中國建築國際集團有限公司
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

Stock Code : 03311

Exercise caution in details and implementation
Build a strong foundation to seek greater success

2014
ANNUAL REPORT

Vision

The Group is dedicated to its core value of "**Exercising Caution in Details and Implementation; Building a Strong Foundation to Seek Greater Success**". In strict compliance with the industry standard and dedicating to contribute to the industry, the Group will strive for growth and continuous innovation under China State's principle of "**Good Quality and Value Creation**". With the development of individual staff and strengths of teamwork, the Group will achieve a **win-win situation** with the shareholders, employees and society and become a new role model in the new era. The Group will insist on developing into a leading corporation with competitive international complex construction and infrastructure investment.

Contents

Financial Highlights

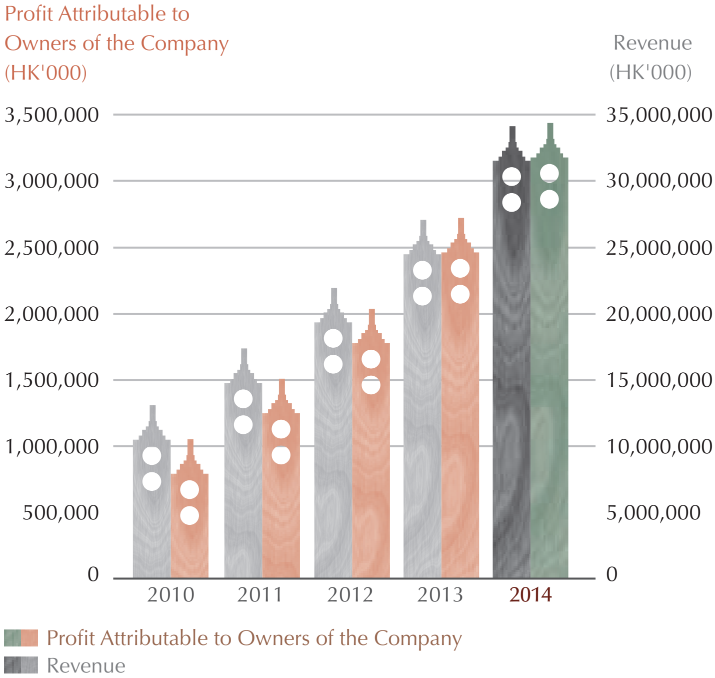
	For the year ended 31 December *(Note a)*				
	2010 (restated)	2011 (restated)	2012 (restated)	2013 (restated)	**2014**
RESULTS (HK$'000)					
Revenue	13,384,030	17,510,533	22,059,910	27,285,620	**34,439,575**
Profit attributable to owners of the Company	1,070,663	1,514,514	2,044,337	2,749,551	**3,457,410**
FINANCIAL RATIOS					
Net margin (%)	8.0	8.6	9.3	10.1	**10.0**
Current ratio (times)	1.03	1.20	1.56	1.28	**1.10**
FINANCIAL INFORMATION PER SHARE					
Earnings (HK cents)	34.74 *(Note b)*	44.43	54.98	70.71	**88.75**
Dividend (HK cents)	11.00	13.00	16.00	21.00	**26.00**
Net assets (HK$)	1.55	2.65	3.45	4.10	**4.94**
OTHER INFORMATION					
Value of incomplete contracts at 31 December (HK$ billion)	35.48	48.92	57.69	76.48	**93.10**

Notes:

(a) The figures from 2010 to 2013 have been restated for the acquisition of China Overseas Ports Investment Company Limited in the current year.

(b) The calculation of the basic earnings per share for the year ended 31 December 2011 has accounted for the bonus element of rights issue which was effective from 16 May 2011. The weighted average number of ordinary shares of 2010 has been retrospectively adjusted to reflect the bonus element of rights issue.

Results

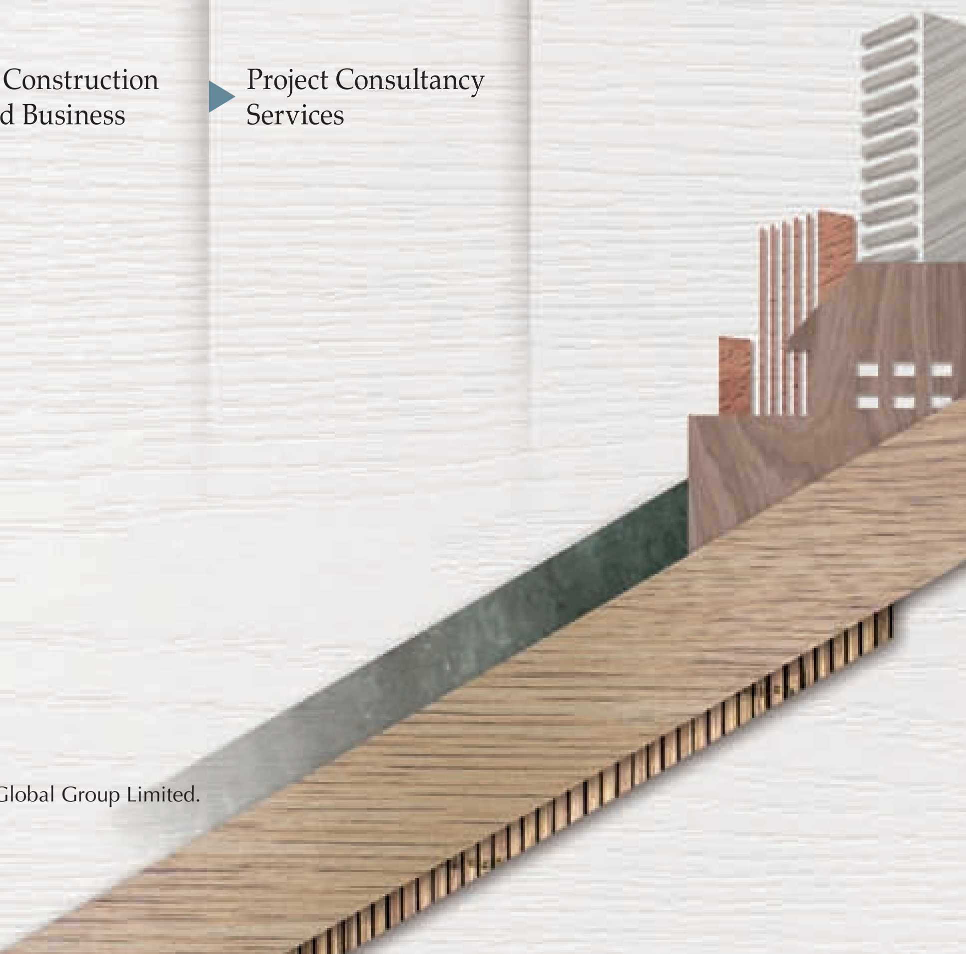


Financial Information Per Share

Corporate Structure

中國建築國際集團有限公司
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

HONG KONG	MACAU	MAINLAND CHINA	OVERSEAS
Building Construction	Building Construction	Road, Bridge & Port Investments	Building Construction
Civil Engineering Works	Civil Engineering Works	Generation and Supply of Heat and Electricity	Curtain Wall System*
Foundation Engineering Works	Foundation Engineering Works	"Build-Transfer" and "Build-Operate-Transfer" Projects	
Mechanical and Electrical Engineering Works	Mechanical and Electrical Engineering Works	Pre-cast Structures Production	
Other Construction Related Business	Other Construction Related Business	Project Consultancy Services	



* Operate through a listed subsidiary, Far East Global Group Limited.

Board of Directors and Committees

Board of Directors

Executive Directors

Zhou Yong *(Chairman and Chief Executive Officer)*
Tian Shuchen
Zhou Hancheng
Pan Shujie
Hung Cheung Shew
Wu Mingqing *(appointed on 3 June 2014)*

Non-executive Director

Li Jian *(resigned on 19 January 2015)*

Independent Non-executive Directors

Raymond Ho Chung Tai
Adrian David Li Man Kiu
Raymond Leung Hai Ming
Lee Shing See

Committees

Audit Committee

Raymond Ho Chung Tai *(Chairman)*
Adrian David Li Man Kiu
Raymond Leung Hai Ming
Lee Shing See

Remuneration Committee

Adrian David Li Man Kiu *(Chairman)*
Raymond Ho Chung Tai
Raymond Leung Hai Ming
Lee Shing See

Nomination Committee

Lee Shing See *(Chairman)*
Raymond Ho Chung Tai
Adrian David Li Man Kiu
Raymond Leung Hai Ming

Corporate Information

Authorised Representatives
Zhou Yong
Tian Shuchen

Company Secretary
Tse Sui Ha

Principal Share Registrar and Transfer Office
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong
28th Floor, China Overseas Building
139 Hennessy Road, Wanchai
Hong Kong

Auditor
PricewaterhouseCoopers

Legal Advisor
Mayer Brown JSM

Principal Bankers
Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
BNP Paribas Hong Kong Branch
China Construction Bank Corporation
China Development Bank Corporation
Hang Seng Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank, Limited

Listing Information
Shares
Hong Kong Stock Exchange: 03311

Bond (CSC FIN N1804)*
Hong Kong Stock Exchange: 05916

* US$500,000,000 3.125% Guaranteed Notes due 2018 issued by China State Construction Finance (Cayman) I Limited, a wholly owned subsidiary of the Company

Website
www.csci.com.hk

Financial Calendar
Closure of Register of Members – Annual General Meeting
29 May 2015 to 2 June 2015 (both days inclusive)

Annual General Meeting
2 June 2015

Closure of Register of Members – Final Dividend
8 June 2015

Payment of Proposed Final Dividend
3 July 2015

Major Events of the Year 2014

JANUARY

Staff of the Group joined the "Hong Kong and Kowloon Walk for Millions" by Community Chest

Nearly 300 staff of the Group and their family members joined "Hong Kong and Kowloon Walk for Millions" organised by the Community Chest of Hong Kong on 5 January 2014. Fund raised from this event was donated by the Community Chest of Hong Kong to "Family and Child Welfare Services" to help those families in need, so as to unite all families by building up close relationships between family members with mutual love and respect.

Major Events of the Year 2014 (continued)

Mr. Leung Chun-ying, Chief Executive of the HKSAR, visited the site of the Construction of Public Rental Housing at Sha Tin Area 52

On 22 January 2014, Mr. Leung Chun-ying, GBM, GBS, JP, Chief Executive of the Hong Kong Special Administrative Region ("HKSAR"), led major officials of relevant government departments to visit the Group's public housing project at Sha Tin Area 52. Mr. Leung recognised the Group's contributions in Hong Kong public housing and other livelihood construction project. Mr. Leung also acknowledged the success of the Group and looked forward to further cooperation between the Group and the HKSAR government.

Upgrade of long-term credit rating of the Group by Fitch and Moody's

The long-term credit rating and senior unsecured note rating of the Group were upgraded to "BBB" with outlook of "stable" by Fitch. The long-term credit rating of the Group was upgraded to "Baa2" with outlook of "stable" by Moody's.

FEBRUARY

Ground Breaking Ceremony of the Design and Construction of Centre of Excellence in Paediatrics in Kai Tak Development, Kowloon

The Ground Breaking Ceremony of the Design and Construction of Centre of Excellence in Paediatrics in Kai Tak Development, Kowloon was held on 25 February 2014 with Mrs. Carrie Lam Cheng Yuet-ngor, GBS, JP, Chief Secretary for Administration, Dr. Ko Wing-man, BBS, JP, Secretary for Food and Health, Professor John Leong Chi-yan, SBS, OBE, JP, Chairman of the Hospital Authority, and Mr. Leung Koon-kee, JP, Director of Architectural Services Department, of the HKSAR as officiating guests. The guests officiated the ground breaking ceremony and unveiled and commemorative plaque to wish for the smooth commencement of construction work of the hospital.

Major Events of the Year 2014 (continued)

March

The Group won various awards of the Construction Industry Safety Award Scheme

The award presentation ceremony of the "Construction Industry Safety Award Scheme 2013/2014" organised by the Labour Department and the Occupational Safety and Health Council was held on 16 March 2014. By virtue of the joint efforts of all its construction sites, its persistently outstanding performance in safety and its unparalleled effort in creating a safe and healthy working environment, the Group won various awards again.

The Group received the annual award from the Architectural Services Department of the Hong Kong government

On 27 March 2014, the Group was awarded "Green Contractor Award — Silver Award" in respect of the Design and Construction of Fire Services Training School cum Driving Training School at Tseung Kwan O. It was the first time that the Group received the award which was presented by Mr. Wai Chi-sing, Permanent Secretary for Development of Hong Kong. As a large-scale contractor with a long-term, sound and cooperative partnership with the Architectural Services Department Bureau, the Group's outstanding performance in environmental safety and project management was highly recognised.

April

The Group successfully hosted a reverse roadshow

On 29 April 2014, the Group successfully hosted a reverse roadshow. A delegation of analysts and fund managers from 28 investment banks and institutions visited 深圳海龍建築製品有限公司 and Public Rental Housing Projects at Sha Tin Area 52.

In response to the commercialisation of residential properties recently obtained by the Group in the Hefei City of Auhui Province, this reverse roadshow was titled "The Housing Industrialisation and its Applications in Affordable Housing Establishment" in order to introduce the basic concept of commercialisation of residential housing and demonstrate the leading technology and strengths of the Company in the sector to the capital market.

Major Events of the Year 2014 (continued)

May

The Group received several awards in the 20th Considerate Contractors Site Award Scheme

The "20th Considerate Contractors Site Award Scheme" organised by the Development Bureau of the HKSAR government and the Construction Industry Council was held on 29 May 2014. Attributable to its continuous outstanding performance as considerate contractor and its unparalleled effort in environmental protection, the Group received several awards, including Considerate Contractors Site Award (Gold Award) and Outstanding Environmental Management and Performance Award of Public Works (Gold Award) in the category of Non-Public Works — New Works. Various employees were also awarded the Best Model Frontline Supervisor Award and the Best Model Worker Award. Its performance surpassed many large scale construction enterprises in Hong Kong.

June

China State Environmental Protection Day (中建環保日)

In response to World Environment Day on 5 June every year, the Group performed its social responsibility to enhance the awareness of environmental protection of employees. During the annual China State Environmental Protection Day, the Group also participated in an eco-cultural tour of "Hoi Ha Wan Marine Park and Sheung Yiu Village" for employees to enjoy nature and understand the eco-system and customs and cultural preservation work in Hong Kong. Through participating in this event, the Group showed its continuous support to corporate social development, its determination to fufill corporate social responsibility and contributions for the promotion of eco-cultural protection.

Major Events of the Year 2014 (continued)

July

The Group received several awards in the 15th session of construction safety promotion event

Capitalising on the continuous excellent safety performance of several construction sites, the Group received several awards in the 15th session of "Construction Safety Forum and Award Presentation Ceremony" held on 9 July 2014, including Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section) Best Safety Working Cycle Site (Gold Award), Best Safety Culture Activity Team (Gold Award), Best Performance Award (Gold Award) and Best Safety Culture Site (Silver Award), Best Safety Culture Project Manager/Site Agent (Gold Award), Best Safety Culture Sub-contractor (Gold Award). Public rental housing project at Sha Tin Area 52 phase 3 and 4 received the Best Method Statement (Merit).

Major Events of the Year 2014 (continued)

August

The Group visited the leaders of relevant cooperation units in Fujian Province

On 24 and 25 August 2014, the delegation visited Fujian Province and had meetings with the leaders of relevant cooperation units in Fujian Province. The delegation had a meeting with the leaders of China Construction Seventh Engineering Division Corp. Ltd. and CSCEC Strait and visited the project of Fuzhou Strait Olympic Sports Center (福州市海峽奧林匹克體育中心). Then, the delegation met Fujian branch of China Construction Bank, and Fujian branch of Bank of China, in order to extend the cooperation for a win-win situation of the banks and the Group.

September

The Company was selected as a constituent stock of the Dow Jones Sustainability Indices for the second consecutive year

Upon the assessment of sustainability indices by Dow Jones, the Group was selected as a constituent stock of the Dow Jones Sustainability Indices for the second consecutive year. The recognition reflects the leading position of the Group in the world in terms of operation, environmental protection and social responsibility. It also represents the international recognition of the Group's efforts on sustainable development.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Major Events of the Year 2014 (continued)

October

Opening ceremony of tunnel breakthrough at Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section)

On 15 October 2014, the opening ceremony of tunnel breakthrough at Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section) contracted by the Group was held with Mr. Lau Ka Keung, JP, head of Highways Department of the HKSAR as officiating guest. Mr. Lau acknowledged and recognised the technology, work ethic and devotion of the management of the Group. Other guests visited the construction site of the tunnel, witnessing the successful of this construction milestone.

November

Delegation of the Beijing Office of the State Administration of Work Safety and the Labour Department of the HKSAR visited the project site of Fire Services Training School cum Driving Training School at Tseung Kwan O

On 17 November 2014, accompanied by Mr. Li Sze Ming (李施明), head of the eastern district of the Labour Department of the HKSAR, head of Human Resources and Training Unit (人事教育處) of the Beijing Office Administration of Work Safety and Labour Department, and deputy head of Occupation and Hygiene Supervision Unit (職業衛生監督處) visited the project site of Design and Construction of Fire Services Training School cum Driving Training School at Tseung Kwan O of the Group. The safety and environmental protection management of the project was highly recognised and discussed the implementation of relevant safety policy and the work guidance of the Labour Department with the delegation before visiting the construction site.

CHAIRMAN'S STATEMENT

Mr. Zhou Yong
Executive Director, Chairman and Chief Executive Officer

In the year, the Group secured

33 new contracts

with attributable contract value of approximately

HK$60.24 billion.

Chairman's Statement (continued)

Accelerating Investment Interacting Constructions

Results

The Group's audited profit attributable to owners of the Company for the year ended 31 December 2014 was HK$3,457 million, representing an increase of 25.7% over last year. Revenue was HK$34,440 million, representing an increase of 26.2% over last year. Earnings per share increased by 25.5% to HK88.75 cents.

Dividend Payment

The Board recommends payment of a final dividend of HK15.00 cents per share for the year ended 31 December 2014, contributing to an annual total dividend per share of HK26.00 cents, representing an increase of 23.8% as compared to last year.

Review of Operation

The year of 2014 saw divergent recovery paces in the global economies. The Federal Reserve Board decided to withdraw its quantitative easing policy while Europe and Japan further loosened their monetary policies. The international financial market experienced substantial fluctuations with unbalanced economic recovery in different regions. Attributable to the sound development of the emerging markets in the Asia-Pacific region, the Hong Kong economy was generally stable. Its construction market remained strong despite increasing construction costs.

This year, the Group has established the operation principle of "Accelerating Investment, Interacting Constructions and Fortifying Comprehensive Resources Allocation", which refers to the gradual realisation of regional operation and the continuous optimisation of the current investment model; the strengthening of project management to ensure the smooth progress of projects in progress; the establishment of a highly efficient and comprehensive resource allocation system in respect of financial, human resources and other integrated resources.

Market Conditions

Although the Hong Kong and Macau markets continued to prosper, there was still room for the improvement of resources shortage. In the "new trends" of the economy of Mainland China, the government further deepened the reform and adjustment of various fields for increasing domestic demand and stimulating consumption to ensure into steady economic growth. Meanwhile, infrastructure investment once again took on the major role in stabilising economic growth. For overseas markets, the previous on-going loose monetary policy in North America led to steady recovery of the construction market.

1. **Hong Kong and Macau**

   Hong Kong maintained a moderate economic growth, while the Macau economy showed a slight slowdown. Taking the advantages of the booming construction market, the construction business of the Group in Hong Kong and Macau marked its breakthrough in expansion again. Housing projects awarded are including Construction of Public Rental Housing at Sha Tin Area 52 Phases 3 and 4; civil engineering projects awarded are including Widening of Fanling Highway — Tai Hang to Wo Hop Shek Interchange and Expansion of Tai Po Water Treatment Works and Water Transfer Facilities. While the Group continued to follow-up the Ten Mega Infrastructure Projects in Hong Kong, it focused on sizeable and complicated high-end premium projects. A number of projects in progress have entered into the peak stage with more efficient progress management and overall operation. With its smooth tunnel breakthrough in October, the Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section) overcame the highly difficult technical challenges and was highly recognised by the HKSAR Government.

Chairman's Statement (continued)

Fully exerting its internal synergistic effect in Hong Kong and Macau, the Group continued to develop its construction business and diversify its operation, with an emphasis on profit-oriented approach and efficient resources allocation. The contract value of Macau MGM Cotai Project, awarded in the first half of the year, amounted to HK$10,485 million, marking a new record for the Group's highest single contract value. The project currently advances smoothly and is well-received by the owner.

2. **Mainland China**

The Group further streamlined the structure of its business in Mainland China and adjusted its regional management for effective expansion of investment scale and upgrade of competitiveness. During the year, the Group had undertaken a number of new investment projects, including Relocation Housing BT Project in Pingyang County, Wenzhou City, Zhejiang Province, Phase II of the Relocation Housing BT Project in Pinghu of Jiaxing City, Zhejiang Province, Affordable Housing BT Project in Wuxing District of Huzhou, Zhejiang Province, Affordable Housing Project Phase IV, in Shushan District Industrial Park, Hefei, Anhui Province, Relocation Housing Project in Residential Public Service Core District of Zhengzhou, Henan Province, Infrastructure Project Phase II in Qujiang New District, Xi'an, Shaanxi Province and BT Project for Rerouting Lianjiang — Jin'an section of National Highway G104 in Fuzhou, Fujian Province.

In order to achieve rapid growth in our investment business and grasp the market opportunities from the new trends, the Company explored and developed the new business models while promoting the established investment model. On one hand, the Company expanded the scope and forms of its existing investment model based on the actual situation of relevant regional markets and projects. On the other hand, the Company conducted research and trial on the Public-Private-Partnership ("PPP") model in accordance with the prevailing policy environment. Other operating projects such as Nanjing No. 2 Yangtze River Bridge and Shenyang Huanggu Thermal Power Plant also maintained good performance and generated stable profitability.

3. **Far East Global Group Limited ("FEG")**

Through adjustment of management structure and integration of internal and external resources, FEG orderly expanded to the overseas market. Apart from consolidating its market share in Hong Kong and Macau, FEG also stepped into the general contracting business and explored new investment models. During the year, the Group had assigned a number of senior management members to FEG, including two of them stationed in North America for strengthening the management and control of the regional business.

Regarding the curtain wall business, the Company succeeded in the bidding of Commercial Building Project on Hung Luen Road, Hong Kong, MGM Curtain Wall Project in Macau, Louis XIII Curtain Wall Project in Macau, L'Avenue Project in Montreal, Canada and Vancouver Stock Exchange Project in Canada. While expanding the overseas business, FEG also promoted the transformation of its development strategies. The small and medium-sized private housing construction projects undertaken through Treasure Construction Engineering Limited achieved satisfactory progress. FEG also succeeded in the bidding of the project, Emperor Hotel, Hong Kong, which laid the foundation for its rapid expansion.

Chairman's Statement (continued)

Completed Projects during the Period

In 2014, the Group completed 14 projects.

New Projects Awarded

The Group secured 33 new projects in 2014, with an aggregate attributable contract value of HK$60,244 million, of which the Hong Kong market accounted for 15.2%, Mainland China market accounted for 64.2%, the Macau market accounted for 17.4% and FEG accounted for 3.2%.

8 new contracts were awarded during the first two months in 2015, resulting in an aggregate contract value of approximately HK$13,953 million.

Projects in Progress

As at 31 December 2014, the Group had a total of 78 projects in progress, amounting to an aggregate attributable contract value of HK$160,003 million. The attributable contract value of incomplete works was HK$93,103 million. At the end of February 2015, the Group had an attributable contract value of HK$173,070 million.

Corporate Governance

The Group strictly complied with the laws and regulations. With effective monitoring by the Board and enhanced communication with the investors, investors' knowledge and understanding of the Company were enhanced, and the corporate governance standards of the Company were further improved. The Group established an all-round corporate system and optimised corporate governance to regulate its business operations. The Group also promptly adjusted its strategies in line with market changes to better capitalise on the function and role of each dedicated decision-making team. The Group also strengthened the regional and specialised management capabilities of each business unit.

In 2014, investment business in Mainland China was expanded with 17 subsidiaries in 25 key cities and the structure of its scaled operation was further refined. With the implementation of regional management across the five major segments, the management team of China State Construction International Investments (China) Limited ("CSCIICL") was further optimised to better adapt to the full-speed expansion of investment business, further develop the current market and enhance the competitiveness of the Company. Management staff in headquarter were re-assigned to frontline in order to enhance the utilisation efficiency of resources and strengthen the management of and support to regional companies. Internal operation efficiency improved significantly.

Risk Management

In pursuit of its overall operation target, the Group implemented basic procedures of risk management in every procedure of operation and management to nurture a sound risk management culture and develop a comprehensive risk management system. Risk management strategies were formed and implemented to ensure business operations in compliance with the applicable laws and regulations to achieve effective and comprehensive risk management.

The Risk Management Control Committee is responsible for the overall risk management of the Group, including assessment and management of strategic risks, and tracking and assessing strategic risk factors including macro-economy, regional market and industry development which may affect strategic decisions in a timely manner. It is also responsible for guiding and supervising the risk management work of all departments and subsidiaries, compiling risk assessment reports of all departments and subsidiaries and assessing, tracking and supervising the risk management strategies adopted by different departments and subsidiaries. In respect of major projects and projects with significant potential risks, the Risk Management Control Committee shall conduct management examination and risk assessment. Together with the Internal Audit Department, the Risk Management Control Committee shall submit an annual risk management assessment report to the management of the Company.

Financial Management

In respect of financial system, the Group continued to strengthen the investing and financial management and capital operation. Focusing on cash flow management of projects, capital pressure was eased by balancing the income and expenses of projects under a prudent financial management policy. Capital management was further centralised in order to enhance the effectiveness of capital utilisation and gain considerable benefits from planning and appreciation through the flow of funds between Mainland China and Hong Kong. In particular, CSCIICL has been officially admitted to the list of the "first batch of pilot enterprises for cross-border RMB fund pool (跨境人民幣資金池首批試點名單)", which will facilitate the capital flow between Mainland China and Hong Kong.

During the year, the Group has upgraded the level of the cooperation with the major banks in Mainland China. With mode of financing changed from project financing to working capital financing arranged among headquarter of the Group and the bank, the Group had entered into strategic cooperation agreements with various banks. At the end of the year, the Group confirmed a syndicated loan of HK$3,500 million and entered into various bilateral loan agreements in Hong Kong to replace the loan due in 2015. Overall financial condition and liability structure of the Group remained sound and reasonable.

At 31 December 2014, the Group had bank deposits of HK$7,452 million and total borrowings of HK$14,819 million, and a net gearing ratio of 36.8%. Net drawdown of bank loans amounted to HK$4,741 million, and committed but unutilised credit facilities and other facilities like construction performance bond facilities amounted to HK$25,034 million.

Chairman's Statement (continued)

Human Resources

In respect of human resources regarding regular recruitment, training and job allocation and the functional departmental performance assessment by various areas, the Group placed emphasis on internal training with efficient and innovative system, particularly measures for recruitment, incentives and retaining of talents. CSCIICL issued the Administrative Measures of Qualification of Mid-to-Senior Positions (《中高層崗位任職資格管理辦法》) to regulate the qualifications for each position and establish reasonable and comprehensive standards and systems for recruitment, performance appraisal, organisation and training of talents.

Capital Operation

Credit rating of the Group has been further raised by Fitch and Moody's to "BBB" and "Baa2" respectively and both with a "stable" outlook.

In October 2014, the Group entered into an agreement with China Overseas Holdings Limited ("COHL"), the immediate holding company, to acquire China Overseas Ports Investment Company Limited, a subsidiary of COHL, by way of private placement. China Overseas Ports Investment Company Limited is mainly engaged in port operation in Mainland China and provides logistics services in Shenzhen, with great growth potential. This acquisition further consolidates the position of the Group as a platform for infrastructure investment and operation, and enlarges the operation and asset scale of the Group. It is expected to bring long-term stable contribution to the Group.

Technology Innovation

In March 2014, the Group secured the contract of Affordable Housing Project Phase IV, Shushan District Industrial Park, Hefei, Auhui by way of housing industrialisation for the first time. It is an area of approximately 330,000 square meters with design service provided affordable housing project and 63% of the project made by precast structure. Relying on over 30 years of experience in numerous construction projects in Hong Kong and extensive experience of Shenzhen Hailong Construction Products Plant on design, production, construction and installation of precast structure units, the Group progressively expanded to the residential industrialisation market in Mainland China with standardised design, industrialised production, prefabricated construction, integration of construction and decoration and information management, namely "Five in One" (五化合一). The Group strives to become the best comprehensive solution provider for residential industrialisation project in Mainland China.

During the year, the Group received three technology level awards from the provincial governments and a construction award from the central government. Construction of Public Rental Housing Development at Kai Tak Site 1A Phase 1 and 2 was awarded "Lu Ban Award of Construction (overseas construction) in China for 2014 (2014年中國建設工程（境外工程）魯班獎)", which was the first award of Lu Ban Award for overseas construction.

Since the establishment of BIM (Building Information Modeling) Centre of the Group in 2005, the simulated construction data have been digitalised through the establishment of construction model in order to increase the probability of award of contracts and lower the tender management risk. Currently, 101 BIM projects have been completed. BIM technology has been widely applied and become one of the core competitive strengths of tendering of the Company. During the project implementation period, data sharing through BIM has facilitated highly efficient coordination between design and construction so as to enhance the effectiveness and quality of construction work and lower the construction cost and risk.

Social Responsibility

The Group is devoted to making contribution to the society and performing social responsibility. In response to "World Environment Day", the Group organised "2014 Environmental Protection Day" on 6 June in order to enhance the awareness of environmental protection of employees. The Group also organised an eco-cultural tour of "Hoi Ha Wan Marine Park and Sheung Yiu Village" for employees in order to demonstrate the determination of the Group to develop into a social corporate and contributions of Group for the promotion of eco-cultural protection.

In September 2014, the Group passed the assessment of Dow Jones and was on the list of the "Dow Jones Sustainability Indexes" for the second consecutive year, which fully showed the world-leading position of the Group in terms of operation, environmental protection and social responsibility and the recognition of international market to the efforts on sustainable development of the Company.

Key Awards

In March 2014, in the award presentation ceremony of Hong Kong Construction Safety Award 2013/2014, the Company won a gold award and a silver award for Building Construction site (Public Sector), three outstanding awards for Safety Team and one group award for Safety Quiz Q&A Competition as a result of its continuous good performance in the safety of construction sites. Three site workers were also granted Safety Worker Award. In the same month, two projects of the Group in Hong Kong were honored with 2013 Green Contractor Silver Award and ArchSD Annual Award 2013, respectively, by Architectural Services Department of the HKSAR Government.

In April, in the "FinanceAsia" magazine annual poll of "Best Asian Companies", the Group was proudly awarded the Best Managed Company (4th Place), the Best Corporate Governance (3rd Place), the Best Investor Relations (3rd Place) and the Best Corporate Social Responsibility (8th Place) etc.

In May, the Development Bureau of the HKSAR Government and Construction Industry Council jointly organised "The 20th Considerate Contractors Site Award Scheme Award Presentation Ceremony", the Group was awarded One Non — Public Works Sites — New Works — Gold Award, two Public Works Sites — New Works — Bronze Awards, and another two of Merit Awards of Considerate Contractors Site Awards. The Group was also awarded one gold and three merits of the Outstanding Environmental Management & Performance Awards in the Public Works — New Works category. Some employees of the Company were also rewarded Model Frontline Supervisor and the Best Model Worker Award.

In July, in the annual election of The Best Listed Companies in Asia organised by "Institutional Investor", the Group won several awards in the category of industrial companies, namely, the Best Chief Executive Officer, the Best Chief Financial Officer, the Best Investor Relations Professional and the Best Listed Company in Investor Relations. In all of the above awards, the Group ranked first place nominated by Buy Side and ranked second place nominated by Sell Side.

Chairman's Statement (continued)

Business Prospects

In 2015, the global economic growth will remain volatile. The United States and Britain are expected to have stronger recovery, while prospects of the Euro zone and Japan remain uncertain and the emerging markets are affected by the impacts of scale structural adjustment and normalised monetary policy of the United States. Boosting economic growth and improving employment rate are still the core of future economic policy and focus of mid-to-long term development of different countries. The Group will closely monitor the impact of macro-economic policy to all businesses, enhance the analysis and adaptation to the market and timely adjust the operation strategy so as to cope with the changing operation environment.

Market Expectation

In view of the rise of free trade zones in Mainland China and political instability in Hong Kong, prospects of Hong Kong economy remains cautious in general with favourable conditions for development. During the year, though there will be a significant decrease in large civil engineering projects implemented by the government, more housing projects will be launched. In particular, the Company will pay high attention to various large-scale pre-designed engineering projects to be launched in the second half of the year.

Economy of the Mainland China is expected to maintain stable growth. However, due to cyclical fluctuations and structural contradictions, there will still be numerous unstable factors and uncertainties. New urbanisation and integration of regional economy will bring significant investment demand for urban infrastructure facilities, public facilities and residential buildings. Therefore, the overall prospects economic development remains optimistic.

In respect of curtain wall markets, scale of businesses in Hong Kong, Macau and Asia-Pacific will be stable attributable to the prosperous market. Along with economic recovery in the United States, the proportion of private developers' projects with higher margin and more reasonable terms will significantly increase. In Mainland China, the market will be full of opportunities, but competition will be vigorous due to inconsistency in qualities, and the market is subject to standardisation.

Operation Strategies

Committed to the operation strategy of "Cost-effective Competition and High Quality Management", the Group endeavours to achieve strategic transformation of becoming an integrated international contractor with comprehensive development in both construction and relevant investments, so as to further strengthen its corporate value and market competitiveness.

In respect of construction projects in Hong Kong and Macau, the Group will focus on large-scale projects and government projects with cost reimbursement mechanism. In addition to profits orientation, the Group pays attention to resources allocation and strategic planning in order to maintain the sustainable development. To deal with difficulties including selection of sub-contractors, shortage of resources and project implementation, the Group will timely adjust competition strategy in order to maintain its advantages of market scale.

In respect of the Mainland investment business, the Group will persist to "Strengthen Its Operation According To Market Condition". All regional companies will prioritise business expansion through creating and grasping cooperation opportunities by adopting strategies such as contacting senior local government officers and implementing an "All Out Marketing Approach" etc. Moreover, the Group will accelerate the implementation of existing projects and provide sufficient time for project implementation in order to meet the annual performance target.

FEG will further promote its brand and market expansion. In addition to implementing projects with high margin in Hong Kong, Macau and North America, it will continue to explore business opportunities in overseas and investments in Mainland China in order to achieve its strategic transformation.

Management Model

According to the strategic planning and duties of supervision, the Group will further optimise the allocation of duties, clearly define the scope of authorities and modify business flows to strengthen the strategic supervision of the headquarters and encourage proactive business management by regional teams. The Group will refine the cooperation mechanism among different departments so as to enlarge the general business scale, strengthen the profitability and consolidate and expand the foundation of construction contracts and investment businesses.

Company Mission

The Group is dedicated to its core value of "**Exercising Caution in Details and Implementation; Building a Strong Foundation to Seek Greater Success** ". In strict compliance with the industry standard and dedicating to contribute to the industry, the Group will strive for growth and continuous innovation under China State's principle of "**Good Quality and Value Creation** ". With the development of individual staff and strengths of teamwork, the Group will achieve a **win-win situation** with the shareholders, employees and society and become a new role model in the new era. The Group will insist on developing into a "leading corporation with competitive international complex construction and infrastructure investment".

Appreciation

I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to the shareholders for their strong support, and to the community for their enthusiastic help, and last but not least, to our staff for their dedicated efforts.

By Order of the Board
China State Construction International Holdings Limited
Zhou Yong
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 20 March 2015

Management Discussion and Analysis

The Group enjoyed a steady year of performance during the year and recorded revenue of HK$34,440 million and profit attributable to owners of the Company of HK$3,457 million, **representing a year-on-year increase of 26.2% and 25.7% respectively.**

Overall Performance

The Group enjoyed a steady year of performance during the year and recorded revenue of HK$34,440 million and profit attributable to owners of the Company of HK$3,457 million, representing a year-on-year increase of 26.2% and 25.7% respectively. With a proposed final dividend per share of HK15.00 cents and an interim dividend per share of HK11.00 cents paid in the year, the total dividends for the year amount to HK26.00 cents per share, representing an increase of 23.8% as compared to last year.

This year, the Group has established the operation principle of "Accelerating Investment, Interacting Constructions and Fortifying Comprehensive Resources Allocation", which refers to the gradual realisation of regional operation and the continuous optimisation of the current investment model; the strengthening of project management to ensure the smooth progress of projects in progress; the establishment of a highly efficient and comprehensive resource allocation system in respect of financial, human resources and other integrated resources. Benefited from the favorable industry environment, each of our business segments has delivered promising results during the year under review.

Management Discussion and Analysis (continued)

During 2014, Hong Kong, Macau and Mainland China continued to be the core markets of the Group. In Hong Kong and Macau, the Group focused on the construction business and has maintained its leading position in the field. In Mainland China, the Group focused on affordable housing and infrastructure investment businesses and has successfully captured new opportunities evolved in the markets. On the other hand, restructure of FEG and its subsidiaries (together as the "FEG Group") for its future strategic development was well under way. This listed subsidiary is currently managed by a separate management team and thus is considered as a distinct business unit of the Group.

During the year, the Group acquired China Overseas Ports Investment Company Limited Group ("COP Group") from its immediate holding company. The acquisition was treated as common control combination and merger accounting was adopted as if COP Group had been combined from the date when the acquired companies first came under the control of the controlling party. The comparative figures of the consolidated financial statements have been restated accordingly.

An analysis of major income statement items for the year is set out in the following paragraphs:

Revenue and Gross Profit

Hong Kong, Macau and Overseas — Construction and Related Businesses

1) ***Construction and related business — Hong Kong***

   Hong Kong's construction industry is operating under promising because of the expanding housing and infrastructure projects roll out by the Hong Kong government. The Group has captured the increasing opportunities and experience a steady growth in revenue of approximately HK$4,151 million to approximately HK$15,285 million as compared to last year (2013: HK$11,134 million). As the Group has not yet recognised profits of certain large projects as they are still in their initial stages, the Group has managed to maintain its gross profit margin at approximately 6.6% (2013: 7.3%). With the steady growth in revenue, the gross profit and result of this segment has increased by 25.0% and 21.5% respectively.

2) ***Construction and related business — Macau***

   Benefit from the optimistic growth in gaming and hospitality industry, the construction market in Macau remains robust. Throughout the year, this segment has recorded a significant growth in revenue of 169.9% to approximately HK$2,256 million (2013: HK$836 million) with the commencement of major housing and casino projects. However, as these major projects still in preliminary stage and have not yet reached their full swings, the segment profit from this sector only increased by 34.4% to approximately HK$328 million (2013: HK$244 million).

Management Discussion and Analysis (continued)

3) ***Construction — Overseas***

The Overseas segment represented mainly the construction projects in United Arab Emirates. During the year, negotiation with employers for settlement of those completed projects continued with positive progress and have agreed the final contract sum and successfully recovered approximately HK$92 million from several employers during the year.

Mainland China

— ***Investment and Construction of Affordable Housing and Infrastructure Projects and Construction Related Businesses***

Our businesses in Mainland China continued to be the key revenue and profit drivers of the Group. Riding on the favorable government policy, the Group continued to expand its presence of affordable housing and infrastructure investment businesses in new geographical locations in Mainland China. Under rapid development, this segment has delivered steady growth in revenue and gross profit of approximately 11.2% and 28.0% respectively for the year. Following the successful completion of some of our "Build — Transfer" ("BT") projects, the Group has received buy-back payment of approximately HK$3,033 million (including the attributable share of such payment received by our joint venture investments).

1) ***Investment and Construction of Affordable Housing Projects***

Throughout the year, the Group's affordable housing business expanded steadily in scale and continued to be the largest sector of the Group in Mainland China. On top of those projects already in progress in last year, the Group has commenced the construction works of several new projects during the year under review. In addition, the Group began to reap the reward of its previous investments as the Group has successfully completed and handed over its projects in Tianjin and Chongqing and several sub-phases of other projects, which contributed approximately HK$1,461 million receipts from its customers. Consequently, construction revenue from this sector reported a rise of 28.6% to approximately HK$7,915 million (2013: HK$6,157 million) as planned.

Because of demand for higher expertise and investment commitment in these large scale projects, the Group was also able to command gross margin on average higher than that from traditional construction projects. As the aggregate contract values completed by the Group has been accumulating, the interest such earned for the year has increased ideally to HK$795 million (2013: HK$394 million) which was counted as part of revenue and gross profit from this segment.

Overall, the gross profit margin and gross profit for this sector increased to 20.1% (2013: 18.5%) and HK$1,755 million (2013: HK$1,215 million) respectively.

Management Discussion and Analysis (continued)

In 2014, the contract value of new affordable housing projects awarded to the Group reached a record height to approximately HK$27,265 million. Backed up by our stringent project selection criteria, the management envisages this sector will continue to deliver good performance to the Group in the future.

2) ***Construction and Operation of Infrastructure Projects***

As a major platform for China State Construction Engineering Corporation Limited to participate in infrastructure investment and operation in Mainland China, the Group acquired COP Group from its immediate holding company, COP Group is principally engaged in port operations and logistics business in Mainland China during the year, which expand the operating infrastructure portfolio of the Group. The Group also continued participating in investments in its infrastructure business portfolio including the BT, "Build — Operate — Transfer" ("BOT"), "Transfer — Operate — Transfer" ("TOT") and "Transfer — Operate" ("TO") arrangements of various transport infrastructure facilities and direct ownership and operation of a thermoelectric plant.

In 2014, the investment portfolio in this segment has recorded a slightly growth in both revenue and gross profit to HK$6,310 million (2013: HK$6,174 million) and HK$1,461 million (2013: HK$1,345 million) respectively.

1. The construction of two toll road projects in Shanxi Province, namely the Class 1 Highway from Yangquan to Niangziguan, Shanxi Province, and the Shanxi Wuyu Expressway had been substantially completed during the year.

2. During the year 2014, the Group remained active to participate in its investments of two TOT projects in Nanchang and various BT infrastructure projects in Wuhan, Taiyuan and Zhengzhou. As the construction of the project in Zhengzhou have been in full swing during the year, the revenue from these projects reported a tremendous rise of about 2.37 times to approximately HK$2,024 million (2013: HK$601 million).

3. In 2014, the Group continued expand its infrastructure BT portfolio, the Group has successfully obtained new BT infrastructure projects in Fuzhou and Xi'an. These projects commenced during the year and had a satisfactory progress. These new BT infrastructure projects, together with a number of the projects currently under negotiation, are expected to become major revenue and profit contributor in the future.

Management Discussion and Analysis (continued)

4. The Group's thermoelectric plant in Shenyang continued expanding its supply network and the total heat supply area has increased from approximately 13,904,000 sq.m. in 2013 to approximately 15,010,000 sq.m. in 2014. Further, the construction of the Thermal Power Phase V is substantially completed and part of the machines are in production, which provided extra production capacity to the plant. As a result, the Group recorded a year-on-year growth in revenue from the supply of heat and electricity of 32.1% to approximately HK$766 million (2013: HK$580 million).

3) ***Construction — Cash contract and related business***

As focus has been directed to the affordable housing and infrastructure investment businesses, the Group has exercised caution in its traditional construction business and participated in only those projects with quality management and promising profit prospect. Despite such change, the Group's revenue from this segment have dropped by 60.2% to approximately HK$453 million (2013: HK$1,139 million). Gross profit from this segment amounted to approximately HK$286 million (2013: HK$222 million) for the current year.

During the year 2014, the Group has been continuously searching for new business opportunities with better payback periods and stable returns. Details of new investments is set out in the section under the heading "Major Business Development".

Far East Global Group Limited

— ***Facade Contracting***

During the year under review, the new management of Far East Global Group Limited continued its effort to improving its structure and portfolio so as to position this subsidiary for future expansion. The turnover from this subsidiary have slightly increased by 3.1% to approximately HK$1,382 million (2013: HK$1,341 million). Gross profit from this subsidiary has been dramatic increased to approximately HK$88 million (2013: HK$10 million) for this year as a result of effective cost control.

Other Incomes and Other Gains, net

The Group has recorded a slight increase in the other income and other gains of 8.7% to approximately HK$475 million (2013: HK$437 million), which was mainly attributable to the gain on disposals of properties held for sales, but partly offset by the decrease of dividend income from unlisted available-for-sale investments.

Administrative Expenses

Administrative expenses slightly decreased by 6.4% from approximately HK$960 million in 2013 to approximately HK$899 million which was mainly attributable by the effective cost control in this year.

Share of Profits of Joint Ventures

The Group operates several construction project, toll road operation and infrastructure investment project in joint ventures. Share of profit of joint ventures have been decreased by 31.6% to approximately HK$294 million (2013: HK$430 million) was mainly due to the continuous received of buy-back payment of Tangshan BT project, the interest earned from this project is decreased.

Finance Costs

During the year, finance costs incurred by the Group was approximately HK$868 million (2013: HK$788 million) (of which HK$412 million (2013: HK$370 million) was capitalised in the qualifying assets), representing an increase of approximately 10.2% as compared with last year. The increase was mainly due to the increase of borrowings during the year. The finance costs charged to profit for the year increased by 9.1% to approximately HK$456 million. (2013: HK$418 million).

Earnings Per Share

For the year ended 31 December 2014, basic earnings per share increased by 25.5% to HK88.75 cents (2013: HK70.71 cents). The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$3,457 million (2013: HK$2,750 million) and on the weighted average number of 3,895,850,000 (2013: 3,888,294,000) ordinary shares in issue during year.

Corporate Finance

Financial Position of the Group

Shareholders' Equity

The Group dedicated to maintain a sound financial position with a strong capital base to support its rapid expansion. Shareholders' equity reached HK$19,830 million as at 31 December 2014 (2013: HK$15,934 million). The increase was mainly attributable to the profit for the year of approximately HK$3,457 million and the share issued to its immediate holding company as a consideration for the acquisition of COP Group.

Bank Balances and Cash

At 31 December 2014, the Group had bank balances and cash of HK$7,452 million (2013: HK$8,126 million), representing approximately 11.2% of the total assets of the Group. The portfolio of the currencies of bank deposits is listed as follow:

	2014	2013
	%	%
Hong Kong Dollars	**27**	32
Renminbi	**57**	56
Macao Patacas	**13**	7
United States Dollars	**1**	4
Others	**2**	1

The bank deposits outside Hong Kong are mainly for subsidiaries in various regions. During the year, the Group has no financial instrument for currency hedging purpose.

Cash Flows Analysis

During the year under review, the Group began to reap the reward of several affordable housing and infrastructure BT projects, together with the stable contribution from cash construction and related businesses which generated approximately HK$2,449 million (2013: HK$1,864 million) net operating cash inflow. After deducting the net expenditure in the BT projects of approximately HK$4,138 million (2013: HK$4,949 million), the Group experienced a net cash outflow for its operating activities of approximately HK$1,689 million (2013: HK$3,085 million). The net cash outflow from investing activities was approximately HK$2,091 million (2013: net cash inflow of HK$130 million), and the net cash inflow from financing activities was approximately HK$3,172 million (2013: HK$4,046 million).

Borrowings

The Group continued to strengthen the management of investment, financing and capital operation. Focusing on cash flow management of projects, capital pressure was eased by balancing the income and expenses of projects under a prudent wealth management policy. Capital management was further centralised in order to enhance the effectiveness of capital usage and gain considerable benefits from planning and appreciation through the flow of funds between Mainland China and Hong Kong.

During the year, the Group has net drawn down various new term loans, revolving loans, project loans or syndicated loans of an aggregate amount of approximately HK$4,741 million.

At 31 December 2014, the total borrowings of the Group (including the guaranteed notes issued by the Group in April 2013) were HK$14,819 million of which, approximately 48.6%, 24.3% and 27.0% of the balances were denominated in Hong Kong dollars, Renminbi and US dollars respectively. Bank borrowings were bearing interest at floating rates with reference to either Hong Kong Inter-bank Offered Rate ("HIBOR") or People's Bank of China ("PBOC") reference rate while the Notes bear fixed interest rate.

Management Discussion and Analysis (continued)

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

	2014 HK$'million	2013 HK$'million
Bank and other borrowings		
On demand or within one year	587	262
More than one year but not exceeding two years	1,066	3,764
More than two years but not more than five years	4,395	2,788
More than five years	4,901	2,048
Total bank and other borrowings	10,949	8,862
Guaranteed notes payable	3,870	3,860
Total borrowings	14,819	12,722

At 31 December 2014, the Group had net borrowings of HK$7,367 million (2013: HK$4,596 million) and the Group's net gearing ratio was approximately 36.8% (2013: 28.4%). This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. At 31 December 2014, committed but unutilised credit facilities and other facilities like construction performance bond facilities amounted to HK$25,034 million.

Major Business Development

The Group searches cautiously for valuable construction and investment projects in order to strengthen its presence in each major segment and enhance the value of the Company. During the year under review, the Group has achieved the following significant milestones in business expansion:

(1) The Group was awarded various contracts of the Affordable Housing and Relocation Housing BT Project in different regions, including Wenzhou, Hefei, Jiaxing, Zhengzhou, Qingdao, Huzhou, and Taizhou. The aggregate attributable contract value amounts to approximately HK$27,265 million.

(2) The Group was awarded several new infrastructure BT projects including Wuhan Yangtze River Avenue in Hubei Province (Zhongnan Road — Luxiang), Wuhan East Lake Passageway in Hubei Province (Plum Garden — Yuijian), Infrastructure Project Phase II in Qujiang New District, Xi'an, Shaanxi Province and five Infrastructure Projects including Binjiang Avenue in Wuhan, Hubei Province.

(3) In May 2014, the Group formed a joint venture in Fuzhou with a subsidiary of China State Construction Engineering Corporation Limited, the Company's intermediate holding company and was awarded a road BT Project for Rerouting Lianjiang-Jin'an section of National Highway G104 in Fuzhou, Fujian Province.

(4) On 28 October 2014, the Group entered into an agreement to acquire COP Group from its immediate holding company, the consideration was satisfied by the issue of the new share of 117,278,000 shares of the Company.

(5) During the year under review, the Group took the advantage of booming construction markets in Hong Kong and Macau and has secured a number of prominent projects such as MGM China Cotai Projects in Macau, Construction of Public Rental Housing Phase 3 and 4 at Sha Tin Area 52, Expansion of Tai Po Water Treatment Works and Water Transfer Facilities, Widening of Fanling Highway — Tai Hang to Wo Hop Shek Interchange.

(6) During the year under review, the construction of the Phase V of Shenyang Huanggu Thermal Power Plant have been substantially completed, which increased the production capacity for new supply zone.

In order to achieve rapid growth in our business and grasp the market opportunities, the Group also conduct research on other investment model, including Public-Private Partnership.

Management Policies for Financial Risk

Interest Rate Risk

The Group's fair value and cash flow interest rate risk mainly related to variable rate borrowings. In order to exercise prudent management against interest rate risk, the Group has established policies and procedures to the assessment, booking and monitoring all such financial risk. The Group will continue to review the market trend as well as its business operation's needs, so as to arrange the most effective interest risk management tools.

Credit Risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's trade and other receivables presented in the consolidated statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made according to the Group's accounting policy or where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. Credit extended to business associates is based on the reputation and financial position of the customers. In connection with projects in progress (whether in Hong Kong, Macau, Mainland China or overseas), the major customers are the local governments, government-related entities and certain institutional organisations and certain reputable property developers. Therefore, the Group is not exposed to any significant credit risk.

With respect to the credit risk of the Group's treasury operations, the Group's bank balances and cash must be placed and entered into with financial institutions of good reputation so as to minimise the Group's credit risk exposure.

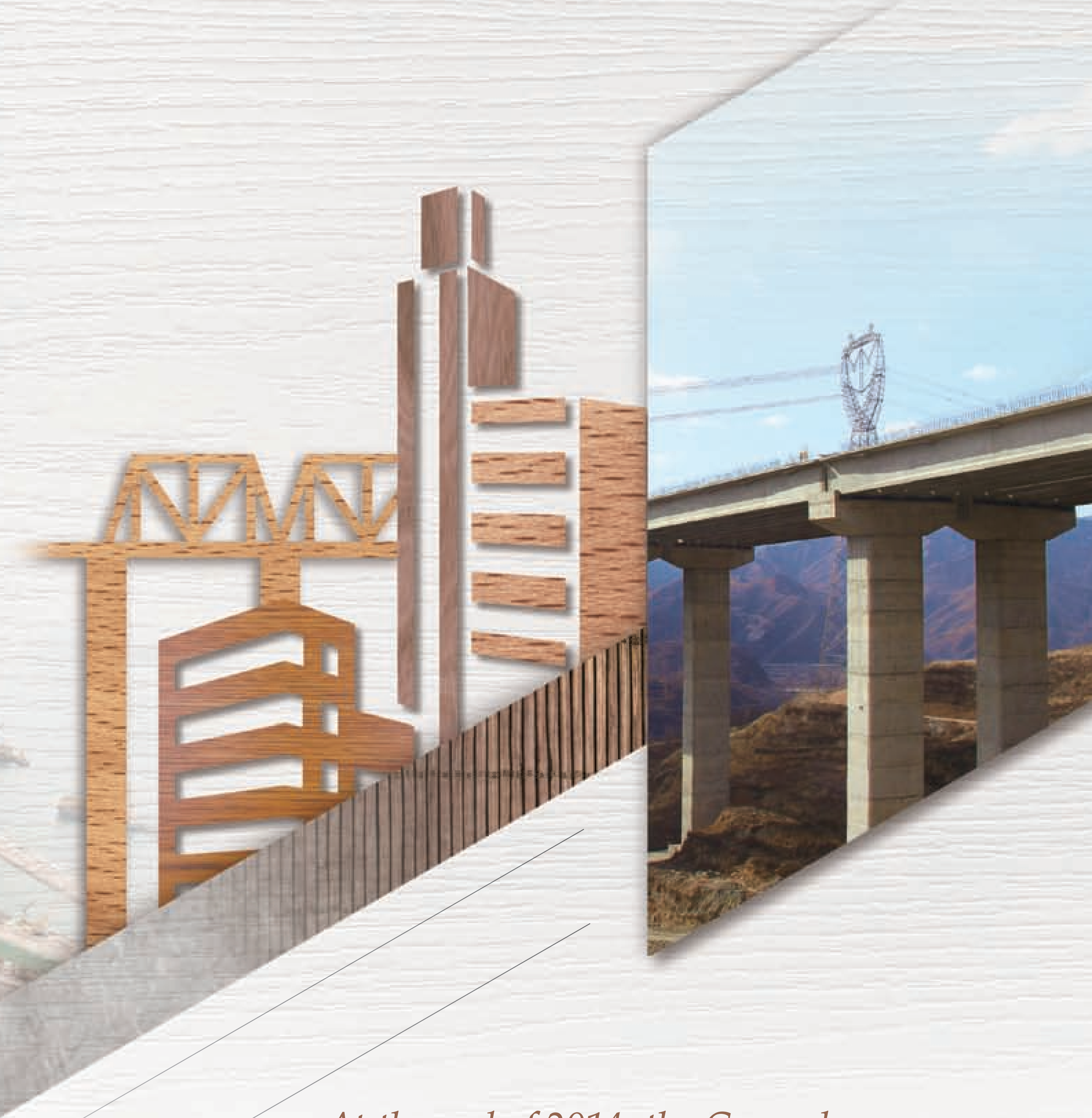
Equity Price Risk

The Group and the Company is exposed to equity price risk through investment in equity securities which classified as available-for-sale investments of financial assets. Management manages this exposure by maintaining a portfolio of investments with different risks and with higher ranking. The Group and the Company's equity price risk is mainly concentrated on equity instruments quoted in the Hong Kong Stock Exchange. In addition, management will closely monitor the equity price risk.

Foreign Exchange Risk

The Group undertakes certain transactions denominated in foreign currencies, primarily with respect to the Renminbi and United Stated dollar, hence exposures to exchange rate fluctuation risk. The management manages this risk by closely reviewing the movement of the foreign currency rate.

BUSINESS REVIEW



At the end of 2014, the Group has

78 projects in progress

with an aggregated attributable contract value of

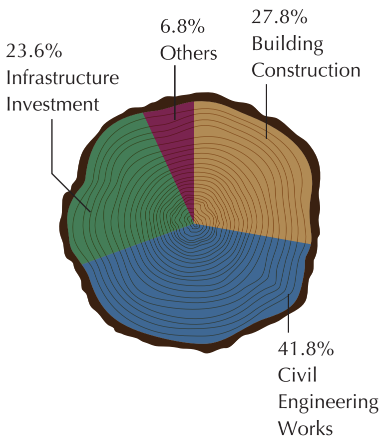
HK$160.00 billion.

Business Review (continued)

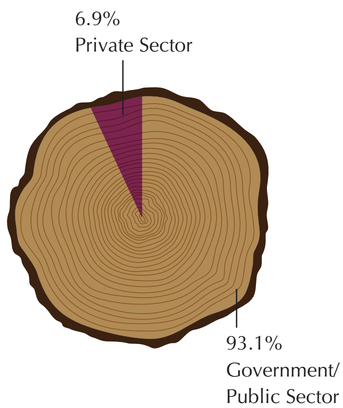
MAJOR COMPLETED PROJECTS IN 2014

No.	Project Name	Government/ Public Sector	Private Sector
	Building Construction		
1	Lee Tung Street/McGregory Street, Wanchai, Hong Kong, Super-Structure Main Contract (For Site B)		●
2	Construction of Shopping Centre at Yau Tong Estate Redevelopment Phase 4	●	
	Civil Engineering Works		
3	Reconstruction and Improvement of Tuen Mun Road — Tai Lam Section	●	
4	Noise Barriers on Fanling Highway Between Po Shek Wu Road and MTR Fanling Station	●	
	Infrastructure Investment		
5	Wuxi Huishan Vocational Park Relocation Housing	●	

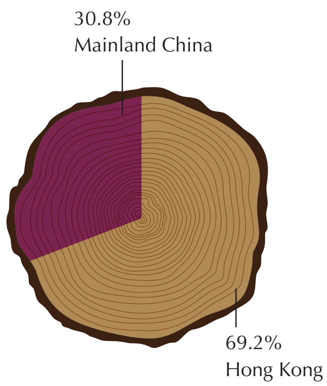
By Project Categories



By Customers



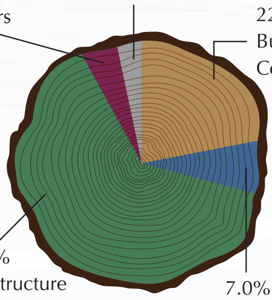
By Markets



NEW PROJECTS AWARDED IN 2014

Summary for the year
- 33 new projects awarded
- Attributable contract value for new projects awarded was HK$60,244 million

By Project Categories



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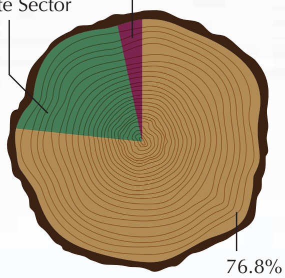

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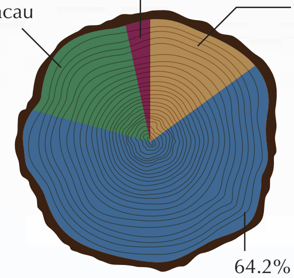


The first two months of 2015
- 8 new projects awarded with a total attributable contract value of HK$13,953 million

PROJECTS IN PROGRESS AS AT 31 DECEMBER 2014

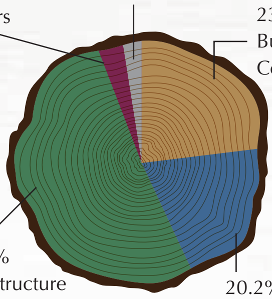
Summary at the end of 2014
- 78 project in progress
- Total atttributate contract value of projects was HK$160,003 million

	No.	Attributable contract value HK$'million	Value of incompleted contract HK$'million
Infrastructure Investment	**31**	**81,821**	**50,834**
Affordable Housing	–	49,934	35,228
Infrastructure	–	31,887	15,606
Cash Construction & Related	**47**	**74,413**	**39,685**
Mainland China	2	1,474	570
Hong Kong	39	58,989	28,312
Macau	6	13,950	10,803
Far East Global	**–**	**3,769**	**2,584**
Total	**78**	**160,003**	**93,103**

Business Review (continued)

PROJECTS IN PROGRESS AS AT 31 DECEMBER 2014 (continued)

By Project Categories



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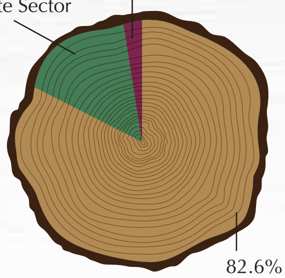
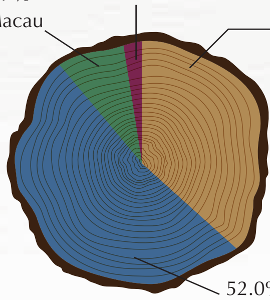


By Markets



MAJOR PROJECTS IN PROGRESS — HONG KONG

No.	Project Name	Attributable Contract Value HK$'million
	Building Construction	
1	Design and Construction of Centre of Excellence in Paediatrics in Kai Tak Development, Kowloon	5,454
2	Proposed Residential Development at TPTL 200 & 201 Pak Shek Kok, Tai Po, New Territories	3,113
3	Design and Construction of Fire Services Training School cum Driving Training School at Tseung Kwan O	2,818
4	Construction of Public Rental Housing at Sha Tin Area 52 Phase 3 and 4	2,580
5	Construction of Public Rental Housing at Sha Tin Area 52 Phase 2	2,233
6	Main Contract Works for Proposed Residential Development at Austin Station Site D, Kowloon	2,165
	Civil Engineering Works	
7	Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road — Section between Scenic Hill and Hong Kong Boundary Crossing Facilities	8,875
8	Central — Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section)	5,377
9	Central — Wan Chai Bypass Tunnel (Slip Road 8 Section)	4,792
10	Widening of Fanling Highway — Tai Hang to Wo Hop Shek Interchange	2,510
11	Development at Anderson Road -Site Formation and Associated Infrastructure Works	2,063

MAJOR PROJECTS IN PROGRESS — MACAU

No.	Project Name	Attributable Contract Value HK$'million
	Building Construction	
1	MGM Cotai Project	10,485
2	Section 1 & 2 of Public Housing in Ilha Verde,Macau	1,892
3	Main Contract for Residential Development of Nova City Phase 4 ,Taipa	808


Lo Wu
Lok Ma Chau
Sheung Shui
10
Tai Po Market
2
Ma On Shan
Yuen Long
New Territories
Shatin
4
5
Tuen Mun
Tsuen Wan
Kowloon
Kowloon Tong
Tsing Yi
Mei Foo
1
11
H.K. International Airport
Tseung Kwan O
3
7
6
Hung Hom
Central
8
9
Quarry Bay
Tung Chung
Lantau Island
Chai Wan
Hong Kong Island
2
Macau
3
1

MTR

Business Review (continued)

PROJECTS IN PROGRESS AS AT 31 DECEMBER 2014 (continued)

MAJOR BUSINESSES — MAINLAND CHINA

No.	Project Name
	Infrastructure Investment
	Affordable Housing
1	BT Contract of Affordable Housing Construction in Lucheng District, Wenzhou, Zhejiang Province
2	Relocation Housing BT Project in Pingyang County, Wenzhou City, Zhejiang Province
3	Affordable Housing BT Project in Huangyan District of Taizhou, Zhejiang Province
4	Zhangzhou Ecological Park Relocation Housing
5	Hangzhou Xiaoshan Beigan Relocation Housing Phase 1 & 2
6	Relocation Housing BT Project in Pinghu of Jiaxing City, Zhejiang Province
7	Affordable Housing BT Project in Wuxing District of Huzhou, Zhejiang Province
8	Relocation Housing Project in Residents Public Service Core District of Zhengzhou, Henan Province
9	Affordable Housing BT Project in Jingkou District, Zhenjiang, Jiangsu Province
10	Affordable Housing Project Phase IV, Shushan District Industrial Park, Hefei, Anhui Province
11	Affordable Housing Project in Chengyang District, Qingdao, Shandong Province
	Infrastructure
12	Taiyuan South Station Western Square
13	Five Infrastructure Projects including Binjiang Avenue in Wuhan, Hubei Province
14	Wuchang & Hanyang Section of 2nd Circle Line of Wuhan City
15	Wuhan East Lake Passageway
16	Wuhan Yangtze River Avenue
17	Two roads BT Projects in Zhengzhou, Henan Province
18	Infrastructure BT Project in Phoenix Pool of Lintong District, Xi'an, Shaanxi Province
19	Infrastructure Project Phase II in Qujiang New District, Xi'an, Shaanxi Province
20	BT Project for Rerouting Lianjiang-Jin'an section of National Highway G104 in Fuzhou, Fujian Province
21	Nanjing No. 2 Yangtze River Bridge
22	南昌大橋及南昌中海新八一大橋 (Nan Chang Bridge and Nan Chang Zhong Hai Xin Ba Yi Bridge)
23	Shenyang Huanggu Thermal Power Plant
24	Laizhou Port
25	Two toll roads in Shanxi Province
	Pre-cast Structures Production
26	Shenzhen Hailong Construction Products Plant
27	Anhui Hailong Construction Products Plant


Yellow River
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18, 19
9
21
Mainland China
27
10
13, 14, 15, 16
6, 7
5
22
3
Yangtze River
1,2
20
Pearl River
4
26
Highways
Plant
Building Construction
Bridge
Port

Business Review (continued)

Business in Mainland China

Affordable Housing BT Project in Jingkou District

Location: Zhenjiang, Jiangsu

Nature of Business: Build-Transfer Project

Affordable Housing BT Project in Lucheng District

Location: Wenzhou, Zhejiang

Nature of Business: Build-Transfer Project

Business in Mainland China (continued)

Huishan Vocational Park Relocation Housing

Location: Wuxi, Jiangsu

Nature of Business : Build-Transfer Project

Phase II of the Relocation Housing BT Project in Pinghu

Location: Jiaxing, Zhejiang

Nature of Business: Build-Transfer Project

Business Review (continued)

Business in Hong Kong

Design and Construction of Centre of Excellence in Paediatrics in Kai Tak Development, Kowloon

Customer Category: Government/Public Sector
Project Commencement Date: August 2013
Aggregate Contract Value: HK$9,090 million

Construction of Public Rental Housing at Sha Tin Area 52 Phase 2

Customer Category: Government/Public Sector
Project Commencement Date: July 2012
Contract Value: HK$2,233 million

Construction of Superstructure of Block B for St. Paul's Hospital Redevelopment

Customer Category: Private Sector
Project Commencement Date: February 2013
Contract Value: HK$1,776 million

Business in Hong Kong (continued)

Central-Wan Chai Bypass Tunnel (Slip Road 8 Section)

Customer Category: Government/Public Sector
Project Commencement Date: March 2013
Contract Value: HK$4,792 million

Business in Macau

MGM Cotai Project

Customer Category: Private Sector
Project Commencement Date: January 2014
Contract Value: HK$10,485 million

Main Contract for Residential Development of Nova City Phase 4, Taipa

Customer Category: Private Sector
Project Commencement Date: April 2012
Contract Value: HK$808 million

Awards and Accolades 2014

Comprehensive strength, corporate governance, branding, CSR category

Award	Unit	Organisation
Caring Company 2013/14 Logo	China State Construction International Holdings Limited	The HK Council of Social Service
Finance Asia: Asia's Best Companies 2014	China State Construction International Holdings Limited	FinanceAsia
National Housing Industrialisation Base (國家住宅產業化基地)	中建國際投資(中國)有限公司	MoHURD
Best Executive Team of Listed Companies	China State Construction International Holdings Limited	Institutional Investor

Awards and Accolades 2014 (continued)

Technology Category

Award	Unit	Organisation
2013年度華夏科學技術獎 — 高墩T型剛構橋樑轉體施工技術研究及應用	中建國際投資（中國）有限公司	MoHURD
Hong Kong and the national utility model patent award — 預製構件自動化生產系統	深圳海龍建築製品有限公司	Intellectual Property Department
2014 Hong Kong short-term patent — GRC預製構件的修補料及修補方法、拼裝可調的GRC建築預製件模具	深圳海龍建築製品有限公司	Intellectual Property Department
《GRC裝飾面層複合鋼筋混凝土預製外牆板一體化施工技術》成果鑒定國內領先水準	深圳海龍建築製品有限公司	State Scientific and Technological Commission
2014 annual national utility model patents — 外保溫複合混凝土預製構件、保溫裝飾一體化複合混凝土預製構件、平板預製構件生產設備、空心輕質隔牆板及隔牆板組合、一種混凝土布料設備、一種軌道式送料機、一種活動雨篷、預製件翻轉設備、一種預製牆板扭曲檢測平臺裝置、一種預製凸窗構件存放裝置、預製剪力牆	深圳海龍建築製品有限公司	State Intellectual Property Office of the PRC
2013 Annual China Association of Construction Enterprise Technology Award–複雜環境條件下城市深孔爆破綜合施工技術研究與應用（二等獎)	China State Construction Engineering (Hong Kong) Limited	China Association of Construction Enterprise Management
2013年度中國施工企業協會科技獎 — 科技創新先進企業	China State Construction International Holdings Limited	China Association of Construction Enterprise Management
2014年度中國建築優秀項目管理獎	China State Construction Engineering (Hong Kong) Limited — Construction of Siu Sai Wan Complex	China State Construction Engineering Corp. Ltd
2014 Lu Ban Award of Construction (overseas construction) in China	China State Construction International Holdings Limited — Construction of Public Rental Housing Development at Kai Tak Site 1A Phase 1 & 2	MoHURD and China Construction Industry Association

Awards and Accolades 2014 (continued)

Safety and Environmental Protection Category

Awards and Accolades 2014 (continued)

Activity	Unit	Award	Organisation
Green Contractor Award 2013	Design and Construction of Fire Services Training School cum Driving Training School at, Tseung Kwan O	Annual Award 2013, Green Contractor Award Silver Award	Architectural Services Department
Construction Industry Safety Award Scheme 2013/2014	Design and Construction of Fire Services Training School cum Driving Training School at, Tseung Kwan O	Building Sites — Public Sector (Gold Award)	Labour Department
Construction Industry Safety Award Scheme 2013/2014	Construction of Public Rental Housing at Sha Tin Area 52 Phase 3 and 4	Building Sites — Public Sector (Silver Award)	Labour Department
20th Considerate Contractors Site Award Scheme	The Construction of Superstructure of Block B for St. Paul's Hospital Redevelopment	Considerate Contractors Site Awards Gold	Development Bureau and Construction Industry Council
20th Considerate Contractors Site Award Scheme	Design, Build and Operate Pillar Point Sewage Treatment Works	Considerate Contractors Site Award Bronze	Development Bureau and Construction Industry Council
20th Considerate Contractors Site Award Scheme	Central-Wan Chai Bypass Tunnel (Slip Road 8 Section)	Considerate Contractors Site Award Bronze	Development Bureau and Construction Industry Council
20th Considerate Contractors Site Award Scheme	Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section)	Outstanding Environmental Management & Performance Awards Gold	Development Bureau and Construction Industry Council
4º PRÉMIO DE SEGURANÇA NA CONSTRUÇÃO CIVIL	Main Contract for Residential Development of Nova City Phase 4, Taipa	PROJECTO DE MELHORAMENTO DA SEGURANÇA OCUPACIONAL	Direcção dos serviços para os Assuntos Laborais
15th Construction Safety Promotional Campaign	Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section)	Best Safe Working Sites (Gold), Best Safety Culture Team (Gold), The best safety culture subcontractors (Gold), Best Presentation Award (Gold), Best Safety Culture Project Manager (Gold)	Hong Kong Occupational Safety & Health Council and others
Hong Kong Awards for Environmental Excellence 2013	Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section)	Merit in "Sectoral Awards"	Environmental Campaign Committee

CORPORATE CITIZENSHIP

For a successful construction project,

other than cost control, safety, quality and progress,

environmental protection also plays an important role.

As a socially responsible contractor,

the Group must champion green management in construction planning

in order to create a pleasant environment for our society.

Corporate Citizenship (continued)

Staff Development and Personal Growth

The Group values the well-being of our employees as a first priority and has persisted in its core thought of "human resources and culture are the most precious wealth" and combines the establishment of a talent team with the creation of a corporate culture. Besides, by inheriting the "people first" principle, it has placed the emphasis of the human resources work on "cultivating and using people" so as to provide its staff with simple and harmonious human relationship, challenging jobs, vast development opportunities and benefits satisfactory to staff.

During the year, the Group sustains its leadership position by diversifying the workforce which we consider to be one of the greatest strengths in leveraging both local knowledge and international experience. We provide our people with job transfer opportunities among our global locations. A total of 182 employees had been rotated worldwide over the last 3 years. As of end of 2014, the Group had a total of 10,781 employees (excluding staff of our joint venture projects), of which, 4,720 persons were in Hong Kong and Macau, 5,335 of them were in Mainland China, and 726 were working overseas.

"Recruitment Programme for the Son of the Sea"

China State Environmental Protection Day

Staff Recruitment Programme

Besides getting seasoned professionals from the open market, the Group also organised campus recruitment programmes to grasp young engineers from 4 universities in Hong Kong. Not least, hiring graduates with top caliber from well-known universities in Mainland China through its "Recruitment Programme for the Son of the Sea" enabled the Group to recruit outstanding young talents from other establishments in an effective manner.

Staff Training and Development

The Group provides the full support for its staff for lifelong learning and self value-adding. The Group has put aside capital to set up the "Staff Education Fund". The Group will also hammer out training programmes according to the needs and interests of the staff, which cover the corporate system, management skills and occupational skills, quality assurance, team-building and communication skills. More than 3,300 participants took part in the courses during the period.

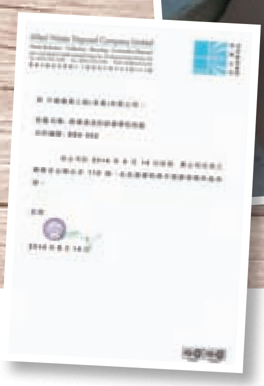
In order to cope with the Group's business development on an international scale, executive director of the Group delivered trainings on "Business Transformation and Development" and "Infrastructure Business Management" to our key management team. By means of its all-rounded "Talent Development Scheme", "Graduate Engineer Scheme A Training Programme" and its "Apprentice Training Scheme", the Group provides opportunities for its staff for exposure in different capacities, which help to enhance the overall quality of its staff and to provide a reserve of capable people for its team. The Group has

Corporate Citizenship (continued)

also made use of its advantage in overseas business to hammer out the "International Plan for Cultivating Talents", with the system of exchange of people and rotation, selection and dispatching of talented staff to learn in overseas regions so as to broaden their vision with the international exposure, thereby effecting the training of people for the international arena.

Incentive Mechanism

The Group fully recognises that the effectiveness of a system depends on its implementation. Rewards systems are designed and strictly executed to ensure that company compensation and benefits are competitive and allocated on the basis of merit. With the implementation of the "Site Contracting Responsibility System" and the "System of Departmental Operation and Management Objectives and Responsibilities", all the departments of the Group have to determine their business indicators and plans according to the annual financial planning and budget presented by the financial department as the key basis for their respective performance assessment. Various incentive mechanisms including "Award of Outstanding Staff" and "Award of Outstanding Trainers" are implemented to extend our recognition towards remarkable staff contribution. To maintain a competitive remuneration position within the marketplace and set reasonable pay level to its staff, the Group carries out regular benchmarking and salary survey with the industry.



Expired Helmets Recycling Activity

ISO50001:2011 Energy Management Systems certification

20th Considerate Contractors Site Award Scheme – Award Presentation Ceremony

Environmental Protection and Promotion

As a socially responsible contractor, the Group always champions green management in construction planning in order to create a pleasant environment to our society. The Group has adopted technologically innovative measures and green practices to reduce carbon footprint and help avert global warming, take up our corporate responsibility to improve the environment. In 2014 China State (Hong Kong) and China Overseas Building granted the ISO50001:2011 Energy Management Systems certification.

In line with the rising concern of the community on building environmental performance and expectation of clients on green building construction, the Group encouraged and sponsored its staff to participate in BEAM Pro Training and gain the BEAM Pro status to provide endless professional inputs to project management. Currently, a number of our staff members have obtained the qualification of BEAM Pro.

With the concerted efforts of the Group, the results were remarkable. The Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section) Project won the Outstanding Environmental Management and Performance Award (Gold Award) under the Considerate Contractors Site Award Scheme 2013-2014, three other projects also won the Merit Award in the award scheme. The Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section) Project also won the Merit Award in the Sectoral Award in Construction Industry in "The Hong Kong Awards for Environmental Excellence" in 2014.

Corporate Citizenship (continued)

Same as previous years, the Group is actively committed to environmental activities. In the yearly "China State Environmental Protection Day", the Group participated in the "Hoi Ha Wan Marine Park and Sheung Yiu Folk Museum Guided Tour" organised by district community. Through the guided tour, staff acquired the knowledge and appreciated the works on natural resources and cultural heritage conservation. All the Group's construction sites organised the Expired Helmets Recycling Activity in June. The activity raised the awareness of workers on the expiry of safety helmets and reduced disposal of recyclable material.

The Group also required all subcontractors to comply with our environmental policies. Regular site meetings were held with subcontractors to discuss environmental protection related issues. Moreover, the Group also organised training on environmental management systems for its staff and subcontractors to arouse their awareness on environmental protection and promote resources saving. Our staff were also encouraged to explore and adopt low carbon and innovative construction methods to save energy and resources throughout the execution of the construction project, thereby achieving continual improvement and cost saving in the long run.

Hong Kong & Kowloon Walk for Millions

Green Rider 2014

The Group and Community

"Serve the Community" is the corporate value of the Group. The Group is committed to setting a good example as a corporate citizen through undertaking various kinds of projects. Fulfilling the duties of a corporate citizen is an integral part of the core values of the Group. The Group takes the initiative to participate in all kinds of social activities and encourages its staff to do the same for the benefit of the needed and the community.

With the active participation of its staff, the Group provides strong support to all kinds of social activities, such as "Hong Kong and Kowloon Walk for Millions" organised by the Community Chest of Hong Kong, "Green Rider 2014" organised by the Conservancy Association, "Art in Hospital" and "Bank of China Outward Bound Corporate Challenge", so as to help needy people in the community and encourage its staff to express their care for the society.

Hong Kong and Kowloon Walk for Millions organised by The Community Chest of Hong Kong

On 5 January 2014, approximately 300 staff of COHL and CSCEC and their families took part in "Hong Kong and Kowloon Walk for Millions", the first large fund raising activity organised by the Community Chest of Hong Kong in the year. Led by leaders of the Group, the dashing staff in tidy and eye-catching tracksuit of COHL walked from Hong Kong Stadium to Aberdeen Country Park Visitor Center. Their participation in the activity attested to the commitment of COHL in public activities and corporate social responsibilities. All funds raised this year will be donated to "Family and Child Welfare Services" to help families in need, so as to unite all families by building up close relationships between family members with love and respect.

Corporate Citizenship (continued)

"Green Rider 2014" organised by the Conservancy Association

"Green Rider 2014", organised by the Conservancy Association and jointly sponsored by China Overseas Holdings Limited and China Overseas Charity Fund Limited, was successfully completed on 19 October 2014. Starting from the Barbecue Site in Shek Pik Reservoir in Lantau Island, over 40 staff and their families cycled via Tong Fuk Catchwater and Pui O and then turned back to the start point under splendid sunlight. They also actively participated in various educational mini-games about nature and environment protection while enjoying the spectacular scenery along the trail. The activity aimed to encourage our staff to have a healthy lifestyle with work-life balance and enjoy the nature with their families in spare time. This cycling activity was a good physical exercise for our staff and a good opportunity to have a better understanding of the ecological environment and enhance awareness of environment protection. Our active participation also showed the commitment of COHL in charity and corporate social responsibilities.

The Conservancy Association is a non-government environmental organisation with a long history in Hong Kong. The association is dedicated to the protection of the environment and the conservation of natural and cultural heritage. "Green Rider" is a fundraising event of the Conservancy Association since 1970s and aims to raise fund for nature education and tree conservation.

Art in Hospital

BOCHK Outward Bound Corporate Challenge

Art in Hospital

On 13 December 2014, 中國海外集團婦女聯誼會 gathered over 10 female staff of COHL, CSCEC and their sites to participate mural painting activity in Prince of Wales Hospital in Sha Tin for the coming Christmas. This activity was organised by Art in Hospital, a non-profit making charitable institution. Our staff did a beautiful mural painting in the waiting hall of ambulatory care center of the hospital with an aim to send Christmas greeting and beautify the hospital environment with colours. Patients can be embraced with comforting surroundings which help ease their anxiety.

Art in Hospital is a community art project started in April 1994 and it is a registered charitable institution. Its aim is to serve the needed through therapeutic art creation, and promote a caring community and development of hospital art in Hong Kong. Art in Hospital has organised over 50 mural painting activities so far.

BOCHK Outward Bound Corporate Challenge

On 28 December 2014, BOCHK Outward Bound Corporate Challenge 2014 was successfully held at the Sir Philip Haddon-Cave Sports Field at the Chinese University of Hong Kong. COHL and CSCEC have participated in this challenge for the fourth year under the sponsorship of China Overseas Charity Fund. Outward Bound Corporate Challenge is organised by Outward Bound and is endorsed by BOCHK. This activity is not only an outward bound adventure fundraising activity, but also an activity providing chance to improve teamwork between staff by building trust and collaboration through creative and interesting racing games. Our active participation is significant for us as it further shows the commitment and devotion of COHL on charity and also maintains the strategic relationship with banks.

Directors and Organisation

1. Mr. Zhou Yong
2. Mr. Tian Shuchen
3. Mr. Zhou Hancheng
4. Mr. Pan Shujie
5. Mr. Hung Cheung Shew
6. Mr. Wu Mingqing

BOARD OF DIRECTORS

Mr. ZHOU Yong

Executive Director,
Chairman and Chief Executive Officer

Aged 44, was appointed as a Director of the Company on 21 April 2004 and was designated as an Executive Director on 1 June 2005. Mr. Zhou acted as Vice-chairman of the Company during the period from 9 June 2005 to 14 August 2013 and was appointed Chairman of the Company on 15 August 2013. Mr. Zhou graduated from Changsha Academy of Military Engineering and University of South Australia. He is Fellow of The Chartered Institute of Building (UK) and The Institution of Civil Engineers (UK). Mr. Zhou joined China State Construction Engineering Corporation ("CSCEC") in 1994 and was seconded to the Group in 1996. He has been a director of certain subsidiaries of the Group since 2001. Currently, Mr. Zhou is a director of China Overseas Holdings Limited ("COHL") and the chairman and non-executive director of Far East Global Group Limited ("FEG", a subsidiary of the Company and listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). He was awarded the "Director of the Year Award — Executive Director of Listed Companies (SEHK — Non Hang Seng Index Constituents)" by The Hong Kong Institute of Directors in 2009. Mr. Zhou has more than 22 years' construction, project and corporate management experience in Mainland China and Hong Kong, in particular, specialises in investment and development new business startup, formulating and executing business strategies for companies. He oversees the overall operation of the Group.

Mr. TIAN Shuchen

Executive Director, Vice President

Aged 49, was appointed as an Executive Director of the Company on 12 August 2010. Mr. Tian graduated from Dalian University of Technology. He is a member of the Chartered Institute of Building (UK). Mr. Tian joined CSCEC in 1988 and was seconded to the Group in 1991. He has been a director of certain subsidiaries of the Group since 2003. Mr. Tian has over 27 years' experience in construction engineering and project management.

Mr. ZHOU Hancheng

Executive Director and Financial Controller

Aged 45, was appointed as a Director of the Company on 21 April 2004 and subsequently was designated as an Executive Director of the Company on 1 June 2005. Mr. Zhou graduated from Shanghai University of Finance and Economics, holds a degree of Master of Business Administration from The University of Sheffield (UK) and was awarded the title of Senior Accountant in Mainland China. He is Fellow of the Association of Chartered Certified Accountants. Mr. Zhou joined the Group in 1992. He has been a director and the financial controller of certain subsidiaries of the Group since 2003. Mr. Zhou has over 23 years' experience in corporate finance, financial accounting and investment management.

Directors and Organisation (continued)

Mr. PAN Shujie

Executive Director, Vice President

Aged 50, was appointed as an Executive Director of the Company on 22 August 2012. Mr. Pan graduated from the Southeast University (formerly known as Nanjing Institute of Technology) and the University of Warwick (UK). He is a member of the Hong Kong Institute of Engineers and a member of the Chartered Institute of Building (UK). Mr. Pan joined CSCEC in 1987 and was seconded to the Group in 1991. He has been a director of certain subsidiaries of the Group since 1999. Mr. Pan has over 28 years' experience in civil project management.

Mr. HUNG Cheung Shew

Executive Director, Vice President

Aged 56, was appointed as an Executive Director of the Company on 8 June 2011. Mr. Hung graduated from the Plymouth Polytechnic (UK). He is a member of the Hong Kong Institution of Engineers and the Institution of Structural Engineers (UK). Mr. Hung joined the Group in 1996. He has been a director of certain subsidiaries of the Group since 2000. Mr. Hung acted as a non-executive director of FEG from 17 June 2011 to 15 August 2012. Mr. Hung has over 33 years' experience in construction management and planning.

Mr. WU Mingqing

Executive Director, Vice President

Aged 50, was appointed as an Executive Director of the Company on 3 June 2014. Mr. Wu graduated from Shanxi University of Finance and Economics and obtained a degree of Executive Master of Business Administration from Nankai University and was awarded the title of Senior Accountant. Mr. Wu joined CSCEC in 1986 and was seconded to the Group in 2000. He has been a director of certain subsidiaries of the Group since 2002. Mr. Wu has over 29 years' experience in finance management, construction engineering, infrastructure investment and project management.

Mr. LI Jian

Non-executive Director
(Resigned on 19 January 2015)

Aged 55, was appointed as a Non-executive Director of the Company on 19 October 2011. Mr. Li graduated from Chongqing Institute of Architectural Engineering (now known as Chongqing University), obtained a certificate of completion in Executive Master of Business Administration (EMBA) Series of Courses from Guanghua School of Management, Peking University and was awarded the title of professor level Senior Engineer. Mr. Li is a member of The Chartered Institute of Building (MCIOB). He joined CSCEC in 1982 and assigned to work overseas. Currently, Mr. Li is a Deputy Chief Economist and an Executive General Manager (Overseas Operations) of China State Construction Engineering Corporation Limited (a company listed on the Shanghai Stock Exchange, code: 601668). Mr. Li has more than 38 years' experience in Mainland China and overseas construction engineering. Mr. Li was granted "Outstanding Project Manager of National Construction Enterprises" and "International Excellent Project Manager" titles.

Directors and Organisation (continued)

Dr. Raymond HO Chung Tai SBS, MBE, S.B. St. J., JP

Independent Non-executive Director
Chairman of the Audit Committee
Remuneration Committee Member
Nomination Committee Member

Aged 76, was appointed Independent Non-executive Director of the Company on 1 June 2005. Dr. Ho has 52 years' experience in the fields of civil, structural, energy, environmental and geotechnical engineering and direct project management of many mega size engineering projects including 42 years in Hong Kong and 10 years in the United Kingdom, with direct responsibility in the HK$3.0 billion project of Electrification and Modernisation of Kowloon-Canton Railway from the mid-70's till early 80's; all the government-funded infrastructure works for Shatin New Town and Tseung Kwan O New Town from early 80's till the end of 1993, major projects of tunnels, bridges, flyovers, roads, dockyards, jetties, hospitals, hotels, incinerators, high-rise commercial/residential buildings, geotechnical work, environmental studies and projects. Dr. Ho holds a doctorate degree in civil engineering from the City University of London, United Kingdom, Honorary Doctor of Business Administration from the City University of Hong Kong, Honorary Doctor of Laws from University of Manchester, United Kingdom; a postgraduate diploma in geotechnical engineering from Manchester University, United Kingdom and a bachelor degree in civil engineering from the University of Hong Kong. Dr. Ho was formerly a partner and senior director of Maunsell Consultants Asia Limited from January 1976 to August 1993. He was formerly Hong Kong Deputy to the 10th & 11th National People's Congress of the PRC, member of the 1st, 2nd, 3rd and 4th terms of Legislative Council (Engineering Functional Constituency) (1998–2012), member of the Provisional Legislative Council (1996–1998), President of the Hong Kong Institution of Engineers (1987/1988), Founding Council Chairman of the City University of Hong Kong, Council Chairman of the former City Polytechnic of Hong Kong, Honorary University Fellow of The University of Hong Kong, Honorary University Fellow of The University of Central Lancashire, United Kingdom, Chairman of Hong Kong Technology Committee of the Industry & Technology Development Council ("ITDC") and member of ITDC, Chairman of the Transport Advisory Committee, Hong Kong Affairs Adviser, member of Consultative Committee on the New Airport and Related Projects, member of the Gas Safety Advisory Committee, board member of the Hong Kong Airport Authority, member of the Court of the City University of Hong Kong and member of the Chinese Medicine Consultative Committee of the School of Chinese Medicine of Hong Kong Baptist University. Currently, Dr. Ho is Chairman of Guangdong Daya Bay Nuclear Plant, LingAo Nuclear Plant Safety Consultative Committee and also a director of various private companies in Hong Kong, and Independent Non-executive Director of GCL-Poly Energy Holdings Ltd., Deson Development International Holdings Limited and Chinlink International Holdings Limited, which are companies listed on the main board of the Stock Exchange.

Directors and Organisation (continued)

Mr. Adrian David LI Man Kiu JP

Independent Non-executive Director
Chairman of the Remuneration Committee
Audit Committee Member
Nomination Committee Member

Aged 41, was appointed as an Independent Non-executive Director of the Company on 1 June 2005. Mr. Li holds a Master of Management degree from Kellogg School of Management, Northwestern University in the US, and a Master of Arts degree and Bachelor of Arts degree in Law from the University of Cambridge in Britain. He is a member of The Law Society of England and Wales, and The Law Society of Hong Kong. Mr. Li is Executive Director and Deputy Chief Executive of The Bank of East Asia, Limited. He is a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a member of the All-China Youth Federation, Deputy Chairman of the Beijing Youth Federation and a Counsellor of the Hong Kong United Youth Association. Mr. Li is a board member of The Community Chest of Hong Kong and a member of the MPF Industry Schemes Committee of the MPFA. He is also a Trustee of The University of Hong Kong's occupational retirement schemes, an Advisory Committee member of the Hong Kong Baptist University's School of Business and a Vice President of The Hong Kong Institute of Bankers' Council. Furthermore, he serves as a member of the Election Committees responsible for electing the Chief Executive of the HKSAR and deputies of the HKSAR to the 12th National People's Congress. He also sits on the Judging Panel of the 2015 BAI-Infosys Finacle Banking Innovation Awards. Mr. Li is an Independent Non-executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited, Sino Hotels (Holdings) Limited, COSCO Pacific Limited and dual Hong Kong and Shanghai-listed Shanghai Fosun Pharmaceutical (Group) Co., Ltd., and is a Non-executive Director of London-listed The Berkeley Group Holdings plc and an Alternate Independent Non-executive Director of San Miguel Brewery Hong Kong Limited. He is also a member of the International Advisory Board of Spain-listed Abertis Infraestructuras, S.A. Mr. Li was previously an Alternate Director of Malaysia-listed AFFIN Holdings Berhad. The aforesaid companies are all listed in Hong Kong, unless stated otherwise.

Dr. Raymond LEUNG Hai Ming

Independent Non-executive Director
Audit Committee Member
Remuneration Committee Member
Nomination Committee Member

Aged 60, was appointed as an Independent Non-executive Director of the Company on 1 June 2005. Dr. Leung holds doctorate degree in Information Engineering from Chinese University of Hong Kong, a bachelor degree in Construction Mangement in Applied Science in Civil Engineering and a Master degree in Applied Science. Dr. Leung is Fellow of The Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators, Hong Kong Institute of Construction Managers, American Society for Civil Engineers, Institution of Civil Engineers (UK) and Senior Member of Institute of Electrical and Electronics Engineers. He has more than 38 years of experience in engineering, investment, construction and project management. Currently, Dr. Leung is director of various private companies in Hong Kong and independent non-executive director of Elec & Eltek International Company Limited, a company listed on the main boards of the Stock Exchange and Singapore Exchange Securities Trading Limited. Dr. Leung is also the Chairman and Chief Executive Officer of C & L Holdings Ltd. engaging in investment and dispute resolution.

Mr. LEE Shing See GBS, OBE, JP

Independent Non-executive Director
Chairman of the Nomination Committee
Audit Committee Member
Remuneration Committee Member

Aged 72, was appointed as an Independent Non-executive Director of the Company on 1 September 2005. Mr. Lee graduated from the University of Hong Kong in 1964. He is Fellow of both The Hong Kong Institution of Engineers and The Institution of Civil Engineers (UK). Mr. Lee joined The Hong Kong Government since he graduated from the University. He was the Director of Territory Development from the period of August 1994 to August 1999 and the Secretary for Works from the period of August 1999 to August 2002 (including 2 months as a Permanent Secretary). He is a Member of the Development Committee of the West Kowloon Cultural District Authority, a Chairman of the Construction Industry Council, a Board Member of the Airport Authority Hong Kong, a Director of Aviation Security Company Limited, the Convener of the Panel on Promoting Testing and Certification Services in Construction Materials Trade of Hong Kong Council for Testing and Certification, a member of Education, Employment and Training Task Force of Commission on Poverty and an Vice Chairman of the CreateSmart Initiative Vetting Committee. Mr. Lee has over 49 years' experience in engineering and construction. He was previously an independent non-executive director of Chun Wo Development Holdings Limited, a company listed on the main board of the Stock Exchange.

Directors and Organisation (continued)

SENIOR MANAGEMENT

Mr. ZHOU Wenbin
Deputy General Manager

Aged 48. He graduated from Zhongnan University of Economics and Law; and obtained a Master Degree from Huazhong University of Science and Technology and was awarded the titles of Senior Accountant and Senior Economist. Mr. Zhou joined COHL Group in 1999 and was seconded to the Group in 2005. He has been a director of certain subsidiaries of the Group since 2005. Mr. Zhou has over 26 years' experience in corporate finance, accounting and investment management. He is responsible for the Group's financial management and information technology management in Mainland China.

Mr. ZHANG Haipeng
Deputy General Manager

Aged 39. He graduated from the Harbin Institute of Technology, and obtained a degree of Master of Business Administration from Hong Kong Baptist University and a degree of Executive Master of Business Administration from Nankai University. Mr. Zhang joined CSCEC in 2000 and was seconded to the Group in 2002. He has been a director of certain subsidiaries of the Group since 2008. Mr. Zhang has over 15 years' experience in construction engineering management. He is responsible for the Group's operations in Macau.

Mr. JIANG Shaojie
Deputy General Manager

Aged 51. He graduated from Shenyang Jianzhu University (formerly known as Shenyang Architectural and Civil Engineering University) and Sheffield Hallam University (UK). Mr. Jiang is a member of China Civil Engineering Society and a member of Chartered Quality Institute. Mr. Jiang joined CSCEC in 1988 and was seconded to the Group in 1991. He has been a director of certain subsidiaries of the Group since 2003. Mr. Jiang has over 32 years' experience in construction engineering and project management. He is responsible for the Group's modernisation of building industry in Mainland China.

Mr. ZHAO Xiaoqi
Assistant General Manager

Aged 41. He graduated from Tsing Hua University and obtained a degree of Master of Business Administration from Renmin University of China. Mr. Zhao joined CSCEC in 1997 and was seconded to the Group in 2001. He has been a director of certain subsidiaries of the Group since 2010. Mr. Zhao has over 18 years' experience in human resources management and personnel administration. He is responsible for the Group's human resources management.

Directors and Organisation (continued)

Mr. GONG Fanxiang
Assistant General Manager

Aged 58. He graduated from the Shenyang Jianzhu University (formerly known as Shenyang Architectural and Civil Engineering University), and was awarded the title of Senior Engineer. Mr. Gong joined CSCEC in 1982 and was seconded to the Group in 1989. He has been a director of certain subsidiaries of the Group since 1990. Mr. Gong has over 33 years' experience in construction and infrastructure management. He is responsible for the Group's infrastructure operations in Mainland China.

Mr. LUO Haichuan
Assistant General Manager

Aged 36. He graduated from Harbin Institute of Technology, and obtained a degree of Master of Business Administration from Hong Kong Baptist University. Mr. Luo joined the Group in 2003. He has been a director of certain subsidiaries of the Group since 2011. Mr. Luo has over 12 years' experience in human resources management and business management. He is responsible for the Group's business development in Mainland China.

Mr. TANG Zhong
Assistant General Manager

Aged 47. He graduated from the Nanjing University, and obtained a Master Degree from Jinan University. Mr. Tang joined COHL Group in 2001 and was seconded to the Group in 2013. He has been a director of certain subsidiaries of the Group since 2013. Mr. Tang has over 21 years' experience in infrastructure investment, industrial investment and project management. He is responsible for the Group's infrastructure operations in Mainland China.

Mr. WONG Wing Yuk
Assistant General Manager

Aged 57. He graduated from the Plymouth Polytechnic (UK) and obtained a degree of Master of Business Administration from Southern Illinois University (US). Mr. Wong is a fellow member of the Hong Kong Institution of Engineers, a Chartered Engineer of The Engineering Council (UK) and a fellow member of the Institution of Civil Engineers. Mr. Wong joined the Group in 1990. He has been a director of certain subsidiaries of the Group since 2000. Mr. Wong has over 28 years' experience in construction engineering and contract management. He assists in managing the Group's contract management.

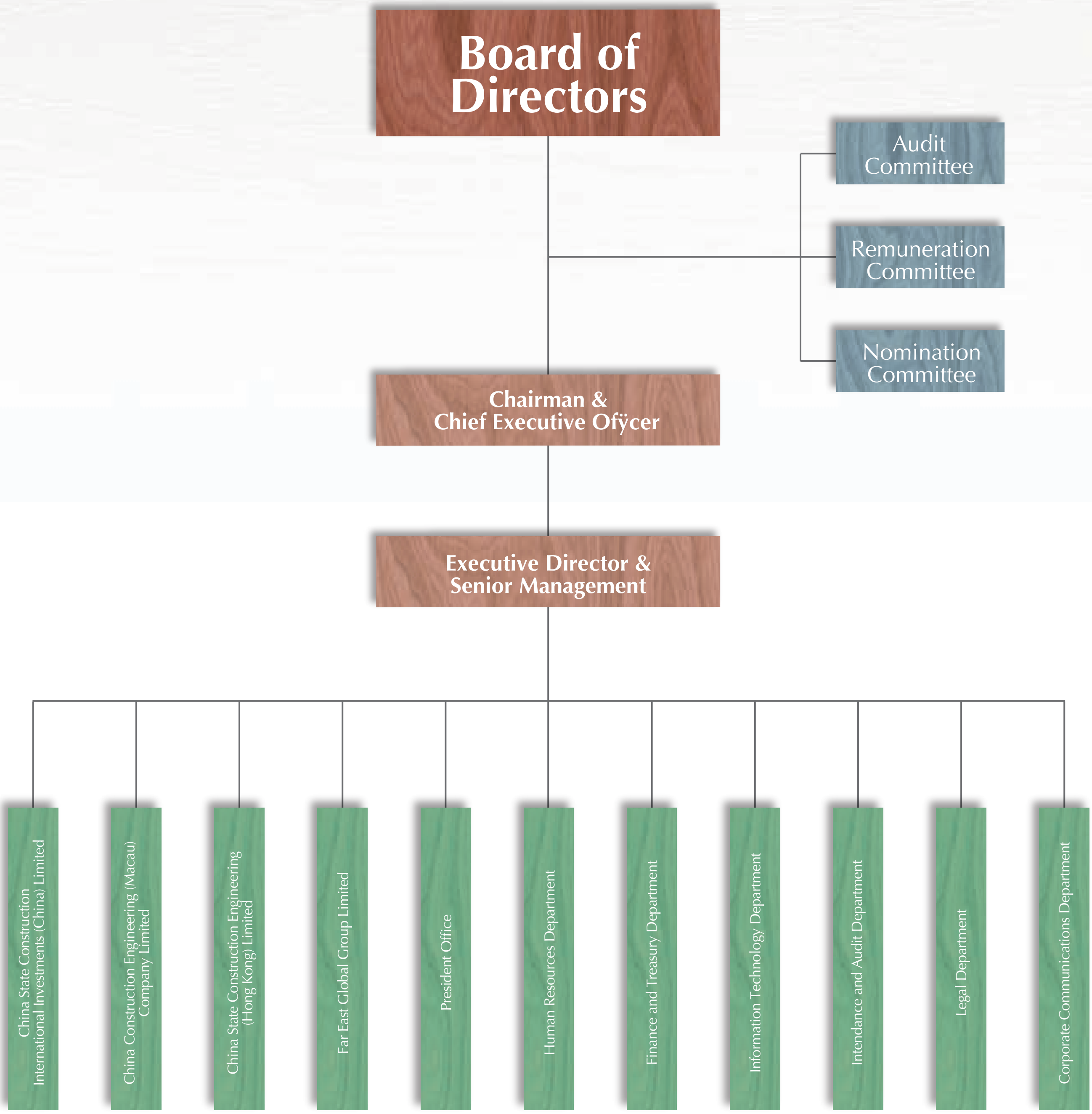
Directors and Organisation (continued)

Mr. LAU Wing Shing

Assistant General Manager

Aged 55. He graduated from the University of Warwick (UK) and City University of Hong Kong, respectively obtained a Master degree of Science (MSc) and a Master degree of Laws (LL.M.). Mr. Lau is a fellow of the Chartered Institute of Building (UK), a fellow of the Chartered Management Institute (UK), a fellow of the Institute of Clerks of Works of Great Britain Incorporated (UK) and an associate of Chartered Institute of Arbitrators (UK). He is also a member of the Hong Kong Institute of Engineers, a member of the Hong Kong Institute of Surveyors, a member of the Royal Institution of Chartered Surveyors, the Association of Cost Engineers (UK), the Registered Professional Engineer (Building) of the Hong Kong Engineers Registration Board and the Registered Professional Surveyor (Quantity Surveying) of the Hong Kong Surveyors Registration Board. Mr. Lau is currently appointed by Planning and Lands Branch, Development Bureau as a member of the Appeal Tribunal Panel (Buildings Ordinance). Mr. Lau joined the Group in 1989. He has been a director of certain subsidiaries of the Group since 1996. Mr. Lau has over 33 years' experience in contract and project management. He assists in managing the Group's building construction and joint venture projects, and also pre-contract works for mega size infrastructure projects.

Directors and Organisation (continued)



Corporate Governance Report

Corporate Governance Practices

The Board of Directors (the "Board") recognises that good corporate governance leads to the success of the Company and enhances the shareholders' value. The Board is committed to maintain a high standard of business ethics, a healthy corporate culture and a good corporate governance practice.

Throughout the year ended 31 December 2014, the Company has applied and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), except for certain deviations as specified and explained below with considered reasons for such deviations:

- Under code provision A.6.7 (independent non-executive directors and other non-executive directors should attend general meetings). Mr. Li Jian, Non-executive Director, due to other business engagement was unable to attend the annual general meeting of the Company which held on 30 May 2014 ("2014 AGM") and the extraordinary general meeting of the Company which held on 16 December 2014 ("EGM").

- Under code provision A.2.1 (the roles of chairman and chief executive officer should be separate and should not be performed by the same individual). Mr. Zhou Yong has acted as Executive Director, Chairman and Chief Executive Officer of the Company since August 2013. The Company considered that both positions of chairman and chief executive officer require persons with in-depth knowledge and experience of the Group's business. If the positions occupied by unqualified persons, the Group's performance may be affected. At this time, the Company believed that vesting both of the roles in the same person enable more effective and efficient overall strategic planning for the Group; and will not impair the balance of power and authority of the Board. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

Board of Directors

The Company and its subsidiaries (the "Group") is governed by the Board. The Board is responsible for overall management of the Group's business. The Board focuses on the overall strategies, policies and business plans of the Group, monitors the financial performance, internal controls and risk management of the Group. Executive Director and Senior Management are responsible for the day-to-day operations of the Group.

The composition of the Board and the individual attendance (Board Meetings, 2014 AGM and EGM) of each director are set out below:

		Attended/Eligible to Attend		
		Board	2014	
Name		Meetings	AGM	EGM
Executive Directors				
Zhou Yong	*(Chairman & Chief Executive Officer)*	4/4	1/1	0/1
Tian Shuchen		4/4	1/1	1/1
Zhou Hancheng		4/4	0/1	1/1
Pan Shujie		4/4	1/1	1/1
Hung Cheung Shew		4/4	1/1	1/1
Wu Mingqing	*(appointed on 3 June 2014)*	2/2	–	1/1
Non-executive Director				
Li Jian	*(resigned on 19 January 2015)*	3/4	0/1	0/1
Independent Non-executive Directors				
Raymond Ho Chung Tai		4/4	1/1	1/1
Adrian David Li Man Kiu		4/4	1/1	1/1
Raymond Leung Hai Ming		3/4	1/1	1/1
Lee Shing See		4/4	1/1	1/1

Biographical information of the Directors are set out in "Directors and Organisation" section of this Annual Report. An updated list of Directors containing biographical information and identifying the independent non-executive directors is maintained on the website of the Company. The Company has also maintained an updated list of Directors and their role and function on the websites of Hong Kong Exchanges and Clearing Limited (the "HKEx") and the Company.

During the year, four Board meetings were held. Throughout the year, directors also participate in the consideration and approval of non-routine issues of the Company by way of circulated resolutions with supporting explanatory write-up. Mr. Zhou Yong, chairman and chief executive officer; Mr. Zhou Hancheng, the executive director and financial controller; and the company secretary at all time answer the non-routine issues enquiries made by the directors.

All directors are given draft notice and agenda for all regular Board meetings and Board committees meetings for comments, consideration and inclusion of any matters for deliberation at the meetings.

The Board convenes Board meetings regularly. The date for holding each meeting will be determined in advance with a notice of not less than 14 days so that most directors entitled to attend the meeting can spare time to attend in person and have sufficient time to include items that in the agenda for discussion. To ensure that all directors have sufficient information for discussion, the meeting documents will be submitted to all directors three days before the meeting is convened.

Corporate Governance Report (continued)

All directors keep contact with the company secretary and can obtain the services provided by the company secretary so as to ensure the procedure of the Board meetings, all applicable rules and regulations are complied with. In case of any changes in the governance and compliance regulations, the company secretary will release the latest information to the Board.

The company secretary is responsible for compiling and drafting the minutes of the Board and the Board committee meetings, and will send the first draft of the minutes within reasonable time after each meeting to the participated directors for advice. The minutes of the meetings are prepared with details of the decisions reached, any concerns raised and dissenting views expressed. All directors are entitled to inspect the minutes of the Board and the Board committee meetings. Directors can seek independent professional advice for performing their duties through the chairman at the expense of the Company. If the subject under discussion at a Board meeting involves the interests of substantial shareholders or directors and the Board considers that those interests are of significant interest conflicts, the matter would be dealt with by a physical meeting rather than a written resolution. The Board will ensure there are sufficient independent directors participating in discussing about and voting on those resolutions. Those directors related to the interests shall abstain from voting on the resolution.

The Company has arranged directors' and officers' liability insurance in respect of any legal action against Directors.

Directors at all times have full access to information of the Company. The Board is provided monthly operating information which contain the up-to-date performance and information of the Company which posted on the websites of the Company and HKEx. Directors can access information from senior management independently.

Other than non-executive directors, all executive directors are appointed on a full-time basis and have sufficient time to deal with the affairs of the Company. All Directors are required to comply their responsibilities as directors of the Company and their common law duty as directors. More than one-third of the Board is independent non-executive directors. The Company will review the Board composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company will give an appropriate introduction about the Group's businesses and operations to each newly appointed director.

Directors have disclosed their number and nature of offices held in public companies or organisations and other significant commitment in their biographical information. They are also reminded to notify the Company in a timely manner and bi-annually confirm to the Company any change of such information. The Board reported the changes in its annual report and interim report.

As part of the continuous professional development programme, all the Directors of the Company namely Mr. Zhou Yong, Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew, Mr. Wu Mingqing, Mr. Li Jian, Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See read legal and regulatory updates arranged by the Company. In addition, individual directors also participated in other seminars and/or reading relevant materials relating to the roles, functions and duties of a listed company director and further enhancement of their professional development. Directors had provided the Company Secretary with their training records for the year under review.

There is no family or other material relationships among members of the Board.

The Company is aware that effective communication can increase productivity and improve teamwork. The Company regularly convened meetings for the executive directors, senior management, middle management, worksites management and management of overseas subsidiaries (by video-conference). During the meetings, the executive directors reported the Company's overall work progress, delivered the Company's strategy, reviewed the strength and weakness on the Company's work-in-progress and provided sufficient time for the participants to raise questions and express their opinions. Ensured the adequate communication between different levels of management.

Chairman and Chief Executive Officer

Chairman and chief executive officer are two key aspects of the management of a company. Chairman performs the management of the Board and chief executive officer performs the day-to-day management of the business. Clear division of these responsibilities is in place to ensure a balance of power.

During the year, Mr. Zhou Yong is the Chairman and Chief Executive Officer of the Company. This constitutes a deviation from code provision A.2.1.

The Group divided into four major business segments. Each segment is managed by specified executive director/ senior management directly. They are responsible for operating, monitoring, strategising and developing new business opportunities of their own segments. Mr. Zhou Yong ("Mr. Zhou") has been with the Group since 1994 and has plentiful experience in the Group's business and culture. He is capable of guiding the business segments to make discussion and decision in a timely manner on key issues and developments. Given that there is a clear organisation structure of the Group, so that the management of the board and the day-to-day management of the business is not concentrated in any one individual. The Company considered that it is in the interests of the Group that Mr. Zhou holds both the offices of the chairman and chief executive officer.

The Company also considered that both positions of chairman and chief executive officer require persons with in-depth knowledge and experience of the Group's business. If the positions occupied by unqualified persons, the Group's performance may be affected. At this time, the Company believed that vesting both of the roles in the same person enable more effective and efficient overall strategic planning for the Group; and will not impair the balance of power and authority of the Board. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

Mr. Zhou is responsible for leading the Board and ensures all directors are provided with appropriate and sufficient information before Board meetings so that the Board can operate effectively and perform its duties. He promotes culture of openness and encourages directors to voice their views. He also meets non-executive directors without the executive directors present and ensures the good corporate governance practices and procedures of the Company.

Non-executive Directors

Non-executive directors are appointed on a term of three years. Pursuant to the articles of association of the Company, all directors (including non-executive directors) appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall be eligible for re-election at that meeting. All directors shall be subject to retirement by rotation at least once every three years and the retiring director shall be eligible for re-election.

During the year, the Company has complied with Rules 3.10 and 3.10(A) of the Listing Rules. Non-executive directors possess appropriate professional qualifications and experience or appropriate accounting or relevant financial management expertise. All independent non-executive directors comply with the Independence Guideline of Rule 3.13 of the Listing Rules and have submitted annual confirmations of their independence to the Board pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independent. Independent non-executive directors are able to provide their independent judgment in respect of matters such as the Group's strategy, policy and performance at Board and Board committee meetings, and making significant contribution to the affairs of the Group.

Corporate Governance Report (continued)

Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See had served the Board for more than nine years. The Board considered that long service will not affect their exercise of independent judgement. They have the required integrity to exercise independent judgement and to provide objective challenges to the management. There is also no evidence that length of tenure is having an adverse impact on their independence. The Board therefore considers that Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See remain independent, notwithstanding the length of their tenure.

The Board as well as the Nomination Committee have reviewed the independence of all Independent Non-executive Directors and have concluded that all of them are independent within the definition of the Listing Rules.

If an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders.

Remuneration Committee

The Company has established a Remuneration Committee on 9 June 2005. The major responsibilities of the Remuneration Committee include approving the overall remuneration policy of the Group, reviewing and approving the remuneration of individual executive directors and senior management of the Company, and ensuring that no director participates in the discussion on his own remuneration. The Board has adopted written terms of reference for the Remuneration Committee, which defined the role, authority and function of the Remuneration Committee. The terms of reference are posted on the websites of the Company and the HKEx.

During the year, a Remuneration Committee meeting was held and the individual attendance of each director is set out below:

Name		Attended/ Eligible to Attend
Adrian David Li Man Kiu	*(Chairman)*	1/1
Raymond Ho Chung Tai		1/1
Raymond Leung Hai Ming		1/1
Lee Shing See		1/1

During the year, the Remuneration Committee approved the salary of executive directors and senior management, the appointment letters of non-executive directors and the service agreement of executive director.

The human resources department reviews the remuneration data of the market and formulates the remuneration policy of the Group and then proposing to the Remuneration Committee for consideration and seeking approval. The remuneration of directors and senior management of the Company is determined with reference to the remuneration policy of the Group and based on individual skills, knowledge, performance and contribution, the overall performance of the Group, the prevailing economic environment and the market trend.

The remuneration payable to directors and members of senior management by band were set out in the notes to the consolidated financial statements of 2014 annual report.

Nomination Committee

The Company has established a Nomination Committee on 20 March 2006. The major responsibilities of the Nomination Committee include reviewing the structure and the composition of the Board, and making recommendation to the Board on matters relating to directors' nomination, appointment or re-appointment and succession on regular basis. The Board has adopted written terms of reference for the Nomination Committee, which defined the role, authority and function of the Nomination Committee. The terms of reference are posted on the websites of the Company and the HKEx.

During the year, a Nomination Committee meeting was held and the individual attendance of each director is set out below:

Name		Attended/ Eligible to Attend
Lee Shing See	*(Chairman)*	1/1
Raymond Ho Chung Tai		1/1
Adrian David Li Man Kiu		1/1
Raymond Leung Hai Ming		1/1

During the year, the Nomination Committee evaluated the composition and structure of the Board, reviewed the independence of the independent non-executive directors and considered the appointment of executive director.

The Board has adopted a Board Diversity Policy in August 2013 which sets out the approach to achieve diversity on the Board. The Board Diversity Policy is posted on the website of the Company. The Company recognises that increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board contains individuals who have diverse educational background, professional experience, knowledge and culture. All Board appointments are based on meritocracy.

As at 31 December 2014, the Board comprises 11 directors. All of the directors are male. Six directors are under the age group of 40 to 50; three are under the age group of 51 to 60; and two are under the age group of 61 to 75. Four directors have served the Board below 5 years; five have served the Board between 5 to 10 years; and two have served the Board between 11 to 15 years.

The Nomination Committee hopes to increase the level of board diversity when refreshing and renewing board membership. However, the appointments are made on merit, the applications' skill and experience and the development of the Group. The Nomination Committee will continue to consider the board diversity.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties of the Company. The Board has adopted written terms of reference for its corporate governance functions which included:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

Corporate Governance Report (continued)

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

During the year, the Board reviewed the existing model code for securities transactions by directors and relevant employees; inside information disclosure policy and board diversity policy.

Audit Committee

The Company has established an Audit Committee on 1 June 2005. The major responsibilities of the Audit Committee include reviewing and overseeing the financial information of the Company, regulating the financial reporting system, evaluating the internal control procedure and the risk management system of the Company, and reviewing the relationship between the Company and auditor. The Board has adopted written terms of reference for the Audit Committee, which defined the role, authority and function of the Audit Committee. The terms of reference are posted on the websites of the Company and the HKEx.

During the year, four Audit Committee meetings were held and the individual attendance of each director is set out below:

Name		Attended/ Eligible to Attend
Raymond Ho Chung Tai	*(Chairman)*	4/4
Adrian David Li Man Kiu		4/4
Raymond Leung Hai Ming		3/4
Lee Shing See		4/4

During the meetings, the Audit Committee reviewed and considered the Group accounts for the year ended 31 December 2013; the Audit Committee Report for the year ended 31 December 2013; the connected transactions report; the internal control report; the Group's 2014 unaudited first quarter results; the Group accounts for the six months ended 30 June 2014; and the Group's 2014 unaudited third quarter results. The external auditor was invited to attend 2013 final results meeting and 2014 unaudited third quarter results meeting. During the meetings, the external auditor discussed various accounting issues and finding with the Audit Committee and the audit strategy and plan for 2014 Group results.

During the year, the Company conducted a review and considered that the Company maintained adequate qualified accountants to oversee its accounting and financial reporting function and other accounting related issue in accordance with the relevant laws, rules and regulations.

Auditor's Remuneration

The Company's external auditor is PricewaterhouseCoopers, Hong Kong ("PwC"). For the financial year ended 31 December 2014, the fees paid or payable to PwC and other firms of the worldwide network of PwC in respect of services provided to the Group amounted to approximately HK$7,350,000, including audit services fee of the Group of approximately HK$6,850,000 and non-audit services fee of approximately HK$500,000. The non-audit fees included tax services and other services for ad hoc projects.

Directors' Securities Transactions

The Company has adopted a model code for securities transactions by directors and relevant employees (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Directors and senior management of the Company are required to comply with the Securities Code. Reminders are sent to directors and senior management that they should not deal in the shares of the Company during the "black-out-period" specified in the Model Code and before publishing any inside information announcement. Directors and senior management are required to notify the Company and obtained a dated written acknowledgement before dealing in the Company's securities. After making enquiries by the Company, all directors confirmed that they have complied with the Securities Code during the year.

As at 31 December 2014, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows.

As at 31 December 2014, Mr. Zhou Yong, Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew, Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See held 3,233,027; 3,300,000; 2,605,138; 167,471; 581,584; 913,569; 913,569; 913,569 and 913,569 shares of the Company respectively. All the shares held by the directors in the capacity of beneficial owners.

As at 31 December 2014, Mr. Hung Cheung Shew held 37,095 shares in China Overseas Land & Investment Limited ("COLI", an associated corporation of the Company); and 30,000 shares in Far East Global Group Limited (a non-wholly owned subsidiary of the Company). All the shares held by the director in the capacity of beneficial owner.

As at 31 December 2014, Mr. Li Jian held 330,000 shares in China State Construction Engineering Corporation Limited (an intermediate holding company of the Company). All the shares held by the director in the capacity of beneficial owner.

Save as disclosed above, as at 31 December 2014, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations.

As at 1 January 2014, Mr. Zhou Yong, Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See held 959,247; 913,569; 913,569; 913,569 and 913,569 share options of the Company respectively. During the year, Mr. Zhou Yong, Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See exercised 959,247; 913,569; 913,569; 913,569 and 913,569 share options of the Company respectively. All the share options held by the directors in the capacity of beneficial owners. As at 1 January 2014, the outstanding share options of the Company under the category of directors, employees and consultants are 4,613,523; 35,520,224 and 18,440,841 respectively. During the year, 4,613,523 and 1,781,458 share options of the Company were exercised under the category of directors and consultants respectively. As at 31 December 2014, the outstanding share options under the category of directors, employees and consultants are Nil; 35,520,224 and 16,659,383 respectively. The share options were granted on 14 September 2005 and the exercise price per share option is HK$0.2254 (The exercise price per option on 14 September 2005 was HK$1.03. The exercise price was adjusted to HK$0.99 immediately after the completion of open offer on 10 September 2007. The exercise price was adjusted to HK$0.2475

Corporate Governance Report (continued)

immediately after the share subdivision approved on 12 June 2008. The exercise price was adjusted to HK$0.2345 immediately after the completion of rights issue on 1 September 2009. The exercise price was adjusted to HK$0.2254 immediately after the completion of rights issue on 16 May 2011.). The vesting period is from 14 September 2005 to 13 September 2010 (both days inclusive) and the exercise period is from 14 September 2006 to 13 September 2015 (both days inclusive). 20% can be exercised annually ("Limit") from 14 September 2006. Unexercised portion of the Limit (if any) can be exercised in the remaining exercise period and will not be included in calculating the Limit of the relevant year. It can be fully exercised from 14 September 2010 to 13 September 2015 (both days inclusive). No share options were cancelled and lapsed during the year.

During the year, an aggregate of 6,394,981 share options of the Company were exercised. The date of exercise of the share options, the total number of share options exercised on each date and the weighted average closing price of the Company's shares immediately before each of the exercise date were 15 April 2014 and 20 November 2014; 3,654,276 and 2,740,705; and HK$13.3566 and HK$12.9686.

Save as the share options disclosed above, at no time during the year ended 31 December 2014 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Accountability and Audit

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.

The Management provided sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The directors acknowledge that they are responsible for preparing accounts for each financial period which give a true and fair view of the state of affairs of the Group. In preparing the accounts for the year ended 31 December 2014, the directors have selected appropriate accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable; and prepared accounts on a going concern basis.

The reporting responsibilities of PwC, the external auditor of the Company, are stated in the Independent Auditor's Report of the Company's 2014 Annual Report.

The Board would present a balanced, clear and understandable assessment to annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

Company Secretary

The company secretary supports the chairman, Board and Board committees by ensuring good information flow and Board policy and procedures are followed. The company secretary is an employee of the Company and is appointed by the Board. The company secretary reports to the chairman and chief executive officer, all directors may call upon her for advice and assistance at any time in respect of her duties. The company secretary obtained a practitioner's endorsement of The Hong Kong Institute of Chartered Secretaries and complied with rule 3.29 of the Listing Rules.

Internal Control and Risk Management

The Group has a stable, sound and effective internal control system to ensure the Group can withstand the changes in its operations and the external environment in respect of finance, operation and risk management so as to safeguard the shareholders' investment and the Company's assets.

The Intendance and Audit Department with written terms of reference was set up. The Intendance and Audit Department is independent of all business segments and is directly responsible for chief executive officer so as to ensure the neutrality of control. It adopted a risk-based approach, operates on an on-going basis and covers all major operation of the Group on a rotational basis. It focuses on auditing business segments' financial management, operation management and internal control. It issues independent and objective internal control report with recommendation to chief executive officer, relevant business segments and Audit Committee. During the year, the Intendance and Audit Department deeply inspected, investigated and assessed four subsidiaries of the Group. It reviewed and assessed their system on internal control, financial, contracting, investment, and especially the build-transfer project management. It strengthened their system and risk management consciousness. Corrective actions were taken on findings and no significant control failure which might affect shareholders' interests was identified.

The Risk Management Control Committee with written terms of reference was set up. The Risk Management Control Committee focuses on strategic risks, financial risks, market risks and operational risks of the Company. The Committee is chaired by the chairman and chief executive officer and includes executive directors and senior management from finance departments. The Committee aims to continually identify and strengthen the risk management of the Company, and build up a risk aware and control conscious culture throughout the Company. Departmental specify reports and periodical reports were submitted to the Risk Management Control Committee for review.

The Company considered that the internal control system has adequacy of resources, staff qualifications and experience, and budget of the Company's accounting and financial reporting function. The Company will continue to conduct a review of the effectiveness of its internal control system and risk management policies at least once a year.

Shareholders' Rights

Convening of Extraordinary General Meeting on Requisition by Shareholders

The Board may whenever it thinks fit call extraordinary general meetings. Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Directing Shareholders' Enquiries to the Board

The annual report and the Company's website provide the contact details of the Company. Shareholders may at any time send their enquiries and concerns to the Board in writing. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Corporate Governance Report (continued)

Procedures for Putting Forward Proposals at General Meetings by Shareholders

There are no provisions allowing shareholders to move new resolutions at general meetings under the Cayman Islands Company Laws or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

The procedures for appointment, election and removal of directors are set out in the Company's website.

Communication with Shareholders

The Company has established various/a wide range of communication channels with shareholders. These include general meeting, annual report and interim report, notice, announcement and circular. In addition, the Company updates its website from time to time to keep the shareholders updated information of the Company's recent development. Investors presentations also uploaded to the Company's website for all stakeholders perusal.

General meeting is a main channel of communication between directors and shareholders. The Company held an annual general meeting and an extraordinary general meeting during 2014. At the general meetings, the chairman of the meeting gave sufficient time to shareholders to raise questions and express their opinions.

The 2014 Annual General Meeting was held on 30 May 2014. The notice of meeting, the Company's annual report and the circular containing information on the proposed resolutions were sent to shareholders more than 20 clear business days prior to the meeting. The chairman and members of the audit, remuneration and nomination committees were available to answer questions from the shareholders at the meeting. At the meeting, separate resolution was proposed by the chairman in respect of each substantially separate issue, and voting on each resolution was conducted by poll. The results of the poll were posted on the websites of the Company and the HKEx on the same day of the meeting.

The extraordinary general meeting was held on 16 December 2014. The notice of meeting and the circular containing information on the proposed resolutions were sent to shareholders more than 10 clear business days prior to the meeting. The chairman of the meeting and members of the independent board committee were available to answer questions from the shareholders at the meeting. At the meeting, separate resolutions were proposed by the chairman of the meeting in respect of each substantially separate issue, and voting on each resolution was conducted by poll. The results of the poll were posted on the websites of the Company and the HKEx on the same day of the meeting.

Investor Relations

The Company has been striving to maintain high transparency and communicate with shareholders and investors through diversified communication channels. The Company holds press conferences and analyst briefing sessions from time to time to provide the latest business information of the Company to investors. The website of the Company contains the latest data and information of the Group so that shareholders, investors and the public can inspect the information about the Company in a timely manner. The Company's website: www.csci.com.hk.

There are no change to the Company's Memorandum and Articles of Associations during the financial year 2014. A copy of the latest version of the Company's Memorandum and Articles of Associations is posted on the websites of the Company and the HKEx.

Investor Relations

The Company's main duty in investor relations is to provide visibility on the Company's latest development strategy, business management, financial information and business progress clearly to the investment community. The Company ensures the dissemination of important information to the market rapidly through different channels. These channels include: results announcements, announcements, press conferences and analyst briefing sessions, disclosure of operating information, road shows, reverse roadshows and meetings organised by investment institutions. To enhance communication with the investment sector, the Company regularly and irregularly updates the information through website www.csci.com.hk, to ensure that important events during the course of business development of the Company can be transmitted rapidly to the capital market through the website of the Company.

The management of the Company values the feedback of the external investment parties and meets analysts and investors regularly and irregularly to present the latest development strategy and operating conditions to them and communicates with investors in a timely manner. In 2014, the Company actively pushed forward with the promotion of the listed company, organised meetings with analysts and investors over 1,000 persons-time, and attended post-results road shows in Europe, US, Japan, Singapore, Taiwan and Hong Kong with investment banks. Besides, the management also participated in the investment conferences and forums organised by the major investment banks.

In 2014, through organising investor's visiting trip to our plant in the Mainland China and public housing construction projects in Hong Kong, the Company further strengthens the investment community's understanding on the Company's latest operation. Within the year, more than 30 investors and analysts visited the Company's prefabrication plant in Shenzhen and public housing project site in Hong Kong.

The Company provides operating information update on a monthly basis and conducts follow-up communications, in order to ensure that the investment community is informed of the latest update about the Company. In the meantime, to avoid confusion and misunderstanding on certain market rumors, the Company provides clarification and interpretation in time.

Through the above activities, the communication between the management of the Company and the players of the capital market has been enhanced. Besides, the transparency of different business activities such as the Company's operation and management has also been enhanced. In 2015, the Company will further strengthen its efforts in this respect. To increase investor relations service standard and company transparency will be one of the priorities of the company's investor relations function.

The Company's investor relations works have gradually been appreciated by the investment community. In the annual poll of best executive team of listed companies by "Institutional Investor", the Company was awarded the first place for all categories in the infrastructure industry, including Best CEO, Best CFO, Best Investor Relations Professional and Best Investor Relations Company. The Company named one of Asia's Best Companies 2014 by FinanceAsia, the awarded ranking included "Best Corporate Governance (second runner up)", "Best Investor Relations (second runner up)", "Best Managed Company (ranked 4th)", and "Best Corporate Social Responsibility (ranked 8th)".

Investor Relations (continued)

Major Investor Relations Activities in 2014

Month	Activities
January	The 14th UBS Greater China Conference
	Deutsche Bank China Annual Conference
	Nomura Property Corporate Day
	Citi China Top Pick Corporate Day
	Barclays Property Corporate Day
March	2013 Annual Results Announcement
	• Press Conference
	• Investors and Analysts Briefing
	• Road Shows in Hong Kong and Europe
April	Post-annual Results Road Shows in US, Singapore, Taiwan
May	The 6th Macquarie China Conference
	The 19th CLSA China Forum
	BAML Industrial Corporate Day
	Morgan Stanley China Corporate Day
June	The 10th JP Morgan China Conference
	Guosen Securities Corporate Day
August	2014 Interim Results Announcement
	• Press Conference
	• Investors and Analysts Briefing
	• Road Shows in Hong Kong and Singapore
September	The 21th CLSA Investor Forum
October	CICC Annual China Conference
November	Goldman Sachs Annual China Conference
	Citigroup Greater China Investor Conference
	BAML Annual China Conference
	Daiwa Investor Conference Hong Kong
December	Citigroup Industrial Corporate Day
	Nomura Property Corporate Day

Directors' Report

The Directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holding and provides corporate management services. The activities of its principal subsidiaries are set out in Note 48 to the consolidated financial statements.

An analysis of the Group's performance for the year by segments is set out in Note 6 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 91 and 92 respectively.

An interim dividend of HK11.00 cents per share amounting to HK$428,163,000 was paid to the shareholders during the year. The Board now recommends the payment of a final dividend of HK15.00 cents per share to the shareholders on the register of members on 8 June 2015, amounting to approximately HK$601,863,000.

Financial Summary

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on pages 198 and 199.

Property, Plant and Equipment

Details of movements during the year in the property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

Investment Properties

Details of investment properties of the Group are set out on page 200.

Share Capital

The Company's total issued share capital as at 31 December 2014 was 4,012,417,632 ordinary shares of HK$0.025 each ("Shares").

During the year, the Company issued 6,394,981 new Shares pursuant to the Company's Share Option Scheme; and 117,278,000 new Shares at an issue price of HK$11.17 per Share (the closing price on 27 October 2014: HK$10.86) ("Consideration Share") pursuant to an acquisition agreement entered into between China Overseas Holdings Limited, Ever Power Group Limited and the Company dated 28 October 2014. The issuance of Consideration Shares was approved by shareholders of the Company at the extraordinary general meeting held on 16 December 2014. The Consideration Shares were issued on 19 December 2014.

Details of movements during the year in the share capital of the Company are set out in Note 37 to the consolidated financial statements.

Share Premium and Reserves

Details of movements during the year in the share premium and reserves of the Group are set out on pages 96 and 97.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Zhou Yong *(Chairman and Chief Executive Officer)*
Mr. Tian Shuchen
Mr. Zhou Hancheng
Mr. Pan Shujie
Mr. Hung Cheung Shew
Mr. Wu Mingqing *(appointed on 3 June 2014)*

Non-executive Director

Mr. Li Jian *(resigned on 19 January 2015)*

Independent Non-executive Directors

Dr. Raymond Ho Chung Tai
Mr. Adrian David Li Man Kiu
Dr. Raymond Leung Hai Ming
Mr. Lee Shing See

Directors' Report (continued)

Note:

In accordance with Articles 87(1) and 87(2) of the Company's Articles of Association, Mr. Tian Shuchen, Mr. Pan Shujie and Mr. Lee Shing See, will retire by rotation at the forthcoming annual general meeting. All the retiring Directors, being eligible, offer themselves for re-election.

In accordance with Article 86(3) of the Company's Articles of Association, Mr. Wu Mingqing appointed by the Board shall hold office until the next following annual general meeting of the Company, and shall then be eligible for re-election at that meeting.

The Directors' biographical information is set out in the section head "Directors and Organisation" of this report.

Information regarding directors' emoluments is set out in Note 9 to the consolidated financial statements.

With effect from 1 February 2015, the monthly salary of Mr. Hung Cheung Shew was changed from HK$170,000 to HK$178,500. The directors' fees of other directors remain unchanged.

Confirmation of Independence

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and still considers such directors are independent.

Directors' Service Contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation). All the Non-executive Directors of the Company are appointed for a fixed period but subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

Directors' Interests in Contracts

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a director of the Company had a material interests, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

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

Substantial Shareholders

As at 31 December 2014, the register of substantial shareholders maintained by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions of substantial shareholders in the shares of the Company

Name of shareholder	Capacity	Number of ordinary shares held	% of shares in issue[1]
China Overseas Holdings Limited[2] ("COHL")	Beneficial owner	2,336,091,659	58.22
China State Construction Engineering Corporation Limited[3] ("CSCECL")	Interest of a controlled corporation/ beneficial owner	2,336,091,659	58.22
China State Construction Engineering Corporation[4] ("CSCEC")	Interest of a controlled corporation/ beneficial owner	2,336,091,659	58.22

Notes:

1. The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at 31 December 2014 (i.e. 4,012,417,632 ordinary shares).

2. Amongst the total number of 2,336,091,659 Shares held by COHL, 2,239,953,308 Shares was held as beneficial owner while the balance of 96,138,351 Shares was interests of controlled corporations.

3. COHL is a direct wholly-owned subsidiary of CSCECL, thus CSCECL is deemed by the SFO to be interested in 2,336,091,659 Shares directly owned by COHL.

4. CSCECL is a subsidiary of CSCEC, thus CSCEC is deemed by the SFO to be interested in 2,336,091,659 Shares indirectly owned by CSCECL.

Save as disclosed above, as at 31 December 2014, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

Directors' Report (continued)

Connected and Related Party Transactions

Details of connected transactions are set out on pages 82 to 88. The related party transactions disclosed in Note 46 to the consolidated financial statements.

Directors' Interest in Competing Business

Pursuant to existing Rule 8.10 of the Listing Rules, the Company discloses that during the year and up to the date of this report, Mr. Zhou Yong held directorship in the Company's holding company, and/or its subsidiaries which are engaged in construction, property development and related business. Mr. Wu Mingqing held directorships in the subsidiaries of the Company's holding company which are engaged in property development and related business.

The board of directors of the Group operates independently of the boards of these companies. The Group is capable of carrying on its business independently of, and at arms length from the businesses of these companies.

Emolument Policy

The emolument policy of the employees of the Group was approved by the Remuneration Committee.

The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market trend.

The Company has adopted a share option scheme as an incentive to Directors and eligible persons, details of the scheme is set out in Note 43 to the consolidated financial statements.

Retirement Benefit Scheme

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The Assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The employees of the Company's subsidiaries established in the PRC are required to participate in a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The only obligation to the Group with respect to these schemes is to make the required contributions under these schemes. During the year, the Group made contribution to the retirement benefit schemes amounting to approximately HK$90.51 million. No forfeited contribution under these schemes is available to reduce the contribution payable in future years.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of the Company's issued shares as required under the Listing Rules.

Directors' Report (continued)

Charitable Donations

Charitable Donations made by the Group during the year amounted to HK$84,400 (2013: HK$442,011).

Major Customers and Suppliers

In 2014, the Group's largest customer accounted for approximately 14.6% (2013: 18.6%) of the Group's revenue. The five largest customers of the Group accounted for approximately 43.4% (2013: 47.9%) of the Group's revenue and one of them is the Group's joint venture of which a fellow subsidiary was a joint venture partner. The Group's largest supplier accounted for approximately 6.7% (2013: 1.4%) of the Group's purchases. The five largest suppliers of the Group accounted for 11.8% (2013: 5.3%) of the Group's purchases for the year.

Other than disclosed above, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Disclosure Pursuant to Rule 13.22 of the Listing Rules

As at 31 December 2014, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined balance sheet of the affiliated companies as at 31 December 2014 is set out below:

	HK$'000
Non-current assets	3,090,971
Current assets	2,324,990
Non-current liabilities	(408,380)
Current liabilities	(5,265,929)
Net Liabilities	(258,348)
Reserves	(258,348)
Total Equity	(258,348)

As at 31 December 2014, the Group shared the accumulated losses of these affiliated companies amounted to HK$212,787,000.

Auditor

Messrs. PricewaterhouseCoopers ("PwC") had acted as auditor of the Company for the past three years. PwC retire and, being eligible, offer themselves for re-appointment as auditor of the Company.

A resolution to re-appoint PwC as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
China State Construction International Holdings Limited
Zhou Yong
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 20 March 2015

Connected Transactions

A. Connected transactions under the Listing Rules

A.1 Formation of Joint Venture with 中建鋼構有限公司 (China Construction Steel Structure Corp. Ltd.)

On 9 April 2014, a joint venture formation cooperation agreement ("JV Agreement") was entered into between 中建鋼構有限公司 (China Construction Steel Structure Corp. Ltd. ("CCSSC", a subsidiary of China State Construction Engineering Corporation Limited ("CSCECL", an intermediate holding company of the Company)) and CSHK Engineering Limited ("CSHK", a wholly owned subsidiary of the Company), whereby CCSSC and CSHK shall form a Macau joint venture (the "Macau JV") on a 70:30 basis to undertake structural steel works as a subcontractor to the main contractor (subsidiaries of the Company) for a construction project in Macau (the "Structural Steel Works").

The total contract value of the Structural Steel Works is approximately MOP376,898,000 (approximately HK$365,921,000). CCSSC and CSHK shall share 70% and 30% the profits and loss in relation to the Structural Steel Works respectively. Any future funding requirements will be borne by the parties in proportion to their respective interests in the Macau JV.

Since the applicable percentage ratios pursuant to the Listing Rules calculated with reference to the transaction under the JV Agreement are less than 5%. The transaction under the JV Agreement is subject to the reporting and announcement requirements, and is exempted from the independent shareholders' approval requirement.

Details of Macau JV were disclosed in an announcement dated 9 April 2014.

A.2 Formation of Fuzhou JV with 中建海峽建設發展有限公司 (CSCEC Strait Construction and Development Co., Ltd.)

On 28 May 2014, a joint venture formation cooperation agreement ("JV Agreement") was entered into between 中建國際投資(中國)有限公司(China State Construction International Investments (China) Limited ("CSCIICL", a wholly owned subsidiary of the Company)) and 中建海峽建設發展有限公司(CSCEC Strait Construction and Development Co., Ltd. ("CSCDCL", a subsidiary of CSCECL)), whereby CSCIICL and CSCDCL shall form a Fuzhou joint venture (the "Fuzhou JV") on a 80:20 basis to undertake the infrastructure works (i.e. engineering works relating to the construction of roads, tunnels, bridges and urban infrastructure; water conservation, environmental and public utilities; urban landscaping and greening works) in Fuzhou, Fujian Province, the PRC (the "Infrastructure Works").

The aggregate investment in the Fuzhou JV shall be RMB600 million (equivalent to approximately HK$750 million). The registered capital of the Fuzhou JV shall be RMB240 million (equivalent to approximately HK$300 million). CSCIICL and CSCDCL will respectively pay RMB192 million (equivalent to approximately HK$240 million) and RMB48 million (equivalent to approximately HK$60 million) in cash into the Fuzhou JV as its registered capital. The amounts of the aggregate investment and the registered capital of the Fuzhou JV are determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Infrastructure Works in Fuzhou, Fujian Province, the PRC.

Since the applicable percentage ratios pursuant to the Listing Rules calculated with reference to the transaction under the JV Agreement are less than 5%. The transaction under the JV Agreement is subject to the reporting and announcement requirements, and is exempted from the independent shareholders' approval requirement.

Details of the Fuzhou JV were disclosed in an announcement dated 28 May 2014.

A.3 Acquisition of China Overseas Ports Investment Company Limited

On 28 October 2014, the Company, Ever Power Group Limited ("Ever Power", a wholly owned subsidiary of the Company) and China Overseas Holdings Limited ("COHL", the holding company of the Company) entered into an Acquisition Agreement, whereby Ever Power conditionally agree to acquire and COHL conditionally agree to sell 100% of the issued share capital of China Overseas Ports Investment Company Limited ("COP", a wholly owned subsidiary of COHL) and the shareholder's loan in the amount of HK$450,000,000 at a Consideration of HK$1,310,000,000. The Consideration shall be satisfied by the issue of 117,278,000 ordinary shares of HK$0.025 each in the share capital the Company ("Shares") to COHL at an Issue Price of HK$11.17 per Consideration Share (with the balance of HK$4,740 to be satisfied in cash). The Issue Price was arrived at after arm's length negotiations with reference to the prevailing market price of the Shares. The closing price per Share on the Last Trading Day and the date of Acquisition Agreement are HK$10.86 and HK$10.88 respectively.

As the applicable percentage ratios pursuant to the Listing Rules calculated with reference to the transaction under the Acquisition Agreement are less than 5% and Consideration Shares will be issued. The Acquisition Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

A circular dated 18 November 2014 containing details of the Acquisition Agreement has been despatched to the shareholders of the Company.

The Acquisition Agreement was duly approved by the independent shareholders of the Company at an extraordinary general meeting held on 16 December 2014. The Consideration Shares were issued on 19 December 2014 pursuant to a specific mandate.

B. Continuing connected transactions under the Listing Rules

B.1 CSCECL Sub-construction Engagement Agreement

It is expected that (i) the Group may continue to engage the CSCECL Group as Contractors upon successful tender and (ii) the CSCECL Group may continue to engage the Group as Contractors upon successful tender.

On 20 September 2011, the Company and CSCECL entered into the CSCECL Sub-construction Engagement Agreement, whereby: (i) the Group may engage the CSCECL Group as Contractors upon successful tender for a term of three years commencing from 1 November 2011 and ending on 31 October 2014 provided that the maximum total contract sum that may be awarded by the Group to the CSCECL Group for the period between 1 November 2011 and 31 December 2011 shall not exceed HK$13,000 million, for the financial year ending 31 December 2012 shall not exceed HK$8,000 million, for the financial year ending 31 December 2013 shall not exceed HK$10,000 million and for the period between 1 January 2014 and 31 October 2014 shall not exceed HK$12,000 million (i.e. the CSCECL Sub-construction Engagement Cap); and (ii) the CSCECL Group may engage the Group as Contractors upon successful tender for a term of three years commencing from 1 November 2011 and ending on 31 October 2014 provided that the maximum total contract sum that may be awarded by the CSCECL Group to the Group for the period between 1 November 2011 and 31 December 2011 is nil, for each of the two financial years ending 31 December 2013 shall not exceed HK$3,000 million, and for the period between 1 January 2014 and 31 October 2014 shall not exceed HK$3,000 million (i.e. the CSC Sub-construction Engagement Cap).

Connected Transactions (continued)

The maximum total contract sum that may be awarded to the CSCECL Group (i.e. the CSCECL Sub-construction Engagement Cap) and the Group (i.e. CSC Sub-construction Engagement Cap) for each year/period under the CSCECL Sub-construction Engagement Agreement exceed 5% of the applicable percentage ratios calculated pursuant to the Listing Rules. As such the CSCECL Sub-construction Engagement Agreement is subject to the annual review, reporting, announcement and independent shareholders' approval requirements.

A circular dated 7 October 2011 containing details of the CSCECL Sub-construction Engagement Agreement has been despatched to the shareholders of the Company. The CSCECL Sub-construction Engagement Agreement was duly approved by the independent shareholders of the Company at an extraordinary general meeting held on 26 October 2011.

The CSCECL Sub-construction Engagement Agreement expired on 31 October 2014, the Company and CSCECL renewed the CSCECL Sub-construction Engagement Agreement for a further term of three years (from 1 January 2015 to 31 December 2017). Details were disclosed in the announcement dated 28 October 2014 and the circular dated 18 November 2014.

For the period from 1 January 2014 to 31 October 2014, the total contract sum awarded by the Group to the CSCECL Group under the CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Sub-construction Engagement Cap) was HK$7,324,524,154. There was no contract awarded by the CSCECL Group to the Group under the CSCECL Sub-construction Engagement Agreement (i.e. the CSC Sub-construction Engagement Cap).

B.2 COHL Construction Engagement Agreement

It is expected that COHL Group may engage the Group as contractor (on the basis of "Build-Transfer" mode) for the COHL Group's construction of housing and infrastructure in relation to urban-rural coordination projects in the PRC upon successful tender.

On 20 September 2011, the Company and COHL entered into the COHL Construction Engagement Agreement for a term of three years commencing from 1 November 2011 and ending on 31 October 2014 provided that the maximum total contract sum that may be awarded by the COHL Group to the Group for the period between 1 November 2011 and 31 December 2011 shall not exceed RMB5,000 million, for each of the two financial years ending 31 December 2013 shall not exceed RMB5,000 million, and for the period between 1 January 2014 and 31 October 2014 shall not exceed RMB5,000 million (i.e. the COHL Construction Engagement Cap).

The maximum total contract sum that may be awarded to the Group for each year/period under the COHL Construction Engagement Agreement, i.e. the COHL Construction Engagement Cap, exceed 5% of the applicable percentage ratios calculated pursuant to the Listing Rules. As such the COHL Construction Engagement Agreement is subject to the annual review, reporting, announcement and independent shareholders' approval requirements.

A circular dated 7 October 2011 containing details of the COHL Construction Engagement Agreement has been despatched to the shareholders of the Company. The COHL Construction Engagement Agreement was duly approved by the independent shareholders of the Company at an extraordinary general meeting held on 26 October 2011.

The COHL Construction Engagement Agreement expired on 31 October 2014, the Company and COHL renewed the COHL Construction Engagement Agreement for a further term of three years (from 1 January 2015 to 31 December 2017). Details were disclosed in the announcement dated 28 October 2014.

For the period from 1 January 2014 to 31 October 2014, there was no contract awarded by the COHL Group to the Group under the COHL Construction Engagement Agreement (i.e. COHL Construction Engagement Cap).

B.3 New Master CSC Group Engagement Agreement

It is expected that the China Overseas Land & Investment Ltd. ("COLI", an associate of the Company) Group will continue to invite the Group to participate in competitive tender for the COLI Group's construction works in the PRC, Hong Kong and Macau from time to time.

On 18 May 2012, COLI and the Company entered into a new engagement agreement ("New Master CSC Group Engagement Agreement") for a term of three years commencing from 1 July 2012 and ending on 30 June 2015. Pursuant to the New Master CSC Group Engagement Agreement, the aggregate amount of total contract sum that may be awarded by the COLI Group to the Group for the period between 1 July 2012 and 31 December 2012 shall not exceed HK$400 million, for each of the two years ending 31 December 2014 shall not exceed HK$800 million, and for the period between 1 January 2015 and 30 June 2015 shall not exceed HK$400 million (i.e. the New Construction Works Cap). The New Master CSC Group Engagement Agreement was terminated upon taking the effect of the New CSC Group Engagement Agreement as disclosed below.

The maximum total contract sum that may be awarded to the Group for each year/period under the New Master CSC Group Engagement Agreement, i.e. the New Construction Works Cap, is less than 5% of the applicable percentage ratios calculated pursuant to the Listing Rules. As such the New Master CSC Group Engagement Agreement is subject to the annual review, reporting and announcement requirements, and is exempted from the independent shareholders' approval requirement.

An announcement containing the particulars of the New Master CSC Group Engagement Agreement was made on 18 May 2012.

In order to revise the caps of the transaction, the Company and COLI entered into a New CSC Group Engagement Agreement for a further term of three years (from 1 January 2015 to 31 December 2017). Details were disclosed in the announcement dated 31 October 2014 and the circular dated 18 November 2014.

For the year ended 31 December 2014, the total contract sum awarded to the Group under the New Master CSC Group Engagement Agreement was HK$24,826,356.

B.4 New Master Security Services Agreement

It is expected that the Group will continue to invite members of the COLI Group which hold the relevant licenses to provide security services in Hong Kong to participate in competitive tender for the security services to the work sites of the Group in Hong Kong from time to time.

On 18 May 2012, COLI and the Company entered into a new master security services agreement ("New Master Security Services Agreement") for a term of three years commencing from 1 July 2012 and ending on 30 June 2015. Pursuant to the New Master Security Services Agreement, the maximum total contract sum that may be awarded by the Group to the COLI Group for the period between 1 July 2012 and 31 December 2012 shall not exceed HK$25 million, for each of the two years ending 31 December 2014 shall not exceed HK$50 million, and for the period between 1 January 2015 and 30 June 2015 shall not exceed HK$25 million (i.e. the New Security Services Cap).

Connected Transactions (continued)

The maximum total contract sum for the provision of the security services by the COLI Group for each year/period under the New Master Security Services Agreement, i.e. the New Security Services Cap, is less than 5% of the applicable percentage ratios calculated pursuant to the Listing Rules. As such the New Master Security Services Agreement is subject to the annual review, reporting and announcement requirements, and is exempted from the independent shareholders' approval requirement.

An announcement containing the particulars of the New Master Security Services Agreement was made on 18 May 2012.

For the year ended 31 December 2014, the total contract sum awarded to the COLI Group under the New Master Security Services Agreement was HK$3,248,098.

B.5 New Master Lease Agreement

It is expected that the Group will continue to lease properties from the COLI Group from time to time.

On 18 May 2012, COLI and the Company entered into a new master lease agreement ("New Master Lease Agreement") for a term of three years commencing from 1 July 2012 and ending on 30 June 2015. Pursuant to the New Master Lease Agreement, the maximum aggregate rental for leasing of properties for the period between 1 July 2012 and 31 December 2012 shall not exceed HK$9 million, for each of the two years ending 31 December 2014 shall not exceed HK$18 million, and for the period between 1 January 2015 and 30 June 2015 shall not exceed HK$9 million (i.e. the New Lease Cap).

The maximum aggregate rental (exclusive of rates, government rent, management fees and air-conditioning charges, water charges, cleaning charges and electricity charges) payable by the Group to the COLI Group for each year/period under the New Master Lease Agreement, i.e. the New Lease Cap, is less than 5% of the applicable percentage ratios calculated pursuant to the Listing Rules. As such the New Master Lease Agreement is subject to the annual review, reporting and announcement requirements, and is exempted from the independent shareholders' approval requirement.

An announcement containing the particulars of the New Master Lease Agreement was made on 18 May 2012.

For the year ended 31 December 2014, the aggregate amount made by the Group to the COLI Group under the New Master Lease Agreement amounted to HK$14,824,050.

B.6 New Master Connection Services Agreement

It is expected that the COLI Group will continue to invite the Company (through Shenyang Huanggu Thermoelectricity Company Limited 瀋陽皇姑熱電有限公司 "SHTCL", a wholly-owned subsidiary of the Company) to participate in the provision of connection services for heating pipes for the real estate project(s) located in Shenyang and developed by COLI from time to time.

On 18 May 2012, COLI and the Company entered into a new master connection services agreement ("New Master Connection Services Agreement") for a term of three years commencing from 1 January 2013 and ending on 31 December 2015. Pursuant to the New Master Connection Services Agreement, the maximum total contract sum that may be awarded by the COLI Group to the Group for each of the three years ending 31 December 2015 shall not exceed HK$100 million (i.e. the New Connection Services Cap).

The maximum total contract sums awarded by the COLI Group to the Group for each year under the New Master Connection Services Agreement, i.e. the New Connection Services Cap, is less than 5% of the applicable percentage ratios calculated pursuant to the Listing Rules. As such the New Master Connection Services Agreement is subject to the annual review, reporting and announcement requirements, and is exempted from the independent shareholders' approval requirement.

An announcement containing the particulars of the New Master Connection Services Agreement was made on 18 May 2012.

For the year ended 31 December 2014, the total contract sum awarded to the Group under the New Master Connection Services Agreement was HK$34,037,029.

B.7 FE-CSCECL Sub-construction Engagement Agreement

On 11 June 2012, CSCECL and Far East Global Group Limited ("FEG", a non-wholly owned subsidiary of the Company) entered into the FE-CSCECL Sub-construction Engagement Agreement, whereby the CSCECL Group may engage the FEG Group as its subcontractor for provision of contracting service, supply, project consultancy service and project management service in relation to exterior facade works to the CSCECL Group's construction works for the period commencing from 16 July 2012 and ending on 30 June 2015. Pursuant to the FE-CSCECL Sub-construction Engagement Agreement, the maximum total contract sum that may be awarded by the CSCECL Group to the FEG Group for the period between 16 July 2012 and 31 December 2012 shall not exceed HK$400 million, for each of the two years ending 31 December 2014 shall not exceed HK$800 million, and for the period between 1 January 2015 and 30 June 2015 shall not exceed HK$400 million (i.e. the CSCECL Works Cap). The FE-CSCECL Sub-construction Engagement Agreement was terminated upon taking effect of the New FE-CSCECL Sub-construction Engagement Agreement as disclosed below.

The maximum total contract sum that may be awarded to the FEG Group for each year/period under the FE-CSCECL Sub-construction Engagement Agreement, i.e. the CSCECL Works Cap, is less than 5% of the applicable percentage ratios calculated pursuant to the Listing Rules. As such the FE-CSCECL Sub-construction Engagement Agreement is subject to the annual review, reporting and announcement requirements and is exempted from the independent shareholders' approval requirement.

An announcement containing the particulars of the FE-CSCECL Sub-construction Engagement Agreement was made on 11 June 2012.

CSCECL and FEG entered into a New FE-CSCECL Sub-construction Engagement Agreement for a further term of three years (from 1 January 2015 to 31 December 2017). Details were disclosed in the announcement dated 28 October 2014.

For the year ended 31 December 2014, there was no contract awarded by the CSCECL Group to the FEG Group under the FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap).

B.8 Master Design Consultancy Services Agreement

On 19 August 2013, the Company and COLI entered into the Master Design Consultancy Services Agreement, whereby the Group may engage 香港華藝設計顧問(深圳)有限公司 (Hong Kong Huayi Design Consultants (Shenzhen) Ltd ("Huayi"), a subsidiary of COLI) as provider of Design Consultancy Services to the Group's building construction works in the Mainland China for the period commencing from 1 September 2013 and ending on 31 August 2016. Pursuant to the Master Design Consultancy Services Agreement, the maximum aggregate value of the contract sum that may be awarded by the Group to Huayi for the period between 1 September 2013 and 31 December 2013 shall not exceed RMB85 million, for each of the two years ending 31 December 2015 shall not exceed RMB130 million, and for the period between 1 January 2016 and 31 August 2016 shall not exceed RMB130 million (i.e. the Annual Cap).

The maximum total contract sum that may be awarded to Huayi for each year/period under the Master Design Consultancy Services Agreement, i.e. the Annual Cap, is less than 5% of the applicable percentage ratios calculated pursuant to the Listing Rules. As such the Master Design Consultancy Services Agreement is subject to the annual review, reporting and announcement requirements, and is exempted from the independent shareholders' approval requirement.

Connected Transactions (continued)

An announcement containing the particulars of the Master Design Consultancy Services Agreement was made on 19 August 2013.

For the year ended 31 December 2014, there was no contract awarded by the Group to Huayi under the Master Design Consultancy Services Agreement (i.e. Annual Cap).

Pursuant to rule 14A.55 of the Listing Rules, the above Continuing Connected Transactions have been approved by the Board and have been reviewed by the Independent Non-executive Directors of the Company, who confirmed that these Continuing Connected Transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Company than terms available to or from independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has confirmed in a letter to the Board that:

(1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions had not been approved by the Board;

(2) nothing has come to their attention that causes them to believe that the transactions were not entered into in accordance with the relevant agreements governing such transactions;

(3) the relevant cap amount have not been exceeded during the financial year ended 31 December 2014; and

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

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned continuing connected transaction.

The continuing connected transactions disclosed above also constitute related party transaction under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year was disclosed in Note 46 to the financial statements. Certain items also constitute connected/continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Independent Auditor's Report

羅兵咸永道

Independent Auditor's Report
To the shareholders of China State Construction International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China State Construction International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 91 to 197, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 28109888, www.pwchk.com

Independent Auditor's Report (continued)

Independent Auditor's Report
To the shareholders of China State Construction International Holdings Limited *(continued)*
(incorporated in the Cayman Islands with limited liability)

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2015

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000 (restated)
Revenue	5	**34,439,575**	27,285,620
Costs of sales		**(29,696,483)**	(23,539,675)
Gross profit		**4,743,092**	3,745,945
Other income and other gains, net	7	**475,339**	436,542
Administrative expenses		**(899,269)**	(959,512)
Distribution, selling and other operating expenses		**(133,871)**	(82,946)
Share of profits of			
Joint ventures		**294,345**	430,228
Associates		**23,787**	21,941
Finance costs	8	**(455,829)**	(418,440)
Profit before tax		**4,047,594**	3,173,758
Income tax expenses, net	11	**(659,716)**	(503,071)
Profit for the year	12	**3,387,878**	2,670,687
Profit/(loss) for the year attributable to:			
Owners of the Company		**3,457,410**	2,749,551
Non-controlling interests		**(69,532)**	(78,864)
		3,387,878	2,670,687
Earnings per share (HK cents)	15		
Basic		**88.75**	70.71
Diluted		**87.52**	69.68

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 HK$'000	2013 HK$'000 (restated)
Profit for the year	**3,387,878**	2,670,687
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	**(9,954)**	(1,114)
Gain on fair value changes of available-for-sale investments, net of tax	**4,838**	9,041
Exchange differences on translation of foreign operations	**(178,351)**	602,671
Other comprehensive (loss)/income for the year, net of tax	**(183,467)**	610,598
Total comprehensive income for the year, net of tax	**3,204,411**	3,281,285
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	**3,290,828**	3,368,396
Non-controlling interests	**(86,417)**	(87,111)
	3,204,411	3,281,285

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000 (restated)
Non-current Assets			
Property, plant and equipment	16	2,827,300	2,672,357
Investment properties	17	38,073	39,085
Interests in infrastructure project investments	18	1,489,188	1,186,012
Prepaid lease payments	19	273,022	280,063
Interests in joint ventures	21	3,449,034	2,149,893
Interests in associates	22	2,104,943	48,757
Concession operating rights	23	6,530,992	6,353,833
Deferred tax assets	41	187,320	151,027
Trademark, project backlogs and licences	24	200,640	226,596
Goodwill	24	577,664	577,664
Available-for-sale investments	25	453,286	543,642
Amounts due from investee companies	26	411,838	399,645
Trade and other receivables	29	12,901,282	8,141,167
Deposit paid for an investment		–	500,000
Loan to a joint venture	32	804,918	127,550
		32,249,500	23,397,291
Current Assets			
Interests in infrastructure project investments	18	17,176	10,566
Inventories	27	160,289	163,427
Properties held for sale		66,544	152,905
Amounts due from customers for contract work	28	1,354,148	1,075,267
Trade and other receivables	29	12,542,067	10,023,980
Deposits and prepayments		461,585	305,034
Amounts due from joint ventures	32	1,342,025	7,154
Amount due from an associate	31	–	388
Tax recoverable		11,559	18,697
Bank balances and cash	33	7,452,448	8,126,183
		23,407,841	19,883,601
Assets held for sale	36	10,921,766	9,169,319
		34,329,607	29,052,920

Consolidated Statement of Financial Position (continued)

AS AT 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000 (restated)
Current Liabilities			
Amounts due to customers for contract work	28	**3,793,052**	1,903,378
Trade payables, other payables and accruals	34	**17,261,318**	13,019,734
Deposits received and advances from customers		**828,738**	1,766,045
Amount due to immediate holding company	31	**–**	450,000
Amounts due to joint ventures	32	**354,111**	–
Amount due to an associate	31	**26,480**	27,505
Current tax payables		**930,971**	608,633
Borrowings	35	**587,269**	261,889
Obligations under finance leases		**998**	1,087
		23,782,937	18,038,271
Liabilities directly associated with assets classified as held for sale	36	**7,438,135**	4,723,121
		31,221,072	22,761,392
Net Current Assets		**3,108,535**	6,291,528
Total Assets less Current Liabilities		**35,358,035**	29,688,819
Capital and Reserves			
Share capital	37	**100,310**	97,219
Share premium and reserves	38	**19,729,786**	15,836,417
Equity attributable to owners of the Company		**19,830,096**	15,933,636
Non-controlling interests		**167,566**	253,237
		19,997,662	16,186,873
Non-current Liabilities			
Borrowings	35	**10,361,804**	8,600,258
Guaranteed notes payables	39	**3,869,804**	3,860,286
Deferred income	40	**735,808**	638,802
Deferred tax liabilities	41	**389,477**	398,320
Obligations under finance leases		**3,480**	4,280
		15,360,373	13,501,946
		35,358,035	29,688,819

On behalf of the Board

Zhou Yong
Director

Zhou Hancheng
Director

Statement of Financial Position

AS AT 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current Asset			
Interests in subsidiaries	20	**8,602,692**	7,332,172
Current Assets			
Deposits, prepayments and other receivables		**31,520**	10,723
Amounts due from subsidiaries	30	**6,198,748**	4,666,446
Tax recoverable		**–**	103
Bank balances and cash	33	**7,114**	98,139
		6,237,382	4,775,411
Current Liabilities			
Other payables		**10,116**	8,939
Current tax payables		**1,579**	–
		11,695	8,939
Net Current Assets		**6,225,687**	4,766,472
Total Assets less Current Liabilities		**14,828,379**	12,098,644
Capital and Reserves			
Share capital	37	**100,310**	97,219
Share premium and reserves	38	**10,128,069**	8,701,425
		10,228,379	8,798,644
Non-current Liability			
Borrowings	35	**4,600,000**	3,300,000
		14,828,379	12,098,644

On behalf of the Board

Zhou Yong
Director

Zhou Hancheng
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company				
	Share capital HK$'000 (Note 37)	Share premium and reserves HK$'000 (Note 38)	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013, as previously presented	97,186	13,412,638	13,509,824	343,144	13,852,968
Acquisition of China Overseas Ports Investment Company Limited ("COP") (Note 2.1(a)(i))	–	(90,561)	(90,561)	–	(90,561)
At 1 January 2013, as restated	97,186	13,322,077	13,419,263	343,144	13,762,407
Profit/(loss) for the year, as restated	–	2,749,551	2,749,551	(78,864)	2,670,687
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	–	(1,114)	(1,114)	–	(1,114)
Gain on fair value changes of available-for-sale investments, net of tax	–	9,026	9,026	15	9,041
Exchange differences arising on translation of foreign operations, as restated	–	610,933	610,933	(8,262)	602,671
Total comprehensive income/(loss) for the year, as restated	–	3,368,396	3,368,396	(87,111)	3,281,285
Issue of ordinary shares upon exercise of share options	33	260	293	–	293
Contribution from a former shareholder (Note 38(a)(i))	–	36,658	36,658	–	36,658
Dividend paid to a former shareholder (Note 38(a)(i))	–	(191,000)	(191,000)	–	(191,000)
Dividend paid to non-controlling shareholders	–	–	–	(2,796)	(2,796)
2012 final dividend paid	–	(349,987)	(349,987)	–	(349,987)
2013 interim dividend paid	–	(349,987)	(349,987)	–	(349,987)
Total transactions with owners, recognised directly in equity	33	(854,056)	(854,023)	(2,796)	(856,819)
At 31 December 2013, as restated	97,219	15,836,417	15,933,636	253,237	16,186,873

Consolidated Statement of Changes in Equity (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company				
	Share capital HK$'000 (Note 37)	Share premium and reserves HK$'000 (Note 38)	Total HK$'000	Non–controlling interests HK$'000	Total equity HK$'000
At 1 January 2014, as previously presented	97,219	16,083,606	16,180,825	253,237	16,434,062
Acquisition of COP (Note 2.1(a)(i))	–	(247,189)	(247,189)	–	(247,189)
At 1 January 2014, as restated	97,219	15,836,417	15,933,636	253,237	16,186,873
Profit/(loss) for the year	–	3,457,410	3,457,410	(69,532)	3,387,878
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	–	(9,954)	(9,954)	–	(9,954)
Gain on fair value changes of available-for-sale investments, net of tax	–	4,838	4,838	–	4,838
Exchange differences arising on translation of foreign operations	–	(161,466)	(161,466)	(16,885)	(178,351)
Total comprehensive income/(loss) for the year	–	3,290,828	3,290,828	(86,417)	3,204,411
Issue of ordinary shares upon exercise of share options	160	1,281	1,441	–	1,441
Issue of shares upon acquisition of subsidiaries and a joint venture	2,931	1,317,619	1,320,550	–	1,320,550
Contribution from a former shareholder (Note 38(a)(i))	–	178,892	178,892	–	178,892
Contribution from non-controlling interests of a subsidiary	–	–	–	6,338	6,338
Dividend paid to non-controlling shareholders	–	–	–	(5,592)	(5,592)
2013 final dividend paid	–	(467,088)	(467,088)	–	(467,088)
2014 interim dividend paid	–	(428,163)	(428,163)	–	(428,163)
Total transactions with owners, recognised directly in equity	3,091	602,541	605,632	746	606,378
At 31 December 2014	100,310	19,729,786	19,830,096	167,566	19,997,662

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 HK$'000	2013 HK$'000 (restated)
Operating activities		
Profit before tax	**4,047,594**	3,173,758
Adjustments for:		
Finance costs	**455,829**	418,440
Interest income	**(154,661)**	(126,678)
Dividend income	**(15,289)**	(85,565)
Gain on disposal of convertible bonds	**–**	(7,525)
Gain on disposal of listed available-for-sale investments	**(13,992)**	(1,715)
Gain on disposal of properties held for sale	**(244,166)**	(22,101)
Loss/(gain) on disposal of property, plant and equipment	**4,156**	(64,568)
Share of profits of joint ventures	**(294,345)**	(430,228)
Share of profits of associates	**(23,787)**	(21,941)
Exchange loss/(gain), net	**1,873**	(2,902)
Depreciation of property, plant and equipment	**145,084**	129,138
Depreciation of investment properties	**1,007**	1,008
Amortisation of concession operating rights	**142,257**	140,478
Amortisation of trademark and projects backlogs	**25,956**	25,955
Amortisation of prepaid lease payments	**6,077**	8,681
Allowance for doubtful debts on trade and other receivables	**2,932**	1,108
Operating cash flows before working capital changes	**4,086,525**	3,135,343
Increase in concession operating rights	**(253,537)**	(726,657)
Increase in income receivables from infrastructure project investments	**(178,669)**	(14,943)
Decrease in inventories	**3,138**	24,210
Changes in net balances with customers for contract work	**559,217**	(2,950,374)
Increase in trade and other receivables	**(7,661,711)**	(6,272,893)
(Increase)/decrease in deposits and prepayments	**(98,284)**	171,310
Increase in trade payables, other payables and accruals	**4,278,046**	2,978,470
(Decrease)/increase in deposits received and advances from customers	**(935,685)**	600,484
Changes in net balances with an associate	**(1,134)**	(6,378)
Changes in net balances with a joint venture	**(1,273,675)**	–
Increase in deferred income	**100,922**	95,412
Net cash used in operations	**(1,374,847)**	(2,966,016)
Income taxes paid	**(336,944)**	(123,813)
Income taxes refunded	**22,853**	4,394
Net cash used in operating activities (Note)	**(1,688,938)**	(3,085,435)

Consolidated Statement of Cash Flows (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 HK$'000	2013 HK$'000 (restated)
Investing activities		
Interest received	94,787	105,287
Purchases of property, plant and equipment	(514,487)	(378,543)
Proceeds from disposal of property, plant and equipment	38,017	87,936
Proceeds from properties held for sale	330,502	27,804
Increase in interests in infrastructure project investments	(140,746)	(240,106)
Advances from joint ventures	338,451	–
Purchases of prepaid lease payments	–	(2,356)
Loan to a joint venture	(677,368)	(127,550)
Dividends received from joint ventures	160,075	694,559
Dividends received from associates	40,197	9,339
Dividends received from unlisted available-for-sale investments	15,289	85,384
Dividends received from listed available-for-sale investments	–	181
Increase in interests in an associate	(1,572,596)	–
Acquisition of listed available-for-sale investments	(183,061)	(54,060)
Proceeds from disposal of unlisted available-for-sale investments	–	23,781
Proceeds from disposal of listed available-for-sale investments	282,277	3,628
Repayment of other receivables	–	189,961
(Increase)/decrease in pledged bank deposits	(391)	1,000
Decrease in deposits with financial institutions	142	354
Capital investment in a joint venture	(302,407)	(100,895)
Deposit paid for an investment	–	(500,000)
Proceeds from disposal of convertible bonds	–	304,352
Net cash (used in)/from investing activities	(2,091,319)	130,056

Consolidated Statement of Cash Flows (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000 (restated)
Financing activities			
Finance costs paid		(853,197)	(747,000)
Dividends paid to owners of the Company		(895,251)	(699,974)
Dividends paid to non-controlling interests		(5,592)	(2,796)
Dividend paid to a former shareholder (Note 38(a)(i))		–	(191,000)
Contribution from a former shareholder (Note 38(a)(i))		178,892	36,658
Contribution from non-controlling interests		6,338	–
New bank loans raised		6,249,098	4,913,874
Repayment of bank loans		(1,507,621)	(3,115,158)
Issue of guaranteed notes payables		–	3,853,167
Repayment of finance leases		(1,839)	(1,982)
Proceeds from issue of ordinary shares on exercise of share options		1,441	293
Net cash from financing activities		3,172,269	4,046,082
(Decrease)/increase in cash and cash equivalents		(607,988)	1,090,703
Cash and cash equivalents at the beginning of the year		8,161,250	6,921,091
Effect of foreign exchange rate changes		(48,134)	149,456
Cash and cash equivalents at the end of the year		7,505,128	8,161,250
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		7,452,448	8,126,183
Cash and cash equivalents reclassified to assets held for sale	36	53,382	35,520
Less: Pledged bank deposits and deposits with financial institutions		(702)	(453)
		7,505,128	8,161,250

Note:

The net cash used in operating activities included net cash outflows of administrative expenses amounting to approximately HK$845 million (2013: HK$862 million). Excluding the expenditure for the "build-transfer" ("BT") and "build-operate-transfer" ("BOT") projects amounting to approximately HK$4,138 million (2013: HK$4,949 million), the net cash generated from operating activities for the year was approximately HK$2,449 million (2013: HK$1,864 million).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

1 General information

China State Construction International Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") with effect from 8 July 2005. Its immediate holding company is China Overseas Holdings Limited ("COHL"), a company incorporated in Hong Kong. Its intermediate holding company and its ultimate holding company are China State Construction Engineering Corporation Limited ("CSCECL"), a joint stock company with its shares listed on the Shanghai Stock Exchange, and China State Construction Engineering Corporation ("CSCEC"), respectively, both of which are established in the People's Republic of China ("PRC") and controlled by the PRC Government. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, The Cayman Islands and 28th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong, respectively.

The principal activities of the Company and its subsidiaries (together, the "Group") are the construction business, project consultancy services, thermoelectricity business, infrastructure project investments, toll road operation, precast structures business and facade contracting business. The principal activities of its principal subsidiaries, joint ventures and associates are set out in Notes 48, 21 and 22, respectively.

The consolidated financial statement is presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors on 20 March 2015.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments, which are carried at fair value.

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

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Business combination and change of presentation

(i) Acquisition of China Overseas Ports Investment Company Limited ("COP")

In December 2014, Ever Power Group Limited ("Ever Power"), a wholly-owned subsidiary of the Company, completed the acquisition of COP, from COHL, immediate holding company of the Company, including a shareholder's loan to COP for 117,278,000 shares of the Company. The fair value of these shares was HK$1,320,550,000 at the date of completion.

COP and its subsidiaries are engaged in logistics business and also own 60% equity interest in a joint venture, 中海港務（萊州）有限公司, which is principally engaged in port operation in the Mainland China.

The transfer of the entire interests in COP, together with its subsidiaries (together, the "COP Group"), was considered as common control combinations. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2014, together with the comparative figures, were prepared using the principles of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as if they had been combined from the date when the COP Group first came under the control of the controlling party of the Group and COP Group.

(ii) Change of presentation of intercompany balances in trade nature

From 2014 onwards, the intercompany balances in trade nature have been grouped under trade and other receivables and payables balances, instead of presented separately. The prior year figures have also been revised to conform with the current year presentation accordingly.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Business combination and change of presentation *(continued)*

Effects of application of common control combination and change of presentation

The effects of application of common control combination, in accordance with Accounting Guideline 5, on the results of the Group for the years ended 31 December 2014 and 2013 by line items presented in the consolidated income statement and the consolidated statement of comprehensive income (extracts) are as follows:

	For the year ended 31 December 2014	Effect of acquisition of COP Group (Note 2.1(a)(i))	For the year ended 31 December 2014 (as presented)
	HK$'000	HK$'000	HK$'000
Revenue	34,395,309	44,266	34,439,575
Costs of sales	(29,654,736)	(41,747)	(29,696,483)
Other income and other gains, net	472,115	3,224	475,339
Administrative expenses	(872,740)	(26,529)	(899,269)
Finance costs	(450,635)	(5,194)	(455,829)
Income tax (expenses)/credit, net	(661,295)	1,579	(659,716)
Other comprehensive loss – Exchange differences on translation of foreign operations	(175,851)	(2,500)	(178,351)
Earnings per share (HK cents)			
Basic	89.38	(0.63)	88.75
Diluted	88.14	(0.62)	87.52

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Business combination and change of presentation *(continued)*

Effects of application of common control combination and change of presentation (continued)

	For the year ended 31 December 2013 (as previously presented) HK$'000	Effect of acquisition of COP Group (Note 2.1(a)(i)) HK$'000	For the year ended 31 December 2013 (as restated) HK$'000
Revenue	27,191,939	93,681	27,285,620
Costs of sales	(23,456,839)	(82,836)	(23,539,675)
Other income and other gains, net	431,310	5,232	436,542
Administrative expenses	(933,643)	(25,869)	(959,512)
Finance costs	(409,330)	(9,110)	(418,440)
Income tax expenses, net	(499,379)	(3,692)	(503,071)
Other comprehensive income – Exchange differences on translation of foreign operations	582,363	20,308	602,671
Earnings per share (HK cents)			
Basic	71.29	(0.58)	70.71
Diluted	70.25	(0.57)	69.68

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Business combination and change of presentation *(continued)*

Effects of application of common control combination and change of presentation (continued)

The effects of application of common control combination, in accordance with Accounting Guideline 5, and change of presentation, on the consolidated statement of financial position of the Group (extracts) as at 31 December 2014 and 2013 are as follows:

	As at 31 December 2014 HK$'000	Effect of acquisition of COP Group (Note 2.1(a)(i)) HK$'000	As at 31 December 2014 (as presented) HK$'000
Non-current Assets			
Property, plant and equipment	2,508,461	318,839	2,827,300
Prepaid lease payments	179,680	93,342	273,022
Total non-current assets	31,837,319	412,181	32,249,500
Current Assets			
Trade and other receivables	12,425,155	116,912	12,542,067
Deposits and prepayments	458,665	2,920	461,585
Tax recoverable	11,534	25	11,559
Bank balances and cash	7,435,936	16,512	7,452,448
Amounts due from group companies (Note (a))	450,000	–	–
Total current assets	34,643,238	136,369	34,329,607
Current Liabilities			
Trade payables, other payables and accruals	17,134,460	126,858	17,261,318
Deposits received and advances from customers	824,567	4,171	828,738
Current tax payables	928,463	2,508	930,971
Borrowings	558,748	28,521	587,269
Amounts due to group companies (Note (a))	–	450,000	–
Total current liabilities	31,059,014	612,058	31,221,072
Net current assets/(liabilities)	3,584,224	(475,689)	3,108,535
Total assets less current liabilities	35,421,543	(63,508)	35,358,035
Non-current Liabilities			
Borrowings	10,330,114	31,690	10,361,804
Total non-current liabilities	15,328,683	31,690	15,360,373
Capital and Reserves			
Share premium and reserves (Note (b))	19,824,984	(95,198)	19,729,786
Total Equity	20,092,860	(95,198)	19,997,662

Notes:

(a) These intercompany balances were eliminated for the purpose of the consolidated statement of financial position.

(b) Included in share premium and reserves balance, there was a contribution from a former shareholder of HK$178,892,000.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Business combination and change of presentation *(continued)*

Effects of application of common control combination and change of presentation (continued)

	As at 31 December 2013 (as previously presented) HK$'000	Effect of acquisition of COP Group (Note 2.1(a)(i)) HK$'000	Change of presentation (Note 2.1(a)(ii)) HK$'000	As at 31 December 2013 (as restated) HK$'000
Non-current Assets				
Property, plant and equipment	2,342,163	330,194	–	2,672,357
Prepaid lease payments	183,987	96,076	–	280,063
Total non-current assets	22,971,021	426,270	–	23,397,291
Current Assets				
Trade and other receivables	8,654,467	266,485	1,103,028	10,023,980
Deposits and prepayments	228,295	5,020	71,719	305,034
Amount due from immediate holding company	4,833	–	(4,833)	–
Amounts due from fellow subsidiaries	264,025	–	(264,025)	–
Bank balances and cash	8,116,273	9,910	–	8,126,183
Total current assets	27,865,616	281,415	905,889	29,052,920
Current Liabilities				
Trade payables, other payables and accruals	8,564,715	402,558	4,052,461	13,019,734
Deposits received and advances from customers	1,755,670	10,375	–	1,766,045
Amount due to an intermediate holding company	548,536	–	(548,536)	–
Amount due to immediate holding company	–	450,000	–	450,000
Amounts due to fellow subsidiaries	2,598,036	–	(2,598,036)	–
Current tax payables	606,061	2,572	–	608,633
Borrowings	236,449	25,440	–	261,889
Total current liabilities	20,964,558	890,945	905,889	22,761,392
Net current assets/(liabilities)	6,901,058	(609,530)	–	6,291,528
Total assets less current liabilities	29,872,079	(183,260)	–	29,688,819
Non-current Liabilities				
Borrowings	8,539,842	60,416	–	8,600,258
Deferred tax liabilities	394,807	3,513	–	398,320
Total non-current liabilities	13,438,017	63,929	–	13,501,946
Capital and Reserves				
Share premium and reserves	16,083,606	(247,189)	–	15,836,417
Total Equity	16,434,062	(247,189)	–	16,186,873

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Business combination and change of presentation *(continued)*

Effects of application of common control combination and change of presentation (continued)

The effects of application of common control combination, in accordance with Accounting Guideline 5, on the consolidated statement of cash flows of the Group (extracts) for the year ended 31 December 2013 are as follows:

	2013 HK$'000
Operating activities	
Decrease in profit before tax	(18,902)
Decrease in gain on disposal of property, plant and equipment	61
Increase in depreciation of property, plant and equipment	10,099
Increase in amortisation of prepaid lease payments	2,373
Increase in finance costs	9,110
Increase in interest income	(52)
Decrease in exchange gain, net	472
Decrease in inventories	2,263
Increase in trade and other receivables	(208,410)
Increase in deposits and prepayments	(2,269)
Increase in trade payables, other payables and accruals	411,068
Decrease in net cash used in operations	205,813
Increase in income taxes paid	(3,719)
Decrease in net cash used in operating activities	202,094

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) Business combination and change of presentation *(continued)*

Effects of application of common control combination and change of presentation (continued)

The effects of application of common control combination, in accordance with Accounting Guideline 5, on the consolidated statement of cash flows of the Group (extracts) for the year ended 31 December 2013 are as follows: *(continued)*

	2013 HK$'000
Investing activities	
Increase in interest received	52
Increase in purchases of property, plant and equipment	(384)
Increase in proceeds from disposal of property, plant and equipment	2,366
Increase in net cash from investing activities	2,034
Financing activities	
Increase in finance cost paid	(9,110)
Increase in repayment of bank loans	(84,375)
Increase in dividend paid to a former shareholder	(191,000)
Increase in contribution from a former shareholder	36,658
Decrease in net cash from financing activities	(247,827)
Decrease in cash and cash equivalents	(43,699)
Increase in cash and cash equivalents at the beginning of the year	50,996
Effect of foreign exchange rate changes	2,613
Increase in cash and cash equivalents at the end of the year	9,910

The application of Accounting Guideline 5 is consistent with the Group's previous common control combinations in previous financial years.

(b) The adoption of amendments and interpretation to existing standards

In the current year, the Group has applied the following amendments and interpretation to existing Hong Kong Accounting Standards ("HKAS(s)"), and HKFRS (hereinafter collectively referenced to as the "new HKFRSs") issued by the HKICPA.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK(IFRIC)-Int 21	Levies

The application of the above new HKFRSs in the current year has had no material impact on the Group's results and financial position.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(c) New Hong Kong Companies Ordinance (Cap. 622)

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

(d) New standards, amendments and improvements to existing standards not yet effective

The Group has not early adopted the following new standards, amendments and improvements to existing standards that have been issued but are not yet effective.

Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Bearer Plants[2]
Amendments to HKAS 19	Employee Benefits: Defined Benefit Plans — Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[2]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Annual Improvements Project	Annual Improvements 2010–2012 Cycle[1]
Annual Improvements Project	Annual Improvements 2011–2013 Cycle[1]
Annual Improvements Project	Annual Improvements 2012–2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

The Group has not early adopted the above new standards, amendments and improvements to existing standards, and is not yet in a position to state whether there are substantial changes to the Group's accounting policies and presentation of the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Subsidiaries

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

Business combinations — common control combinations

Business combinations under common control are accounted for in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations". In applying merger accounting, the consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

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

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

The consolidated income statement also takes into account the profit or loss attributable to the non-controlling interests of the controlling party. Upon the completion of common control combinations, the retained profit of the combining entities or business is transferred to the retained profits of the Group.

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

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries *(continued)*

Business combinations — acquisition method

The Group applies the acquisition method to account for business combinations other than common control combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

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

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

Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries *(continued)*

Separate financial statements (continued)

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

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

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

(b) Associates

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

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

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

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(b) Associates *(continued)*

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

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

Gains and losses on dilution of equity interest in associates are recognised in the consolidated income statement.

(c) Joint arrangements

Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

Joint ventures

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(c) Joint arrangements *(continued)*

Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement within "other income and other gains, net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in consolidated income statement, and other changes in carrying amount are recognised in other comprehensive income.

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

2 Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation *(continued)*

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the end of the reporting period;

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

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

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

(d) Disposal of foreign operation and partial disposal

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

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

2.5 Property, plant and equipment

Land and buildings comprise mainly factories and offices. Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.5 Property, plant and equipment *(continued)*

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

Freehold land	Not depreciated
Land and buildings	Over the shorter of the term of the relevant leases or 50 years
Heat and electricity supply facilities	20 years
Machinery	3 to 10 years
Furniture, fixtures and equipment and motor vehicles	3 to 8 years

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

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

Construction in progress represents buildings under construction and machinery pending installation, and is stated at cost less impairment losses. It will be reclassified to the relevant property, plant and equipment category upon completion and depreciation begins when the relevant assets are available for use.

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

2.6 Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment or investment properties.

2 Summary of significant accounting policies *(continued)*

2.7 Investment properties

Investment properties are properties held for long-term rental yields and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated income statement in the period in which the item is derecognised.

Investment properties are depreciated on a straight-line basis as follows:

Buildings on freehold land	50 years
Land and buildings on land under medium-term leases	Over the shorter of the term of the relevant leases and estimated useful life of buildings ranging from 20 to 50 years

2.8 Interests in infrastructure project investments

Interests in infrastructure project investments represent loans advanced to joint ventures whereby the Group's return is predetermined in accordance with the provisions of the relevant agreements.

The Group's interests in the infrastructure project investments are classified as loans and receivables in accordance with HKAS 39 and are stated at amortised cost using effective interest method. The carrying amount of such interests is reduced to recognise any identified impairment losses of individual investments.

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.9 Intangible assets *(continued)*

(a) Goodwill *(continued)*

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

(b) Trademark, project backlogs and licences

Separately acquired licences are shown at historical cost. Trademark and project backlogs acquired in a business combination are recognised at fair value at the acquisition date.

Trademark and project backlogs that have a definite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and project backlogs over their estimated useful lives of 20 years or specific contract period respectively.

Licences that have indefinite useful lives are not amortised. They are subject to impairment testing annually or more frequently if events or changes in circumstances indicate a potential impairment.

(c) Concession operating rights

The Group applies the intangible asset model to account for the toll expressway. The concession grantors (the respective local governments) have not provided any contractual guarantees for the recovery of the amounts of construction costs incurred. The intangible assets correspond to the rights granted by the respective concession grantors to the Group to charge users of the toll road services and are recorded in the consolidated statement of financial position as "concession operating rights".

When the Group has a right to operate, and charge for usage of, toll expressway as a consideration for providing construction services in a service concession arrangement, it recognises a concession intangible asset at fair value upon initial recognition. The concession operating rights is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of concession operating rights is calculated to write off their costs, commencing from the date of commencement of commercial operation of the underlying toll expressways to the end of the respective concession periods of thirty years. The annual amortisation of concession operating rights is calculated by using the straight-line method over the concession periods.

Gains or losses arising from derecognition of a concession operating right are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement in the period when the asset is derecognised.

2 Summary of significant accounting policies *(continued)*

2.10 Financial assets

Classification

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

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "interests in infrastructure project investments", "amounts due from investee companies", "amounts due from an associate, joint ventures and a related company", "trade and other receivables", "deposits and prepayments" and "cash and cash equivalents" in the consolidated statement of financial position.

(c) Available-for-sale investments

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

Recognition and measurement

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.10 Financial assets *(continued)*

Recognition and measurement *(continued)*

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

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

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of "investment income". Dividends on available-for-sale equity instruments are recognised in the income statement as part of "investment income" when the Group's right to receive payments is established.

Offsetting financial instruments

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

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 Summary of significant accounting policies *(continued)*

2.11 Impairment of financial assets *(continued)*

(a) Assets carried at amortised cost *(continued)*

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

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

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated income statement — is removed from equity and recognised in consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated income statement, the impairment loss is reversed through the consolidated income statement.

2.12 Impairment of non-financial assets

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling expenses.

2.14 Properties held for sale

Properties acquired for subsequent resale are stated at the lower of cost and net realisable value. Net realisable value is determined by the management based on prevailing market conditions.

2.15 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenue of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when they were negotiated as a single package and are so closely inter-related that they constitute a single project with an overall profit margin.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as receipt in advance. Amounts billed for work performed, but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

2 Summary of significant accounting policies *(continued)*

2.16 Trade and other receivables

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

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

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, pledged bank deposits, bank deposits with financial institutions with original maturities of three months or less, bank balance, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.18 Share capital

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

2.19 Trade payables, other payables and accruals

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

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

2.20 Borrowings

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

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

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.21 Borrowing costs

Relevant general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated income statement in the period in which they are incurred.

2.22 Deferred income

Deferred income represents connection fee income not yet recognised in relation to heat transmission services.

2.23 Current and deferred income tax

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

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis difference

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

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

2 Summary of significant accounting policies *(continued)*

2.23 Current and deferred income tax *(continued)*

(ii) Deferred income tax *(continued)*

Outside basis difference

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

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

(iii) Offsetting

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

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle that obligation, and the amount has been reliably estimated. Provisions, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the granter, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.25 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) The Group as lessor

When assets are leased out under an operating lease, the assets are included in the consolidated statement of financial position based on the nature of the assets. Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

(b) The Group as lessee

(i) Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(ii) Finance lease

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

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

2 Summary of significant accounting policies *(continued)*

2.26 Employee benefits

(a) Retirement benefits

The Group participates in mandatory provident fund schemes in Hong Kong which are defined contribution plan generally funded through payments to trustee-administered funds. The assets of the scheme are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government in Mainland China, the subsidiaries in Mainland China participate in the municipal government contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government of the Mainland China is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme. The Group's contributions to the scheme are expensed as incurred.

(b) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.27 Share-based payments

(a) Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in consolidated income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve. When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

(b) Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses with a corresponding increase in equity (share options reserve), when the counterparties render services, unless the services qualify for recognition as assets.

2 Summary of significant accounting policies *(continued)*

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(a) Construction contracts

When the outcome of a fixed price construction contract can be estimated reliably, revenue is recognised on the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract, after making due allowances for contingencies. Provisions are made for any foreseeable losses when they are identified. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a cost-plus construction contract including construction services of the infrastructure under service concession arrangements can be estimated reliably, revenue is recognised by reference to the recoverable costs incurred during the year plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

(b) Project consultancy contracts

Income from project consultancy contract is recognised on an accrual basis when project consultancy services are provided.

(c) Thermoelectricity business

Revenue from thermoelectricity business consists of revenue from the supply of heat, steam and electricity, and connection service income.

Revenue from the supply of heat, steam and electricity are recognised based upon output delivered and capacity provided at rates specified under contract terms.

Connection service income received and receivable, to the extent which is attributable to the initial pipeline construction and connection of transmission of heat and steam, is recognised upon the completion of services provided for the relevant connection works and the corresponding costs incurred can be measured reliably. Connection service attributable to the continuing heat and steam transmission is recorded as deferred income and amortised on a straight-line basis over the expected service period of heat and steam transmission to be rendered with reference to the term of the operating license of the relevant entities.

2 Summary of significant accounting policies *(continued)*

2.28 Revenue recognition *(continued)*

(d) Income from infrastructure project investments

Income from infrastructure project investments is accrued on a time basis, by making reference to the carrying amount and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows through the expected life of the infrastructure project to that project's net carrying amount at initial recognition.

(e) Toll revenue

Toll revenue from the operation of toll expressways is recognised at the time of usage.

(f) Sales of goods

Revenue from sales of goods are recognised when goods are delivered and title has been passed.

(g) Lease of machinery

Income from lease of machinery is recognised on a straight-line basis over the terms of the relevant leases.

(h) Insurance income

Revenue from insurance service is recognised proportionally over the period of coverage.

(i) Interest income

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

(j) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount or revenue can be measured reliably).

(k) Services income

Revenue from services income, including consultancy service income, commission income, technical service income, logistics services income and management service income, is recognised when the corresponding services are rendered.

(l) Interest income generated from BT projects

Income from BT projects is accrued on a time basis, by making reference to the carrying amount and at the interest rate specified under contract terms.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of significant accounting policies *(continued)*

2.29 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.30 Insurance contracts

The Group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. If the carrying amount of the relevant insurance liabilities is less than the best estimate of the expenditure required to settle the relevant insurance liabilities at the end of the reporting period, the Group recognises the entire difference in the income statement. These estimates are recognised only when the outflow is probable and the estimates can be reliably measured.

2.31 Dividend distribution

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

2.32 Assets held for sales

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below) (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

3 Financial risk management

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign currency risk

The Group and the Company undertakes certain transactions denominated in foreign currencies, primarily with respect to the Renminbi ("RMB") and United States dollar ("US$"), hence exposures to exchange rate fluctuation arise. The Group and the Company currently does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and consider hedging significant foreign currency exposure should the need arise.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

In view of the fact that HK$ is pegged to US$, the foreign currency exposure of operating units having HK$ as functional currency on US$ transactions and balances is minimal.

At 31 December 2014, if HK$ had weakened/strengthened 5% against RMB with all other variables held constant, the consolidated profit before tax for the year would have been HK$565,000 lower/higher (2013 (restated): HK$1,762,000 higher/lower), respectively.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to floating interest debt securities, floating rate trade and other receivables, floating rate bank borrowings and bank deposits. Interest rate risk on bank deposits is considered immaterial and therefore have been excluded from the sensitivity analysis below. The Group currently does not have any interest rate hedging policy. However, from time to time, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest rate exposure. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from its variable-rate borrowings, London Interbank Offered Rate ("LIBOR") arising from its holding of debt securities and borrowing rates offered by The People's Bank of China arising from its variable-rate borrowings and trade and other receivables. Please see Notes 25, 29 and 35 for details of debt securities, trade and other receivables and borrowings.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk (continued)

The Group is also exposed to fair value interest rate risk in relation to fixed interest debt securities and fixed deposits. Fair value interest rate risk on fixed interest debt securities and fixed deposits is considered immaterial. Management will also consider hedging significant interest rate exposure should the need arises.

The sensitivity analyses below have been determined based on the exposure to interest rates for floating interest debt securities and variable-rate trade and other receivables and bank borrowings. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 (2013: 50) basis points increase or decrease representing management's assessment of the reasonably possible change in interest rates is used.

If interest rates had been 50 (2013: 50) basis points higher/lower with all other variables held constant, the consolidated profit before tax for the year ended 31 December 2014 would decrease/increase by HK$29,856,000 (2013 (restated): decrease/increase by HK$5,454,000).

(iii) Price risk

The Group is exposed to price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arises.

There is no equity securities under available-for-sale investment held by the Group as at 31 December 2014. If the prices of the respective listed equity securities had been 10% higher/lower in 2013, the investment revaluation reserve would increase/decrease by HK$336,000 in 2013.

(b) Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in Mainland China.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

The credit risk on amounts due from investee companies is limited because the counterparties, which are engaged in property development and investment in Mainland China and Macau, have strong financial position.

The credit risk on interests in infrastructure project investments and long term trade receivables are limited because the counterparties are PRC government-related entities, which, in most cases, provide collateral for the outstanding balances owing to the Group.

Other than concentration of credit risk on liquid funds, interests in infrastructure project investments and amounts due from investee companies and long term trade receivables, the Group does not have any other significant concentration of credit risk. Trade receivables, loan to a joint venture, amounts due from investee companies, an associate, joint ventures, subsidiaries and immediate holding company of the Group and the Company consist of a large number of parties, spread across diverse industries and geographical areas.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	Less than 6 months HK$'000	Between 6 months and 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
The Group						
At 31 December 2014						
Trade payables, other payables and accruals	**15,199,120**	**177,080**	**1,125,357**	**716,512**	**596**	**17,218,665**
Amounts due to joint ventures	**354,111**	**–**	**–**	**–**	**–**	**354,111**
Amount due to an associate	**26,480**	**–**	**–**	**–**	**–**	**26,480**
Borrowings	**472,824**	**481,169**	**1,385,345**	**5,330,952**	**5,652,864**	**13,323,154**
Guaranteed notes payables	**60,938**	**60,938**	**121,875**	**4,052,594**	**–**	**4,296,345**
Obligations under finance leases	**513**	**513**	**988**	**2,012**	**1,402**	**5,428**
	16,113,986	**719,700**	**2,633,565**	**10,102,070**	**5,654,862**	**35,224,183**
At 31 December 2013 (restated)						
Trade payables, other payables and accruals	11,768,603	115,206	558,001	542,661	3,428	12,987,899
Amount due to immediate holding company	450,000	–	–	–	–	450,000
Amount due to an associate	27,505	–	–	–	–	27,505
Borrowings	323,339	223,549	4,018,483	3,274,377	2,856,370	10,696,118
Guaranteed notes payables	60,938	60,938	121,875	4,174,469	–	4,418,220
Obligations under finance leases	558	558	1,031	2,451	2,022	6,620
	12,630,943	400,251	4,699,390	7,993,958	2,861,820	28,586,362
The Company						
At 31 December 2014						
Other payables	**10,116**	**–**	**–**	**–**	**–**	**10,116**
Borrowings	**42,445**	**42,445**	**377,286**	**1,495,991**	**3,022,173**	**4,980,340**
	52,561	**42,445**	**377,286**	**1,495,991**	**3,022,173**	**4,990,456**
At 31 December 2013						
Other payables	8,939	–	–	–	–	8,939
Borrowings	28,142	28,142	3,332,764	–	–	3,389,048
	37,081	28,142	3,332,764	–	–	3,397,987

3 Financial risk management *(continued)*

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital represents the equity attributable to owners of the Company and non-controlling interest.

The Group's overall strategy remains unchanged from prior year. The net gearing ratio is 36.8% as at 31 December 2014 (2013 (restated): 28.5%). The increase was mainly attributable to the increase in new bank loans raised, which have been substantially in BT and BOT projects.

3.3 Fair value estimation

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

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014 and 2013.

	31 December 2014			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale investments				
Listed debt securities	107,511	–	–	107,511
Unlisted investment funds and certificate of deposits	–	–	18,853	18,853
Unlisted equity securities	–	–	326,922	326,922
	107,511	–	345,775	453,286

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

3 Financial risk management *(continued)*

3.3 Fair value estimation *(continued)*

	31 December 2013			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investments				
Listed equity and debt securities	193,405	–	–	193,405
Unlisted investment funds and certificate of deposits	–	–	18,564	18,564
Unlisted equity securities	–	–	331,673	331,673
	193,405	–	350,237	543,642

There were no transfers between the levels during the year.

The following table presents the changes in level 3 instruments for the years ended 31 December 2014 and 2013:

	Financial assets at fair value through profit or loss HK$'000	**Available-for-sale investments** HK$'000
At 1 January 2013	296,827	344,469
Exchange adjustments	–	146
Addition	–	9,342
Disposals	(296,827)	(23,780)
Change in fair value	–	20,060
At 31 December 2013	–	350,237
Exchange adjustments	**–**	**(14)**
Change in fair value	**–**	**(4,448)**
At 31 December 2014	**–**	**345,775**

The change in fair value of financial assets at fair value through profit or loss and available-for-sale investments in level 3 were recognised in profit for the year and other comprehensive income respectively.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1, which are classified as available-for-sale investments.

3 Financial risk management *(continued)*

3.3 Fair value estimation *(continued)*

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

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

Specific valuation techniques used to value financial instruments include:

- Market value provided by the issuers as its best estimate of the fair value of the investment.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Changing unobservable inputs used in the level 3 valuation to reasonable alternative assumptions would not change significantly the fair values recognised.

The fair value of the following financial assets and liabilities approximate their carrying amount:

— Trade and other receivables, deposits and prepayments

— Bank balances and cash

— Trade payables, other payables and accruals, deposits received and advances from customers

— Borrowings

4 Critical accounting estimates and judgements

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

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

4 Critical accounting estimates and judgements *(continued)*

4.1 Percentage of completion of construction works

The Group recognises the revenue according to the percentage of completion of the individual contract of construction works. The percentage of completion is determined by the aggregated cost for the individual contract incurred at the end of the reporting period compared with the estimated budgeted cost. Management's estimation of the cost incurred to date and the budgeted cost is primarily based on construction budget and actual cost report prepared by internal quantity surveyors, where applicable. Corresponding revenue from contract work is also estimated by management based on the percentage of completion and budgeted revenue. Because of the nature of the activities undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of both contract revenue and contract cost in the budget prepared for each construction contract as the contract progresses.

4.2 Estimation of foreseeable losses in respect of construction works

Management estimates the amount of foreseeable losses of construction works based on the management budgets prepared for the construction works. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise sub-contracting charges and costs of materials are prepared by management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic review on the management budgets by comparing the budgeted amounts to the actual amounts incurred.

4.3 Impairment of receivables and amounts due from related parties

The policy for allowance for bad and doubtful debt of the Group is determined by the management based on the evaluation of collectability and aging analysis of accounts and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer and borrower. If the financial positions of customers and borrowers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

4.4 Impairment of property, plant and equipment, trademark, project backlogs and licences, and goodwill

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests annually for impairment for those intangible assets that have an indefinite useful life, i.e. goodwill. The recoverable amounts have been determined based on the higher of the fair value less costs to sell and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

4 Critical accounting estimates and judgements *(continued)*

4.5 Impairment of concession operating rights

Determining whether concession operating rights are impaired requires an estimation of the recoverable amount. In measuring the recoverable amount of the concession operating rights, the Group has looked at the value in use based on the following factors: the expected future traffic volume, expected future toll fee level, length of operating rights, maintenance costs and discount rate (the "Relevant Factors").

In arriving at the recoverable amount of the concession operating rights, the management exercised their judgement with reference to these Relevant Factors in estimating the recoverable amounts of the toll road operating rights. As a result, the management considered that the recoverable amounts are above their carrying amounts and no impairment was made accordingly.

4.6 Income and deferred tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts and relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

The Group has exercised significant accounting judgement on recognition of deferred tax assets in respect of losses in Far East Global Group Limited ("FEG"), a limited liability company incorporated in the Cayman Islands and listed on the Main Board of SEHK, and its subsidiaries (together, the "FEG Group"). The amounts recognised in the consolidated financial statements are derived from the Group's best estimation and judgement regarding the future financial performance of the FEG Group. Those significant estimations and judgement include gross profit margin, overhead and capital expenditure applied to the profit forecasts.

4.7 Estimate of fair value of financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for various available-for-sale investments that are not traded in active markets.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

5 Revenue

Revenue/turnover represents the revenue arising from construction contracts, interest income generated from BT projects, project consultancy services, thermoelectricity business, infrastructure project investments and toll road operation, facade contracting, sales of precast structures and building materials, machinery leasing, logistics services and insurance contracts.

	2014	2013
	HK$'000	HK$'000
		(restated)
Revenue from construction contracts	**30,065,455**	22,887,895
Revenue from construction contracts under service concession arrangements	**319,247**	782,435
Interest income generated from BT projects	**1,005,269**	674,531
Revenue from project consultancy services	**248,553**	259,476
Revenue from thermoelectricity business	**766,155**	579,702
Revenue from infrastructure project investments and toll road operation	**370,405**	326,815
Revenue from facade contracting business	**1,382,018**	1,340,836
Others (Note)	**282,473**	433,930
	34,439,575	27,285,620

Note: Revenue from others mainly comprise of revenue from the sales of precast structures and building materials, machinery leasing, logistics services and insurance contracts.

6 Segment information

Segment information

The Group's reportable segments, based on information reported to the chief operating decision maker for the purposes of resources allocation and performance assessments, include geographical locations where the Group's subsidiaries operate, namely Hong Kong, Mainland China (other than Hong Kong and Macau), Macau and Overseas (mainly in the United Arab Emirates and India).

The FEG Group is currently managed by a separate business team. The chief operating decision maker regards the FEG Group as a distinct reportable segment and assesses its performance based on its overall result.

6 Segment information *(continued)*

Segment information *(continued)*

Segment revenue and results for the years ended 31 December 2014 and 2013 are as follows:

	Segment revenue		Gross profit/(loss)		Segment result	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000 (restated)	**HK$'000**	HK$'000 (restated)
Reportable segment						
Hong Kong	**15,284,749**	11,134,089	**1,010,830**	808,921	**898,999**	740,097
Mainland China	**15,516,909**	13,958,179	**3,575,493**	2,792,378	**3,305,605**	2,491,627
Macau	**2,255,899**	836,487	**96,334**	123,721	**328,282**	244,102
Overseas	**–**	16,029	**(27,954)**	11,095	**(53,627)**	20,360
FEG Group	**1,382,018**	1,340,836	**88,389**	9,830	**(114,998)**	(156,679)
	34,439,575	27,285,620	**4,743,092**	3,745,945	**4,364,261**	3,339,507
Unallocated corporate expenses					**(192,962)**	(209,358)
Non-recurring other income and other gains, net					**13,992**	9,880
Share of profits of joint ventures					**294,345**	430,228
Share of profits of associates					**23,787**	21,941
Finance costs					**(455,829)**	(418,440)
Profit before tax					**4,047,594**	3,173,758

Measurement

Performance is measured based on segment profit that is used by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment revenue of Hong Kong, Macau and Overseas comprises the revenue mainly from construction contracts and machinery leasing, insurance contracts and others while the segment revenue of regions in Mainland China comprises the revenue from construction contracts, construction contracts under service concession arrangements, interest income generated from BT projects, project consultancy services, thermoelectricity business, infrastructure project investments and toll road operation, sales of precast structures and building materials and logistics services.

Segment revenue of the FEG Group represents revenue from facade contracting business derived from Hong Kong, Macau, Mainland China and overseas operations.

The revenue, gross profit/(loss) and results of the Group are allocated based on operations of the segments. Taxation is not allocated to reportable segments.

Operating and reportable segments results represent the profit/(loss) earned or incurred by each segment excluding certain acquisition related costs, non-recurring other income and other gains, net, finance costs, share of profits of joint ventures and associates and unallocated corporate expenses. This is the measurement basis reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

6 Segment information *(continued)*

Measurement *(continued)*

Amounts included in the measurement of segment profit or loss:

	Hong Kong		Mainland China		Macau		Overseas		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000 (restated)	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (restated)
Allowance for doubtful debts on trade and other receivables	**–**	–	**2,932**	1,108	**–**	–	**–**	–	**2,932**	1,108
Depreciation and amortisation	**15,717**	15,827	**276,432**	263,407	**6,975**	6,779	**21,257**	19,247	**320,381**	305,260
Net gain/(loss) on disposal of property, plant and equipment	**4,334**	8,981	**943**	(55)	**–**	55,309	**(9,433)**	333	**(4,156)**	64,568

Other geographical information

	Non-current assets		Additions to property, plant and equipment	
	2014	2013	**2014**	2013
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000 (restated)
Hong Kong	**1,034,165**	1,011,908	**181,875**	142,393
Mainland China	**9,010,758**	8,682,938	**321,402**	225,631
Macau	**131,411**	130,024	**10,959**	6,360
Overseas	**271,357**	324,728	**10,996**	15,048
	10,447,691	10,149,598	**525,232**	389,432

Non-current assets exclude financial instruments, available-for-sale investments, deferred tax assets and interests in joint ventures and associates.

The information of the FEG Group was allocated to the Hong Kong, Mainland China and Overseas segments (including North America) in accordance with the locations that the FEG Group operated in.

Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the chief operating decision maker for performance assessment and resource allocation. Accordingly, no segment assets and liabilities are presented.

6 Segment information *(continued)*

Major customers information

Revenue from one customer in Hong Kong reportable segment amounted to approximately HK$5,021,915,000 (2013: two customers in Hong Kong and regions in Mainland China reportable segment amounted to approximately HK$5,058,000,000 and HK$3,903,000,000 respectively), which individually represents more than 10 percent of the Group's total revenue.

7 Other income and other gains, net

	2014 HK$'000	2013 HK$'000 (restated)
Interest income on:		
Bank deposits	**87,876**	92,180
Debt securities	**6,911**	8,305
Imputed interest on amounts due from investee companies	**14,317**	21,391
Loan receivables	**–**	2,163
Loan to a joint venture	**45,557**	2,639
Dividend income from:		
Listed available-for-sale investments	**–**	181
Unlisted available-for-sale investments	**15,289**	85,384
Gain on disposal of:		
Convertible bonds	**–**	7,525
Listed available-for-sale investments	**13,992**	1,715
Property, plant and equipment, net	**–**	64,568
Properties held for sale	**244,166**	22,101
Rental of properties	**9,598**	10,872
Service income	**9,420**	24,692
Commission income	**–**	3,236
Collection of trade and other receivables and deposits written off in prior years	**–**	37,884
Reversal of other payables and accruals	**3,480**	5,124
Others	**24,733**	46,582
	475,339	436,542

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

8 Finance costs

	2014 HK$'000	2013 HK$'000 (restated)
Interest on bank loans wholly repayable within five years	241,054	231,118
Interest on bank loan not wholly repayable within five years	459,676	332,967
Interest on guaranteed notes payables wholly repayable within five years	133,085	99,541
Interest on other loans wholly repayable within five years	74	295
Finance lease charges	272	325
Others	33,544	123,810
Total finance costs	867,705	788,056
Less: Amounts capitalised in concession operating rights	(87,197)	(83,336)
Amounts capitalised in amounts due from customers for contract work	(313,934)	(275,391)
Amounts capitalised in construction in progress	(10,745)	(10,889)
	455,829	418,440

During the year, the Group has capitalised borrowing costs on qualifying assets. Borrowing costs were capitalised at a weighted average rate of its general borrowings of 3.5% (2013: 3.7%).

9 Directors' and chief executive's emoluments

The emoluments paid or payable to each of the eleven (2013: twelve) directors were as follows:

For the year ended 31 December 2014

	Zhou Yong HK$'000 (Note (a))	Tian Shuchen HK$'000	Zhou Hancheng HK$'000	Pan Shujie HK$'000	Hung Cheung Shew HK$'000	Wu Mingqing HK$'000 (Note (b))	Li Jian HK$'000 (Note (c))	Raymond Ho Chung Tai HK$'000	Adrian David Li Man Kiu HK$'000	Raymond Leung Hai Ming HK$'000	Lee Shing See HK$'000	Total 2014 HK$'000
Fees	–	–	–	–	–	–	300	360	360	250	360	1,630
Other emoluments:												
Salaries and allowances	3,560	1,212	1,212	1,212	2,030	706	–	–	–	–	–	9,932
Contributions to retirement benefit schemes	17	17	17	17	17	10	–	–	–	–	–	95
Performance related incentive payments (Note (d))	3,003	3,098	2,839	2,655	1,900	2,361	–	–	–	–	–	15,856
Total emoluments	6,580	4,327	4,068	3,884	3,947	3,077	300	360	360	250	360	27,513

9 Directors' and chief executive's emoluments *(continued)*

For the year ended 31 December 2013

	Kong Qingping HK$'000 (Note (e))	Zhou Yong HK$'000 (Note (a))	Tian Shuchen HK$'000	Zhou Hancheng HK$'000	Pan Shujie HK$'000	Hung Cheung Shew HK$'000	Zhang Yifeng HK$'000 (Note (f))	Li Jian HK$'000 (Note (c))	Raymond Ho Chung Tai HK$'000	Adrian David Li Man Kiu HK$'000	Raymond Leung Hai Ming HK$'000	Lee Shing See HK$'000	Total 2013 HK$'000
Fees	667	–	–	–	–	–	–	300	360	360	250	360	2,297
Other emoluments:													
Salaries and allowances	–	4,796	1,220	1,220	1,199	1,882	305	–	–	–	–	–	10,622
Contributions to retirement benefit schemes	–	15	15	15	15	15	4	–	–	–	–	–	79
Performance related incentive payments (Note (d))	–	3,003	3,120	2,880	2,760	1,800	660	–	–	–	–	–	14,223
Total emoluments	667	7,814	4,355	4,115	3,974	3,697	969	300	360	360	250	360	27,221

Notes:

(a) Mr. Zhou Yong was appointed as Chairman of the Company with effect from 15 August 2013. Following the new appointment Mr. Zhou acts as Executive Director, Chairman and Chief Executive Officer of the Company.

(b) Mr. Wu Mingqing was appointed as an executive director of the Company on 3 June 2014.

(c) Mr. Li Jian resigned as a non-executive director of the Company with effect from 19 January 2015.

(d) The performance related incentive payment is determined primarily based on the performance of each director and the profitability of the Group.

(e) Mr. Kong Qingping resigned as an non-executive director of the Company and ceased to be Chairman of the Company with effect from 15 August 2013.

(f) Mr. Zhang Yifeng resigned as an executive director of the Company on 21 March 2013 but continued to serve the Group afterward.

No emolument was paid by the Group to any of the directors as inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emolument during the year ended 31 December 2014 and 2013.

The five highest emolument individuals in the Group are all directors of the Company in both years.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Senior management emoluments

The emoluments of the senior management for the years ended 31 December 2014 and 2013 were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	24,830	39,198
Contributions to retirement benefit schemes	151	210
	24,981	39,408

The emoluments of the senior management for 2014 and 2013 were within the following bands:

	2014 No. of employees	2013 No. of employees
HK$1,000,000 or less	–	–
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$2,500,000	2	4
HK$2,500,001 to HK$3,000,000	2	4
More than HK$3,000,000	4	5
	9	14

11 Income tax expenses, net

	2014 HK$'000	2013 HK$'000 (restated)
Current tax:		
Hong Kong	93,475	85,564
Other jurisdictions	615,064	542,968
	708,539	628,532
Overprovision in prior years:		
Hong Kong	(1,498)	(1,788)
Other jurisdictions	(2,032)	(3,419)
	(3,530)	(5,207)
	705,009	623,325
Deferred tax, net (Note 41)	(45,293)	(120,254)
Income tax expenses for the year	659,716	503,071

11 Income tax expenses, net *(continued)*

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years.

Income taxes arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2014 HK\$'000	2013 HK\$'000 (restated)
Profit before tax	**4,047,594**	3,173,758
Share of profits of		
Joint ventures	**(294,345)**	(430,228)
Associates	**(23,787)**	(21,941)
	3,729,462	2,721,589
Tax at domestic income tax rate of 16.5% (2013: 16.5%)	**615,361**	449,062
Tax effect of expenses not deductible for tax purpose	**11,250**	10,370
Tax effect of income not taxable for tax purpose	**(156,880)**	(73,930)
Overprovision in prior years	**(3,530)**	(5,207)
Tax effect of tax losses not recognised	**72,185**	4,468
Tax effect of deductible temporary differences not recognised	**–**	12
Tax effect of utilisation of previously unrecognised tax losses	**(8,180)**	(13,094)
Effect of different tax rates of profit arising from other jurisdictions	**129,600**	123,736
Deferred taxation on undistributed earnings of		
Mainland China subsidiaries and joint ventures (Note 41)	**(1,434)**	7,048
Others	**1,344**	606
Tax charge for the year	**659,716**	503,071

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

12 Profit for the year

	2014 HK$'000	2013 HK$'000 (restated)
Profit for the year has been arrived at after charging/(crediting):		
Auditors' remuneration		
— current year	**7,719**	7,574
— (over)/underprovision in prior year	**(30)**	7
	7,689	7,581
Depreciation of property, plant and equipment	**319,974**	272,193
Less: Amounts capitalised in contracts in progress	**(174,890)**	(143,055)
	145,084	129,138
Employee benefits expense including directors' emoluments:		
Staff costs	**2,813,571**	2,540,141
Contributions to retirement benefit plans	**90,510**	89,103
	2,904,081	2,629,244
Less: Amounts capitalised in contracts in progress	**(2,050,941)**	(1,735,786)
	853,140	893,458
Operating lease rentals in respect of:		
Plant and machinery	**340,415**	270,144
Land and buildings	**34,694**	36,708
	375,109	306,852
Less: Amounts included in contracts in progress costs	**(347,265)**	(282,309)
	27,844	24,543
Rental income from investment properties, net of direct expenses	**(9,598)**	(10,872)
Depreciation of investment properties	**1,007**	1,008
Amortisation of concession operating rights (included in costs of sales)	**142,257**	140,478
Amortisation of trademark and project backlogs	**25,956**	25,955
Amortisation of prepaid lease payments	**6,077**	8,681
Contracts in progress costs recognised as expense	**28,591,958**	21,982,617
Raw materials and consumables used	**375,695**	404,387
Exchange loss/(gain), net	**1,873**	(2,902)
Allowance for impairment losses of trade and other receivables	**2,932**	1,108
Loss on disposal of property, plant and equipment, net	**4,156**	–

13 Profit attributable to owners of the Company

The profit for the year attributable to owners of the Company included a profit of approximately HK$1,002,995,000 (2013: HK$816,610,000) which has been dealt with in the financial statements of the Company.

Under the Company Law of the Cayman Islands, the distributable reserves of the Company amounted to approximately HK$10,125,066,000, representing the share premium and retained profits as at 31 December 2014 (2013: HK$8,698,030,000).

14 Dividends

	2014 **HK$'000**	2013 HK$'000
Dividends recognised as distributions during the year:		
2013 Final, paid — HK12.00 cents (2013: 2012 Final HK9.00 cents) per share	**467,088**	349,987
2014 Interim, paid — HK11.00 cents (2013: 2013 Interim HK9.00 cents) per share	**428,163**	349,987
	895,251	699,974

The final dividend of HK15.00 cents (2013: HK12.00 cents) per share amounting to approximately HK$601,863,000 (2013: HK$467,088,000) in aggregate, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

15 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014 **HK$'000**	2013 HK$'000 (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**3,457,410**	2,749,551

	2014 **'000**	2013 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,895,850**	3,888,294
Effect of dilutive potential ordinary shares in respect of share options	**54,658**	57,760
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,950,508**	3,946,054

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

16 Property, plant and equipment

	Land and buildings HK$'000	Heat and electricity supply facilities HK$'000	Machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
The Group							
Cost							
At 1 January 2013, as previously presented	594,735	1,457,072	842,048	137,886	89,845	274,943	3,396,529
Acquisition of COP (Note 2.1(a)(i))	351,766	–	37,545	6,407	4,038	437	400,193
At 1 January 2013, as restated	946,501	1,457,072	879,593	144,293	93,883	275,380	3,796,722
Exchange adjustments	23,107	47,254	3,205	1,455	1,412	7,002	83,435
Additions	11,907	52,545	137,550	27,203	17,911	142,316	389,432
Reclassification upon the completion of construction	120,265	42,468	9,911	–	–	(172,644)	–
Disposals	(7,069)	(285)	(136,717)	(10,137)	(9,178)	–	(163,386)
Transferred to assets held for sale	–	–	(4)	(445)	(2,664)	–	(3,113)
At 31 December 2013, as restated	1,094,711	1,599,054	893,538	162,369	101,364	252,054	4,103,090
At 1 January 2014, as previously presented	**731,939**	**1,599,054**	**879,565**	**156,089**	**98,091**	**251,212**	**3,715,950**
Acquisition of COP (Note 2.1(a)(i))	**362,772**	**–**	**13,973**	**6,280**	**3,273**	**842**	**387,140**
At 1 January 2014, as restated	**1,094,711**	**1,599,054**	**893,538**	**162,369**	**101,364**	**252,054**	**4,103,090**
Exchange adjustments	**(4,963)**	**(5,223)**	**(1,761)**	**(1,279)**	**(205)**	**(744)**	**(14,175)**
Additions	**28,752**	**53,614**	**184,275**	**23,528**	**14,589**	**220,474**	**525,232**
Reclassification upon the completion of construction	**80,608**	**126,549**	**38,133**	**–**	**–**	**(245,290)**	**–**
Disposals	**(27,571)**	**(813)**	**(44,541)**	**(9,858)**	**(12,633)**	**–**	**(95,416)**
At 31 December 2014	**1,171,537**	**1,773,181**	**1,069,644**	**174,760**	**103,115**	**226,494**	**4,518,731**

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

16 Property, plant and equipment *(continued)*

	Land and buildings HK$'000	Heat and electricity supply facilities HK$'000	Machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
The Group							
Depreciation							
At 1 January 2013, as previously presented	129,789	449,727	507,632	74,079	44,351	–	1,205,578
Acquisition of COP (Note 2.1(a)(i))	35,614	–	27,447	3,115	1,861	–	68,037
At 1 January 2013, as restated	165,403	449,727	535,079	77,194	46,212	–	1,273,615
Exchange adjustments	7,090	15,328	2,069	644	469	–	25,600
Charge for the year	33,842	71,745	125,242	24,783	16,581	–	272,193
Disposals	(6,875)	(190)	(117,292)	(8,621)	(7,040)	–	(140,018)
Transferred to assets held for sale	–	–	–	(181)	(476)	–	(657)
At 31 December 2013, as restated	199,460	536,610	545,098	93,819	55,746	–	1,430,733
At 1 January 2014, as previously presented	**154,996**	**536,610**	**537,576**	**90,341**	**54,264**	**–**	**1,373,787**
Acquisition of COP (Note 2.1(a)(i))	**44,464**	**–**	**7,522**	**3,478**	**1,482**	**–**	**56,946**
At 1 January 2014, as restated	**199,460**	**536,610**	**545,098**	**93,819**	**55,746**	**–**	**1,430,733**
Exchange adjustments	**(1,942)**	**(2,124)**	**(1,057)**	**(836)**	**(74)**	**–**	**(6,033)**
Charge for the year	**37,506**	**80,955**	**154,836**	**27,992**	**18,685**	**–**	**319,974**
Disposals	**(399)**	**(522)**	**(33,321)**	**(8,788)**	**(10,213)**	**–**	**(53,243)**
At 31 December 2014	**234,625**	**614,919**	**665,556**	**112,187**	**64,144**	**–**	**1,691,431**
Carrying values							
At 31 December 2014	**936,912**	**1,158,262**	**404,088**	**62,573**	**38,971**	**226,494**	**2,827,300**
At 31 December 2013, as restated	895,251	1,062,444	348,440	68,550	45,618	252,054	2,672,357

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

16 Property, plant and equipment *(continued)*

The carrying value of land and buildings shown above are situated as follows:

	2014 HK$'000	2013 HK$'000 (restated)
Land and buildings in Hong Kong under medium-term leases	**88,127**	88,814
Heat and electricity plants in Mainland China under medium-term leases	**313,135**	255,220
Other premises in Mainland China under medium-term leases	**397,002**	407,873
Freehold land in Macau	**77,998**	79,216
Freehold land in Canada	**17,934**	20,234
Freehold land in the United States of America	**42,716**	43,894
	936,912	895,251

At 31 December 2014, the carrying amount of the Group's land and building pledged as security for the Group's banking facilities amounted to approximately HK$17,934,000 (2013: HK$20,234,000).

At 31 December 2014, the carrying amount of the Group's property and motor vehicles held under finance lease is approximately HK$36,137,000 (2013: HK$37,410,000).

17 Investment properties

	HK$'000
Cost	
At 1 January 2013	54,342
Exchange adjustments	196
At 31 December 2013	54,538
Exchange adjustments	**(22)**
At 31 December 2014	**54,516**
Depreciation	
At 1 January 2013	14,298
Exchange adjustments	147
Charge for the year	1,008
At 31 December 2013	15,453
Exchange adjustments	**(17)**
Charge for the year	**1,007**
At 31 December 2014	**16,443**
Carrying values	
At 31 December 2014	**38,073**
At 31 December 2013	39,085

17 Investment properties *(continued)*

The carrying value of investment properties shown above comprises properties situated as follows:

	2014 HK$'000	2013 HK$'000
Land and building in Macau:		
Freehold land	19,377	20,377
Medium-term leases	17,246	17,169
Others	1,450	1,539
	38,073	39,085

The fair value of the Group's investment properties at 31 December 2014 is approximately HK$228,876,000 (2013: HK$179,231,000).

The fair value of the investment properties has been arrived at based on an open market valuation performed by Crowe Horwath (HK) Consulting & Valuation Limited and 珠海立信資產評估事務所. Both of them are independent qualified professional valuers not connected with the Group and have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The valuation included the use of inputs that are not based on observable market data (level 3 assets). The valuations were arrived at using the approach of (i) applying capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence and (ii) by making reference to comparables as available in the relevant market.

All of the Group's property interests held under operating leases to earn rentals are measured using the cost model and are classified and accounted for as investment properties.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

18 Interests in infrastructure project investments

	2014 HK$'000	2013 HK$'000
Interests in infrastructure project investments	**1,506,364**	1,196,578
Less: Portion due within one year included in current assets	**(17,176)**	(10,566)
Portion due after one year	**1,489,188**	1,186,012

Interests in infrastructure project investments represent fundings denominated in RMB advanced to joint ventures for BT and "transfer, operate and transfer" infrastructure projects located in Mainland China. The Group is responsible to provide finance for the construction of the infrastructure of these projects, whereby the Group's return is predetermined in accordance with the provisions of the relevant agreements. The duration of the projects ranges from five to twenty-two years.

The effective interest rates on the infrastructure project investments range from 9.40% to 31.07% (2013: 10.34% to 27.89%) per annum. The interests in infrastructure project investments were not past due as at 31 December 2014 and 2013.

The Directors reviewed individually the infrastructure projects' operations and financial positions as at 31 December 2014 and 2013 based on the present values of estimated future cash flows from those investments, discounted at their respective original effective interest rates.

19 Prepaid lease payments

As at 31 December 2014 and 2013, the Group's prepaid lease payments comprise of leasehold land located in Mainland China under medium-term leases.

20 Interests in subsidiaries

	The Company 2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**1,789,519**	1,789,519
Less: impairment loss recognised	**(3,650)**	(3,650)
	1,785,869	1,785,869
Amounts due from subsidiaries	**6,816,823**	5,546,303
	8,602,692	7,332,172

The amounts due from subsidiaries are unsecured, interest free and have no specific repayment terms, but are considered by the directors to be part of the longer term interests in subsidiaries.

Details of principal subsidiaries are set out in Note 48. FEG is a company listed on the Main Board of the SEHK. The market value of the Group's investment as at 31 December 2014 in FEG amounted to approximately HK$1,947,612,000 (2013: HK$2,745,802,000).

The Company does not have any subsidiaries with non-controlling interests that are material to the Group.

21 Interests in joint arrangements

Joint ventures

	2014 HK$'000	2013 HK$'000
Cost of investments, unlisted	**2,366,858**	1,193,896
Share of post-acquisition profits and other comprehensive income, net of dividends	**1,082,176**	955,997
	3,449,034	2,149,893

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

21 Interests in joint arrangements *(continued)*

Joint ventures *(continued)*

Set out below are the particulars of the principal joint ventures at 31 December 2014 and 2013, which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group.

Name of entity	Form of business structure	Place of registration/ establishment and operations	Percentage of interest held by the Group 2014 %	2013 %	Principal activities
Nanjing Changjiang Second Bridge Company Limited ("NCSB")	Incorporated	PRC	**65**	65	Operation and management of a toll bridge
中海港務（萊州）有限公司 ("萊州港務")*	Incorporated	PRC	**60**	–	Operation and management of ports

* Acquired in December 2014 (Note 2.1(a)(i))

Set out below is the summarised financial information for NCSB and 萊州港務 which are accounted for using the equity method.

Summarised statement of financial position

	NCSB 2014 HK$'000	NCSB 2013 HK$'000	萊州港務 2014 HK$'000
Current			
Bank balances and cash	**320,103**	332,122	**372,833**
Other current assets	**3,203**	5,676	**116,960**
Total current assets	**323,306**	337,798	**489,793**
Financial liabilities	**41,485**	385,051	**–**
Other current liabilities	**52,072**	85,629	**309,349**
Total current liabilities	**93,557**	470,680	**309,349**
Non-current			
Property, plant and equipment	**1,510,289**	1,563,611	**1,134,115**
Concession operating rights	**2,163,361**	2,295,821	**–**
Other non-current assets	**–**	–	**136,797**
Total non-current assets	**3,673,650**	3,859,432	**1,270,912**
Financial liabilities	**1,171,833**	1,008,308	**–**
Other non-current liabilities	**410,301**	456,110	**–**
Total non-current liabilities	**1,582,134**	1,464,418	**–**
Non-controlling interest	**–**	–	**431**
Net assets	**2,321,265**	2,262,132	**1,450,925**

21 Interests in joint arrangements *(continued)*

Joint ventures *(continued)*

Summarised statement of comprehensive income

	NCSB		萊州港務
	2014	2013	**2014**
	HK$'000	HK$'000	**HK$'000**
Revenue	**821,541**	1,029,783	**–**
Depreciation and amortisation	**(148,221)**	(147,006)	**–**
Interest income	**5,500**	9,695	**–**
Finance costs	**(84,129)**	(98,142)	**–**
Administrative expenses	**(195,625)**	(204,834)	**–**
Profit before tax	**399,066**	589,496	**–**
Income tax expenses, net	**(92,137)**	(147,329)	**–**
Profit for the year	**306,929**	442,167	**–**
Other comprehensive (loss)/income	**(7,281)**	65,744	**–**
Total comprehensive income	**299,648**	507,911	**–**
Dividends received from a joint venture	**156,335**	438,170	**–**

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

NCSB and 萊州港務 are private companies and there are no quoted market prices available for their shares.

Notes to the Consolidated Financial Statements (continued)

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21 Interests in joint arrangements *(continued)*

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented above to the carrying amount of the interests in NCSB and 萊州港務 are as follows:

	NCSB		萊州港務
	2014	**2013**	**2014**
	HK$'000	HK$'000	HK$'000
Opening net assets	2,262,132	2,421,403	–
Exchange adjustment	(7,281)	72,670	–
Profit for the year	306,929	442,167	–
Acquisition of a joint venture	–	–	1,450,925
Dividend declared	(240,515)	(674,108)	–
Closing net assets	2,321,265	2,262,132	1,450,925
Share of net assets	1,508,822	1,470,386	870,555
Goodwill	–	–	–
Carrying value of the Group's share of net assets	1,508,822	1,470,386	870,555

Aggregate information of joint ventures that are not individually material

Set out below is the aggregate financial information of joint ventures that are not individually material:

	2014	2013
	HK$'000	HK$'000
Aggregate carrying value	**1,069,657**	679,507
Aggregate amounts of the Group's share:		
Post-tax profit from continuing operations	**94,841**	142,820
Other comprehensive income	**(3,048)**	24,021
Total comprehensive income	**91,793**	166,841

There are no commitments or contingent liabilities relating to the Group's interests in joint ventures as at 31 December 2014 and 2013.

21 Interests in joint arrangements *(continued)*

Joint operations

In addition to the construction projects undertaken by certain joint ventures as listed above, the Group has also established joint arrangements with outsider contracts to undertake construction and engineering projects in the form of joint operations.

Particulars regarding the principal joint operations as at 31 December 2014 and 2013 are as follows:

Name of entity	Form of business structure	Place of registration/ establishment and operations	Percentage of interest held by the Group 2014 %	2013 %	Principal activities
Atal — Degremont — China State Joint Venture	Unincorporated	Hong Kong	**32.5**	32.5	Civil engineering works
China Overseas Building — Bordon Joint Venture	Unincorporated	Hong Kong	**50**	50	Building construction
China State — Atal Joint Venture	Unincorporated	Hong Kong	**56.4**	56.4	Civil engineering works
China State — Atal Joint Venture	Unincorporated	Hong Kong	**51**	51	Civil engineering works
China State — Leader Joint Venture	Unincorporated	Hong Kong	**51**	51	Civil engineering works
China State — Shui On Joint Venture	Unincorporated	Hong Kong	**60**	60	Building construction
Consorcio De Krueger — CSME	Unincorporated	Macau	**55**	55	Mechanical and electrical engineering works
Krueger — China State M&E Joint Venture	Unincorporated	Hong Kong	**50**	50	Mechanical and electrical engineering works

Notes to the Consolidated Financial Statements (continued)

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21 Interests in joint arrangements *(continued)*

Joint operations *(continued)*

Name of entity	Form of business structure	Place of registration/ establishment and operations	Percentage of interest held by the Group 2014 %	2013 %	Principal activities
Leighton — China State — Van Oord Joint Venture	Unincorporated	Hong Kong	**45**	45	Civil engineering works
Maeda — China State Joint Venture	Unincorporated	Hong Kong	**30**	30	Civil engineering works
Penta — Ocean — Concentric — Alchmex Joint Venture	Unincorporated	Hong Kong	**26**	26	Civil engineering works
中建鋼構 — CSHK合作經營	Unincorporated	Macau	**30**	–	Structural steel works

22 Interests in associates

	2014 HK$'000	2013 HK$'000
Unlisted companies		
Cost of investments in associates	**1,843,828**	22,607
Share of post-acquisition profits, net of dividends	**9,740**	26,150
	1,853,568	48,757
Amount due from an associate	**251,375**	–
	2,104,943	48,757

Included in the cost of investments in associates is a goodwill of approximately HK$494,000 (2013: HK$494,000) arising from acquisitions of associates in prior years.

The amount due from an associate is unsecured, interest free and has no specific repayment terms, but is considered by the directors to be part of the longer term interests in associates.

22 Interests in associates *(continued)*

Set out below are the associates of the Group as at 31 December 2014 and 2013.

Name of entity	Form of business structure	Place of incorporation and operations	Class of shares held	Proportion of nominal value of issued share capital held by the Group 2014	2013	Principal activities
Hong Kong Concrete Company Limited	Incorporated	Hong Kong	Ordinary	**31.5%**	31.5%	Manufacture and sale of ready-mixed concrete
Ou On-Sociedade De Administracao De Propriedades Limitada	Incorporated	Macau	Ordinary	**40.0%**	40.0%	Property management
Matadouro De Macau, S.A.	Incorporated	Macau	Ordinary	**20.0%**	20.0%	Operation of slaughterhouse
Fast Shift Investments Limited ("Fast Shift")*	Incorporated	BVI	Non-voting class B#	**29.0%**	–	Investment holding

* Acquired in January 2014

\# Holder of non-voting class B share of Fast Shift, through Fast Shift's interest in Nova Taipa — Urbanizações, Limitada ("NTUL"), is entitled to 29% of the economic benefits in or losses arising from the residential portion of Nova City Phase V in Macau owned and developed by NTUL.

Set out below is the summarised financial information for Fast Shift which is accounted for using the equity method which, in the opinion of the directors, are material to the Group.

Summarised statement of financial position

	Fast Shift 2014 HK$'000
Assets	
Current assets	8,486,001
Total assets	8,486,001
Liabilities	
Non-current liabilities	1,264,753
Current liabilities	942,176
Total liabilities	2,206,929
Net assets	6,279,072

Notes to the Consolidated Financial Statements (continued)

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22 Interests in associates *(continued)*

Summarised statement of comprehensive income

	Fast Shift 2014 HK$'000
Revenue	–
Loss for the year and total comprehensive loss for the year	(998)
Dividends received from associate	–

The information above reflects the amounts presented in the financial statements of Fast Shift, adjusted for differences in accounting policies between the Group and Fast Shift, and not the Group's share of those amounts.

Fast Shift is a private company and there are no quoted market prices available for its shares.

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented above to the carrying amount of the interests in Fast Shift are as follows:

	Fast Shift 2014 HK$'000
Opening net assets	–
Acquisition of an associate	6,280,070
Loss for the period	(998)
Closing net assets	6,279,072
Share of net assets	1,820,931
Goodwill	–
Carrying value of the Group's share of net assets	1,820,931
Amount due from an associate	251,375

22 Interests in associates *(continued)*

Aggregate information of associates that are not individually material

Set out below is the aggregate financial information of associates that are not individually material:

	2014 HK$'000	2013 HK$'000
Aggregate carrying value	**32,637**	48,757
Aggregate amounts of the Group's share:		
Post-tax profit from continuing operations	**24,077**	21,941
Other comprehensive income	**–**	–
Total comprehensive income	**24,077**	21,941

There are no material commitments or contingent liabilities relating to the Group's interests in associates as at 31 December 2014 and 2013.

23 Concession operating rights

	HK$'000
Cost	
At 1 January 2013	5,732,713
Exchange adjustments	192,311
Additions	809,993
At 31 December 2013	6,735,017
Exchange adjustments	**(22,423)**
Additions	**340,733**
At 31 December 2014	**7,053,327**
Amortisation	
At 1 January 2013	231,012
Exchange adjustments	9,694
Charge for the year	140,478
At 31 December 2013	381,184
Exchange adjustments	**(1,106)**
Charge for the year	**142,257**
At 31 December 2014	**522,335**
Carrying values	
At 31 December 2014	**6,530,992**
At 31 December 2013	6,353,833

Notes to the Consolidated Financial Statements (continued)

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23 Concession operating rights *(continued)*

The concession operating rights relate to Shanxi Yangquan Yangwu Expressway (Yangquan to Yuxian section) and Class 1 Highway from Yangquan to Niangziquan, Shanxi Province with carrying amounts of approximately HK$3,751,314,000 (2013: HK$3,907,141,000) and HK$2,779,678,000 (2013: HK$2,446,692,000), respectively, both of which are located in Mainland China. The carrying amount is measured by the construction and other costs incurred by the Group plus estimated profit margin, which is calculated by making reference to similar projects undertaken in Mainland China. The Group has been granted by the relevant local government authorities the rights to operate the respective toll roads for 30 years from the date of approval by the local government. The operation of Shanxi Yangquan Yangwu Expressway (Yangquan to Yuxian section) is from 8 May 2011 to 7 May 2041. According to the relevant government authorities' approval documents and the relevant regulations, the Group is responsible for construction of the toll expressways, acquisition of the related facilities and equipment, operations, management, maintenance and overhaul of the toll roads during the approved operating periods. The toll fees collected during the operating periods are attributable to the Group. The relevant concession operating rights and relevant assets are required to be returned to the local government authorities when the operating rights periods expire without any payments made to the Group.

At 31 December 2014 and 2013, the concession operating rights related to Shanxi Yangquan Yangwu Expressway (Yangquan to Yuxian section) with carrying amount of approximately HK$3,751,314,000 (2013: HK$3,907,141,000) had been pledged to secure the bank loan with a carrying amount of approximately HK$2,488,002,000 (2013: HK$2,505,724,000).

24 Trademark, project backlogs, licences and goodwill

	Trademark HK$'000	Project backlogs HK$'000	Licences HK$'000	Goodwill HK$'000	Total HK$'000
Cost					
At 1 January 2013, 31 December 2013 and 31 December 2014	216,708	45,359	9,950	577,664	849,681
Amortisation					
At 1 January 2013	8,126	11,340	–	–	19,466
Charge for the year	10,835	15,120	–	–	25,955
At 31 December 2013	18,961	26,460	–	–	45,421
Charge for the year	10,836	15,120	–	–	25,956
At 31 December 2014	29,797	41,580	–	–	71,377
Carrying values					
At 31 December 2014	**186,911**	**3,779**	**9,950**	**577,664**	**778,304**
At 31 December 2013	197,747	18,899	9,950	577,664	804,260

24 Trademark, project backlogs, licences and goodwill *(continued)*

The intangible assets include trademark, project backlogs, construction licences and goodwill recognised from various acquisitions of subsidiaries by the Group.

The estimated useful lives of trademark and project backlogs of 20 and 3 years respectively are based on the terms of existing contracts and historical data.

The construction licences were granted by the Works Branch, Development Bureau of the Hong Kong Special Administration Region ("HKSAR"). The construction licences basically have no legal life but are renewable every year as long as the subsidiary holding the licences is able to comply with certain provisions and requirements set out by the Works Branch Development Bureau of the HKSAR throughout the relevant period. Accordingly, the construction licences are not amortised but are instead tested for impairment annually and whenever there is an indication that they may be impaired.

For impairment assessment of licences, the recoverable amount of the licences is determined based on value-in-use calculations. These calculations use cash flow projections prepared based on financial budgets covering a 5-year period approved by the management, using the estimated zero growth rates which do not exceed the long-term average growth rate in which the construction licences generate.

Goodwill is allocated to the Group's CGU of the FEG Group. For impairment assessment of goodwill, the recoverable amount of the FEG Group is determined based on fair value less costs to sell by making reference to its market share price.

Based on the impairment testing at the end of the reporting period, the management considered that there is no impairment of the Group's construction licences and goodwill.

Notes to the Consolidated Financial Statements (continued)

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25 Available-for-sale investments

Available-for-sale investments comprise:

	2014 HK$'000	2013 HK$'000
Listed securities:		
— Equity securities listed in Hong Kong at market value	–	3,360
— Debt securities listed in Hong Kong with fixed interest of 5.375% and maturity date in 2015	–	32,161
— Debt securities listed in Hong Kong with fixed interest of 4.125–5.350% and maturity date in 2022–2042 (Note (a))	–	46,453
— Debt securities listed in Hong Kong with fixed interest of 4.500–4.625% and maturity date in 2016–2022	–	94,973
— Debt securities listed in Hong Kong with fixed interest of 4.75% and maturity date in 2012–2018	38,400	–
— Debt securities listed in Hong Kong with fixed interest of 4–6.45% and maturity date in 2022–2043 (Note (a))	69,111	–
— Debt securities listed overseas with floating interest and maturity date in 2049	–	16,458
	107,511	193,405
Unlisted securities:		
— Investment funds and certificate of deposits	18,853	18,564
— Equity securities (Note (b))	326,922	331,673
Total	453,286	543,642

Notes:

(a) At 31 December 2014, an amount of HK$49,750,000 (2013: HK$28,862,000) included in the carrying amount of debt securities listed in Hong Kong, is debentures issued by a subsidiary of COLI, a fellow subsidiary of the Group.

(b) At 31 December 2014, an amount of HK$280,706,000 (2013: HK$285,443,000) included in the carrying amount of equity securities are those issued by subsidiaries of COLI, a fellow subsidiary of the Group.

For the impairment assessment of listed equity securities, as there were significant declines in the fair values of the equity securities below their costs, an impairment loss amounting to HK$6,735,000 was recognised in the consolidated income statement in previous years. No impairment was made during the two years ended 31 December 2014 and 2013 as there is no objective evidence of impairment loss.

The maximum exposures to credit risk at the reporting date is the carrying value of the debt securities. None of these financial assets is either past due or impaired. No impairment loss on debt securities is recognised as the issuers of the securities are with high credit ratings and no default interest payment have occurred in the past.

25 Available-for-sale investments *(continued)*

Available-for-sale investments are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
HK$	**54,277**	77,373
RMB	**4,078**	4,092
US$	**126,363**	208,609
Macao Pataca ("MOP")	**268,568**	253,568
	453,286	543,642

26 Amounts due from investee companies

The amounts due from investee companies are unsecured, interest-free and have no fixed repayment terms. No repayment is expected within the next twelve months from the end of the reporting period.

The fair values of these amounts on initial recognition are determined based on effective interest rates ranging from 5.25% to 7.83% per annum (2013: 5.25% to 7.83% per annum) and the balances are denominated in RMB and MOP.

At 31 December 2014, amounts due from investee companies included HK$392,210,000 (2013: HK$377,892,000) from subsidiaries of COLI, a fellow subsidiary of the Group.

27 Inventories

	2014 HK$'000	2013 HK$'000
Raw materials and consumables	**124,897**	127,001
Work in progress	**1,413**	1,074
Finished goods	**33,979**	35,352
	160,289	163,427

Notes to the Consolidated Financial Statements (continued)

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28 Amounts due from/(to) customers for contract work

	2014 HK$'000	2013 HK$'000
Contract costs incurred plus recognised profit less foreseeable losses	**54,141,631**	44,000,561
Less: progress billings	**(56,580,535)**	(44,828,672)
	(2,438,904)	(828,111)
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**1,354,148**	1,075,267
Amounts due to customers for contract work	**(3,793,052)**	(1,903,378)
	(2,438,904)	(828,111)

At 31 December 2014, retentions held by customers for contract work amounted to approximately HK$2,025,904,000 (2013: HK$1,819,575,000) and have been included in trade and other receivables under current assets. No advances received from customers for contract work not yet commenced at 31 December 2014 (2013: HK$740,996,000) have been included in deposits received and advance from customers under current liabilities.

29 Trade and other receivables

	2014 HK$'000	2013 HK$'000 (restated)
Trade receivables and retention receivables	**24,510,257**	16,212,124
Less: allowance for doubtful debts	**(19,930)**	(16,957)
	24,490,327	16,195,167
Receivable from a joint venture	**–**	543,852
Other receivables	**954,224**	1,427,313
Less: allowance for doubtful debts	**(1,202)**	(1,185)
	953,022	1,969,980
Trade and other receivables (Note (a))	**25,443,349**	18,165,147
Current portion	**(12,542,067)**	(10,023,980)
Non-current portion (Note (b))	**12,901,282**	8,141,167

Notes:

(a) Trade receivables and retention receivables included balances with related companies amounting to approximately HK$181,160,000 (2013: HK$253,341,000), which were unsecured, interest free and repayable in accordance with the terms of relevant agreements.

Other receivables included balances with related companies amounting to approximately HK$667,206,000 (2013: HK$977,071,000), which were unsecured, interest free and repayable on demand.

(b) The balances of non-current portion were mainly attributable to certain affordable housing projects (trading under BT model) on the Mainland China. The balances are secured by certain assets of the customers as collaterals and interest bearing in accordance with the relevant contract terms. The amount is expected to be gradually and fully recovered from 2016 to 2018, with approximately HK$7,306,737,000 in 2016, HK$4,989,441,000 in 2017, HK$605,104,000 from 2018. As a result, they are classified as non-current.

29 Trade and other receivables *(continued)*

The analysis of trade and other receivables, including the aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date or the terms of the related contracts, is as follows:

	2014 **HK$'000**	2013 HK$'000 (restated)
Trade receivables, net of allowance for doubtful debts, aged:		
0–30 days	**5,373,856**	4,466,581
31–90 days	**3,030,702**	3,205,488
Over 90 days	**14,059,865**	7,247,375
	22,464,423	14,919,444
Retention receivables	**2,025,904**	1,819,575
Other receivables	**953,022**	1,426,128
Trade and other receivables	**25,443,349**	18,165,147
Portion classified as current assets	**(12,542,067)**	(10,023,980)
Non-current portion	**12,901,282**	8,141,167

Included in the receivables aged over 90 days were receivables attributable to the affordable housing projects amounting to HK$13,690,541,000 (2013: HK$6,443,102,000).

Retention receivables are interest-free and recoverable at the end of the retention period of individual construction contracts ranging from 1 to 2 years. At 31 December 2014, the amount of retention receivables expected to be recovered after more than one year was approximately HK$1,111,393,000 (2013: HK$1,313,151,000).

Except for the receivable arising from construction contracts, including affordable housing projects trading under BT model which are billed and payable in accordance with the terms of relevant agreements, the Group generally allows an average credit period of not exceeding 90 days (2013: 90 days) to its trade customers and the retention receivables are recoverable upon the expiry of the defect liability period of construction.

The aging analysis of the Group's trade receivables balances which are past due but not impaired is presented as follows:

	2014 **HK$'000**	2013 HK$'000
91–180 days	**33,041**	697,867
181–365 days	**86,934**	5,668
Over 365 days	**549,654**	100,738
Total	**669,629**	804,273

Notes to the Consolidated Financial Statements (continued)

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29 Trade and other receivables *(continued)*

Except for the amount of approximately HK$21,132,000 (2013: HK$18,142,000) which was provided for doubtful debts for the year ended 31 December 2014, no allowance for doubtful debts is considered to be necessary for past due trade receivables based on the technical and contractual grounds as advised by the relevant experts and consider that the default rate is low, management's evaluation of creditworthiness and the past collection history of those receivables.

Movement in the allowance for doubtful debts

	2014	2013
	HK$'000	HK$'000
1 January	**18,142**	16,502
Exchange adjustments	**58**	532
Impairment losses recognised on receivables	**2,932**	1,108
31 December	**21,132**	18,142

Before accepting any new customer, the Group will assess the potential customer's credit quality and will define credit limits by customers. Limits attributed to customers are reviewed every year.

Trade and other receivables are denominated in the following currencies:

	2014	2013
	HK$'000	HK$'000
		(restated)
HK$	**3,918,400**	3,354,277
RMB	**19,321,842**	13,230,098
MOP	**1,178,964**	479,585
US$	**177,853**	141,800
Others	**846,290**	959,387
	25,443,349	18,165,147

30 Amounts due from subsidiaries

	The Company	
	2014	2013
	HK$'000	HK$'000
Amounts due from subsidiaries	**6,484,534**	4,952,232
Less: allowance for receivable balances	**(285,786)**	(285,786)
	6,198,748	4,666,446

Amounts due from subsidiaries are unsecured, interest free and repayable on demand.

31 Balances with immediate holding company and associates

Balances with immediate holding company and associates are unsecured, interest-free and repayable on demand. The balances are mainly denominated in RMB.

32 Amounts due from/(to) joint ventures and loan to a joint venture

The amounts due from/(to) joint ventures are unsecured, interest-free and repayable on demand. The balances are mainly denominated in RMB. The balances are expected to be repaid within twelve months after the end of the reporting period.

The loan to a joint venture is unsecured, carrying interest at 10% to 12% per annum and repayable in 2018. The balances are denominated in RMB.

Notes to the Consolidated Financial Statements (continued)

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33 Bank balances and cash

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
Pledged bank deposits	**682**	291	**–**	–
Deposits with financial institutions	**20**	162	**–**	–
Bank balances and cash	**7,451,746**	8,125,730	**7,114**	98,139
	7,452,448	8,126,183	**7,114**	98,139

Pledged bank deposits

At 31 December 2014, bank deposits amounting to approximately HK$682,000 (2013: HK$291,000) are pledged and earn interest at fixed rates ranging from 0.35% to 0.385% per annum (2013: 0.3% to 0.8% per annum).

Deposits with financial institutions

Deposits with financial institutions comprise deposits with original maturity dates ranging from 1 to 6 months (2013: 1 to 6 months) earning interest at fixed rate ranging from 0.00146% to 0.97498% per annum (2013: 0.0094% to 0.208% per annum).

Bank balances and cash

Bank balances, excluding bank current accounts, earn interest at market rates ranging from 0.001% to 5.1% per annum (2013: 0.001% to 3.135% per annum). Bank balances comprise fixed deposits held by the Group with an original maturity of three months or less.

Pledged bank deposits, deposits with financial institutions, bank balances and cash are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
HK$	**2,016,188**	2,639,882	**7,054**	9,950
RMB	**4,270,081**	4,526,412	**–**	38,873
MOP	**980,358**	539,375	**–**	–
Others	**185,821**	420,514	**60**	49,316
	7,452,448	8,126,183	**7,114**	98,139

In respect of the balance denominated in RMB of the Group's subsidiaries incorporated in the PRC, conversion into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

34 Trade payables, other payables and accruals

An analysis of trade payables, other payables and accruals, including the aging analysis of trade payables, presented based on the invoice date, is as follows:

	2014 HK$'000	2013 HK$'000 (restated)
Trade payables, aged:		
0–30 days	5,826,387	4,941,267
31–90 days	2,584,934	1,657,754
Over 90 days	2,729,907	1,461,882
	11,141,228	8,060,903
Retention payables	4,282,776	3,124,465
Other payables and accruals	1,837,314	1,834,366
	17,261,318	13,019,734

Other payables included in the other payables and accruals amounted to approximately HK$1,794,661,000 (2013 (restated): HK$1,802,532,000), and comprise primarily staff costs, other tax and other operating expenses payables.

Trade payables and retention payables included balances with related companies amounting to approximately HK$1,812,070,000 (2013: HK$2,155,732,000), which were unsecured, interest free and repayable in accordance with the terms of relevant agreements.

Other payables included balances with related companies amounting to approximately HK$573,591,000 (2013: HK$700,369,000), which were unsecured, interest free and repayable on demand.

The average credit period on trade and construction cost payables is 60 days (2013: 60 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame. At 31 December 2014, the amount of retention payables expected to be due after more than one year was approximately HK$1,842,466,000 (2013 (restated): HK$1,462,830,000).

Trade payables, other payables and accruals are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000 (restated)
HK$	4,781,162	4,034,635
RMB	11,325,294	8,193,278
MOP	736,003	364,209
US$	77,259	47,041
Others	341,600	380,571
	17,261,318	13,019,734

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35 Borrowings

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
Bank loans, secured	**2,462,752**	2,524,063	**–**	–
Bank loans, unsecured	**8,486,321**	6,330,284	**4,600,000**	3,300,000
Other loans	**–**	7,800	**–**	–
	10,949,073	8,862,147	**4,600,000**	3,300,000
Less: Amount due within one year shown under current liabilities	**(587,269)**	(261,889)	**–**	–
Amount due after one year	**10,361,804**	8,600,258	**4,600,000**	3,300,000
Carrying amount repayable:				
Within one year	**587,269**	261,889	**–**	–
More than one year but not exceeding two years	**1,065,761**	3,764,369	**300,000**	3,300,000
More than two years but not more than five years	**4,394,662**	2,788,064	**1,300,000**	–
More than five years	**4,901,381**	2,047,825	**3,000,000**	–
	10,949,073	8,862,147	**4,600,000**	3,300,000
Wholly repayable within 5 years	**6,047,692**	6,814,322	**1,600,000**	3,300,000
Not wholly repayable within 5 years	**4,901,381**	2,047,825	**3,000,000**	–
	10,949,073	8,862,147	**4,600,000**	3,300,000

The Group's bank loans are mainly denominated in HK$ and RMB, all of which are functional currencies of the respective Group entities. The Group's secured bank loans are secured by land and building and concession operating rights of the Group.

The fair values of borrowings approximate their carrying amounts as the impact of discounting is not significant.

35 Borrowings *(continued)*

The effective interest rates of borrowings are as follows:

The Group

	2014				2013			
	HK$	RMB	Canadian Dollar ("CAD")	US$	HK$	RMB	CAD	US$
	%	%	%	%	%	% (restated)	%	%
Bank loans, secured	–	6.06	6.26	–	–	5.90	6.26	–
Bank loans, unsecured	2.45	6.45	4.00	4.00	2.02	6.46	3.75	3.51
Other loans	–	–	–	–	–	–	–	3.30

The Company

The effective interest rate of an unsecured bank loan of the Company is 1.98% (2013: 1.71%).

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

	The Group		The Company	
	2014	2013	2014	2013
	HK$'000	HK$'000 (restated)	HK$'000	HK$'000
HK$	7,200,000	5,040,000	4,600,000	3,300,000
RMB	3,600,456	3,673,556	–	–
CAD	17,008	68,069	–	–
US$	131,609	80,522	–	–
	10,949,073	8,862,147	4,600,000	3,300,000

Notes to the Consolidated Financial Statements (continued)

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36 Assets held for sale

The assets and liabilities relating to a wholly owned subsidiary of the Company have been presented as held for sale as at 31 December 2013 following the completion of a BT construction contract on the Mainland China and the Group has committed to transfer its entire interest in the subsidiary to an independent third party. No gain or loss is recognised arising from this reclassification.

Despite continuous efforts and taking necessary actions to complete the transfer of the assets and liabilities during the year ended 31 December 2014, certain procedures surrounding the completion of the transfer have been delayed beyond the control of the Group. As a result, the transfer transaction has not been completed by 31 December 2014.

The Group remains committed to its plan to complete the transfer transaction and based on the prevailing information available to management, it is expected that the transfer transaction will be completed by 31 December 2015. Therefore, these assets and liabilities concerned continue to be classified as held for sale.

(a) Assets held for sale

	2014 **HK$'000**	2013 HK$'000
Amounts due from customers for contract works	**9,994,376**	8,476,861
Trade and other receivables	**798,303**	521,877
Bank balances and cash	**53,382**	35,520
Other current assets	**75,705**	135,061
Total assets	**10,921,766**	9,169,319

(b) Liabilities directly associated with assets held for sale

	2014 **HK$'000**	2013 HK$'000
Trade payables, other payables and accruals	**1,054,992**	903,766
Bank loan (Note)	**5,811,514**	3,307,047
Current tax payables	**571,629**	512,308
Total liabilities	**7,438,135**	4,723,121

Note: Bank loan was secured by an asset provided by a customer.

36 Assets held for sale *(continued)*

(c) Cumulative income recognised in other comprehensive income relating assets classified as held for sale

	2014	2013
	HK$'000	HK$'000
Foreign exchange translation adjustment	**102,330**	115,294

37 Share capital

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.025 each	**60,000,000,000**	**1,500,000**
Issued and paid up:		
Balance at 1 January 2013	3,887,447,383	97,186
Issue of ordinary shares upon exercise of share options	1,297,268	33
Balance at 31 December 2013	3,888,744,651	97,219
Issue of ordinary shares upon exercise of share options	**6,394,981**	**160**
Acquisition of subsidiaries and a joint venture (Note)	**117,278,000**	**2,931**
Balance at 31 December 2014	**4,012,417,632**	**100,310**

Note: In December 2014, Ever Power, a wholly-owned subsidiary of the Company, completed the acquisition of COP from COHL, immediate holding company of the Company, including a shareholder's loan to COP for 117,278,000 shares of the Company. The ordinary shares issued rank pari passu as the other shares in issue. The fair value of the shares issued amounted to HK$1,320,550,000 (HK$11.26 per share).

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38 Share premium and reserves

	Share premium HK$'000	Special reserve HK$'000 (Note (a))	Capital redemption reserve HK$'000 (Note (b))	Share option reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000 (Note (c))	Retained profits HK$'000 (Note (d))	Total HK$'000
The Group									
At 1 January 2013, as previously presented	8,117,395	(1,440,128)	337	3,138	55,930	592,542	75,350	6,008,074	13,412,638
Acquisition of COP (Note 2.1(a)(i))	–	(254,643)	–	–	–	32,445	322	131,315	(90,561)
At 1 January 2013, as restated	8,117,395	(1,694,771)	337	3,138	55,930	624,987	75,672	6,139,389	13,322,077
Profit for the year, as restated	–	–	–	–	–	–	–	2,749,551	2,749,551
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	–	–	–	–	(1,114)	–	–	–	(1,114)
Gain on fair value changes of available-for-sale investments, net of tax	–	–	–	–	9,026	–	–	–	9,026
Exchange differences arising on translation of foreign operations, as restated	–	–	–	–	–	610,933	–	–	610,933
Total comprehensive income for the year	–	–	–	–	7,912	610,933	–	2,749,551	3,368,396
Issue of ordinary shares upon exercise of share options	340	–	–	(80)	–	–	–	–	260
Contribution from a former shareholder	–	36,658	–	–	–	–	–	–	36,658
Dividend to a former shareholder	–	(191,000)	–	–	–	–	–	–	(191,000)
2012 final dividend paid	–	–	–	–	–	–	–	(349,987)	(349,987)
2013 interim dividend paid	–	–	–	–	–	–	–	(349,987)	(349,987)
Transfer to statutory reserve	–	–	–	–	–	–	114,379	(114,379)	–
Total transactions with owners, recognised directly in equity	340	(154,342)	–	(80)	–	–	114,379	(814,353)	(854,056)
At 31 December 2013, as restated	8,117,735	(1,849,113)	337	3,058	63,842	1,235,920	190,051	8,074,587	15,836,417

Notes to the Consolidated Financial Statements (continued)

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38 Share premium and reserves *(continued)*

	Share premium HK$'000	Special reserve HK$'000 (Note (a))	Capital redemption reserve HK$'000 (Note (b))	Share option reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000 (Note (c))	Retained profits HK$'000 (Note (d))	Total HK$'000
The Group									
At 1 January 2014, as previously presented	8,117,735	(1,440,128)	337	3,058	63,842	1,183,167	189,729	7,965,866	16,083,606
Acquisition of COP (Note 2.1(a)(i))	–	(408,985)	–	–	–	52,753	322	108,721	(247,189)
At 1 January 2014, as restated	8,117,735	(1,849,113)	337	3,058	63,842	1,235,920	190,051	8,074,587	15,836,417
Profit for the year	–	–	–	–	–	–	–	3,457,410	3,457,410
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	–	–	–	–	(9,954)	–	–	–	(9,954)
Gain on fair value changes of available-for-sale investments, net of tax	–	–	–	–	4,838	–	–	–	4,838
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(161,466)	–	–	(161,466)
Total comprehensive income for the year	–	–	–	–	(5,116)	(161,466)	–	3,457,410	3,290,828
Issue of ordinary shares upon exercise of share options	1,673	–	–	(392)	–	–	–	–	1,281
Issue of shares upon acquisition of subsidiaries and joint venture (Note 37)	1,317,619	–	–	–	–	–	–	–	1,317,619
Contribution from a former shareholder	–	178,892	–	–	–	–	–	–	178,892
2013 final dividend paid	–	–	–	–	–	–	–	(467,088)	(467,088)
2014 interim dividend paid	–	–	–	–	–	–	–	(428,163)	(428,163)
Transfer to statutory reserve	–	–	–	–	–	–	21,172	(21,172)	–
Total transactions with owners, recognised directly in equity	1,319,292	178,892	–	(392)	–	–	21,172	(916,423)	602,541
At 31 December 2014	9,437,027	(1,670,221)	337	2,666	58,726	1,074,454	211,223	10,615,574	19,729,786

Notes to the Consolidated Financial Statements (continued)

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38 Share premium and reserves *(continued)*

	Share premium HK$'000	Capital redemption reserve HK$'000 (Note (b))	Share option reserve HK$'000	Retained profits HK$'000 (Note (d))	Total HK$'000
The Company					
At 1 January 2013	8,117,395	337	3,138	463,659	8,584,529
Profit and total comprehensive income for the year	–	–	–	816,610	816,610
Issue of ordinary shares upon exercise of share options	340	–	(80)	–	260
2012 final dividend paid	–	–	–	(349,987)	(349,987)
2013 interim dividend paid	–	–	–	(349,987)	(349,987)
At 31 December 2013	8,117,735	337	3,058	580,295	8,701,425
Profit and total comprehensive income for the year	–	–	–	1,002,995	1,002,995
Issue of ordinary shares upon exercise of share options	1,673	–	(392)	–	1,281
Issue of shares upon acquisition of subsidiaries and a joint venture	1,317,619	–	–	–	1,317,619
2013 final dividend paid	–	–	–	(467,088)	(467,088)
2014 interim dividend paid	–	–	–	(428,163)	(428,163)
At 31 December 2014	9,437,027	337	2,666	688,039	10,128,069

Notes:

(a) Special reserve arose from:

(i) The balance of special reserve brought forward from prior years arose from the combinations of China State Construction Engineering (Hong Kong) Limited, Zetson Enterprises Limited and its subsidiaries, China Construction Engineering (Macau) Company Limited and its subsidiaries, China Overseas Insurance Limited, China Overseas Insurance Services Limited, COHL (Macao) Commercial and Industrial Company Limited, 深圳中海建築有限公司 and its subsidiary, China Overseas Public Utility Investment Limited and its subsidiaries, Fuller Sky Enterprises Limited, Value Idea Investments Limited, 陽泉市陽五高速公路投資管理有限公司 and China Overseas Technology Holdings Limited and its subsidiaries ("COTHL") under common control. In 2014, the Group further acquired COP and its subsidiaries under common control. The amount represents excess of considerations paid over the share capital of the acquired companies net of contribution from/(distribution to) the former shareholders in prior years.

(ii) During 2012, the Group obtained control over FEG which then became the Group's subsidiary. Subsequent to the acquisition, a wholly-owned subsidiary of the Company, disposed of an aggregate of 45,500,000 shares of FEG at a price of HK$1.26 per share through private placing to certain independent investors. As a result, the Group's shareholding in FEG was reduced from 76.2% to 74.1%. The partial disposal did not result in a loss of control and was thus accounted for as an equity transaction. Accordingly, the excess of approximately HK$34 million, representing the difference between the cash consideration received for the disposal of the partial interest in FEG of approximately HK$57 million and the carrying amount of the attributable share of net assets of FEG of approximately HK$23 million, was credited to the special reserve.

(b) Capital redemption reserve represents the amount by which the Company's issued share capital was diminished on cancellation of ordinary shares repurchased.

(c) Statutory reserve of the Group represents a general and development fund reserve applicable to the overseas and Mainland China subsidiaries which was established in accordance with the relevant regulations.

(d) Included in retained profits as at 31 December 2014 is the proposed 2014 final dividend of approximately HK$601,863,000 (2013: HK$467,088,000).

39 Guaranteed notes payables

In April 2013, a subsidiary of the Company issued guaranteed notes with an aggregate principal amount of US$500 million (equivalent to approximately HK$3,860 million) (the "Notes") at the issue price of 99.542%. The Notes, which bear fixed interest at the rate of 3.125% per annum payable semi-annually, are unconditionally and irrevocably guaranteed by the Company. The Notes shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the Trust Deed which include, inter alia, the negative pledge given by the Company and the said subsidiary. The Notes will mature on 2 April 2018 at the principal amount. The fair value of the Notes at 31 December 2014 was estimated at approximately HK$3,878 million (2013: HK$3,751 million), which was determined based on the closing market price of the Notes at that date and is within level 1 of the fair value hierarchy.

40 Deferred income

	2014 **HK$'000**	2013 HK$'000
Deferred income arose from the following:		
Connection services	**778,460**	670,638

Connection fee income is attributable to the connecting pipeline construction for heat transmission and continuing repairs and maintenance services relating to the pipelines. Connection fee income is recorded as deferred income and amortised on a straight-line basis over the expected service period of heat transmission to be rendered with reference to the term of the operating licence of the relevant entities.

The deferred income represented the connection service income received attributable to the transmission of heat services not yet recognised as income.

The following is the analysis of the deferred income balances for financial reporting purposes:

	2014 **HK$'000**	2013 HK$'000
Deferred income due within one year included in trade payables, other payables and accruals under current liabilities	**42,652**	31,836
Deferred income due after one year	**735,808**	638,802
	778,460	670,638

Notes to the Consolidated Financial Statements (continued)

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41 Deferred taxation

The analysis of the Group's deferred tax assets and deferred tax liabilities is as follows:

	2014 HK$'000	2013 HK$'000 (restated)
Deferred tax assets:		
To be recovered after more than twelve months	**154,216**	113,029
To be recovered within twelve months	**33,104**	37,998
	187,320	151,027
Deferred tax liabilities:		
To be recovered after more than twelve months	**384,724**	389,554
To be recovered within twelve months	**4,753**	8,766
	389,477	398,320

	Accelerated tax depreciation HK$'000	Concession operating rights HK$'000	Deferred income HK$'000	Undistributed earnings of Mainland China subsidiaries and joint ventures HK$'000	Recognition of intangible assets on business combination HK$'000	Revaluation of land HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2013, as previously presented	26,342	190,463	24,820	66,368	50,049	5,158	(7,325)	6,390	362,265
Acquisition of COP (Note 2.1(a)(i))	–	–	–	3,513	–	–	–	–	3,513
At 1 January 2013, as restated	26,342	190,463	24,820	69,881	50,049	5,158	(7,325)	6,390	365,778
Exchange adjustments	–	4,671	282	–	–	–	(453)	568	5,068
(Credited)/charged to consolidated income statement	(16,922)	53,456	(5,672)	7,048	(7,590)	–	(150,574)	–	(120,254)
Reallocated to tax liabilities	–	–	–	(9,299)	–	–	6,000	–	(3,299)
At 31 December 2013, as restated	9,420	248,590	19,430	67,630	42,459	5,158	(152,352)	6,958	247,293
At 1 January 2014, as previously presented	**9,420**	**248,590**	**19,430**	**64,117**	**42,459**	**5,158**	**(152,352)**	**6,958**	**243,780**
Acquisition of COP (Note 2.1(a)(i))	**–**	**–**	**–**	**3,513**	**–**	**–**	**–**	**–**	**3,513**
At 1 January 2014, as restated	**9,420**	**248,590**	**19,430**	**67,630**	**42,459**	**5,158**	**(152,352)**	**6,958**	**247,293**
Exchange adjustments	**–**	**(632)**	**(85)**	**–**	**–**	**–**	**874**	**–**	**157**
Charged/(credited) to consolidated income statement	**9,197**	**8,356**	**(10,021)**	**(1,434)**	**(4,522)**	**–**	**(37,168)**	**(9,701)**	**(45,293)**
At 31 December 2014	**18,617**	**256,314**	**9,324**	**66,196**	**37,937**	**5,158**	**(188,646)**	**(2,743)**	**202,157**

41 Deferred taxation *(continued)*

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014 **HK$'000**	2013 HK$'000 (restated)
Deferred tax assets	**187,320**	151,027
Deferred tax liabilities	**(389,477)**	(398,320)
	(202,157)	(247,293)

At the end of the reporting period, the Group has the following deductible temporary differences and unused tax losses not recognised in the consolidated financial statements:

	2014 **HK$'000**	2013 HK$'000
Unused tax losses (Note (a))	**804,705**	416,797
Excess of depreciation charged in the consolidated financial statements over tax depreciation allowances (Note (b))	**111**	111
	804,816	416,908

Notes:

(a) No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future taxable profit streams. Included in unrecognised tax losses are losses of approximately HK$585,292,000 (2013: HK$353,131,000) that will expire within five years. Other losses may be carried forward indefinitely.

(b) No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

42 Major non-cash transaction

During the year ended 31 December 2014, the Group recognised concession operating rights of approximately HK$319,247,000 (2013: HK$782,435,000) in respect of consideration for the provision of construction services in a service concession arrangement. The same amount has been accounted for as revenue from construction contracts as set out in Note 5.

43 Share-based payments

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 9 June 2005 for the primary purpose of providing incentives to directors, eligible employees, officers and suppliers of goods and services of the Group, and may be terminated by resolution in general meeting. Under the Scheme, the Board of Directors of the Company may grant options to qualifying grantees, including the directors of the Company, employees, officers or contractors of the Group.

At 31 December 2014, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was approximately 52,180,000 (2013: 58,575,000), representing approximately 1.30% (2013: 1.51%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of options granted and which may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 28 days from the date of offer. An amount of HK$1.00 is payable by each qualifying grantee on acceptance of the offer. Options may be exercised within the option period (must not exceed 10 years from the date of grant of the relevant option) which shall be determined by the Board in its absolute discretion at the time of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

All the Company's outstanding options were granted on 14 September 2005. As at 31 December 2014, there were approximately 52,180,000 (2013: 58,575,000) vested options outstanding with an adjusted exercise price of HK$0.2544 (2013: HK$0.2544) per share.

The following table discloses the Company's share options held by employees (including directors) and consultants:

	Outstanding at 1 January 2013 '000	Reclassified during the year '000	Exercised during the year '000	Outstanding at 31 December 2013 '000	**Reclassified during the year '000**	**Exercised during the year '000**	**Outstanding at 31 December 2014 '000**
Directors	8,542	(3,289)	(639)	4,614	**–**	**(4,614)**	**–**
Employees	32,240	3,289	–	35,529	**–**	**–**	**35,529**
Consultants	19,090	–	(658)	18,432	**–**	**(1,781)**	**16,651**
	59,872	–	(1,297)	58,575	**–**	**(6,395)**	**52,180**

43 Share-based payments *(continued)*

The following table discloses movements of the Company's share options by the exercisable period during the year.

	Outstanding at 1 January 2013 '000	Exercised during the year '000	Outstanding at 31 December 2013 '000	**Exercised during the year '000**	**Outstanding at 31 December 2014 '000**
Granted on 14 September 2005					
— with exercisable period of 14 September 2006 to 13 September 2015	6,919	(71)	6,848	**(6,395)**	**453**
— with exercisable period of 14 September 2007 to 13 September 2015	9,593	(70)	9,523	**–**	**9,523**
— with exercisable period of 14 September 2008 to 13 September 2015	11,704	(114)	11,590	**–**	**11,590**
— with exercisable period of 14 September 2009 to 13 September 2015	11,722	(132)	11,590	**–**	**11,590**
— with exercisable period of 14 September 2010 to 13 September 2015	19,934	(910)	19,024	**–**	**19,024**
	59,872	(1,297)	58,575	**(6,395)**	**52,180**
Exercisable at the end of the year	59,872		58,575		**52,180**

In respect of the share options exercised during the year, the weighted average share price was HK$12.27 (2013: HK$11.53).

The weighted average fair value of the options granted on 14 September 2005 was HK$0.245.

Share options granted to consultants are measured at the fair values of the services received. As the fair value of the services cannot be estimated reliability, the Black-Scholes pricing model/the Binominal model has been used to estimate the fair value of the options.

No share option was granted during the year ended 31 December 2014 and 2013.

Notes to the Consolidated Financial Statements (continued)

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44 Operating lease arrangements

The Group as lessee

At 31 December 2014 and 2013, the Group had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due:

	2014 HK$'000	2013 HK$'000
Within one year	**32,556**	33,257
In the second to fifth year inclusive	**13,349**	15,846
	45,905	49,103

Leases in respect of land and buildings are negotiated and fixed for an average term of two years.

Leases in respect of plant and machinery are negotiated based on individual contracts and the Group had no commitments for future minimum lease payments under the operating leases of plant and machinery.

The Group as lessor

At the end of the reporting period, investment properties with carrying amounts of HK$38,073,000 (2013: HK$39,085,000) were let out under operating leases.

Property rental income earned, net of direct expenses, during the year was approximately HK$9,598,000 (2013: HK$10,872,000) which was derived from the letting of investment properties. All of the properties leased out have committed tenants for the next one to seven years without termination options granted to tenants.

At 31 December 2014 and 2013, the Group had contracted with tenants for the following future minimum lease payments:

	2014 HK$'000	2013 HK$'000
Within one year	**7,905**	15,365
In the second to fifth year inclusive	**10,206**	17,989
Over five years	**1,685**	3,932
	19,796	37,286

45 Commitments

At 31 December 2014 and 2013, the Group had the following commitments contracted but not provided for in the consolidated financial statements.

	2014 HK$'000	2013 HK$'000
Contracted but not provided for		
— construction in progress for property, plant and equipment	**116,671**	77,940
— investment	**–**	1,566,216

46 Related party transactions

Apart from the balances due from or to related parties set out in Notes 26, 29, 31, 32 and 34, the Group had the following transactions with related parties during the year:

The Group had the following transactions with immediate holding company, an intermediate holding company, fellow subsidiaries, associates and joint ventures during the year:

Transactions

	2014 HK$'000	2013 HK$'000 (restated)
Fellow subsidiaries		
Rental expenses	14,824	14,824
Security service payment	17,163	20,558
Revenue from construction contracts	–	374,877
Project consultancy services income	23,382	39,262
Construction costs	2,864,093	684,372
Insurance premium income	2,099	1,445
Design consultancy fee charge	4,354	71,751
Revenue from connection services	72,042	7,947
Associates		
Purchase of construction materials	132,695	138,444
Revenue from construction contracts	131,582	–
Joint ventures		
Revenue from construction contracts	2,958,048	557,994
Rental income from lease of machinery	1,793	1,100
Purchase of materials	122,969	54,388
Sales of building materials	14,951	23,884
Insurance premium income	111,174	44,697
Construction costs	25,280	19,228
Immediate holding company		
Management fee income	12,000	–
Intermediate holding company		
Commission income	–	3,236
Construction costs	584,921	3,094,994

Notes to the Consolidated Financial Statements (continued)

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46 Related party transactions *(continued)*

Transactions with other state-controlled entities in Mainland China

Certain of the Group's business are operated in an economic environment currently predominated by entities directly or indirectly owned, controlled or significantly influenced by the PRC government. In addition, the Group is itself part of a larger group of companies under CSCEC which is controlled by the PRC government.

Apart from transactions with its immediate holding company, intermediate holding company, fellow subsidiaries, associate and joint ventures of the Group, the Group has transactions with other state-controlled entities including but not limited to the following:

- Revenue from construction contracts
- Investment income
- Finance costs

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

Certain of the Company's subsidiaries had entered into various transactions with state-controlled entities, including general banking facilities transactions with certain banks and financial institutions which are state-controlled entities, in their ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2014 **HK$'000**	2013 HK$'000
Short-term benefits	**52,248**	66,340
Post-employment benefits	**246**	289
	52,494	66,629

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

47 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Notes to the Consolidated Financial Statements (continued)

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48 Particulars of principal subsidiaries

Particulars of the Company's principal subsidiaries at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Directly held by the Company:					
China Overseas Insurance Limited	Hong Kong	300,000,000 ordinary shares of HK$300,000,000 (2013: HK$1 each)	100	100	Insurance business
China Overseas Insurance Services Limited	Hong Kong	150,000 ordinary shares of HK$150,000 (2013: HK$1 each)	100	100	Insurance brokerage services
China State Construction Engineering (Hong Kong) Limited	Hong Kong	355,569,190 ordinary shares of HK$355,569,190 (2013: HK$1 each) and 844,430,810 non-voting deferred shares of HK$844,430,810 (2013: HK$1 each)	100	100	Building construction, civil and foundation engineering works and investment holding
Xun An Engineering Company Limited	Hong Kong	100 ordinary shares of HK$100 (2013: HK$1 each)	100	100	Provision of related installation repairs and maintenance services
Add Treasure Holdings Limited	BVI/Hong Kong	1 ordinary shares of US$1	100	100	Investment holding
Classicman International Limited	BVI/Hong Kong	1 ordinary share of US$1	100	100	Investment holding
Zetson Enterprises Ltd	BVI/Hong Kong	1 ordinary share of US$1	100	100	Investment holding
China State Construction Finance (Cayman) I Limited	Cayman Islands/ Hong Kong	1 ordinary share of US$1	100	100	Issuance of guaranteed notes

Notes to the Consolidated Financial Statements (continued)

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48 Particulars of principal subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Indirectly held by the Company:					
China Overseas Building Construction Limited	Hong Kong	4,999,900 ordinary shares of HK$49,999,000 (2013: HK$10 each) and 100 non-voting deferred shares of HK$1,000 (2013: HK$10 each)	**100**	100	Building construction, project management and investment holding
China Overseas (Hong Kong) Limited	Hong Kong	5,000,000 ordinary shares of HK$50,000,000 (2013: HK$10 each)	**100**	100	Investment holding and provision of management services
China State Civil Engineering Limited	Hong Kong	1,999,900 ordinary shares of HK$19,999,000 (2013: HK$10 each) and 100 non-voting deferred shares of HK$1,000 (2013: HK$10 each)	**100**	100	Civil engineering works, project management and investment holding
China State Foundation Engineering Limited	Hong Kong	46,500,000 ordinary shares of HK$46,500,000 (2013: HK$1 each) and 500,000 non-voting deferred shares of HK$500,000 (2013: HK$1 each)	**100**	100	Foundation engineering works and project management
China State Grand Wealth Investments Limited	Hong Kong	1 ordinary share of HK$1	**100**	100	Investment holding
China State Machinery Limited	Hong Kong	2 ordinary shares of HK$2 (2013: HK$1 each)	**100**	100	Lease of plant and machinery

Notes to the Consolidated Financial Statements (continued)

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48 Particulars of principal subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Indirectly held by the Company: *(Continued)*					
China State Mechanical & Electrical Engineering Limited	Hong Kong	10,000,000 ordinary shares of HK$10,000,000 (2013: HK$1 each)	100	100	Mechanical and electrical engineering works and project management
CSCEC Trade Mark Limited	Hong Kong	2 ordinary shares of HK$2 (2013: HK$1 each)	100	100	Holding of trade marks
Eastgood Investments Limited	Hong Kong	2 ordinary shares of HK$2 (2013: HK$1 each)	100	100	Investment holding
Far East Aluminium Works Company Limited	Hong Kong	900,000 ordinary shares of HK$90,000,000 (2013: HK$100 each)	74.06	74.06	Design, manufacture and installation of curtain walls, aluminium windows and other related products
Speedclass Development Limited	Hong Kong	100 ordinary shares of HK$100 (2013: HK$1 each)	100	100	Project management
Treasure Construction Engineering Limited	Hong Kong	2 ordinary shares of HK$2 (2013: HK$1 each)	74.06	100	Building construction
Barkgate Enterprises Limited	BVI/Hong Kong	200 ordinary shares of US$1 each	100	100	Investment holding
Best Inherit Limited	BVI/Hong Kong	1 ordinary share of US$1	100	100	Investment holding
China Overseas Public Utility Investment Limited	BVI/Hong Kong	1 ordinary share of US$1	100	100	Investment holding

Notes to the Consolidated Financial Statements (continued)

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48 Particulars of principal subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Indirectly held by the Company: *(Continued)*					
China Overseas Ports Investment Company Limited (iv)	BVI	US$64,100,000	**100**	100	Investment holding
China Overseas Technology Holdings Limited	BVI/Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding
Citycharm Investments Limited	BVI/Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding
Ever Power Group Limited	BVI/Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding
Fuller Sky Enterprises Limited	BVI/Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding
Magnified Industries Limited	BVI/Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding
Perfect Castle Limited	BVI/Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding
Value Idea Investments Limited	BVI/Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding
Weedon International Limited	BVI/Hong Kong	1 ordinary share of US$1	**100**	100	Investment holding
Gamma Windows and Walls International, Inc.	Canada	100 common shares of CAD53,362.36 each	**40.73**	40.73	Design, manufacture and installation of curtain walls, aluminium windows and other related products

48 Particulars of principal subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Indirectly held by the Company: *(Continued)*					
Far East Global Group Limited (iii)	Cayman Islands/ Hong Kong	2,155,545,000 ordinary shares of HK$0.01 each	**74.06**	74.06	Investment holding
Alchmex International Construction Limited	United Kingdom/ Hong Kong	4,000,000 ordinary shares of GBP1 each	**100**	100	Building construction, civil and marine engineering works, project and construction management
Far East Facade (UK) Limited	United Kingdom	1 ordinary share of GBP1	**74.06**	74.06	Installation of curtain walls, aluminium windows and other related products
China Construction Engineering (Macau) Company Limited	Macau	MOP300,000,000	**100**	100	Building construction and civil engineering works, properties holding and investment holding
COHL (Macao) Commercial and Industrial Company Limited	Macau	MOP200,000	**100**	100	Investment holding
CSFE (Macau) Limited	Macau	MOP200,000	**100**	100	Foundation engineering works
CSME (Macau) Limited	Macau	MOP200,000	**100**	100	Mechanical and electrical engineering works

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

48 Particulars of principal subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Indirectly held by the Company: *(Continued)*					
Netfortune Engineering (FEA) Macau Limited	Macau	MOP25,000	**74.06**	74.06	Installation of curtain walls, aluminum windows and other related products
C.S.H.K. Dubai Contracting L.L.C.	United Arab Emirates	1,000 ordinary shares of AED1,000 each	**100**	100	Building construction and road contracting
Gamma Installations, Inc.	United States of America	1,000 shares of US$0.001 each	**40.73**	40.73	Installation of curtain walls, aluminium windows and other related products
Gamma North Corporation	United States of America	1 share of US$1	**40.73**	40.73	Manufacture of curtain walls, aluminium windows and other related products
Gamma USA, Inc.	United States of America	1,000 shares of US$0.001 each	**40.73**	40.73	Design, manufacture and installation of curtain walls, aluminium windows and other related products
中建(珠海)有限公司(i)	PRC	HK$10,770,000	**100**	100	Property investment and management
瀋陽皇姑熱電有限公司(i)	PRC	RMB680,660,000	**100**	100	Generation and supply of heat and electricity and investment holding
瀋陽皇姑粉煤灰建材有限公司(ii)	PRC	RMB8,000,000	**100**	100	Manufacturing and sales of coal products

48 Particulars of principal subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Indirectly held by the Company: *(Continued)*					
深圳中海建築有限公司(i)	PRC	RMB350,000,000	100	100	Building construction and investment holding
深圳市中海建設監理有限公司(ii)	PRC	RMB50,000,000	100	100	Provision of project consultant services
深圳海龍建築製品有限公司(i)	PRC	RMB50,000,000	100	100	Manufacturing and sales of precast structures
中建陽泉基礎設施投資有限公司(ii)	PRC	RMB100,000,000	100	100	Infrastructure construction and operation
陽泉市陽五高速公路投資管理有限公司(ii)	PRC	RMB202,000,000	100	100	Infrastructure construction and operation
深圳海豐德投資有限公司(ii)	PRC	RMB100,000,000	100	100	Investment holding
天津港悦基建發展有限公司(i)	PRC	US$15,000,000	100	100	Infrastructure investment
深圳市中建宏達投資有限公司(ii)	PRC	RMB200,000,000	100	100	Investment holding
深圳市中海投資有限公司(ii)	PRC	RMB500,000,000	100	100	Investment holding
中海創業投資（深圳）有限公司(i)	PRC	US$29,800,000	100	100	Investment holding
中建國際投資（中國）有限公司 (formerly known as 中建宏達投資（中國）有限公司) (ii)	PRC	US$588,000,000	100	100	Investment holding

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

48 Particulars of principal subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Indirectly held by the Company: *(Continued)*					
中建(漳州)建設開發有限公司(ii)	PRC	US$48,000,000	**100**	100	Building investment
重慶海建投資有限公司(ii)	PRC	RMB10,000,000	**100**	100	Building investment
山西五盂高速公路有限公司(ii)	PRC	US$290,000,000	**100**	100	Infrastructure investment and construction
重慶海勝基礎設施開發有限公司(ii)	PRC	RMB380,000,000	**100**	100	Infrastructure investment
杭州海嘉建設有限公司(ii)	PRC	RMB210,000,000	**100**	100	Infrastructure investment
無錫海嘉建設有限公司(ii)	PRC	RMB150,000,000	**100**	100	Infrastructure investment
鎮江海嘉建設有限公司(ii)	PRC	RMB120,000,000	**100**	100	Infrastructure investment
溫洲海嘉建設有限公司(ii)	PRC	RMB300,000,000	**100**	100	Infrastructure investment
平陽海嘉建設有限公司(ii)	PRC	RMB100,000,000	**100**	100	Infrastructure investment
中建國際投資（鎮江）有限公司(ii)	PRC	RMB180,000,000	**100**	100	Infrastructure investment
中海物流(深圳)有限公司(ii)(iv)	PRC	HK$50,000,000	**100**	100	Provision of logistic services

48 Particulars of principal subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share/registered capital	Attributable equity interest held 2014 %	2013 %	Principal activities
Indirectly held by the Company: *(Continued)*					
深圳市中海客貨代理有限公司(ii)(iv)	PRC	RMB5,000,000	**100**	100	Provision of logistic services
深圳市中海港口物流有限公司(ii)(iv)	PRC	RMB10,000,000	**100**	100	Provision of logistic services
上海力進鋁質工程有限公司(ii)	PRC	RMB10,000,000	**74.06**	74.06	Design, manufacture and installation of curtain walls, aluminium windows and other related products
遠東幕牆製品(深圳)有限公司(ii)	PRC	HK$20,000,000	**74.06**	74.06	Manufacture of curtain walls, aluminium windows and other related products

Notes:

(i) Registered as foreign owned enterprise

(ii) Limited liability company registered in the PRC

(iii) Listed company

(iv) Newly acquired subsidiaries by business combination under common control during the year (Note 2.1 (a)(i))

None of the subsidiaries had issued any debt securities outstanding at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Five Year Financial Summary

Consolidated Results

	For the year ended 31 December				
	2010 HK$'000 (restated)	2011 HK$'000 (restated)	2012 HK$'000 (restated)	2013 HK$'000 (restated)	**2014** **HK$'000**
Revenue	13,384,030	17,510,533	22,059,910	27,285,620	**34,439,575**
Operating profit	1,166,556	1,679,150	2,278,536	3,140,029	**4,185,291**
Share of profits of					
Joint ventures	243,636	359,002	413,284	430,228	**294,345**
Associates	20,419	13,702	18,255	21,941	**23,787**
Finance costs	(24,908)	(194,896)	(255,601)	(418,440)	**(455,829)**
Profit before tax	1,405,703	1,856,958	2,454,474	3,173,758	**4,047,594**
Income tax expenses, net	(235,779)	(339,670)	(405,095)	(503,071)	**(659,716)**
Profit for the year	1,169,924	1,517,288	2,049,379	2,670,687	**3,387,878**
Attributable to:					
Owners of the Company	1,070,663	1,514,514	2,044,337	2,749,551	**3,457,410**
Non-controlling interests	99,261	2,774	5,042	(78,864)	**(69,532)**
	1,169,924	1,517,288	2,049,379	2,670,687	**3,387,878**

Note: The consolidated results for the years ended 31 December 2010, 2011, 2012 and 2013 have been restated for the application of merger accounting for common control combination.

Five Year Financial Summary (continued)

Consolidated Net Assets

	As at 31 December				
	2010 HK$'000 (restated)	2011 HK$'000 (restated)	2012 HK$'000 (restated)	2013 HK$'000 (restated)	**2014 HK$'000**
NON-CURRENT ASSETS					
Property, plant and equipment	1,760,228	2,211,357	2,523,107	2,672,357	**2,827,300**
Investment properties	42,038	41,063	40,044	39,085	**38,073**
Interests in infrastructure project investments	673,575	673,224	915,049	1,186,012	**1,489,188**
Prepaid lease payments	271,960	282,836	277,795	280,063	**273,022**
Interests in Joint ventures	2,327,699	2,506,098	2,630,927	2,149,893	**3,449,034**
Interests in associates	34,552	29,237	36,156	48,757	**2,104,943**
Concession operating rights	4,046,058	4,926,465	5,501,701	6,353,833	**6,530,992**
Deferred tax assets	–	–	–	151,027	**187,320**
Trademark, project backlogs and licences	9,950	9,950	252,551	226,596	**200,640**
Goodwill	–	–	577,664	577,664	**577,664**
Available-for-sale investments	396,953	490,842	497,861	543,642	**453,286**
Investment in convertible bonds	219,686	240,000	296,827	–	**–**
Amounts due from investee companies	362,247	356,085	361,471	399,645	**411,838**
Trade and other receivables	–	919,473	3,186,846	8,141,167	**12,901,282**
Deposit paid for an investment	–	–	–	500,000	**–**
Loan to a joint venture	–	–	–	127,550	**804,918**
	10,144,946	12,686,630	17,097,999	23,397,291	**32,249,500**
CURRENT ASSETS	9,153,478	14,759,220	21,269,340	29,052,920	**34,329,607**
TOTAL ASSETS	19,298,424	27,445,850	38,367,339	52,450,211	**66,579,107**
NON-CURRENT LIABILITIES					
Borrowings	(2,880,362)	(4,961,268)	(10,101,194)	(8,600,258)	**(10,361,804)**
Guaranteed notes payables	–	–	–	(3,860,286)	**(3,869,804)**
Deferred income	(244,047)	(421,938)	(520,791)	(638,802)	**(735,808)**
Deferred tax liabilities	(232,326)	(279,527)	(365,778)	(398,320)	**(389,477)**
Loans from an intermediate holding company	(2,470,537)	–	–	–	**–**
Obligations under finance leases	–	–	(4,938)	(4,280)	**(3,480)**
	(5,827,272)	(5,662,733)	(10,992,701)	(13,501,946)	**(15,360,373)**
CURRENT LIABILITIES	(8,862,513)	(12,287,343)	(13,612,234)	(22,761,392)	**(31,221,072)**
TOTAL LIABILITIES	(14,689,785)	(17,950,076)	(24,604,935)	(36,263,338)	**(46,581,445)**
NET ASSETS	4,608,639	9,495,774	13,762,404	16,186,873	**19,997,662**

Note: The consolidated net assets as at 31 December 2010, 2011, 2012 and 2013 have been restated for the application of merger accounting for common control combination.

Particulars of Investment Properties

	Address	Use	Lease term	Approximate gross floor area (sq.ft)	Group's interest %
(a)	11th, 12th and 13th Floors, China Construction Commercial Building, Rua do Campo No: 88-96 and Rua de Santa Clara No: 1–3A, Macau	Commercial	Freehold	15,672	100
(b)	1st, 2nd, 3rd, 22nd and 23rd Floors, Zhongjian Commercial Building, Yingbin Road South, Gongbei District, Zhuhai, Guangdong Province, the PRC	Commercial	Medium-term lease	39,057	100
(c)	No. 201, Ground Store, No. 245 Qiaoguang Road, Gongbei District, Zhuhai, Guangdong Province, the PRC	Commercial	Medium-term lease	1,057	100
(d)	Room 1104, 11th Floor, Zhongzhu Building, No. 1081 Yingbin Road South Gongbei District, Zhuhai, Guangdong Province, the PRC	Commercial	Medium-term lease	1,134	100
(e)	Shop A on Ground Floor and Car Parking Spaces Nos. 1 to 24 on 1st Floor, Fu Po Garden, Estrada Marginal do Hipodromo No: 70–76, Macau	Commercial	Medium-term lease	6,542	100
(f)	Shops on Basement, Ground Floor and 1st Floor, Car Parking Spaces Nos. 1 to 6 on 1st Floor and Nos. 15 to 16 on 2nd Floor, Edificio Ou Va, Rua do Ribeira do Patane No: 109–115, Avenida Marginal do Patane No: 26–36, Macau	Commercial	Freehold	16,175	100

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