中國交通建設股份有限公司

CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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

(Stock Code: 1800)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

Revenue of the Group in 2015 amounted to RMB403,616 million, representing an increase of RMB37,574 million, or 10.3%, from RMB366,042 million in 2014.

Gross profit in 2015 amounted to RMB49,754 million, representing an increase of RMB10,482 million, or 26.7%, from RMB39,272 million in 2014.

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

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

Earnings per share for the year 2015 amounted to RMB0.96, as compared with RMB0.86 in 2014.

The value of new contracts in 2015 amounted to RMB650,315 million, representing an increase of 6.9% from RMB608,417 million in 2014.

As at 31 December 2015, the backlog for the Group was RMB867,298 million, as compared with RMB818,280 million as at 31 December 2014.

The Board has proposed a final dividend of RMB0.19037 per share (tax inclusive) for the year ended 31 December 2015, subject to shareholder's approval.

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2016, standing on the new starting point of the history, the Company will firmly build the consciousness of opportunity, risk and responsibility, start from zero, break the inertia and keep going with a constantly upgrading attitude; we will start off again with an courageous, persistent and tenacious attitude, work steadily and assume our due responsibility bravely; we will build an eco-system with picturesque sceneries, do our work on the clean and eco-friendly principle, and accumulate powerful high-spiritedly positive energy.

BUSINESS OVERVIEW

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

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

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

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

I. Business Review and Market Strategies

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

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

1. Infrastructure Construction Business

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

(1) Port Construction

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

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

By enjoying the absolute advantages of pelagic construction, the Company has undertaken the national key construction projects for 2015, which has produced boosting effect in production and operation for that year. Meanwhile, under the guidance of strategies including the integrated transportation planning under the coordinated development of Beijing, Tianjin and Hebei, the outlines of Yangtze River Economic Zone development, and "One Belt, One Road", the Company exercised full exploration of project opportunities in Yangtze Rive basin,

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

transformation and upgrading of old ports, and seized the market opportunities regarding the ports construction along Maritime Silk Road, which could compensate for the drop in the investment in the traditional business. Furthermore, the Company gave full play to the controlling capability of the business department over production and operation, strengthened the overall preliminary planning of major projects and timely analysed and summarised the market changes. As a result, the bidding rate and bid-winning rate for the Company in 2015 was higher than those for the same period in previous years and the market share of the Company further solidified and enhanced.

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

(2) Road and Bridge Construction

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

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

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

(3) Railway Construction

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

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

(4) Investment Projects

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

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

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

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

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

(5) Overseas Construction Projects

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

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

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

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

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

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

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

(6) Municipal and Other Projects

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

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

2. Infrastructure Design Business

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

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

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

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

3. Dredging Business

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

In 2015, according to the vessel purchase plan, there was one large vessel constructed with special purpose to serve in the Group's dredger fleets. As at 31 December 2015, the Group's dredging capacity amounted to approximately 740 million cubic meters under standard operating conditions.

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

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

4. Heavy Machinery Manufacturing Business

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

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

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

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

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

(1) Infrastructure Construction Business

Port Construction

No.	Contract Name	Contract Value
1	No. 6 to No.10 container terminal project in Meishan Port Zone of Ningbo-Zhoushan Port, Zhejiang	2,201
2	The auxiliary terminal project of Jiahu Bay Power Plant in Lufeng, Guangdong	1,586
3	Phase II of Guang’ao Port Zone of Shantou Port in Guangdong	1,337
4	The construction engineering for the regulating structure of Fujiangsha waterway in Phase II of the 12.5-meter deepwater channel regulation of the Yangtze River under Nanjing	1,139
5	The regulating structure of Hechangzhou waterway in Phase II of the 12.5-meter deepwater channel regulation of the Yangtze River under Nanjing	1,095

Road and Bridge Construction

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

Railway Construction

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

Investment Projects

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

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

Overseas Projects

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

(2) Infrastructure Design Business

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

(3) Dredging Business

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

(4) Heavy Machinery Manufacturing Business

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

II. Business Outlook

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

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

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

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

III. Business Plan

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

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

IV. Technology Innovation

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

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

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

V. Financial Innovation

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

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

VI. Investment Projects of the Company (Unit: RMB million)

1. Investment Projects newly entered in 2015

No.	Project Name	Project Type	Contract Value Entered	Expected Construction and Installation Contract Value undertaken by the Company	Construction Period (Year)	Toll Collection Rights Period/ Operation Period/ Procurement Period (Year)	Remarks
1	Integrated regulation project of Shuidong Bay New Town in Maoming, Guangdong	Preliminary land development	3,693	2,585	5	7	
2	Construction Project of Daijiashan bridge and cross-straits connection in Wuhan, Hubei	PPP+Procurement	1,221	539	2	2	
3	Phase I of infrastructure construction project in Jurong, Jiangsu	PPP+Procurement	950	857	2	3	
4	City infrastructure construction project of Anlu City, Hubei	PPP+Procurement	1,630	1,500	Each period 1.5 years	Each period 3 years	Construction in 3 periods
5	Phase I of Xiangtan Circle Line and Heling-Nangu Highway project in Hunan	PPP+Procurement	1,124	1,022	Circle Line Phase I 3 years; Heling-Nangu Highway 1.5 years	3	
6	Guigang-Longan Highway project in Guangxi	BOT	19,800	13,283	4	30	
7	Phase I of Qingdao Subway R3 Line	PPP+Procurement	13,500	5,500	4	4	Equity investment only
8	Phase II of Harbin Subway No. 3 Line	PPP+Procurement	26,458	10,000	5	3	Equity investment only
9	Phase I of rural-urban infrastructure construction project in Jintan, Jiangsu	PPP+Procurement	2,742	2,194	2	5	
10	Phase I of City comprehensive development project of Qidongqu in Western Hi-tech Zone of Shunde, Guangdong	City comprehensive development	3,600	1,550	6	2	

No.	Project Name	Project Type	Contract Value Entered	Expected Construction and Installation Contract Value undertaken by the Company	Construction Period (Year)	Toll Collection Rights Period/ Operation Period/ Procurement Period (Year)	Remarks
11	Terminal and auxiliary project of Quanhui Petrochemical Industrial Zone in Fujian (including terminal, pipe gallery and reclamation etc.)	PPP+procurement	3,893	3,433	*Note 2	*Note 2	
12	Weng'an-Machangping Railway project in Guizhou	BOT	4,993	3,131	3.5	30 (tentative)	Equity investment only
13	Xichang urbanization project in Sichuan	PPP+procurement	929	662	3	1	Equity investment only
14	Longtou Operation Zone project in Chongqing	PPP+procurement	2,348	2,348	Each period 1.5 years	Each period 3 years	Construction in 3 periods
15	Phase I of comprehensive development project of Zhongguancun science and technology park in Liyang, Jiangsu	City comprehensive development	3,700	3,100	3	4	
16	Encircled basin project of Lvsi Port in Nantong Port,Jiangsu	PPP+procurement	2,009	1,940	Each period 2 years	*Note 2	
17	Integration project of Wuxing District in Huzhou, Zhejiang	PPP+procurement	2,993	2,643	Each period 1-2.5 years	*Note 2	
18	Infrastructure construction project in Hejiang County of Luzhou, Sichuan	PPP+procurement	2,062	1,700	Bridge project: 3 years, Road project: 1-2 years	7	
19	National Highway 108 of Yumenkou Yellow River Bridge project	BOT	850	689	2.5	27.5	
	Total		**98,495**	**58,678**			

**Note:*

1. The information in the table is the general situation of the projects. For matters not being mentioned, the contracts shall prevail.

2. For various sub-items of the projects, specific details agreed in the contracts shall prevail.

2. Concession Investment Projects

(1) Concession Investment Projects Under Development

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

(2) Concession Projects In Operation Period

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview

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

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

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

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

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

Consolidated Results of Operations

Revenue

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

Cost of Sales and Gross Profit

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

Cost of sales consisted mainly of cost of raw materials and consumables used, subcontracting costs, employee benefit expenses and rentals. For the year 2015, cost of raw materials and consumables used, subcontracting costs, employee benefit expenses and rentals increased by 5.7%, 3.8%, 9.0% and 15.3% respectively.

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

Administrative expenses

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

Operating Profit

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

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

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

Finance Income

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

Finance Costs, net

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

Share of Profit of Joint Ventures

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

Share of Profit of Associates

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

Profit before Income Tax

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

Income Tax Expense

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

Profit/(Loss) Attributable to Non-Controlling Interests

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

Profit Attributable to Owners of the Company

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

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

Discussion of Segment Operations

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the years ended 31 December 2015 and 2014.

Business	Revenue Year ended 31 December		Gross Profit Year ended 31 December		Gross Profit Margin Year ended 31 December		Operating Profit/(losses)[(1)] Year ended 31 December		Operating Profit Margin Year ended 31 December	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	(RMB million)	*(RMB million)* (Restated)	***(RMB million)***	*(RMB million)* (Restated)	***(%)***	*(%)* (Restated)	***(RMB million)***	*(RMB million)* (Restated)	***(%)***	*(%)* (Restated)
Infrastructure Construction	**345,475**	298,986	**35,052**	27,085	**10.1**	9.1	**18,259**	15,605	**5.3**	5.2
% of total	**80.0**	76.8	**70.4**	67.7	**–**	–	**69.3**	67.7	**–**	–
Infrastructure Design	**24,483**	21,086	**5,206**	4,586	**21.3**	21.7	**2,923**	2,591	**11.9**	12.3
% of total	**5.7**	5.6	**10.5**	13.7	**–**	–	**11.1**	12.9	**–**	–
Dredging	**33,515**	28,020	**5,486**	3,814	**16.4**	13.6	**3,752**	2,676	**11.2**	9.6
% of total	**7.8**	9.5	**11.0**	13.3	**–**	–	**14.2**	18.2	**–**	–
Heavy Machinery Manufacturing	**24,104**	26,733	**3,531**	3,514	**14.6**	13.1	**1,491**	1,843	**6.2**	6.9
% of total	**5.5**	7.0	**7.1**	4.7	**–**	–	**5.7**	0.4	**–**	–
Other businesses	**4,323**	4,192	**479**	299	**11.1**	7.1	**(69)**	9	**(1.6)**	0.2
% of total	**1.0**	1.1	**1.0**	0.6	**–**	–	**(0.3)**	0.8	**–**	–
Subtotal	**431,900**	379,017	**49,754**	39,298	**–**	–	**26,356**	22,724	**–**	–
Intersegment elimination and unallocated costs	**(28,284)**	(12,975)	**–**	(26)	**–**	–	**(558)**	1,061	**–**	–
Total	**403,616**	366,042	**49,754**	39,272	**12.3**	10.7	**25,798**	23,785	**6.4**	6.5

(1) Total operating profit/(losses) represents the total of segment profit less unallocated costs or add unallocated profit.

Infrastructure Construction Business

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

The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2015 and 2014.

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

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

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

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

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

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

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

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

Infrastructure Design Business

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

The following table sets out the principal profit and loss information for infrastructure design business for the years ended 31 December 2015 and 2014.

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

Revenue. Revenue from the infrastructure design business in 2015 was RMB24,483 million, representing an increase of RMB3,397 million, or 16.1% from RMB21,086 million in 2014. This growth was primarily attributable to the increase in the demand of comprehensive contracts, which was in turn driven by higher demand for the Group's specialised design skills and experience in complex projects. The value of new contracts entered into for the infrastructure design business in 2015 was RMB35,929 million, representing an increase of RMB4,792 million, or 15.4%, from RMB31,137 million in 2014.

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

Gross profit from the infrastructure design business in 2015 was RMB5,206 million, representing an increase of RMB620 million, or 13.5%, as compared with RMB4,586 million in 2014. Gross profit margin slightly decreased to 21.3% in 2015 from 21.7% in 2014, mainly attributable to the increased proportion of revenue generated from comprehensive contracts, which have lower gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business in 2015 were RMB230 million, representing an increase of RMB35 million from RMB195 million in 2014.

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

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

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

Dredging Business

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

The following table sets out the principal profit and loss information for the dredging business for the years ended 31 December 2015 and 2014.

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

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

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

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

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

Administrative expenses. Administrative expenses for the dredging business in 2015 were RMB2,511 million, representing an increase of RMB654 million, or 35.2%, from RMB1,857 million in 2014, mainly attributable to the increase in the cost of research & development and in provision for impairment of trade and other receivables. Administrative expenses as a percentage of revenue increased to 7.5% in 2015 from 6.6% in 2014.

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

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

Heavy Machinery Manufacturing Business

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

The following table sets out the principal profit and loss information for the heavy machinery manufacturing business for the years ended 31 December 2015 and 2014.

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

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

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

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

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

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business in 2015 were RMB2,021 million, representing an increase of RMB136 million, or 7.2%, from RMB1,885 million in 2014. The increase was mainly attributable to the increase in the cost of research & development and in provision for impairment of trade and other receivables. Administrative expenses as a percentage of revenue for the heavy machinery manufacturing business increased to 8.4% in 2015 from 7.1% in 2014.

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

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

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the years ended 31 December 2015 and 2014.

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

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

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

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

Liquidity and Capital Resources

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 31 December 2015, the Group had unutilised credit facilities in the amount of RMB580,295 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

Cash Flow Data

The following table presents selected cash flow data from the Company's consolidated cash flow statements for the years ended 31 December 2015 and 2014.

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

Cash flow from operating activities

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

Cash flow from investing activities

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

Cash flow from financing activities

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

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipments and vessels, and the building of plants. The following table sets forth the Group's capital expenditure by business for the years ended 31 December 2015 and 2014.

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

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

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the years ended 31 December 2015 and 2014.

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

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

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

The following table sets forth an ageing analysis of trade and bills receivables as at 31 December 2015 and 2014.

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

Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 31 December 2015, the Group had a provision for impairment of RMB7,156 million, as compared with RMB4,161 million as at 31 December 2014.

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

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

The Group's credit terms with its suppliers for the year ended 31 December 2015 remained the same as that for the year ended 31 December 2014. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Retentions

The following table sets forth the fair value of the retentions as at 31 December 2015 and 2014.

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

Indebtedness

Borrowings

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

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

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 31 December 2015 was 48.7%, as compared with 54.4% as at 31 December 2014.

Contingent Liabilities

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

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

During the year ended 31 December 2013, a subsidiary of the Company was involved in a product quality dispute arising from the ordinary course of business. In September 2014, the contractor instituted a proceeding against the subsidiary, to claim a compensation relating to the product quality dispute, totalling Great Britain Pound 250 million (equivalent to approximately RMB2,403 million). As at 31 December 2015, the subsidiary was unable to ascertain the likelihood and reasonably estimate the outcome of the lawsuit based on advice of legal counsel.

Market Risks

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

Marco-economy risk

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

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

Market risk

The Group conducts its business in 135 countries and regions, with major overseas business in Africa, Southeast Asia, Hong Kong/Macau/Taiwan, Oceania and Central Caribbean. Due to various factors, the political and economic conditions in certain areas of Africa and Southeast Asia are usually subject to uncertainty. If the political and economic conditions of such countries and regions change adversely, or there are frictions or disputes in the diplomatic and economic relations among the PRC government and governments of such relevant countries and regions, the overseas business of the Group in such countries and regions would be exposed to certain risks.

Interest rate risk

The Group's exposure to changes in interest rates is mainly due to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2015, approximately RMB134,970 million (as at 31 December 2014: RMB115,889 million) of the Group's borrowings were at variable rates.

Foreign exchange risk

The Group's functional currency of a majority of the entities within the Group is Renminbi with most of the Group's transactions settled in Renminbi. The Group uses, however, foreign currencies to settle the Group's invoices from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. In addition, the Group generates revenue from certain construction contracts denominated in foreign currencies and a significant proportion of the Group's bank borrowings are denominated in foreign currencies, particularly U.S. dollar, Euro and Japanese Yen. Renminbi is not freely convertible into other foreign currencies and conversion of Renminbi into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. In July 2005, the PRC government introduced a managed floating exchange rate system to allow Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2% against U.S. dollar. As at 31 December 2015, Renminbi had appreciated by approximately 15% against U.S. dollar since July 2005. The PRC government may in the future make further adjustments to the exchange rate system. When Renminbi appreciates, the value of foreign currency denominated assets will decline against Renminbi.

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

During the years ended 31 December 2015 and 2014, certain subsidiaries within the Group used foreign exchange forward contracts for transactions with domestic and overseas registered banks, to hedge the Group's exposure to foreign currency risk on individual transactions primarily vis-à-vis U.S. dollar, Australian dollar, Japanese Yen, and the Euro.

Price risk

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

The Board of Directors (the Board) of China Communications Construction Company Limited (the Company) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the Group) prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2015.

CONSOLIDATED INCOME STATEMENT

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED BALANCE SHEET

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2015	2014
	RMB million	*RMB million*
Cash flows from operating activities		
Cash generated from operations	**36,538**	8,403
Income tax paid	**(4,625)**	(3,995)
Net cash generated from operating activities	**31,913**	4,408
Cash flows from investing activities		
Purchases of property, plant and equipment ("PPE")	**(13,342)**	(9,941)
Increase in lease prepayments	**(674)**	(1,091)
Purchases of intangible assets	**(37,999)**	(31,781)
Proceeds from disposal of PPE	**683**	548
Proceeds from disposal of lease prepayments	**59**	10
Proceeds from disposal of intangible assets	**6**	–
Additional investments in joint ventures	**(189)**	(663)
Additional investments in associates	**(895)**	(1,346)
Acquisition of subsidiaries	**(3,735)**	(5,888)
Proceeds from disposal of subsidiaries	**710**	–
Net cash outflow in respect of deemed disposal of a subsidiary	**(860)**	–
Purchases of available-for-sale financial assets	**(4,346)**	(8,787)
Purchases of other financial assets at fair value through profit or loss	**(4)**	(20)
Changes in term deposits with initial term of over three months	**1,432**	96
Proceeds from disposal of joint ventures	**17**	2
Proceeds from disposal of associates	**221**	224
Proceeds from disposal of available-for-sale financial assets	**10,235**	8,573
Proceeds from disposal of other financial assets at fair value through profit or loss	**39**	22
Proceeds from withdrawal upon maturity of held-to-maturity financial assets	**22**	–
Proceeds from government grants related to assets	**1,181**	2,826
Interest received	**1,014**	982
Dividends received	**952**	729
Net cash used in investing activities	**(45,473)**	(45,505)

	Year ended 31 December	
	2015	2014
	RMB million	*RMB million*
Cash flows from financing activities		
Proceeds from borrowings	**190,529**	163,978
Proceeds from financial instruments classified as equity	**21,151**	4,986
Repayments of borrowings	**(163,667)**	(125,732)
Interest paid	**(14,462)**	(11,646)
Changes in restricted bank deposits	**1,222**	(978)
Dividends paid to the Company's shareholders	**(2,778)**	(3,035)
Distributions paid to holders of financial instruments classified as equity	**(300)**	–
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	**(66)**	–
Dividends paid to non-controlling interests of subsidiaries	**(417)**	(81)
Capital contribution from non-controlling interests	**2,241**	4,260
Cash contribution from government	**2,971**	49
Net cash generated from financing activities	**36,424**	31,801
Net increase/(decrease) in cash and cash equivalents	**22,864**	(9,296)
Cash and cash equivalents at beginning of year	**71,823**	81,238
Exchange gains/(losses) on cash and cash equivalents	**273**	(119)
Cash and cash equivalents at end of year	**94,960**	71,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

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

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

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

(b) ***New Hong Kong Companies Ordinance (Cap.622)***

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

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements.

	Effective for accounting periods beginning on or after
IFRS 14 'Regulatory Deferral Accounts'	1 January 2016
Amendment to IFRS 11 on accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 and 41 on Agriculture: bearer plants	1 January 2016
Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to IAS 27 on the equity method in separate financial statements	1 January 2016
Annual improvements 2012-2014, which includes changes to: IFRS 5, 7, IAS 19 and 34	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities: applying the consolidation exception	1 January 2016
Amendments to IAS 1 on disclosure initiative	1 January 2016
Amendments to IAS 12 "Recognition of DTA for unrealised losses"	1 January 2017
Amendments to IAS 7 "Statement of cash flows"	1 January 2017
IFRS 15 "Revenue from Contracts with Customers"	1 January 2018
IFRS 9 "Financial Instruments"	1 January 2018
IFRS 16 "Leases"	1 January 2019

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

- IFRS 15, "Revenue from Contracts with Customers", establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) identify the contracts with customer; (2) identify separate performance obligations in a contract; (3) determine the transaction price; (4) allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes to an 'asset-liability' approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related interpretations on revenue recognition. The standard is not effective until 1 January 2018. As the implementation of IFRS 15 is complex, the Group is yet to assess IFRS 15's full impact and will apply the new standard when it becomes effective.

- IFRS 9, “Financial instruments”, replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it includes an expected credit losses model that replaces the incurred loss impairment model used today; it also includes an improved hedge accounting model to better align hedge accounting with the risk management activities. The standard is not effective until 1 January 2018. The Group is yet to assess IFRS 9’s full impact and will apply the new standard when it becomes effective.

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

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

3. SEGMENT INFORMATION

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

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

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

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

(c) dredging (the “Dredging Segment”);

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

(e) others (the “Others Segment”).

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

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

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

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

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

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

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

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

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

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

Capital expenditure comprises mainly additions to property, plant and equipment, lease prepayments, investment properties and intangible assets.

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

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

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

	For the year ended 31 December 2014 (Restated)						
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy machinery *RMB million*	Others *RMB million*	Elimination *RMB million*	Total *RMB million*
Total gross segment revenue	298,986	21,086	28,020	26,733	4,192	(12,975)	366,042
Inter-segment revenue	(4,294)	(808)	(6,444)	(628)	(801)	12,975	–
Revenue	294,692	20,278	21,576	26,105	3,391	–	366,042
Segment result	15,605	2,591	2,676	1,843	9	(43)	22,681
Unallocated income							1,104
Operating profit							23,785
Finance income							3,588
Finance costs, net							(10,108)
Share of profit of joint ventures							81
Share of profit of associates							258
Profit before income tax							17,604
Income tax expense							(3,721)
Profit for the year							13,883
Other segment items							
Depreciation	4,881	221	881	1,234	31	–	7,248
Amortisation	559	31	22	93	44	–	749
Write-down of inventories	63	–	–	140	–	–	203
Provision for/(reversal of) foreseeable losses on construction contracts	438	–	(1)	325	–	–	762
(Reversal of)/provision for impairment of trade and other receivables	(175)	24	333	122	24	–	328

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

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

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

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

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

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

	As at 31 December 2014 (Restated)						
	Construction	**Design**	**Dredging**	**Heavy machinery**	**Others**	**Elimination**	**Total**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Segment assets	438,829	20,601	61,372	51,151	8,431	(21,030)	559,354
Investments in joint ventures							1,742
Investments in associates							7,988
Unallocated assets							61,096
Total assets							630,180
Segment liabilities	230,513	12,763	21,745	12,284	1,001	(20,679)	257,627
Unallocated liabilities							240,941
Total liabilities							498,568
Capital expenditure	48,234	408	1,649	1,332	30	–	51,653

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

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

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

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

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

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

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

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

4. EXPENSES BY NATURE

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

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

5. OTHER INCOME

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

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

6. OTHER GAINS, NET

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

7. OTHER EXPENSES

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

8. FINANCE INCOME

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

9. FINANCE COSTS, NET

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

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

10. TAXATION

Most of the companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2014: 25%) of the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for a few subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 15% (2014: 15%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

Taxation of other companies of the Group has been calculated on the estimated assessable profit for the year at the appropriate rates of taxation prevailing in the countries in which these companies operate.

The amount of income tax expense charged to the consolidated income statement represents:

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

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

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

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

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

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2015 and 2014.

12. DIVIDENDS

	2015 *RMB million*	2014 *RMB million*
Proposed final dividend of RMB0.19037 per ordinary share (2014: RMB 0.17172)	**3,079**	2,778

The dividends paid in 2015 and 2014 were RMB2,778 million (RMB0.17172 per ordinary share) and RMB3,035 million (RMB 0.18762 per ordinary share) respectively. A dividend in respect of the year ended 31 December 2015 of RMB0.19037 per ordinary share, amounting to a total dividend of RMB3,079 million, is to be approved at the annual general meeting in 2016. These financial statements do not reflect this dividend payable.

13. SUBSEQUENT EVENTS

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

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the year ended 31 December 2015.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rule**"). The Company has made specific inquiry with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions as set out in the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules ("**Corporate Governance Code**") for the year ended 31 December 2015, with the exception of code provision A.5.1.

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

DISTRIBUTIONS AND DIVIDENDS

For the year of 2015, net distributable profit to owners of the Company was approximately RMB15,396 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and IFRS, whichever is lower. The Board has proposed a final dividend of RMB0.19037 (including tax) per share (totaling approximately RMB3,079 million which represents approximately 20% of the above-mentioned net profit attributable to owners of the Company), which is subject to approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting (the "**AGM**"). The proposed dividend distribution will be expected to distribute to all Shareholders before the end of August 2016, subject to the provisions of the Articles of Association of the Company, on the basis of total issued share capital of 16,174,735,425 shares.

The proposed final dividends are subject to applicable tax. The proposed final dividends will be denominated and declared in Renminbi and will be paid to holders of A Shares in Renminbi and to holders of H Shares in Hong Kong dollars. Further information regarding the exchange rate and the applicable tax will be disclosed by the Company in a separate announcement in due course.

ESTIMATED TOTAL AMOUNT OF DAY TO DAY RELATED PARTY TRANSACTIONS UNDER THE SHANGHAI STOCK EXCHANGE LISTING RULES

According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "**Shanghai Listing Rules**"), the listed issuer may, prior to disclosure of its annual report for the previous year, estimate reasonably the total amount of day-to-day related party transaction (as defined under the Shanghai Listing Rules) under each category for the current full year and submit the estimated total amount to the Board or shareholders' general meeting for consideration and approval. Upon approval, day-to-day related party transactions conducted by the issuer will be exempted from certain review and disclosure requirements under the Shanghai Listing Rules.

As a Shanghai Stock Exchange listed issuer, the Company, in accordance with the Shanghai Listing Rules, estimates reasonably that the total amount of day-to-day related party transactions for the year of 2016 will not exceed RMB3,348 million. The Company will closely monitor the respective related party transactions. If any related party transaction constitutes a connected transaction (as defined under the Hong Kong Listing Rules), and is subject to reporting, announcement or independent shareholders' approval requirements (as applicable), the Company will, as soon as possible after the terms of the respective connected transaction have been agreed, take immediate steps to ensure compliance with the Hong Kong Listing Rules.

Pursuant to Rule 10.2.5 of the Shanghai Listing Rules, any related party transaction conducted by a listed issuer with the transaction amount exceeding RMB30 million as well as accounting for more than 5% of the absolute value of a listed issuer's latest audited net assets, shall be approved by its shareholders. As the estimated total amount of day-to-day related party transactions, after aggregation with other transaction amounts of related party transactions pursuant to the Shanghai Listing Rules, exceed RMB30 million but is lower than 5% of the absolute value of the Company's latest audited net assets, the estimated total amount of day-to-day related party transactions is exempted from the requirements of Shareholders' approval by way of ordinary resolution at the AGM.

ESTIMATED CAP FOR THE INTERNAL GUARANTEES OF THE GROUP IN 2016

According to the Shanghai Listing Rules, "a listed company, with the amount of guarantees aggregated over a period of twelve consecutive months exceeding 50 percent of its latest audited net assets and with the absolute amount exceeding RMB50 million, or when providing guarantees to enterprises with asset-to-liability ratio exceeding 70%, shall submit the transaction of granting guarantees to the shareholders' general meeting for consideration and approval, as well as make a timely disclosure."

The Company estimated that the cap for the internal guarantees of the Company in 2016 will amount to RMB58,820 million, among which, RMB52,450 million will be provided by the Company to its wholly-owned subsidiaries, RMB6,000 million will be provided by the Company to its non wholly-owned subsidiaries, RMB70 million will be provided by the Company's wholly-owned subsidiaries to their respective subsidiaries and the remaining RMB300 million will be provided by the Company to its jointly controlled entities. The resolution in relation to the estimated cap for the internal guarantees of the Group in 2016 will be valid from the date of passing the resolution at the AGM until the conclusion date of the next annual general meeting of the Company following the passing of the resolution. To the best knowledge and belief of the Company, none of those companies receiving guarantees is a connected person of the Company. The guarantees to be provided to the jointly controlled entities with a total amount of RMB300 million, after aggregation, do not constitute discloseable transactions under Chapter 14 of the Hong Kong Listing Rules.

The aforementioned resolution, which has been resolved at the twenty-fourth meeting of the third session of the Board held on 28 March 2016, is subject to approval by the Shareholders by way of an ordinary resolution at the AGM. The Board also proposed to the Shareholders to authorise the management of the Company to carry out relevant formalities when providing internal guarantees within the approved amount.

AUDIT COMMITTEE

The members of the audit committee of the Company include Mr. LIU Zhangmin, Mr. LEUNG Chong Shun and Mr. HUANG Long, and is chaired by Mr. LIU Zhangmin. The audit committee has reviewed the annual results of the Company.

AUDITORS

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2015, respectively. The financial figures in this announcement in respect of the consolidated results for the year ended 31 December 2015 have been agreed by the Company's international auditor, PricewaterhouseCoopers to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF ANNUAL REPORT

This results announcement will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and on the website of the Company (www.ccccltd.cn).

The annual report of the Company for the year ended 31 December 2015 which contains all the information required by the Hong Kong Listing Rules including audited financial statements will be despatched to Shareholders on or before Saturday, 30 April 2016 and will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and on the website of the Company (www.ccccltd.cn).

By Order of the Board
China Communications Construction Company Limited
LIU Wensheng
Company Secretary

Beijing, the PRC
28 March 2016

As at the date of this announcement, the Directors are LIU Qitao, CHEN Fenjian, FU Junyuan, LIU Maoxun, LIU Zhangmin#, LEUNG Chong Shun# and HUANG Long#.

Independent non-executive Directors