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)

Interim Report 2007

CONTENTS

FINANCIAL HIGHLIGHTS

(RMB million, except per share data)	For the six months ended 30 June **2007**	2006	Change (%)
Revenue	**58,674**	47,187	24.3
Profit for the period	**3,451**	1,460	136.4
Profit attributable to equity holders of the Company	**2,744**	1,084	153.1
Earnings per share	**0.19**	0.10	90.0

(RMB million, except per share data)	As at **30 June 2007**	31 December 2006	Change (%)
Total assets	**139,340**	126,952	9.8
Total liabilities	**96,638**	90,225	7.1
Total equity	**42,702**	36,727	16.3
Equity attributable to equity holders of the Company	**37,316**	31,825	17.2
Equity attributable to equity holders of the Company per share	**2.52**	2.15	17.2

CHAIRMAN'S STATEMENT

Dear Shareholders,

Our Company maintained steady growth momentum during the first half of 2007, which has been driven by the rapid growth of the Chinese economy, strengthening of our Company's competitiveness after its listing, support of our shareholders, and joint endeavours of our management and employees. Various financial indicators continued to reach to new heights and reflected remarkable performance of our Company. For the six months ended 30 June 2007, revenue of the Company amounted to RMB58,674 million, representing an increase of 24.3% over the corresponding period of 2006. Profit attributable to equity holders of the Company for the first six months of this year amounted to RMB2,744 million, representing an increase of 153.1% over the corresponding period of 2006.

The FORTUNE Magazine and ENR, the global premier publisher for the construction industry, recognised the sustainable improvement in the Company's competitiveness. Our Company was ranked the 10th among the Top 100 Listed Companies in the PRC by the FORTUNE Magazine during the first half of the year. Our Company was also ranked the 14th among the 225 largest international contractors in the world for 2007 by ENR in terms of revenue from overseas contracting business and the Company is also the highest-ranking Chinese contractor in that list.

During the first half of 2007, the Company proactively adapted to the market changes by enhancing its operation and management with a market-oriented approach. By fully leveraging on its own competitive advantages, the Company has maintained and continued to increase its market share in its established core operations. At the same time, the Company timely refined its business development strategies and devoted additional efforts to expanding businesses in adjacent growing markets, such as railway and airport construction. The Company actively pursued international market development and further enhanced its core operations through investments in BOT and BT projects. As a result of the refinement in business strategy, the Company recorded outstanding results, further expanded its scale of operations and improved the profitability of its business operations. During the first half of the year, in addition to maintaining and increasing the market share in its established core operations, the Company won mandates for new projects in the areas including railway, airport and subway construction. The Company also made relatively rapid progress in the investment of BOT and BT projects, which effectively mitigated certain market risks and improved the Company's profitability. Furthermore, the Company successfully expanded in the international contracting market. In terms of the value of new contracts and revenue, the Company achieved significant growth in infrastructure construction, infrastructure design, dredging and port machinery manufacturing, and successfully met or exceeded the targets for the first half of 2007.

2007 is the Company's "Year of Efficient Management". During the first half of 2007, the Company remained committed to strengthening business management and made considerable improvement by drawing on best practices of business management. For example, the Company refined the planning process for new development strategies and set strategic development objectives that were higher, faster to achieve and with better quality. The Company also improved various management systems and further streamlined management structure. In addition, the Company increased equity capital at certain of its subsidiaries in order to enhance their competitive strengths and invested capital to replace and upgrade dredging equipment and improve the standard of other equipment. As part of its cost control measures, the Company centralised the bulk purchase of raw materials, such as fuel oil and asphalt. The Company further strengthened its project management and maintained a good record in safety production. Moreover, the Company made new progress in technological innovation, which further solidified its leading position in industry technology.

We believe that in the second half of 2007 the Chinese economy will continue to grow rapidly, which will continue to drive demand for transportation infrastructure construction. In particular, we expect new business opportunities from a number of major projects which will commence construction. We also anticipate significant growth opportunities in the international contracting market.

During the second half of 2007, the Company will continue to execute its established development strategies and to improve its business management. Building on its previous success, the Company strives to make solid progress toward its goals for this year and beyond.

The credit for our many accomplishments in the first half of 2007 belongs to our employees. I believe that with the continued commitment and outstanding performance of our employees and the continued support of our shareholders, the Company will achieve more excellent results and deliver higher shareholders' value.

Zhou Jichang
Chairman

BUSINESS REVIEW

As a leading transportation infrastructure company in China, the Company is an industry leader in each of its four core businesses, namely Infrastructure Construction, Infrastructure Design, Dredging and Port Machinery Manufacturing. Leveraging on its extensive operating experience, expertise and know-how accumulated in projects undertaken across a wide range of sectors in the past five decades, the Company is capable of providing integrated solutions throughout each stage of an infrastructure project for its customers.

The Company operates its businesses throughout China, especially in the three most rapidly growing economic regions, namely the Bohai Bay, the Yangtze River Delta and the Pearl River Delta. Meanwhile, the Company has established its global presence in 58 countries and regions, including Southeast Asia, the Middle East, Africa and South America.

During the first half of 2007, the Company's businesses continued to maintain a rapid growth momentum, achieved record performance and obtained excellent results. Revenue of the Company amounted to RMB 58,674 million, representing a year-on-year increase of 24.3%. Profit attributable to equity holders of the Company amounted to RMB2,744 million, representing a year-on-year increase of 153.1%.

Infrastructure Construction Business

During the first half of 2007, the Company participated in a large number of infrastructure construction projects including ports, roads and bridges, and maintained a steady growth rate. Revenue of the Company's infrastructure construction business amounted to RMB39,263 million, representing a year-on-year increase of 36.1%. The value of new infrastructure construction contracts signed reached RMB71,127 million, representing a year-on-year increase of 68.1%. As at 30 June 2007, backlog for the infrastructure construction business was RMB126,500 million.

The Company's infrastructure construction business consists of:

1. Port Construction

Focusing on the five port areas located at the Bohai Bay, the Yangtze River Delta, the coastal area in south-eastern China, the Pearl River Delta and the coastal area in south-western China, the Company maintained its dominant position in port construction by undertaking the construction of container ports, bulk terminals and special cargo terminals for coal, ore, oil, chemicals, natural gas, iron and steel and grain.

During the first half of 2007, major projects completed by the Company included the Shenzhen Dachanwan Container Terminal, Nos. 13 – 17 Berths at the Fangcheng Port in Guangxi, Majishan Port Ore Terminal, Shanghai Waigaoqiao Grains Reserve Terminal and Ore Terminal at Phase 2 of Shanghai Luojing Port. Out of these projects, the Ore Terminal at Phase 2 of Shanghai Luojing Port is the largest and state-of-the-art bulk ore terminal in China.

Infrastructure Construction Business *(Continued)*

2. **Road and Bridge Construction**

During the first half of 2007, the Company completed the construction for high-class expressways of 614 km. Mega bridge projects completed by the Company during the first half of 2007 included Guangdong Foshan Gaozan Bridge, Sutong Bridge, Hangzhou Bay Sea Bridge's South Navigation Channel Bridge, Zhejiang Wenzhou Ou'nan Bridge, and Lhasa Liuwu Bridge.

Sutong Bridge upon closing

Sutong Bridge is located between Suzhou (Changshu) and Nantong in Jiangsu Province with a total length of 32.4 km. We believe the construction of Sutong Bridge involved the most extensive scale of construction, highest construction standard and most sophisticated technologies in the history of bridge construction in the PRC. It is also a world-class mega bridge that is surveyed, designed, constructed and supervised entirely by Chinese. The Company undertook the majority of the survey and design mandates of Sutong Bridge. On 18 June 2007, the main span constructed by the Company was closed, which broke four world records in terms of span width (1088 metres), tower height (300 metres), stay cable length (577 metres) and foundation scale (114 metres × 48 metres). During the construction, the Company strived to protect and improve the bio-ecological resources of the Yangtze River and adopted effective technical and management measures to mitigate the impact from construction. By shortening the time of offshore operations, installing temporary draining system for polluted water, and recycling millions of tons of chemical sediments, the Company managed to preserve water quality, created a natural environment for marine creatures, and accomplished the goal of "Building First-Class Bridge and Creating First-Class Environment".

Hangzhou Bay Sea Bridge's South Navigation Channel Bridge upon closing

Hangzhou Bay Sea Bridge's South Navigation Channel Bridge, which has one main tower and three supporting decks, is another major bridge project undertaken by the Company. The main span is 318 metres in length and the main tower is 202 metres in height. With the widest span of single tower stayed in China, this bridge became a landmark of the Hangzhou Bay Sea Bridge.

BUSINESS REVIEW *(Continued)*

Infrastructure Construction Business *(Continued)*

3. Railway Construction

During the first half of 2007, the Company was awarded railway projects, such as the DT12 Bid for the railway between Chaidaer and Muli in Qinghai Province, the QL–1 Bid for the bridge both used by highway and railway crossing the Yellow River in Zhengzhou and the Bid 1 for the dedicated railway line for coal transportation in Shanxi Province.

The completion of construction for switch tower box at Hongan Liangchang for Wuhe Railway

4. BOT and BT Projects

In April 2007, the Company set up a wholly-owned subsidiary, CCCC Investment Company Limited, which is mainly engaged in the investment in the infrastructure projects through BT and BOT model. Currently, the projects, construction of which were completed, include Xiangtan Liancheng Bridge, a BOT project, and Zhuzhou Tianyuan Bridge, a BT project. The Xiangtan Liancheng Bridge is the first Inclined Taut Dual-tied Arch Bridge of Concrete-filled Steel Tube in the world, and Zhuzhou Tianyuan Bridge is the fourth municipal mega bridge across the Xiang River in Zhuzhou in Hunan Province.

Xiangtan Liancheng Bridge

Zhuzhou Tianyuan Bridge

5. Overseas Business

During the first half of 2007, by firmly capturing opportunities from the booming international construction contracting market as well as the availability of economic aid and preferential loans provided by the Chinese government to other countries, the Company continued to explore the overseas market, and obtained unprecedented achievements in the development of its overseas business and accomplished a record performance in the Company's history. Overseas business development was an important highlight for the Company for the first half of the year. New projects signed mainly included Al Reem Island Port Project in the UAE, Bata Port Project in Equatorial Guinea, a port project in Sri Lanka, and Barbieri Port Construction (phase I) in Kuwait.

6. Other Projects

Apart from consolidating its share in the established market in the PRC and maintaining its leading position in the industry, the Company has developed businesses beyond the traditional scope, and tapped into new markets by undertaking construction projects relating to airports and metropolitan railway. In addition to Beijing Airport and Shanghai Pudong Airport, the Company was also awarded with the land formation and soft foundation treatment project at the flight zone of the Shenzhen Airport. With respect to metropolitan railway and subway, after winning the Guangzhou Subway Construction Project, the Company also won the bids for Wuhan Light Rail Transportation Construction Project and Tianjin No. 3 Subway Project.

BUSINESS REVIEW *(Continued)*

Infrastructure Design Business

During the first half of 2007, the Company undertook a large number of design projects in transportation infrastructure industry, and maintained its momentum of continuous growth and its leading position in the industry. Revenue for the Company's infrastructure design business amounted to RMB2,835 million, representing a year-on-year increase of 20.1%. The value of new infrastructure design contracts reached RMB4,770 million, representing a year-on-year increase of 32.5%. As at 30 June 2007, backlog for the infrastructure design business was RMB9,400 million. Major survey projects completed by the Company included: a design project for Phase 3 of Tianjin Port Beigangchi Container Terminal investigation, a design project for S3 Contract Section of the Expressway between Ningde and Wuyi Mountain and a survey and design project of the Nan'ao Bridge in Guangdong Province. In addition to maintaining the leading position in the established market in the PRC, the Company also actively explored the international market and obtained outstanding results. The Company won the mandates for the survey and design project for the middle and western sections of the East-West Highway in Algeria and the general contracting project for the coal-fired power plant at Paiton in Indonesia.

Aerial view of Tianjin Port Beigangchi Container Terminal (artistic illustration)

Huangdun Public Transportation Interchange for S3 Contract Section of Ningde to Wuyi Mountain Expressway (artistic illustration)

Nan'ao Bridge in Guangdong Province (artistic illustration)

BUSINESS REVIEW *(Continued)*

Dredging Business

The Company is the largest dredging company in the PRC and the third largest dredging company in the world in terms of dredging capacity. The Company has been engaged in the dredging and reclamation works at major ports in the PRC throughout the years.

Currently the market demand for dredging in China is significant. The rapid development of the Company's dredging business has been supported by demand for maintenance, expansion and deepening of navigation channels, as well as reclamation projects for the industrial parks adjacent to ports.

During the first half of 2007, in order to meet the market demand, the Company further invested in the replacement and upgrade of dredging vessels and equipment. Five new dredging vessels have been put into operation, including two trailing suction hopper dredgers and three cutter suction dredgers. In particular, "Xinhaihu" which recently commenced its operation and has a designed capacity of 13,500 cubic metres and maximum dredging depth of 42 metres, is known as "No.1 Dredger in China" and is currently the largest self-propelling trailing suction hopper dredger in China. With these dredgers put into operation, the Company increased its production capabilities and also enhanced the dredging competitiveness and technological standard of the Company.

"Xinhaihu", currently the largest self-propelling trailing suction hopper dredgers in the PRC

Dredging Business *(Continued)*

During the first half of 2007, the Company completed dredging volume of 250 million cubic metres, accounting for approximately 80% of the total dredging volume in China in that period, of which, 180 million cubic metres were for infrastructural dredging, 30 million cubic metres were for maintenance dredging and 40 million cubic metres were for reclamation dredging. Major dredging projects completed include dredging for Phase 3 of Dayaowan, upgrade dredging for container berth at West Port Zone in Qinhuangdao, and dredging for Tonggu navigation channels in Shenzhen.

During the first half of 2007, revenue for the Company's dredging business amounted to RMB6,142 million, representing a year-on-year increase of 22.4%. The value of new dredging contracts reached RMB8,586 million, representing a year-on-year increase of 39.2%. As at 30 June 2007, backlog for dredging business was RMB14,100 million.

Port Machinery Manufacturing Business

The Company is the largest manufacturer of container cranes in the world. Our products primarily include container cranes and bulk material handling machinery. The Company conducts its port machinery and related product manufacturing business through its subsidiaries ZPMC and SPMP. During the first half of 2007, revenue for the Company's port machinery manufacturing business amounted to RMB10,206 million, representing a year-on-year increase of 12.9%. The value of new port machinery manufacturing contracts signed reached RMB16,400 million, representing a year-on-year increase of 32.0%. As at 30 June 2007, backlog for port machinery manufacturing business was RMB33,000 million.

During the first half of 2007, ZPMC produced 116 units of quayside container cranes and 197 units of yard container cranes. ZPMC exported most of its products to over 100 ports in 58 countries and regions around the world and accounted for approximately 70% market share in the global market for large quayside container cranes.

Building on the strength of a successful port machinery business, ZPMC seized favorable market condition and diversified its equipment manufacturing offerings into offshore heavy machinery equipment (equipment required for exploration of oil and gas fields), large steel structure and port equipment components, so as to develop a more diversified equipment manufacturing business. SPMP also obtained excellent results in the manufacturing of tunnel boring machinery and railway heavy crane equipment. The tunnel boring equipment and pillar-lifting machinery are applied in metropolitan railway projects and railway projects of the Company.

6.52 metres double circular tunnel boring machine

Triple 40 feet container crane

Technological Innovation

During the first half of 2007, the Company achieved remarkable results in technological innovation by further investing in technology development.

A special comprehensive programme under the Eleventh Five-year Plan named "Research in Critical Technologies for Offshore Deepwater Ports", launched by the Ministry of Communications and undertaken by the Company, was included in China's Mid-and-long Term National Technology Development Plan. The Company's Laboratory for Port Rock and Earth Construction Key Technologies and Laboratory for Long and Complex Bridge Construction Key Technologies are recognised by the Ministry of Communications as industry-leading laboratories.

The functional capabilities of CSJ950 Suspension Bridge Main Cable Screwing Machine which was solely developed by the Company achieved leading international standard. The Linear Analysis Software for the Main Cable of Suspension Bridge developed by the Company won the Golden Prize of "Central Enterprise Youth Innovation". The technologies of "Four Section Tower Combination" and initially installed "Inter-tower Connection" applied to Shanghai Yangtze Bridge are innovative in the history of sea bridges construction and above-the-water operation in the PRC. The "Study on Key Technologies for the Construction of Sutong Bridge" primarily conducted by a number of subsidiaries of the Company was included in China's national technology support programme.

BUSINESS REVIEW *(Continued)*

The "Triple 40 Feet Container Crane", electric green RTG and gantry suspension installation method represented proprietary technology innovation of the Company and were unprecedented in the world. The Triple Unloading System developed and manufactured by ZPMC successfully completed its trial-run at Jingtang Port in Tangshan. This system is the first of its kind in China for the manufacturing of loading and unloading machinery for coal terminals and achieved leading international standard. The "2500t/h Bridge Type Ship Unloader", a key technology equipment project undertaken by the Company, was granted proprietary intellectual property rights by the Chinese government and achieved internationally leading technology standard. The "Fully Hydraulic Boarding Ladder" technology developed by the Company also obtained proprietary intellectual property rights from the Chinese government.

Installation of precast tower pillars

The triple unloading system developed and manufactured by ZPMC

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following section should be read in conjunction with our unaudited condensed consolidated interim financial information and accompanying notes presented in this interim report.

OVERVIEW

For the six-month period ended 30 June 2007, profit before income tax of the Company amounted to RMB4,425 million, representing an increase of 125.5% compared with the same period in 2006. Profit attributable to equity holders of the Company amounted to RMB2,744 million, representing an increase of 153.1% compared with the same period in 2006. Earnings per share of the Company was RMB0.19. The following is a comparison of financial results between the six-month period ended 30 June 2007 and 30 June 2006, respectively.

CONSOLIDATED RESULTS OF OPERATIONS

Revenue

Revenue for the six months ended 30 June 2007 amounted to RMB58,674 million, representing an increase of RMB11,487 million or 24.3% from RMB47,187 million in the same period in 2006. The growth was mainly attributable to the increased revenue in Infrastructure Construction Business, Infrastructure Design Business, Dredging Business and Port Machinery Manufacturing Business, amounting to RMB10,418 million, RMB475 million, RMB1,125 million, RMB1,165 million (all before elimination of inter-segment transactions), respectively, representing an increase of 36.1%, 20.1%, 22.4% and 12.9%, respectively, over the same period in 2006.

Cost of Sales and Gross Profit

Cost of sales for the six months ended 30 June 2007 amounted to RMB52,200 million, representing an increase of RMB10,127 million or 24.1% from RMB42,073 million in the same period in 2006. The growth was mainly attributable to the increase in cost of sales in Infrastructure Construction Business, Infrastructure Design Business, Dredging Business and Port Machinery Manufacturing Business, amounting to RMB9,293 million, RMB404 million, RMB850 million and RMB990 million (all before elimination of inter-segment transactions) respectively, representing an increase of 34.6%, 24.7%, 20.1% and 12.8%, respectively, over the same period in 2006.

CONSOLIDATED RESULTS OF OPERATIONS *(Continued)*

Cost of Sales and Gross Profit *(Continued)*

In addition, during the six months ended 30 June 2007 we have early adopted the Revised IAS 23, Borrowing Cost, which requires the capitalisation of borrowing cost relating to qualifying assets. As a result, borrowing cost capitalised in the six months ended 30 June 2007 was approximately RMB90 million, of which approximately RMB72 million was charged to cost of sales in that period.

As a result, gross profit for the six months ended 30 June 2007 amounted to RMB6,474 million, representing an increase of RMB1,360 million or 26.6% from RMB5,114 million in the same period in 2006. Gross profit margin increased to 11.0% for the six months ended 30 June 2007 from 10.8% for the same period in 2006.

Operating Profit

Operating profit for the six months ended 30 June 2007 amounted to RMB4,793 million, representing an increase of RMB2,276 million or 90.4% from RMB2,517 million in the same period in 2006. The increase was mainly attributable to the increase in Infrastructure Construction Business, Infrastructure Design Business, Dredging Business and Port Machinery Manufacturing Business, amounting to RMB1,065 million, RMB71 million, RMB301 million and RMB1,048 million (all before elimination of inter-segment transactions and unallocated costs) respectively, representing an increase of 170.7%, 20.6%, 66.4% and 104.3%, respectively. Operating profit margin increased to 8.2% for the six months ended 30 June 2007 from 5.3% for the same period in 2006.

In connection with the 2010 World Expo in Shanghai, one of our subsidiaries received compensation from the Bureau of Shanghai Expo Coordination for the costs of relocating production facilities. Approximately RMB636 million of the compensation has been recognised as other income for the six months ended 30 June 2007, excluding which the Company's operating profit margin would be approximately 7.1% for the six months ended 30 June 2007.

CONSOLIDATED RESULTS OF OPERATIONS *(Continued)*

Interest Income

Interest income for the six months ended 30 June 2007 amounted to RMB203 million, representing an increase of RMB132 million from RMB71 million in the same period in 2006. It was mainly attributable to the interest income from unused proceeds from the Company's global offering in December 2006.

Finance Costs

Finance costs for the six months ended 30 June 2007 amounted to RMB616 million, representing a decrease of RMB68 million from RMB684 million in the same period in 2006. The decrease was mainly due to an increase of RMB277 million in net foreign exchange gains on borrowings, primarily attributable to the appreciation of Renminbi against the U.S. dollar, Euro and Japanese Yen, offseting the RMB144 million increase in interest expenses for the six months ended 30 June 2007 from the same period of 2006.

Share of Profit of Jointly Controlled Entities

Share of profit from jointly controlled entities amounted to RMB9 million in the six months ended 30 June 2007 and RMB10 million in the same period in 2006.

Share of Profit of Associates

Share of the profit of associates amounted to RMB36 million in the six months ended 30 June 2007 and RMB48 million in the same period in 2006.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax for the six months ended 30 June 2007 amounted to RMB4,425 million, representing an increase of RMB2,463 million or 125.5% from RMB1,962 million in the same period in 2006.

CONSOLIDATED RESULTS OF OPERATIONS *(Continued)*

Income Tax Expense

Income tax expense for the six months ended 30 June 2007 amounted to RMB974 million, representing an increase of RMB472 million or 94.0% from RMB502 million in the same period in 2006. Effective tax rate for the Company for the six months ended 30 June 2007 and 2006 were 22.0% and 25.6%, respectively. The decrease in effective tax rate was mainly due to the increase in non-taxable income of RMB303 million from RMB46 million in the same period in 2006, and was partially offset by the amount of RMB360 million attributable to the change in tax rate and charged to deferred income tax for the six months ended 30 June 2007.

Profit Attributable to Minority Interests

Profit attributable to minority interests for the six months ended 30 June 2007 amounted to RMB707 million, an increase of RMB331 million or 88.0% from RMB376 million in the same period 2006, primarily as a result of an increase in profit from ZPMC, which is a 43.26%-owned subsidiary of the Company as at 30 June 2007 and 30 June 2006.

Profit Attributable to Equity Holders of the Company

As a result of the foregoing factors, profit attributable to equity holders of the Company for the six months ended 30 June 2007 amounted to RMB2,744 million, an increase of RMB1,660 million or 153.1% from RMB1,084 million in the same period in 2006. Profit margin with respect to profit attributable to equity holders of the Company was 4.7% for the six months ended 30 June 2007, compared to 2.3% in the same period in 2006.

DISCUSSION OF SEGMENT OPERATIONS

The following table sets forth the revenue, gross profit and operating profit of the Company for the six months ended 30 Jun 2007 and 30 June 2006.

	Revenue		Gross Profit		Gross Profit Margin		Operating Profit[1]		Operating Profit Margin	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
Business	**2007** ***(RMB million)***	2006 *(RMB million)*	**2007** ***(RMB million)***	2006 *(RMB million)*	**2007** ***(%)***	2006 *(%)*	**2007** ***(RMB million)***	2006 *(RMB million)*	**2007** ***(%)***	2006 *(%)*
Infrastructure Construction	**39,263**	28,845	**3,100**	1,975	**7.9**	6.8	**1,689**	624	**4.3**	2.2
% of total	**66.4**	60.4	**47.9**	38.9			**34.0**	24.6		
Infrastructure Design	**2,835**	2,360	**793**	722	**28.0**	30.6	**414**	343	**14.6**	14.5
% of total	**4.8**	4.9	**12.2**	14.2			**8.3**	13.5		
Dredging	**6,142**	5,017	**1,053**	778	**17.1**	15.5	**754**	453	**12.3**	9.0
% of total	**10.4**	10.5	**16.3**	15.3			**15.2**	17.8		
Port Machinery	**10,206**	9,041	**1,488**	1,313	**14.6**	14.5	**2,053**	1,005	**20.1**	11.1
% of total	**17.3**	19.0	**23.0**	25.8			**41.3**	39.6		
Other businesses	**664**	2,494	**40**	294	**6.0**	11.8	**58**	115	**8.7**	4.6
% of total	**1.1**	5.2	**0.6**	5.8			**1.2**	4.5		
Subtotal	**59,110**	47,757	**6,474**	5,082			**4,968**	2,540		
Intersegment elimination and unallocated costs	**(436)**	(570)	**0**	32			**(175)**	(23)		
Total	**58,674**	47,187	**6,474**	5,114	**11.0**	10.8	**4,793**	2,517	**8.2**	5.3

(1) Total operating profit represents the total of segment profit less unallocated costs.

DISCUSSION OF SEGMENT OPERATIONS *(Continued)*

Infrastructure Construction Business

The financial information for the Infrastructure Construction Business presented in this section is before elimination of intersegment transactions and before unallocated costs.

The following table sets out the principal profit and loss information for the Infrastructure Construction Business for the six months ended 30 June 2007 and 30 June 2006.

	Six months ended 30 June	
	2007	2006
	Unaudited	Audited
	RMB million	*RMB million*
Revenue	**39,263**	28,845
Cost of sales	**(36,163)**	(26,870)
Gross profit	**3,100**	1,975
Selling and marketing expenses	**(23)**	(25)
Administrative expenses	**(1,451)**	(1,421)
Other income/(expenses), net	**63**	95
Segment result	**1,689**	624
Depreciation and amortisation	**548**	586

Revenue. Revenue from Infrastructure Construction Business for the six months ended 30 June 2007 was RMB39,263 million, an increase of RMB10,418 million, or 36.1%, compared to RMB28,845 million in the same period in 2006, primarily due to an increase in the aggregate value of projects undertaken by the Company, driven by demand for our services as a result of the continuous growth in infrastructure expenditure by the PRC government. The value of new contracts entered into for the Infrastructure Construction Business during the first half of 2007 was RMB71.1 billion, an increase of RMB28.8 billion, or 68.1%, compared to RMB42.3 billion in the same period in 2006. No single project accounted for more than 5% of the Company's total revenue for the six months ended 30 June 2007 or in the same period in 2006.

DISCUSSION OF SEGMENT OPERATIONS *(Continued)*

Infrastructure Construction Business *(Continued)*

Cost of sales and gross profit. Cost of sales for the Infrastructure Construction Business for the six months ended 30 June 2007 was RMB36,163 million, an increase of RMB9,293 million or 34.6%, compared to RMB26,870 million in the same period in 2006. Cost of sales as a percentage of revenue decreased from 93.2% for the six months ended 30 June 2006 to 92.1% for the same period in 2007 as a result of cost control over raw material and employee benefits.

During the six months ended 30 June 2007, we have early adopted the Revised IAS 23, Borrowing Cost, which requires the capitalisation of borrowing cost relating to qualifying assets. As a result, borrowing cost capitalised in the six months ended 30 June 2007 was approximately RMB90 million, of which approximately RMB72 million was charged to cost of sales for our Infrastructure Construction Business in that period.

Gross profit from the Infrastructure Construction Business for the six months ended 30 June 2007 increased RMB1,125 million, or 57.0%, to RMB3,100 million from RMB1,975 million during the same period in 2006. Gross profit margin increased to 7.9% for the six months ended 30 June 2007 as compared to 6.8% for the same period in 2006.

Selling and marketing expenses. Selling and marketing expenses for the Infrastructure Construction Business for the six months ended 30 June 2007 was RMB23 million, a decrease of RMB2 million, or 8%, compared to RMB25 million in the same period in 2006 primarily due to efforts in reducing marketing expenses.

Administrative expenses. Administrative expenses for the Infrastructure Construction Business for the six months ended 30 June 2007 was RMB1,451 million, a slight increase of RMB30 million, or 2.1%, compared to RMB1,421 million during the same period in 2006, primarily due to the increase in benefits for qualified personnel, partially offset by a decrease in provisions for impairment of trade and other receivables and reversal of impairment of inventories. Administrative expenses as a percentage of revenue decreased to 3.7% for the six months ended 30 June 2007 from 4.9% in the same period in 2006.

Other income/(expenses), net. Net other income for the Infrastructure Construction Business decreased by RMB32 million from RMB95 million in the six months ended 30 June 2006 to RMB63 million in the same period in 2007.

Segment result. As a result of the above, segment result for the Infrastructure Construction Business for the six months ended 30 June 2007 was RMB1,689 million, an increase of RMB1,065 million, or 170.7%, compared to RMB624 million in the same period in 2006. Segment result margin increased to 4.3% in the six months ended 30 June 2007 from 2.2% in the same period in 2006.

DISCUSSION OF SEGMENT OPERATIONS *(Continued)*

Infrastructure Design Business

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

The following table sets out the principal profit and loss information for the Infrastructure Design Business for the six months ended 30 June 2007 and 30 June 2006.

	Six months ended 30 June	
	2007	2006
	Unaudited	Audited
	RMB million	*RMB million*
Revenue	**2,835**	2,360
Cost of sales	**(2,042)**	(1,638)
Gross profit	**793**	722
Selling and marketing expenses	**(35)**	(49)
Administrative expenses	**(347)**	(334)
Other income/(expenses), net	**3**	4
Segment result	**414**	343
Depreciation and amortisation	**57**	41

Revenue. Revenue from the Infrastructure Design Business for the six months ended 30 June 2007 was RMB2,835 million, an increase of RMB475 million, or 20.1%, compared to RMB2,360 million in the same period in 2006. This increase was primarily attributable to an increase in the aggregate value of design contracts, including comprehensive contracts, which was in turn driven by an increase in infrastructure expenditure by the PRC government and higher demand for our specialised design expertise and experience in complex projects. The value of new contracts entered into for the Infrastructure Design Business during the first half of 2007 was RMB4.8 billion, an increase of RMB1.2 billion, or 32.8%, compared to RMB3.6 billion in the same period in 2006.

DISCUSSION OF SEGMENT OPERATIONS *(Continued)*

Infrastructure Design Business *(Continued)*

Cost of sales and gross profit. Cost of sales for the Infrastructure Design Business for the six months ended 30 June 2007 was RMB2,042 million, an increase of RMB404 million, or 24.7%, compared to RMB1,638 million in the same period in 2006. Cost of sales as a percentage of revenue increased from 69.4% in first half 2006 to 72.0% in first half 2007, primarily due to an increase in subcontracting costs arising from an increase in comprehensive projects undertaken by the Infrastructure Design Business.

Gross profit from the Infrastructure Design Business for the six months ended 30 June 2007 were RMB793 million, an increase of RMB71 million, or 9.8%, compared to RMB722 million in the same period in 2006.

Selling and marketing expenses. Selling and marketing expenses for the Infrastructure Design Business for the six months ended 30 June 2007 was RMB35 million, a decrease of RMB14 million, or 28.6%, compared to RMB49 million in the same period in 2006.

Administrative expenses. Administrative expenses for the Infrastructure Design Business for the six months ended 30 June 2007 was RMB347 million, an increase of RMB13 million, or 3.9%, compared to RMB334 million during the same period in 2006. Administrative expenses as a percentage of revenue decreased from 14.2% in the six months ended 30 June 2006 to 12.2% in the same period in 2007, primarily due to cost reduction initiatives.

Other income/(expenses), net. Net other income for the Infrastructure Design Business for the six months ended 30 June 2007 was RMB3 million, a decrease of RMB1 million, compared to RMB4 million in the same period in 2006.

Segment result. As a result of the above, segment result for the Infrastructure Design Business for the six months ended 30 June 2007 was RMB414 million, an increase of RMB71 million, or 20.7%, compared with RMB343 million during the same period in 2006. Segment result margin remained relatively stable, increasing from 14.5% in the six months ended 30 June 2006 to 14.6% in the same period in 2007.

DISCUSSION OF SEGMENT OPERATIONS *(Continued)*

Dredging Business

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

The following table sets out the principal profit and loss information for the Dredging Business for the six months ended 30 June 2007 and 2006.

	Six months ended 30 June	
	2007	2006
	Unaudited	Audited
	RMB million	*RMB million*
Revenue	**6,142**	5,017
Cost of sales	**(5,089)**	(4,239)
Gross profit	**1,053**	778
Selling and marketing expenses	**(7)**	(10)
Administrative expenses	**(287)**	(354)
Other income/(expenses), net	**(5)**	39
Segment result	**754**	453
Depreciation and amortisation	**199**	184

Revenue. Revenue from the Dredging Business in the six months ended 30 June 2007 was RMB6,142 million, an increase of RMB1,125 million, or 22.4%, compared to RMB5,017 million in the same period in 2006. The increase in revenue was primarily attributable to increased port development activities and urbanisation in the PRC, which led to higher demand for our dredging services. The value of new contracts entered into for the Dredging Business during the first half of 2007 was RMB8,586 million, an increase of RMB2,418 million, or 39.2%, compared to RMB6,168 million in the same period in 2006.

DISCUSSION OF SEGMENT OPERATIONS *(Continued)*

Dredging Business *(Continued)*

Cost of sales and gross profit. Cost of sales for the Dredging Business for the six months ended 30 June 2007 was RMB5,089 million, an increase of RMB850 million, or 20.1%, compared to RMB4,239 million during corresponding period in 2006. Cost of sales as a percentage of revenue for our Dredging Business decreased to 82.9% for the six months ended 30 June 2007 from 84.5% in the same period in 2006, which was primarily attributable to the implementation of cost control measures, including tighter control over subcontracting costs.

Gross profit from the Dredging Business for the six months ended 30 June 2007 was RMB1,053 million, an increase of RMB275 million or 35.3%, compared to RMB778 million during the same period in 2006. Gross profit margin for the Dredging Business increased from 15.5% in the six months ended 30 June 2006 to 17.1% in the same period in 2007.

Selling and marketing expenses. Selling and marketing expenses for the Dredging Business for the six months ended 30 June 2007 was RMB7 million, a decrease of RMB3 million, or 30.0%, compared to RMB10 million during the same period in 2006.

Administrative expenses. Administrative expenses for the Dredging Business for the six months ended 30 June 2007 was RMB287 million, a decrease of RMB67 million, or 18.9%, compared to RMB354 million in first half 2006. Administrative expenses as a percentage of revenue decreased from 7.1% for the six months ended 30 June 2006 to 4.7% during the same period in 2007, primarily because the variable administrative expenses incurred during the first half of 2006 were higher than that of the same period of 2007 as the Company implemented more effective cost control this year.

Other income/(expenses), net. Net other expenses for the Dredging Business for the six months ended 30 June 2007 was RMB5 million, compared to income of RMB39 million during corresponding period in 2006.

Segment result. As a result of the above, segment result for the Dredging Business in first half 2007 was RMB754 million, an increase of RMB301 million, or 66.4%, compared to RMB453 million in first half 2006. Segment result margin increased from 9.0% in the six months ended 30 June 2006 to 12.3% in the same period in 2007.

DISCUSSION OF SEGMENT OPERATIONS *(Continued)*

Port Machinery Manufacturing Business

The financial information for the Port Machinery Manufacturing Business presented in this section is before elimination of intersegment transactions and before unallocated costs.

The following table sets out the principal profit and loss information for the Port Machinery Manufacturing Business for the six months ended 30 June 2007 and 30 June 2006.

	Six months ended 30 June	
	2007	2006
	Unaudited	Audited
	RMB million	*RMB million*
Revenue	**10,206**	9,041
Cost of sales	**(8,718)**	(7,728)
Gross profit	**1,488**	1,313
Selling and marketing expenses	**(22)**	(26)
Administrative expenses	**(270)**	(217)
Other income/(expenses), net	**857**	(65)
Segment result	**2,053**	1,005
Depreciation and amortisation	**265**	181

Revenue. Revenue from the Port Machinery Manufacturing Business for the six months ended 30 June 2007 was RMB10,206 million, an increase of RMB1,165 million, or 12.9%, compared to RMB9,041 million in the same period in 2006. This increase was primarily due to continued growth in global container transportation and increasing market demand for the Company's products, which was met by the Company's further increased production capacity. The value of new contracts entered into for the Port Machinery Manufacturing Business during the first half of 2007 was RMB16.4 billion, an increase of RMB4.0 billion, or 32.0%, compared to RMB12.4 billion in the same period in 2006.

DISCUSSION OF SEGMENT OPERATIONS *(Continued)*

Port Machinery Manufacturing Business *(Continued)*

Cost of sales and gross profit. Cost of sales for the Port Machinery Manufacturing Business for the six months ended 30 June 2007 was RMB8,718 million, an increase of RMB990 million, or 12.8%, compared to RMB7,728 million in the same period in 2006, primarily due to an increase in revenue. Cost of sales as a percentage of revenue remained relatively stable, decreasing from 85.5% in the six months ended 30 June 2006 to 85.4% in the same period in 2007.

Gross profit from the Port Machinery Manufacturing Business for the six months ended 30 June 2007 was RMB1,488 million, an increase of RMB175 million or 13.3%, compared to RMB1,313 million during corresponding period in 2006. Gross profit margin remained relatively stable, increasing from 14.5% in the six months ended 30 June 2006 to 14.6% in the same period in 2007.

Selling and marketing expenses. Selling and marketing expenses for the Port Machinery Manufacturing Business for the six months ended 30 June 2007 was RMB22 million, a decrease of RMB4 million, or 15.4% compared to RMB26 million during corresponding period in 2006.

Administrative expenses. Administrative expenses for the Port Machinery Manufacturing Business for the six months ended 30 June 2007 was RMB270 million, an increase of RMB53 million, or 24.4%, compared to RMB217 million in the same period in 2006, primarily due to an increase in revenue. Administrative expenses as a percentage of revenue for the Port Machinery Manufacturing Business increased slightly from 2.4% in the six months ended 30 June 2006 to 2.6% in the same period in 2007, primarily due to the increased spending on research and development and employee benefits in relation to technical personnel, partially offset by the increasing economies of scale resulted from the growth of our business.

Other income/(expenses), net. Net other income for the Port Machinery Manufacturing Business for the six months ended 30 June 2007 was income of RMB857 million, compared to expense of RMB65 million during corresponding period in 2006.

In connection with the 2010 World Expo in Shanghai, one of our subsidiaries in the Port Machinery Manufacturing Business received compensation from the Bureau of Shanghai Expo Coordination for the costs of relocating production facilities. Approximately RMB636 million of the compensation has been recognised as other income for the six months ended 30 June 2007.

Segment result. As a result of the above, segment result for the Port Machinery Manufacturing Business for the six months ended 30 June 2007 was RMB2,053 million, an increase of RMB1,048 million, or 104.3%, compared to RMB1,005 million in the same period in 2006. Segment result margin increased from 11.1% in the six months ended 30 June 2006 to 20.1% in the same period of 2007. Segment result margin for the six months ended 30 June 2007 would be approximately 13.9% if the compensation of RMB636 million as mentioned above is excluded.

LIQUIDITY AND CAPITAL RESOURCES

The Company's business requires a significant amount of working capital to finance the purchase of raw materials and the performance of engineering, construction and other work on projects before payment is received from clients. The Company historically met its working capital and other capital requirements principally from cash generated from operations, while the balance of the requirements was primarily financed through borrowings.

Cash Flow Data

The following table presents selected cash flow data from the Company's consolidated cash flow statements for six months ended 30 June 2007 and 30 June 2006.

	Six months ended 30 June	
	2007	2006
	Unaudited	Audited
	RMB million	*RMB million*
Net cash (used in)/generated from operating activities	**(62)**	863
Net cash used in investment activities	**(5,103)**	(2,978)
Net cash (used in)/generated from financing activites	**(1,803)**	3,625
Net (decrease)/increase in cash and cash equivalents	**(6,968)**	1,510
Cash and cash equivalents at beginning of period	**30,793**	10,797
Exchange losses on cash and cash equivalents	**(162)**	(3)
Cash and cash equivalents at end of period	**23,663**	12,304

Cash flow from operating activities

During the six months ended 30 June 2007, net cash used in operating activities was RMB62 million, a decrease of RMB925 million from net cash generated from operating activities of RMB863 million in the same period in 2006. This decrease was primarily due to an increase in net working capital (especially receivables arising from BT projects) and an increase in interest paid and income tax paid during the six months ended 30 June 2007.

For the six months ended 30 June 2007, trade and other receivables increased by RMB6,917 million, contract work-in-progress increased by RMB3,966 million and trade and other payables increased by RMB8,543 million.

LIQUIDITY AND CAPITAL RESOURCES *(Continued)*

Cash Flow Data *(Continued)*

Cash flow from investment activities

Net cash used in investing activities for the six months ended 30 June 2007 was RMB5,103 million as compared to RMB2,978 million in the same period in 2006. The increase of RMB2,125 million was primarily due to an increase in capital expenditures for property, plant and equipment and an increase in investment in BOT projects.

Cash flow from financing activities

Net cash used in financing activities for the six months ended 30 June 2007 was RMB1,803 million, compared to cash generated from financing activities of RMB3,625 million in the same period in 2006. The net change of RMB5,428 million was primarily due to repayment of borrowings.

Capital Expenditure

Our capital expenditure principally comprises expenditure from the building of plants, purchases of property, vessels and equipment and investment in BOT projects. The following table set forth our capital expenditure by business for the six months ended 30 June 2007 and 2006.

	Six months ended 30 June	
	2007	2006
	Unaudited	Audited
	RMB million	*RMB million*
Infrastructure Construction Business	**1,787**	1,410
Infrastructure Design Business	**140**	142
Dredging Business	**700**	486
Port Machinery Manufacturing Business	**2,616**	1,443
Other	**66**	70
Total	**5,309**	3,551

Capital expenditure for the six months ended 30 June 2007 was RMB5,309 million, as compared to RMB3,551 million in first half 2006. The increase of RMB1,758 million or 49.5% was primarily due to purchase of additional equipment and continued development of our production bases for Port Machinery business.

LIQUIDITY AND CAPITAL RESOURCES *(Continued)*

Working Capital

Contract work-in-progress

The following table sets out our contract work-in-progress as at 30 June 2007 and 31 December 2006.

	As at	
	30 June 2007 Unaudited *RMB million*	31 December 2006 Audited *RMB million*
Contract cost incurred plus recognised profit less recognised losses	**267,586**	171,683
Less: Progress billings	**(249,060)**	(157,123)
Contract work-in-progress	**18,526**	14,560
Representing:		
Amount due from customers from contract work	**25,231**	20,903
Amount due to customers from contract work	**(6,705)**	(6,343)
	18,526	14,560

The increase in contract work-in-progress of RMB3,966 million or 27.2% was attributable to the growth in our core businesses (mainly the Infrastructure Construction Business and the Port Machinery Manufacturing Business).

Trade receivables and trade payables

The following table sets forth the turnover of our average trade receivables and average trade payables for the six months ended 30 June 2007 and year ended 31 December 2006.

	Six months ended 30 June 2007 *Numbers of Days*	Year ended 31 December 2006 *Numbers of Days*
Turnover of average trade receivables[(1)]	**61**	52
Turnover of average trade payables[(2)]	**98**	78

LIQUIDITY AND CAPITAL RESOURCES *(Continued)*

Working Capital *(Continued)*

Trade receivables and trade payables (Continued)

(1) Average trade receivables equals trade receivables net of provisions at the beginning of the six months period plus trade receivables net of provisions at the end of the six months period divided by 2. Turnover of average trade receivables (in days) equals average trade receivables divided by revenue and multiplied by 180.

(2) Average trade payables equals trade payables at the beginning of the six months period plus trade payables at the end of the six months period divided by 2. Turnover of average trade payables (in days) equals average trade payables divided by costs of sales and multiplied by 180.

The following table sets forth an ageing analysis of trade receivables as at 30 June 2007 and 31 December 2006.

	As at	
	30 June 2007	31 December 2006
	Unaudited	Audited
	RMB million	*RMB million*
Less than 6 months	**16,313**	15,791
6 months to 1 year	**2,988**	2,622
1 year to 2 years	**1,380**	1,276
2 years to 3 years	**465**	384
Over 3 years	**988**	990
	22,134	21,063

Majority of the Company's revenues is generated through construction projects and settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. For sales of products, a credit period ranging from 30 to 90 days may be granted to large or long-established customers with good repayment history. Revenues from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods. The management closely monitors the recovery of the Company's overdue trade receivables on a regular basis, and, when appropriate, provides for impairment of these trade receivables. As at 30 June 2007, we had a provision for impairment of RMB1,893 million, which covers all trade receivables aged over two years and approximately 31.9% of trade receivables aged between one year and two years.

LIQUIDITY AND CAPITAL RESOURCES *(Continued)*

Working Capital *(Continued)*

Trade receivables and trade payables (Continued)

The following table sets forth an ageing analysis of trade payables as at 30 June 2007 and 31 December 2006.

	As at	
	30 June 2007 Unaudited *RMB million*	31 December 2006 Audited *RMB million*
Within 1 year	**29,110**	24,107
1 year to 2 years	**1,403**	1,333
2 years to 3 years	**365**	210
Over 3 years	**166**	206
	31,044	25,856

For purchase of raw materials, our suppliers generally grant us a credit period ranging from 30 to 90 days. Payment of subcontracting charges is made in accordance with the terms of the contracts governing the relevant transactions which normally range from 45 to 60 days.

Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from our customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under our supplier contracts or contracts with subcontractors.

LIQUIDITY AND CAPITAL RESOURCES *(Continued)*

Retentions

The following table sets forth the fair value of the retentions as at 30 June 2007 and 31 December 2006.

	As at	
	30 June 2007 Unaudited *RMB million*	31 December 2006 Audited *RMB million*
Current	**2,027**	2,010
Non-current	**2,155**	1,354
Total	**4,182**	3,364

INDEBTEDNESS

Borrowings

The following table sets out the maturities of our total borrowings as at 30 June 2007 and 31 December 2006.

	As at	
	30 June 2007 Unaudited *RMB million*	31 December 2006 Audited *RMB million*
Total borrowings		
– Within 1 year	**19,118**	22,098
– Between 1 year and 2 years	**2,644**	2,350
– Between 2 years and 5 years	**4,130**	3,617
Wholly repayable within 5 years	**25,892**	28,065
– Over 5 years	**3,094**	2,624
	28,986	30,689

INDEBTEDNESS *(Continued)*

Borrowings *(Continued)*

Our borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Hong Kong dollars and Japanese Yen. The following table sets out the carrying amounts of our borrowings by currencies as at 30 June 2007 and 31 December 2006.

	As at	
	30 June 2007 Unaudited *RMB million*	31 December 2006 Audited *RMB million*
Total borrowings		
Renminbi	**17,684**	19,050
U.S. dollar	**7,484**	7,264
Hong Kong dollar	**546**	620
Japanese yen	**1,224**	1,494
Euro	**2,029**	2,261
Others	**19**	—
	28,986	30,689

The gearing ratio (total liabilities/total assets) was 69.4%, representing a decrease of 1.7 percentage points from that of 31 December 2006. This was mainly attributable to the increase of equity as a result of the increase in the Company's net profit for the six months ended 30 June 2007 and the increase in fair value of available-for-sale financial assets held by the Company as at 30 June 2007.

INDEBTEDNESS *(Continued)*

Contingent Liabilities

We have contingent liabilities with respect to legal claims arising from the ordinary course of business.

	As at	
	30 June 2007	31 December 2006
	Unaudited	Audited
	RMB million	*RMB million*
Pending lawsuits[(1)]	**135**	134
Outstanding loan guarantees[(2)]	**239**	283
	374	417

(1) We have been named in a number of lawsuits arising from the ordinary course of business. No provision has been made for pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the probability of loss is remote.

(2) We have acted as the guarantor for various external borrowings made by certain jointly controlled entities and associates of the Company and certain third party entities.

MARKET RISKS

We are exposed to various types of market risks, including changes in interest rate risks, foreign exchange risks and inflation risks in the normal course of business.

Interest rate risk

Our income and operating cash flows are substantially independent of changes in market interest rates as we have no significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings. Borrowings at variable rates expose us to cash flow interest-rate risk. Borrowings at fixed rates expose us to fair value interest-rate risk. As at 30 June 2007 and 31 December 2006, approximately RMB17,461 million and RMB20,587 million of our borrowings were at fixed rates.

MARKET RISKS *(Continued)*

Foreign exchange risk

Our functional currency is Renminbi with most of our transactions settled in Renminbi. We use, however, foreign currencies to settle our invoices from overseas operations, our purchases of machinery and equipment from overseas suppliers and for certain expenses. In addition, a significant proportion of our bank borrowings are denominated in foreign currencies, particularly the U.S. dollar, and to a lesser extent, the Euro and the Japanese Yen. Renminbi is not freely convertible into other foreign currencies and conversion of the 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 with reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2% against the U.S. dollar. The PRC government has since made and 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 us by decreasing any revenues from our sales which are denominated in foreign currency or increasing our borrowings which are denominated in foreign currencies.

During the six months ended 30 June 2007 and twelve months ended 31 December 2006, certain subsidiaries of the Company used foreign currency forward contracts for transaction with domestic and overseas registered banks, to hedge our exposure to foreign currency risk on individual transactions in connection with Renminbi.

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2007
(All amounts in RMB unless otherwise stated)

	Note	**30 June 2007 RMB million (Unaudited)**	31 December 2006 RMB million (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**22,590**	19,520
Lease prepayments		**980**	999
Investments properties		**179**	193
Intangible assets		**3,188**	2,278
Investments in jointly controlled entities		**679**	661
Investments in associates		**1,427**	1,412
Available-for-sale financial assets	6	**10,613**	7,340
Held-to-maturity financial assets		**2**	2
Deferred income tax assets		**2,268**	3,033
Trade and other receivables	7	**5,525**	2,472
Other non-current assets		**76**	–
		47,527	37,910
Current assets			
Inventories		**5,317**	4,037
Trade and other receivables	7	**36,690**	32,826
Amounts due from customers for contract work	8	**25,231**	20,903
Derivative financial instruments	9	**195**	3
Other financial assets at fair value through profit or loss		**57**	15
Restricted cash		**660**	465
Cash and cash equivalents		**23,663**	30,793
		91,813	89,042
Total assets		**139,340**	126,952

The notes on pages 42 to 78 form an integral part of this unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET *(Continued)*

As at 30 June 2007
(All amounts in RMB unless otherwise stated)

	Note	**30 June 2007 *RMB million* (Unaudited)**	31 December 2006 *RMB million* (Audited)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**14,825**	14,825
Reserves		**22,491**	16,926
Dividend proposed	18	**–**	74
		37,316	31,825
Minority interests		**5,386**	4,902
Total equity		**42,702**	36,727
LIABILITIES			
Non-current liabilities			
Borrowings	10	**9,868**	8,591
Deferred income		**200**	155
Deferred income tax liabilities		**2,229**	2,151
Early retirement and supplemental benefit obligations		**3,268**	3,362
		15,565	14,259
Current liabilities			
Trade and other payables	11	**53,959**	45,416
Amounts due to customers for contract work	8	**6,705**	6,343
Current income tax liabilities		**800**	960
Borrowings	10	**19,118**	22,098
Derivative financial instruments	9	**1**	19
Early retirement and supplemental benefit obligations		**207**	217
Provisions		**143**	115
Other current liabilities		**140**	798
		81,073	75,966
Total liabilities		**96,638**	90,225
Total equity and liabilities		**139,340**	126,952
Net current assets		**10,740**	13,076
Total assets less current liabilities		**58,267**	50,986

The notes on pages 42 to 78 form an integral part of this unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2007
(All amounts in RMB unless otherwise stated)

	Note	Six months ended 30 June **2007** *RMB million* **(Unaudited)**	2006 *RMB million* (Audited)
Revenue	4	**58,674**	47,187
Cost of sales	12	**(52,200)**	(42,073)
Gross profit		**6,474**	5,114
Other gains/(losses), net	13	**7**	(45)
Selling and marketing expenses	12	**(97)**	(199)
Administrative expenses	12	**(2,436)**	(2,473)
Other income	14	**1,257**	561
Other expenses		**(412)**	(441)
Operating profit		**4,793**	2,517
Interest income		**203**	71
Finance costs, net	15	**(616)**	(684)
Share of profit of jointly controlled entities		**9**	10
Share of profit of associates		**36**	48
Profit before income tax		**4,425**	1,962
Income tax expense	16	**(974)**	(502)
Profit for the period		**3,451**	1,460
Attributable to:			
– equity holders of the Company		**2,744**	1,084
– minority interests		**707**	376
		3,451	1,460
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
– basic	17	**0.19**	0.10
– diluted	17	**0.19**	0.10
Dividends	18	**–**	–

The notes on pages 42 to 78 form an integral part of this unaudited condensed consolidated interim financial information

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007
(All amounts in RMB unless otherwise stated)

		For the six months ended 30 June 2007 (Unaudited)										
		Attributable to equity holders of the Company										
	Note	Share Capital *RMB million*	Share Premium *RMB million*	Capital Reserve *RMB million*	Statutory Reserve Fund *RMB million*	Investment Revaluation Reserve *RMB million*	Safety Fund *RMB million*	Exchange Reserve *RMB million*	Retained Earnings *RMB million*	Total *RMB million*	Minority Interests *RMB million*	Total equity *RMB million*
At 1 January 2007		14,825	13,853	(2,157)	73	4,166	–	(9)	1,074	31,825	4,902	36,727
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	–	2,496	–	–	–	2,496	–	2,496
Transaction with minority shareholders resulting from disposal of equity interest of a subsidiary		–	–	176	–	–	–	–	–	176	41	217
Reversal of deferred tax assets in relation to the assets revaluation surplus arising from the Reorganisation due to change of tax rate	16	–	–	(270)	–	–	–	–	–	(270)	–	(270)
Reversal of deferred tax liabilities arising from changes in fair value of available-for-sale financial asset due to change of tax rate	16	–	–	–	–	402	–	–	–	402	–	402
Currency translation differences		–	–	–	–	–	–	17	–	17	(6)	11
Net income/(expense) recognised directly in equity		–	–	(94)	–	2,898	–	17	–	2,821	35	2,856
Profit for the period		–	–	–	–	–	–	–	2,744	2,744	707	3,451
Total recognised income/(expense) for the period		–	–	(94)	–	2,898	–	17	2,744	5,565	742	6,307
2006 final dividend		–	–	–	–	–	–	–	(74)	(74)	–	(74)
Dividends paid to minority shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	(346)	(346)
Contribution from minority shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	88	88
Transfer to statutory reserve fund		–	–	–	26	–	–	–	(26)	–	–	–
Appropriations to safety fund (note)		–	–	–	–	–	151	–	(151)	–	–	–
At 30 June 2007		14,825	13,853	(2,251)	99	7,064	151	8	3,567	37,316	5,386	42,702

Note: Safety fund

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside an amount to a safety fund from the newly signed construction contracts in 2007 at the ratio ranging from 1% to 2% of the total construction contract revenue recognised in the period. The fund can be utilised for improvements of safety on the construction works, and the amounts utilized are charged to income statement as incurred. Appropriations to safety fund represent the amounts so set aside net of the amounts utilised during the period.

The notes on pages 42 to 78 form an integral part of this unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 June 2007
(All amounts in RMB unless otherwise stated)

		For the six months ended 30 June 2006 (Audited)										
		Attributable to equity holders of the Company										
	Note	Share Capital *RMB million*	Share Premium *RMB million*	Capital Reserve *RMB million*	Statutory Reserve Fund *RMB million*	Investment Revaluation Reserve *RMB million*	Safety Fund *RMB million*	Exchange Reserve *RMB million*	Retained Earnings *RMB million*	Total *RMB million*	Minority Interests *RMB million*	Total equity *RMB million*
At 1 January 2006		10,800	–	(3,101)	–	1,243	–	–	–	8,942	3,505	12,447
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	–	1,111	–	–	–	1,111	–	1,111
Transactions with minority shareholders resulting from share reform schemes of subsidiaries		–	–	(496)	–	–	–	–	–	(496)	496	–
Currency translation differences		–	–	–	–	–	–	8	–	8	–	8
Net income/(expense) recognised directly in equity		–	–	(496)	–	1,111	–	8	–	623	496	1,119
Profit for the period		–	–	–	–	–	–	–	1,084	1,084	376	1,460
Total recognised income/(expense) for the period		–	–	(496)	–	1,111	–	8	1,084	1,707	872	2,579
Dividends paid to minority shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	(189)	(189)
Contribution from minority shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	130	130
At 30 June 2006		10,800	–	(3,597)	–	2,354	–	8	1,084	10,649	4,318	14,967

The notes on pages 42 to 78 form an integral part of this unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2007
(All amounts in RMB unless otherwise stated)

		Six months ended 30 June	
	Note	**2007**	2006
		RMB million	*RMB million*
		(Unaudited)	(Audited)
Net cash (used in)/generated from operating activities		**(62)**	863
Net cash used in investing activities	19(a)	**(5,103)**	(2,978)
Net cash (used in)/generated from financing activities	19(b)	**(1,803)**	3,625
Net (decrease)/increase in cash and cash equivalents		**(6,968)**	1,510
Cash and cash equivalents at 1 January		**30,793**	10,797
Exchange losses on cash and cash equivalents		**(162)**	(3)
Cash and cash equivalents at 30 June		**23,663**	12,304

The notes on pages 42 to 78 form an integral part of this unaudited condensed consolidated interim financial information.

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 ("Reorganisation") of China Communications Construction Group Ltd. ("CCCG") in preparation for a listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The initial registered share capital of the Company is RMB10,800 million, divided into 10,800,000,000 domestic shares with a nominal value of RMB1.00 each.

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

In connection with the Reorganisation, the principal operations and businesses of CCCG (the "Core Operations") were transferred to the Company which include:

(i) all operating assets and liabilities relating to the infrastructure construction of ports, roads and bridges;

(ii) all operating assets and liabilities relating to the infrastructure design;

(iii) all operating assets and liabilities relating to dredging;

(iv) all operating assets and liabilities relating to the manufacturing of port machinery; and

(v) substantially all of the other core operating assets and liabilities relating to other business operations of CCCG.

On 8 October 2006, in consideration for CCCG transferring the above Core Operations to the Company, the Company issued 10,800,000,000 ordinary shares of RMB 1.00 per share to CCCG.

The Reorganisation was completed in October 2006. Accordingly, the Company became the holding company of the companies now comprising the Group.

The H shares of the Company were listed on the Hong Kong Stock Exchange on 15 December 2006. 4,025,000,000 new H shares with a nominal value of RMB1.00 each were issued to the investors by way of international offering and public offering, and 402,500,000 domestic shares (10% of the new shares issued) were converted into H shares and transferred to National Social Security Fund.

The unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 7 September 2007.

2. Basis of presentation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" promulgated by the International Accounting Standards Board. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

The Group resulting from the Reorganisation referred to in Note 1 above is regarded as a continuing entity. Accordingly, the condensed consolidated interim statements of income, changes in equity and cash flows for the six months ended 30 June 2006, which are presented for comparative purposes only, have been prepared as a combination of business under common control in a manner similar to pooling-of-interest as if the Company had been the holding company of those companies comprising the Group throughout the period from 1 January 2006 to 30 June 2006, or since their respective dates of incorporation/establishment or from the effective dates of acquisition/ up to the effective dates of disposal, whichever is the shorter period.

Certain operating assets and liabilities (the "Retained Operations"), which mainly represented companies engaged in development, design and manufacture of road construction machinery and accessories, including motor and electronic products and equipment sets, that either were similar to the Group's business operations, did not operate autonomously or, their principal activities were integral to CCCG, were included in the condensed consolidated interim financial information before the Reorganisation. The Retained Operations were retained by CCCG after incorporation of the Company on 8 October 2006 and thereafter, the Retained Operations are excluded from the Group's financial statements.

The condensed consolidated interim statements of income, changes in equity and cash flows for the six months ended 30 June 2006 were audited and extracted from Appendix I – Accountants' Report included in the Company's prospectus dated 1 December 2006, except for certain reclassifications made to conform with the current period's presentation.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2006, as described in the Company's annual financial statements for the year ended 31 December 2006.

(a) The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2007 and relevant to the Group.

- IFRS 7, Financial instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures. The Group has assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures are the sensitivity analysis to market risk and capital disclosures. The Group will apply IFRS 7 and the amendment to IAS 1 in the annual financial statements for the year ending 31 December 2007;

- IFRIC 8, Scope of IFRS 2. IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group expects that IFRIC 8 should not have any material impact on the Group's consolidated financial statements;

- IFRIC 9, Reassessment of embedded derivatives. IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. Management believes that this interpretation should not have a significant impact on the Group as the Group has already been using principles consistent with IFRIC 9; and

- IFRIC 10, Interim Financial Reporting and Impairment. IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. Management believes that this interpretation should not have any impact on the Group's financial statements.

3. Accounting policies *(Continued)*

(b) The following new standards, amendments to standards and interpretations are effective in 2007 but not relevant to the Group:

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies.

(c) The following new standards and amendments to standard are not effective but early adopted:

- IFRIC 12, Service Concession Arrangements, effective for annual periods beginning on or after 1 January 2008, was early adopted in 2006; and

- Revised IAS 23, Borrowing Cost. IAS 23 requires capitalisation of borrowing cost relating to qualifying assets, effective for annual periods beginning on or after 1 January 2009, was early adopted in 2007. As a result of the early adoption of the revised IAS 23, borrowing cost capitalised in the six months ended 30 June 2007 is approximately RMB90 million, of which approximately RMB72 million is charged to cost of sale in the period and approximately RMB18 million is included in cost of construction-in-progress as at 30 June 2007.

(d) The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted. The Group is assessing the impact of these standards, amendments and interpretations on the Group's financial statements:

- IFRIC 11, Group and Treasury Share Transactions (effective from 1 January 2008);

- IFRIC 13, Customer Loyalty Programmes (effective from 1 January 2009); and

- IFRS 8, Segment Reporting (effective from 1 January 2009).

4. Segment information

4.1 Primary reporting format – business segments

The Group is organised on a worldwide basis into five main business segments:

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

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

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

(4) manufacturing of port machinery (the "Port Machinery Segment"); and

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

Inter-segment revenue was conducted at prices no less than cost and with terms mutually agreed amongst those business segments.

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 other 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, intangible assets, inventories, receivables and operating cash. They exclude deferred taxation, investments and derivative financial instruments.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and borrowings.

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

4. Segment information *(Continued)*

4.1 Primary reporting format – business segments *(Continued)*

The segment results for the six months ended 30 June 2007 and other segment items included in the unaudited condensed consolidated interim financial information are as follows:

	For the six months ended 30 June 2007 (unaudited)						
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Port machinery *RMB million*	Other *RMB million*	Elimination *RMB million*	Total *RMB million*
Total gross segment revenue	39,263	2,835	6,142	10,206	664	(436)	58,674
Inter-segment revenue	(91)	(95)	(39)	(207)	(4)	436	–
Revenue	39,172	2,740	6,103	9,999	660	–	58,674
Segment profit	1,689	414	754	2,053	58	–	4,968
Unallocated costs							(175)
Operating profit							4,793
Interest income							203
Finance costs, net							(616)
Share of profit of jointly controlled entities							9
Share of profit of associates							36
Profit before income tax							4,425
Income tax expense							(974)
Profit for the period							3,451
Other segment items							
Capital expenditure	1,787	140	700	2,616	66	–	5,309
Depreciation	537	53	198	261	6	–	1,055
Amortisation	11	4	1	4	1	–	21
Reversal of impairment of inventories	(5)	–	–	(3)	–	–	(8)
Provision for/(reversal of) foreseeable losses on construction contracts	22	(1)	–	2	–	–	23
Provision for impairment of trade and other receivables	24	6	37	23	1	–	91

4. Segment information *(Continued)*

4.1 Primary reporting format – business segments *(Continued)*

The segment results for the six months ended 30 June 2006 and other segment items included in the unaudited condensed consolidated interim financial information are as follows:

	For the six months ended 30 June 2006 (audited)						
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Port machinery *RMB million*	Other *RMB million*	Elimination *RMB million*	Total *RMB million*
Total gross segment revenue	28,845	2,360	5,017	9,041	2,494	(570)	47,187
Inter-segment revenue	(232)	(36)	(22)	(273)	(7)	570	–
Revenue	28,613	2,324	4,995	8,768	2,487	–	47,187
Segment profit	624	343	453	1,005	115		2,540
Unallocated costs							(23)
Operating profit							2,517
Interest income							71
Finance costs							(684)
Share of profit of jointly controlled entities							10
Share of profit of associates							48
Profit before income tax							1,962
Income tax expense							(502)
Profit for the period							1,460
Other segment items							
Capital expenditure	1,410	142	486	1,443	70	–	3,551
Depreciation	571	37	183	179	25	–	995
Amortisation	15	4	1	2	2	–	24
Provision for impairment of inventories	39	–	–	10	–	–	49
Provision for foreseeable losses on construction contracts	111	–	32	–	–	–	143
Provision for impairment of trade and other receivables	99	14	17	13	5	–	148

4. Segment information *(Continued)*

4.1 Primary reporting format – business segments *(Continued)*

The segment assets and liabilities at 30 June 2007 are as follows:

	As at 30 June 2007 (Unaudited)						
	Construction	Design	Dredging	Port machinery	Other	Elimination	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Segment assets	**73,560**	**5,493**	**12,223**	**27,102**	**2,339**	**(7,341)**	**113,376**
Investments in jointly controlled entities							**679**
Investments in associates							**1,427**
Unallocated assets							**23,858**
Total assets							**139,340**
Segment liabilities	**56,010**	**3,106**	**6,861**	**8,727**	**1,840**	**(7,341)**	**69,203**
Unallocated liabilities							**27,435**
Total liabilities							**96,638**

The segment assets and liabilities at 31 December 2006 are as follows:

	As at 31 December 2006 (Audited)						
	Construction	Design	Dredging	Port machinery	Other	Elimination	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Segment assets	58,914	5,392	11,113	21,766	1,561	(944)	97,802
Investments in jointly controlled entities							661
Investments in associates							1,412
Unallocated assets							27,077
Total assets							126,952
Segment liabilities	44,696	3,190	6,095	6,460	1,106	(944)	60,603
Unallocated liabilities							29,622
Total liabilities							90,225

4. Segment information *(Continued)*

4.2 Secondary reporting format – geographical segments

(a) Revenue

Revenue is allocated based on the country or jurisdiction in which the customer is located.

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Mainland China	**48,095**	38,951
Hong Kong and Macau	**1,348**	1,177
Other countries	**9,231**	7,059
	58,674	47,187

(b) Total Assets

Total assets are allocated based on where the assets are located.

	As at	
	30 June	31 December
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Mainland China	**110,339**	90,811
Hong Kong and Macau	**3,312**	2,352
Other countries	**5,390**	4,639
	119,041	97,802
Investment in associates and jointly controlled entities	**2,106**	2,073
Unallocated assets	**18,193**	27,077
	139,340	126,952

4. Segment information *(Continued)*

4.2 Secondary reporting format – geographical segments *(Continued)*

(c) Capital expenditures

Capital expenditure is allocated based on where the assets are located.

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Mainland China	**5,151**	3,374
Hong Kong and Macau	**8**	6
Other countries	**150**	171
	5,309	3,551

5. Property, plant and equipment

	For the six months ended 30 June 2007 (unaudited)					
	Buildings	Machinery	Vessels and vehicles	Other equipment	Construction-in-progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2007						
Opening net book amount	3,456	3,179	8,631	765	3,489	19,520
Additions	32	330	216	154	3,535	4,267
Disposals	(35)	(14)	(88)	(12)	–	(149)
Transfer	57	144	1,278	9	(1,488)	–
Depreciation	(113)	(271)	(522)	(142)	–	(1,048)
Closing net book amount	3,397	3,368	9,515	774	5,536	22,590
At 30 June 2007						
Cost	4,832	6,513	16,262	1,868	5,536	35,011
Accumulated depreciation	(1,435)	(3,145)	(6,747)	(1,094)	–	(12,421)
Net book amount	3,397	3,368	9,515	774	5,536	22,590

5. Property, plant and equipment *(Continued)*

	For the six months ended 30 June 2006 (audited)					
	Buildings	Machinery	Vessels and vehicles	Other equipment	Construction-in-progress	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2006						
Opening net book amount	3,724	2,725	6,742	833	1,592	15,616
Additions	106	403	262	222	2,222	3,215
Disposals	(54)	(42)	(13)	(138)	–	(247)
Transfer	271	284	627	7	(1,189)	–
Depreciation	(125)	(251)	(429)	(186)	–	(991)
Closing net book amount	3,922	3,119	7,189	738	2,625	17,593
At 30 June 2006						
Cost	5,499	6,060	13,189	2,284	2,625	29,657
Accumulated depreciation	(1,577)	(2,941)	(6,000)	(1,546)	–	(12,064)
Net book amount	3,922	3,119	7,189	738	2,625	17,593

(a) Bank borrowings are secured by certain property, plant and equipment with an aggregate carrying value of approximately RMB114 million as at 30 June 2007 (31 December 2006: RMB126 million) (Note 10).

(b) As at 30 June 2007, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its properties with an aggregate carrying value of approximately RMB262 million (31 December 2006: RMB288 million). The Directors of the Company are of the opinion that the Group is lawfully entitled to occupy or use these properties.

6. Available-for-sale financial assets

	Six months ended 30 June 2007 *RMB million* **(Unaudited)**	Year ended 31 December 2006 *RMB million* (Audited)
Beginning of the period/year	**7,340**	3,045
Fair value gain	**3,232**	4,327
Additions	**67**	55
Disposals	**(26)**	(87)
End of the period/year	**10,613**	7,340

Available-for-sale financial assets include the following:

	As at	
	30 June 2007 *RMB million* **(Unaudited)**	31 December 2006 *RMB million* (Audited)
Listed equity securities, at fair value		
– Mainland China	**9,748**	6,543
– Hong Kong	**172**	147
Unlisted equity investments, at fair value	**693**	650
	10,613	7,340

7. Trade and other receivables

	As at	
	30 June 2007	31 December 2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Trade receivables	**22,134**	21,063
Less: provision for impairment	**(1,893)**	(1,775)
Trade receivables – net	**20,241**	19,288
Prepayments	**9,959**	6,417
Retentions	**4,182**	3,364
Deposits	**4,414**	3,624
Other receivables	**701**	998
Staff advances	**623**	489
Long-term receivables	**1,795**	818
Loan receivable	**300**	300
	42,215	35,298
Less: non-current portion		
– Retentions	**(2,155)**	(1,354)
– Long-term receivables (note)	**(1,795)**	(818)
– Loan receivable	**(300)**	(300)
– Prepayments for equipment	**(1,275)**	–
	36,690	32,826

Refer to Note 22(c) for receivables due from related parties.

Note: Long-term receivables represent amounts due from customers in relation to "Build and Transfer" projects (the "BT Projects"), which are generally due within one to seven years after the completion and transfer of the relevant BT Projects.

7. Trade and other receivables *(Continued)*

Ageing analysis of trade receivables is as follows:

	As at	
	30 June 2007	31 December 2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Less than 6 months	**16,313**	15,791
6 months to 1 year	**2,988**	2,622
1 year to 2 years	**1,380**	1,276
2 years to 3 years	**465**	384
Over 3 years	**988**	990
	22,134	21,063

The Group's major customers are PRC Government agencies and other state-owned enterprises. Refer to Note 22(c) for trade receivables due from PRC state-owned enterprises.

Majority of the Group's revenues is generated through construction projects and settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. For sales of products, a credit period ranging from 30 to 90 days may be granted to large or long-established customers with good repayment history. Revenues from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

All non-current receivables are due within seven years from the balance sheet date.

8. Contract work-in-progress

	As at	
	30 June 2007	31 December 2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Contract cost incurred plus recognised profit less recognised losses	**267,586**	171,683
Less: Progress billings	**(249,060)**	(157,123)
Contract work-in-progress	**18,526**	14,560
Representing:		
Amounts due from customers for contract work	**25,231**	20,903
Amounts due to customers for contract work	**(6,705)**	(6,343)
	18,526	14,560

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Contract revenue recognised as revenue in the period	**54,714**	42,055

9. Derivative financial instruments

	30 June 2007		31 December 2006	
	Assets	**Liabilities**	Assets	Liabilities
	RMB million	***RMB million***	*RMB million*	*RMB million*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Interest rate swaps	**–**	**–**	3	–
Forward foreign exchange contracts	**195**	**(1)**	–	(19)
	195	**(1)**	3	(19)

(a) Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2007 were RMB18,688 million (31 December 2006: RMB4,895 million).

(b) Interest rate swaps

At 30 June 2007, the Group had purchased interest rate swap contracts in which the Group agreed to swap the floating rate at LIBOR with the fixed rate of 5% per annum (31 December 2006: 5% per annum). The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2007 were RMB914 million (31 December 2006: RMB937 million).

10. Borrowings

		As at	
	Note	**30 June 2007** ***RMB million*** **(Unaudited)**	31 December 2006 *RMB million* (Audited)
Non-current			
Long-term bank borrowings			
– secured	(a)	**3,697**	3,184
– unsecured	(b)	**6,081**	5,306
		9,778	8,490
Other borrowings			
– secured	(a)	**66**	70
– unsecured		**24**	31
		90	101
Total non-current borrowings		**9,868**	8,591

10. Borrowings *(Continued)*

		As at	
	Note	**30 June 2007** ***RMB million*** **(Unaudited)**	31 December 2006 *RMB million* (Audited)
Current			
Current portion of long-term bank borrowings			
– secured	(a)	**752**	508
– unsecured	(b)	**1,802**	2,230
		2,554	2,738
Short-term bank borrowings			
– secured	(a)	**5,398**	5,429
– unsecured		**7,990**	10,517
		13,388	15,946
Other borrowings			
– secured	(a)	**4**	2
– unsecured	(c)	**1,120**	1,098
– debentures – unsecured	(d)	**2,052**	2,314
		3,176	3,414
Total current borrowings		**19,118**	22,098
Total borrowings		**28,986**	30,689

10. Borrowings *(Continued)*

(a) All these borrowings were secured by the Group's property, plant and equipment and guarantees provided by certain subsidiaries of the Group.

(b) Unsecured long-term bank borrowings included loans of approximately RMB1,148 million (equivalent to JPY17,678 million) (31 December 2006: RMB1,392 million, equivalent to JPY21,409 million) payable to the Export-Import Bank of China ("EIBOC") at 30 June 2007. Prior to the incorporation of the Company on 8 October 2006, these loans were used by the predecessor operations of CCCG to finance the acquisition of machinery. Such loans were originally borrowed from Ministry of Foreign Trade and Economic Cooperation ("MOFTEC") via EIBOC, which in turn borrowed such loans from the Japanese Government. All these loans were denominated in Japanese Yen, bore interest at rates ranging from 2.5% to 3.5% per annum, repayable semi-annually by equal instalments up to 2019, and were stated at amortised cost.

In July 2006, the Group signed a revised loan agreement with EIBOC under which the overdue part of the loans were interest free and repayable semi-annually by equal instalments over 3 years from January 2007. The Group has not been demanded to pay any penalty arising from the non-settlement in the past.

(c) Other current borrowings included loans of approximately RMB1,100 million (31 December 2006: RMB1,078 million) payable to the China Orient Assets Management Corporation ("COAMC") at 30 June 2007 (the "Iraq Loans"). Prior to the incorporation of the Company on 8 October 2006, these loans were used by the predecessor operations of CCCG to finance a construction project in Iraq in the 1980s. Such loans were originally borrowed from Bank of China and bore interest at rates ranging from 4.16% to 6.23% per annum. Since the Gulf War in 1990, the Group had not settled any principal and interest to Bank of China in accordance with the original loan agreements. As certain portions of these loans had been overdue, all the balance of these loans was reclassified as current liabilities. In 2000, the Iraq Loans were transferred to COAMC from Bank of China. According to relevant regulations issued by the General Office of State Council of the PRC in 1997, since the construction project in Iraq was supported by the PRC Government, the Group was not demanded to pay any penalty arising from the non-settlement.

(d) As approved by the People's Bank of China, the Group issued debentures in 2006 with a maturity of one year from issuance. The debentures were issued with a discount of RMB75 million (31 December 2006: RMB 84 million), and are stated at amortised cost. As at 30 June 2007, the outstanding nominal value is RMB2,080 million (31 December 2006: RMB2,380 million).

10. Borrowings *(Continued)*

Movements in borrowings is analysed as follows:

	RMB million (Audited)
Six months ended 30 June 2006	
As at 1 January 2006	22,450
Proceeds from borrowings	15,099
Repayments of borrowings	(11,396)
Net foreign exchange loss on borrowings	70
Accrued interest on Iraq loans	58
As at 30 June 2006	26,281

	RMB million **(Unaudited)**
Six months ended 30 June 2007	
As at 1 January 2007	**30,689**
Proceeds from borrowings	**10,850**
Repayments of borrowings	**(12,395)**
Net foreign exchange gains on borrowings	**(207)**
Accrued interest on Iraq loans	**49**
As at 30 June 2007	**28,986**

11. Trade and other payables

	As at	
	30 June 2007	31 December 2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Trade payables	**31,044**	25,856
Advance from customers	**15,323**	11,856
Deposits from customers	**2,245**	2,391
Accrued payroll	**828**	631
Social securities	**710**	798
Other taxes	**1,326**	1,418
Accrued expenses	**610**	603
Other payables	**1,303**	1,367
Special dividend payable to CCCG	**496**	496
Dividend payable	**74**	–
	53,959	45,416

Refer to Note 22(c) for payables due to related parties.

At 30 June 2007 and 31 December 2006, the ageing analysis of the trade payables (including amounts due to related parties of trading nature) were as follows:

	As at	
	30 June 2007	31 December 2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Within 1 year	**29,110**	24,107
1 year to 2 years	**1,403**	1,333
2 years to 3 years	**365**	210
Over 3 years	**166**	206
	31,044	25,856

12. Expenses by nature

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Raw materials and consumables used	**21,433**	18,838
Subcontracting costs	**14,604**	10,572
Employee benefits	**4,491**	4,037
Changes in contract work-in-progress	**3,966**	1,151
Equipment usage cost	**1,978**	1,547
Business tax and other transaction taxes	**1,422**	1,075
Rentals	**1,299**	998
Depreciation of property, plant and equipment and investment properties	**1,055**	995
Fuel	**1,028**	850
Repairs and maintenance	**740**	492
Travel	**402**	338
Transportation	**154**	1,737
Provision for impairment of trade and other receivables	**91**	148
Research and development costs	**77**	29
Insurance	**72**	77
Changes in inventories of finished goods and work-in-progress	**44**	25
Provision for foreseeable losses on construction contracts	**23**	143
Auditors' remuneration	**12**	5
Amortisation of lease prepayments	**16**	21
(Reversal of)/provision for impairment of inventories	**(8)**	49
Advertising	**7**	12
Amortisation of intangible assets	**5**	3
Other expenses	**1,822**	1,603
Total cost of sales, selling and marketing expenses and administrative expenses	**54,733**	44,745

13. Other gains/(losses) – net

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Gain on disposal of property, plant and equipment	**30**	21
Derivative instruments (Note 9):		
– Foreign exchange forward contracts	**213**	(36)
– Interest rate swap	**(3)**	(8)
	210	(44)
Net foreign exchange losses (excluding those in borrowings)	**(233)**	(22)
	7	(45)

14. Other income

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Income from compensation for cost of relocation (note a)	**636**	–
Rental income	**93**	46
Income from sale of materials	**246**	225
Dividend income on available-for-sale financial assets:		
– Listed equity securities	**36**	42
– Unlisted equity securities	**10**	8
Government grants	**2**	19
Others	**234**	221
	1,257	561

14. Other income *(Continued)*

In connection with World Expo 2010 in Shanghai, PRC, one of the subsidiaries of the Group has received a total amount of approximately RMB894 million from Bureau of Shanghai Expo Coordination to compensate for the costs of relocating its production facilities to a new location. Part of the compensation received has been used for the relocation and the remaining balance of the compensation relating to the phase I of the relocation amounting to approximately RMB636 million has been recognised as other income upon the completion of the phase I of the relocation in the six months ended 30 June 2007. The details are as follows:

	Six months ended 30 June 2007 *RMB million* **(Unaudited)**
Compensation received relating to phase I of the relocation	**762**
Disposal of property, plant and equipment and lease prepayments	**(32)**
Expenses in relation to the relocation	**(94)**
Income from compensation for cost of relocation	**636**

15. Finance costs, net

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Interest expenses:		
– Bank borrowings	**580**	465
– Other borrowings	**67**	62
– Debentures	**38**	14
	685	541
Net foreign exchange (gains)/losses on borrowings	**(207)**	70
Others	**138**	73
	616	684

16. Taxation

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 17.5% (2006:17.5%) on the estimated assessable profits of each of these companies for the six months ended 30 June 2007.

Certain 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 33% (2006: 33%) of the assessable income of each of these companies for the period as determined in accordance with the relevant PRC income tax rules and regulations except for certain subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 7.5% to 16.5% (2006: 7.5% to 16.5%).

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

16. Taxation *(Continued)*

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"), which is effective from 1 January 2008. Under the new CIT Law, the corporate income tax rate applicable to the Company and its subsidiaries located in the PRC starting from 1 January 2008 will be 25%, replacing the currently applicable tax rate of 33%, except for certain companies currently enjoying reduced tax rates, which will be subject to certain grandfathering provisions as provided in the new CIT Law. As a result of the new CIT Law, the carrying value of deferred tax assets has been reduced by RMB635 million and deferred tax liabilities has been reduced by RMB407 million, in the six months ended 30 June 2007 as follows:

	Six months ended 30 June 2007 *RMB million* **(Unaudited)**
Deferred tax assets:	
– Charged to income statement	**365**
– Charged to equity	**270**
	635
Deferred tax liabilities:	
– (Credited) to income statement	**(5)**
– (Credited) to equity	**(402)**
	(407)
	228

16. Taxation *(Continued)*

The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Group will reassess their impact, if any, and any changes in accounting estimates will be accounted for prospectively.

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

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Current income tax		
– Hong Kong profits tax	**1**	–
– PRC enterprise income tax	**713**	475
– Others	**21**	2
	735	477
Deferred income tax (note)	**239**	25
	974	502

Note: An amount of RMB360 million attributable to the change in tax rate was charged to deferred income tax for the six months ended 30 June 2007.

16. Taxation *(Continued)*

The difference between the actual income tax expense in the condensed consolidated interim income statement and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Profit before income tax	**4,425**	1,962
Tax calculated at PRC statutory tax rate of 33%	**1,460**	647
Income not subject to tax	**(349)**	(46)
Expenses not deductible for tax purposes	**25**	49
Tax losses for which no deferred income tax asset was recognised	**13**	40
Temporary differences for which no deferred income tax assets/liabilities were recognised	**3**	13
Reversal of deferred tax assets and liabilities due to change in tax rate arising from the new CIT Law	**360**	–
Reduction of deferred tax liabilities on temporary differences arising on investment in subsidiaries not expected to reverse in the foreseeable future	**(172)**	–
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(366)**	(201)
Income tax expense	**974**	502

17. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

The comparative basic earnings per share is calculated based on the profit attributable to the equity holders of the Company and on the assumption that 10,800,000,000 domestic shares issued upon the incorporation of the Company in connection with the Reorganisation had been in issue since 1 January 2006.

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (RMB million)	**2,744**	1,084
Weighted average number of ordinary shares in issue (thousands)	**14,825,000**	10,800,000
Basic earnings per share (RMB per share)	**0.19**	0.10

(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 six months ended 30 June 2007 and 2006.

18. Dividends

A 2006 final dividend of 0.5 cents per ordinary share, totalling RMB74 million was approved by the Company's shareholders in the annual general meeting (six months ended 2006: Nil) on 6 June 2007.

No interim dividend for the six months ended 30 June 2007 was declared by the Board of Directors.

19. Supplementary information to unaudited condensed consolidated interim cash flow statement

(a) Major investing activities:

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Purchases of property, plant and equipment	**(4,786)**	(3,099)
Purchases of intangible assets	**(897)**	(319)
Purchases of other financial assets at fair value through profit or loss	**(329)**	(15)
Increase in lease prepayments	**(2)**	(16)
Additional investments in jointly controlled entities	**(65)**	(75)
Purchase of available-for-sale financial assets	**(67)**	(21)
Additional investments in associates	**(7)**	(21)
Purchases of investment properties	**(1)**	(1)
Proceeds from disposal of other financial assets at fair value through profit or loss	**312**	127
Proceeds from disposal of equity interest in a subsidiary	**217**	–
Interest received	**203**	80
Proceeds from disposal of property, plant and equipment	**169**	263
Proceeds from disposal of lease prepayments	**5**	6
Proceeds from disposal of jointly controlled entities	**55**	10
Dividends received	**46**	76
Proceeds form disposal of available-for-sale financial assets	**29**	10
Proceeds from disposal of investment properties	**8**	–
Proceeds from disposal of associates	**7**	17

19. Supplementary information to unaudited condensed consolidated interim cash flow statement *(Continued)*

(b) Major financing activities:

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Proceeds from borrowings	**10,850**	14,340
Contributions from minority shareholders	**88**	130
Repayments of borrowings	**(12,395)**	(10,818)
Dividends paid to minority shareholders	**(346)**	(27)

20. Contingencies

	As at	
	30 June	31 December
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Pending lawsuits (note a)	**135**	134
Outstanding loan guarantees (note b)	**239**	283
	374	417

(a) The Group has been named 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 pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes that the probability of loss is remote.

(b) The Group has acted as the guarantor for various external borrowings made by certain jointly controlled entities and associates of the Group (refer to details in Note 22) and certain third party entities.

(c) The above amounts do not include those items for which provisions have been made in the unaudited condensed consolidated interim financial information.

21. Capital commitments

Capital expenditure approved but not contracted for at the balance sheet date is as follows:

	As at	
	30 June 2007	31 December 2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Property, plant and equipment, and intangible assets	**11,552**	15,043

Capital expenditure contracted for but not yet incurred at the balance sheet date is at follows:

	As at	
	30 June 2007	31 December 2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Property, plant and equipment, and intangible assets	**2,862**	3,692
Acquisition of available-for-sale financial assets	**1,947**	–
	4,809	3,692

22. Related-party transactions and balances

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as the "state-owned enterprises").

In accordance with IAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government are regarded as related parties of the Group ("other state-owned enterprises"). For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that meaningful information relating to related party transactions has been adequately disclosed.

22. Related-party transactions and balances *(Continued)*

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other state-owned enterprises, during the six months 30 June 2007 and balances arising from related party transactions as at 30 June 2007.

(a) Significant related party transactions

The following transactions were carried out with related parties:

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Transactions with CCCG		
Expenses		
– Rental expense	**5**	–
Transactions with fellow subsidiaries		
Expenses		
– Purchase of materials	**16**	5
– Services	**4**	–
Transactions with jointly controlled entities and associates		
Revenue		
– Revenue from provision of construction services	**4**	–
– Revenue from sales of port machinery	**1**	–
Expenses		
– Subcontracting fees	**158**	76
– Purchase of materials	**50**	8
– Services	**182**	21
Others		
– Outstanding loan guarantees provided by the Group	**172**	278

22. Related-party transactions and balances *(Continued)*

(a) Significant related party transactions *(Continued)*

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Transactions with other state-owned enterprises		
Revenue		
– Revenue from provision of construction services	**16,478**	17,420
– Revenue from provision of design services	**1,109**	1,010
– Revenue from provision of dredging services	**3,751**	4,384
– Revenue from sales of port machinery	**3,818**	1,726
– Revenue from provision of other services	**61**	64
Interest income		
– Interest income from bank deposits	**138**	45
Expenses		
– Subcontracting fees	**774**	551
– Rental expenses	**16**	5
– Purchase of materials	**3,211**	2,739
– Services	**586**	271
– Interest expense on bank borrowings	**509**	424
– Others	**10**	53
Others		
– Outstanding loan guarantees provided by the Group	**50**	128
Transactions with minority interests		
Revenue		
– Revenue from provision of construction services	**386**	75
Expenses		
– Subcontracting fees	**8**	36

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

22. Related-party transactions and balances *(Continued)*

(b) Key management compensation

	Six months ended 30 June	
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Basis salaries, housing allowances, other allowances and benefits-in-kind	**2,600**	2,651
Contributions to pension plans	**143**	122
	2,743	2,773

(c) Balances with related parties

	As at	
	30 June	31 December
	2007	2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Trade and other receivables		
Trade receivables due from		
– Jointly controlled entities and associates	**11**	19
– Minority interests	**90**	53
– Other state-owned enterprises	**14,056**	14,866
	14,157	14,938
Prepayments		
– Other state-owned enterprises	**2,928**	3,927
Other receivables due from		
– Fellow subsidiaries	**42**	38
– Jointly controlled entities and associates	**79**	153
– Minority interests	**29**	5
– Other state-owned enterprises	**504**	745
	654	941
	17,739	19,806

22. Related-party transactions and balances *(Continued)*

(c) Balances with related parties *(Continued)*

	As at	
	30 June 2007	31 December 2006
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Trade and other payables		
Trade payables due to		
– Fellow subsidiaries	**3**	7
– Jointly controlled entities and associates	**388**	257
– Minority interests	**–**	10
– Other state-owned enterprises	**6,627**	2,973
	7,018	3,247
Advances from customers		
– Other state-owned enterprises	**7,274**	6,853
Other payables due to		
– CCCG	**2**	55
– Fellow subsidiaries	**7**	3
– Jointly controlled entities and associates	**76**	114
– Minority interests	**60**	67
– Other state-owned enterprises	**1,135**	980
	1,280	1,219
Special dividend payable to CCCG	**496**	496
Dividends payable to CCCG	**52**	–
	16,120	11,815

22. Related-party transactions and balances *(Continued)*

(c) Balances with related parties *(Continued)*

	As at	
	30 June 2007 *RMB million* (Unaudited)	31 December 2006 *RMB million* (Audited)
Amounts due from customers for contract work with		
– Jointly controlled entities and associates	**–**	8
– Other state-owned enterprises	**8,282**	8,175
	8,282	8,183
Amounts due to customers for contract work with		
– Jointly controlled entities and associates	**–**	18
– Minority interests	**27**	–
– Other state-owned enterprises	**2,260**	2,629
	2,287	2,647
Other balances with other state-owned enterprises		
– Restricted cash	**317**	286
– Cash and cash equivalents	**20,042**	27,985
– Borrowings	**19,033**	20,485

Purchase, Sale or Redemption of Securities

During the period from 1 January 2007 to 30 June 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company.

Interests and Short Positions of Directors, Supervisors and Chief Executive Officer in Shares, Underlying Shares and Debentures

As at 30 June 2007, none of the Directors or Supervisors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules of the Hong Kong Stock Exchange.

As at 30 June 2007, the Company had not granted its Directors or Supervisors or chief executive, or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for shares or debentures.

Material Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2007, the interests or short positions of every person (other than Directors and Supervisors of the Company) in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name of shareholder	Number of shares held	Type of shares	Percentage of the respective type of shares	Percentage of the total number of shares in issue	Capacity in which the shares are held
China Communications Construction Group (Limited)	10,397,500,000	Domestic shares of the Company	100%	70.1%	Beneficial owner
National Council for Social Security Fund of the PRC	352,491,000	H shares of the Company	7.96%	2.38%	Beneficial owner
The Northern Trust Company (Approved Lending Agent)	222,477,601	H shares of the Company	5.02%	1.50%	Nil
Macquarie Bank Limited	230,620,125 29,843,246 (short position)	H shares of the Company	5.20% 0.67%	1.56%	Person having a security interest in shares

Save as stated above, as at 30 June 2007, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

Compliance with the Code on Corporate Governance Practices

The Company is committed to high standards of corporate governance. The Board of Directors of the Company believes that the Company has complied with all the code provisions of the Code on Corporate Governance Practices for the six months ended 30 June 2007 and there is no material deviation from that Code.

Compliance with Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules to govern securities transactions by Directors and Supervisors. Having made specific enquiry to all Directors and Supervisors of the Company, the Company confirms that the Directors and Supervisors have complied with the Model Code throughout the period from 1 January 2007 to 30 June 2007.

Review by the Audit Committee

The Audit Committee of the Company's Board of Directors currently comprises Mr. Koo Fook Sun, Mr. Lu Hongjun and Mr. Chao Tien Yo, who are all Independent Non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2007. The Audit Committee has also discussed matters such as the accounting policies and practices adopted by the Company and internal control with the senior management of the Company.

DEFINITIONS AND TECHNICAL TERMS

"Berth"	a place in which a vessel is moored or secured; place alongside a quay where a ship loads or discharges Cargo
"BT"	build and transfer
"BOT"	build, operate and transfer
"Company"	China Communications Construction Company Limited(中國交通建設股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise all of its subsidiaries
"dock"	for ships, a cargo handling area parallel to the shoreline
"Eleventh Five-Year Plan"	the Eleventh Five-Year Plan for National Economic and Social Development (2006-2010) promulgated by the State Council on the Tenth National People's Congress in 2006
"Group"	the Company itself and all of its subsidiaries
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H Shares"	overseas listed foreign invested ordinary shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
"IFRS"	International Financial Reporting Standards promulgated by the International Accounting Standard Board (''IASB"). IFRS includes International Accounting Standards (''IAS") and interpretations
"Ministry of Communications"	the Ministry of Communications of the PRC (中華人民共和國交通部)
"Ministry of Finance"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"PRC" or "China" or "Chinese"	the People's Republic of China excluding, for the purpose of this annual report only, Hong Kong, Macau and Taiwan
"RMB" or "Renminbi"	the lawful currency of the PRC
"RTG"	rubber-tyred gantry

DEFINITIONS AND TECHNICAL TERMS *(Continued)*

"SPMP"	Shanghai Port Machinery Plant Co. Limited, a company incorporated on 7 July 1988 in the PRC and wholly-owned by the Company
"suspension bridge"	a type of bridge. A typical suspension bridge is a continuous girder with one or more towers erected above piers in the middle of the span. The girder itself is usually a truss or box girder though in shorter spans, plate girders are not uncommon. At both ends of the bridge large anchors or counter weights are placed to hold the ends of the cables.
"terminal"	an assigned area in which containers and cargo are prepared for loading onto a vessel, train, truck or plane or are stacked immediately after discharge from the vessel, train, truck or plane
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"ZPMC"	Shanghai Zhenhua Port Machinery Company Limited, a company incorporated on 14 February 1992 in the PRC and listed on the Shanghai Stock Exchange in which the Company owns a controlling equity interest of approximately 43.3%.

CORPORATE INFORMATION

Registered Office

No. 88C, An Ding Men Wai Street,
Dongcheng District, Beijing 100011,
China

Hong Kong Representative Office and Principal Place of Business in Hong Kong

19th Flour, China Harbour Building,
370-374 King's Road,
North Point, Hong Kong

Website Address

www.ccccltd.cn

Joint Company Secretaries

LIU Wensheng
LUU Yeu Khiem (FCCA, CPA)

Qualified Accountant

LUU Yeu Khiem (FCCA, CPA)

Authorized Representatives

FU Junyuan
LUU Yeu Khiem

International Auditors

PricewaterhouseCoopers
Certified Public Accountants, Hong Kong
22nd Floor, Prince's Building
Central, Hong Kong

PRC Auditors

PricewaterhouseCoopers Zhong Tian CPAs Limited Company
Certified Public Accountants, PRC
11th Floor PricewaterhouseCoopers Center
202 Hu Bin Road
Shanghai 200021, China

Hong Kong Legal Advisors

Freshfields Bruckhaus Deringer
11/F, Two Exchange Square, Hong Kong

PRC Legal Advisors

Jia Yuan Law Firm
F407, Ocean Plaza,
158 Fuxing Men Nei Avenue,
Beijing 100031, China

H Share Registrar and Transfer Office

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

Investor Relations Contact

China Communications Construction Company Limited
Board of Directors' Office
Investor Relations Team
Address: 5/F, No. 88B, An Ding Men Wai Street,
Dongcheng District, Beijing 100011, China
Post code: 100011
Tel: (8610) 64282516
Fax: (8610) 62483706
Email: ir@cccccltd.cn

中國交通建設
CHINA COMMUNICATIONS CONSTRUCTION