	36	320,015	245,343
Provision	29	3,887	—
Deferred tax liabilities	16	83,392	258,978
Other non-current liabilities	37	183,264	158,536
Total non-current liabilities		78,288,076	38,665,087
Total liabilities		469,193,880	407,476,879

Consolidated Balance Sheet (continued)

As at 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY (continued)	<i>Note V</i>	31 December 2013	31 December 2012 (Restated)
Shareholders' equity			
Share capital	38	12,337,542	12,337,542
Capital reserve	39	33,573,938	33,527,795
Surplus reserve	41	1,491,897	1,217,159
Retained earnings	42	33,232,451	24,519,661
Foreign currency translation reserve		351,066	238,762
Equity attributable to:			
Owners of the Company		80,986,894	71,840,919
Non-controlling interests		2,837,822	1,365,640
Total shareholders' equity		83,824,716	73,206,559
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		553,018,596	480,683,438

The financial statements have been signed by:

Legal Representative:

Meng Fengchao

28 March 2014

CFO:

Zhuang Shangbiao

28 March 2014

Finance Controller:

Cao Xirui

28 March 2014



Consolidated Income Statement

For the year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	Note V	2013	2012 (Restated)
Revenue	43	586,789,590	484,312,928
Less: Cost of sales	43	527,247,896	432,889,011
Taxes and surcharges	44	16,827,296	14,441,235
Selling and distribution expenses	45	2,509,220	1,946,450
General and administrative expenses	46	22,719,838	20,537,792
Finance costs	47	3,749,441	3,500,584
Losses from impairment of assets	48	1,431,257	331,869
Add: Gains on fair value changes	49	942	3,240
Investment (losses)/income	50	(22,172)	186,935
Including: Share of (losses)/profits of associates and jointly - controlled entities		(248,763)	32,847
Operating profit		12,283,412	10,856,162
Add: Non-operating income	51	966,248	655,864
Less: Non-operating expenses	52	209,920	448,193
Including: Loss on disposal of non-current assets		87,954	102,161
Profit before tax	53	13,039,740	11,063,833
Less: Income tax expenses	54	2,600,357	2,392,977
Net profit		10,439,383	8,670,856
Attributable to:			
Owners of the Company		10,344,658	8,629,127
Non-controlling interests		94,725	41,729
Earnings per share:			
Basic earnings per share (RMB/share)	55	0.84	0.70
Diluted earnings per share (RMB/share)	55	N/A	N/A

Consolidated Income Statement (continued)

For the year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	<i>Note V</i>	2013	2012 (Restated)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation, net of tax		189,261	(89,010)
Relocation compensation granted by government		—	60,893
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
(Losses)/gains from changes in fair value of available-for-sale financial assets, net of tax		(30,781)	25,429
Share of other comprehensive income of associates		(2,924)	—
Exchange differences on translation of foreign operations		112,304	19,665
Other comprehensive income, net of tax	56	267,860	16,977
Total comprehensive income		10,707,243	8,687,833
Attributable to:			
Owners of the Company		10,612,518	8,646,104
Non-controlling interests		94,725	41,729



Consolidated Statement of Changes in Equity

Year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	For the year ended 31 December 2013								
	Equity attributable to owners of the Company								
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Foreign currency translation reserve	Subtotal	Non-controlling interests	Total equity
1. As at 1 January 2013	12,337,542	33,527,795	—	1,217,159	24,519,661	238,762	71,840,919	1,365,640	73,206,559
2. Increase/(decrease) during the year									
(a) Net profit for the year	—	—	—	—	10,344,658	—	10,344,658	94,725	10,439,383
(b) Other comprehensive income (Note V.56)	—	155,556	—	—	—	112,304	267,860	—	267,860
Total comprehensive income	—	155,556	—	—	10,344,658	112,304	10,612,518	94,725	10,707,243
(c) Capital contributions and withdrawals by shareholders									
(1) Capital contributions	—	—	—	—	—	—	—	1,505,955	1,505,955
(2) Acquisition of non-controlling interests	—	(109,413)	—	—	—	—	(109,413)	(93,167)	(202,580)
(d) Profit appropriation and distribution									
(1) Appropriation to surplus reserve	—	—	—	274,738	(274,738)	—	—	—	—
(2) Distribution to owners (Note 1)	—	—	—	—	(1,357,130)	—	(1,357,130)	(35,331)	(1,392,461)
(e) Special reserve (Note V.40)									
(1) Appropriated in current year	—	—	6,481,418	—	—	—	6,481,418	—	6,481,418
(2) Used in current year	—	—	(6,481,418)	—	—	—	(6,481,418)	—	(6,481,418)
3. As at 31 December 2013	12,337,542	33,573,938	—	1,491,897	33,232,451	351,066	80,986,894	2,837,822	83,824,716

Note 1: In accordance with the resolution at the 2012 annual General Meeting of shareholders on 6 June 2013, the Company declared a final cash dividend for the year ended 31 December 2012 of RMB0.11 per share (31 December 2011: RMB0.1), which amounted to RMB1,357,130,000 (31 December 2011: RMB1,233,754,000) based on 12,337,541,500 ordinary shares in issue.

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	For the year ended 31 December 2012 (Restated)								
	Equity attributable to owners of the Company								
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Foreign currency translation reserve	Subtotal	Non-controlling interests	Total equity
1. As at 1 January 2012									
as previously reported	12,337,542	33,997,676	—	855,536	17,338,492	219,097	64,748,343	970,429	65,718,772
(a) Changes in accounting policies	—	(331,393)	—	—	147,419	—	(183,974)	—	(183,974)
2. As at 1 January 2012 as restated	12,337,542	33,666,283	—	855,536	17,485,911	219,097	64,564,369	970,429	65,534,798
3. Increase/(decrease) during the year									
(a) Net profit for the year	—	—	—	—	8,629,127	—	8,629,127	41,729	8,670,856
(b) Other comprehensive income (Note V.56)	—	(2,688)	—	—	—	19,665	16,977	—	16,977
Total comprehensive income	—	(2,688)	—	—	8,629,127	19,665	8,646,104	41,729	8,687,833
(c) Capital contributions and withdrawals by shareholders									
(1) Capital contributions	—	—	—	—	—	—	—	436,946	436,946
(2) Acquisition of non-controlling interests	—	(137,211)	—	—	—	—	(137,211)	(11,973)	(149,184)
(3) Others	—	1,411	—	—	—	—	1,411	—	1,411
(d) Profit appropriation and distribution									
(1) Appropriation to surplus reserve	—	—	—	361,623	(361,623)	—	—	—	—
(2) Distribution to owners	—	—	—	—	(1,233,754)	—	(1,233,754)	(71,491)	(1,305,245)
(e) Special reserve (Note V.40)									
(1) Appropriated in current year	—	—	5,257,018	—	—	—	5,257,018	—	5,257,018
(2) Used in current year	—	—	(5,257,018)	—	—	—	(5,257,018)	—	(5,257,018)
3. As at 31 December 2012	12,337,542	33,527,795	—	1,217,159	24,519,661	238,762	71,840,919	1,365,640	73,206,559



Consolidated Statement of Cash Flows

Year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	Note V	2013	2012 (Restated)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		554,605,361	551,073,344
Refunds of tax		422,127	334,662
Net decrease of balances with central bank		150,083	—
Net increase in amounts due to customers		—	1,738,943
Cash received from other operating activities	57	2,566,653	2,473,068
Subtotal of cash inflows from operating activities		557,744,224	555,620,017
Cash paid for goods and services		(507,438,198)	(498,771,049)
Net decrease in amounts due to customers		(1,301,122)	—
Net increase of balances with central bank		—	(2,564,174)
Cash paid to and on behalf of employees		(30,062,857)	(26,142,628)
Cash paid for all taxes		(21,147,404)	(17,518,004)
Cash paid for other operating activities	57	(7,108,623)	(5,904,422)
Subtotal of cash outflows from operating activities		(567,058,204)	(550,900,277)
Net cash flows (used in)/from operating activities	58	(9,313,980)	4,719,740
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		3,302	43,668
Cash received from investment income		63,220	104,992
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,605,794	1,657,223
Cash received from other investing activities		3,088,876	3,204,081
Subtotal of cash inflows from investing activities		4,761,192	5,009,964
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(17,645,329)	(10,500,301)
Cash paid for acquisition of investments		(728,266)	(1,507,373)
Cash paid for acquisition of non-controlling interests		(153,580)	(149,184)
Net cash paid for acquisition of Hangsheng Company		—	(124,115)
Increase in pledged time deposits and other restricted cash		(1,308,374)	(1,037,861)
Cash paid for other investing activities		(4,922,144)	—
Subtotal of cash outflows from investing activities		(24,757,693)	(13,318,834)
Net cash flows used in investing activities		(19,996,501)	(8,308,870)

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	<i>Note V</i>	2013	2012 (Restated)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		1,505,955	436,946
Including: Cash received from non-controlling shareholders of subsidiaries		1,505,955	436,946
Cash received from borrowings		94,992,659	59,625,521
Cash received from issuing bonds		24,877,520	23,680,000
Subtotal of cash inflows from financing activities		121,376,134	83,742,467
Cash repayments for borrowings		(83,964,579)	(67,726,931)
Cash paid for distribution of dividends or profits and for interest expenses		(7,811,373)	(6,831,963)
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		(38,027)	(20,592)
Subtotal of cash outflows from financing activities		(91,775,952)	(74,558,894)
Net cash flows from financing activities		29,600,182	9,183,573
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS			
		(288,299)	20,025
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
	58	1,402	5,614,468
Add: Cash and cash equivalents at beginning of the year		79,782,051	74,167,583
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
	58	79,783,453	79,782,051



Balance Sheet

As at 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

ASSETS	<i>Note XI</i>	31 December 2013	31 December 2012 (Restated)
Current assets			
Cash and bank balances		5,135,065	10,093,036
Financial assets at fair value through profit or loss		38,359	35,024
Accounts receivable	1	—	539,375
Advances to suppliers		696,192	278,806
Dividends receivable		109,577	108,931
Other receivables	2	37,275,074	30,109,799
Inventories		2,611,219	2,092,019
Current portion of non-current assets		500,000	500,000
Total current assets		46,365,486	43,756,990
Non-current assets			
Available-for-sale financial assets		96,896	124,653
Long-term receivables		574,772	500,000
Long-term equity investments	3	66,872,585	59,345,515
Fixed assets		25,293	30,629
Construction in progress		22,835	22,527
Intangible assets		4,776	739
Deferred tax assets		11,909	7,612
Total non-current assets		67,609,066	60,031,675
TOTAL ASSETS		113,974,552	103,788,665

Balance Sheet (continued)

As at 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	31 December 2013	31 December 2012 (Restated)
Current liabilities:		
Short-term loans	868,876	100,000
Accounts payable	811,366	276,550
Advances from customers	3,612,840	2,519,007
Employee benefits payable	40,593	44,863
Taxes payable	97,989	76,826
Interest payables	463,008	362,489
Other payables	9,978,486	6,911,550
Current portion of non-current liabilities	3,696,201	3,189,161
Other current liabilities	8,666,277	16,000,000
Total current liabilities	28,235,636	29,480,446
Non-current liabilities:		
Long-term loans	3,382,870	4,125,390
Bonds payable	22,358,185	12,409,980
Long-term payables	905,000	45,000
Long-term employee benefits payable	20,950	27,571
Total non-current liabilities	26,667,005	16,607,941
Total liabilities	54,902,641	46,088,387
Shareholders' equity		
Share capital	12,337,542	12,337,542
Capital reserve	38,981,901	39,000,514
Surplus reserve	1,491,897	1,217,159
Retained earnings	6,260,571	5,145,063
Total shareholders' equity	59,071,911	57,700,278
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	113,974,552	103,788,665



Income Statement

Year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	<i>Note XI</i>	2013	2012 (Restated)
Revenue	4	1,019,107	1,683,917
Less: Cost of sales	4	1,418,947	2,151,016
Taxes and surcharges		1,836	3,388
Selling and distribution expenses		12,666	16,228
General and administrative expenses		314,708	306,362
Finance income		(832,437)	(785,179)
Losses from impairment of assets		—	123,193
Add: Gains on fair value changes		3,334	3,619
Investment income	5	2,875,884	3,684,089
Including: Share of profit/(loss) of jointly-controlled entities		4,446	(562)
Operating profit		2,982,605	3,556,617
Add: Non-operating income		16	62,495
Less: Non-operating expenses		231,852	694
Including: Losses on disposal of non-current assets		781	12
Profit before tax		2,750,769	3,618,418
Less: Income tax expenses		3,393	1,910
Net profit		2,747,376	3,616,508
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation		(20,818)	8,706
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gains/(losses) from changes in fair value of available-for-sale financial assets, net of tax		2,205	(1,892)
Other comprehensive (loss)/income, net of tax		(18,613)	6,814
Total comprehensive income		2,728,763	3,623,322

Statement of Changes In Equity

Year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	For the year ended 31 December 2013				
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2013	12,337,542	39,000,514	1,217,159	5,145,063	57,700,278
2. Increase/(decrease) during the year					
(a) Net profit	—	—	—	2,747,376	2,747,376
(b) Other comprehensive income	—	(18,613)	—	—	(18,613)
Total comprehensive income	—	(18,613)	—	2,747,376	2,728,763
(c) Profit appropriation and distribution					
(1) Appropriation to surplus reserve	—	—	274,738	(274,738)	—
(2) Distribution to owners <i>(Note)</i>	—	—	—	(1,357,130)	(1,357,130)
3. As at 31 December 2013	12,337,542	38,981,901	1,491,897	6,260,571	59,071,911

Note: Further details are stated in the note to the consolidated statement of changes in equity.

	For the year ended 31 December 2012 (Restated)				
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2012 as previously reported	12,337,542	39,002,430	855,536	3,118,053	55,313,561
(a) Changes in accounting policies	—	(8,730)	—	5,879	(2,851)
2. As at 1 January 2012 as restated	12,337,542	38,993,700	855,536	3,123,932	55,310,710
3. Increase/(decrease) during the year					
(a) Net profit	—	—	—	3,616,508	3,616,508
(b) Other comprehensive income	—	6,814	—	—	6,814
Total comprehensive income	—	6,814	—	3,616,508	3,623,322
(c) Profit appropriation and distribution					
(1) Appropriation to surplus reserve	—	—	361,623	(361,623)	—
(2) Distribution to owners	—	—	—	(1,233,754)	(1,233,754)
4. As at 31 December 2012	12,337,542	39,000,514	1,217,159	5,145,063	57,700,278



Statement of Cash Flows

Year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

	<i>Note XI</i>	2013	2012
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		3,014,162	1,544,524
Cash received from other operating activities		3,198,190	4,710,249
Subtotal of cash inflows from operating activities		6,212,352	6,254,773
Cash paid for goods and services		(1,580,745)	(842,874)
Cash paid to and on behalf of employees		(177,784)	(148,187)
Cash paid for all types of taxes		(53,126)	(64,152)
Cash paid for other operating activities		(7,597,115)	(129,424)
Subtotal of cash outflows from operating activities		(9,408,770)	(1,184,637)
Net cash flows (used in)/from operating activities	6	(3,196,418)	5,070,136
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from investment income		3,336,168	3,575,850
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		589	2,185
Cash received from other investing activities		3,942,175	1,830,896
Subtotal of cash inflows from investing activities		7,278,932	5,408,931
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(10,968)	(27,390)
Cash paid for acquisition of investments		(7,988,000)	(4,461,302)
Increase in non-pledged time deposits with original maturity of three months or more when acquired		(3,800)	(5,200)
Cash paid for other investing activities		(974,772)	—
Subtotal of cash outflows from investing activities		(8,977,540)	(4,493,892)
Net cash flows (used in)/from investing activities		(1,698,608)	915,039

Statement of Cash Flows (continued)

Year ended 31 December 2013 (All amounts in RMB'000 unless otherwise stated)

<i>Note XI</i>	2013	2012
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from borrowings	3,872,087	2,407,379
Cash received from issuing bonds	18,500,000	16,000,000
Subtotal of cash inflows from financing activities	22,372,087	18,407,379
Cash repayments for borrowings	(19,321,090)	(24,986,474)
Cash paid for distribution of dividends or profits and for interest expenses	(3,105,341)	(3,224,042)
Subtotal of cash outflows from financing activities	(22,426,431)	(28,210,516)
Net cash flows used in financing activities	(54,344)	(9,803,137)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(12,401)	(454)
5. NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,961,771)	(3,818,416)
Add: Cash and cash equivalents at beginning of the year	10,084,836	13,903,252
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6 5,123,065	10,084,836



Notes to Financial Statements

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

I. Corporate information

China Railway Construction Corporation Limited (the “Company”) is a joint stock limited company with limited liability registered in Beijing in the People’s Republic of China (the “PRC” or “Mainland China”), which was established by China Railway Construction Corporation (hereinafter referred to as “CRCCG”) upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”) of Guozi Reform [2007] 878 *Approval for CRCCG’s Group Restructuring and Dual Listing in Domestic and Overseas Markets*, issued on 17 August 2007, and Guozi Reform [2007] 1218 *Approval for the Establishment of China Railway Construction Corporation Limited* issued on 4 November 2007. The Company’s registration was approved by the Administration for Industry and Commerce of Beijing with the business license code of 100000000041302. The registered office of the Company’s head office is located at East, No. 40 Fuxing Road, Haidian District, Beijing, China. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) mainly consist of the construction of infrastructure, the provision of survey, design and consultancy services, the provision of logistics services, industrial manufacturing and real estate development.

Pursuant to the restructuring, the net assets of CRCCG’s principal businesses (including the assets and liabilities associated with its construction operations, survey, design and consultancy operations, manufacturing operations, logistics and real estate development operations) that are to be injected into the Company were valued by a PRC independent qualified assets valuer at the base date of 31 December 2006. According to the asset valuation report issued by DeveChina International Appraisal Co., Ltd., the value of the restructuring net assets was RMB9,498,744,300. SASAC authorized the Company to issue 8,000,000,000 shares to CRCCG for 84.22165865% of the amount of the valued net assets, with all the then remaining amount of RMB1,498,744,300 dealt with in the capital reserve of the Company.

The Company was incorporated in Beijing, the PRC, on 5 November 2007 with a total share capital of RMB8,000,000,000 upon its establishment, consisting of 8,000,000,000 shares of RMB1 each.

During the period from 25 February to 26 February 2008, the Company issued 2,450 million A Shares through The Shanghai Stock Exchange (the “SSE”) at RMB9.08 per A Share with the nominal value of RMB1.00 each, which raised total gross proceeds, before listing expenses, of RMB22.2 billion. The A Shares were listed on the SSE on 10 March 2008.

During the period from 29 February to 5 March 2008, the Company issued 1,706 million H Shares through the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) at HK\$10.70 per H Share with the nominal value of RMB1.00 each, which raised total gross proceeds, before listing expenses, of HK\$18.3 billion. The H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 13 March 2008. CRCCG converted its 170,600,000 state legal person shares of the Company into H Shares and transferred the shares to the National Council for Social Security Fund (“NSSF”) of the PRC on the same day.

On 8 April 2008, the over-allotment option of H Shares was exercised in part and an additional 181,541,500 H Shares were issued at HK\$10.70 per H Share, which were listed on the Main Board of the Hong Kong Stock Exchange on the same day. The gross proceeds from the issuance of these H Shares, before listing expenses, amounted to HK\$1.9 billion. On 8 April 2008, CRCCG converted 18,154,500 state legal person shares of the Company into H Shares and transferred the shares to the NSSF.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

I. Corporate information (continued)

On 22 September 2009, CRCCG converted 245,000,000 state legal person shares of the Company into A Shares and transferred the shares to the NSSF.

As at 12 December 2013, the Company has issued an aggregate of 12,337,541,500 shares as share capital. See Note V.38 for details.

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

The Group's parent and ultimate holding company is CRCCG, a company registered in the PRC.

These financial statements were approved and authorized for issue by the board of directors of the Company on 28 March 2014. Pursuant to the Company's Articles of Association, the financial statements will be submitted to the Shareholder's meeting for approval.

II. significant accounting policies and estimates

1. *Basis of preparation*

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard and 38 specific standards issued in February 2006, and the implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (collectively referred to as "*Accounting Standards for Business Enterprises*").

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

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates

2. Adoption of new and revised Accounting Standards

The Ministry of Finance issued Accounting Standards for Business Enterprises No.39 Fair Value Measurement, Accounting Standards for Business Enterprises No.40 Joint Arrangements and revised Accounting Standards for Business Enterprises No.30 Presentation of Financial Statements, Accounting Standards for Business Enterprises No.9 Employee Benefits, Accounting Standards for Business Enterprises No.33 Consolidated Financial Statements and Accounting Standards for Business Enterprises No.2 Long-term Equity Investment during January to March 2014. The above six Accounting Standards for Business Enterprises will be effective from 1 July 2014, and entities listed overseas are encouraged to adopt the above six Accounting Standards for Business Enterprises in advance. As an overseas listed company, the Company has adopted the above six Accounting Standards for Business Enterprises for current year's financial statements in accordance with the regulations.

The change of accounting policies by reason of the adoption of the above *Accounting Standards for Business Enterprises* has been applied to the company for the current year's financial statements and retrospective adjustments have been made to the comparative financial information.

The application of *Accounting Standards for Business Enterprises No.9 Employee Benefits* (as revised in 2014) has affected the accounting for the Group's early retirement benefit. Before 1 January 2013, early retirement benefits are considered as defined benefit plans. The liability recognized in the balance sheet in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have maturities approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets and 10% of the defined benefit obligations, are charged or credited to the income statement over the estimated average remaining working lives of the related employees. Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the "vesting period"). In this case, the past-service costs are amortized on the straight-line basis over the vesting period.

Upon the adoption of *Accounting Standards for Business Enterprises No.9 Employee Benefits* (as revised in 2014), retrospective adjustments have been made to the group. All actuarial gains and losses are required to be recognized immediately in other comprehensive income in order for the net pension liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The opening balances as at 1 January 2012 and comparative information for the year ended 31 December 2012 have been restated in the consolidated financial statements.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates

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

The effects of changes to the accounting for the Group and Company's defined benefit plan on the financial statements are summarised below:

Group**2013**

	As at 31/12/2012 (as previously reported)	Adjustments	As at 31/12/2012 (as restated)
Deferred tax assets	1,990,104	22,135	2,012,239
Long term employee benefits payable	3,170,614	144,883	3,315,497
Capital reserve	33,948,198	(420,403)	33,527,795
Retained earnings	24,222,006	297,655	24,519,661

2012

	As at 31/12/2011 / For the year 2012 (as previously reported)	Adjustments	As at 31/12/2011 / For the year 2012 (as restated)
Deferred tax assets	1,986,991	39,873	2,026,864
Long term employee benefits payable	3,743,785	223,847	3,967,632
Capital reserve	33,997,676	(331,393)	33,666,283
Retained earnings	17,338,492	147,419	17,485,911
General and administrative expenses	20,705,766	(167,974)	20,537,792
Income tax expenses	2,375,239	17,738	2,392,977
Other comprehensive income	105,987	(89,010)	16,977



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates

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

Company

2013

	As at 31/12/2012 (as previously reported)	Adjustments	As at 31/12/2012 (as restated)
Deferred tax assets	6,124	1,488	7,612
Long term employee benefits payable	21,620	5,951	27,571
Capital reserve	39,011,136	(10,622)	39,000,514
Retained earnings	5,138,904	6,159	5,145,063

2012

	As at 31/12/2011 / For the year 2012 (as previously reported)	Adjustments	As at 31/12/2011 / For the year 2012 (as restated)
Deferred tax assets	11,143	950	12,093
Long term employee benefits payable	26,130	3,800	29,930
Capital reserve	39,002,430	(8,730)	38,993,700
Retained earnings	3,118,053	5,879	3,123,932
General and administrative expenses	306,104	258	306,362
Income tax expenses	2,448	(538)	1,910
Other comprehensive income	8,706	(1,892)	6,814

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates

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

The financial statements present fairly and fully the financial position of the Group and the Company as at 31 December 2013 and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

4. *Accounting period*

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

5. *Functional currency*

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

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

6. *Business combinations*

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

Business combinations involving entities under common control

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

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

6. **Business combinations** (continued)

Business combinations involving entities not under common control

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

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

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable assets. After recognition, goodwill is subsequently measured at cost less any accumulated impairment losses. If the sum of this consideration and other items mentioned above is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss for the current period.

7. **Basis of consolidation**

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. A subsidiary is an entity that is controlled by the Company (including enterprise, divided part of the investee and a structured entity that is controlled by the Company).

The financial statements of the subsidiaries are prepared for the same Reporting Period as the Company using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group balances, transactions, unrealized gains and losses and dividends are eliminated on consolidation in full.

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

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

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

7. **Basis of consolidation** (continued)

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

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

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

If the disposal of the equity investment of a subsidiary is realized through multiple transactions until loss of control and is a package deal, the accounting treatment of these transactions should be dealt as one transaction of disposal of the subsidiary until loss of control. However, before the Company loses total control of the subsidiary, the differences between actual disposal price and the disposed share of net assets of the subsidiary in every transaction should be recognized as other comprehensive income in the consolidated financial statements, and transferred into current profit and loss when losing control.

If the disposal of the equity investment of a subsidiary is realized through multiple transactions until loss of control but is not a package deal, each transaction should be dealt correspondingly, depending on whether the transaction is related to the loss of control of the subsidiary. For the transactions that do not lead to loss control of the subsidiary, changes in non-controlling interests should be dealt by equity method. For the transactions that lead to losing control of the subsidiary, the remaining equity should be remeasured at fair value on the date of losing control. The difference between the total amount of disposal consideration and the remaining equity measured at fair value and the shared net assets of the subsidiary, calculating by original ownership continued, since the purchase date should be recognized in the investment income of losing control current period; if there is goodwill on the subsidiary, deduct the amount of goodwill when calculating the disposal gain or loss; the other comprehensive income related investments in the original subsidiary should be transferred as current period investment income when losing control.

8. **Cash and cash equivalents**

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

9. Foreign currency transactions and foreign currency translations

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

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

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

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

10. Financial instruments

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

Recognition and derecognition of financial instruments

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

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

10. Financial instruments (continued)

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

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

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

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

Classification and measurement of financial assets

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

10. Financial instruments (continued)

Classification and measurement of financial assets (continued)

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

10. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Available-for-sale financial assets (continued)

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

Classification and measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Bonds payable

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

Other financial liabilities

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

10. Financial instruments (continued)

Financial guarantee contracts

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

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is made for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the estimated future cash flows of the financial asset.

Financial assets carried at amortized cost

If an impairment loss on a financial asset has incurred, the carrying amount of the asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). Impairment is recognized in profit or loss for the current period. The present value of estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., effective interest rate computed on initial recognition) and includes the value of any related collateral.

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

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

10. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at amortized cost (continued)

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

Available-for-sale financial assets

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

The objective evidence showing the impairment of equity instrument held-for-sale includes the severe declining and the other-than-temporary declining of its fair value. There should be a method to distinguish "severe" declining and the "other-than-temporary" ones. The gap between the fair value and the cost decides how severe the impairment is. The persistence of the difference between the fair value and the cost decides whether it is "other-than-temporary". The impairment loss of equity instrument held-for-sale cannot be reversed through profit or loss, and any increase of fair value that occurs after the impairment is recognized directly in other comprehensive income.

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

Financial assets carried at cost

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

10. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at cost (continued)

For a long-term equity investment, measured using the cost method and accounted for in accordance with the Accounting Standards for Business Enterprises No. 2 Long-term Equity Investments which is not quoted in an active market and for which the fair value cannot be reliably measured, any impairment is also accounted for in accordance with the above principles.

Transfer of financial assets

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

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

11. Receivables

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

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

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

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

11. Receivables (continued)

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

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

	Accounts receivable provision rate	Other receivables provision rate
	%	%
Within 6 months	—	—
6 months to 1 year (inclusive)	0.5	0.5
1 to 2 years (inclusive)	5	5
2 to 3 years (inclusive)	10	10
3 to 5 years (inclusive)	30	30
Over 5 years	80	80

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

- (3) Other individually not significant receivables but separately tested for impairment

Receivables, that are individually insignificant and could not be grouped by the similar or related risk characteristics, are individually assessed for provision. If there is objective evidence that a receivable is impaired (such as the debtor encountering serious financial difficulties or bankruptcy, or breach of contracts), the amount of the impairment loss shall be recognized in the current profit or loss after taking into account the rate of accounts receivable losses of the prior year.

12. Inventories

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

12. Inventories (continued)

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

Inventories are accounted for using the perpetual inventory system.

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

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

13. Construction contract

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

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

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

14. Long-term equity investments

Long-term equity investments include investments in subsidiaries, jointly-controlled enterprises and associates, and investments where the Group does not have control, joint control or significant influence over the investees and investments which are not quoted in an active market and the fair values of which cannot be reliably measured.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

14. Long-term equity investments (continued)

Long-term equity investment shall be recognized at initial investment cost upon acquisition. For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the acquirer's share of the carrying value of owner's equity of the party being absorbed at the combination date; for a long-term equity investment through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment is the cost of combination (for a business combination not involving enterprises under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date). The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquire. Other comprehensive income that is consisted of the initial investment cost before the date of acquisition should be reclassified to investment income when the long term equity investments are being disposed of. For a long-term equity investment acquired otherwise than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by cash, the initial investment cost is the actual purchase price paid and direct costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; for contribution from an investor, the initial investment cost is the value stipulated in the investment contract or agreement, unless the consideration in investment contract or agreement is not at fair value.

The cost method is applied for long term equity investments when the investee are neither jointly-controlled nor significantly influenced by the Group, and no quoted market price in an active market so that whose fair value cannot be reliably measured. The cost method is applied for long term equity investments in the financial statements of the Company when the investee is controlled by the Company. Control refers to the right to decide on the financial and operating policies of a company and to obtain profit from the operating activities of the company.

Under the cost method, the long-term equity investment is recorded at initial investment cost. Profits or cash dividends declared to be distributed by the investee should be recognized as investment income in the current period, but such investment income is limited to proportionate distributions from accumulated profits after the date of acquisition. Also, it should consider whether there is impairment for the long term investment in accordance with the related asset provision policy.

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

14. Long-term equity investments (continued)

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

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

When long term equity investments are being disposed of, the difference between the carrying amount and the actual proceeds received should be charged to the income statement. For long term equity investments under equity method, the amount recognized in the equity previously shall be transferred to the income statement upon its disposal.

If the disposal of the equity investment of a subsidiary is realized through several transactions until loss of control and is a package deal, the accounting treatment of these transactions should be dealt as one transaction of disposal of the subsidiary until loss of control. If the disposal of the equity investment of a subsidiary is realized through several transactions until loss of control but is not a package deal, each transaction should be dealt correspondingly. For the transactions that lead to loss of control, the remaining equity should be recognized as long-term equity investment or other related financial assets at book value (The remaining equity which has jointly control of or has significant influence in the original subsidiary should be dealt with relative rules of converting cost method to equity method.)

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

14. Long-term equity investments (continued)

For the impairment assessment and measurement of provision for impairment of long term investments in subsidiaries, jointly-controlled entities and associates, further details are stated in Note II.26. For other long-term equity investment that do not have quoted market price from an active market and the fair value cannot be reliably measured, the impairment assessment and measurement of provision for impairment, further details are stated in Note II.10.

15. Fixed assets

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

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

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

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

15. Fixed assets (continued)

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

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

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

Impairment assessment and measurement of the provision for impairment of fixed assets are stated in Note II.26.

16. Construction in progress

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

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

For impairment assessment and measurement of provision for impairment of construction in progress, further details are stated Note II.26.

17. Borrowing costs

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

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

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

17. *Borrowing costs* (continued)

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

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

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

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

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

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

18. *Intangible assets*

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

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

18. Intangible assets (continued)

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

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

Land use rights

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

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

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

Concession assets

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

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

18. Intangible assets (continued)

Mining rights

Mining rights are stated at cost incurred to obtain the mining license. Amortization is calculated based on the units of production method based only on proved mining reserves.

Development expenditure

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognized in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalized when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognized in profit or loss for the period in which it is incurred.

For the impairment assessment and measurement of provision for impairment of the intangible assets, further details are stated in Note II.26.

19. Long-term prepayments

Long-term prepayments represent expenditures incurred but should be recognized as expenses over more than one year in the current and subsequent periods including costs of improvements to fixed assets under operating leases. Long-term prepayments are amortized on the straight-line basis over the estimated beneficial period. Expenditure incurred during the pre-operating period should be recognized in profit or loss immediately as incurred.

20. Assets transfer under a repurchase agreement

The Group determines whether a transfer of an asset under a repurchase agreement shall be derecognized based on the economic substance of the transfer. If an asset is sold by the Group (the transferor) under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the asset sold shall not be derecognized. If the Group (the transferor) sells an asset and retains only a preemption right to repurchase the transferred asset at fair value if the transferee subsequently sells it, the asset shall be derecognized.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

21. Provisions

Except for contingent consideration transferred and contingent liability assumed in business combinations, the Group recognizes an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at the balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general guidance for provisions above; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the principle of revenue recognition.

22. Revenue

Revenue is recognized only when it is probable that the associated economic benefits will flow to the Group and when the revenue can be measured reliably, as well as all the following conditions are satisfied:

Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized using the percentage of completion method at the balance sheet date. Depending on the type of the construction contract, the percentage of completion of a contract is determined in the following ways: (1) the proportion of contract costs incurred to date to estimated total contract costs; (2) the proportion of completed contract work that has been confirmed by the supervision party to the estimated total contract work; or (3) surveys of the work performed.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

22. Revenue (continued)

Revenue from construction contracts (continued)

The outcome of a construction contract is considered to be reliably estimated when all the following conditions are satisfied:

- (1) the total contract revenue can be measured reliably;
- (2) it is probable that the economic benefits associated with the contract will flow to the Group;
- (3) both the contract costs to complete the contract and the stage of contract completion on the balance sheet date can be measured reliably; and
- (4) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

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

Total contract revenue comprises the initial amount of revenue agreed in the contract and amounts resulting from variations in contract work, claims and incentive payments.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Based on the nature of the transaction, the percentage of completion is determined in the following ways: (1) the proportion of costs incurred to date to the estimated total costs; (2) surveys of work perform; or (3) the proportion of services performed to date to the total services to be performed. Concession revenue is recognized when it is probable that the economic benefits will flow to the Group and the amount of the revenue can be measured reliably.

The outcome of rendering services can be estimated reliably when the following conditions are satisfied:

- (1) the amount of revenue can be measured reliably;
- (2) it is probable that the associated economic benefits will flow to the Group;
- (3) both the service costs to be incurred for the transaction and the stage of transaction completion on the balance sheet date can be measured reliably; and
- (4) the actual costs incurred can be clearly identified and measured reliably, so as to compare with prior estimates.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

22. Revenue (continued)

Revenue from the rendering of services (continued)

The total service revenue is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not at fair value.

When the outcome of a transaction involving rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of costs incurred that it is probable will be recoverable, and costs shall be recognized as an expense in the period in which they are incurred. When it is probable that total service costs will exceed total revenue, the estimated loss shall be recognized as an expense immediately.

When the Group has entered into a contract or agreement with other enterprises comprising both sales of goods and rendering of services, if the portion of sales of goods and the rendering of services can be separately identified and measured, they are accounted for separately; if the portion of sales of goods and the rendering of services cannot be separately identified, or can be separately identified but cannot be separately measured, the contract is treated as the sales of goods.

Revenue from the sales of goods

Revenue from the sale of goods is recognized when the significant risks and rewards in relation to ownership of the goods have been transferred to the buyer, the Group retains neither continuing management nor effective control over the goods sold; and the relevant amounts of costs can be measured reliably. The amount of revenue arising from the sales of goods is determined by the amount of consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable stipulated in contract or agreement is not fair. Where the consideration receivable under contract or agreement is deferred so that the arrangement is in substance of a financing nature, the amount of revenue arising on the sales of goods is measured at the fair value of the consideration receivable.

Interest income

Interest income is recognized based on the time horizon of the use of the Group's fund by others and the effective interest rate.

Royalty income

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

Lease income

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

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

23. Government grants

Government grants are recognized when all attaching conditions will be complied with and the grant can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets pursuant to government provisions. When government provisions are not stated clearly, subsidiary conditions restricting the fundamental conditions of acquiring the grant may also be attached. Grants related to income are government grants other than those related to assets.

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

Relocation compensation received due to public interests

The Group receives relocation compensation from the government for the benefit of public interests such as urban overall planning, reservoir construction, and transformation of squatter settlements and settling area control. The relocation compensation is paid out of financial budgets by governments and is recognized as special payables when received. Compensation granted for losses of fixed assets and intangible assets, expenses incurred, losses from suspension of projects, and assets to be constructed after the relocation, should be transferred to deferred income, and recognized as government grants relating to assets or expenses accordingly. Excess of the relocation compensation over the amount transferred to deferred income should be recorded in capital reserve.

24. Income tax

Income tax comprises current and deferred tax. Income tax is recognized as income or an expense in the income statement, except for the tax arising from adjustment of goodwill arising from a business combination, or recognized directly in shareholders' equity if it arises from a transaction or event which is recognized directly in shareholders' equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid according to the taxation laws and regulations.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

24. **Income tax** (continued)

Based on the differences between the carrying amount of an asset or liability in the balance sheet and its tax base; and the differences between the carrying amount of some items that have a tax base but are not recognized as assets and liabilities and its tax base, the Group adopts liability method for provision of deferred tax.

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

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, it affects neither accounting profit nor taxable profit or loss; or
- (2) taxable temporary differences associated with investments in subsidiaries, jointly-controlled entities and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognized for deductible temporary differences, carryforward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilized, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither affects the accounting profit nor taxable profit or loss; or
- (2) deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled entities, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

24. **Income tax** (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

25. **Leases**

A finance lease is a lease that transfers in substance all the risks and rewards of ownership of an asset. All the other leases are termed as operating leases.

As lessee of an operating lease

Lease payments under an operating lease are recognized by a lessee on the straight-line basis over the lease terms, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rents are charged to profit or loss when incurred.

As lessor of an operating lease

Rent income under an operating lease is recognized by a lessor on the straight-line basis over the lease terms through profit or loss. Contingent rents are charged to profit or loss in the period in which they actually arise.

As lessee of a finance lease

An asset held under finance lease is recognized at the lease commencement at the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the long-term payables; and (2) the difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge, which is amortized using the effective interest rate method over each period during the lease term. Contingent rents are charged to profit or loss in the period in which they actually arise.

26. **Impairment of assets**

The Group determines the impairment of assets, other than the impairment of inventories, construction contracts, deferred income taxes, financial assets and long-term equity investments, which are accounted for using the cost method as there are no quoted market prices in active markets and whose fair value cannot be reliably measured, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and an intangible asset with an indefinite useful life is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

26. Impairment of assets (continued)

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognized in profit or loss for the current period. A provision for impairment loss of the asset is recognized accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognize any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

27. Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits the Group provided to employees' spouse, children, dependent, and families of deceased employees are also belong to employee benefits.

Post-employment benefits (defined contribution plans)

Employees of the Group join in the endowment insurance managed by local governments, relevant costs occurred are recorded in relevant capital costs and expenses by the Group.

Early retirement benefits

Early retirement benefits are recognized in the period in which the Group has entered into an agreement with the employee specifying the terms of redundancy, or after the individual employee has been advised of the specific terms. As for early retirement benefits, the Group recognizes monthly paid salaries and social benefits for these early retirees during the period from the date of early retirement to the normal retirement date as employee benefits payable and charges to profit or loss of the current period. The specific terms for early retired employees vary depending on various factors including their position, length of service, and salary level at the time of application, minimum compensation levels set by the local regulatory authorities, and the district in which the employee is located.

Early retirement benefits are considered as defined benefit plans. The Group does not put any funds in the plan; the costs of the defined benefit plan are measured by the projected cumulative unit credit method.

Any remeasurement caused by defined benefit plans, including actuarial gains or losses, is all recognized in balance sheet immediately and recorded in equity by other comprehensive incomes at the accounting period the re-measurement occurred. Those losses and gains should not be recognized to profit and losses at the following accounting periods.

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

Interests cost equal to net defined benefit liability times discount rate. The Group recognized changes of net defined benefit obligation as management expenses in statements of profit and losses. Those changes include service costs, including current service costs, past service costs and gains and losses on settlement, and interest costs, which are the interest expenses of the plan.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

27. **Employee benefits** (continued)

Termination benefits

The Group recognizes a liability and expenses for termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits; and b) when the entity recognizes costs for a restructuring and involves the payment of termination costs.

Housing funds

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

Bonus entitlements

The estimated cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are estimated to be settled within twelve months and are measured at the amounts estimated to be paid when they are settled.

28. **Distribution of profit**

The cash dividend of the Company is recognized as a liability upon approval in the annual shareholders' meeting.

29. **Production safety expenses**

The Group accrues for production safety expenses pursuant to the *Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilization* <CaiQi [2012]No.16> and the *Management Measures on the Enterprises Production Safety Expenses Appropriation and Utilization*, issued by the Ministry of Finance and the State Administration of Work Safety.

Production safety expenses accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserve. When the expenditures are utilized as expenses, they should be recognized in the income statement and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognized in the cost of fixed assets, which will be recognized when it is ready for use. Same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

30. Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

31. Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognizes in relation to its interest in a joint operation: (i) its assets, including its share of any assets held jointly; (ii) its liabilities, including its share of any liabilities incurred jointly; (iii) its revenue from the sale of its share of the output arising from the joint operation; (iv) its share of the revenue from the sale of the output by the joint operation; (v) its expenses, including its share of any expenses incurred jointly.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

32. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments which have significant effect on the amounts recognized in the financial statements:

Impairment of available-for-sale financial assets

The Group determines if available-for-sale investments are not temporarily impaired in accordance with the requirements of Accounting Standard for Enterprises No. 22 Recognition and Measurement of Financial Instruments. The determination requires significant judgment. In making this judgment, the Group evaluates various factors, including the duration and the extent to which the fair value of an investment is less than its cost. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health and short-term business prospects of the investee, including industry and sector performance, changes in technology, and operating and financing cash flows, etc.

Contingent liabilities arising from litigation and claims

The Group is involved in a number of litigation and claims in respect of certain construction work performed at present and in the past. Contingent liabilities arising from these litigation and claims have been assessed by management with reference to legal advice. Provisions on the possible obligations have been made based on management's best estimates and judgments.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are discussed below.

Useful lives and residual values of fixed assets

The useful lives of fixed assets are estimated based on historical experience of the Group with similar assets used in a similar way. If useful lives of the fixed assets are estimated to be shorter than previously estimated, the Group will increase the depreciation rates accordingly, or dispose of those assets that are idle or technically obsolete.

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

Income tax and deferred tax assets

The Company and its subsidiaries are subject to income taxes in numerous jurisdictions in domestic provinces and certain overseas countries. In order to reliably estimate and judge, the income tax provision is required to be determined based on existing tax laws, regulations and practices, if the relevant affairs of income tax have not yet been confirmed by relevant tax authorities. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current period income tax provisions in the periods in which the differences arise.

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



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Percentage of completion of construction work

The Group recognizes revenue according to the percentage of completion of individual contracts of construction work, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding contract revenue is also estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than estimated or actual contract costs are more than estimated, a foreseeable loss may arise.

Impairment of account receivables

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

Provision for properties under development

The Group makes a provision for properties under development when the net realizable values of the properties under development are lower than the carrying amounts at the balance sheet date. The principal assumptions for the Group's estimation of the net realizable values of the properties under development include those related to current market prices for similar properties in the same location and condition, estimated costs to be incurred to completion of the properties and discount rates.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future expected cash flows from the asset groups or sets of asset groups to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups or sets of asset groups and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

II. Significant accounting policies and estimates (continued)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Retirement benefits

The Group establishes liabilities in connection with benefits paid to certain early retired employees. The amounts of employee benefit expenses and liabilities are determined using various assumptions and conditions assumptions on discount rates, estimated rates of return on assets, pension benefit inflation rates, medical benefit inflation rates, and other factors. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Actual results that differ from the assumptions are recognized immediately and therefore affect recognized other comprehensive income in the period in which such differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the other comprehensive income and balance of liabilities related to the employee retirement benefit obligations.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes

1. Major categories of taxes and respective tax rates

- | | | |
|---|---|--|
| Value-added tax ("VAT") | — | For the Company and certain subsidiaries which are recognized as general VAT payers, VAT payable is imposed on the taxable sales amount multiplied by the tax rate of 6% or 17% (Output-VAT) less deductible input-VAT of current period. VAT of other subsidiaries recognized as small scale taxpayers is levied at the rate of 3%. |
| Business tax ("BT") | — | The Company and its subsidiaries are subject to BT for the income generated from provision of construction services and other services at a rate of 3% and 5%, respectively. |
| City maintenance and construction tax ("CCT") | — | The Company and its subsidiaries are subject to CCT on the total payment of BT and VAT at a rate of 7%, 5% or 1% depending on the location of the taxpayers. |
| Education surcharge | — | The Company and its subsidiaries are subject to the education surcharge at a rate of 3% on the total payment of BT and VAT. |
| Corporate income tax ("CIT") | — | Except for certain preferential treatments available to the Company's domestic subsidiaries and overseas subsidiaries which are required to accrue CIT based on tax laws and regulations of foreign jurisdictions, the corporations within the Group are subject to CIT at a rate of 25%. |
| | | The Company and its subsidiaries each calculate and pay CIT as a legal entity at the location where it is registered. |
| | | Overseas subsidiaries (including those located in the Hong Kong and Macao Special Administrative Regions of the People's Republic of China) are taxed according to the prevailing tax laws and regulations in the relevant countries/jurisdictions. |
| Real estate tax | — | Real estate tax is levied at a rate of 1.2% based on 70%, 75% or 80% of the original cost of the properties and is filed and paid by the Company and its subsidiaries accordingly. |
| Individual income tax ("IIT") | — | According to the relevant tax laws and regulations, the Company and its subsidiaries have obligations to withhold IIT for their employees' salary income. |

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments

Additional deduction of research and development (R&D) expenditures

Pursuant to Chapter IV, Item 1 of Article 30 of the PRC Corporate Income Tax Law (the New CIT Law) and the *Circular on Printing and Issuing the Administrative Measures for the Pre-tax Deduction of Enterprises' Expenditures for Research and Development (for Trial Implementation)* of the State Administration of Taxation (Guo Shui Fa [2008] No.116), subsidiaries of the Group complying with the relevant provisions can make an additional deduction on their research and development expenditures when calculating the taxable income.

Tax preferential treatment for the Western Region Development

Pursuant to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies* of State Administration of Taxation, Ministry of Finance and General Administration of Customs (Cai Shui [2011] No.58), the Tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, "from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises incorporated in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal business are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region, the income of which accounts for more than 70% of the total income of such enterprises. The Catalogue of Encouraged Industries in the Western Region shall be issued separately." Pursuant to *Announcement of the State Administration of Taxation on Issues of Enterprise Income Tax Concerning In-depth Implementation of Western Region Development Strategy* (Announcement of the State Administration of Taxation [2012] No.12), before the Catalogue of Encouraged Industries in the Western Region has been released, the enterprises whose principal businesses are the industrial projects prescribed in the Industrial Restructuring Guidance Catalogue (2005), Industrial Restructuring Guidance Catalogue (2011), the Catalogue for the Guidance of Foreign Investment Industries (Amended in 2007) and the Implementation of the Catalogues of Advantage Industries in Central-Western Areas by Customs (2008 Revision), can be entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% after the tax authorities confirmation. After issuance of the Western Catalog, the enterprises, which have performed annual CIT filings based on the 15% CIT rate, may need to re-file the CIT returns based on the applicable CIT rate, if they do not qualify for the conditions stipulated in Article 1 of Announcement 12.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Tax preferential treatment for the Western Region Development (continued)

As at 31 December 2013, the Catalogue of Encouraged Industries in the Western Region has not been released, certain subsidiaries of the Group, including China Railway 11th Bureau Group 5th Engineering Co., Ltd. (中鐵十一局集團第五工程有限公司), China Railway 12th Bureau Group 4th Engineering Co., Ltd. (中鐵十二局集團第四工程有限公司), Railway Maintenance Engineering Co., Ltd. of 12th Bureau Group of the China Railway. (中鐵十二局集團鐵路養護工程有限公司), China Railway 13th Bureau Group 5th Engineering Co., Ltd. (中鐵十三局集團第五工程有限公司), China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司), China Railway 20th Bureau Group 5th Engineering Co., Ltd. (中鐵二十局集團第五工程有限公司), China Railway 20th Bureau Group 6th Engineering Co., Ltd. (中鐵二十局集團第六工程有限公司), China Railway 20th Bureau Group Electrical Engineering Co., Ltd. (中鐵二十局集團有限公司電氣化工程有限公司), China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 2nd Engineering Co., Ltd. (中鐵二十一局集團第二工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group Electrical Engineering Co., Ltd. (中鐵二十一局集團電務電化工程有限公司), China Railway 21st Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵二十一局集團路橋工程有限公司), Lanzhou Jincheng Railway Concrete Co., Ltd. (蘭州金誠鐵路混凝土有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), China Railway 23rd Bureau Group 8th Engineering Co., Ltd. (中鐵二十三局集團第八工程有限公司), China Railway 1st Survey and Design Institute Group Ltd. (中鐵第一勘察設計院集團有限公司), Gansu Runtong Electric Engineering Co., Ltd. (甘肅潤通電氣化工程有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公司), Chengdu China Railway Project Management Co., Ltd. (成都中鐵建項目建設管理有限公司), Kunming Autongda Railway Engineering Machinery Co., Ltd. (昆明奧通達鐵路機械有限公司) and Kunming China Railway Large Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司) were assumed to have enjoyed the corporate income tax preferential treatment for the Western Region Development temporarily after confirmation by the local tax authority.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries

China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司) and its subsidiaries

China Railway 11th Bureau Group Bridge Co., Ltd. (中鐵十一局集團橋樑有限公司) has been recognized as a High-New Technology Enterprises by the Science and Technology Department of Jiangxi Province, Jiangxi Provincial Department of Finance, Jiangxi State Administration of Taxation and the Jiangxi Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 11st Bureau Group Electrical Engineering Co., Ltd. (中鐵十一局集團電務工程有限公司) has been recognized as a High-New Technology Enterprises by the Science and Technology Department of Hubei Province, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 12th Bureau Group Co., Ltd. (中鐵十二局集團有限公司) and its subsidiaries

China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團有限公司第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團有限公司三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 12th Bureau Group Electrical Engineering Co., Ltd. (中鐵十二局集團有限公司電氣化工程有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Science and Technology Department, Tianjin Municipal Department of Finance, Tianjin State Administration of Taxation and the Tianjin Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries (continued)

China Railway 13th Bureau Group Co., Ltd. (中國鐵建十三局集團有限公司) and its subsidiaries

China Railway 13th Bureau Group Co., Ltd. (中國鐵建十三局集團有限公司) has been recognized as a High-New Technology Enterprise by Tianjin Municipal Science and Technology Department, Tianjin Department of Finance, Tianjin State Administration of Taxation and the Tianjin Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 13th Bureau Group 4th Engineering Co., Ltd. (中鐵十三局集團有限公司第四工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Heilongjiang Province, Heilongjiang Provincial Department of Finance, Heilongjiang State Administration of Taxation and the Heilongjiang Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 13th Bureau Group Electric Engineering Co., Ltd. (中鐵十三局集團有限公司電務工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Tianjin, Tianjin Department of Finance, Tianjin State Administration of Taxation and the Tianjin Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司) and its subsidiaries

China Railway 14th Bureau Group Beijing China Railway Fangshan Bridge Co., Ltd. (中鐵十四局集團北京中鐵房山橋樑有限公司) has been recognized as a High-New Technology Enterprises by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 14th Bureau Group Electrical Engineering Co., Ltd. (中鐵十四局集團電氣化工程有限公司) has been recognized as a High-New Technology Enterprises by the Science and Technology Department of Shandong Province, Shandong Provincial Department of Finance, Shandong State Administration of Taxation and the Shandong Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries (continued)

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司)

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司) has been recognized as a High-New Technology Enterprises by the Science and Technology Department of Henan Province, Henan Provincial Department of Finance, Henan State Administration of Taxation and the Henan Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

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

China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 16th Bureau Group Beijing Metro Engineering Construction Co., Ltd. (中鐵十六局集團北京軌道交通建設工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司) and its subsidiaries

China Railway 17th Bureau Group Electrical Engineering Co., Ltd. (中鐵十七局集團電氣化工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 17th Bureau Group 2st Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries (continued)

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司)

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司) and its subsidiaries

China Railway 19th Bureau Group 1st Engineering Co., Ltd. (中鐵十九局集團有限公司第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Liaoning Province, Liaoning Provincial Department of Finance, Liaoning State Administration of Taxation and the Liaoning Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway 19th Bureau Group 2nd Engineering Co., Ltd. (中鐵十九局集團有限公司第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Liaoning Province, Liaoning Provincial Department of Finance, Liaoning State Administration of Taxation and the Liaoning Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway 19th Bureau Group 3rd Engineering Co., Ltd. (中鐵十九局集團有限公司第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Liaoning Province, Liaoning Provincial Department of Finance, Liaoning State Administration of Taxation and the Liaoning Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 19th Bureau Group Metro Engineering Construction Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries (continued)

China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司) and its subsidiaries

China Railway 20th Bureau Group Xi'an Engineering Co., Ltd. (中鐵二十局集團西安工程機械有限公司) has been recognized as a High-New Technology Enterprise by the Shaanxi Municipal Science and Technology Commission, Shaanxi Finance Department, Shaanxi Municipal Office of the State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 20th Bureau Group 4th Engineering Co., Ltd. (中鐵二十局集團第四工程有限公司) has been recognized as a High-New Technology Enterprise by the Qingdao Municipal Science and Technology Commission, Qingdao Finance Department, Qingdao Municipal Office of the State Administration of Taxation and the Qingdao Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

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

China Railway 23rd Bureau Group Metro Engineering Construction Co., Ltd. (中鐵二十三局集團軌道交通工程有限公司) has been recognized as a High-New Technology Enterprise by Shanghai Pudong State Administration of Taxation since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway 23rd Bureau Group Electrical Engineering Co., Ltd. (中鐵二十三局集團電務工程有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Kunming China Railway Large Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司) and its subsidiaries

Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries (continued)

Kunming China Railway Large Road Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司) and its subsidiaries (continued)

Beijing Kunweitong Railway Engineering Machinery Co., Ltd. (北京昆維通鐵路機械化工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Fourth Survey and Design Institute Group Ltd. (中鐵第四勘察設計院集團有限公司)

China Railway Fourth Survey and Design Institute Group Ltd. (中鐵第四勘察設計院集團有限公司) has been recognized as a High-New Technology Enterprises by the Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway Fifth Survey and Design Institute Group Ltd. (中鐵第五勘察設計院集團有限公司)

China Railway Fifth Survey and Design Institute Group Ltd. (中鐵第五勘察設計院集團有限公司) has been recognized as a High-New Technology enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) and its subsidiaries

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Department, Beijing Department of Finance, Beijing State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries (continued)

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) and its subsidiaries (continued)

China Railway Construction Electrification Bureau (Group) 2nd Engineering Co., Ltd. (中國鐵建電氣化局集團第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway Construction Electrification Bureau (Group) 3rd Engineering Co., Ltd. (中鐵建電氣化局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, Hebei State Administration of Taxation and the Hebei Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

Beijing China Railway Construction Electrification Bureau (Group) Design Institute Engineering Co., Ltd. (北京中鐵建電氣化局集團設計研究院有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Science and Technology Department, Beijing Department of Finance, Beijing State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) North Engineering Co., Ltd. (中國鐵建電氣化局集團北方工程有限公司) has been recognized as a High-New Technology Enterprises by the Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway Construction Electrification Bureau (Group) South Engineering Co., Ltd. (中鐵建電氣化局集團南方工程有限公司) has been recognized as a High-New Technology Enterprises by the Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries (continued)

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) and its subsidiaries (continued)

China Railway Construction Electrification Bureau (Group) 5th Engineering Co., Ltd. (中國鐵建電氣化局集團第五工程有限公司) has been recognized as a High-New Technology Enterprise by the Guangxi Provincial Science and Technology Department, Guangxi Provincial Department of Finance, Guangxi State Administration of Taxation and the Guangxi Local Taxation Bureau since 2013, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2013 to 31 December 2015.

China Railway Construction Electrification Bureau (Group) Kang Yuan New Materials Co., Ltd. (中國鐵建電氣化局集團康遠新材料有限公司) has been recognized as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) Science and Technology Co., Ltd. (中國鐵建電氣化局集團科技有限公司) has been recognized as a High-New Technology Enterprise by the Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, Hebei State Administration of Taxation and the Hebei Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) Metro Engineering Machinery Co., Ltd. (中國鐵建電氣化局集團軌道交通器材有限公司) has been recognized as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

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

China Railway Construction Heavy Industry Co., Ltd. (中國鐵建重工集團有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Hunan Province, Hunan Provincial Department of Finance, Hunan State Administration of Taxation and the Hunan Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

III. Taxes (continued)

2. Tax preferential treatments (continued)

Other preferential tax treatments of the Company's subsidiaries (continued)

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

China Railway Longchang Materials Co., Ltd. (中鐵隆昌鐵路器材有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Sichuan Province, Sichuan Provincial Department of Finance, Sichuan State Administration of Taxation and the Sichuan Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.

China Railway Construction Urban Engineering Co., Ltd. (中鐵建城建有限公司) and its subsidiaries

China Railway 16th Bureau Group Beijing Engineering Co., Ltd. (中鐵十六局集團北京工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2011, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2011 to 31 December 2013.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

IV. Consolidation scope of the consolidated financial statements

1. Subsidiaries

Particulars of the principal subsidiaries of the Company are as follows:

Company name	Type	Place of registration	Legal representative	Registered capital	Principal activities	Organization code	Actual contribution at year end	Percentage of equity interest	Percentage		Consolidated or not	Non-controlling interests
									of voting rights	of voting rights		
China Civil Engineering Construction Ltd.	Wholly-owned subsidiary	Beijing	Liu Zhiming	1,210,000	Construction	10000081-7	2,254,969	Direct	100	100	Yes	4,079
China Railway 11 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Wuhan, Hubei	Wang Guilin	1,031,850	Construction	17931508-7	1,893,912	Direct	100	100	Yes	—
China Railway 12 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Taiyuan, Shanxi	Shi Daoquan	1,060,677	Construction	11007118-4	1,957,277	Direct	100	100	Yes	81,733
China Railway 13 th Bureau Group Co., Ltd. (Note (a))	Wholly-owned subsidiary	Tianjin	Jiang Yongjun	1,044,810	Construction	24499795-1	1,660,480	Direct	100	100	Yes	—
China Railway 14 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Ji'nan, Shandong	Yang Youshi	1,110,000	Construction	16305598-9	2,130,105	Direct	100	100	Yes	6,456
China Railway 15 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Luoyang, Henan	Wu Xiangong	1,117,210	Construction	16995347-2	1,446,941	Direct	100	100	Yes	5,014
China Railway 16 th Bureau Group Co., Ltd. (Note (b))	Wholly-owned subsidiary	Beijing	Kong Lingjian	1,068,300	Construction	10163676-1	1,282,412	Direct	100	100	Yes	2,903
China Railway 17 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Taiyuan, Shanxi	Duan Dongming	1,105,470	Construction	11007084-3	1,714,582	Direct	100	100	Yes	—
China Railway 18 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Tianjin	Hao Chenyi	1,130,000	Construction	1096009-X	1,105,234	Direct	100	100	Yes	602,418
China Railway 19 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Ge Yongli	1,095,469	Construction	12202739-1	1,454,638	Direct	100	100	Yes	—
China Railway 20 th Bureau Group Co., Ltd. (Note (c))	Wholly-owned subsidiary	Xi'an, Shaanxi	Lei Shengxiang	1,130,850	Construction	22052306-5	1,615,144	Direct	100	100	Yes	4,403

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

IV. Consolidation scope of the consolidated financial statements (continued)

1. Subsidiaries (continued)

Particulars of the principal subsidiaries of the Company are as follows (continued):

Company name	Type	Place of registration	Legal representative	Registered capital	Principal activities	Organization code	Actual contribution at year end	Percentage of equity interest	Percentage		Consolidated or not	Non-controlling interests
									of voting rights	of voting rights		
China Railway 21 st Bureau Group Co., Ltd. (Note (d))	Wholly-owned subsidiary	Lanzhou, Gansu	Meng Guangshun	1,150,000	Construction	2243382-1	1,557,251	Direct	100	100	Yes	—
China Railway 22 nd Bureau Group Co., Ltd. (Note (e))	Wholly-owned subsidiary	Beijing	Liu Guozhi	1,057,000	Construction	71092227-X	1,295,286	Direct	100	100	Yes	29,854
China Railway 23 rd Bureau Group Co., Ltd.	Wholly-owned subsidiary	Chengdu, Sichuan	Xu Mingxin	965,000	Construction	74033824-2	1,395,004	Direct	100	100	Yes	45,104
China Railway 24 th Bureau Group Co., Ltd. (Note (f))	Wholly-owned subsidiary	Shanghai	Guo Yanjing	1,050,000	Construction	13220244-8	1,346,917	Direct	100	100	Yes	6,684
China Railway 25 th Bureau Group Co., Ltd. (Note (g))	Wholly-owned subsidiary	Guangzhou, Guangdong	Liang Yi	910,720	Construction	19043049-X	1,053,597	Direct	100	100	Yes	—
China Railway Construction Group Ltd.	Wholly-owned subsidiary	Beijing	Wang Wenzhong	1,300,000	Construction	10228709-X	2,368,346	Direct	100	100	Yes	28,753
China Railway Electrification Bureau Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Wang Hanlin	710,000	Construction	77705261-9	1,105,530	Direct	100	100	Yes	(9,071)
China Railway Construction Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Li Li	7,000,000	Real estate development	66050723-7	7,062,941	Direct	100	100	Yes	265,860
China Railway Goods and Materials Group Co., Ltd. (Note (h))	Wholly-owned subsidiary	Beijing	Jin Yueliang	2,000,000	Trading of construction materials	10209797-4	2,314,805	Direct	100	100	Yes	113,858



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

IV. Consolidation scope of the consolidated financial statements (continued)

1. Subsidiaries (continued)

Particulars of the principal subsidiaries of the Company are as follows (continued):

Company name	Type	Place of registration	Legal representative	Registered capital	Principal activities	Organization code	Actual	Percentage		Consolidated or not	Non-controlling interests	
							contribution at year end	Percentage of equity interest	of voting rights			
China Railway Construction Investment Co., Ltd. (Note (j))	Wholly-owned Subsidiary	Beijing	Li Ning	6,275,510	Project investment	57317581-X	10,000,000	Direct	100	100	Yes	717,600
CRCC Finance Company Limited (Note (j))	Subsidiary	Beijing	Zhuang Shuangbiao	6,000,000	Finance service	10112857-2	5,640,000	Direct	94	94	Yes	391,531
CRCC Assets Management Co., Ltd. (Note (k))	Wholly-owned subsidiary	Beijing	Feng Zhonghai	10,000	Assets management	717828913	10,000	Direct	100	100	Yes	500,510
CRCC Urban Engineering Co., Ltd. (Note (l))	Wholly-owned subsidiary	Changsha, Hunan	Luo Habin	2,000,000	Construction	085432629	2,000,000	Direct	100	100	Yes	—

Notes:

- (a) The corporate name of China Railway 13th Bureau Group Co., Ltd. was changed and the legal representative was changed to Jiang Yongjun from the former legal representative Lei Shengxiang. Change of business registration was completed on 26 December 2013.
- (b) The legal representative of China Railway 16th Bureau Group Co., Ltd. was changed to Kong Lingjian on 22 October 2013 from the former legal representative Qin Zhengbiao.
- (c) The legal representative of China Railway 20th Bureau Group Co., Ltd. was changed to Lei Shengxiang on 17 October 2013 from the former legal representative Jiang Yongjun. The registered capital was increased by RMB20,850,000 and change of business registration was completed on 8 July 2013. As at 31 December 2013, the registered capital was RMB1,130,850,000.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

IV. Consolidation scope of the consolidated financial statements (continued)

1. Subsidiaries (continued)

Particulars of the principal subsidiaries of the Company are as follows (continued):

Subsidiaries acquired through establishment or investment (continued):

Notes: (continued):

- (d) The registered capital of China Railway 21st Bureau Group Co., Ltd. was increased by RMB200,000,000 and change of business registration was completed on 23 January 2013. As at 31 December 2013, the registered capital was RMB1,150,000,000.
- (e) The registered capital of China Railway 22nd Bureau Group Co., Ltd. was increased by RMB131,000,000 and change of business registration was completed on 16 January 2013. As at 31 December 2013, the registered capital was RMB1,057,000,000.
- (f) The legal representative of China Railway 24th Bureau Group Co., Ltd. was changed to Guo Yanjing on 3 June 2013 from the former legal representative Wang Beijing. The registered capital was increased by RMB96,756,000 and change of business registration was completed on 12 December 2013. As at 31 December 2013, the registered capital was RMB1,050,000,000.
- (g) The legal representative of China Railway 25th Bureau Group Co., Ltd. was changed to Liang Yi on 30 December 2013 from the former legal representative An Kang.
- (h) The registered capital of China Railway Goods and Materials Group Co., Ltd. was increased by RMB1,000,000,000 and change of business registration was completed on 6 November 2013. As at 31 December 2013, the registered capital was RMB2,000,000,000.
- (i) The registered capital of China Railway Construction Investment Co., Ltd. was increased by RMB3,275,510,000 and change of business registration was completed on 1 February 2013. As at 31 December 2013, the registered capital was RMB6,275,510,000.
- (j) The registered capital of CRCC Finance Company Limited was increased by RMB4,500,000,000 and change of business registration was completed on 30 March 2013. As at 31 December 2013, the registered capital was RMB6,000,000,000.
- (k) As a wholly-owned subsidiary, CRCC Assets Management Co., Ltd. was established by the Company on 5 March 2013.
- (l) As a wholly-owned subsidiary, CRCC Urban Engineering Co., Ltd. was established by the Company on 16 December 2013. Change of business registration was completed on 16 December 2013.
- (m) All non-controlling interests arise from the subsidiaries of the Company's second tier subsidiaries, except for CRCC Finance Company Limited.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

IV. Consolidation scope of the consolidated financial statements (continued)

2. Changes in the scope of consolidation

Except for the subsidiaries newly established during the current year, the consolidation scope is consistent with the previous year.

3. Exchange rates used to translate the financial statements of foreign operations

	Average rates		Closing rates	
	2013	2012	31 December 2013	31 December 2012
USD	6.19120	6.29320	6.09690	6.28550
EUR	8.36825	8.24005	8.41890	8.31760
NGN	0.03901	0.03967	0.03755	0.04046
ETB	0.33292	0.36173	0.31556	0.35028
DZD	0.07949	0.08221	0.07784	0.08113
HKD	0.79854	0.81078	0.78623	0.81085
MOP	0.77000	0.79005	0.74850	0.79150
SAR	1.65763	1.68997	1.62896	1.68630
LYD	4.92450	5.00426	4.84413	5.00486
AOA	0.06402	0.06610	0.06244	0.06560
AUD	5.97893	6.47280	5.42156	6.53630
SGD	4.98909	5.03169	4.81595	5.16222
BWP	0.75684	0.82959	0.68822	0.82545
AED	1.69153	1.72444	1.66339	1.71966

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements

1. Cash and bank balances

	31 December 2013		
	Original currency	Exchange rate	RMB equivalent
Cash			
RMB	72,303	1.00000	72,303
USD	3,647	6.09690	22,235
EUR	239	8.41890	2,012
Others			34,666
			131,216
Cash at banks			
RMB	77,832,748	1.00000	77,832,748
USD	445,054	6.09690	2,713,450
NGN	66,221,784	0.03755	2,486,628
ETB	1,600,916	0.31556	505,185
EUR	32,487	8.41890	273,505
DZD	3,405,948	0.07784	265,119
HKD	275,484	0.78623	216,594
MOP	222,263	0.74850	166,364
SAR	90,060	1.62896	146,704
LYD	29,585	4.84413	143,314
Others			360,166
			85,109,777
Others			
RMB	5,726,198	1.00000	5,726,198
Others			52,555
			5,778,753
Mandatory reserves placed by CRCC Finance Company Limited with central bank			
RMB	2,414,091	1.00000	2,414,091
			93,433,837



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

1. Cash and bank balances (continued)

	31 December 2012		
	Original currency	Exchange rate	RMB equivalent
Cash			
RMB	382,967	1.00000	382,967
USD	11,937	6.28550	75,030
EUR	2,004	8.31760	16,668
Others			44,685
			519,350
Cash at banks			
RMB	79,006,357	1.00000	79,006,357
NGN	54,484,996	0.04046	2,204,463
USD	282,999	6.28550	1,778,790
ETB	809,338	0.35028	283,495
EUR	33,992	8.31760	282,732
AOA	3,751,113	0.06560	246,073
AUD	16,323	6.53630	106,692
LYD	20,274	5.00486	101,469
DZD	1,094,922	0.08113	88,831
SGD	15,331	5.16222	79,142
HKD	42,508	0.81085	34,468
BWP	38,778	0.82545	32,009
SAR	15,376	1.68630	25,929
AED	11,596	1.71966	19,941
Others			262,820
			84,553,211
Others			
RMB	4,599,592	1.00000	4,599,592
EUR	4,466	8.31760	37,146
Others			671
			4,637,409
Mandatory reserves placed by CRCC Finance Company Limited with central bank			
RMB	2,564,174	1.00000	2,564,174
			92,274,144

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

1. Cash and bank balances (continued)

Cash and bank balances with title restrictions are stated in Note V.18.

Cash deposited in the current account earns interest at floating interest rates. Terms of short-term time deposits are from one day to three months depending on the cash flow demand of the Group. These deposits earn interest at the respective bank deposit rates.

	31 December 2013	31 December 2012
Cash and bank balances at year end	93,433,837	92,274,144
Less: mandatory reserves with the central bank	(2,414,091)	(2,564,174)
Less: non-pledged time deposits with original maturity of three months or more when acquired	(5,636,327)	(5,290,510)
Less: other restricted cash and bank balances	(5,599,966)	(4,637,409)
Cash and cash equivalents at year end	79,783,453	79,782,051
Less: cash and cash equivalents at beginning of the year	(79,782,051)	(74,167,583)
Net increase in cash and cash equivalents	1,402	5,614,468

2. Financial assets at fair value through profit or loss

	31 December 2013	31 December 2012
Equity instruments held for trading	123,161	115,025

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

3. Bills receivable

	31 December 2013	31 December 2012
Commercial acceptance bills	1,973,365	1,577,680
Bank acceptance bills	1,493,034	722,890
	3,466,399	2,300,570



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

3. Bills receivable (continued)

Bills receivable with title restriction are stated in Note V.18.

As at 31 December 2013, there were no bills receivable pledged.

As at 31 December 2012, the top five largest bills receivable pledged were as follows:

Issuer	Date of issuance	Due date	Amount
Nanning Railway Bureau of the Ministry of Railways	26 July 2012	25 July 2013	94,153
Nanning Railway Bureau of the Ministry of Railways	17 August 2012	16 August 2013	89,161
Shanghai-Kunming Railway Passenger Line Co., Ltd.	07 December 2012	07 December 2013	64,420
Shanghai-Kunming Railway Passenger Line Co., Ltd.	17 September 2012	16 September 2013	55,649
Shaanxi Expressway Management Group Co., Ltd.	31 October 2012	25 July 2013	30,098
			333,481

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

3. Bills receivable (continued)

As at 31 December 2013, the Group had derecognized the following bank acceptance bills which were not matured but had been endorsed to other parties:

Issuer	Date of issuance	Due date	Amount
China Railway Erju Co., Ltd. Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	30 October 2013	30 January 2014	62,593
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Others			1,137,020
			1,279,613

As at 31 December 2012, the Group had derecognized the following bank acceptance bills which were not matured but had been endorsed to other parties:

Issuer	Date of issuance	Due date	Amount
Zhangjiagang Bonded Zone Huitongda International Trade Co., Ltd.	30 October 2012	30 April 2013	68,322
Zhangjiagang Bonded Zone Huitongda International Trade Co., Ltd.	28 August 2012	28 February 2013	20,000
Hebei Iron and Steel Group Jingye Iron and Steel Co., Ltd.	26 July 2012	25 January 2013	10,000
Shanxi Shanmei Trade Co., Ltd.	10 September 2012	09 March 2013	10,000
Shanxi Shanmei Trade Co., Ltd.	10 September 2012	09 March 2013	10,000
Others			1,010,484
			1,128,806



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

3. Bills receivable (continued)

As at 31 December 2013, the Group had derecognized bank acceptance bills of RMB249,615,000 issued by third parties which were not matured (31 December 2012: RMB61,700,000).

As at 31 December 2013, the Group held no bills receivable from shareholders that held 5% or more of the voting rights of the Company (31 December 2012: nil).

As at 31 December 2013, the Group's bills receivable were neither past due nor impaired (31 December 2012: nil).

4. Accounts receivable

The majority of the Group's revenues is generated through construction projects and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. For the sale of products, a credit period ranging from 30 to 90 days may be granted to the customers. For retention money receivables in respect of construction work carried out by the Group, the due dates usually range from one to six years after the completion of the construction work. The retention money whose maturity is more than one year is recognized as long-term receivables. Accounts receivable are non-interest-bearing.

An ageing analysis of accounts receivable is presented as follows:

	31 December 2013	31 December 2012
Within 1 year	81,793,582	68,021,308
1 to 2 years	4,851,995	2,397,974
2 to 3 years	1,155,707	1,094,864
Over 3 years	886,251	656,314
	88,687,535	72,170,460
Less: provision for bad debts	(889,813)	(458,824)
	87,797,722	71,711,636

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

4. **Accounts receivable** (continued)

Movements in the provision for bad debts are as follows:

	2013	2012
Opening balance	458,824	434,171
Provision	580,305	88,360
Other additions (Note)	—	70,479
Reversal	(133,626)	(112,953)
Write-off	(15,690)	(21,233)
Closing balance	889,813	458,824

Note: Other additions in 2012 included the carrying amount of bad debt provisions made by Guangdong Provincial Hangsheng Construction Co., Ltd. (referred to as "Hangsheng") before the acquisition of Hangsheng by China Railway Construction Waterway Bureau Co., Ltd., a subsidiary of the Company.

Accounts receivable and provision for bad debts by category are presented as follows:

	31 December 2013			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage
Individually significant and subject to separate provision for bad debts	75,892,085	85.57	(309,632)	0.41
Subject to provision by group				
— Within 6 months	9,324,502	10.51	—	—
— 6 months to 1 year	538,382	0.61	(2,692)	0.50
— 1 to 2 years	550,085	0.62	(27,509)	5.00
— 2 to 3 years	302,512	0.34	(30,240)	10.00
— Over 3 years	343,423	0.39	(189,872)	55.29
Individually not significant but subject to separate provision for bad debts	1,736,546	1.96	(329,868)	19.00
	88,687,535	100.00	(889,813)	



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

4. Accounts receivable (continued)

	31 December 2012			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage
Individually significant and subject to separate provision for bad debts	61,980,821	85.88	(130,925)	0.21
Subject to provision by group				
— Within 6 months	7,723,702	10.70	—	—
— 6 months to 1 year	516,893	0.72	(2,584)	0.50
— 1 to 2 years	427,715	0.59	(21,388)	5.00
— 2 to 3 years	207,260	0.29	(20,726)	10.00
— Over 3 years	357,494	0.50	(176,844)	49.47
Individually not significant but subject to separate provision for bad debts	956,575	1.32	(106,357)	11.12
	72,170,460	100.00	(458,824)	

As at 31 December 2013, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows:

Due from	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	43,338	(33,990)	78.43	Note
Company 2	13,137	(13,137)	100.00	Note
Company 3	19,044	(9,522)	50.00	Note
Company 4	10,529	(8,424)	80.00	Note
Company 5	10,111	(8,089)	80.00	Note
Others	12,075,965	(236,470)		
	12,172,124	(309,632)		

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

4. *Accounts receivable* (continued)

As at 31 December 2012, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows:

Due from	Gross carrying amount	Provision for bad debts	Percentage	Reason²
Company 1	43,338	(33,990)	78.43	Note
Company 2	18,741	(14,993)	80.00	Note
Company 3	13,137	(10,674)	81.25	Note
Company 4	10,529	(8,424)	80.00	Note
Company 5	14,825	(4,448)	30.00	Note
Others	2,456,335	(58,396)		
	2,556,905	(130,925)		

Note: According to the age analysis and operation of the companies, the Group recorded all or proportion of provision for doubtful debts.

For the year ended 31 December 2013 and the year ended 31 December 2012, there was no significant reversal of provision for bad debts of accounts receivable or significant cash settlement for impaired receivables.

For the year ended 31 December 2013 and the year ended 31 December 2012, no individually significant accounts receivable have been written off.

As at 31 December 2013, accounts receivable which were individually not significant but subject to separate provision for bad debts were as follows:

Accounts receivable	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	8,389	(8,389)	100.00	Note
Company 2	8,533	(8,133)	95.31	Note
Company 3	8,135	(7,000)	86.05	Note
Company 4	5,832	(3,983)	68.30	Note
Company 5	3,604	(3,604)	100.00	Note
Others	1,668,415	(298,759)		
	1,702,908	(329,868)		



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

4. Accounts receivable (continued)

As at 31 December 2012, accounts receivable which were individually not significant but subject to separate provision for bad debts were as follows:

Accounts receivable	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	6,533	(6,533)	100.00	Note
Company 2	6,324	(6,324)	100.00	Note
Company 3	7,425	(4,435)	59.73	Note
Company 4	4,211	(4,211)	100.00	Note
Company 5	4,061	(4,061)	100.00	Note
Others	928,021	(80,793)		
	956,575	(106,357)		

Note: According to the age analysis and operation of the companies, the Group recorded all or proportion of provision for doubtful debts.

Within the aforesaid balance of accounts receivable, amounts due from shareholders that held 5% or more of the Company's voting rights were as follows:

	31 December 2013		31 December 2012	
	Amount	Provision for bad debt	Amount	Provision for bad debt
CRCCG	—	—	369,840	—

As at 31 December 2013, the five largest accounts receivable were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable
Company 1	Third party	1,432,716	Within 1 year	1.62
Company 2	Third party	1,350,189	Within 1 year	1.52
Company 3	Third party	1,310,538	Within 1 year	1.48
Company 4	Third party	917,867	Within 1 year	1.03
Company 5	Third party	813,820	Within 1 year	0.92
		5,825,130		6.57

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

4. Accounts receivable (continued)

As at 31 December 2012, the five largest accounts receivable were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable
Company 1	Third party	1,726,030	Within 1 year	2.39
Company 2	Third party	1,299,361	Within 1 year	1.80
Company 3	Third party	1,255,397	Within 1 year	1.74
Company 4	Third party	923,884	Within 1 year	1.28
Company 5	Third party	795,850	Within 1 year	1.10
		6,000,522		8.31

As at 31 December 2013, accounts receivable due from related parties were as follows:

	Relationship with the Group	Amount	Percentage of total accounts receivable
Chongqing Yurong Highway Co., Ltd.	Associate	388,915	0.45
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	136,049	0.15
CRCCG	Ultimate holding company	79,674	0.09
Inner Mongolia Berun New Energy Co., Ltd.	Associate	68,765	0.08
CRCC-HC-CR15GJointVenture	Jointly- controlled entity	6,519	0.01
CRCC-Tongguan Investment Co., Ltd.	Associate	4,079	—
Chongqing Tiefa Suiyu Highway Co., Ltd.	Fellow subsidiary	2,914	—
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	584	—
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	530	—
		688,029	0.78



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

4. Accounts receivable (continued)

As at 31 December 2012, accounts receivable due from related parties were as follows:

	Relationship with the Group	Amount	Percentage of total accounts receivable
CRCCG	Ultimate holding company	369,840	0.51
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	57,894	0.08
CRCC-HC-CR15G Joint Venture	Jointly- controlled entity	22,759	0.03
Chongqing Tiefa Suiyu Highway Co., Ltd.	Fellow subsidiary	4,803	0.01
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	584	—
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	530	—
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary	30	—
		456,440	0.63

As at 31 December 2013, the Group's accounts receivable that were neither past due nor impaired amounted to RMB73,078,101,000 (31 December 2012: RMB67,147,618,000).

Accounts receivable with title restriction are stated in Note V.18.

5. Advances to suppliers

An ageing analysis of the advances to suppliers is as follows:

	31 December 2013		31 December 2012	
	Gross carrying amount	Percentage	Gross carrying amount	Percentage
Within 1 year	31,841,192	97.88	33,112,390	98.66
1 to 2 years	639,537	1.97	200,270	0.60
2 to 3 years	28,157	0.09	160,630	0.48
Over 3 years	20,532	0.06	87,408	0.26
	32,529,418	100.00	33,560,698	100.00

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

5. Advances to suppliers (continued)

As at 31 December 2013 and 31 December 2012, significant advances to suppliers aged over one year were as follows:

	31 December 2013	Nature
Company 1	119,700	Prepayment for materials
Company 2	50,000	Prepayment for materials
Company 3	35,103	Prepayment for materials
Company 4	32,893	Prepayment for materials
Company 5	31,878	Prepayment for materials
	269,574	
	31 December 2012	Nature
Company 1	95,958	Prepayment for construction
Company 2	42,138	Prepayment for materials
Company 3	17,947	Prepayment for facilities
Company 4	17,052	Prepayment for materials
Company 5	15,513	Prepayment for materials
	188,608	

Significant outstanding advances to suppliers aged over one year are mainly due to related construction projects which have not been completed or materials or equipment which has not been received.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

5. Advances to suppliers (continued)

As at 31 December 2013, the five largest advances to suppliers were as follows:

	Relationship with the Group	Amount	Reason for Ageing outstanding advances
Company 1	Third party	605,407	Within 1 year Materials not yet received
Company 2	Third party	410,050	Within 1 year Materials not yet received
Company 3	Third party	369,204	Within 1 year Materials not yet received
Company 4	Third party	358,003	Within 1 year Materials not yet received
Company 5	Third party	351,014	Within 1 year Materials not yet received
		2,093,678	

As at 31 December 2012, the five largest advances to suppliers were as follows:

	Relationship with the Group	Amount	Reason for Ageing outstanding advances
Company 1	Third party	477,550	Within 1 year Materials not yet received
Company 2	Third party	413,300	Within 1 year Materials not yet received
Company 3	Third party	412,644	Within 1 year Materials not yet received
Company 4	Third party	226,544	Within 1 year Materials not yet received
Company 5	Third party	226,297	Within 1 year Materials not yet received
		1,756,335	

As at 31 December 2013, there were no advances to suppliers paid to shareholders that held 5% or more of the Company's voting rights (31 December 2012: nil).

Further details of advances to suppliers to other related parties were stated in Note VI.6.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

6. Other receivables

An ageing analysis of other receivables is as follows:

	31 December 2013	31 December 2012
Within 1 year	29,383,159	29,765,471
1 to 2 years	1,334,025	860,963
2 to 3 years	594,668	244,881
Over 3 years	434,826	420,842
Less: provision for bad debts	31,746,678 (765,762)	31,292,157 (324,100)
	30,980,916	30,968,057

Movements in the provision for bad debts are as follows:

	2013	2012
Opening balance	324,100	306,393
Provision	531,643	61,121
Other additions (<i>Note</i>)	—	30,058
Reversal	(16,687)	(59,128)
Write-off	(73,294)	(14,344)
Closing balance	765,762	324,100

Note: Other additions in 2012 included the carrying amount of bad debt provisions made by Hangsheng before the acquisition of Hangsheng by China Railway Construction Waterway Bureau Co., Ltd., a subsidiary of the Company.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

Other receivables by category are presented as follows:

	31 December 2013			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Individually significant and subject to separate provision for bad debts	16,171,511	50.94	(476,795)	2.95
Subject to provision by group				
— Within 6 months	9,214,897	29.03	—	—
— 6 months to 1 year	136,704	0.43	(684)	0.50
— 1 to 2 years	280,967	0.89	(14,048)	5.00
— 2 to 3 years	75,850	0.24	(7,585)	10.00
— Over 3 years	103,777	0.33	(64,623)	62.27
Individually not significant but subject to separate provision for bad debts	5,762,972	18.14	(202,027)	3.51
	31,746,678	100.00	(765,762)	

	31 December 2012			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %
Individually significant and subject to separate provision for bad debts	15,727,030	50.26	(168,866)	1.07
Subject to provision by group				
— Within 6 months	9,156,763	29.26	—	—
— 6 months to 1 year	60,234	0.19	(301)	0.50
— 1 to 2 years	91,086	0.29	(4,554)	5.00
— 2 to 3 years	48,643	0.16	(4,864)	10.00
— Over 3 years	78,748	0.25	(43,501)	55.24
Individually not significant but subject to separate provision for bad debts	6,129,653	19.59	(102,014)	1.66
	31,292,157	100.00	(324,100)	

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

As at 31 December 2013, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	170,679	(168,000)	98.43	Note
Company 2	67,421	(67,421)	100.00	Note
Company 3	45,538	(45,538)	100.00	Note
Company 4	44,714	(44,714)	100.00	Note
Company 5	43,119	(43,119)	100.00	Note
Others	646,827	(108,003)		
	1,018,298	(476,795)		

As at 31 December 2012, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	170,679	(168,000)	98.43	Note
Company 2	26,599	(475)	1.79	Note
Company 3	18,673	(238)	1.27	Note
Company 4	24,723	(153)	0.62	Note
	240,674	(168,866)		

Note: According to the age analysis and operation of the companies, the Group recorded all or proportion of provision for doubtful debts.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

As at 31 December 2013, other receivables that were individually not significant for which provision for bad debts was recognized separately were as follows:

Other receivables	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	8,817	(8,817)	100.00	Note
Company 2	8,298	(8,298)	100.00	Note
Company 3	7,794	(7,794)	100.00	Note
Company 4	6,693	(6,693)	100.00	Note
Company 5	8,000	(6,400)	80.00	Note
Others	231,257	(164,025)		
	270,859	(202,027)		

As at 31 December 2012, other receivables that were individually not significant for which provision for bad debts was recognized separately were as follows:

Other receivables	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	8,298	(8,298)	100.00	Note
Company 2	6,693	(6,693)	100.00	Note
Company 3	5,000	(5,000)	100.00	Note
Company 4	5,000	(5,000)	100.00	Note
Company 5	4,030	(4,030)	100.00	Note
Others	147,756	(72,993)		
	176,777	(102,014)		

Note: According to the age analysis and operation of the companies, the Group recorded all or proportion of provision for doubtful debts.

For the year ended 31 December 2013 and 31 December 2012, there was no significant reversal of impairment for other receivables or significant cash settlement for impaired receivables.

As at 31 December 2013 and 31 December 2012, there was no significant other receivable written off.

As at 31 December 2013, the amount of other receivables neither past due nor impaired was RMB29,860,223,000 (31 December 2012: RMB30,595,995,000).

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

As at 31 December 2013, the five largest other receivables were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total other receivables
Company 1	Third party	1,000,000	Within 1 year	3.15
Company 2	Third party	769,020	Within 1 year	2.42
Company 3	Third party	726,348	Within 1 year	2.29
Company 4	Third party	561,132	Within 1 year	1.77
Company 5	Third party	501,822	Within 1 year	1.58
		3,558,322		11.21

As at 31 December 2012, the five largest other receivables were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total other receivables
Company 1	Third party	1,283,000	Within 1 year	4.10
Company 2	Third party	329,206	Within 1 year	1.05
Company 3	Third party	307,108	Within 1 year	0.98
Company 4	Third party	300,000	Within 1 year	0.96
Company 5	Third party	292,380	Within 1 year	0.93
		2,511,694		8.02

As at 31 December 2013, there were no other receivables due from shareholders that held 5% or more of the Company's voting rights (31 December 2012: nil).



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

As at 31 December 2013, other receivables due from related parties were as follows:

	Relationship with the Group	Amount	Percentage of total other receivables
Nanchang Xinlong Real Estate Co., Ltd.	Associate	26,599	0.09
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	6,139	0.02
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	1,615	0.01
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate	1,367	—
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	939	—
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Jointly- controlled entity	521	—
		37,180	0.12

As at 31 December 2012, other receivables from related parties were as follows:

	Relationship with the Group	Amount	Percentage of total other receivables
Nanchang Xinlong Real Estate Co., Ltd.	Associate	26,599	0.09
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	6,139	0.02
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	1,828	0.01
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	939	—
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate	917	—
		36,422	0.12

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

As at 31 December 2013, government grants receivable was as follows:

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	10,379	1 to 2 year	June, 2014	Panjin municipal committee publication [2010] No.16

As at 31 December 2012, Government grants receivable was as follows:

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	10,379	Within 1 year	June, 2014	Panjin municipal committee publication [2010] No.16



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

7. Inventories

	31 December 2013		
	Gross carrying amount	Provision	Carrying amount
Raw materials	26,904,465	(4,163)	26,900,302
Work in progress	1,121,583	—	1,121,583
Finished goods	6,205,541	(12,970)	6,192,571
Turnover materials	6,766,675	—	6,766,675
Properties under development (1)	63,041,876	—	63,041,876
Completed properties held for sale (2)	8,968,016	(69,222)	8,898,794
Gross amount due from contract customers (3)	88,827,855	(112,834)	88,715,021
	201,836,011	(199,189)	201,636,822

	31 December 2012		
	Gross carrying amount	Provision	Carrying amount
Raw materials	20,823,925	(4,163)	20,819,762
Work in progress	973,169	—	973,169
Finished goods	5,359,484	(4,747)	5,354,737
Turnover materials	6,039,001	—	6,039,001
Properties under development (1)	42,846,910	—	42,846,910
Completed properties held for sale (2)	8,817,250	(69,368)	8,747,882
Gross amount due from contract customers (3)	86,776,357	(220,878)	86,555,479
	171,636,096	(299,156)	171,336,940

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

7. Inventories (continued)

Movements in the provision for decline in value of the inventories were as follows:

2013

	Opening balance	Provision	Reversal	Write-off	Closing balance
Raw materials	4,163	—	—	—	4,163
Finished goods	4,747	14,078	(1,002)	(4,853)	12,970
Completed properties held for sale	69,368	207	—	(353)	69,222
Provision for foreseeable contract losses	220,878	36,253	(12,536)	(131,761)	112,834
	299,156	50,538	(13,538)	(136,967)	199,189

2012

	Opening balance	Provision	Other additions (note)	Reversal	Write-off	Closing balance
Raw materials	3,049	—	1,114	—	—	4,163
Finished goods	215	5,877	—	(1,345)	—	4,747
Completed properties held for sale	39,387	29,981	—	—	—	69,368
Provision for foreseeable contract losses	141,017	161,593	—	(18,421)	(63,311)	220,878
	183,668	197,451	1,114	(19,766)	(63,311)	299,156

Note: Other additions in 2012 included the carrying amount of inventory provisions made by Hangsheng before the acquisition of Hangsheng by China Railway Construction Waterway Bureau Co., Ltd., a subsidiary of the Company.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

7. Inventories (continued)

(1) Details of the properties under development are as follows:

Project name	Construction commencement date	Estimated completion date	Estimated investment amount	As at 31 December 2013	As at 31 December 2012
Tongjing International City Project	May 2005	December 2014	2,018,000	1,372,436	663,011
Guiyang CRCC International City Project	September 2007	September 2016	8,104,880	2,151,145	2,651,178
Hefei CRCC International City Project	May 2009	December 2017	7,400,000	728,317	1,549,079
CRCC Chengdu International City Project	August 2009	August 2014	3,000,000	566,062	325,084
Wuhan 1818 Center Project	November 2009	January 2015	2,000,000	872,653	546,339
Changsha CRCC International City Project	December 2009	June 2016	2,000,000	569,692	374,597
Beijing CRCC International City Project	December 2009	October 2014	6,802,520	1,493,318	1,498,399
Hangzhou CRCC International City Project	March 2011	June 2016	5,190,030	3,070,288	3,522,135
Tianjin CRCC International City Project	July 2011	April 2018	9,734,970	3,851,465	5,014,447
Gaoxin District Land of Chengdu Project	August 2011	December 2015	4,017,170	2,274,032	1,683,979
CRCC Liwan International City Project	August 2011	May 2014	2,815,380	1,310,372	1,925,978
Xi'an CRCC International City Project	August 2011	May 2018	9,773,964	2,950,202	2,640,639
Jinan CRCC International City Project	August 2011	December 2015	3,086,910	1,663,569	1,340,224
CRCC Beijing Shanyu City Project	September 2011	December 2014	3,609,140	1,140,074	1,391,346
Lanzhou Wutong Yuan Project	April 2012	March 2014	730,000	711,883	711,883
Fangshan Shengshui Jiaming Project	May 2012	December 2015	2,500,000	1,933,523	1,673,865
Guiyang Lancaoba Project	October 2012	December 2017	11,614,040	737,256	326,639
CRCC Wuhan Project	December 2012	April 2016	3,000,000	861,866	420,613
Wuhan Donghu High-tech Zone (Guanggu) Project	December 2012	December 2017	2,348,290	715,419	5,658
Changyang International Garden Project	March 2013	December 2014	1,681,901	1,145,315	823,215
Changsha Meixi Lake Project	May 2013	December 2017	3,537,990	1,479,654	—
Shijingshan District Pingguoyuan Business Area Project	June 2013	September 2015	1,703,440	679,726	—
Beihu Xinqu Project	August 2013	July 2018	4,820,000	2,272,765	—

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

7. Inventories (continued)

(1) Details of the properties under development are as follows: (continued)

Project name	Construction commencement date	Estimated completion date	Estimated investment amount	As at 31 December 2013	As at 31 December 2012
CRCC Hangzhou Qingxiucheng Project	September 2013	June 2015	1,732,950	951,884	—
Hangzhou International Garden Project	September 2013	December 2014	843,270	582,689	—
Chengdu International Garden Project	October 2013	October 2014	1,904,000	564,132	—
Xipai Lan'an Project	November 2013	April 2018	5,300,000	2,192,860	—
Shanghai Qingxiucheng 1 Project	November 2013	November 2015	1,769,235	1,166,381	—
Qingxiu Lanwan Project	March 2014	December 2016	3,490,000	1,563,484	—
CRCC Hefei Qingxiucheng Project	March 2014	September 2018	4,050,568	772,606	—
Zhongshan Donggang District K01 Land Project	April 2014	April 2017	3,000,000	1,209,175	—
Shanghai Qingxiucheng 2 Project	April 2014	December 2016	1,884,211	1,117,272	—
Haidian Environmental Protection Science Park Project	June 2014	December 2015	2,482,310	1,809,720	—
Qixia District No.1 Land Project	June 2014	December 2017	6,600,000	2,812,414	—
Shunyi New City No.7 Avenue Project	June 2014	December 2015	1,895,070	1,031,998	—
Qingxiu Shangcheng Project	June 2014	November 2015	1,535,310	817,300	—
Yanfang Pianqu Project	July 2014	December 2015	1,979,230	808,330	—
CRCC International Mansion Project	August 2014	December 2016	5,144,000	985,258	—
Others				10,105,341	13,758,602
				63,041,876	42,846,910

As at 31 December 2013, the aggregate carrying amount of borrowing costs capitalized in properties under development was RMB2,350,298,000 (31 December 2012: RMB1,239,884,000). Borrowing costs capitalized during the year ended 31 December 2013 amounted to RMB1,230,992,000 (for the year ended 31 December 2012 amounted to RMB988,795,000). The capitalization rates of borrowing costs ranged from 4.64% to 8.84% during the year (for the year ended 31 December 2012: 4.87% to 7.15%).



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

7. Inventories (continued)

(2) Details of the completed properties held for sale are as follows:

Project name	Completion date	2013			Closing balance
		Opening balance	Additions	Deductions	
C-park Flat Project Beijing CRCC	December 2009	24,282	80,187	(3,060)	101,409
International City Project	April 2012	733,277	588,876	(746,041)	576,112
CRCC Lingxiu City Project	April 2012	4,604	839,216	(418,668)	425,152
CRCC Qingxiu City Project	September 2012	303,714	8,863	(212,065)	100,512
CRCC International Garden I Project	October 2012	357,097	5,074	(167,140)	195,031
CRCC Fengling Shanyu City I II and III Projects	November 2012	445,225	3,552	(296,402)	152,375
Xuzhou Rencai Jianyuan Project	November 2012	205,996	2,190	(40,140)	168,046
Chengdu Longquanyi Project	December 2012	1,139,885	50,002	(671,871)	518,016
CRCC Bei Cheng Hua Fu Project	December 2012	968,839	46,157	(559,862)	455,134
Hefei CRCC International City Xuyuan Project	December 2012	757,581	1,423,304	(1,131,046)	1,049,839
CRCC Chengdu International CityII Project	December 2012	904,778	11,495	(468,750)	447,523
CRCC Guiyang International City Project	December 2012	957,152	1,328,670	(1,071,647)	1,214,175
Changsha Shanyu City Project	December 2012	361,987	550,301	(240,106)	672,182
Tongjing International City Project	December 2012	176,936	104,095	(173,486)	107,545
CRCC Jing Nan Yipin Project	October 2013	100,560	728,300	(427,550)	401,310
CRCC Linyi Donglai Shangcheng Project	October 2013	94,292	263,199	(147,095)	210,396
Tiantian Garden IV Project	October 2013	—	348,665	(214,214)	134,451
CRCC Ruiyuan Project	December 2013	—	510,748	(297,976)	212,772
CRCC Hangzhou International City Project	December 2013	—	1,203,319	(700,648)	502,671
CRCC Liwan International City Project	December 2013	—	1,251,587	(898,984)	352,603
Beijing Wutong Yuan Project	December 2013	—	3,330,865	(3,216,515)	114,350
Others		1,281,045	5,828,893	(6,253,526)	856,412
		8,817,250	18,507,558	(18,356,792)	8,968,016

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

7. Inventories (continued)

(2) Details of the completed properties held for sale were as follows (continued):

Project name	Completion date	Opening balance	2012		Closing balance
			Additions	Deductions	
Yingtai Garden I Project	November 2006	7,841	—	—	7,841
Jiaonan Linrui Business Square Project	December 2008	43,234	—	(6,941)	36,293
Xuzhou Rencai Jianyuan Project	November 2011	496,193	—	(290,197)	205,996
C-park Flat Project	December 2009	25,740	—	(1,458)	24,282
Changsha Shanyu City Project	December 2012	74,450	517,366	(229,829)	361,987
CRCC International Garden I Project	October 2012	133,942	553,387	(330,232)	357,097
Hefei CRCC International City Xuyuan Project	December 2012	871,347	729,041	(842,807)	757,581
Fangshan Guangyang Garden Project	March 2011	131,745	27,870	(112,702)	46,913
CRCC Fengling Shanyu City I, II and III Projects	November 2012	394,852	665,554	(615,181)	445,225
Chengdu Longquanyi Project	December 2012	168,487	1,598,993	(627,595)	1,139,885
CRCC Chengdu International City II Project	December 2012	—	1,310,316	(405,538)	904,778
Beijing CRCC International City Project	April 2012	1,013	2,367,603	(1,635,339)	733,277
CRCC Qingxiu City Project	September 2012	976,128	1,600,270	(2,272,684)	303,714
CRCC Jingnan Yipin Project	June 2012	61,841	436,733	(398,014)	100,560
CRCC Guiyang International City Project	December 2012	64,658	1,266,427	(373,933)	957,152
Jingjiang Yayuan II Project	December 2011	58,018	—	(26,781)	31,237
Changsha CRCC International City Project	May 2012	17,198	1,375,690	(1,247,796)	145,092
Anzhitinglan (East)	March 2012	—	94,317	(78,339)	15,978
Beijing Shanyu City Project	December 2012	—	469,188	—	469,188
Tongjing International City Project	December 2012	—	410,629	(233,693)	176,936
CRCC Bei Cheng Hua Fu Project	December 2012	—	1,278,961	(310,122)	968,839
River Palace Project	December 2012	12,650	750,015	(590,189)	172,476
Chongqing Cha Yuan New Zone Tongjing International City Q Group Project	December 2012	—	369,767	(227,945)	141,822
Others		166,112	3,387,789	(3,240,800)	313,101
		3,705,449	19,209,916	(14,098,115)	8,817,250

Inventories with title restriction are stated in Note V.18.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

7. Inventories (continued)

(3) Construction contracts

	31 December 2013	31 December 2012
Contract costs incurred to date	2,279,694,819	1,864,354,579
Recognized profits less recognized losses	163,751,142	135,014,789
Less: progress billings	(2,367,429,705)	(1,926,475,303)
	76,016,256	72,894,065

At end of the year:

	31 December 2013	31 December 2012
Gross amount due from contract customers	88,715,021	86,555,479
Gross amount due to contract customers (Note V.23)	(12,698,765)	(13,661,414)
	76,016,256	72,894,065

Included in the aforesaid balance of gross amount due from customers for contract work was an amount due from a shareholder that held 5% or more of the Company's voting rights as follows:

	31 December 2013		31 December 2012	
	Gross carrying amount	Provision	Gross carrying amount	Provision
CRCCG	8,894	—	31,579	—

Further details of gross amount due from contract customers due from related parties were stated in Note VI. 6.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

8. Available-for-sale financial assets

	31 December 2013	31 December 2012
Available-for-sale equity instruments	222,097	264,970

No provision for impairment of available-for-sale financial assets has been made or reversed during the years of 2013 and 2012.

The Group's available-for-sale financial assets are investments in companies that are listed outside Hong Kong.

	31 December 2013 Available-for- sale equity instruments	31 December 2012 Available-for-sale equity instruments
Cost	79,710	79,710
Total fair value gain or loss in other comprehensive income	142,387	185,260



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

9. Long-term receivables

	31 December 2013		
	Gross carrying amount	Provision for bad debts	Carrying amount
Retention money receivables "Build-Transfer"	9,513,653	(116,856)	9,396,797
project receivables	29,964,019	(557,558)	29,406,461
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
Others	1,002,780	—	1,002,780
	40,980,452	(674,414)	40,306,038
Less: Current portion of non-current assets:			
Retention money receivables "Build-Transfer"	8,381,633	(91,212)	8,290,421
project receivables	11,703,662	(86,643)	11,617,019
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
	20,585,295	(177,855)	20,407,440
Long-term receivables	20,395,157	(496,559)	19,898,598

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

9. Long-term receivables (continued)

	31 December 2012		
	Gross carrying amount	Provision for bad debts	Carrying amount
Retention money receivables “Build-Transfer”	7,790,086	(91,886)	7,698,200
project receivables	12,349,955	(150,891)	12,199,064
Consideration for the Saudi Arabia Mecca Light Rail Project	1,000,000	—	1,000,000
Others	224,529	—	224,529
	<hr/> 21,364,570	<hr/> (242,777)	<hr/> 21,121,793
Less: Current portion of non-current assets:			
Retention money receivables “Build-Transfer”	6,812,040	(42,514)	6,769,526
project receivables	6,158,366	—	6,158,366
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
	<hr/> 13,470,406	<hr/> (42,514)	<hr/> 13,427,892
Long-term receivables	<hr/> 7,894,164	<hr/> (200,263)	<hr/> 7,693,901



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

9. Long-term receivables (continued)

An ageing analysis of long-term receivables was as follows:

	31 December 2013	31 December 2012
Within 1 year	27,344,284	14,491,008
1 to 2 years	11,125,545	3,117,648
2 to 3 years	1,274,265	2,503,838
Over 3 years	1,236,358	1,252,076
	40,980,452	21,364,570
Less: provision for bad debts	(674,414)	(242,777)
	40,306,038	21,121,793
Less: Current portion of non- current assets	(20,407,440)	(13,427,892)
	19,898,598	7,693,901

Movements in the provision for impairment of long-term receivables are as follows:

	2013	2012
Opening balance	242,777	67,247
Provision for bad debts	431,637	175,530
Closing balance	674,414	242,777

The Group assesses long-term receivables for impairment provision separately that are individually significant. When there is objective evidence (such as the debtor being in serious financial difficulties, entering bankruptcy, breach of contract or default or there being no payment and no transactions for a long time) that an impairment loss has incurred, and the amount will be partially recovered, impairment losses will be recognized through profit or loss. As at 31 December 2013, the above provision was made for individually tested impaired long-term receivables of RMB674,414,000 (31 December 2012: RMB242,777,000) with a carrying amount before provision for impairment of RMB7,983,146,000 (31 December 2012: RMB1,086,228,000).

As at 31 December 2013, included in the long-term receivables was an amount due from shareholders that held 5% or more of the Company's voting rights of RMB500,000,000 (31 December 2012: RMB1,000,000,000), which was presented as a current portion of long-term receivables RMB500,000,000 (31 December 2012: RMB500,000,000).

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

9. Long-term receivables (continued)

Further details of long-term receivables due from other related parties are stated in Note VI. 6.

An ageing analysis of the Group's long-term receivables that are neither past due nor impaired, and past due but not impaired is as follows:

	31 December 2013	31 December 2012
Neither past due nor impaired	32,921,563	20,165,353
Past due but not impaired		
— Within 3 months	14,645	38,798
— 3 to 6 months	9,089	2,508
— More than 6 months	52,009	71,683
	32,997,306	20,278,342

Long-term receivables that were past due but not impaired are due from various customers with good repayment records in the past. The Company's management believes that these customers had no significant change in credit quality, and the balances are considered fully recoverable. Therefore, no provision for impairment has been made for these long-term receivables.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

10. Investments in jointly-controlled entities and associates

2013

Jointly-controlled entities	Type	Place of registration	Legal representative	Business scope	Registered capital	Organization code
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Limited company	Beijing	Zhang Changgen	Petroleum marketing	100,000	697727508
China-Africa Lekkil Investment Co., Ltd.	Limited company	Beijing	Chen Xiaoxing	Investment holding	200,000	78550080-5
China Railway Communications International Engineering and Technology Co., Ltd.	Limited company	Xi'an, Shaanxi	Yu Wenzhong	Construction and design	150,000	79748689-5

Associates	Type	Place of registration	Legal representative	Business scope	Registered capital	Organization code
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Limited company	Beijing	Zhu Zhensheng	Technology consultancy	5,000	726340821
Shekou Xinghua Enterprise Co., Ltd.	Joint stock company	Shekou, Guangdong	Li Zhuozhi	Real estate development	46,377	618809020
Chongqing Yurong Highway Co., Ltd.	Limited company	Chongqing	Du Guoping	Construction	979,750	55675000-X
Hubei Jiaotou Ziyun Railway Co., Ltd.	Limited company	Zhijiang, Hubei	Yang Zhibo	Railway operation	500,000	58246491-2
Nanchang Xinlong Property Management Co., Ltd.	Limited company	Nanchang, Jiangxi	Huang Shaoxiong	Property management, renting and real estate development	283,350	78145661-6
Chongqing Monorail Transit Engineering Co., Ltd.	Limited company	Chongqing	Shi Shurong	Construction	100,000	778469395
CRCC-Tongguan Investment Co., Ltd.	Limited company	Tongling, Anhui	Zheng Qundi	Mining	2,000,000	69896533-X
Inner Mongolia Boyuan Energy Co., Ltd.	Limited company	Inner Mongolia	Wu Aiguo	Construction	200,000	585153749
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	Limited company	Yongning, Ningxia	Gao Guangxian	Transportation, hydrotechnics, infrastructure construction	70,000	08350103-7

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to key items of consolidated financial statements (continued)

10. Investments in jointly-controlled entities and associates (continued)

2012

Jointly-controlled entities	Type	Place of registration	Legal representative	Business scope	Registered capital	Organization code
CRCC-Tongguan Investment Co., Ltd.	Limited company	Tongling, Anhui	Zheng Qundi	Mining Industry investment	2,000,000	69896533-X
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Limited company	Beijing	Zhang Changgen	Petroleum marketing	100,000	697727508
China-Africa Lekkil Investment Co., Ltd.	Limited company	Beijing	Chen Xiaoxing	Investment holding	200,000	78550080-5
China Railway Communications International Engineering and Technology Co., Ltd.	Limited company	Xi'an, Shaanxi	Yu Wenzhong	Construction and design of highway	150,000	79748689-5

Associates	Type	Place of registration	Legal representative	Business scope	Registered capital	Organization code
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Limited company	Beijing	Zhu Zhensheng	Technology consultancy	5,000	726340821
Shekou Xinghua Enterprise Co., Ltd.	Joint stock company	Shekou, Guangdong	Li Zhuozhi	Real estate development	46,377	618809020
Chongqing Yurong Highway Co., Ltd.	Limited company	Chongqing	Du Guoping	Construction	979,750	55675000-X
Hubei Jiaotou Ziyun Railway Co., Ltd.	Limited company	Zhijiang, Hubei	Yang Zhibo	Railway operation	500,000	58246491-2
Nanchang Xinlong Property Management Co., Ltd.	Limited company	Nanchang, Jiangxi	Huang Shaoxiong	Property management renting and real estate development	283,350	78145661-6
Chongqing Monorail Transit Engineering Co., Ltd.	Limited company	Chongqing	Shi Shurong	Construction	100,000	778469395



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to key items of consolidated financial statements (continued)

10. Investments in jointly-controlled entities and associates (continued)

The individually unimportant jointly-controlled entities' aggregate financial information are as follows

	31 December 2013	31 December 2012
The share amount of Jointly-controlled entities' net (loss)/profit	(252,670)	24,160
The share amount of Jointly-controlled entities' other comprehensive loss	(2,924)	—
The share amount of Jointly-controlled entities' other comprehensive (loss)/income	(255,594)	24,160
The aggregate carrying value of long-term equity investment	998,590	2,190,019

The individually unimportant jointly-controlled entities' aggregate financial information is as follows

	31 December 2013	31 December 2012
The share amount of associates' net income	3,907	8,687
The share amount of associates' other comprehensive income	3,907	8,687
The aggregate carrying value of long-term equity investment	1,849,891	915,858

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments

		31 December 2013	31 December 2012
Equity method			
Jointly-controlled entities:			
Unlisted	(1)	998,590	2,190,019
Associates:			
Unlisted	(2)	1,849,891	915,858
Cost method			
Unlisted	(3)	2,848,269	2,541,802
		5,696,750	5,647,679
Less: provision for impairment	(4)	(22,564)	(23,118)
		5,674,186	5,624,561



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(1) Investments in jointly-controlled entities

2013

Company name	Investment cost	Opening balance	(Decreasing) /increasing investment	Increase/(decrease) during the year				Closing balance	Percentage of ownership in equity	Percentage of voting rights
				Share of (losses)/ profits	Distribution of dividends	Other comprehensive income movement	Transfer-out			
CRCC-Tongguan Investment Co., Ltd.	—	1,200,000	(372,466)	(268,837)	—	(2,924)	(555,773)	—	—	—
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	61,980	—	3,548	(7,576)	—	—	57,952	50	50
China-Africa Lekkil Investment Co., Ltd.	851,410	841,053	—	5,779	—	—	—	846,832	74.47	74.47
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	67,176	—	(261)	—	—	—	66,915	51.33	51.33
Others		19,810	405	7,101	(425)	—	—	26,891		
		2,190,019	(372,061)	(252,670)	(8,001)	(2,924)	(555,773)	998,590		

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(1) Investments in jointly-controlled entities (continued)

2012

Company name	Investment cost	Opening balance	Increase/(decrease) during the year				Closing balance	Percentage of ownership in equity	Percentage of voting rights
			Increasing/(decreasing) investment	Share of profits/(losses)	Distribution of dividends	Disposal			
Hubei Wanjia Real Estate Development Limited	—	9,663	—	—	—	(9,663)	—	—	
CRCC-Tongguan Investment Co., Ltd.	1,200,000	1,200,000	—	—	—	—	1,200,000	32.9	
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	51,502	—	33,749	(23,271)	—	61,980	50	
China-Africa Lekkil Investment Co., Ltd.	851,410	124,936	721,410	(5,293)	—	—	841,053	74.47	
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	67,505	—	(329)	—	—	67,176	51.33	
Others		21,982	1,957	(3,967)	(162)	—	19,810		
		1,475,588	723,367	24,160	(23,433)	(9,663)	2,190,019		



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(2) Investments in associates

2013

Company name	Investment cost	Opening balance	Increase/(decrease) during the year				Closing balance	Percentage of ownership in equity	Percentage of voting rights
			Transfer-in	Additional investment	Share of profits/(losses)	Distribution of dividends			
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,534	—	—	—	(241)	2,293	49	49
Shekou Xinghua Enterprise Co., Ltd.	16,693	40,878	—	—	2,634	(3,909)	39,603	32.9	32.9
Chongqing Yurong Highway Co., Ltd.	853,960	587,850	—	266,110	—	—	853,960	40	40
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	—	—	—	—	100,000	20	20
Nanchang Xinlong Property Management Co., Ltd.	90,000	89,475	—	—	36	—	89,511	37.5	37.5
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	55,381	—	—	10,052	(8,164)	57,269	37.5	37.5
CRCC-Tongguan Investment Co., Ltd.	720,000	—	555,773	—	—	—	555,773	30	30
Inner Mongolia Boyuan Energy Co., Ltd.	60,000	—	—	60,000	—	—	60,000	30	30
Ningxia China Railway Ningdong Road& Bridge Investment & Development Co., Ltd.	41,830	—	—	41,830	—	—	41,830	49	49
Others		39,740	—	19,321	(8,815)	(594)	49,652		
		915,858	555,773	387,261	3,907	(12,908)	1,849,891		

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(2) Investments in associates (continued)

2012

Company name	Investment cost	Opening balance	Additional investment	Increase/(decrease) during the year			Closing balance	Percentage of ownership in equity	Percentage of voting rights
				Share of profits/(losses)	Distribution of dividends	Disposal			
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,511	—	235	(212)	—	2,534	49	49
Shekou Xinghua Enterprise Co., Ltd.	16,693	38,680	—	2,198	—	—	40,878	32.9	32.9
Chongqing Yurong Highway Co., Ltd.	587,850	391,900	195,950	—	—	—	587,850	40	40
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	40,000	60,000	—	—	—	100,000	20	20
Nanchang Xinlong Property Management Co., Ltd	90,000	90,015	—	(540)	—	—	89,475	37.54	37.54
Chongqing Monorail Transit Engineering Co., Ltd	37,642	57,440	—	10,095	(12,154)	—	55,381	37.5	37.5
Others		42,691	(55)	(3,301)	—	405	39,740		
		663,237	255,895	8,687	(12,366)	405	915,858		



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(3) Equity investments under the cost method

2013

Company name	Investment cost	Opening balance	Movements during the year	Closing balance	Percentage of ownership in equity	Percentage of voting rights
Jilin Dong'ao Engineering Co., Ltd.	—	10,000	(10,000)	—	—	—
Vossloh Fastening Systems (China) Co., Ltd.	56,969	56,969	—	56,969	16.20	16.20
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	10,000	—	10,000	16.00	16.00
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	3,085	—	3,085	15.00	15.00
Wuhan Johnson Pearl Plaza Head Falcon Electric Appliance Co., Ltd.	1,600	1,600	—	1,600	10.00	10.00
Beijing Railway Hotel Company Limited	15,000	15,000	—	15,000	8.10	8.10
Shanghai Zhouji Development Co., Ltd.	3,123	3,123	—	3,123	7.00	7.00
Beijing-Guangzhou Passenger Railway Henan Company Limited	2,000,000	1,700,000	300,000	2,000,000	5.00	5.00
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	200,000	200,000	—	200,000	3.65	3.65
Essence Securities Co., Ltd.	268,452	268,452	—	268,452	2.09	2.09
Inner Mongolia Jitong Railway Co., Ltd.	13,082	13,082	—	13,082	0.43	0.43
China Resources Land (Beijing) Co., Ltd.	5,485	5,485	—	5,485	0.24	0.24
Guotai Jun'an Securities Corporation Limited	7,660	7,660	—	7,660	0.16	0.16
Others		187,346	16,467	203,813		
		2,541,802	306,467	2,848,269		

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(3) Equity investments under the cost method (continued)

2012

Company name	Investment cost	Opening balance	Movements during the year	Closing balance	Percentage of ownership in equity	Percentage of voting rights
Jilin Dong'ao Engineering Co., Ltd.	10,000	10,000	—	10,000	16.67	16.67
Vossloh Fastening Systems (China) Co., Ltd.	56,969	56,969	—	56,969	16.20	16.20
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	10,000	—	10,000	16.00	16.00
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	3,085	—	3,085	15.00	15.00
Wuhan Johnson Pearl Plaza Head Falcon Electric Appliance Co., Ltd.	1,600	1,600	—	1,600	10.00	10.00
Beijing Railway Hotel Company Limited	15,000	15,000	—	15,000	8.10	8.10
Shanghai Zhouji Development Co., Ltd.	3,123	3,123	—	3,123	7.00	7.00
Beijing-Guangzhou Passenger Railway Henan Company Limited	1,700,000	1,500,000	200,000	1,700,000	5.00	5.00
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	200,000	200,000	—	200,000	3.65	3.65
Essence Securities Co., Ltd.	268,452	260,615	7,837	268,452	2.09	2.09
Inner Mongolia Jitong Railway Co., Ltd.	13,802	12,145	937	13,082	0.43	0.43
China Resources Land (Beijing) Co., Ltd.	5,485	5,485	—	5,485	0.24	0.24
Guotai Jun'an Securities Corporation Limited	7,660	7,660	—	7,660	0.16	0.16
Zhuzhou Bridge Engineering Group Co., Ltd.	—	592	(592)	—	—	—
Others	—	185,006	2,340	187,346	—	—
		2,331,280	210,522	2,541,802		



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(4) Provision for impairment

Company name	Opening balance	2013		Closing balance
		Provision	Write-off / Disposal	
Associate:				
VIP Development Limited	1,478	—	(1,478)	—
Jointly-controlled entity:				
China Railway Communications International Engineering and Technology Co., Ltd.	10,578	—	—	10,578
Equity investments, at cost:				
Shanghai Zhouji Development Co., Ltd.	3,123	—	—	3,123
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	6,182	589	—	6,771
Others	1,757	396	(61)	2,092
	11,062	985	(61)	11,986
	23,118	985	(1,539)	22,564

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(4) Provision for impairment (continued)

Company name	Opening balance	2012		Closing balance
		Provision	Write-off / Disposal	
Associate:				
VIP Development Limited	1,500	—	(22)	1,478
Jointly-controlled entity:				
China Railway Communications International Engineering and Technology Co., Ltd.	10,578	—	—	10,578
Equity investments, at cost:				
Shiyan Rongzhou Vehicle Interior Decoration Co., Ltd.	4,000	—	(4,000)	—
Shanghai Zhouji Development Co., Ltd.	3,123	—	—	3,123
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	4,928	1,254	—	6,182
Others	1,757	—	—	1,757
	13,808	1,254	(4,000)	11,062
	25,886	1,254	(4,022)	23,118



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

12. Fixed assets

2013

	Opening balance	Additions	Transferred from construction in progress (Note V.13)	Disposals	Closing balance
Gross carrying amount:					
Buildings	10,595,235	1,111,463	955,180	(426,002)	12,235,876
Machinery	33,407,455	3,475,170	745,174	(1,239,979)	36,387,820
Vehicles	11,927,460	1,413,604	227,329	(626,280)	12,942,113
Production equipment	6,222,004	689,685	119,308	(288,708)	6,742,289
Measuring and testing equipment	2,477,294	325,770	7,979	(144,265)	2,666,778
Other equipment	13,457,289	4,108,367	52,043	(1,302,257)	16,315,442
	78,086,737	11,124,059	2,107,013	(4,027,491)	87,290,318
Accumulated depreciation:					
Buildings	(2,621,382)	(379,775)	—	179,117	(2,822,040)
Machinery	(15,129,981)	(3,477,803)	—	879,252	(17,728,532)
Vehicles	(8,033,661)	(1,654,291)	—	542,009	(9,145,943)
Production equipment	(2,643,253)	(609,710)	—	165,138	(3,087,825)
Measuring and testing equipment	(1,596,536)	(365,955)	—	126,094	(1,836,397)
Other equipment	(9,537,984)	(3,237,649)	—	1,182,082	(11,593,551)
	(39,562,797)	(9,725,183)	—	3,073,692	(46,214,288)
Net carrying amount:					
Buildings	7,973,853	731,688	955,180	(246,885)	9,413,836
Machinery	18,277,474	(2,633)	745,174	(360,727)	18,659,288
Vehicles	3,893,799	(240,687)	227,329	(84,271)	3,796,170
Production equipment	3,578,751	79,975	119,308	(123,570)	3,654,464
Measuring and testing equipment	880,758	(40,185)	7,979	(18,171)	830,381
Other equipment	3,919,305	870,718	52,043	(120,175)	4,721,891
	38,523,940	1,398,876	2,107,013	(953,799)	41,076,030

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

12. Fixed assets (continued)

2013 (continued)

	Opening balance	Additions	Transferred from construction in progress (Note V.13)	Disposals	Closing balance
Provision for impairment:					
Buildings	(82,297)	—	—	3,054	(79,243)
Machinery	(354,408)	—	—	21,909	(332,499)
Vehicles	(90,392)	—	—	2,055	(88,337)
Production equipment	(22,100)	—	—	49	(22,051)
Measuring and testing equipment	(5,990)	—	—	13	(5,977)
Other equipment	(32,810)	—	—	219	(32,591)
	(587,997)	—	—	27,299	(560,698)
Carrying amount:					
Buildings	7,891,556	731,688	955,180	(243,831)	9,334,593
Machinery	17,923,066	(2,633)	745,174	(338,818)	18,326,789
Vehicles	3,803,407	(240,687)	227,329	(82,216)	3,707,833
Production equipment	3,556,651	79,975	119,308	(123,521)	3,632,413
Measuring and testing equipment	874,768	(40,185)	7,979	(18,158)	824,404
Other equipment	3,886,495	870,718	52,043	(119,956)	4,689,300
	37,935,943	1,398,876	2,107,013	(926,500)	40,515,332



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

12. Fixed assets (continued)

2012

	Opening balance	Additions	Acquisition of subsidiary	Transferred from construction in progress (Note V.13)	Disposals	Closing balance
Gross carrying amount:						
Buildings	9,567,492	619,791	41,920	756,876	(390,844)	10,595,235
Machinery	30,317,123	2,811,762	57,359	1,373,116	(1,151,905)	33,407,455
Vehicles	10,864,979	1,346,581	31,586	107,077	(422,763)	11,927,460
Production equipment	5,871,853	709,098	18,287	45,785	(423,019)	6,222,004
Measuring and testing equipment	2,421,441	181,317	—	9,349	(134,813)	2,477,294
Other equipment	11,954,134	2,278,737	29,736	57,894	(863,212)	13,457,289
	70,997,022	7,947,286	178,888	2,350,097	(3,386,556)	78,086,737
Accumulated depreciation:						
		Accrued				
Buildings	(2,304,743)	(382,759)	(15,792)	—	81,912	(2,621,382)
Machinery	(12,450,208)	(3,397,666)	(30,700)	—	748,593	(15,129,981)
Vehicles	(6,551,255)	(1,798,058)	(18,043)	—	333,695	(8,033,661)
Production equipment	(2,177,782)	(636,459)	(15,903)	—	186,891	(2,643,253)
Measuring and testing equipment	(1,291,561)	(388,882)	—	—	83,907	(1,596,536)
Other equipment	(7,116,342)	(2,905,793)	(20,433)	—	504,584	(9,537,984)
	(31,891,891)	(9,509,617)	(100,871)	—	1,939,582	(39,562,797)
Net carrying amount:						
Buildings	7,262,749	237,032	26,128	756,876	(308,932)	7,973,853
Machinery	17,866,915	(585,904)	26,659	1,373,116	(403,312)	18,277,474
Vehicles	4,313,724	(451,477)	13,543	107,077	(89,068)	3,893,799
Production equipment	3,694,071	72,639	2,384	45,785	(236,128)	3,578,751
Measuring and testing equipment	1,129,880	(207,565)	—	9,349	(50,906)	880,758
Other equipment	4,837,792	(627,056)	9,303	57,894	(358,628)	3,919,305
	39,105,131	(1,562,331)	78,017	2,350,097	(1,446,974)	38,523,940

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

12. Fixed assets (continued)

2012 (continued)

	Opening balance	Additions	Acquisition of subsidiary	Transferred from construction in progress (Note V.13)	Disposals	Closing balance
Provision for impairment:						
Buildings	(82,786)	—	—	—	489	(82,297)
Machinery	(359,688)	—	—	—	5,280	(354,408)
Vehicles	(92,124)	—	—	—	1,732	(90,392)
Production equipment	(22,231)	—	—	—	131	(22,100)
Measuring and testing equipment	(7,410)	—	—	—	1,420	(5,990)
Other equipment	(33,440)	—	—	—	630	(32,810)
	(597,679)	—	—	—	9,682	(587,997)
Carrying amount:						
Buildings	7,179,963	237,032	26,128	756,876	(308,443)	7,891,556
Machinery	17,507,227	(585,904)	26,659	1,373,116	(398,032)	17,923,066
Vehicles	4,221,600	(451,477)	13,543	107,077	(87,336)	3,803,407
Production equipment	3,671,840	72,639	2,384	45,785	(235,997)	3,556,651
Measuring and testing equipment	1,122,470	(207,565)	—	9,349	(49,486)	874,768
Other equipment	4,804,352	(627,056)	9,303	57,894	(357,998)	3,886,495
	38,507,452	(1,562,331)	78,017	2,350,097	(1,437,292)	37,935,943



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

12. Fixed assets (continued)

Fixed assets with title restriction are stated in Note V.18.

As at 31 December 2013, the amounts of interest expenses capitalized in the balance of fixed assets was RMB11,000,000 (31 December 2012: nil). The interest expenses capitalized during the year of 2013 was amounted to RMB829,000 (2012: nil) and with a capitalization rate of 6.21% (2012: nil):

Fixed assets that are temporarily are as follows:

As at 31 December 2013

	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	4,196	(909)	—	3,287
Production equipment	26,309	(3,321)	—	22,988
Other equipment	880	(832)	—	48
	31,385	(5,062)	—	26,323

As at 31 December 2012

	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	2,484	(243)	—	2,241
Vehicles	563	(188)	—	375
Production equipment	25,628	(3,308)	—	22,320
Measuring and testing equipment	60	(8)	—	52
Other equipment	3,422	(3,149)	—	273
	32,157	(6,896)	—	25,261

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

12. Fixed assets (continued)

Fixed assets held under finance leases are as follows:

	31 December 2013	31 December 2012
Gross carrying amount	4,385,788	4,021,026
Accumulated depreciation	(452,804)	(713,807)
Carrying amount	3,932,984	3,307,219

As at 31 December 2013 and 31 December 2012, the Group's fixed assets held under finance leases was all construction machinery.

As at 31 December 2013, the Group was in the process of applying for the title certificates of certain buildings with an aggregate carrying amount of RMB19,162,000 (31 December 2012: RMB19,740,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above mentioned buildings. The Company's management is also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2013.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

13. Construction in progress

	31 December 2013			31 December 2012		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	169,902	—	169,902	212,684	—	212,684
Tunnel Boring Machine of China Railway 11 th Bureau Group Co., Ltd.	112,295	—	112,295	—	—	—
Belt Conveyor Machine of China Railway 11 th Bureau Group Co., Ltd.	29,000	—	29,000	—	—	—
Earth Pressure Balance of China Railway 11 th Bureau Group Co., Ltd.	45,975	—	45,975	—	—	—
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	247,974	—	247,974	86,233	—	86,233
Tianjin Office Building of China Railway 13 th Bureau Group Co., Ltd.	327,053	—	327,053	143,509	—	143,509
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	95,045	—	95,045	41,194	—	41,194
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	179,537	—	179,537	68,770	—	68,770
Earth Pressure Balance-6410 of China Railway 18 th Bureau Group Co., Ltd.	27,000	—	27,000	—	—	—
Earth Pressure Balance ZPE-6410 of China Railway 19 th Bureau Group Co., Ltd.	55,817	—	55,817	96,750	—	96,750
Office Building of No.3 Engineering Co., Ltd. of China Railway 19 th Bureau Group Co., Ltd.	120,608	—	120,608	50,967	—	50,967
Weinan Office Building of No.2 Engineering Co., Ltd. of China Railway 20 th Bureau Group Co., Ltd.	48,355	—	48,355	18,954	—	18,954
Office Building of China Railway 20 th Bureau Group Co., Ltd.	35,740	—	35,740	—	—	—
Factory and Base of Yanliang No.1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	90,592	—	90,592	—	—	—
Xiexin Office Building of China Railway 23 rd Bureau Group Co., Ltd.	43,098	—	43,098	—	—	—

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

13. Construction in progress (continued)

	31 December 2013			31 December 2012		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Office Building of China Railway 25 th Bureau Group Co., Ltd.	79,539	—	79,539	79,329	—	79,329
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	84,954	—	84,954	9,639	—	9,639
Design Building of China Railway Siyuan Survey and Design Group., Ltd.	39,898	—	39,898	1,899	—	1,899
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	49,797	—	49,797	46,081	—	46,081
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	115,566	—	115,566	—	—	—
Tongji Yixian Building of China Railway Material Group Co., Ltd.	73,164	—	73,164	—	—	—
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	—	32,493	32,493	—	32,493
Engineering Research Center of China Railway Kunming Equipment Co., Ltd.	31,715	—	31,715	17,778	—	17,778
Shipping vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	155,567	—	155,567	3,830	—	3,830
Others	367,575	(9,563)	358,012	1,434,099	(9,563)	1,424,536
	2,658,259	(9,563)	2,648,696	2,344,209	(9,563)	2,334,646



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

13. Construction in progress (continued)

For the year ended 31 December 2013

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	715,951	212,684	460,310	(497,629)	(5,463)	169,902	Self-funding	94
Tunnel Boring Machine of China Railway 11 th Bureau Group Co., Ltd.	112,295	—	112,295	—	—	112,295	Self-funding	100
Belt Conveyor Machine of China Railway 11 th Bureau Group Co., Ltd.	29,000	—	29,000	—	—	29,000	Self-funding	100
Earth Pressure Balance of China Railway 11 th Bureau Group Co., Ltd.	173,950	—	45,975	—	—	45,975	Self-funding	26
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	300,000	86,233	161,741	—	—	247,974	Self-funding	83
Tianjin Office building of China Railway 13 th Bureau Group Co., Ltd.	360,000	143,509	183,544	—	—	327,053	Self-funding	91
Jian'an International Apartment of Chian Railway 18 th Bureau Group Co., Ltd.	480,000	41,194	53,851	—	—	95,045	Self-funding	20
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	230,000	68,770	110,767	—	—	179,537	Self-funding	78
Earth Pressure Balance ZPE-6410 of China Railway 18 th Bureau Group Co., Ltd.	36,000	—	27,000	—	—	27,000	Loan	75
Earth Pressure Balance-6410 of China Railway 19 th Bureau Group Co., Ltd.	186,677	96,750	89,927	(130,860)	—	55,817	Self-funding	100
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	267,847	50,967	69,641	—	—	120,608	Self-funding	45
Weinan office building of No.2 Engineering Co., Ltd of China Railway 20 th Bureau Group Co., Ltd.	81,000	18,954	29,401	—	—	48,355	Self-funding	60
Comprehensive building of China Railway 20 th Bureau Group Co., Ltd.	40,000	—	35,740	—	—	35,740	Self-funding	89
Factory and Base of Yanliang No.1 new manufacturing plant of China Railway 20 th Bureau Group Co., Ltd.	260,000	—	90,592	—	—	90,592	Self-funding	35

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V Notes to the consolidated financial statements (continued)

13. Construction in progress (continued)

For the year ended 31 December 2013 (continued)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Xiexin Office Building of China Railway 23 rd Bureau Group Co., Ltd.	44,625	—	43,098	—	—	43,098	Self-funding	97
Office Building of China Railway 25 th Bureau Group Co., Ltd.	79,928	79,329	599	(389)	—	79,539	Self-funding	100
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	203,601	9,639	75,315	—	—	84,954	Self-funding	42
Design Building of China Railway Siyuan Survey and Design Group, Ltd.	490,000	1,899	37,999	—	—	39,898	Self-funding	8
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	64,350	46,081	3,716	—	—	49,797	Self-funding	77
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	—	115,566	—	—	115,566	Self-funding	48
Tongji Yixian Building of China Railway Material Group Co., Ltd.	75,000	—	73,164	—	—	73,164	Self-funding	98
Golden World office building of China Railway Material Group Co., Ltd.	32,493	32,493	—	—	—	32,493	Self-funding	100
Engineering Research Center of China Railway Kunming Equipment Co., Ltd.	113,000	17,778	45,680	(18,679)	(13,064)	31,715	Self-funding	56
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	525,670	3,830	151,737	—	—	155,567	Self-funding	30
Others		1,434,099	610,763	(1,578,931)	(98,356)	367,575		
Total		2,344,209	2,657,421	(2,226,488)	(116,883)	2,658,259		
Provision for impairment (Note b)		(9,563)	—	—	—	(9,563)		
Carrying amount		2,334,646	2,657,421	(2,226,488)	(116,883)	2,648,696		

(Note a)



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

13. Construction in progress (continued)

2012

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	407,818	75,695	299,498	(161,431)	(1,078)	212,684	Self-funding	92
Office Building of Electrification Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	218,211	195,450	22,761	(218,211)	—	—	Self-funding	100
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	300,000	43,029	43,204	—	—	86,233	Self-funding	29
Tianjin Office Building of China Railway 13 th Bureau Group Co., Ltd.	250,000	53,441	90,068	—	—	143,509	Self-funding	57
TBM in Construction of Changzhutan of China Railway 14 th Bureau Group, Ltd.	362,506	3,604	351,311	(120,835)	—	234,080	Loan	98
Slurry Balance TBM of China Railway 14 th Bureau Group Co., Ltd. (Herrenknecht)	169,869	102,380	67,489	(169,869)	—	—	Loan	100
9-meter Slurry Balance TBM 623 of China Railway 15 th Bureau Group Co., Ltd.	220,000	126,646	54,916	(181,562)	—	—	Self-funding	83
9-meter Slurry Balance TBM 624 of China Railway 15 th Bureau Group Co., Ltd.	220,000	126,646	54,916	(181,562)	—	—	Self-funding	83
Slurry Treatment Equipment of China Railway 15 th Bureau Group Co., Ltd. for Guangshenggang Railway Project	46,350	46,350	—	(46,350)	—	—	Self-funding	100
Two sets of Earth Pressure Balance TBM EPB8800 of China Railway 16 th Bureau Group Co., Ltd. (Herrenknecht)	101,194	89,147	12,047	(101,194)	—	—	Self-funding	100
Hi-Tech and Originality Science Plaza of China Railway 17 th Bureau Group Co., Ltd.	80,000	34,766	41,638	—	—	76,404	Self-funding	96
Compound TBM of Tunnel Engineering Co., Ltd. of China Railway 18 th Bureau Group Co., Ltd.	170,000	80,042	89,702	(169,744)	—	—	Loan	100
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	236,000	—	68,770	—	—	68,770	Loan	29
Earth Pressure Balance-6410 of China Railway 19 th Bureau Group Co., Ltd.	96,750	—	96,750	—	—	96,750	Self-funding	100
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	150,000	—	50,967	—	—	50,967	Loan	34
Comprehensive Base of China Railway 21 st Bureau Group Co., Ltd.	210,000	—	50,537	—	—	50,537	Self-funding	24

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

13. Construction in progress (continued)

2012 (continued)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
The Office Building of No. 6 Engineering Corporation Ltd. of China Railway 21 st Bureau Group Co., Ltd.	75,196	75,196	—	(54,999)	(20,197)	—	Self-funding	100
Earth Pressure Balance TBM of China Railway 23 rd Bureau Group Co., Ltd.	91,807	53,630	38,177	(91,807)	—	—	Self-funding	100
Office Building of China Railway 25 th Bureau Group Co., Ltd.	79,329	—	79,329	—	—	79,329	Self-funding	100
Research Building in Kunming of China Railway Siyuan Survey and Design Group., Ltd.	135,000	150	108,335	—	—	108,485	Self-funding	80
Kunming Industrial Base of Kunming China Railway Large Road Maintenance Machinery Co., Ltd.	124,904	49,746	75,158	(124,904)	—	—	Loan	100
Plant, Office Building and Science Research Center of China Railway Construction Heavy Industry Co., Ltd.	32,363	32,363	—	(31,485)	(878)	—	Self-funding	100
Equipment Installation Project of Equipment Branch of China Railway Construction Heavy Industry Co., Ltd.	110,000	35,051	16,500	(487)	—	51,064	Self-funding	47
Second-stage Housing Construction Project of Equipment Branch of China Railway Construction Heavy Industry Co., Ltd.	226,352	173,386	52,966	—	—	226,352	Self-funding	100
Plant Construction project of Lanzhou Tunnel Equipment Company of China Railway Construction Heavy Industry Co., Ltd.	250,000	3,762	148,745	(306)	—	152,201	Self-funding	61
Others		663,752	963,588	(824,889)	(95,607)	706,844		
Total		2,064,232	2,877,372	(2,479,635)	(117,760)	2,344,209		
Provision for impairment (Note b)		—	(9,563)	—	—	(9,563)		
Carrying amount		2,064,232	2,867,809	(2,479,635)	(117,760)	2,334,646		

(Note a)



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

13. Construction in progress (continued)

2012 (continued)

Note (a): In the year of 2013, the construction in progress with a carrying amount of RMB2,107,013,000 (2012: RMB2,350,097,000) was transferred to fixed assets; RMB68,937,000 (2012: RMB129,538,000) was transferred to intangible assets and RMB50,538,000 (2012: nil) was transferred to properties held for sale.

Note (b): Other additions during the year included the carrying amount of impairment provisions made by Hangsheng before the acquisition of Hangsheng by China Railway Construction Waterway Bureau Co., Ltd., a subsidiary of the Company.

The amounts of interest expenses capitalized in the balance of construction in progress and the capitalization rates are as follows:

2013

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	78	2,787	2,780	6.00
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	45	4,225	3,717	6.00
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	30	5,637	5,637	5.44
		12,649	12,134	

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

13. Construction in progress (continued)

2012

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Office Building of No.3 Engineering Co., Ltd. of China Railway 19 th Bureau Group Co., Ltd.	34	508	508	6.18
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	29	7	7	6.60
Slurry Balance TBM of China Railway 14 th Bureau Group Co., Ltd. (Herrenknecht)	100	—	3,806	6.72
TBM in construction of Changzhutan of China Railway 14 th Bureau Group., Ltd.	98	10,171	10,171	6.72
Others		8,584	1,319	
		19,270	15,811	



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

14. Intangible assets

2013

	Opening balance	Additions	Disposals	Closing balance
Gross carrying amount:				
Land use rights	6,025,909	572,592	(561,748)	6,036,753
Concession assets	2,741,871	2,526,899	—	5,268,770
Mining rights	176,127	—	(3,616)	172,511
Others	168,621	31,672	(3,046)	197,247
	9,112,528	3,131,163	(568,410)	11,675,281
Accumulated amortization:				
Land use rights	(660,182)	(122,698)	37,933	(744,947)
Concession assets	(140,558)	(27,305)	—	(167,863)
Mining rights	(16,435)	(5,393)	3,616	(18,212)
Others	(82,473)	(25,494)	3,335	(104,632)
	(899,648)	(180,890)	44,884	(1,035,654)
Net carrying amount:				
Land use rights	5,365,727	449,894	(523,815)	5,291,806
Concession assets	2,601,313	2,499,594	—	5,100,907
Mining rights	159,692	(5,393)	—	154,299
Others	86,148	6,178	289	92,615
	8,212,880	2,950,273	(523,526)	10,639,627

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

14. Intangible assets (continued)

2013 (continued)

	Opening balance	Additions	Disposals	Closing balance
Provision for impairment:				
Land use rights	(9,044)	—	—	(9,044)
Concession assets	—	—	—	—
Mining rights	—	—	—	—
Others	—	—	—	—
	(9,044)	—	—	(9,044)
Carrying amount:				
Land use rights	5,356,683	449,894	(523,815)	5,282,762
Concession assets	2,601,313	2,499,594	—	5,100,907
Mining rights	159,692	(5,393)	—	154,299
Others	86,148	6,178	289	92,615
	8,203,836	2,950,273	(523,526)	10,630,583



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

14. Intangible assets (continued)

2012

	Opening balance	Additions	Acquisition of a subsidiary	Disposals	Closing balance
Gross carrying amount:					
Land use rights	5,676,495	367,745	162,205	(180,536)	6,025,909
Concession assets	1,532,908	1,208,963	—	—	2,741,871
Mining rights	176,127	—	—	—	176,127
Others	142,298	29,905	—	(3,582)	168,621
	7,527,828	1,606,613	162,205	(184,118)	9,112,528
Accumulated amortization:					
Land use rights	(538,579)	(126,397)	(9,724)	14,518	(660,182)
Concession assets	(113,274)	(27,284)	—	—	(140,558)
Mining rights	(10,888)	(5,547)	—	—	(16,435)
Others	(64,798)	(20,194)	—	2,519	(82,473)
	(727,539)	(179,422)	(9,724)	17,037	(899,648)
Net carrying amount:					
Land use rights	5,137,916	241,348	152,481	(166,018)	5,365,727
Concession assets	1,419,634	1,181,679	—	—	2,601,313
Mining rights	165,239	(5,547)	—	—	159,692
Others	77,500	9,711	—	(1,063)	86,148
	6,800,289	1,427,191	152,481	(167,081)	8,212,880

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

14. Intangible assets (continued)

2012 (continued)

	Opening balance	Additions	Acquisition of a subsidiary	Disposals	Closing balance
Provision for impairment:					
Land use rights	(9,044)	—	—	—	(9,044)
Concession assets	—	—	—	—	—
Mining rights	—	—	—	—	—
Others	—	—	—	—	—
	(9,044)	—	—	—	(9,044)
Carrying amount:					
Land use rights	5,128,872	241,348	152,481	(166,018)	5,356,683
Concession assets	1,419,634	1,181,679	—	—	2,601,313
Mining rights	165,239	(5,547)	—	—	159,692
Others	77,500	9,711	—	(1,063)	86,148
	6,791,245	1,427,191	152,481	(167,081)	8,203,836

The remaining lease terms of the Group's land use rights represents in the PRC are analyzed as follows:

	31 December 2013	31 December 2012
Long term of not less than 50 years	261,775	494,976
Medium term of less than 50 years but not less than 10 years	4,915,186	4,522,125
Short term of less than 10 years	105,801	339,582
	5,282,762	5,356,683



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

14. Intangible assets (continued)

As at 31 December 2013, the amortization of land use rights in the next year will be RMB128,551,000 (31 December 2012: RMB142,160,000).

Intangible assets with title restriction are stated in Note V.18.

As at 31 December 2013, the Group was in the process of applying for the title certificates of certain parcels of its land in the PRC with an aggregate carrying amount of RMB14,087,000 (31 December 2012: RMB28,935,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land, and also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2013.

The amount of interest capitalized in the balance of intangible assets and the capitalization rates are as follows:

2013

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Ji'nan to Leling Highway Project	67	175,444	108,550	6.39
Jiyang Guest-greeting Yellow River Bridge concession rights	100	31,439	—	—
		206,883	108,550	

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

14. Intangible assets (continued)

2012

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Ji'nan to Leling Highway Project	36	66,894	65,330	6.29
Jiyang Guest-greeting Yellow River Bridge concession rights	100	39,820	—	—
		106,714	65,330	



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

15. Goodwill

2013

	Opening balance	Increase	Decrease	Closing balance
Acquisition of Hangsheng Company	100,135	—	—	100,135
Others	—	352	—	352
	100,135	352	—	100,487

2012

	Opening balance	Increase	Decrease	Closing balance
Acquisition of Hangsheng Company	—	100,135	—	100,135

At 31 December 2013, management has assessed the impairment of goodwill based on the unfinished construction contracts of China Railway Construction and Waterway Bureau Co., Ltd. The recoverable amount has been determined based on the present value of the cash flow projections based on its unfinished construction contracts' and a discount rate of 11%. The impairment assessment shows that the Group's goodwill is not impaired; therefore, no provision should be made.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

16. *Deferred tax assets and liabilities*

Deferred tax assets and liabilities are presented without taking into account the offsetting of the following balances:

Recognized deferred tax assets and liabilities:

	31 December 2013	31 December 2012 (Restated)
Deferred tax assets		
Provision for early retirement benefits	698,063	906,490
Provision for impairment of assets	348,838	203,510
Deductible tax losses	65,104	67,774
Accruals and provisions	96,093	77,298
Available-for-sale financial assets	86	19,012
Additional tax deduction on asset revaluation surplus arising from a prior restructuring	522,556	570,727
Others	230,695	167,428
	1,961,435	2,012,239
Deferred tax liabilities		
Recognition of difference on revenue of construction contracts	66,989	66,989
Available-for-sale financial assets	14,121	18,181
Others	2,282	173,808
	83,392	258,978

Unrecognized deferred tax assets are presented as follows:

	31 December 2013	31 December 2012
Deductible tax losses	240,486	195,253



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

16. *Deferred tax assets and liabilities* (continued)

Deductible tax losses that are not recognized as deferred tax assets will expire in the following years:

	31 December 2013
2014	80,654
2015	106,382
2016	138,350
2017	131,173
2018	557,119
	1,013,678
	31 December 2012
2013	48,223
2014	86,182
2015	254,677
2016	195,830
2017	210,969
	795,881

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

17. Provision for impairment of assets

2013

	Opening balance	Provision	Reversal	Write-off	Closing balance
Provision for bad debts	1,025,701	1,543,585	(150,313)	(88,984)	2,329,989
Provision for decline in value of inventories	299,156	50,538	(13,538)	(136,967)	199,189
Provision for impairment of long-term equity investments	23,118	985	—	(1,539)	22,564
Provision for impairment of fixed assets	587,997	—	—	(27,299)	560,698
Provision for impairment of construction in progress	9,563	—	—	—	9,563
Provision for impairment of intangible assets	9,044	—	—	—	9,044
	1,954,579	1,595,108	(163,851)	(254,789)	3,131,047

2012

	Opening balance	Provision	Other addition	Reversal	Write-off	Closing balance
Provision for bad debts	807,811	325,011	100,537	(172,081)	(35,577)	1,025,701
Provision for decline in value of inventories	183,668	197,451	1,114	(19,766)	(63,311)	299,156
Provision for impairment of long-term equity investments	25,886	1,254	—	—	(4,022)	23,118
Provision for impairment of fixed assets	597,679	—	—	—	(9,682)	587,997
Provision for impairment of construction in progress	—	—	9,563	—	—	9,563
Provision for impairment of intangible assets	9,044	—	—	—	—	9,044
	1,624,088	523,716	111,214	(191,847)	(112,592)	1,954,579



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

18. Assets with title restrictions

2013

	Opening balance	Increase	Decrease	Closing balance	
Pledged assets:					
Cash and bank balances	25,000	190,000	(25,000)	190,000	Note(a)
Accounts receivable	1,626,033	5,247,446	(1,626,033)	5,247,446	Note(b)
Bills receivable	474,667	—	(474,667)	—	Note(c)
Inventories	15,214,762	11,509,244	(1,633,088)	25,090,918	Note(d)
Fixed assets	61,447	6,358	(318)	67,487	Note(e)
Intangible assets - land use rights	148,678	82,109	(148,678)	82,109	Note(e)
Intangible assets - concession rights	417,950	—	(20,153)	397,797	Note(f)
Assets whose titles are restricted for other reasons:					
Cash - mandatory reserves with central bank	2,564,174	4,902,329	(5,052,412)	2,414,091	
Cash - security deposit for acceptance bills	3,723,384	15,123,764	(15,574,376)	3,272,772	
Cash - security deposit for letters of credit	218,307	509,892	(461,304)	266,895	
Cash - security deposit for performance bonds	3,155	308,982	(146,633)	165,504	
Cash - security deposit for letters of guarantee	190,793	164,499	(61,572)	293,720	
Cash - others	476,770	2,106,691	(1,172,386)	1,411,075	
	7,176,583	23,116,157	(22,468,683)	7,824,057	
	25,145,120	40,151,314	(26,396,620)	38,899,814	

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

18. Assets with title restrictions (continued)

2012

	Opening balance	Increase	Decrease	Closing balance	
Pledged assets:					
Cash and bank balances	—	25,000	—	25,000	<i>Note(a)</i>
Accounts receivable	4,718,929	1,626,033	(4,718,929)	1,626,033	<i>Note(b)</i>
Bills receivable	394,130	474,667	(394,130)	474,667	<i>Note(c)</i>
Inventories	12,821,131	17,426,349	(15,032,718)	15,214,762	<i>Note(d)</i>
Fixed assets	79,446	—	(17,999)	61,447	<i>Note(e)</i>
Intangible assets - land use rights	86,148	148,678	(86,148)	148,678	<i>Note(e)</i>
Intangible assets - concession rights	438,103	—	(20,153)	417,950	<i>Note(f)</i>
Assets whose titles are restricted for other reasons:					
Cash - mandatory reserves with central bank	—	2,564,174	—	2,564,174	
Cash - security deposit for acceptance bills	2,101,221	10,041,742	(8,419,579)	3,723,384	
Cash - security deposit for letters of credit	102,343	193,259	(77,295)	218,307	
Cash - security deposit for performance bonds	22,971	143,095	(162,911)	3,155	
Cash - security deposit for letters of guarantee	166,544	165,874	(141,625)	190,793	
Cash - others	190,909	439,698	(153,837)	476,770	
	2,583,988	13,547,842	(8,955,247)	7,176,583	
	21,121,875	33,248,569	(29,225,324)	25,145,120	



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

18. Assets with title restrictions (continued)

Notes:

- (a) As at 31 December 2013, the Group's deposits of RMB190,000,000 (31 December 2012: RMB25,000,000) were pledged to obtain short-term loans of RMB170,000,000 (31 December 2012: RMB15,000,000) (Note V.19(a)).
- (b) As at 31 December 2013, the Group's accounts receivable of RMB4,836,808,000 (31 December 2012: RMB1,626,033,000) were pledged to obtain short-term loans of RMB3,541,544,000 (31 December 2012: RMB1,334,813,000) (Note V.19(a)).

As at 31 December 2013, the Group's accounts receivable of RMB410,638,000 (31 December 2012: nil) were pledged to obtain long-term loans of RMB200,000,000 (31 December 2012: nil) (Note V.32(d)).
- (c) As at 31 December 2013, no bills receivable of the Group's (31 December 2012: RMB474,667,000) were pledged to obtain short-term loans (31 December 2012: RMB320,000,000) (Note V.19(a)).
- (d) As at 31 December 2013, the Group's inventories of RMB25,090,918,000 (31 December 2012: RMB15,214,762,000) were mortgaged to obtain long-term loans of RMB9,578,056,000 (31 December 2012: RMB8,124,793,000) (Notes V.29 and 32(c)).
- (e) As at 31 December 2013, the Group's buildings of RMB67,487,000 (31 December 2012: RMB61,447,000) and land use rights of RMB82,109,000 (31 December 2012: RMB148,678,000) were mortgaged to obtain short-term loans of RMB75,300,000 (31 December 2012: RMB115,500,000) and long-term loans of RMB7,004,000 (31 December 2012: RMB7,558,000). The amortization of these land use rights for the year ended 31 December 2013 was RMB2,020,000 (2012: RMB2,838,000) (Notes V.19(b) and 32(a)).
- (f) As at 31 December 2013, the Group's concession assets of RMB397,797,000 (31 December 2012: RMB417,950,000) were pledged to obtain a long-term loan of RMB122,100,000 (31 December 2012: RMB149,770,000). The amortization of these concession assets for the year ended 31 December 2013 was RMB20,153,000 (2012: RMB20,153,000) (Note V.32(b)).

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

19. Short-term loans

		31 December 2013	31 December 2012
Pledged loans	<i>Note (a)</i>	3,711,544	1,669,813
Mortgaged loans	<i>Note (b)</i>	75,300	115,500
Guaranteed loans	<i>Note (c)</i>	6,767,486	5,532,000
Loans on credit		36,507,813	31,379,380
		47,062,143	38,696,693

Notes:

- (a) As at 31 December 2013, certain short-term loans with a carrying amount of RMB170,000,000 (31 December 2012: RMB15,000,000) were secured by the pledge of the Group's fixed deposits in the amount of RMB190,000,000 (31 December 2012: RMB25,000,000) (Note V.18(a)).

As at 31 December 2013, certain short-term loans with a carrying amount of RMB3,541,544,000 (31 December 2012: RMB1,334,813,000) were secured by the pledge of the Group's accounts receivable in the amount of RMB4,836,808,000 (31 December 2012: RMB1,626,033,000) (Note V.18(b)).

As at 31 December 2013, no short-term loans (31 December 2012: RMB320,000,000) were secured by the pledge of the Group's bills receivable issued by external parties (31 December 2012: RMB474,667,000) (Note V.18(c)).

- (b) As at 31 December 2013, certain short-term loans with a carrying amount of RMB75,300,000 (31 December 2012: RMB115,500,000) were secured by the mortgages of the Group's buildings in the amount of RMB48,030,000 (31 December 2012: RMB41,990,000) and land use rights in the amount of RMB82,109,000 (31 December 2012: RMB148,678,000) (Note V.18(e)).
- (c) As at 31 December 2013, all guaranteed loans were guaranteed by the entities comprising the Group.

As at 31 December 2013, interest rates for the above loans ranged from 1.25% to 8.50% per annum (31 December 2012: from 3.02% to 9.81%).

As at 31 December 2013, there were no short-term loans defaulted by the Group (31 December 2012: nil).



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

20. Due to customers

	31 December 2013	31 December 2012
Due to customers	437,821	1,738,943

Within the aforesaid balance of due to customers, amounts due to shareholders that held 5% or more of the Company's voting rights were as follows:

	31 December 2013	31 December 2012
CRCCG	276,480	1,590,697

Further details of deposits from other related parties are stated in Note VI.6.

21. Bills payable

	31 December 2013	31 December 2012
Commercial acceptance bills	968,476	807,016
Bank acceptance bills	21,855,547	21,206,179
	22,824,023	22,013,195

As at 31 December 2013, bills payable of RMB22,824,023,000 will be due in the next accounting year (31 December 2012: RMB22,013,195,000).

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

22. Accounts payable

Accounts payable are non-interest-bearing, and are usually paid within the agreed period.

	31 December 2013	31 December 2012
Within 1 year	169,006,568	153,735,553
1 to 2 years	6,084,613	3,761,825
2 to 3 years	1,894,038	545,216
More than 3 years	806,556	819,840
	177,791,775	158,862,434

As at 31 December 2013, significant accounts payable aged over one year were as follows:

	Relationship with the Group	31 December 2013	Reasons for payables not being settled
Company 1	Third party	25,852	Construction costs unsettled
Company 2	Third party	24,864	Construction costs unsettled
Company 3	Third party	24,737	Construction costs unsettled
Company 4	Third party	24,110	Deposit not due
Company 5	Third party	23,004	Construction costs unsettled
		122,567	



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

22. Accounts payable (continued)

As at 31 December 2012, significant accounts payable aged over one year were as follows:

	Relationship with the Group	31 December 2012	Reasons for payables not being settled
Company 1	Third party	45,250	Material procurement costs unsettled
Company 2	Third party	44,786	Construction costs unsettled
Company 3	Third party	38,339	Construction costs unsettled
Company 4	Third party	38,195	Construction costs unsettled
Company 5	Third party	33,370	Construction costs unsettled
		199,940	

As at 31 December 2013, there were no accounts payable due to shareholders that held 5% or more of the Company's voting rights (31 December 2012: nil).

Further details of accounts payable due to other related parties are stated in Note VI.6.

23. Advances from customers

	31 December 2013	31 December 2012
Advances for construction contracts	29,703,506	24,016,078
Gross amount due to contract customers (Note V.7 (3))	12,698,765	13,661,414
Advances for sale of properties (Note)	14,103,338	11,044,401
Advances for sale of materials	7,411,565	5,633,272
Advances for sale of goods	1,373,408	301,433
Others	934,847	7,441,158
	66,225,429	62,097,756

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

23. Advances from customers (continued)

Note: Details of advances from customers of sale for the properties are listed below:

Property name	31 December 2013	Percentage of accumulated pre-sales in advance	Estimated completion date
Beijing CRCC International City Le Xiang Hui Project	1,930,416	54	October 2014
CRCC Liwan International City Project	1,442,170	80	March 2014
Yue Ran Xin Yuan Project	1,115,300	45	December 2014
Jinan CRCC International City Project	975,807	88	December 2015
Gaoxin District Land of Chengdu Project	743,002	44	January 2014
CRCC Wutong Garden Project	674,270	83	August 2014
Yuanxiang Mangu Project	586,697	21	August 2015
Wuhan CRCC International City Project	533,000	90	June 2016
Wuhan 1818 Center Project	433,200	56	January 2015
Xi'an CRCC International City Project	407,844	3	December 2018
CRCC Beijing Shanyu City Project	399,287	89	June 2015
CRCC Lingxiu City Project	313,223	89	December 2017
Hangzhou CRCC International City Project	280,076	28	August 2014
Changsha CRCC International City Project II	243,558	20	March 2016
CRCC Jingnan Yipin Project II	239,610	81	December 2015
Tianjin CRCC International City Project I	203,129	96	September 2013
Liuzhou CRCC-Golden Landing Project	183,847	99	December 2013
People South Street 19 Project	183,316	100	December 2015
Zhoukou Properties CRCC Dong Lai Shang City Project	179,454	85	October 2016
Hefei CRCC International City Project II	159,444	86	October 2014
Others	2,876,688		
	14,103,338		



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

23. Advances from customers (continued)

Note: Details of advances from customers of sale for the properties are listed below: (continued)

Property name	31 December 2012	Percentage of accumulated pre-sales in advance	Estimated completion date
Beijing Wutong Yuan Project	2,680,010	97	August 2015
CRCC Liwan International City Project	1,211,599	37	May 2014
Tianjin CRCC International City Project I	874,220	39	May 2013
CRCC Haixi Project	732,190	95	January 2013
CRCC Wutong Garden Project	649,018	76	August 2014
Beijing CRCC International City Project	645,528	90	December 2015
CRCC Lingxiu City Project	474,855	60	December 2017
Jinan CRCC International City Project	289,687	33	December 2014
CRCC Jingnan Yipin Project II	273,640	80	December 2012
Hefei CRCC International City Project II	263,290	53	December 2015
CRCC Lucky Garden Project	217,533	23	June 2013
River Palace Project	203,341	85	April 2013
Tiantian Garden IV Project	196,196	36	August 2013
Hangzhou CRCC International City Project	176,020	6	June 2016
CRCC Bei Cheng Hua Fu Project	164,207	49	December 2012
Chongqing Cha Yuan New Zone Tongjing International City Q Group Project	150,233	82	December 2012
Huatie Everyday Project	120,902	45	May 2013
Wuhan 1818 Center Project	116,447	47	December 2014
CRCC Mingshan Xiushui Project I	110,043	25	May 2014
Liuzhou CRCC Golden Landing Project	106,355	44	December 2013
Others	1,389,087		
	11,044,401		

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

23. Advances from customers (continued)

As at 31 December 2013, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2013	Reasons for being outstanding
Company 1	Third party	2,939,489	Work performed not billed
Company 2	Third party	647,033	Work performed not billed
Company 3	Third party	471,070	Work performed not billed
Company 4	Third party	394,382	Work performed not billed
Company 5	Third party	326,110	Work performed not billed
		4,778,084	

As at 31 December 2012, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2012	Reasons for being outstanding
Company 1	Third party	3,009,768	Work performed not billed
Company 2	Third party	631,087	Work performed not billed
Company 3	Third party	243,410	Work performed not billed
Company 4	Third party	65,134	Work performed not billed
Company 5	Third party	39,444	Work performed not billed
		3,988,843	

As at 31 December 2013, there were no advances from customers due to shareholders that held 5% or more of the Company's voting rights (31 December 2012: nil).

Further details of advances from customers due to other related parties are stated in Note VI.6.



Notes to Financial Statements

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

24. Employee benefits payable

2013

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	4,480,726	19,233,964	(20,631,237)	3,083,453
Staff welfare	—	1,174,487	(1,174,487)	—
Social insurance	3,055,022	3,886,356	(4,963,027)	1,978,351
Including:				
Medical insurance	1,046,026	1,075,320	(1,443,997)	677,349
Basic pension	1,594,024	2,030,499	(2,746,795)	877,728
Contribution to pension annuity	150,777	398,768	(361,838)	187,707
Unemployment insurance	133,364	170,673	(190,652)	113,385
Work injury insurance	91,145	125,035	(133,573)	82,607
Maternity insurance	39,686	86,061	(86,172)	39,575
Housing funds	995,142	946,449	(1,305,533)	636,058
Union fund and employee education fund	544,443	432,641	(546,973)	430,111
Others	95,493	625,706	(606,963)	114,236
	9,170,826	26,299,603	(29,228,220)	6,242,209

2012

	Opening balance (Restated)	Accrued (Restated)	Paid (Restated)	Closing balance (Restated)
Salaries, bonuses, allowances and subsidies	4,185,112	17,805,025	(17,509,411)	4,480,726
Staff welfare	—	839,224	(839,224)	—
Social insurance	2,884,551	4,499,058	(4,328,587)	3,055,022
Including:				
Medical insurance	1,179,481	1,281,403	(1,414,858)	1,046,026
Basic pension	1,296,000	2,502,417	(2,204,393)	1,594,024
Contribution to pension annuity	138,575	344,502	(332,300)	150,777
Unemployment insurance	142,410	177,228	(186,274)	133,364
Work injury insurance	89,614	126,816	(125,285)	91,145
Maternity insurance	38,471	66,692	(65,477)	39,686
Housing funds	948,616	1,262,407	(1,215,881)	995,142
Union fund and employee education fund	553,783	490,190	(499,530)	544,443
Others	147,188	778,764	(830,459)	95,493
	8,719,250	25,674,668	(25,223,092)	9,170,826

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

25. Taxes payable

	31 December 2013	31 December 2012
Value-added tax	162,475	128,731
Business tax	4,812,830	4,526,242
Corporate income tax	2,074,356	1,956,629
Individual income tax	753,116	685,249
City maintenance and construction tax	355,722	314,717
Others	263,849	193,661
	8,422,348	7,805,229

26. Interest payables

	31 December 2013	31 December 2012
Interest payables for corporate bonds (Note V30,33)	547,332	192,820
Interest payables for short-term loans	62,561	43,316
Interest payables for long-term loans	34,664	467
	644,557	236,603

27. Dividends payable

	31 December 2013	31 December 2012
Beijing Modasi Investment Co., Ltd.	39,971	39,971
Zhengzhou Railway Bureau of the Ministry of Railway	12,929	8,158
Taiyuan Locomotive and Rolling Stock Factory	12,929	8,158
Jinan Railway Bureau of the Ministry of Railway	12,929	8,158
Others	26,934	43,943
	105,692	108,388



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

28. Other payables

	31 December 2013	31 December 2012
Guarantees and deposits	14,519,412	11,338,894
Payables for advances	9,707,179	8,766,887
Accrued business taxes and surcharges	4,980,022	4,168,353
Others (Note)	10,630,067	10,580,870
	39,836,680	34,855,004

Note: In accordance with the Notice Relating to the Allocation of State-owned Capital Operating Budget to CRCCG for 2008 (Cai Qi [2008] No. 260) [(財政部關於下達中國鐵道建築總公司2008年中央國有資本經營預算(撥款)的通知)(財企[2008]260號)] and the Notice Relating to the Allocation of the Wenchuan Earthquake Reconstruction Funds to State-owned Enterprises for 2008 (Cai Qi [2008] No. 399) [(財政部關於撥付2008年中央企業汶川地震災後恢復重建基金的通知)(財企[2008]399號)] issued by the Ministry of Finance, the Ministry of Finance injected an amount of RMB189,660,000 to CRCCG for the reconstruction work in relation to the earthquake in Wenchuan County of Sichuan Province in the PRC in 2008. Thereafter, CRCCG contributed the fund received from the Ministry of Finance into the Company and the Company has recorded this amount in other payables- payables for CRCCG as at 31 December 2013 and 31 December 2012, accordingly. (Note VI.6(e)).

Amounts due to shareholders that held 5% or more of the Company's voting rights were as follows:

	31 December 2013	31 December 2012
CRCCG	319,166	207,882

Further details of other payables due to other related parties are stated in Note VI.6.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

28. Other payables (continued)

At the balance sheet date, significant other payables aged over one year were as follows:

	Relationship with the Group	31 December 2013	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
	Ultimate holding		
CRCCG	company	189,660	Reconstruction not settled
Company 2	Third party	40,000	Deposit not due
Company 3	Third party	23,891	Deposit not due
Company 4	Third party	19,896	Payables not settled
		525,063	

Among the significant other payables aged over one year as at 31 December 2013, an aggregate amount of RMB2,500,000 has been repaid after the balance sheet date.

	Relationship with the Group	31 December 2012	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
	Ultimate holding		
CRCCG	company	189,660	Reconstruction not settled
Company 2	Third party	74,421	Deposit not due
Company 3	Third party	40,435	Payables not settled
Company 4	Third party	18,212	Payables not settled
		574,344	

Among the significant other payables aged over one year as at 31 December 2012, an aggregate amount of RMB3,812,000 has been repaid after the balance sheet date.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

29. Provision

2013

	Opening balance	Increase	Decrease	Closing balance	
Pending litigation	—	3,887	—	3,887	<i>Note</i>

2012: Nil.

Note: The Group has been named in the legal proceedings and claims arising from disputes of construction contracts. For the cases that the Court has accepted but has not yet concluded, the provision is made according to the best estimate of the amount of likely compensation regarding the proceedings and claims made at the end of the reporting period based on the best estimates and judgments from the directors and legal advice from the Company's legal advisor.

30. Current portion of non-current liabilities

	31 December 2013	31 December 2012 (Restated)
Current portion of long-term loans	9,811,930	9,704,426
Current portion of bonds payable (<i>Note V.33</i>)	850,000	—
Current portion of long-term payables	1,237,789	727,838
Current portion of long-term employee benefits payable (<i>Note V.35</i>)	723,772	819,766
	12,623,491	11,252,030

Current portion of long-term loans are presented as follows:

	31 December 2013	31 December 2012
Pledged loans (<i>Note V.32(b)</i>)	30,690	27,670
Mortgaged loans (<i>Note V.32(c)</i>)	2,575,220	2,811,548
Guaranteed loans	1,762,406	2,655,092
Loans on credit	5,443,614	4,210,116
	9,811,930	9,704,426

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

30. Current portion of non-current liabilities (continued)

As at 31 December 2013, the five largest balances in the current portion of long-term loans were as follows:

	Term	Currency	Interest rate %	31 December 2013	
				Foreign amounts	RMB equivalent
Company 1	From 2011-9-26 to 2014-9-26	RMB	4.17	—	1,760,000
Company 2	From 2012-8-21 to 2014-8-21	USD	3.89	200,000	1,219,380
Company 3	From 2011-12-8 to 2014-12-7	RMB	6.45	—	1,000,000
Company 4	From 2011-9-23 to 2014-9-22	RMB	7.65	—	615,000
Company 5	From 2012-4-27 to 2014-4-25	USD	4.71	100,000	609,690
					5,204,070

As at 31 December 2012, the five largest balances in the current portion of long-term loans were as follows:

	Term	Currency	Interest rate %	31 December 2012	
				Foreign amounts	RMB equivalent
Company 1	From 2010-2-4 to 2013-2-3	RMB	4.86	—	1,754,608
Company 2	From 2011-6-30 to 2013-6-27	USD	3.90	250,000	1,571,375
Company 3	From 2011-12-8 to 2013-12-7	RMB	10.25	—	1,494,000
Company 4	From 2011-6-24 to 2013-6-24	USD	5.34	136,000	854,828
Company 5	From 2011-6-29 to 2013-6-29	RMB	11.50	—	500,000
					6,174,811

As at 31 December 2013, there was no current portion from the long-term loans defaulted by the Group (31 December 2012: nil).



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

30. Current portion of non-current liabilities (continued)

As at 31 December 2013, the current portion of bonds payable was as follows:

	Face value	Issuing date	Maturity	Amount issued	Annual interest rate	Interest accrued in the year	Interest payable at year end (Note V.26)	Closing balance
China Railway 23rd Bureau Group Co., Ltd. - 2012 first issue of private placement note	350,000	9 Aug 2012	2 years	350,000	5.9%	17,437	7,629	350,000
China Railway 25th Bureau Group Co., Ltd. - 2012 second issue of private placement note	500,000	9 Nov 2012	2 years	500,000	6.2%	31,000	4,416	500,000
	850,000			850,000		48,437	12,045	850,000

As at 31 December 2012, there was no current portion of bonds payable.

As at 31 December 2013, the five largest balances in the current portion of long-term payables were as follows:

Term	Initial amount	Annual interest rate %	Accrued interest	Closing balance	Conditions and terms
Company 1 From 2013-7-12 to 2018-4-12	800,000	Benchmark rate of three to five-year bank loans floating downward 10%	49,256	143,515	Nil
Company 2 From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	21,467	96,475	Nil
Company 3 From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	27,750	92,007	Nil
Company 4 From 2013-11-28 to 2017-7-15	275,000	Benchmark rate of five-year bank loans	15,654	78,571	Nil
Company 5 From 2012-7-31 to 2017-7-30	362,000	Benchmark rate of three to five-year bank loans floating upward 5%	18,602	75,460	Nil
	2,489,045		132,729	486,028	

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

30. Current portion of non-current liabilities (continued)

As at 31 December 2012, the five largest balances in the current portion of long-term payables were as follows:

Term	Initial amount	Annual interest rate %	Accrued interest	Closing balance	Conditions and terms
Company 1 From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	34,094	92,007	Nil
Company 2 From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	27,481	90,461	Nil
Company 3 From 2011-1-27 to 2013-9-30	114,000	Benchmark rate of three-year bank loans	1,231	67,212	Nil
Company 4 From 2011-5-26 to 2016-5-26	291,355	Benchmark rate of five-year bank loans floating upward 10%	9,336	48,000	Nil
Company 5 From 2011-6-29 to 2018-6-29	311,015	Benchmark rate of over-five-year bank loans	15,119	44,431	Nil
	1,768,415		87,261	342,111	

31. Other current liabilities

		31 December 2013	31 December 2012
Current portion of deferred income	(Note V.37)	23,359	22,622
Short-term unsecured financing bonds and private placement note	(Note)	8,666,277	21,952,069
		8,689,636	21,974,691

Note: Other current liabilities represent short-term unsecured financing bonds and private placement note with a fixed interest rate issued by the Group and its subsidiaries. The principal and the interests will be repaid at the end of the term.

Movements of the bonds were as follows:

	Opening balance	Increase	Decrease	Closing balance
2013	21,952,069	9,188,759	(22,474,551)	8,666,277
2012	7,504,783	22,292,167	(7,844,881)	21,952,069



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

31. Other current liabilities (continued)

As at 31 December 2013, the balances of the short-term unsecured financing bonds and private placement note were as follows:

Bond	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest	Closing balance
China Railway Co., Ltd. - 2013 first tranche	2,500,000	29 May 2013	4.00%	365 days	58,630	2,558,630
China Railway Co., Ltd. - 2013 first tranche SCP	3,000,000	22 Jul 2013	4.40%	270 days	58,587	3,058,587
China Railway Co., Ltd. - 2013 second tranche SCP	3,000,000	22 Aug 2013	4.70%	270 days	49,060	3,049,060
	8,500,000				166,277	8,666,277

As at 31 December 2012, the balances of the short-term unsecured financing bonds and private placement note were as follows:

Bond	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest	Closing balance
China Railway Co., Ltd. - 2012 first tranche	10,000,000	18 Jul 2012	3.60%	365 days	162,740	10,162,740
China Railway Co., Ltd. - 2012 first tranche SCP	1,000,000	18 Oct 2012	4.05%	180 days	8,100	1,008,100
China Railway Co., Ltd. - 2012 second tranche SCP	5,000,000	5 Nov 2012	4.30%	270 days	32,986	5,032,986
China Railway 13 th Bureau Group Co., Ltd. — 2012 first tranche	250,000	24 Apr 2012	5.15%	365 days	8,583	258,583
China Railway 14 th Bureau Group Co., Ltd. — 2012 first tranche	400,000	20 Jul 2012	4.23%	365 days	7,231	407,231
China Railway 15 th Bureau Group Co., Ltd. — 2012 first tranche	250,000	29 Feb 2012	5.88%	365 days	12,324	262,324
China Railway 15 th Bureau Group Co., Ltd. — 2012 second tranche	250,000	30 Aug 2012	4.82%	365 days	4,042	254,042
China Railway 17 th Bureau Group Co., Ltd. — 2012 first tranche	400,000	11 Jan 2012	6.73%	366 days	25,948	425,948
China Railway 19 th Bureau Group Co., Ltd. —2012 first issue of private placement note	2,000,000	20 Dec 2012	5.73%	365 days	3,454	2,003,454
China Railway 20 th Bureau Group Co., Ltd. — 2012 first tranche	500,000	27 Jun 2012	4.16%	365 days	10,656	510,656
China Railway 21 st Bureau Group Co., Ltd. — 2012 first tranche	500,000	14 Dec 2012	5.21%	365 days	1,071	501,071
China Railway 22 nd Bureau Group Co., Ltd. — 2012 first tranche	500,000	23 Mar 2012	5.27%	365 days	20,250	520,250
China Railway 25 th Bureau Group Co., Ltd. — 2012 first tranche	200,000	28 Feb 2012	5.88%	366 days	9,832	209,832
China Railway Materials Co., Ltd. - 2012 first tranche	380,000	27 Mar 2012	5.27%	365 days	14,852	394,852
	21,630,000				322,069	21,952,069

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

32. Long-term loans

	31 December 2013	31 December 2012
Pledged loans (<i>Note (b) and Note (d)</i>)	291,410	122,100
Mortgaged loans (<i>Note (a) and Note (c)</i>)	7,009,840	5,320,803
Guaranteed loans (<i>Note (e)</i>)	9,415,151	2,070,703
Loans on credit	25,080,119	9,416,495
	41,796,520	16,930,101

Notes:

- (a) As at 31 December 2013, long-term bank loans with the carrying amount of RMB7,004,000 (31 December 2012: RMB7,558,000) were secured by mortgages of the Group's buildings with a carrying amount of RMB19,457,000 (31 December 2012: RMB19,457,000) (Note V.18(e)).
- (b) As at 31 December 2013, long-term bank loans in the amount of RMB122,100,000 including long-term loans due within one year of RMB30,690,000 (31 December 2012: RMB149,770,000, including long-term loans due within one year of RMB27,670,000) were secured by a pledge of the Group's concession assets of the BOT Project of Jiyang Guest-greeting Yellow River Bridge with a carrying amount of RMB397,797,000 (31 December 2012: RMB417,950,000) (Note V.18(f)).
- (c) As at 31 December 2013, long-term bank loans in the amount of RMB9,578,056,000 including long-term loans due within one year of RMB2,575,220,000 (31 December 2012: RMB8,124,793,000, including long-term loans due within one year of RMB2,811,548,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB25,090,918,000 (31 December 2012: RMB15,214,762,000) (Note V.18(d)).
- (d) As at 31 December 2013, long-term bank loans in an amount of RMB200,000,000 (31 December 2012: nil) were secured by a pledge of the Group's accounts receivable with a carrying amount of RMB410,638,000 (31 December 2012: nil) (Note V.18(b)).
- (e) As at 31 December 2013, the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group.

As at 31 December 2013, there were no long-term loans defaulted by the Group (31 December 2012: nil).



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

32. Long-term loans (continued)

Notes (continued):

The maturity profile of the long-term loans as at the end of the Reporting Period is as follows:

	31 December 2013	31 December 2012
Within one year or on demand	9,811,930	9,704,426
In the second year, inclusive	19,037,929	9,350,930
In the third to fifth years, inclusive	19,087,994	6,271,386
Beyond five years	3,670,597	1,307,785
	51,608,450	26,634,527

An amount due to a shareholder that held 5% or more of the Company's voting rights is as follows:

	31 December 2013	31 December 2012
CRCCG	582,110	82,110

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

32. Long-term loans (continued)

As at 31 December 2013, the five largest long-term loans were as follows:

	Starting date	Maturity date	Currency	Interest rate %	31 December 2013	
					Foreign currency	RMB equivalent
Loan 1	2013-09-30	2016-09-30	RMB	6.15	—	2,500,000
Loan 2	2013-07-17	2018-07-17	RMB	8.80	—	2,000,000
Loan 3	2013-07-25	2016-07-25	RMB	8.50	—	2,000,000
Loan 4	2013-11-29	2015-11-27	RMB	8.40	—	2,000,000
Loan 5	2013-04-11	2015-04-10	USD	3.35	316,000	1,926,620
						10,426,620

As at 31 December 2012, the five largest long-term loans were as follows:

	Starting date	Maturity date	Currency	Interest rate %	31 December 2012	
					Foreign currency	RMB equivalent
Loan 1	2011-09-26	2014-09-26	RMB	4.17	—	1,780,000
Loan 2	2012-08-21	2014-08-21	USD	5.34	200,000	1,257,100
Loan 3	2011-12-08	2014-12-07	RMB	6.45	—	1,000,000
Loan 4	2012-04-29	2015-04-29	RMB	6.00	—	629,426
Loan 5	2012-04-27	2014-04-25	USD	5.05	100,000	628,550
						5,295,076



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

33. Bonds payable

Bonds payable represent unsecured medium-term notes, private placement notes with a fixed interest rate and 10-year dollar bonds with a fixed interest rate guaranteed by the Company. Bond interests are paid regularly whereas the principal is paid at maturity date.

2013

	Opening balance	Additions	Deductions (Note V.30)	Closing balance
Bonds payable	14,459,980	16,278,606	(850,000)	29,888,586

2012

	Opening balance	Additions	Deductions	Closing balance
Bonds payable	12,392,517	2,067,463	—	14,459,980

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

33. Bonds payable (continued)

As at 31 December 2013, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount Issued	Interest rate per annum	Interest accrued in the year	Interest payable at year end	Closing balance
First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	189,000	63,173	4,986,350
First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	471,000	95,490	7,440,566
First issue of medium-term notes in 2013	10,000,000	20 Jun 2013	7 years	10,000,000	5.10%	270,971	270,971	9,931,269
China Railway 14 th Bureau Group Co., Ltd. - 2012 first issue of private placement	400,000	27 Aug 2012	5 years	400,000	6.7%	42,350	8,933	400,000
China Railway 15 th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	23 Nov 2012	3 years	400,000	6.5%	25,288	2,066	400,000
China Railway 15 th Bureau Group Co., Ltd. - 2013 first issue of private placement note	400,000	28 Mar 2013	3 years	400,000	6.5%	17,458	17,458	400,000
China Railway 17 th Bureau Group Co., Ltd. - 2013 first issue of private placement note	500,000	21 Mar 2013	3 years	500,000	5.88%	22,540	22,540	500,000
China Railway 25 th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	06 Aug 2012	3 years	400,000	6.1%	24,400	9,827	400,000
China Railway 24 th Bureau Group Co., Ltd. - 2013 first issue of private placement note	600,000	11 Apr 2013	3 years	600,000	5.4%	23,490	23,490	600,000
CRCC Yuxiang Limited 3.5PCT Guaranteed Note Due 2023	4,877,520	16 May 2013	10 years	4,877,520	3.5%	110,299	21,339	4,830,401
	30,077,520			30,077,520		1,196,796	535,287	29,888,586

(Note V.26)



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

33. Bonds payable (continued)

As at 31 December 2012, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount Issued	Interest rate per annum	Interest accrued in the year	Interest payable at year end	Closing balance
First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	189,175	63,173	4,979,030
First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	471,261	95,490	7,430,950
China Railway 14 th Bureau Group Co., Ltd- 2012 first issue of private placement	400,000	27 Aug 2012	5 years	400,000	6.7%	8,933	8,933	400,000
China Railway 15 th Bureau Group Co., Ltd-2012 first issue of private placement note	400,000	23 Nov 2012	3 years	400,000	6.5%	2,778	2,778	400,000
China Railway 23 rd Bureau Group Co., Ltd. - 2012 first issue of private placement note	350,000	09 Aug 2012	2 years	350,000	5.9%	8,203	8,203	350,000
China Railway 25 th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	06 Aug 2012	3 years	400,000	6.1%	9,827	9,827	400,000
China Railway 25 th Bureau Group Co., Ltd. - 2012 second issue of private placement note	500,000	09 Nov 2012	2 years	500,000	6.2%	4,416	4,416	500,000
				14,550,000		694,593	192,820, (Note V.26)	14,459,980

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

34. Long-term payables

	31 December 2013	31 December 2012
Retention money payables	489	139,795
Finance lease payables	3,333,782	3,012,161
Others	236,591	144,696
	3,570,862	3,296,652

The maturity profile of long-term payables as at the end of the reporting period is as follows:

	31 December 2013	31 December 2012
Within one year or on demand	1,237,789	727,838
In the second year, inclusive	1,209,012	1,041,965
In the third to fifth years, inclusive	2,120,013	2,027,023
Beyond five years	241,837	227,664
	4,808,651	4,024,490



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

34. Long-term payables (continued)

As at 31 December 2013, the five largest long-term payables were as follows:

	Term	Initial amount	Annual interest rate %	Accrued interest	Closing balance	Borrowing terms
Company 1	From 2013-7-12 to 2018-4-12	800,000	Benchmark rate of three to five-year bank loans floating downward 10%	76,837	597,859	Nil
Company 2	From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	55,276	460,037	Nil
Company 3	From 2012-7-31 to 2017-7-30	362,000	Benchmark rate of three to five-year bank loans floating upward 5%	30,697	291,405	Nil
Company 4	From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	24,691	270,162	Nil
Company 5	From 2013-11-28 to 2017-7-15	275,000	Benchmark rate of five-year bank loans	17,945	196,429	Nil
		2,489,045		205,446	1,815,892	

As at 31 December 2012, the five largest long-term payables were as follows:

	Term	Initial amount	Annual interest rate %	Accrued interest	Closing balance	Borrowing terms
Company 1	From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	85,594	460,037	Nil
Company 2	From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	46,158	366,637	Nil
Company 3	From 2012-7-31 to 2017-7-30	362,000	Benchmark rate of three to five-year bank loans floating upward 5%	54,165	362,000	Nil
Company 4	From 2011-6-29 to 2018-6-29	311,015	Benchmark rate of over-five-year bank loans	31,539	199,938	Nil
Company 5	From 2011-5-26 to 2016-5-26	291,355	Benchmark rate of five-year bank loans floating upward 10%	15,254	144,000	Nil
		2,016,415		232,710	1,532,612	

As at 31 December 2013, no independent third party has provided a guarantee for the Group's finance leases (31 December 2012: nil).

As at 31 December 2013 and 31 December 2012, the Group's finance lease payables were for the purchases of machinery and equipment and were measured in RMB.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

35. Long-term employee benefits payable

	31 December 2013	31 December 2012 (Restated)
Defined benefit obligations - early retirement benefits payable	2,441,550	3,315,497

Note: Certain employees of the Group had completed their respective early retirement plan applications. Early retirement benefits were recognized in the period in which the relevant entities of the Group have entered into agreements with the employees specifying the terms of redundancy, or after the individual employee has been advised of the specific terms. The specific terms vary among the terminated and early retired employees depending on various factors including their positions, length of service, and the district in which the employee is located, etc.

The Group's obligations in respect of the early retirement benefits at the end of the reporting period were computed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. which is a member of the Society of Actuaries of the United States of America, using the projected cumulative unit credit method.

The plan is exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

The principal actuarial assumptions used as at the balance sheet date are as follows:

	2013	2012
Discount rate (%)	4.50	3.00
Expected rate of cost of living adjustment for early retirees increases (%)	2.50	2.50
Expected rate of medical reimbursement expenses increases (%)	8.00	8.00
Average lifetime until retirement (year)	2-3	2-3



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

35. Long-term employee benefits payable (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2013 is shown below:

	Increase in rate %	(Decrease)/ increase in net defined benefit obligation	Decrease in rate %	Increase/ (decrease) in net defined benefit obligation
Discount rate	0.25	(21,520)	0.25	21,840
Medical expense increase rate	1.00	230	1.00	(220)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the balance sheet date.

The total expenses recognized in the consolidated income statement in respect of the plan are as follows:

	2013	2012
Net benefit expenses recognized in general and administrative expenses	111,912	130,890

The movements in the present value of the defined benefit obligations are as follows:

	2013	2012
Opening balance	4,135,263	4,834,899
Defined benefit cost recognized in profit or loss	111,912	130,890
Remeasurement effects recognized in other comprehensive income	(247,216)	89,010
Benefit payments	(834,637)	(919,536)
Closing balance	3,165,322	4,135,263
Less: Current portion of long-term employee benefits payable (note V.30)	(723,772)	(819,766)
	2,441,550	3,315,497

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

35. Long-term employee benefits payable (continued)

The movements in the defined benefit obligations are as follows:

	Pension cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income			Sub-total included in other comprehensive income	Closing balance	
	Opening balance	Service cost	Net interest	Sub-total profit or loss included in	Benefit paid	Actuarial (gain)/ loss due to demographic assumption changes	Actuarial (gain)/ loss due to financial assumption changes			Loss due to liability experience
2013										
Defined benefit Obligations	4,135,263	—	111,912	111,912	(834,637)	—	(135,940)	(111,276)	(247,216)	3,165,322
2012										
Defined benefit obligations	4,834,899	(1,150)	132,040	130,890	(919,536)	—	—	89,010	89,010	4,135,263



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

36. Special payables

2013

	Opening balance	Additions	Deductions	Closing balance
Research and development funds	78,206	18,045	(14,785)	81,466
Specific project funds	166,587	189,024	(117,544)	238,067
Others	550	—	(68)	482
	245,343	207,069	(132,397)	320,015

2012

	Opening balance	Additions	Deductions	Closing balance
Research and development funds	89,867	22,059	(33,720)	78,206
Specific project funds	213,855	188,116	(235,384)	166,587
Others	664	—	(114)	550
	304,386	210,175	(269,218)	245,343

37. Other non-current liabilities

	31 December 2013	31 December 2012
Deferred income		
Government grants related to assets	190,051	165,558
Government grants related to income	9,080	6,339
Others	7,492	9,261
	206,623	181,158
Less: current portion of deferred income (<i>Note V. 31</i>)	(23,359)	(22,622)
	183,264	158,536

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

37. Other non-current liabilities (continued)

As at December 31, 2013, government grants related to liabilities were as follows:

	Opening balance	Additions	Included in non-operating income this year	Other changes	Closing balance	Related to assets/income
Equipment appropriation for passenger transport line Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuanju Apartment and Utility Project Demolition Fund	81,000	—	(20,000)	—	61,000	Related to assets
Kuangxiang land compensation	—	51,555	—	—	51,555	Related to assets
Technical renovation construction appropriation	40,100	—	—	—	40,100	Related to assets
Others	36,797	—	(4,871)	—	31,926	Related to assets
	14,000	4,611	(4,006)	(55)	14,550	
Total	171,897	56,166	(28,877)	(55)	199,131	

As at December 31, 2012, government grants related to liabilities were as follows:

	Opening balance	Additions	Included in non-operating income this year	Other changes	Closing balance	Related to assets/income
Equipment appropriation for passenger transport line	101,000	—	(20,000)	—	81,000	Related to assets
Kuangxiang land compensation	—	40,100	—	—	40,100	Related to assets
Technical renovation construction appropriation	41,622	—	(4,825)	—	36,797	Related to assets
Others	14,340	23,583	(18,135)	(5,788)	14,000	
Total	156,962	63,683	(42,960)	(5,788)	171,897	



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

38. Share capital

2013

	Opening balance	Movements during the year	Closing balance
Restricted shares			
— NSSF	245,000	—	245,000
Unrestricted shares			
— RMB ordinary shares (<i>A shares</i>)	10,016,246	—	10,016,246
— Overseas listed foreign shares (<i>H shares</i>)	2,076,296	—	2,076,296
	12,337,542	—	12,337,542

2012

	Opening balance	Movements during the year	Closing balance
Restricted shares			
— NSSF	245,000	—	245,000
Unrestricted shares			
— RMB ordinary shares (<i>A shares</i>)	10,016,246	—	10,016,246
— Overseas listed foreign shares (<i>H shares</i>)	2,076,296	—	2,076,296
	12,337,542	—	12,337,542

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

39. Capital reserve

2013

	Opening balance	Increase	Decrease	Closing balance
Share premium	34,746,711	—	—	34,746,711
Remeasurement of defined benefit obligation	(420,403)	189,261	—	(231,142)
Losses from changes in fair value of available- for-sale investment	(37,282)	—	(30,781)	(68,063)
Relocation compensation granted by government	110,408	—	—	110,408
Acquisition of non- controlling interests	(358,011)	—	(109,413)	(467,424)
Others	(513,628)	—	(2,924)	(516,552)
	33,527,795	189,261	(143,118)	33,573,938

2012

	Opening balance (Restated)	Increase (Restated)	Decrease (Restated)	Closing balance (Restated)
Share premium	34,746,711	—	—	34,746,711
Remeasurement of defined benefit obligation	(334,307)	—	(86,096)	(420,403)
Losses from changes in fair value of available-for- sale investment	(62,711)	25,429	—	(37,282)
Relocation compensation granted by government	49,515	60,893	—	110,408
Acquisition of non- controlling interests	(220,800)	—	(137,211)	(358,011)
Others	(515,039)	1,411	—	(513,628)
	33,663,369	87,733	(223,307)	33,527,795



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

40. Special reserve

The Group provided for and utilized safety production expenses according to the Circular on Printing and Issuing the Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilization (2012. No.16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note II.29.

41. Surplus reserve

2013

		Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	Note	1,217,159	274,738	—	1,491,897

2012

		Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	Note	855,536	361,623	—	1,217,159

Note: In accordance with the Company Law and the Company's Articles of Association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorised to allocate discretionary surplus reserve from profit after tax after the allocation of statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

42. Retained earnings

	2013	2012 (Restated)
Retained earnings at beginning of the year	24,519,661	17,485,911
Net profit attributable to the owners	10,344,658	8,629,127
Less: Appropriation for surplus reserve	(274,738)	(361,623)
Ordinary share cash dividends declared	(1,357,130)	(1,233,754)
Note		
Retained earnings at the year end	33,232,451	24,519,661

Note: In accordance with the resolution at the 2012 annual general meeting of shareholders on 6 June 2013, the Company declared a final cash dividend for the year ended 31 December 2012 of RMB0.11 per share (31 December 2011: RMB0.1), which amounted to RMB1,357,130,000 (31 December 2011: RMB1,233,754,000) based on 12,337,541,500 ordinary shares in issue. This dividend has been paid before 10 August 2013, and has been reflected in this year's financial statements.

43. Revenue and cost of sales

Operating revenue represents the invoice value of goods sold net of returns and trade discounts, which contains an appropriate proportion of construction contracts revenue, the value of the service provided and net amount of lease income received.

The operating revenue is as follows:

	2013	2012
Revenue from principal operations	585,480,520	482,728,222
Other operating revenue	1,309,070	1,584,706
	586,789,590	484,312,928

The operating cost is as follows:

	2013	2012
Cost of sales	527,247,896	432,889,011



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

43. Revenue and cost of sales (continued)

An analysis of the Group's operating revenue and cost of sales by sector is as follows:

Sectors	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Construction operations	464,405,058	418,713,228	403,929,265	364,202,581
Real estate operations	24,695,357	18,366,426	18,137,336	13,082,289
Manufacturing operations	9,808,977	7,898,692	8,247,483	6,441,481
Survey, design and consultancy operations	7,758,766	5,447,895	7,260,990	5,037,716
Other business operations	80,121,432	76,821,655	46,737,854	44,124,944
	586,789,590	527,247,896	484,312,928	432,889,011

Information related to the Group's operating revenue and cost of sales is analyzed by region as follows:

Regions	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Mainland China	565,525,648	507,420,680	466,885,327	417,347,251
Outside Mainland China	21,263,942	19,827,216	17,427,601	15,541,760
	586,789,590	527,247,896	484,312,928	432,889,011

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

43. Revenue and cost of sales (continued)

For the 2013, operating revenues from the top five customers were as follows:

	Amount	Percentage of total operating revenue %
Customer 1	7,959,544	1.36
Customer 2	7,177,920	1.22
Customer 3	7,141,982	1.22
Customer 4	5,060,129	0.86
Customer 5	4,981,444	0.85
	32,321,019	5.51

For the 2012, operating revenues from the top five customers were as follows:

	Amount	Percentage of total operating revenue %
Customer 1	8,018,910	1.65
Customer 2	7,989,821	1.65
Customer 3	5,940,203	1.23
Customer 4	5,550,246	1.15
Customer 5	5,478,710	1.13
	32,977,890	6.81

44. Business tax and surcharges

	2013	2012
Business tax	14,509,534	12,426,804
City maintenance and construction tax	831,617	670,419
Others	1,486,145	1,344,012
	16,827,296	14,441,235

Details of applicable taxes of the Group are stated in to Note III. Taxes for details of applicable tax rates of business tax and surcharges.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

45. Selling and distribution expenses

	2013	2012
Employee compensation costs	873,711	597,975
Advertising and publicity expenses	848,813	713,300
Transportation expenses	538,524	375,666
Others	248,172	259,509
	2,509,220	1,946,450

46. General and administrative expenses

	2013	2012
Employee compensation costs	9,247,821	8,143,996
Research and development expenses	7,678,912	6,586,253
Office, travelling and transportation expenses	1,498,353	1,386,542
Depreciation expenses	1,068,227	1,342,001
Others	3,226,525	3,079,000
	22,719,838	20,537,792

For the year ended 31 December 2013, the auditors' remuneration included in the general and administrative expenses was RMB37,882,000 (for the year ended 31 December 2012: RMB38,711,000).

47. Finance costs

	2013	2012
Interest expenses	7,414,015	5,839,837
Less: interest income	(2,809,142)	(2,017,303)
capitalized	(1,352,505)	(1,004,606)
Exchange (gains)/losses	(40,574)	193,173
Bank charges and others	537,647	489,483
	3,749,441	3,500,584

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

47. Finance costs (continued)

The Group's interest expenses are as follows:

	2013	2012
Interest on loans wholly repayable within five years	5,119,023	4,007,258
Interest on loans repayable beyond five years	192,274	29,859
Interest on finance leases	237,154	201,762
Interest on discounted bills	216,047	125,524
Interest on corporate bonds	1,649,517	1,475,434
Total interest expenses	7,414,015	5,839,837

The amount of capitalized interest has been included in the balances of fixed assets (Note V.12), construction in progress (Note V.13), intangible assets (Note V.14) and properties under development (Note V.7(1)).

48. Impairment losses

	2013	2012
Provisions for bad debts	1,393,272	152,930
Provisions for decline in value of inventories	37,000	177,685
Impairment of long-term equity investments	985	1,254
	1,431,257	331,869

49. Gains on fair value changes

	2013	2012
Financial assets at fair value through profit or loss	942	3,240



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

50. Investment (loss)/income

	2013	2012
Share of net (losses)/profits of associates and jointly-controlled entities	(248,763)	32,847
Losses from disposal of associates	—	—
Investment income from disposal of other long-term equity investments	190,836	119,232
Investment income gained during the period in which the Company held available-for-sale financial assets	7,177	4,577
Dividend income received from other long-term equity investments	19,129	27,345
Others	9,449	2,934
	(22,172)	186,935

For the year ended 31 December 2013, investment income/(loss) above was from listed companies and unlisted companies of RMB10,607,000 (2012: RMB8,563,000) and RMB negative 32,779,000 (2012: RMB178,372,000), respectively.

Among the above income from long-term equity investments under the equity method, investees with investment income which accounted for more than 5% of the Group's total profit or the five highest amounts of investees in terms of proportion of their investment income to the Group's total profit are presented as follows:

	2013	2012	Reason for fluctuation
Chongqing Monorail Transportation Engineering Co., Ltd.	10,052	10,095	Profit decreased
CRCC-HC-CR15GJV	7,101	(2,010)	Profit increased
China-Africa Lekkil Investment Co., Ltd.	5,779	(5,293)	Profit increased
PetroChina-CRCC Petroleum Marketing Co., Ltd.	3,548	33,749	Profit decreased
Shekou Xinghua Enterprise Co., Ltd.	2,634	2,198	Profit increased
	29,114	38,739	

As at 31 December 2013, the remittance of the Group's investment income was not subject to significant restrictions.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

51. Non-operating income

	2013	2012 (Restated)
Government grants	322,490	406,488
Gains from unpayable accounts	355,610	28,444
Gains on disposal of non-current assets	126,839	111,033
Including:		
Gains on disposal of fixed assets	60,935	108,781
Gains on disposal of intangible assets	65,904	2,252
Gains on compensation, penalties and fines	54,872	35,962
Others	106,437	73,937
	966,248	655,864

Government grants credited to profit or loss for the year are as follows:

	2013	2012	Related to income/assets
Enterprise development funding	127,887	124,378	Related to income
Enterprise development funding	4,871	4,825	Related to assets
Economic and technological cooperation special funds	71,200	83,933	Related to income
Equipment funding from the Ministry of Railways	20,000	20,000	Related to assets
Equipment funding from the Ministry of Railways	—	4,495	Related to income
Refund of taxes	61,328	11,498	Related to income
Relocation compensation	9,542	136,682	Related to income
Others	27,662	20,677	Related to income/assets
	322,490	406,488	



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

52. Non-operating expenses

	2013	2012
Loss on disposal of non-current assets	87,954	102,161
Including:		
Loss on disposal of fixed assets	86,505	99,008
Loss on disposal of intangible assets	1,449	3,153
Loss on compensation, penalties and fines	82,601	44,467
Donations	6,162	5,432
Others	33,203	296,133
	209,920	448,193

53. Profit before tax

The group's costs and expenses classified by nature listed below:

	2013	2012 (Restated)
Cost of services rendered	424,161,123	369,240,297
Cost of goods sold	103,086,773	63,648,714
Employee compensation costs (Note V 45, 46)	10,121,532	8,741,971
Research and development expenses	7,678,912	6,586,253
Fixed assets depreciation expenses (Note)	1,090,653	1,359,243
Intangible assets amortization expenses	180,890	179,422

Note: Depreciation of RMB8,634,530,000 (2012: RMB8,150,374,000) is included in the "Cost of sales" on the face of the consolidated income statement for the year.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

54. Income tax expenses

	2013	2012 (Restated)
Current tax expenses - Mainland China	2,758,154	2,337,603
Current tax expenses - Hong Kong	333	2,076
Current tax expenses - Others	12,515	25,852
Deferred tax expenses	(170,645)	27,446
	2,600,357	2,392,977

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

A reconciliation of the income tax expense applicable to total profit at the statutory income tax rate to the income tax expense at the Group's effective tax rate is as follows:

	2013	2012 (Restated)
Total profit	13,039,740	11,063,833
Income tax at the statutory income tax rate (<i>Note (a)</i>)	3,259,935	2,765,958
Tax effect of lower tax rates for some subsidiaries	(598,699)	(387,217)
Tax effect of share of profits and losses of jointly-controlled entities and associates	62,608	5,175
Income not subject to tax	(18,112)	(30,075)
Expenses not deductible for tax purposes	251,711	315,458
Tax losses utilised from previous years	(36,872)	(59,897)
Income tax benefits on research and development expenses	(555,977)	(466,007)
Tax losses not recognized	109,641	56,332
Undeductible loss and impairment from overseas projects	87,263	48,156
Adjustments in respect of current income tax of previous periods	(225,016)	(135,449)
Other	263,875	280,543
Tax expense at the Group's effective tax rate	2,600,357	2,392,977



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

54. Income tax expenses (continued)

Notes:

- (a) The income tax of the Group is calculated based on the estimated taxable profit arising in China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at the applicable tax rate according to existing laws, interpretations and practices of the country/jurisdiction in which the Group operates.
- (b) The share of tax attributed to jointly-controlled entities and associates amounting to RMB2,498,000 (2012: RMB4,061,000) and RMB2,855,000 (2012: RMB2,460,000), respectively, is included in the "Investment income-share of profits and losses of associates and jointly-controlled entities" on the face of the consolidated income statement.

55. Earnings per share

The basic earnings per share is calculated based on the net profit of the year attributable to the ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the year.

	2013	2012 (Restated)
Earnings		
Net profit attributable to ordinary shareholders of the Company	10,344,658	8,629,127
Shares		
Weighted average number of the outstanding ordinary shares of the Company (Note)	12,337,541,500	12,337,541,500
Basic earnings per share (RMB/share)	0.84	0.70

Note: As disclosed in Note I to these financial statements, after the issuance of A shares and H shares in 2008, the Company has issued an aggregate of 12,337,541,500 outstanding ordinary shares.

The Company holds no potential ordinary shares that are dilutive.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

56. Other comprehensive income

	2013	2012 (Restated)
Remeasurement of defined benefit obligation	247,216	(89,010)
Less: income tax effect	(57,955)	—
	189,261	(89,010)
Share of other comprehensive income of associates	(2,924)	—
(Losses)/gains from changes in fair value of available-for-sale investment	(42,873)	22,873
Less: income tax effect	12,092	2,556
	(30,781)	25,429
Exchange differences on translation of foreign operations	112,304	19,665
Relocation compensation granted by government	—	60,893
	267,860	16,977



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

57. Notes to consolidated statement of cash flows

Cash paid for other operating activities:

(1) Cash received relating to other operating activities:

	2013	2012
Rental income of fixed assets	462,344	434,259
Government grants	260,082	394,990
Accommodation income	208,210	250,643
Sale of raw materials	169,780	300,792
Property management income	169,193	153,253
Training income	60,196	64,423
Others	1,236,848	874,708
	2,566,653	2,473,068

(2) Cash paid relating to other operating activities:

	2013	2012
Deposits	2,157,833	1,380,481
Office and traveling expenses	2,011,728	1,123,909
Repair and maintenance costs	532,616	317,286
Business development expenses	478,388	249,480
Others	1,928,058	2,833,266
	7,108,623	5,904,422

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

58. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the consolidated statement of cash flows

	2013	2012 (Restated)
Reconciliation of net profit to cash flows from/(used in) operating activities		
Net profit	10,439,383	8,670,856
Plus:		
Provision for impairment of assets	1,431,257	331,869
Depreciation of fixed assets	9,725,183	9,509,617
Amortization of intangible assets	180,890	179,422
Gains from disposal of fixed assets, intangible assets and other long-term assets	(38,885)	(8,872)
Gains from changes in fair value	(942)	(3,240)
Finance costs	3,211,794	3,011,100
Investment losses/(income)	22,172	(186,935)
(Increase)/decrease in deferred tax assets	(7,151)	43,701
Decrease in deferred tax liabilities	(163,494)	(16,482)
Increase in inventories	(29,055,352)	(34,071,089)
Increase in operating receivables	(30,595,094)	(25,947,837)
Increase in operating payables	25,386,176	45,771,804
Others	150,083	(2,564,174)
Net cash flows from/(used in) operating activities	(9,313,980)	4,719,740
Major non-cash investing and financing activities:		
	2013	2012
Fixed assets held under finance leases	1,220,136	1,486,280
Changes in cash and cash equivalents:		
	2013	2012
Cash at the end of year	77,328,008	78,704,854
Less: opening balance of cash	(78,704,854)	(60,466,789)
Plus: closing balance of cash equivalents	2,455,445	1,077,197
Less: opening balance of cash equivalents	(1,077,197)	(13,700,794)
Net increase in cash and cash equivalents	1,402	5,614,468



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

V. Notes to the consolidated financial statements (continued)

58. Supplementary information to the consolidated statement of cash flows (continued)

(2) Cash and cash equivalents

	31 December 2013	31 December 2012
Cash	77,328,008	78,704,854
Including: cash on hand	131,216	519,350
cash with banks/financial institution without restrictions	77,196,792	78,185,504
Cash equivalents	2,455,445	1,077,197
Closing balance of cash and cash equivalents	79,783,453	79,782,051

VI. Related party relationships and transactions

1. Parent

Company name	Nature of enterprise	Place of registration	Legal representative	Business scope	Registered capital	Percentage of ownership interest in the Company	Percentage of voting rights in the Company	Organization code
CRCCG	State-owned enterprise	Beijing	Meng Fengchao	Construction and management	5,969,888	61.33	61.33	10001066-0

2. Subsidiaries

Refer to Note XI - 3(ii) "Subsidiaries".

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

3. *Jointly-controlled enterprises and associates*

Company name	Relationship With the Group	Organization code
Nanchang Railway 2nd Construction Engineering Co., Ltd.	Associate	15826465-5
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	77846939-5
Nanchang Xinlong Real Estate Co., Ltd.	Associate	78145661-6
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate	66411483-6
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	66268036-7
Chongqing Yurong Highway Co., Ltd.	Associate	55675000-X
Gansu China Railway Construction and Estate Investment Co., Ltd.	Associate	55627243-1
Wuhan Lvvin Lawn Engineering Co., Ltd.	Associate	71199357-1
Wuhan Beitong Technology Co., Ltd.	Associate	722741230
Guangzhou Zhonglu Hangsheng Engineering Co., Ltd.	Associate	77565388-3
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	Associate	582464912
CRCC-Tongguan Investment Co., Ltd.	Associate	69896533-X
Inner Mongolia Berun New Energy Co., Ltd.	Associate	585153749
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Associate	726340821
Shekou Xinghua Enterprise Co., Ltd.	Associate	618809020
Ningxia China Railway Ningdong Road& Bridge Investment& Development Co., Ltd.	Associate	08350103-7
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Jointly-controlled entity	55493942-3
China Railway Communications International Engineering and Technology Co., Ltd.	Jointly-controlled entity	79748689-5
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Jointly-controlled entity	697727508
Groupement CITIC-CRCC Joint Venture	Jointly-controlled entity	N/A
Hubei Wanjia Real Estate Development Co., Ltd.	Jointly-controlled entity	74179508-2
China-Africa Lekkil Investment Co., Ltd.	Jointly-controlled entity	78550080-5
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity	N/A



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

4. Other related parties

Company name	Related party relationship	Organization code
China Civil (Hong Kong) Building Limited	Fellow subsidiary	N/A
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary	76141766-0
Chongqing Tiefsa Suiyu Highway Co., Ltd.	Fellow subsidiary	76593295-0
Same Fast Limited	Fellow subsidiary	N/A
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	73506582-5
China Railway Construction (Hong Kong) Co., Ltd.	Fellow subsidiary	N/A
Railway Construction Technology Magazine	Fellow subsidiary	67284802
Beijing Railway Construction Society	Fellow subsidiary	50071637-1
Beijing Lu Lu advertising company	Fellow subsidiary	102108055
Jinli Assets Management Center	Fellow subsidiary	71093514-2

5. Related party transactions

(1) Construction operations revenue (Note (a))	2013		2012	
	Amount	Percentage	Amount	Percentage
Chongqing Yurong Highway Co., Ltd.	1,674,047	0.36	1,904,462	0.47
Groupement CITIC-CRCC Joint Venture	508,817	0.11	460,004	0.12
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	307,602	0.07	41,906	0.01
Chongqing Monorail Transportation Engineering Co., Ltd.	254,195	0.05	249,085	0.06
CRCC-HC-CR15G Joint Venture	209,822	0.05	91,022	0.02
Inner Mongolia Berun new energy Co., Ltd.	155,315	0.03	—	—
CRCCG (Note (e))	78,750	0.02	459,396	0.11
CRCC-Tongguan Investment Co., Ltd.	40,375	0.01	—	—
Chongqing Tiefsa Suiyu Highway Co., Ltd. (Note (e))	542	—	765	—
Beijing Tongda Jingcheng Highway Co., Ltd. (Note (e))	206	—	21,775	0.01
	3,229,671	0.70	3,228,415	0.80

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

5. Related party transactions (continued)

(2) Survey, design and consultancy operations revenue (Note (b))	2013		2012	
	Amount	Percentage	Amount	Percentage
CRCCG (Note (e))	1,480	0.02	1,807	0.02

(3) Other income (Note (c))	2013		2012	
	Amount	Percentage	Amount	Percentage
CRCCG (Note (e))	21,296	0.02	34,242	0.05
Chongqing Monorail Transportation Engineering Co., Ltd.	1,816	—	12,982	0.02
Jinli Assets Management Center (Note (e))	40	—	—	—
Hubei Wanjia Real Estate Development Co., Ltd.	—	—	41,000	0.05
	23,152	0.02	88,224	0.12

(4) Purchase of goods and rendering of services (Note (d))	2013		2012	
	Amount	Percentage	Amount	Percentage
Petrochina-CRCC Petroleum Marketing Co., Ltd.	161,989	0.03	502,151	0.12
Beijing Lu Lu Advertising Company	84	—	—	—
Jinli Assets Management Center (Note (e))	—	—	63,548	0.01
	162,073	0.03	565,699	0.13

(5) Other expenses (Note (c))	2013		2012	
	Amount	Percentage	Amount	Percentage
CRCCG (Note (e))	70,579	0.01	39,230	0.01
Jinli Assets Management Center (Note (e))	29,377	0.01	20,070	—
Chongqing Tiefa Highway Co., Ltd. (Note (e))	29	—	33	—
China-Africa Lekkil Investment Co., Ltd.	—	—	1,320	—
Beijing Tongda Jingcheng Highway Co., Ltd. (Note (e))	—	—	10	—
	99,985	0.02	60,663	0.01



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

5. Related party transactions (continued)

(6) Related party guarantee

Granted to a related party

31 December 2013

	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	822,762	25 May 2010	25 May 2015	No

31 December 2012

	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,067,204	25 May 2010	25 May 2015	No

Notes:

- (a) The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.
- (b) The terms of the survey, design and consultancy service agreements entered into by the Group and related parties were mutually agreed by the parties.
- (c) The terms of the agreements relating to rendering or receiving other services entered into by the Group and related parties were mutually agreed by the parties. The income are mainly from International Group Corporation, which provided consulting services to the Saudi Ministry of Mecca Light Rail Project controlled by CRCCG.
- (d) The terms of the purchase agreements of goods and services entered into by the Group and related parties were mutually agreed by the parties.
- (e) The above related party transactions also constitute a connected transaction or continuous related party transactions defined in chapter 14A of the "Hong Kong Listing Rules".

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

6. Amounts due from/to related parties

	31 December 2013		31 December 2012	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable (Note (a))				
Chongqing Yurong Highway Co., Ltd.	388,915	—	—	—
Chongqing Monorail Transportation Engineering Co., Ltd.	136,049	—	57,894	—
CRCCG (Note (b))	79,674	—	369,840	—
Inner Mongolia Berun New Energy Co., Ltd.	68,765	—	—	—
CRCC-HC-CR15G Joint Venture	6,519	—	22,759	—
CRCC-Tongguan Investment Co., Ltd.	4,079	—	—	—
Chongqing Tiefa Suiyu Highway Co., Ltd.	2,914	—	4,803	—
Xi'an Tianchuang Real Estate Co., Ltd.	584	—	584	—
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	530	—	530	—
Beijing Tongda Jingcheng Highway Co., Ltd.	—	—	30	—
	688,029	—	456,440	—
Inventories - Accounts due from customers for contract work (Note (a))				
Chongqing Yurong Highway Co., Ltd.	205,207	—	390,185	—
Chongqing Monorail Transportation Engineering Co., Ltd.	78,511	—	44,876	—
Groupement CITIC-CRCC Joint Venture	58,823	—	15,962	—
CRCCG (Note (c))	8,894	—	31,579	—
	351,435	—	482,602	—
Advance to supplier (Note (a))				
PetroChina-CRCC Petroleum Marketing Co., Ltd.	—	—	4,382	—
Dividends receivable (Note (a))				
Chongqing Monorail Transportation Engineering Co., Ltd.	1,714	—	1,714	—



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

6. Amounts due from/to related parties (continued)

	31 December 2013		31 December 2012	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Other receivables (Note (a))				
Nanchang Xinlong Real Estate Co., Ltd.	26,599	475	26,599	475
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	6,139	31	6,139	31
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	1,615	—	1,828	—
Shaanxi Jiuzheng Medical Technology Co., Ltd.	1,367	1,367	917	349
Chongqing Monorail Transportation Engineering Co., Ltd.	939	—	939	—
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	521	—	—	—
	37,180	1,873	36,422	855
Current portion of non-current assets				
CRCCG (Note (d))	500,000	—	500,000	—
Long-term receivable				
CRCCG (Note (d))	—	—	500,000	—
CRCC-Tongguan Investment Co., Ltd.	456,144	—	169,529	—
	456,144	—	669,529	—

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

6. Amounts due from/to related parties (continued)

	31 December 2013	31 December 2012
Accounts payable (Note (a))		
PetroChina-CRCC Petroleum Marketing Co., Ltd.	10,535	—
Guangzhou Zhonglu Hangsheng Engineering Co., Ltd.	—	38,340
	10,535	38,340
Advances from customers (Note (a))		
PetroChina-CRCC Petroleum Marketing Co., Ltd.	946	—
Other payables (Note (a))		
CRCCG (Note (e))	319,166	207,882
Xi'an Tianchuang Real Estate Co., Ltd.	47,410	26,548
Gansu China Railway Construction and Estate Investment Co., Ltd.	21,193	21,193
CRCC - Tongguan Investment Co., Ltd.	39,850	—
Jinli Assets Management Center	3,533	3,533
China Railway Communications International Engineering and Technology Co., Ltd.	746	746
Shaanxi Jiuzheng Medical Technology Co., Ltd.	450	—
Guangzhou Zhonglu Hangsheng Engineering Co., Ltd.	—	9,563
	432,348	269,465
Due to customers (Note (f))		
CRCCG	276,480	1,590,697
Jinli Assets Management Center	118,506	82,166
Beijing Tongda Jingcheng Highway Co., Ltd.	41,885	1,059
Chongqing Tiefa Suiyu Highway Co., Ltd.	761	5,353
	437,632	1,679,275
Advances from customers - gross amount due to contract customers		
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	378	—
Long-term loans		
CRCCG (Note (g))	582,110	82,110



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

6. Amounts due from/to related parties (continued)

Notes:

- (a) The amounts due from/to the related parties were interest-free, unsecured, and with no fixed terms of repayment.
- (b) The gross amounts due from contract customers - CRCCG mainly arose from China Railway 14th Bureau Group Co., Ltd., one subsidiary of the Group, which provides construction services for the Nanjing Changjiang Tunnel Project to CRCCG. And from China Railway Construction Group Ltd., also one of the subsidiaries of the Group, which provides construction services for the Research Building for CRCCG.
- (c) The accounts receivable from CRCCG mainly arose from China Railway Construction Group Ltd., one of the Group's subsidiaries, which constructed the Research Building for CRCCG.
- (d) The long-term receivable represented the balance due from the CRCCG in regard to the transfer consideration of the Mecca Light Rail Project. The Company entered into the Agreement on the Arrangement of Matters in relation to the Mecca Light Rail Project about remaining rights and obligations of CRCCG. Pursuant to the Agreement, the Company transferred all the rights and obligations of the Company arising from the Mecca Light Rail Project to CRCCG starting from 31 October 2010. In consideration of the aforesaid arrangement, CRCCG shall pay RMB2,077,000,000 to the Company. As at 31 December 2013, an amount of RMB500,000,000 shall be paid within one year.
- (e) The amount due to CRCCG mainly were the funds contributed by CRCCG in the Funds Center of the Group, and the funds for the reconstruction work in relation to the earthquake in Wenchuan County of Sichuan Province in the PRC in 2008, which was funded to CRCCG by the Ministry of Finance of the PRC.
- (f) The amount due to CRCCG and other companies controlled by the same parent company as CRCCG are the deposits in the Finance Company.
- (g) According to "The Ministry of Finance's notification of 2013 central state capital budget about the China Railway Construction Corporation", the Ministry of Finance appropriated RMB500,000,000 to CRCCG. According to "The Ministry of Finance's notification of 2012 central state capital budget about the special funds of safety production", the Ministry of Finance allocated RMB82,110,000 to CRCCG. According to "Strengthening Corporation Financial Information Management Interim Provisions", CRCCG transferred the fund to the Company by entrusted loans. According to the agreement, the fund will be transferred to the Company's share capital when the Company increases its shares in issue.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VI. Related party relationships and transactions (continued)

7. Parent and subsidiaries

Investment in subsidiaries	31 December 2013	31 December 2012
Unlisted, measured at cost	66,208,324	58,685,699
Loans to subsidiaries	37,190,941	29,324,562
	103,399,265	88,010,261

As at 31 December 2013, the dividends receivable due from a subsidiary in the current assets of the Company was RMB109,577,000 (31 December 2012: RMB108,931,000) and the carrying amount of the current debt due to subsidiaries in the current liabilities was RMB10,339,245 (31 December 2012: RMB6,220,480,000). Except for the amounts deposited in the Company by the subsidiaries which bear the prevailing interest rate in the market stipulated by financial institutes, other current liabilities are unsecured, interest-free and shall be paid on demand or within one year.

The loans included in the investments to subsidiaries are interest-bearing at the prevailing interest rate in the market stipulated by financial institutions, unsecured and with no fixed terms of repayment.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VII. Contingencies

- The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when management can reasonably estimate the outcome of the legal proceedings and claims taking into account legal advice. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

2. Guarantees

The Group and the Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

The Group	31 December 2013	31 December 2012
Jointly-controlled entity	—	1,067,204
Associate	822,762	—
An investee of the Group	117,600	117,600
	940,362	1,184,804

As at 31 December 2013, the Group provided guarantees in respect of the banking facilities other than real estate mortgage with an aggregate carrying amount of RMB940,362,000 (31 December 2012: RMB1,184,804,000), provided guarantees in respect of real estate mortgage bank loan with an aggregate carrying amount of RMB10,559,830,000 (31 December 2012: RMB6,693,283,000).

Above guarantees in respect of mortgages are granted to purchasers of the Group's properties and secured by the mortgage.

The Company	31 December 2013	31 December 2012
Subsidiaries	8,389,848	3,453,073
Jointly-controlled entity	—	1,067,204
Associate	822,762	—
An investee of the Company	117,600	117,600
	9,330,210	4,637,877

In addition, certain interest-bearing bank and other loans of the Company of approximately RMB47,607,000 (31 December 2012: RMB53,305,000) were guaranteed by the subsidiaries of the Company as at 31 December 2013.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

VIII. Commitments

	31 December 2013	31 December 2012
Capital commitments		
Contracted, but not provided for	378,719	617,794
Authorized by the board, but not contracted for	—	48,000
	378,719	665,794
Investment commitments		
Contracted, but not fulfilled	115,000	115,000
Authorized by the board, but not contracted for	500,000	800,000
	615,000	915,000
Other commitments (<i>Note</i>)		
Contracted, but not provided for	2,780,000	—
Authorized by the board, but not contracted for	—	4,000,000
	2,780,000	4,000,000

Note: The Company's wholly-owned subsidiary, China Railway 17th Bureau Group Company ("CR17B") entered into an Agreement of the Investment and Construction Project from Xi'an North Railway Station to Airport Track Transportation with Shaanxi Coal Industry Company Limited on 19 March 2013. According to the Agreement, capital investment for the Project totaling RMB1,080,000,000 shall be made by CR17B. By 31 December 2013, CR17B had paid RMB300,000,000.

The Company entered into a "Build-Transfer" project contract with Changchun Subway Co., Ltd. ("Changchun Subway") on 18 March 2013, pursuant to which the Company will inject capital in an aggregate amount of RMB4 billion to Changchun Subway, in three tranches. The Company's share of capital contribution in Changchun Subway shall not exceed 20% upon and after each tranche of capital contribution. The State-owned Assets Supervision and Administration Commission of Changchun Municipal People's Government or its designated department will repurchase all capital contributed by the Company at the original value of RMB4 billion according to the schedule as agreed in the contract. By 31 December 2013, the Group has paid the capital of RMB2 billion.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

IX. Events after the balance sheet date

1. In accordance with the resolution of the 31th meeting of the second session of the board meeting from 27 March 2014 to 28 March 2014, the board has voted for a cash dividend of RMB1.3 per 10 shares to all shareholders, based on the total number of shares of 12,337,541,500, which is expected to amount to RMB1,603,880,000 in total. The above-mentioned proposition will be effective only after the approval by the shareholders' meeting.
2. By the approval date of the financial statements, save as aforesaid, no other significant events took place subsequent to 31 December 2013.

X. Other significant events

1. Leases

As the lessee

Finance leases: As at 31 December 2013, the balance of unrecognized financing charges was RMB615,763,000 (31 December 2012: RMB639,641,000), which was amortized using the effective interest rate method over the lease terms. The future minimum lease payments under non-cancellable finance leases are as follows:

	31 December 2013	31 December 2012
Less than 1 year (including 1 year)	1,421,061	889,581
1 to 2 years (including 2 years)	1,372,851	1,087,191
2 to 5 years (including 5 years)	2,213,456	2,196,596
Over 5 years	104,695	181,129
	5,112,063	4,354,497

Details of fixed assets leased under finance leases are stated in Note V.12.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

1. Leases (continued)

As the lessee (continued)

Significant operating leases: According to the leases entered into with the lessors, the minimum lease payments under non-cancellable leases are as follows:

	31 December 2013	31 December 2012
Less than 1 year (including 1 year)	47,460	60,473
1 to 2 years (including 2 years)	44,787	32,586
2 to 3 years (including 3 years)	42,348	11,941
Over 3 years	56,146	14,539
	190,741	119,539

For the year ended 31 December 2013, payments under operating leases recognized in profit or loss for the year amounted to RMB63,550,000 (2012: RMB84,262,000).

2. Assets and liabilities measured at fair value

2013

	Opening balance	Investment additions	Profit from changes in fair value in the year	Accumulated changes in fair value charged to equity	Closing balance
Financial assets					
Financial assets at fair value through profit or loss	115,025	7,194	942	—	123,161
Available-for-sale financial assets	264,970	—	—	(42,873)	222,097
	379,995	7,194	942	(42,873)	345,258

2012

	Opening balance	Investment additions	Profit from changes in fair value in the year	Accumulated changes in fair value charged to equity	Closing balance
Financial assets					
Financial assets at fair value through profit or loss	46,919	64,866	3,240	—	115,025
Available-for-sale financial assets	242,097	—	—	22,873	264,970
	289,016	64,866	3,240	22,873	379,995



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

3. Segment reporting

Operating segments

For management purposes, the Group is organized into the following five operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services, as well as technology and equipment research and development services;
- (3) The manufacturing operations segment engages in the design, research and development, production and sale of large track maintenance machinery as well as the manufacturing of components for railway construction;
- (4) The real estate operations segment engages in the development, construction and sale of real estate; and
- (5) The other business operations segment mainly comprises logistics and other business operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss. The Group does not manage income tax based on operating segments and hence income tax has not been allocated to the operating segments.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Inter-segment transfers are transacted with reference to the fair values used in the transactions carried out with third parties.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

3. Segment reporting (continued)

Operating segments (continued)

2013

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from external customers	464,405,058	7,758,766	9,808,977	24,695,357	80,121,432	—	586,789,590
Inter-segment sales	3,609,892	2,688	1,946,683	14,256	9,208,965	(14,782,484)	—
	468,014,950	7,761,454	11,755,660	24,709,613	89,330,397	(14,782,484)	586,789,590
Share of (losses)/profit of jointly-controlled entities and associates	(247,482)	1,799	2,173	(2,953)	(2,300)	—	(248,763)
Impairment losses recognized	1,283,065	4,164	30,057	464	113,507	—	1,431,257
Depreciation and amortization	9,231,295	178,193	316,408	35,062	145,115	—	9,906,073
Profit before tax	6,498,433	945,549	826,802	3,615,513	1,361,013	(207,570)	13,039,740
Segment assets (i)	397,040,230	13,812,493	18,047,535	112,062,697	59,541,906	(47,486,265)	553,018,596
Segment liabilities (ii)	344,354,406	12,072,601	12,130,414	99,266,440	48,704,341	(47,334,322)	469,193,880
Other segment information							
Investments in jointly-controlled entities and associates	2,665,587	8,902	35,288	54,731	73,395	—	2,837,903
Increase in non-current assets other than long-term equity investments	12,890,271	408,599	532,676	78,908	2,933,252	—	16,843,706



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

3. Segment reporting (continued)

Operating segments (continued)

2012 (Restated)

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from							
external customers	403,929,265	7,260,990	8,247,483	18,137,336	46,737,854	—	484,312,928
Inter-segment sales	3,671,762	25,795	1,736,831	—	5,980,243	(11,414,631)	—
	407,601,027	7,286,785	9,984,314	18,137,336	52,718,097	(11,414,631)	484,312,928
Share of profits/(losses) of jointly-controlled entities and associates	3,278	(1,161)	—	(540)	31,270	—	32,847
Impairment losses recognized/(reversed)	296,531	1,759	(6,123)	33,037	6,665	—	331,869
Depreciation and amortization	9,020,244	185,841	290,389	26,962	165,603	—	9,689,039
Profit before tax	5,366,026	985,756	727,997	2,867,650	1,197,566	(81,162)	11,063,833
Segment assets (i)	341,587,969	14,522,801	15,332,908	89,041,942	55,793,680	(35,595,862)	480,683,438
Segment liabilities (ii)	293,349,664	11,171,129	11,021,912	78,571,956	48,754,711	(35,392,493)	407,476,879
Other segment information							
Investments in jointly-controlled entities and associates	2,909,629	10,333	33,117	57,684	83,058	—	3,093,821
Increase in non-current assets other than long-term equity investments	9,383,573	247,302	1,052,898	109,306	1,508,654	—	12,301,733

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

3. Segment reporting (continued)

Operating segments (continued)

- (i) Segment assets do not include deferred tax assets of RMB1,961,435,000 (31 December 2012: RMB2,012,239,000) as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB49,447,700,000 (31 December 2012: RMB37,608,101,000) are eliminated on consolidation.
- (ii) Segment liabilities do not include deferred tax liabilities of RMB83,392,000 (31 December 2012: RMB258,978,000) and corporate income tax payable of RMB2,074,356,000 (31 December 2012: RMB1,956,629,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB49,492,070,000 (31 December 2012: RMB37,608,101,000) are eliminated on consolidation.

Group Information

Geographical information

Revenue from external customers

	2013	2012
Mainland China	565,525,648	466,885,327
Outside Mainland China	21,263,942	17,427,601
	586,789,590	484,312,928

Non-current assets (i)

	31 December 2013	31 December 2012
Mainland China	54,025,436	49,145,364
Outside Mainland China	2,798,462	2,548,708
	56,823,898	51,694,072

In the geographical information above, revenue from external customers is based on the location of the customers. Non-current asset information above is based on the location of the non-current assets.

- (i) Non-current assets consisted of property, plant and equipment, construction in progress, intangible assets, long-term prepaid expenses and investments in jointly-controlled entities and associates.

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer during the years ended 31 December 2013 and 2012.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks

Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, due to customers, bonds payable, other current liabilities, finance lease liabilities, and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable, other receivables and accounts payable, other payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The senior management of the Company meets at least four times a year to analyze and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings at least two times a year to analyze and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum level, the Group did not use any derivatives and other instruments for hedging purposes and the Group did not hold or issue derivative financial instruments for trading purposes for the year ended 31 December 2013.

Financial instruments by category

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

31 December 2013

Financial assets	Financial assets				Total
	at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	
Held-to-maturity investments	—	1,269	—	—	1,269
Available-for-sale financial assets	—	—	—	222,097	222,097
Long-term equity investments under cost method	—	—	—	2,836,283	2,836,283
Bills receivable	—	—	3,466,399	—	3,466,399
Accounts receivable	—	—	87,797,722	—	87,797,722
Interest receivable	—	—	213,195	—	213,195
Dividends receivable	—	—	5,951	—	5,951
Other receivables	—	—	30,980,916	—	30,980,916
Long-term receivables	—	—	19,898,598	—	19,898,598
Current portion of non-current assets	—	—	20,407,440	—	20,407,440
Financial assets at fair value through profit or loss	123,161	—	—	—	123,161
Cash and bank balances	—	—	93,433,837	—	93,433,837
	123,161	1,269	256,204,058	3,058,380	259,386,868

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Financial instruments by category (continued)

31 December 2013 (continued)

Financial liabilities	Financial liabilities at amortized cost
Short-term loans	47,062,143
Due to customers	437,821
Bills payable	22,824,023
Accounts payable	177,791,775
Interest payables	644,557
Dividends payable	105,692
Other payables	39,836,680
Provision	3,887
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	11,899,719
Other current liabilities (excluding deferred income)	8,666,277
Long-term loans	41,796,520
Bonds payable	29,888,586
Long-term payables	3,570,862
	384,528,542

31 December 2012

Financial assets	Financial assets at fair value through profit or loss	Held-to- maturity investments	Loans and receivables	Available-for- sale financial assets	Total
Held-to-maturity investments	—	1,269	—	—	1,269
Available-for-sale financial assets	—	—	—	264,970	264,970
Long-term equity investments under cost method	—	—	—	2,530,740	2,530,740
Bills receivable	—	—	2,300,570	—	2,300,570
Accounts receivable	—	—	71,711,636	—	71,711,636
Interest receivables	—	—	81,250	—	81,250
Dividends receivable	—	—	12,507	—	12,507
Other receivables	—	—	30,968,057	—	30,968,057
Long-term receivables	—	—	7,693,901	—	7,693,901
Current portion of non-current assets	—	—	13,427,892	—	13,427,892
Financial assets at fair value through profit or loss	115,025	—	—	—	115,025
Cash and bank balances	—	—	92,274,144	—	92,274,144
	115,025	1,269	218,469,957	2,795,710	221,381,961



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Financial instruments by category (continued)

31 December 2012 (continued)

Financial liabilities	Financial liabilities at amortized cost
Short-term loans	38,696,693
Due to customers	1,738,943
Bills payable	22,013,195
Accounts payable	158,862,434
Interest payables	236,603
Dividends payable	108,388
Other payables	34,855,004
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	10,432,264
Other current liabilities (excluding deferred income)	21,952,069
Long-term loans	16,930,101
Bonds payable	14,459,980
Long-term payables	3,296,652
	323,582,326

Credit risk

Credit risk is the risk of financial loss on one party of a financial instrument due to the failure of another party to meet its obligations.

The Group trades only with recognized and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. **Financial instruments and their risks** (continued)

Credit risk (continued)

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets, other receivables, arising from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note VII.2 to the financial statements. Substantially all of the Group's cash and bank balances are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

As the Group's major customers are PRC government agencies at the national, provincial and local levels and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

As at 31 December 2013 and 2012, further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable, other receivables and long-term receivables which are neither past due nor impaired or past due but not impaired are disclosed in Notes V.4, 6 and 9, respectively, to the financial statements.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. *Financial instruments and their risks* (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities.

The Group monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Due to the capital intensive nature of the Group's businesses, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities from several PRC banks of up to RMB755 billion as at 31 December 2013, of which an amount of approximately RMB289 billion has been utilized.

The Group's policy is that not more than 75% of borrowings shall mature in the following 12 months based on the carrying amount of borrowings reflected in the financial statements. As at 31 December 2013, 48.1% (31 December 2012: 69.4%) of the Group's borrowings would mature in less than one year.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at the balance sheet date, based on the undiscounted contractual cash flows:

	31 December 2013					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	—	47,062,143	—	—	—	47,062,143
Due to customers	437,821	—	—	—	—	437,821
Bills payable	—	22,824,023	—	—	—	22,824,023
Accounts payable	—	177,791,775	—	—	—	177,791,775
Interest payables	—	644,557	—	—	—	644,557
Dividends payable	—	105,692	—	—	—	105,692
Other payables	—	39,836,680	—	—	—	39,836,680
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	—	11,899,719	—	—	—	11,899,719
Other current liabilities (excluding deferred income)	—	8,666,277	—	—	—	8,666,277
Long-term loans	—	—	19,037,929	19,087,993	3,670,598	41,796,520
Bonds payable	—	—	6,386,350	8,740,566	14,761,670	29,888,586
Long-term payables	—	—	1,209,012	2,120,013	241,837	3,570,862
Unrecognized financing charges in connection with finance leases	—	258,543	184,076	169,548	3,596	615,763
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity, and other investees (excluding the real estate mortgage guarantee)	940,362	—	—	—	—	940,362
	1,378,183	309,089,409	26,817,367	30,118,120	18,677,701	386,080,780



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Liquidity risk (continued)

	31 December 2012					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	—	38,696,693	—	—	—	38,696,693
Due to customers	1,698,909	40,034	—	—	—	1,738,943
Bills payable	—	22,013,195	—	—	—	22,013,195
Accounts payable	—	158,862,434	—	—	—	158,862,434
Interest payables	—	236,603	—	—	—	236,603
Dividends payable	—	108,388	—	—	—	108,388
Other payables	—	34,855,004	—	—	—	34,855,004
Current portion of non-current liabilities (excluding current portion of long term employee benefits payable)	—	10,432,264	—	—	—	10,432,264
Other current liabilities (excluding deferred income)	—	21,952,069	—	—	—	21,952,069
Long-term loans	—	—	9,350,929	6,271,386	1,307,786	16,930,101
Bonds payable	—	—	850,000	6,179,030	7,430,950	14,459,980
Long-term payables	—	—	1,041,965	2,027,023	227,664	3,296,652
Unrecognized financing charges in connection with finance leases	—	186,886	217,973	219,564	15,218	639,641
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity, and other investees (excluding the real estate mortgage guarantee)	1,184,804	—	—	—	—	1,184,804
	2,883,713	287,383,570	11,460,867	14,697,003	8,981,618	325,406,771

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. *Financial instruments and their risks* (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. It mainly includes interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Interest-bearing borrowings, cash and short term deposits are stated at amortized cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the consolidated income statement as earned/incurred.

As at 31 December 2013, floating interest rate loans accounted for about 44.8% of the Group's borrowings, and fixed interest rate loans accounted for approximately 55.2%. Management would adjust the proportion of floating rate assets based on changes in the market interest rates to reduce the significant impact of the interest rate risk.

If there were a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by one percentage point, with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB356,040,000 for the year (2012: RMB285,867,000), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2013 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from now until the end of the next annual reporting period.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Market risk (continued)

Foreign currency risk

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

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group has not entered into any hedging transactions for the year ended 31 December 2013 and 2012 in order to reduce the Group's exposure to foreign currency risk in this regard.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of United States dollar, Euro, Nigerian naira, Algerian dinar, Hong Kong dollar, Saudi Arabian riyal, Singapore dollar, with all other variables held constant, of the Group's net profit.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Market risk (continued)

Foreign currency risk (continued)

Effect on net profit

	2013		2012 (Restated)	
Increase in the United States dollar rate	3%	(71,300)	3%	(88,300)
Decrease in the United States dollar rate	(3%)	71,300	(3%)	88,300
Increase in the Euro rate	7%	(30,700)	7%	(39,700)
Decrease in the Euro rate	(7%)	30,700	(7%)	39,700
Increase in the Nigerian naira rate	6%	115,100	6%	105,900
Decrease in the Nigerian naira rate	(6%)	(115,100)	(6%)	(105,900)
Increase in the Algerian dinar rate	7%	6,500	6%	4,200
Decrease in the Algerian dinar rate	(7%)	(6,500)	(6%)	(4,200)
Increase in the Hong Kong dollar rate	3%	5,000	3%	700
Decrease in the Hong Kong dollar rate	(3%)	(5,000)	(3%)	(700)
Increase in the Saudi Arabian riyal rate	3%	5,000	4%	800
Decrease in the Saudi Arabian riyal rate	(3%)	(5,000)	(4%)	(800)
Increase in the Singapore dollar rate	3%	(11,000)	4%	(7,100)
Decrease in the Singapore dollar rate	(3%)	11,000	(4%)	7,100



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Market risk (continued)

Foreign currency risk (continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2013 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the period from now until the end of the next annual reporting period.

Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services and products commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividends payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2013 and 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes short-term loans, long-term loans, due to customers, other current liabilities (excluding deferred income), bills payable, accounts payable, employee benefits payable, interest payables, dividends payable, other payables, bonds payable, long-term payables and current portion of non-current liabilities (excluding the current portion of employee benefits payable) less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position.

The Group's strategy was to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios at the end of the reporting periods were presented are as follows:

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Capital management (continued)

	31 December 2013	31 December 2012 (Restated)
Short-term loans	47,062,143	38,696,693
Long-term loans	41,796,520	16,930,101
Due to customers	437,821	1,738,943
Bills payable	22,824,023	22,013,195
Accounts payable	177,791,775	158,862,434
Employee benefits payable	6,242,209	9,170,826
Interest payables	644,557	236,603
Dividends payable	105,692	108,388
Other payables	39,836,680	34,855,004
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	11,899,719	10,432,264
Other current liabilities (excluding deferred income)	8,666,277	21,952,069
Bonds payable	29,888,586	14,459,980
Long-term payables	3,570,862	3,296,652
Less: cash and bank balances	(93,433,837)	(92,274,144)
Net debt	297,333,027	240,479,008
Total equity	83,824,716	73,206,559
Total equity and net debt	381,157,743	313,685,567
Gearing ratio	78%	77%



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Fair value

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

	Carrying amounts		Fair values	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Financial assets				
Held-to-maturity investments	1,269	1,269	1,269	1,269
Available-for-sale financial assets	222,097	264,970	222,097	264,970
Long-term receivables	19,898,598	7,693,901	19,898,598	7,693,901
	20,121,964	7,960,140	20,121,964	7,960,140
Financial liabilities				
Long-term loans	41,796,520	16,930,101	41,070,704	16,830,843
Bonds payable	29,888,586	14,459,980	29,888,586	14,459,980
Long-term payables	3,570,862	3,296,652	3,577,868	3,289,852
	75,255,968	34,686,733	74,537,158	34,580,675

Management has assessed that the fair values of cash and bank balances, bills and accounts receivable, bills and accounts payable and similar instruments are approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following methods and assumptions were used to estimate fair values.

The fair values of unlisted held-to-maturity investments, long-term receivables, long-term and short-term loans, and other current liabilities, bonds payable and similar instruments are calculated by discounting the estimated future cash flows using rates currently available for other instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2013 was assessed to be insignificant.

The fair values of listed equity instruments are determined based on the quoted market prices.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Fair value (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial instruments measured at fair value:

2013

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity investment at fair value through profit or loss	123,161	—	—	123,161
Held-to-maturity investments	—	1,269	—	1,269
Available-for-sale financial assets	222,097	—	—	222,097
	345,258	1,269	—	346,527

Financial instruments for which fair values are disclosed:

2013

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Long-term receivable	—	19,898,598	—	19,898,598
Other current liabilities (excluding deferred income)	—	8,666,277	—	8,666,277
Long-term loans	—	41,070,704	—	41,070,704
Bonds payable	—	29,888,586	—	29,888,586
Long-term payables	—	3,577,868	—	3,577,868
	—	103,102,033	—	103,102,033

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities in 2013.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

4. Financial instruments and their risks (continued)

Fair value (continued)

Financial instruments measured at fair value:

2012

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Fair value measurement using Significant unobservable inputs (Level 3)	Total
Equity investment at fair value through profit or loss	115,025	—	—	115,025
Held-to-maturity investments	—	1,269	—	1,269
Available-for-sale financial assets	264,970	—	—	264,970
	379,995	1,269	—	381,264

Financial instruments for which fair values are disclosed:

2012

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Fair value measurement using Significant unobservable inputs (Level 3)	Total
Long-term receivable	—	7,693,901	—	7,693,901
Other current liabilities (excluding deferred income)	—	21,952,069	—	21,952,069
Long-term loans	—	16,830,843	—	16,830,843
Bonds payable	—	14,459,980	—	14,459,980
Long-term payables	—	3,289,852	—	3,289,852
	—	64,226,645	—	64,226,645

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities in 2012.

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

5. Other financial information

- (i) Supplementary information to the balance sheet

Group

	31 December 2013	31 December 2012 (Restated)
Net current assets		
Current assets	471,061,400	416,286,859
Less: current liabilities	(390,905,804)	(368,811,792)
Net current assets	80,155,596	47,475,067

Total assets less current liabilities

	31 December 2013	31 December 2012 (Restated)
Total assets	553,018,596	480,683,438
Less: current liabilities	(390,905,804)	(368,811,792)
Total assets less current liabilities	162,112,792	111,871,646



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

5. Other financial information (continued)

- (i) Supplementary information to the balance sheet (continued)

Company

Net current assets

	31 December 2013	31 December 2012 (Restated)
Current assets	46,365,486	43,756,990
Less: current liabilities	(28,235,636)	(29,480,446)
Net current assets	18,129,850	14,276,544

Total assets less current liabilities

	31 December 2013	31 December 2012 (Restated)
Total assets	113,974,552	103,788,665
Less: current liabilities	(28,235,636)	(29,480,446)
Total assets less current liabilities	85,738,916	74,308,219

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

5. Other financial information (continued)

(ii) Pension scheme contributions

	2013	2012 (Restated)
Pension scheme contributions (defined contribution plans)	3,266,554	2,846,919
Pension scheme costs (defined benefits plans)	111,912	130,890

As at 31 December 2013, there were no forfeited contributions available to reduce the Group's contribution to its pension scheme in the next year (31 December 2012: nil).

(iii) Directors', supervisors' and key managements' remuneration

Directors' and supervisors' remuneration

	2013	2012
Fees	—	—
Other emoluments:		
Salaries, housing benefits, other allowances and benefits in kind	2,810	2,383
Performance-related bonuses	3,895	3,050
Pension scheme contributions	263	241
	6,968	5,674



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

5. Other financial information (continued)

(iii) Directors', supervisors' and key managements' remuneration

The names of the directors and supervisors and their respective remuneration for the year are as follows:

	Fees	Salaries, housing benefits, other allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions	Total remuneration
Year ended 31 December 2013					
Executive directors:					
Mr. MENG Fengchao	—	312	652	37	1,001
Mr. ZHAO Guangfa	—	78	652	8	738
Mr. PENG Shugui	—	265	554	37	856
Mr. ZHANG Zongyan	—	294	587	35	916
Mr. HU Zhenyi	—	265	554	37	856
	—	1,214	2,999	154	4,367
Non-executive directors:					
Mr. ZHU Mingxian	—	156	—	—	156
	—	156	—	—	156
Independent non- executive directors:					
Mr. LI Kecheng	—	170	—	—	170
Mr. ZHAO Guangjie	—	176	—	—	176
Mr. WU Taishi	—	180	—	—	180
Mr. NGAI Wai Fung	—	136	—	—	136
	—	662	—	—	662
Supervisors:					
Mr. QI Xiaofei	—	265	554	37	856
Mr. HUANG Shaojun	—	267	180	36	483
Mr. ZHANG Liangcai	—	246	162	36	444
	—	778	896	109	1,783
	—	2,810	3,895	263	6,968

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

5. Other financial information (continued)

(iii) Directors', supervisors' and key managements' remuneration (continued)

The names of the directors and supervisors and their respective remuneration for the year are as follows (continued):

	Fees	Salaries, housing benefits, other allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions	Total remuneration
Year ended 31 December 2012					
Executive directors:					
Mr. MENG Fengchao	—	235	635	35	905
Mr. ZHAO Guangfa	—	235	635	35	905
Mr. PENG Shugui	—	200	539	35	774
Mr. HU Zhenyi	—	200	539	35	774
	—	870	2,348	140	3,358
Non-executive directors:					
Mr. ZHU Mingxian	—	156	—	—	156
	—	156	—	—	156
Independent non- executive directors:					
Mr. LI Kecheng	—	156	—	—	156
Mr. ZHAO Guangjie	—	162	—	—	162
Mr. WU Taishi	—	185	—	—	185
Mr. NGAI Wai Fung	—	145	—	—	145
	—	648	—	—	648
Supervisors:					
Mr. QI Xiaofei	—	200	360	34	594
Mr. HUANG Shaojun	—	267	180	34	481
Mr. ZHANG Liangcai	—	242	162	33	437
	—	709	702	101	1,512
	—	2,383	3,050	241	5,674



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

5. Other financial information (continued)

(iii) Directors', supervisors' and key managements' remuneration (continued)

There were no other emoluments payable to the independent non-executive directors during the year (2012: nil).

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year (2012: nil).

Five highest paid employees

An analysis of the five highest paid employees within the Group for the year is as follows:

	2013	2012
Non-director and non-supervisor employees	5	5

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

	2013	2012
Salaries, housing benefits, other allowances and benefits in kind	1,479	2,136
Performance-related bonuses	7,575	4,596
Pension scheme contributions	124	140
	9,178	6,872

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

X. Other significant events (continued)

5. Other financial information (continued)

(iii) Directors', supervisors' and key managements' remuneration (continued)

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

	2013	2012
Nil to RMB1,000,000 (including 1,000,000)	—	—
RMB1,000,000 to 1,500,000 (including 1,500,000)	—	4
RMB1,500,000 to 2,000,000 (including 2,000,000)	5	—
RMB2,000,000 to 2,500,000 (including 2,500,000)	—	—
RMB2,500,000 to 3,000,000 (including 3,000,000)	—	—
Higher than RMB3,000,000	—	1
	5	5

6. Comparative amounts

As stated in note II.2, in accordance with the regulations, some retrospective adjustments have been made to the current year's financial statements due to the early adoption of some Accounting Standards for Business Enterprises. Respectively, some comparative amounts have been reclassified and restated to conform to the current year's presentation.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements

1. Accounts receivable

An ageing analysis of accounts receivable is as follows:

	31 December 2013	31 December 2012
Within 1 year	—	388,483
1 to 2 years	—	150,892
	—	539,375

Accounts receivable by category are as follows:

2013: Nil.

	31 December 2012			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	537,478	99.65	—	—
Individually not significant but subject to separate provision for bad debts	1,897	0.35	—	—
	539,375	100.00	—	—

As at 31 December 2013, no amount due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of accounts receivable (31 December 2012: nil).

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

1. *Accounts receivable* (continued)

As at 31 December 2012, significant accounts receivable were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total accounts receivable %
Company 1	Third party	386,586	Within 1year	71.67
Company 2	Third party	75,446	1 to 2 years	13.99
Company 3	Third party	75,446	1 to 2 years	13.99
Others		1,897	Within 1year	0.35
		539,375		100.00

2. *Other receivables*

An ageing analysis of other receivables is as follows:

	31 December 2013	31 December 2012
Within 1 year	37,101,837	11,425,388
1 to 2 years	7,650	18,518,816
2 to 3 years	—	8
Over 3 years	165,587	165,587
	37,275,074	30,109,799



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

2 Other receivables (continued)

Other receivables by category are as follows:

	31 December 2013			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	37,219,166	99.85	—	—
Individually not significant but subject to separate provision for bad debts	55,908	0.15	—	—
	37,275,074	100.00	—	—

	31 December 2012			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	29,968,355	99.53	—	—
Individually not significant but subject to separate provision for bad debts	141,444	0.47	—	—
	30,109,799	100.00	—	—

As at 31 December 2013, the five highest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables
Company 1	Subsidiary	19,515,087	Within 1 year	52.35
Company 2	Subsidiary	7,417,504	Within 1 year	19.90
Company 3	Subsidiary	2,638,318	Within 1 year	7.08
Company 4	Subsidiary	1,052,362	Within 1 year	2.82
Company 5	Subsidiary	730,605	Within 1 year	1.96
		31,353,876		84.11

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

2 Other receivables (continued)

As at 31 December 2012, the five highest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables
Company 1	Subsidiary	18,515,000	1 to 2 years	61.49
Company 2	Subsidiary	4,141,994	Within 1 year	13.76
Company 3	Subsidiary	1,068,894	Within 1 year	3.55
Company 4	Subsidiary	1,033,000	Within 1 year	3.43
Company 5	Subsidiary	750,000	Within 1 year	2.49
		25,508,888		84.72

As at 31 December 2013, there was no balance due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of other receivables (31 December 2012: nil).

As at 31 December 2013, other receivables from related parties were as follows:

	31 December 2013	31 December 2012
Subsidiaries	37,190,941	30,034,497



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

3. Long-term equity investments

		31 December 2013	31 December 2012
Cost method			
Equity investment in entities with no joint control or significant influence	(i)	8,652	8,652
Subsidiaries	(ii)	66,208,323	58,685,699
Equity method			
Jointly-controlled entities	(iii)	655,610	651,164
		66,872,585	59,345,515

Note: All the long-term equity investments are invested in unlisted companies.

(i) Equity investment in entities with no joint control or significant influence

Company name	Investment cost	Opening balance	Decrease	Closing balance	Percentage of ownership	Percentage of voting rights
Guotai Jun'an Securities Corporation Limited	8,652	8,652	—	8,652	0.16	0.16

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(ii) Subsidiaries

Company name	31 December 2013 Percentage of equity interest attributable to the Company	31 December 2013 Carrying amount	31 December 2012 Carrying amount
China Civil Engineering Construction Ltd.	100.00	2,254,969	2,254,969
China Railway 11 th Bureau Group Co., Ltd.	100.00	1,893,912	1,893,912
China Railway 12 th Bureau Group Co., Ltd.	100.00	1,957,277	2,075,868
China Railway 13 th Bureau Group Co., Ltd.	100.00	1,660,480	1,396,621
China Railway 14 th Bureau Group Co., Ltd.	100.00	2,130,105	2,130,105
China Railway 15 th Bureau Group Co., Ltd.	100.00	1,446,941	1,446,941
China Railway 16 th Bureau Group Co., Ltd.	100.00	1,282,412	1,405,744
China Railway 17 th Bureau Group Co., Ltd.	100.00	1,714,582	1,714,582
China Railway 18 th Bureau Group Co., Ltd.	100.00	1,103,234	1,103,234
China Railway 19 th Bureau Group Co., Ltd.	100.00	1,454,638	1,454,638
China Railway 20 th Bureau Group Co., Ltd.	100.00	1,615,144	1,615,144
China Railway 21 st Bureau Group Co., Ltd.	100.00	1,557,251	1,557,251
China Railway 22 nd Bureau Group Co., Ltd.	100.00	1,295,286	1,387,558
China Railway 23 rd Bureau Group Co., Ltd.	100.00	1,395,004	1,476,847
China Railway 24 th Bureau Group Co., Ltd.	100.00	1,346,917	1,424,517
China Railway 25 th Bureau Group Co., Ltd.	100.00	1,053,597	1,107,177
China Railway Construction Group Ltd.	100.00	2,368,346	2,340,101
China Railway Electrification Bureau Group Co., Ltd.	100.00	1,105,530	1,105,530
China Railway Construction Real Estate Group Co., Ltd.	100.00	7,062,941	7,062,941



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(ii) Subsidiaries

Company name	31 December 2013 Percentage of equity interest attributable to the Company	31 December 2013 Carrying amount	31 December 2012 Carrying amount
China Railway First Survey and Design Institute Group Co., Ltd.	100.00	623,730	623,730
China Railway Fourth Survey and Design Institute Group Co., Ltd.	100.00	1,015,309	1,015,309
China Railway Fifth Survey and Design Institute Group Co., Ltd.	100.00	291,811	291,811
China Railway Shanghai Design Institute Group Co., Ltd.	100.00	267,624	267,624
China Railway Goods and Materials Group Co., Ltd.	100.00	2,314,805	1,314,805
Kunming China Railway Large Road Maintenance Machinery Co., Ltd.	100.00	1,749,792	1,349,792
China Railway Construction Heavy Industry Co., Ltd.	100.00	1,042,705	1,234,810
Beijing Tiecheng Construction Supervision Co., Ltd.	80.02	26,385	26,385
Chenghe Insurance Broker Co., Ltd.	100.00	113,290	53,290
China Railway Construction (Beijing) Business Management Co., Ltd.	100.00	28,313	28,313
CRCC China-Africa Construction Limited	100.00	1,000,000	1,000,000
China Railway Construction Investment Co., Ltd.	100.00	10,000,000	10,000,000
China Railway Construction and Waterway Bureau Co., Ltd.	100.00	1,385,891	1,304,048
CRCC Finance Company Limited	94.00	5,640,000	1,222,000
CRCC International Group Co., Ltd.	100.00	3,000,102	3,000,102
CRCC Assets Management Co., Ltd.(note)	100.00	10,000	—
CRCC Urban Engineering Co., Ltd.(note)	100.00	2,000,000	—
		66,208,323	58,685,699

Note: Further details are stated in Note IV.1

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(iii) Investments in jointly-controlled entities

2013

Company name	Investment cost	Opening balance	Movements		Closing balance	Percentage of equity %	Percentage of voting rights %
			Share of the profits/(losses)	Distribution of cash dividends			
China-Africa Lekkil Investment Co., Ltd.	654,930	651,164	4,446	—	655,610	57.29	57.29

2012

Company name	Investment cost	Opening balance	Increase	Movements			Closing balance	Percentage of equity %	Percentage of voting rights %
				Share of the profits/(losses)	Distribution of cash dividends	Transfer out			
CRCC-Tongguan Investment Co., Ltd.	—	1,200,000	—	—	—	(1,200,000)	—	—	
China-Africa Lekkil Investment Co., Ltd.	654,930	69,083	584,930	(2,849)	—	—	651,164	57.29	
Others	—	8,656	—	2,287	(130)	(10,813)	—	—	
		1,277,739	584,930	(562)	(130)	(1,210,813)	651,164		



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

4. Revenue and cost of sales

The operating revenue is as follows:

	2013	2012
Operating revenue from principal operations	1,018,347	1,682,681
Other operating revenue	760	1,236
	1,019,107	1,683,917

The operating cost is as follows:

	2013	2012
Operating cost	1,418,947	2,151,016

Information related to the Company's operating revenue and cost of sales by sector is as follows:

Sectors	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Construction operations	990,906	1,408,285	1,657,099	2,141,350
Others	28,201	10,662	26,818	9,666
	1,019,107	1,418,947	1,683,917	2,151,016

For year ended 31 December 2013, operating revenues from the five highest amounts of customers were as follows:

	Amount	Percentage of total operating revenue
Customer 1	440,665	43.24
Customer 2	358,304	35.16
Customer 3	150,029	14.72
Customer 4	41,148	4.03
Customer 5	27,786	2.73
	1,017,932	99.88

Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

4. Revenue and cost of sales (continued)

For the year ended 2012, operating revenues from the five highest amounts of customers were as follows:

	Amount	Percentage of total operating revenue (%)
Customer 1	1,149,022	68.23
Customer 2	271,150	16.10
Customer 3	222,058	13.19
Customer 4	22,489	1.34
Customer 5	14,869	0.88
	1,679,588	99.74

5. Investment income

	2013	2012
Share of net profit/(loss) of the jointly-controlled entities	4,446	(562)
Investment income received from long-term equity investments under the cost method	2,865,383	3,682,128
Other	6,055	2,523
	2,875,884	3,684,089

For the year ended 31 December 2013, the investment income was composed of investment income of RMB6,055,000 (2012: RMB2,523,000) from listed companies and RMB2,869,829,000 from unlisted companies (2012: RMB3,681,566,000).

As at 31 December 2013, the remittance of the Company's investment income was not subject to significant restriction.



Notes to Financial Statements (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

XI. Notes to key items of the Company's financial statements (continued)

6. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

	2013	2012 (Restated)
Reconciliation of net profit to cash flows (used in)/from operating activities		
Net profit	2,747,376	3,616,508
Plus:		
Impairment for assets	—	123,193
Depreciation of fixed assets	10,052	20,046
Amortization of intangible assets	271	59
Losses/(gains) from disposal of fixed assets	774	(10)
(Gains) from changes in fair value	(3,334)	(3,619)
Finance income	(860,301)	(825,207)
Investment income	(2,875,884)	(3,684,089)
Decrease in deferred tax assets	1,906	1,910
(Increase)/decrease in inventories	(519,200)	1,316,695
(Increase)/decrease in operating receivables	(6,408,357)	4,322,852
Increase in operating payables	4,710,279	181,798
Net cash flows (used in)/from operating activities	(3,196,418)	5,070,136

(2) Cash and cash equivalents

	31 December 2013	31 December 2012
Cash	2,216,150	571,231
Including: cash on hand	114	268
cash with banks/financial institution without restrictions	2,216,036	570,963
Cash equivalents	2,906,915	9,513,605
Closing balance of cash and cash equivalents	5,123,065	10,084,836

Supplementary Information

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

1. Summary of non-recurring profit or loss

	2013	2012
Gains from disposal of fixed assets, intangible assets	38,885	8,872
Gains from disposal of long-term equity investments	190,836	119,232
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	302,190	386,188
Net gains from debt restructuring	5,432	2,666
Gains from changes in fair value of financial assets at fair value through profit or loss	942	3,240
Reversal of impairment for accounts receivable	150,313	172,081
Losses from non-monetary assets transaction	—	(30)
Other non-operating income and expenses other than the above items	389,521	(210,325)
Impact on income tax	(269,530)	(120,481)
Impact on non-controlling interests (after tax)	(7,337)	(1,770)
Non-recurring profit or loss, net	801,252	359,673

Government grants recognized in profit or loss but not included in non-recurring profit or loss items for being closely related to normal operation activities and continuously granted following national policies and certain quota are as follows:

	2013	2012	Reason for being recognised in profit or loss
Special equipment appropriation from the Railway Ministry	20,000	20,000	Related to normal operation activities
Special equipment appropriation from the Ministry of Finance	300	300	Related to normal operation activities
	20,300	20,300	



Supplementary Information (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

1. Summary of non-recurring profit or loss (continued)

Non-recurring profit or loss items included in non-operating income and non-operating expenses for the year ended 31 December 2013 and 31 December 2012 were as follows:

Non-operating income

	2013	2012
Gains on disposal of non-current assets	126,839	111,033
Including:		
Gains on disposal of fixed assets	60,935	108,781
Gains on disposal of intangible assets	65,904	2,252
Government grants	302,190	386,188
Gains on compensation, penalties and fines	54,872	35,962
Gains from unpayable accounts	355,610	28,444
Others	106,437	73,937
	945,948	635,564

Non-operating expenses

	2013	2012
Loss on disposal of non-current assets	87,954	102,161
Including:		
Loss on disposal of fixed assets	86,505	99,008
Loss on disposal of intangible assets	1,449	3,153
Loss on compensation, penalties and fines	82,601	44,467
Donations	6,162	5,432
Others	33,203	296,133
	209,920	448,193

Supplementary Information (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

2. Return on net assets and earnings per share ("EPS")

Group

2013	Weighted average return on net assets %	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	13.59	0.84	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	12.54	0.77	N/A
2012	Weighted average return on net assets %	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	12.71	0.70	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	12.18	0.67	N/A

The Company holds no potential ordinary shares that are dilutive.

The above weighted average return on equity and earnings per share are calculated in accordance with *Compilation Rules No.9 for Information Disclosure by Companies Offering Securities to the Public - Calculation and Disclosure of Return on Equity and Earnings Per Share* (Revised in 2010).

3. Variance analysis on major items in the consolidated financial statements

An analysis for the financial statement items (a) with fluctuation over 30% compared with the comparative period, (b) or with the amount over 5% of the total assets as at the balance sheet date, (c) or representing 10% of profit before tax for the reporting period, (d) or that are accounts not designated by the Accounting Standards for Business Enterprises, (e) or with names not reflecting their nature or contents, is as follows:

- (1) As at 31 December 2013, cash and bank balances increased by 1.3% to RMB93,433,837,000 as compared to 31 December 2012, representing no significant variation between the two years.
- (2) As at 31 December 2013, bills receivable increased by 50.7% to RMB3,466,399,000 as compared to 31 December 2012, mainly due to more bills receivable issued by customers for settlements.
- (3) As at 31 December 2013, accounts receivable increased by 22.4% to RMB87,797,722,000 as compared to 31 December 2012, mainly due to the expansion in operations.



Supplementary Information (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

3. Variance analysis on major items in the consolidated financial statements (continued)

- (4) As at 31 December 2013, advances to suppliers decreased by 3.1% to RMB32,529,418,000 as compared to 31 December 2012, mainly due to settlements during the year.
- (5) As at 31 December 2013, interest receivables increased by 162.4% to RMB213,195,000 as compared to 31 December 2012, which was mainly due to the increase in accrued interest of fixed bank deposits during the year.
- (6) As at 31 December 2013, dividends receivable decreased by 52.4% to RMB5,951,000 as compared to 31 December 2012, mainly due to receipt of dividends during the year.
- (7) As at 31 December 2013, other receivables is RMB30,980,916,000, representing no significant variation between the two years.
- (8) As at 31 December 2013, inventories increased by 17.7% to RMB201,636,822,000 as compared to 31 December 2012, mainly due to the increase in the properties under development and gross amount due from contract customers in line with the expansion of business scale.
- (9) As at 31 December 2013, current portion of non-current assets increased by 52.0% to RMB20,407,440,000 as compared to 31 December 2012, mainly due to the increase in amount of retention money receivables and "Build-Transfer" receivables within one year with the expansion in operations.
- (10) As at 31 December 2013, long-term receivables increased by 158.6% to RMB19,898,598,000 as compared to 31 December 2012, mainly due to the increase in amount of retention money receivables and "Build-Transfer" receivables with the expansion in operations.
- (11) As at 31 December 2013, fixed assets increased by 6.8% to RMB40,515,332,000 as compared to 31 December 2012, mainly due to new purchases of fixed assets.
- (12) As at 31 December 2013, long-term prepayments increased by 52.1% to RMB191,384,000 as compared to 31 December 2012, mainly due to the increase of decoration expenses and leasing expenses.
- (13) As at 31 December 2013, short-term loans increased by 21.6% to RMB47,062,143,000 as compared to 31 December 2012, mainly due to that loans were withdrawn by the Group to finance its daily operations during the year.
- (14) As at 31 December 2013, due to customers decreased by 74.8% to RMB437,821,000 as compared to 31 December 2012, mainly due to repayment to CRCCG.
- (15) As at 31 December 2013, accounts payable increased by 11.9% to RMB177,791,775,000 as compared to 31 December 2012, mainly due to the expansion in business scale.
- (16) As at 31 December 2013, advances from customers increased by 6.6% to RMB 66,225,429,000 as compared to 31 December 2012, mainly due to the growth of logistic business and the increase in pre-sale of the properties.

Supplementary Information (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

3. Variance analysis on major items in the consolidated financial statements (continued)

- (17) As at 31 December 2013, employee benefits payable decreased by 31.9% to RMB6,242,209,000 as compared to 31 December 2012, mainly due to timely payment during the year.
- (18) As at 31 December 2013, interest payables increased by 172.4% to RMB 644,557,000 as compared to 31 December 2012, mainly due to the increase in short-term loans and corporate bonds.
- (19) As at 31 December 2013, other payables increased by 14.3% to RMB39,836,680,000 as compared to 31 December 2012, mainly due to the increase in payables for advances, guarantees and deposits.
- (20) As at 31 December 2013, other current liabilities decreased by 60.5% to RMB8,689,636,000 as compared to 31 December 2012, mainly due to the decrease in issuance of short-term bonds and repayment of short-term bonds prior year issued.
- (21) As at 31 December 2013, long-term loans increased by 146.9% to RMB41,796,520,000 as compared to 31 December 2012, mainly due to more bank loans and trust loans being withdrawn by the Group to finance its daily operations for engineering and real estate development projects during the year.
- (22) As at 31 December 2013, bonds payable increased by 106.7% to RMB29,888,586,000 as compared to 31 December 2012, mainly due to the Group issued medium-term notes with face value of RMB10 billion and overseas bonds with face value of USD4.88 billion.
- (23) As at 31 December 2013, special payables increased by 30.4% to RMB320,015,000 as compared to 31 December 2012, mainly due to the increase in specific project funds.
- (24) As at 31 December 2013, deferred tax liability decreased 67.8% to RMB 83,392,000 as compared to 31 December 2012, mainly due to the reversal of the deductible temporary difference recognized in the prior year.
- (25) As at 31 December 2013, capital reserve increased by 0.1% to RMB33,573,938,000 as compared to 31 December 2012, representing no significant variation between the two years.
- (26) As at 31 December 2013, foreign currency translation reserve increased by 47.0% to RMB351,066,000 as compared to 31 December 2012, mainly due to the fluctuation in exchange rates this year.
- (27) As at 31 December 2013, non-controlling interest increased by 107.8% to RMB 2,837,822,000 as compared to 31 December 2012, mainly due to the increase of capital contribution from subsidiaries' minority shareholders.
- (28) For the year ended 31 December 2013, revenue increased by 21.2% to RMB586,789,590,000 as compared to 2012, mainly due to the increase in new construction projects.
- (29) For the year ended 31 December 2013, cost of sales increased by 21.8% to RMB527,247,896,000 as compared to 2012, which was in line with the increase in revenue.



Supplementary Information (continued)

31 December 2013 (All amounts in RMB'000 unless otherwise stated)

3. Variance analysis on major items in the consolidated financial statements (continued)

- (30) For the year ended 31 December 2013, business tax and surcharges increased by 16.5% to RMB16,827,296,000 as compared to 2012, mainly due to the increase in revenue.
- (31) For the year ended 31 December 2013, selling and distribution expenses increased by 28.9% to RMB2,509,220,000 as compared to 2012, mainly due to the increase in employee compensation and transportation expenses related to logistics business as sales increased.
- (32) For the year ended 31 December 2013, general and administrative expenses increased by 10.6% to RMB22,719,838,000 as compared to 2012, mainly due to the increase in research and development expenses and employee compensation.
- (33) For the year ended 31 December 2013, finance costs increased by 7.1% to RMB3,749,441,000 as compared to 2012, mainly due to the fact that more loans were withdrawn by the Group to finance its daily operations during the year, so the interest expenses increased.
- (34) For the year ended 31 December 2013, impairment losses increased by 331.3% to RMB1,431,257,000 as compared to 2012, mainly due to the increase of provisions for bad debts in 2013.
- (35) As at 31 December 2013, gains on fair value changes were RMB942,000, whereas gains on fair value changes in 2012 were RMB3,240,000, mainly due to less unrecognized gains arising from financial assets at fair value through profit or loss in 2013.
- (36) As at 31 December 2013, investment losses were RMB22,172,000, whereas investment income in 2012 were RMB186,935,000, mainly due to the losses of certain investees in current year.
- (37) For the year ended 31 December 2013, non-operating income increased by 47.3% to RMB966,248,000 as compared to 2012, mainly due to the increase in gains from unpayable accounts.
- (38) For the year ended 31 December 2013, non-operating expenses decreased by 53.2% to RMB209,920,000 as compared to 2012, mainly due to the decrease in non-recurring loss.
- (39) For the year ended 31 December 2013, income tax expenses increased by 8.7% to RMB2,600,357,000, mainly due to the increase in the taxable income in the current year.

Five Year Results Highlights

CONSOLIDATED INCOME STATEMENT

Unit: RMB'000

Item	2013	2012 (Restated)	2011	2010	2009
Revenue	586,789,590	484,312,928	457,366,110	470,158,793	355,520,769
Cost of sales	527,247,896	432,889,011	409,327,413	428,647,118	322,427,811
Taxes and surcharges	16,827,296	14,441,235	14,046,780	13,971,606	10,544,544
Selling and distribution expenses	2,509,220	1,946,450	1,745,921	1,530,989	1,016,376
General and administration expenses	22,719,838	20,537,792	19,851,399	19,159,242	13,408,946
Financial expenses	3,749,441	3,500,584	1,981,747	511,160	365,598
Impairment losses of assets	1,431,257	331,869	624,559	614,008	-268,258
Gain arising from fair value changes	942	3,240	-27,109	-20,410	11,907
Investment income	-22,172	186,935	168,383	135,363	155,872
Operating profit	12,283,412	10,856,162	9,929,565	5,839,623	8,193,531
Non-operating income	966,248	655,864	521,537	409,630	300,257
Non-operating expenses	209,920	448,193	395,211	160,494	186,389
Non-operating income, net	756,328	207,671	126,326	249,136	113,868
Total profit	13,039,740	11,063,833	10,055,891	6,088,759	8,307,399
Income tax	2,600,357	2,392,977	2,173,927	1,772,123	1,575,694
Net profit	10,439,383	8,670,856	7,881,964	4,316,636	6,731,705
Net Profit attributable to shareholders of listed company	10,344,658	8,629,127	7,854,292	4,246,221	6,599,072
Minority interest	94,725	41,729	27,672	70,415	132,633
Basic earnings per share	0.84	0.70	0.64	0.34	0.53
Diluted earnings per share	N/A	N/A	N/A	N/A	N/A

CONSOLIDATED ASSETS AND LIABILITIES

Unit: RMB'000

Item	2013	2012 (Restated)	2011	2010	2009
Total assets	553,018,596	480,683,438	422,982,841	350,265,199	282,990,267
Total liabilities	469,193,880	407,476,879	357,264,069	292,033,779	228,911,034
Equity	83,824,716	73,206,559	65,718,772	58,231,420	54,079,233



Documents For Inspection

1. Financial statements signed and sealed by the chairman, chief financial officer and head of the accounting department;
2. Original audit report with the seal of Ernst & Young Hua Ming LLP and signed and sealed by certified public accountant;
3. Original copies of all documents and announcements of the Company which had been disclosed to the public on the newspapers designated by CSRC and the website of Shanghai Stock Exchange;
4. CRCC 2013 Self-evaluation Report on Internal Control; and
5. CRCC 2013 Social Responsibility Report.

Chairman: MENG Fengchao
China Railway Construction Corporation Limited

28 March 2014



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited