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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1800)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The Board of Directors (the "**Board**") of China Communications Construction Company Limited (the "**Company**" or "**CCCC**") is pleased to announce the unaudited condensed consolidated interim results of the Company and all of its subsidiaries (hereinafter collectively referred to as "**the Group**" except where the context otherwise requires) prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the six months ended 30 June 2010 as follows.

FINANCIAL HIGHLIGHTS

Revenue of the Group in the six months ended 30 June 2010 amounted to RMB120,154 million, representing an increase of RMB23,314 million, or 24.1%, from RMB96,840 million in the corresponding period of 2009.

Profit attributable to equity holders of the Company in the six months ended 30 June 2010 amounted to RMB3,999 million, representing an increase of RMB974 million, or 32.2%, from RMB3,025 million in the corresponding period of 2009.

Earnings per share for the six months ended 30 June 2010 amounted to RMB0.27, as compared with RMB0.20 in the corresponding period of 2009.

The value of new contracts in the six months ended 30 June 2010 amounted to RMB188,273 million, representing an increase of 21.1% from RMB155,444 million in the corresponding period of 2009.

As at 30 June 2010, the backlog for the Group was RMB439,233 million, as compared with RMB360,128 million as at 30 June 2009.

BUSINESS OVERVIEW

As a leading transportation infrastructure group in the PRC, the Company is an industry leader in each of its four core businesses, namely infrastructure construction, infrastructure design, dredging and heavy machinery manufacturing. Leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken across a wide range of sectors over the past five decades, the Company is capable of providing integrated solutions throughout each stage of infrastructure projects for its customers.

The Company operates its businesses throughout the PRC and, in particular, more actively in the three most prosperous and rapidly growing economic regions, namely the Bohai Rim, the Yangtze River Delta and the Pearl River Delta, and is also leading in transportation infrastructure under the Western Development strategy of the PRC government. Meanwhile, the Company has established a global presence in over 70 countries and regions, mainly South East Asia, the Middle East, Africa, Commonwealth of Independent States and South America.

In the first half of 2010, the national economy continued to maintain growth according to the proactive fiscal policy and moderately loose monetary policy implemented by the PRC government, while GDP and fixed asset investment grew at 11.1% and 25.0% year-on-year, respectively. The growth rate on demand for infrastructure investment slowed down in the first half of 2010 due to natural disasters and the adjustments in local financing platform. As at 30 June 2010, the planned fixed asset investment on newly kicked off projects in urban area in the PRC posted a year-on-year growth of 26.5%, much slower than that of the corresponding period in 2009 but still higher than that recorded before the global financial crisis.

Despite the unfavourable impacts of adverse weather including snowstorm, freeze-up and flooding, the Company, as the leading transportation infrastructure group in the PRC, maintained an overall steady development across operations. With key performance indicators improving on a year-on-year basis, our mid-year targets were achieved in principle.

In the first half of 2010, revenue for the Company was RMB120,154 million, representing a year-on-year increase of 24.1%. The value of new contracts amounted to RMB188,273 million, representing a year-on-year increase of 21.1%. As at 30 June 2010, the backlog for the Company was RMB439,233 million, representing a year-on-year increase of 22.0%.

1. Infrastructure Construction Business

In the first half of 2010, revenue from the infrastructure construction business was RMB91,637 million, representing a year-on-year increase of 35.3%. The value of new infrastructure construction contracts reached RMB150,568 million, representing a year-on-year increase of 17.3%. As at 30 June 2010, the backlog for infrastructure construction was RMB366,265 million, representing a year-on-year increase of 21.4%.

Realigning its business strategies with market changes to capitalise on the synergy of diversified business portfolio, the Company kept forging ahead and scoring new success in market expansion on domestic port and railway construction as well as investment business in the first half of 2010, in spite of a year-on-year drop in the value of new contracts for domestic road and bridge construction and overseas construction projects. In particular, the value of new contracts for railway construction and investment business both doubled on a year-on-year basis, fuelling the rapid growth in the value of new contracts for infrastructure construction business.

(1) Port Construction

In the first half of 2010, new contracts of the Company for domestic port construction projects reached RMB20,368 million, representing a year-on-year increase of 22.8%.

Consequential to the global financial turmoil, traditional pivotal port construction slowed down while container terminal construction almost stalled nationwide. Since early 2010, some regional hotspots have emerged in the shipping infrastructure construction market of the PRC, as evidenced by a slight year-on-year growth in the number of newly kicked off shipping infrastructure projects. The market is characterised by: (1) a continued upward trend in demand for bulk cargo ports specialised in energy such as coal, ore and oil; (2) a more variegated landscape of the shipping infrastructure construction market, where the construction of ports in second-to third-tier cities is warming up, coupled with a higher growth in projects in certain northern regions (north-eastern and northern China) than southern regions.

In the first half of 2010, new projects won by the Company were north breakwater project of Huanghua Comprehensive Port Area, docks 1# and 2# construction of COSCO Dalian shipbuilding project, bulk cargo terminal construction of Zhanjiang Xiashan Port Area, and Xiangjiang River ship lock project, etc.

(2) Road and Bridge Construction

In the first half of 2010, new contracts of the Company for domestic road and bridge projects reached RMB48,681 million, representing a year-on-year decrease of 13.8%.

As the development of the PRC's road and bridge market reached the climax in 2009, the Company recorded a leap growth in the value of new contracts as compared with that of 2008. However, the decline in newly kicked off projects since early 2010 posted challenges to the Company's exploration of market. Regionally, more funding was applied to the projects in western China. In eastern, middle and western China, the fixed asset investment for transportation recorded year-on-year growths of 1.4%, 26.0% and 43.8%, respectively. Both the amount and growth rate of investments in western region exceeded those in eastern and middle China. To accommodate to the changing market, the Company consolidated its traditional market areas on one hand and expanded its business to the western region to seize more opportunities on the other, so as to minimise the impact of the decrease in newly kicked off projects.

In the first half of 2010, new projects won by the Company were subgrade engineering of Fuzhou-Yongtai Expressway, the linking project of Dali-Lijiang Expressway in Yunan, Xi'an-Baoji Expressway reconstruction project, and Huangyi bridge project in Luzhou, Sichuan, etc.

(3) Railway Construction

In the first half of 2010, new contracts of the Company for domestic railway construction projects reached RMB37,550 million, representing a year-on-year increase of 189.5%.

The railway construction market saw buoyant project tendering activities in the first half of 2010. The higher tender rate as compared with the corresponding period in 2009 provided more opportunities for the Company to explore the market. Adhering to its "Three-step" strategy for railway construction, the Company gradually achieved its strategic goal of becoming a key player in the railway construction market. The value of new contracts for railway construction projects surged over the corresponding period in 2009, which further secured the Company's market share.

In the first half of 2010, new projects won by the Company were two sections of Shanghai-Kunming passenger dedicated line ("PDL"), two sections of Hefei-Fuzhou PDL, three sections of Datong-Xi'an PDL, and two sections of Yunnan-Guangxi Railway, etc.

(4) Investment Business

In the first half of 2010, new contracts of the Company for domestic investment business amounted to RMB7,564 million, representing a year-on-year increase of 284.7%.

The development of the investment business, which specialised in BOT and BT projects, lays a solid foundation for the Company to transit its operation mode to a dual focus on both production and capital management. To better monitor the investment risks, the Company has adopted measures including stringent project examination and approval procedures, sound monitoring system for investment projects etc. so as to facilitate a healthy and steady growth of its investment business.

(5) Overseas Construction Business

In the first half of 2010, new contracts of the Company for overseas infrastructure construction projects amounted to USD3,646 million (equivalent to approximately RMB24,897 million), representing a year-on-year decrease of 18.9%.

The development of the international construction contracting market currently features larger and more comprehensive projects requiring combined capabilities of construction and capital operation, and the integration of resource exploration and infrastructure construction. Accordingly, as an experienced contractor in overseas market, the Company prudently reviewed project opportunity by closely monitoring its market development and management efforts, properly assessing the potential risks relating to overseas projects, avoiding hasty investment in immature projects and reasonably allocating available resources.

In the first half of 2010, new projects won by the Company were Belgrade, Serbia Zemun Borca Bridge and its accompanying road project, handling of public fill project in Hong Kong, Phase I of Hambantota International Airport project in Sri Lanka, and Mbini Bridge construction project in Equatorial Guinea, etc.

(6) Other Projects

In the first half of 2010, new contracts of the Company for other infrastructure construction projects reached RMB11,508 million, representing a year-on-year increase of 26.6%.

The Company made remarkable progress in projects such as municipal works, housing construction, urban rail transit and wind power projects with a steady growth in the value of new contracts, giving a strong support to its principal operations.

2. Infrastructure Design Business

In the first half of 2010, revenue from the infrastructure design business was RMB4,422 million, representing a year-on-year increase of 26.9%. The value of new infrastructure design contracts reached RMB7,697 million, representing a year-on-year increase of 32.3%. As at 30 June 2010, the backlog for infrastructure design business was RMB18,259 million, representing a year-on-year increase of 43.4%.

The rapid growth in the value of new infrastructure design contracts in the first half of 2010 was attributable to three factors. Firstly, the survey and design business recorded an accelerating year-on-year growth of 33.8%, mainly attributable to the shipping infrastructure design, indicating a partial recovery in the shipping infrastructure construction market. Secondly, the fast year-on-year growth of 78.0% in general contracts strongly fuelled the growth in the value of new infrastructure contracts. Thirdly, benefiting from the extended industrial value chains from principal operations, the Company has expanded market niches, made progresses in municipal works, urban rail transit, maintenance, monitoring and consolidation projects for roads and bridges, and environment evaluation projects.

In the first half of 2010, new projects won by the Company were the design project for Caofeidian fully automatic container terminal, the survey and design project for Phase I of coal terminal of Jinzhou Port, the survey and design project for central city rapid track of Sanming, Fujian, and the EPC project for circular tour route of Puer, Yunnan, etc.

3. Dredging Business

In the first half of 2010, revenue from dredging business was RMB13,319 million, representing a year-on-year increase of 26.4%. The value of new dredging contracts amounted to RMB16,039 million, representing a year-on-year increase of 6.2%. As at 30 June 2010, the backlog for dredging business was RMB24,664 million, representing a year-on-year increase of 7.7%.

According to our dredging equipment construction investment plan for the "Eleventh Five-year Period", the Company put three new vessels into operation during the first half of 2010 with an additional annual capacity of 33 million m^3 as estimated under the standard conditions. Another four special-purpose large vessels are expected to commence operation during the second half of the year with an additional annual capacity of 39.9 million m^3 as estimated under the standard conditions.

The first half of 2010 witnessed a further increase in land reclamation projects in the PRC, together with a steady growth in total project scale. The investment scale in capital dredging and maintenance dredging remained at same level as compared with the corresponding period in 2009, yet with a decrease in the number of individual projects of higher contractual value. Other auxiliary projects for ports recorded a significant decrease year-on-year, resulting in a slight growth in the value of new dredging contracts over the corresponding period last year. In the second half of 2010, the Company will be exposed to more opportunities as many coastal large projects, mainly comprising land reclamation, are expected.

In the first half of 2010, new projects won by the Company were all four sections of Phase III of Yangtze River Estuary channel regulation project, the 150,000-ton class navigation channel dredging project of Jinzhou Port, and the reclamation project of Panjin offshore engineering manufacturing park, etc.

4. Heavy Machinery Manufacturing Business

In the first half of 2010, revenue from the heavy machinery manufacturing business was RMB9,190 million, representing a year-on-year decrease of 37.8%. The value of new heavy machinery manufacturing contracts reached RMB10,783 million, representing a year-on-year increase of 150.8%. As at 30 June 2010, the backlog for heavy machinery manufacturing business was RMB27,412 million, representing a year-on-year increase of 35.0%.

With the gradual recovery in the port machinery market, Shanghai Zhenhua Heavy Industry Co., Ltd. (“ZPMC”) recorded a noticeable year-on-year growth in the value of new contracts in the first half of 2010, which was however still lower than that before the global financial crisis. The shortage in orders exerted pressure on day-to-day operations and profitability. To tackle the significant challenge from the shortage of traditional orders, ZPMC kept refining its business structure and managed to gradually increase the proportion of marine heavy machinery orders, thereby laying a foundation for its “Second pioneering” and “Second leap”. In addition, to strengthen its design and manufacturing capacity for offshore drilling platforms, CCCC recently acquired Friede Goldman United, Ltd. (“F&G”), the world renowned design powerhouse for offshore drilling platforms. The leading design expertise of F&G will supplement ZPMC’s strong manufacturing capacity to forge the complete industrial value chains for heavy machinery manufacturing business. On one hand, ZPMC can leverage F&G’s technology platform to boost its own research and development, and on the other, the outstanding brand strength as well as the comprehensive and stable customer base of F&G around the world will help ZPMC further develop its international market.

In the first half of 2010, new projects won by ZPMC were sales contracts of 8 quayside container cranes and 38 sets of rail-mounted gantry crane (“RMG”) for Pusan Newport in Korea, 6 quayside container cranes and 20 sets of rubber – tyred gantry crane (“RTG”) for TCIT Company in Vietnam, and one 3,000-ton piping vessel for SWEB Company in Singapore, etc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following section should be read in conjunction with the unaudited condensed consolidated interim financial information of the Group and accompanying notes presented in this interim results announcement.

Overview

For the six months ended 30 June 2010, revenue of the Group amounted to RMB120,154 million, representing an increase of 24.1% from RMB96,840 million in the corresponding period of 2009.

Gross profit for the six months ended 30 June 2010 amounted to RMB9,763 million, representing an increase of RMB1,137 million, or 13.2%, from RMB8,626 million in the corresponding period of 2009. Gross profit from infrastructure construction business, infrastructure design business, dredging business and other businesses increased by 44.7%, 31.1%, 19.4%, and 74.7%, respectively, from the corresponding period of 2009; while the gross profit from heavy machinery manufacturing business decreased by 82.3% from the corresponding period of 2009. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other businesses were 6.6%, 26.2%, 14.1%, 3.4% and 10.1%, respectively, as compared with 6.2%, 25.3%, 14.9%, 12.1% and 9.6% in the corresponding period of 2009.

Mainly as a result of the growth in gross profit, operating profit for the six months ended 30 June 2010 amounted to RMB5,797 million, representing an increase of RMB265 million, or 4.8%, from RMB5,532 million in the corresponding period of 2009. Operating profit from infrastructure construction business, infrastructure design business, dredging business and other businesses increased by 55.7%, 61.7%, 16.7%, and 100.0%, respectively, from the corresponding period of 2009; while the operating profit from heavy machinery manufacturing business decreased by 120.8% from the corresponding period of 2009.

For the six months ended 30 June 2010, profit attributable to equity holders of the Company amounted to RMB3,999 million, representing an increase of RMB974 million, or 32.2%, from RMB3,025 million in the corresponding period of 2009. For the six months ended 30 June 2010, earnings per share of the Group was RMB0.27, as compared with RMB0.20 in the corresponding period of 2009.

The following is a comparison of financial results between the six months ended 30 June 2010 and 2009.

Consolidated Results of Operations

Revenue

Revenue for the six months ended 30 June 2010 amounted to RMB120,154 million, representing an increase of RMB23,314 million, or 24.1%, from RMB96,840 million in the corresponding period of 2009. Revenue from the infrastructure construction business, infrastructure design business, dredging business and other businesses increased by RMB23,930 million, RMB937 million, RMB2,782 million and RMB1,311 million (all before elimination of inter-segment transactions), respectively, representing a growth rate of 35.3%, 26.9%, 26.4% and 64.5%, respectively, over the corresponding period of 2009; revenue from heavy machinery manufacturing business decreased by RMB5,587 million, or 37.8%, from the corresponding period of 2009, primarily attributable to the lower new contract value entered into the Group in 2009 for heavy machinery as a result of the global financial crisis.

Cost of Sales and Gross Profit

Cost of sales for the six months ended 30 June 2010 amounted to RMB110,391 million, representing an increase of RMB22,177 million, or 25.1%, from RMB88,214 million in the corresponding period of 2009. Increases in cost of sales from the infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB22,053 million, RMB662 million, RMB2,477 million and RMB1,166 million (all before elimination of inter-segment transactions), respectively, representing an increase of 34.7%, 25.4%, 27.6% and 63.5%, respectively, over the corresponding period of 2009. For the six months ended 30 June 2010, cost of sales from heavy machinery manufacturing business decreased by RMB4,122 million, or 31.7%, from the corresponding period of 2009.

For the six months ended 30 June 2010, cost of raw materials and consumables used increased by 7.2% to RMB42,121 million from RMB39,275 million in the corresponding period of 2009. The relatively slower growth of raw materials and consumables used was mainly attributable to the increase of subcontracting, and thus lesser increase in direct purchase of raw materials, as well as the decrease of the heavy machinery manufacturing business, of which the cost of raw materials and consumables used accounts for a significant proportion of the total cost. Subcontracting costs increased by 41.4% to RMB34,237 million from RMB24,215 million in the corresponding period of 2009, mainly attributable to the increase of subcontracting of the infrastructure construction business and dredging business. Employee benefits increased by 33.2% to RMB8,749 million from RMB6,569 million in the corresponding period of 2009, primarily due to the increase of per capita cost, and a significant portion of employee benefits was accounted for in cost of sales. Rentals increased by 56.7% to RMB8,007 million from RMB5,110 million in the corresponding period of 2009, mainly due to the increase in rentals for machinery, equipments and vessels in infrastructure construction business and dredging business.

As a result, gross profit for the six months ended 30 June 2010 amounted to RMB9,763 million, representing an increase of RMB1,137 million, or 13.2%, from RMB8,626 million in the corresponding period of 2009. Gross profit margin decreased to 8.1% for the six months ended 30 June 2010 from 8.9% in the corresponding period of 2009, primarily due to the decrease of the gross profit margin of heavy machinery manufacturing business.

Operating Profit

Operating profit for the six months ended 30 June 2010 amounted to RMB5,797 million, representing an increase of RMB265 million, or 4.8%, from RMB5,532 million in the corresponding period of 2009. The increase was mainly due to the increase in gross profit from our business, which was partially offset by the change in other net gains/losses. The Group recorded other net losses of RMB115 million for the six months ended 30 June 2010, as compared with other net gains of RMB277 million for the corresponding period of 2009, which was primarily attributable to the change in net foreign exchange gains/losses from operating activities. For the six months ended 30 June 2010, the Group recorded net foreign exchange losses of RMB251 million, as compared with RMB147 million net foreign exchange gains for the six months ended 30 June 2009.

For the six months ended 30 June 2010, operating profit from the infrastructure construction business, infrastructure design business, dredging business and other businesses increased by RMB1,389 million, RMB264 million, RMB208 million and RMB69 million (all before elimination of inter-segment transactions and unallocated cost), representing a growth rate of 55.7%, 61.7%, 16.7% and 100.0%, respectively, from the corresponding period of 2009; operating profit from the heavy machinery manufacturing business decreased by RMB1,542 million, or 120.8% (before elimination of inter-segment transactions and unallocated cost), from the corresponding period of 2009.

As a result, operating profit margin decreased to 4.8% for the six months ended 30 June 2010 from 5.7% for the corresponding period of 2009, mainly due to the decrease of operating profit margin of the heavy machinery manufacturing business.

Interest Income

Interest income for the six months ended 30 June 2010 amounted to RMB331 million, representing an increase of RMB10 million, or 3.1%, from RMB321 million for the corresponding period of 2009.

Finance Costs, net

Net finance costs for the six months ended 30 June 2010 amounted to RMB981 million, representing a decrease of RMB318 million, or 24.5%, from RMB1,299 million for the corresponding period of 2009. This decrease of finance cost was primarily attributable to the increase of net foreign exchange gains on borrowings. The Group recorded net foreign exchange gains on borrowings of RMB388 million for the six months ended 30 June 2010, as compared with RMB40 million for the six months ended 30 June 2009, resulting from the appreciation of Renminbi against foreign currencies. In addition, the decrease of finance cost was also attributable to the decline of market interest rate and the Group's effort to optimise its debt structure by issuing corporate bond and medium term notes which bear lower interest rates as compared with bank borrowings with similar maturities.

Share of Profit of Jointly Controlled Entities

Share of profit from jointly controlled entities for the six months ended 30 June 2010 amounted to RMB30 million, compared with share of profit of jointly controlled entities of RMB10 million in the corresponding period of 2009.

Share of Profit of Associates

Share of profit of associates for the six months ended 30 June 2010 amounted to RMB42 million, compared with share of profit of associates of RMB4 million in the corresponding period of 2009.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax for the six months ended 30 June 2010 amounted to RMB5,219 million, representing an increase of RMB651 million, or 14.3%, from RMB4,568 million during the corresponding period of 2009.

Income Tax Expense

Income tax expense for the six months ended 30 June 2010 amounted to RMB1,161 million, representing an increase of RMB183 million, or 18.7%, from RMB978 million in the corresponding period of 2009. Effective tax rate for the Group for the six months ended 30 June 2010 increased to 22.2% from 21.4% in the corresponding period of 2009.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests for the six months ended 30 June 2010 amounted to RMB59 million, representing a decrease of RMB506 million, or 89.6%, from RMB565 million in the corresponding period of 2009, mainly attributable to the decrease of the profit of ZPMC during the six months ended 30 June 2010.

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 2010 amounted to RMB3,999 million, representing an increase of RMB974 million, or 32.2%, from RMB3,025 million in the corresponding period of 2009.

Profit margin with respect to profit attributable to equity holders of the Company was 3.3% for the six months ended 30 June 2010, as compared with 3.1% in the corresponding period of 2009.

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the six months ended 30 June 2010 and 2009.

	Revenue		Gross Profit		Gross Profit Margin		Operating Profit/(loss)[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	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	(RMB million)	*(RMB million)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*
Infrastructure Construction	**91,637**	67,707	**6,076**	4,199	**6.6**	6.2	**3,881**	2,492	**4.2**	3.7
% of total	**75.3**	68.7	**62.2**	48.7			**65.8**	45.2		
Infrastructure Design	**4,422**	3,485	**1,158**	883	**26.2**	25.3	**692**	428	**15.6**	12.3
% of total	**3.6**	3.5	**11.9**	10.2			**11.7**	7.8		
Dredging	**13,319**	10,537	**1,874**	1,569	**14.1**	14.9	**1,456**	1,248	**10.9**	11.8
% of total	**10.9**	10.7	**19.2**	18.2			**24.7**	22.6		
Heavy Machinery Manufacturing	**9,190**	14,777	**316**	1,781	**3.4**	12.1	**(266)**	1,276	**(2.9)**	8.6
% of total	**7.5**	15.0	**3.2**	20.7			**(4.5)**	23.1		
Other businesses	**3,342**	2,031	**339**	194	**10.1**	9.6	**138**	69	**4.1**	3.4
% of total	**2.7**	2.1	**3.5**	2.2			**2.3**	1.3		
Subtotal	**121,910**	98,537	**9,763**	8,626			**5,901**	5,513		
Intersegment elimination and unallocated (costs)/profit	**(1,756)**	(1,697)	**–**	–			**(104)**	19		
Total	**120,154**	96,840	**9,763**	8,626	**8.1**	8.9	**5,797**	5,532	**4.8**	5.7

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

Infrastructure Construction Business

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

The following table sets out the principal profit and loss information for the infrastructure construction business for the six months ended 30 June 2010 and 2009.

	Six months ended 30 June	
	2010	2009
	(RMB million)	*(RMB million)*
Revenue	**91,637**	67,707
Cost of sales	**(85,561)**	(63,508)
Gross profit	**6,076**	4,199
Selling and marketing expenses	**(30)**	(16)
Administrative expenses	**(2,445)**	(1,972)
Other income, net	**280**	281
Segment result	**3,881**	2,492
Depreciation and amortisation	**1,405**	1,114

Revenue. Revenue from the infrastructure construction business for the six months ended 30 June 2010 was RMB91,637 million, representing an increase of RMB23,930 million, or 35.3%, as compared with RMB67,707 million in the corresponding period of 2009, primarily attributable to the increase in the aggregate value of projects undertaken by the Group, driven by the increased demand for the Group's services as a result of the growth in infrastructure expenditure by the Group's domestic and overseas customers. The value of new contracts entered into for the infrastructure construction business for the six months ended 30 June 2010 was RMB150,568 million, representing an increase of RMB22,239 million, or 17.3%, compared with RMB128,329 million for the corresponding period of 2009. No single project accounted for more than 5% of the Group's total revenue for the six months ended 30 June 2010 or 2009.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business for the six months ended 30 June 2010 was RMB85,561 million, representing an increase of RMB22,053 million, or 34.7%, as compared with RMB63,508 million in the corresponding period of 2009. Cost of sales as a percentage of revenue decreased from 93.8% for the six months ended 30 June 2009 to 93.4% in the corresponding period of 2010.

Gross profit from the infrastructure construction business for the six months ended 30 June 2010 grew by RMB1,877 million, or 44.7%, to RMB6,076 million from RMB4,199 million over the corresponding period of 2009. Gross profit margin increased to 6.6% for the six months ended 30 June 2010 from 6.2% in the corresponding period of 2009, mainly attributable to the enhanced project management of the Group.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business for the six months ended 30 June 2010 were RMB30 million, representing an increase of RMB14 million, or 87.5%, as compared with RMB16 million in the corresponding period of 2009.

Administrative expenses. Administrative expenses for the infrastructure construction business for the six months ended 30 June 2010 were RMB2,445 million, representing an increase of RMB473 million, or 24.0%, as compared with RMB1,972 million in the corresponding period of 2009. Administrative expenses as a percentage of revenue decreased to 2.7% for the six months ended 30 June 2010 from 2.9% in the corresponding period of 2009 because of the increased economies of scale.

Other income, net. Other net income for the infrastructure construction business was RMB280 million for the six months ended 30 June 2010, as compared with RMB281 million in the corresponding period of 2009.

Segment result. As a result of the above, segment result for the infrastructure construction business for the six months ended 30 June 2010 was RMB3,881 million, representing an increase of RMB1,389 million, or 55.7%, as compared with RMB2,492 million in the corresponding period of 2009. Segment result margin increased to 4.2% for the six months ended 30 June 2010 from 3.7% in the corresponding period of 2009.

Infrastructure Design Business

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

The following table sets out the principal profit and loss information for infrastructure design business for the six months ended 30 June 2010 and 2009.

	Six months ended 30 June	
	2010	2009
	(RMB million)	*(RMB million)*
Revenue	**4,422**	3,485
Cost of sales	**(3,264)**	(2,602)
Gross profit	**1,158**	883
Selling and marketing expenses	**(44)**	(44)
Administrative expenses	**(444)**	(404)
Other income/(expenses), net	**22**	(7)
Segment result	**692**	428
Depreciation and amortisation	**72**	64

Revenue. Revenue from the infrastructure design business for the six months ended 30 June 2010 was RMB4,422 million, representing an increase of RMB937 million, or 26.9%, as compared with RMB3,485 million in the corresponding period of 2009. This growth was primarily attributable to the increase in the aggregate value of design contracts, including comprehensive contracts, which was in turn driven by growing infrastructure expenditure by the Group's domestic and overseas customers as well as higher demand for the Group's specialised design skills and experience in complex projects. The value of new contracts entered into for the infrastructure design business for the six months ended 30 June 2010 was RMB7,697 million, representing an increase of RMB1,878 million, or 32.3%, as compared with RMB5,819 million in the corresponding period of 2009.

Cost of sales and gross profit. Cost of sales for the infrastructure design business for the six months ended 30 June 2010 was RMB3,264 million, representing an increase of RMB662 million, or 25.4%, as compared with RMB2,602 million in the corresponding period of 2009. Cost of sales as a percentage of revenue decreased to 73.8% for the six months ended 30 June 2010 from 74.7% in the corresponding period of 2009.

Gross profit from the infrastructure design business for the six months ended 30 June 2010 was RMB1,158 million, representing an increase of RMB275 million, or 31.1%, as compared with RMB883 million in the corresponding period of 2009. Gross profit margin increased to 26.2% for the six months ended 30 June 2010 from 25.3% in the corresponding period of 2009, primarily due to the increased proportion of revenue generated from design contracts with higher gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business for the six months ended 30 June 2010 remained unchanged as RMB44 million, as compared with the corresponding period of 2009.

Administrative expenses. Administrative expenses for the infrastructure design business for the six months ended 30 June 2010 were RMB444 million, representing an increase of RMB40 million, or 9.9%, as compared with RMB404 million during the corresponding period of 2009. Administrative expenses as a percentage of revenue decreased to 10.0% for the six months ended 30 June 2010 from 11.6% in the corresponding period of 2009.

Other income/(expenses), net. Other net income for the infrastructure design business for the six months ended 30 June 2010 was RMB22 million, as compared with other net expenses of RMB7 million in the corresponding period of 2009.

Segment result. As a result of the above, segment result for the infrastructure design business for the six months ended 30 June 2010 was RMB692 million, representing an increase of RMB264 million, or 61.7%, as compared with RMB428 million in the corresponding period of 2009. Segment result margin increased to 15.6% for the six months ended 30 June 2010 from 12.3% in the corresponding period of 2009.

Dredging Business

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

The following table sets out the principal profit and loss information for the dredging business for the six months ended 30 June 2010 and 2009.

	Six months ended 30 June	
	2010	2009
	(RMB million)	*(RMB million)*
Revenue	**13,319**	10,537
Cost of sales	**(11,445)**	(8,968)
Gross profit	**1,874**	1,569
Selling and marketing expenses	**(24)**	(11)
Administrative expenses	**(475)**	(380)
Other income, net	**81**	70
Segment result	**1,456**	1,248
Depreciation and amortisation	**518**	400

Revenue. Revenue from the dredging business for the six months ended 30 June 2010 was RMB13,319 million, representing an increase of RMB2,782 million, or 26.4%, as compared with RMB10,537 million in the corresponding period of 2009. The revenue growth was primarily attributable to increased port development activities and coastal line reclamation activities in the PRC, which led to increased demand for the Group's dredging services. The value of new contracts entered into for the dredging business for the six months ended 30 June 2010 was RMB16,039 million, representing an increase of RMB930 million, or 6.2%, compared with RMB15,109 million during the corresponding period of 2009.

Cost of sales and gross profit. Cost of sales for the dredging business for the six months ended 30 June 2010 was RMB11,445 million, representing an increase of RMB2,477 million, or 27.6%, as compared with RMB8,968 million in the corresponding period of 2009. Cost of sales as a percentage of revenue for the dredging business for the six months ended 30 June 2010 was 85.9%, as compared with 85.1% in the corresponding period of 2009.

Gross profit from the dredging business for the six months ended 30 June 2010 was RMB1,874 million, representing an increase of RMB305 million or 19.4%, as compared with RMB1,569 million in the corresponding period of 2009. Gross profit margin for the dredging business was 14.1% for the six months ended 30 June 2010, as compared with 14.9% in the corresponding period of 2009, primarily attributable to higher cost, caused by the frozen water conditions along the northern coast of China in the early 2010 as a result of continuous extremely low temperature. The increase of subcontracting also contributed negatively to the gross profit margin of the dredging business.

Selling and marketing expenses. Selling and marketing expenses for the dredging business for the six months ended 30 June 2010 were RMB24 million, representing an increase of RMB13 million from RMB11 million the corresponding period of 2009.

Administrative expenses. Administrative expenses for the dredging business for the six months ended 30 June 2010 were RMB475 million, representing an increase of RMB95 million, or 25.0%, as compared with RMB380 million in the corresponding period of 2009. Administrative expenses as a percentage of revenue was 3.6% for the six months ended 30 June 2010, the same as that of the corresponding period of 2009.

Other income, net. Other net income for the dredging business for the six months ended 30 June 2010 was RMB81 million, representing an increase of RMB11 million from RMB70 million the corresponding period of 2009.

Segment result. As a result of the above, segment result for the dredging business for the six months ended 30 June 2010 was RMB1,456 million, representing an increase of RMB208 million, or 16.7%, as compared with RMB1,248 million in the corresponding period of 2009. Segment result margin decreased to 10.9% for the six months ended 30 June 2010 from 11.8% in the corresponding period of 2009.

Heavy Machinery Manufacturing Business

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

The following table sets out the principal profit and loss information for the heavy machinery manufacturing business for the six months ended 30 June 2010 and 2009.

	Six months ended 30 June	
	2010	2009
	(RMB million)	*(RMB million)*
Revenue	**9,190**	14,777
Cost of sales	**(8,874)**	(12,996)
Gross profit	**316**	1,781
Selling and marketing expenses	**(51)**	(60)
Administrative expenses	**(396)**	(620)
Other (expenses)/income net	**(135)**	175
Segment result	**(266)**	1,276
Depreciation and amortisation	**638**	604

Revenue. Revenue from the heavy machinery manufacturing business for the six months ended 30 June 2010 was RMB9,190 million, representing a decrease of RMB5,587 million, or 37.8%, as compared with RMB14,777 million in the corresponding period of 2009. This decrease was primarily attributable to lower new contract value entered for heavy machinery manufacturing business in 2009. The value of new contracts entered into for the heavy machinery manufacturing business for the six months ended 30 June 2010 was RMB10,783 million, representing an increase of RMB6,484 million, or 150.8%, compared with RMB4,299 million in the corresponding period of 2009, primarily attributable to the increase of demand for port machinery as a result of the recovery of import and export trading activities after the financial crisis.

Cost of sales and gross profit. Cost of sales for the heavy machinery manufacturing business for the six months ended 30 June 2010 was RMB8,874 million, representing a decrease of RMB4,122 million, or 31.7%, as compared with RMB12,996 million in the corresponding period of 2009. Cost of sales as a percentage of revenue increased from 87.9% for the six months ended 30 June 2009 to 96.6% in the corresponding period of 2010.

Gross profit from the heavy machinery manufacturing business for the six months ended 30 June 2010 was RMB316 million, representing a decrease of RMB1,465 million, or 82.3%, as compared with RMB1,781 million in the corresponding period of 2009. Gross profit margin decreased to 3.4% for the six months ended 30 June 2010 from 12.1% in the corresponding period of 2009. The decreased gross profit margin was mainly due to high fixed cost of heavy machinery manufacturing business. In addition, revenue from the heavy machinery manufacturing business was primarily generated from contracts denominated in foreign currencies, mainly in U.S. dollar and Euro, while a substantial portion of the cost of sales associated with such contracts were incurred in Renminbi. The appreciation of Renminbi against foreign currencies had made the revenue of these contracts in foreign currencies be translated into depressed revenue in Renminbi terms, thereby affected the gross profit margin negatively.

Selling and marketing expenses. Selling and marketing expenses for the heavy machinery manufacturing business for the six months ended 30 June 2010 were RMB51 million, representing an decrease of RMB9 million from RMB60 million in the corresponding period of 2009.

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business for the six months ended 30 June 2010 were RMB396 million, representing an decrease of RMB224 million, or 36.1%, as compared with RMB620 million in the corresponding period of 2009. Administrative expenses as a percentage of revenue for the heavy machinery manufacturing business was 4.3% for the six months ended 30 June 2010, as compared with 4.2% in the corresponding period of 2009.

Other (expenses)/income, net. Other net expenses for the heavy machinery manufacturing business for the six months ended 30 June 2010 was RMB135 million, compared with other net income of RMB175 million in the corresponding period of 2009, mainly due to the change of foreign exchange gains/losses from operating activities.

Segment result. As a result of the above, segment result for the heavy machinery manufacturing business for the six months ended 30 June 2010 was of RMB266 million loss, as compared with operating profit of RMB1,276 million in the corresponding period of 2009.

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the six months ended 30 June 2010 and 2009.

	Six months ended 30 June	
	2010	2009
	(RMB million)	*(RMB million)*
Revenue	**3,342**	2,031
Cost of sales	**(3,003)**	(1,837)
Gross profit	**339**	194

Revenue. Revenue from the other businesses for the six months ended 30 June 2010 was RMB3,342 million, representing an increase of RMB1,311 million, or 64.5%, as compared with RMB2,031 million in the corresponding period of 2009, primarily attributable to recovery of the logistics business. In the six months ended 30 June 2009, as a result of slowed import and export trading activities experienced during the financial crisis, the revenue generated from logistics business was relatively lower.

Cost of sales and gross profit. Cost of sales for the other businesses for the six months ended 30 June 2010 was RMB3,003 million, representing an increase of RMB1,166 million, or 63.5%, as compared with RMB1,837 million in the corresponding period of 2009, primarily attributable to the increase in revenue from logistics business. Cost of sales as a percentage of revenue decreased from 90.4% for the six months ended 30 June 2009 to 89.9% in the corresponding period of 2010.

Gross profit from the other businesses for the six months ended 30 June 2010 was RMB339 million, representing an increase of RMB145 million, or 74.7%, as compared with RMB194 million in the corresponding period of 2009. Gross profit margin increased to 10.1% for the six months ended 30 June 2010 from 9.6% in the corresponding period of 2009.

Liquidity and Capital Resources

The Group'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 customers. The Group historically met its working capital and other capital requirements principally from cash generated by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 30 June 2010, the Group had undrawn borrowing facilities in the amount of RMB140,011 million.

Cash Flow Data

The following table presents selected cash flow data from the Group's unaudited condensed consolidated interim cash flow statements for the six months ended 30 June 2010 and 2009.

	Six months ended 30 June	
	2010	2009
	(RMB million)	*(RMB million)*
Net cash (used in)/generated from operating activities	**(5,397)**	318
Net cash used in investing activities	**(7,367)**	(8,939)
Net cash generated from financing activities	**6,703**	7,327
Net decrease in cash and cash equivalents	**(6,061)**	(1,294)
Cash and cash equivalents at beginning of period	**33,817**	26,278
Exchange losses on cash and cash equivalents	**(88)**	(2)
Cash and cash equivalents at end of period	**27,668**	24,982

Cash flow from operating activities

During the six months ended 30 June 2010, net cash used in operating activities was RMB5,397 million, as compared with RMB318 million net cash generated from operating activities during the corresponding period of 2009, which primarily attributable to a greater increase in working capital, in particular, due to a greater increase in trade and other receivables, which was then partially offset by a greater increase in trade and other payables. Trade and other receivables, trade and other payables increased by RMB16,825 million and RMB18,713 million respectively during the six months ended 30 June 2010, as compared with the amount of increase of RMB4,270 million and RMB11,510 million during the corresponding period of 2009. Inventories increased by RMB2,525 million during the six months ended 30 June 2010, as compared with the amount of increase of RMB203 million during the corresponding period of 2009.

Cash flow from investing activities

Net cash used in investing activities for the six months ended 30 June 2010 was RMB7,367 million as compared with RMB8,939 million in the corresponding period of 2009. The decrease of RMB1,572 million, or 17.6%, was primarily attributable to the decrease in purchases of property, plant and equipment, which was then partially offset by the increase in purchase of available-for-sale financial assets and additional investments in subsidiaries.

For the six months ended 30 June 2010, the Group's purchases of property, plant and equipment, amounted to RMB3,993 million, representing a decrease of RMB3,783 million from the corresponding period of 2009. The Group's purchase of available-for-sale financial assets amounted to RMB1,364 million, which mainly consists of the Group's participation in the rights issue of some listing companies and the Group's strategic investments, representing an increase of RMB1,283 million from the corresponding period of 2009. Additional investments in subsidiaries for the six months ended 30 June 2010 amounted to RMB508 million, representing an increase of RMB507 million from the corresponding period of 2009.

Cash flow from financing activities

Net cash generated from financing activities for the six months ended 30 June 2010 was RMB6,703 million, representing a decrease of RMB624 million from RMB7,327 million in the corresponding period of 2009, primarily attributable to the net impact of the decrease in proceeds from borrowings of RMB17,851 million and the decrease in repayment of borrowings of RMB17,224 million.

Capital Expenditure

The Group's 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 the Group's capital expenditure by business for the six months ended 30 June 2010 and 2009.

	Six months ended 30 June	
	2010	2009
	(RMB million)	*(RMB million)*
Infrastructure Construction Business	**4,419**	4,073
— BOT projects	**1,732**	1,100
Infrastructure Design Business	**110**	138
Dredging Business	**1,255**	2,264
Heavy Machinery Manufacturing Business	**1,194**	2,798
Other Business	**20**	111
Total	**6,998**	9,384

Capital expenditure for the six months ended 30 June 2010 was RMB6,998 million, compared with RMB9,384 million in the corresponding period of 2009. The decrease of RMB2,386 million or 25.4% was primarily attributable to the decrease of capital expenditure for purchase of property, plant and equipment, which is consistent with the Group's periodical investment plan.

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the six months ended 30 June 2010 and the year ended 31 December 2009.

	As at	
	Six months ended 30 June 2010 (Unaudited)	Twelve months ended December 2009 (Audited)
	(Number of days)	*(Number of days)*
Turnover of average trade and bills receivables[(1)]	**62**	57
Turnover of average trade and bills payables[(2)]	**105**	97

(1) For the six months ended 30 June 2010, average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the six-month period plus trade and bills receivables net of provisions at the end of the six-month period divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 180. For the twelve months ended 31 December 2009, average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.

(2) For the six months ended 30 June 2010, average trade and bills payables equals trade and bills payables at the beginning of the six-month period plus trade and bills payables at the end of the six-month period divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 180. For the twelve months ended 31 December 2009, average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

The following table sets forth an ageing analysis of trade and bills receivables as at 30 June 2010 and 31 December 2009.

	As at	
	30 June 2010	31 December 2009
	(Unaudited)	(Audited)
	(RMB million)	*(RMB million)*
Less than 6 months	**37,782**	32,464
6 months to 1 year	**5,168**	2,691
1 year to 2 years	**3,010**	2,695
2 years to 3 years	**904**	900
Over 3 years	**1,273**	1,325
Total	**48,137**	40,075

The Group's credit terms with its customers for the six months ended 30 June 2010 remained the same as that in the year ended 31 December 2009. Management closely monitors the recoveribility of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 30 June 2010, the Group had a provision for impairment of RMB2,679 million, as compared with RMB2,640 million as at 31 December 2009.

The following table sets forth an ageing analysis of trade and bills payables as at 30 June 2010 and 31 December 2009.

	As at	
	30 June 2010	31 December 2009
	(Unaudited)	(Audited)
	(RMB million)	*(RMB million)*
Within 1 year	**66,874**	55,620
1 year to 2 years	**2,062**	2,607
2 years to 3 years	**600**	451
Over 3 years	**216**	220
Total	**69,752**	58,898

The Group's credit terms with its suppliers for the six months ended 30 June 2010 remained the same as that in the year ended 31 December 2009. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Retentions

The following table sets forth the carrying amounts of the retentions as at 30 June 2010 and 31 December 2009.

	As at	
	30 June 2010	31 December 2009
	(Unaudited)	(Audited)
	(RMB million)	*(RMB million)*
Current	**5,994**	5,206
Non-current	**8,541**	6,867
Total	**14,535**	12,073

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 30 June 2010 and 31 December 2009.

	As at	
	30 June 2010	31 December 2009
	(Unaudited)	(Audited)
	(RMB million)	*(RMB million)*
Within 1 year	**45,391**	36,043
Between 1 year and 2 years	**5,619**	8,379
Between 2 years and 5 years	**10,626**	11,338
Wholly repayable within 5 years	**61,636**	55,760
Over 5 years	**16,669**	14,977
Total borrowings	**78,305**	70,737

The Group's 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 the Group's borrowings by currencies as at 30 June 2010 and 31 December 2009.

	As at	
	30 June 2010	31 December 2009
	(Unaudited)	(Audited)
	(RMB million)	*(RMB million)*
Renminbi	**61,559**	50,691
U.S. dollar	**14,880**	16,415
Euro	**1,095**	2,881
Japanese yen	**596**	524
Hong Kong dollar	**175**	226
Total borrowings	**78,305**	70,737

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the unaudited condensed consolidated interim balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the unaudited condensed consolidated interim balance sheet plus net debt. The Group's gearing ratio as at 30 June 2010 was 43.8%, compared with 35.8% as at 31 December 2009.

Contingent Liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

	As at	
	30 June 2010	31 December 2009
	(Unaudited)	(Audited)
	(RMB million)	*(RMB million)*
Pending lawsuits[(1)]	**434**	555
Outstanding loan guarantees[(2)]	**682**	682
Total	**1,116**	1,237

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

(2) *The Group has acted as the guarantor for various external borrowings made by certain jointly controlled entities and associates of the Group and certain third party entities.*

Market Risks

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

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly due to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Group to fair value interest-rate risk. As at 30 June 2010 and 31 December 2009, approximately RMB29,230 million and RMB29,886 million of the Group's borrowings were at fixed rates.

Foreign exchange risk

The Group's functional currency of a majority of the entities within the Group is Renminbi with most of the Group's transactions settled in Renminbi. The Group uses, however, foreign currencies to settle the Group's invoices from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. In addition, the Group generates revenue from certain construction contracts denominated in foreign currencies and a significant proportion of the Group's bank borrowings are denominated in foreign currencies, particularly the U.S. dollar, 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 by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2% against the U.S. dollar. In June 2010, the PRC government decided to proceed further with the reform of the Renminbi exchange rate regime to enhance the RMB exchange rate flexibility. As at 30 June 2010, Renminbi had appreciated by approximately 21.9% against the U.S. dollar since July 2005. The PRC government may in the future make further adjustments to the exchange rate system. When Renminbi appreciates, the value of foreign currency denominated assets will decline against Renminbi.

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

During the six month ended 30 June 2010 and the year ended 31 December 2009, certain subsidiaries within the Group used foreign currency forward contracts for transactions with domestic and overseas registered banks, to hedge the Group's exposure to foreign currency risk on individual transactions primarily vis-à-vis U.S. dollar, the Euro, Japanese Yen and Korea Won.

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

as at 30 June 2010

		Unaudited	Audited
		30 June 2010	31 December 2009
			(Restated)
	Note	***RMB million***	*RMB million*
ASSETS			
Non-current assets			
Property, plant and equipment	*5*	**49,288**	47,351
Lease prepayments		**3,983**	3,689
Investment properties		**334**	332
Intangible assets		**11,807**	10,075
Investments in jointly controlled entities		**837**	758
Investments in associates		**2,714**	2,650
Available-for-sale financial assets	*6*	**15,133**	17,650
Deferred income tax assets		**2,064**	1,944
Trade and other receivables	*7*	**18,204**	15,142
Total non-current assets		**104,364**	99,591
Current assets			
Inventories		**21,341**	18,835
Trade and other receivables	*7*	**83,289**	69,158
Amounts due from customers for contract work	*8*	**52,512**	41,843
Derivative financial instruments	*9*	**76**	36
Other financial assets at fair value through profit or loss		**117**	80
Restricted cash		**894**	698
Cash and cash equivalents		**27,668**	33,817
		185,897	164,467
Total assets		**290,261**	264,058

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (continued)
as at 30 June 2010

	Note	Unaudited 30 June 2010 RMB million	Audited 31 December 2009 (Restated) RMB million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	19	**14,825**	14,825
Share premium		**13,853**	13,853
Other reserves	20	**25,291**	24,216
Proposed final dividend	21	**–**	1,720
		53,969	54,614
Non-controlling interests		**10,961**	11,615
Total equity		**64,930**	66,229
LIABILITIES			
Non-current liabilities			
Borrowings	10	**32,914**	34,694
Deferred income		**511**	405
Deferred income tax liabilities		**2,596**	3,420
Early retirement and supplemental benefit obligations		**2,379**	2,460
Trade and other payables	11	**1,161**	1,166
		39,561	42,145
Current liabilities			
Trade and other payables	11	**125,389**	105,017
Amounts due to customers for contract work	8	**13,275**	12,567
Current income tax liabilities		**1,369**	1,678
Borrowings	10	**45,391**	36,043
Derivative financial instruments	9	**53**	77
Early retirement and supplemental benefit obligations		**146**	197
Provisions		**147**	105
		185,770	155,684
Total liabilities		**225,331**	197,829
Total equity and liabilities		**290,261**	264,058
Net current assets		**127**	8,783
Total assets less current liabilities		**104,491**	108,374

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2010

		Unaudited	
		Six months ended 30 June	
		2010	2009
	Note	***RMB million***	*RMB million*
Revenue	*4*	**120,154**	96,840
Cost of sales	*12*	**(110,391)**	(88,214)
Gross profit		**9,763**	8,626
Other income	*13*	**645**	1,423
Other (losses)/gains, net	*14*	**(115)**	277
Selling and marketing expenses	*12*	**(276)**	(218)
Administrative expenses	*12*	**(3,985)**	(3,507)
Other expenses	*15*	**(235)**	(1,069)
Operating profit		**5,797**	5,532
Interest income		**331**	321
Finance costs, net	*16*	**(981)**	(1,299)
Share of profit of jointly controlled entities		**30**	10
Share of profit of associates		**42**	4
Profit before income tax		**5,219**	4,568
Income tax expense	*17*	**(1,161)**	(978)
Profit for the period		**4,058**	3,590
Attributable to:			
– equity holders of the Company		**3,999**	3,025
– non-controlling interests		**59**	565
		4,058	3,590
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
– basic	*18*	**0.27**	0.20
– diluted	*18*	**0.27**	0.20
Dividends	*21*	**–**	–

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June **2010** ***RMB million***	 2009 *RMB million*
Profit for the period	**4,058**	3,590
Other comprehensive income		
Fair value (losses)/gains on available-for-sale financial assets, net of deferred tax		
– (Losses)/gains arising during the period	**(2,899)**	4,201
– Less: fair value revaluation reserve transferred to income statement	**(2)**	–
Cash flow hedge reserve transferred to income statement, net of deferred tax	**–**	(11)
Currency translation differences	**(46)**	(43)
Other comprehensive (expenses)/income for the period, net of tax	**(2,947)**	4,147
Total comprehensive income for the period	**1,111**	7,737
Total comprehensive income attributable to:		
– equity holders of the Company	**1,071**	7,186
– non-controlling interests	**40**	551

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

		For the six months ended 30 June 2010 (Unaudited)										
		Attributable to equity holders of the Company										
	Note	Share Capital *RMB million*	Share Premium *RMB million*	Capital Reserve *RMB million*	Statutory Surplus Reserve *RMB million*	Investment Revaluation Reserve *RMB million*	Safety Reserve *RMB million*	Exchange Reserve *RMB million*	Retained Earnings *RMB million*	Total *RMB million*	Non-controlling Interests *RMB million*	Total Equity *RMB million*
Balance at 1 January 2010		14,825	13,853	(3,073)	495	11,309	557	83	16,565	54,614	11,615	66,229
Profit for the period		–	–	–	–	–	–	–	3,999	3,999	59	4,058
Other comprehensive income:												
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	–	(2,899)	–	–	–	(2,899)	–	(2,899)
Fair value revaluation reserve transferred to income statement, net of deferred tax		–	–	–	–	(2)	–	–	–	(2)	–	(2)
Currency translation differences		–	–	–	–	–	–	(27)	–	(27)	(19)	(46)
Total comprehensive (expenses)/ income for the period ended 30 June 2010		–	–	–	–	(2,901)	–	(27)	3,999	1,071	40	1,111
2009 final dividend		–	–	–	–	–	–	–	(1,720)	(1,720)	–	(1,720)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(49)	(49)
Contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	11	11
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries		–	–	4	–	–	–	–	–	4	(656)	(652)
Transfer to statutory surplus reserve	*20*	–	–	–	–	–	–	–	–	–	–	–
Appropriations to safety reserve	*20*	–	–	–	–	–	208	–	(208)	–	–	–
Balance at 30 June 2010		14,825	13,853	(3,069)	495	8,408	765	56	18,636	53,969	10,961	64,930

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2010

		For the six months ended 30 June 2009 (Unaudited)											
		Attributable to equity holders of the Company											
	Note	Share Capital *RMB million*	Share Premium *RMB million*	Capital Reserve *RMB million*	Statutory Surplus Reserve *RMB million*	Investment Revaluation Reserve *RMB million*	Safety Reserve *RMB million*	Hedging Reserve *RMB million*	Exchange Reserve *RMB million*	Retained Earnings *RMB million*	Total *RMB million*	Non-controlling Interests *RMB million*	Total Equity *RMB million*
Balance at 1 January 2009		14,825	13,853	(3,061)	317	3,666	259	5	8	11,299	41,171	10,998	52,169
Profit for the period		–	–	–	–	–	–	–	–	3,025	3,025	565	3,590
Other comprehensive income:													
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	–	4,200	–	–	–	–	4,200	1	4,201
Cash flow hedge reserve transferred to income statement, net of deferred tax		–	–	–	–	–	–	(5)	–	–	(5)	(6)	(11)
Currency translation differences		–	–	–	–	–	–	–	(34)	–	(34)	(9)	(43)
Total comprehensive income/ (expenses) for the period ended 30 June 2009		–	–	–	–	4,200	–	(5)	(34)	3,025	7,186	551	7,737
2008 final dividend		–	–	–	–	–	–	–	–	(1,453)	(1,453)	–	(1,453)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(85)	(85)
Contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	–	44	44
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries		–	–	(1)	–	–	–	–	–	–	(1)	–	(1)
Transfer to statutory surplus reserve	20	–	–	–	7	–	–	–	–	(7)	–	–	–
Appropriations to safety reserve	20	–	–	–	–	–	155	–	–	(155)	–	–	–
Balance at 30 June 2009		14,825	13,853	(3,062)	324	7,866	414	–	(26)	12,709	46,903	11,508	58,411

UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
	Note	***RMB million***	*RMB million*
		(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	*22(a)*	**(5,397)**	318
Net cash used in investing activities	*22(b)*	**(7,367)**	(8,939)
Net cash generated from financing activities	*22(c)*	**6,703**	7,327
Net decrease in cash and cash equivalents		**(6,061)**	(1,294)
Cash and cash equivalents at 1 January		**33,817**	26,278
Exchange losses on cash and cash equivalents		**(88)**	(2)
Cash and cash equivalents at 30 June		**27,668**	24,982

NOTES TO THE 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 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 Company completed its global initial public offering in December 2006. The address of its registered office is 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC.

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

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

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 has been approved for issue by the Board of Directors on 31 August 2010.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". It should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

(a) The following amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2010 and relevant to the Group:

The following amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2010:

	Effective for accounting periods beginning on or after
IFRS 2 (Amendment), "Share-based payment"	1 July 2009
IFRS 3 (Revised), "Business combinations"	1 July 2009
IFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendment to IFRS 1 "First-time adoption")	1 July 2009
IAS 27 (Revised), "Consolidated and separate financial statements"	1 July 2009
IAS 38 (Amendment), "Intangible assets"	1 July 2009
IAS 39 (Amendment), "Eligible Hedge Items"	1 July 2009
IFRIC 9, "Reassessment of embedded derivatives"	1 July 2009
IFRIC 17, "Distribution of non-cash assets to owners"	1 July 2009
IFRS 2 (Amendment), "Group cash-settled share-based payment transactions"	1 January 2010
IFRS 5 (Amendment), "Disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations"	1 January 2010
IFRS 8 (Amendment), "Operating Segments"	1 January 2010
IAS 1 (Amendment), "Presentation of Financial Statements"	1 January 2010
IAS 7 (Amendment), "Statement of cash flows"	1 January 2010
IAS 17 (Amendment), "Lease"	1 January 2010
IAS 39 (Amendment), "Financial instruments: Recognition and measurement'"	1 January 2010

3. ACCOUNTING POLICIES (continued)

(a) (continued)

Except for the following amendments as described below, the adoption of the above amendments and interpretations in the current period did not have any material effect on the unaudited condensed consolidated interim financial information or result in any significant changes in the Group's significant accounting policies.

- IFRS 3 (Revised), "Business combinations", and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  As the Group has adopted IFRS 3 (Revised), it is required to adopt IAS 27 (Revised), "Consolidated and separate financial statements", at the same time. IAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement. The Group adopted "economic entity model" for all transactions with non-controlling interests in the past, and apart from the transactions with non-controlling interests, the Group did not have other significant business combinations in the period so the adoption of these amendments did not have any material impact on the unaudited condensed consolidated interim financial information; and

- IAS 17 (Amendment), "Lease". The amendment removes the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of IAS 17. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Lease prepayments", and amortised over the lease term.

  IAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified leasehold land with an aggregate carrying amount of RMB26 million as at 30 June 2010 (31 December 2009: RMB27 million) from operating lease to finance lease, and the land is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful lives of the asset and the lease term.

3. **ACCOUNTING POLICIES (continued)**

(b) The following amendment to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not relevant to the Group:

- IFRS 1 (Amendment), "First adoption of IFRS" – "Additional exemptions for first-time adopters"

- IFRIC 16, "Hedges of a net investment in a foreign operation"

(c) The following amendment to certain standard is not effective for the financial year beginning 1 January 2010 but early adopted by the group:

- IAS 24 (Revised), "Related party disclosures" (effective from 1 January 2011). The Group early adopted this amendment and simplified the disclosures for related party transactions and balances with government-related entities (refer to details in Note 25).

(d) The following new standard, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

	Effective for accounting periods beginning on or after
IAS 32 (Amendment), "Financial instruments: Presentation" – "Classification of right issues"	1 February 2010
IFRS 1 (Amendment), "Limited exemption from comparative IFRS 7 disclosures for first-time adopters"	1 July 2010
IFRIC 19, "Extinguishing financial liabilities with equity instruments"	1 July 2010
IFRIC 14 (Amendment), "Payments of a minimum funding requirement"	1 January 2011
IFRS 9, "Financial instruments"	1 January 2013

3. ACCOUNTING POLICIES (continued)

(d) (continued)

The Group will apply the above standard, amendments and interpretations from 1 January 2011 or later period. Except for the following standard as described below, other amendments and interpretations are not relevant for the Group's operations.

- IFRS 9, "Financial instruments". The standard addresses the classification and measurement of financial assets. The Group will apply IFRS 9 from 1 January 2013, but it is not expected to have any material impact on the Group's consolidated financial statements.

The following amendments and interpretations are part of the International Accounting Standards Board ("IASB")'s third annual improvement project (2010) published in May 2010.

	Effective for accounting periods beginning on or after
IFRS 3 (Revised), "Business combinations"	1 July 2010
IFRS 1 (Amendment), "First time adoption of international financial reporting standards" – "Accounting policy changes in the year of adoption"	1 January 2011
IFRS 1 (Amendment), "First time adoption of international financial reporting standards" – "Revaluation basis as deemed cost"	1 January 2011
IFRS 1 (Amendment), "First time adoption of international financial reporting standards" – "Use of deemed cost for operation subject to rate regulation"	1 January 2011
IFRS 7 (Amendment), "Financial instruments: Disclosures"	1 January 2011
IAS 1 (Amendment), "Presentation of financial statements"	1 January 2011
IAS 27 (Amendment), "Consolidated and separate financial statements"	1 January 2011
IAS 34 (Amendment), "Interim financial reporting"	1 January 2011
IFRIC 13 (Amendment), "Customer loyalty programmes"	1 January 2011

The Group will apply the above improvements to IFRS from 1 January 2011. Except for the following amendments to the existing standards as described below, other amendments and interpretations are not relevant for the Group's operations.

- IFRS 3 (Revised), "Business combinations". The amendment clarifies that entities should apply the rules in IFRS 3 (not IFRS 7, IAS 32 or IAS 39) to contingent consideration that arises from a business combination with acquisition dates that precede the application of IFRS 3 (Revised). The amendment also clarifies that only entities with present ownership instruments that entitle their holders to a pro rata share of the entity's net assets in the event of liquidation can choose to measure the non-controlling interest at fair value or the non-controlling interest's proportionate share of the acquiree's identifiable net assets. In addition, IFRS 3 (Revised) clarifies that the application guidance in IFRS 3 (Revised) applies to all unexpired share-based payment awards that form part of a business combination, regardless of whether the acquirer is obliged to replace the award. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2011;

- IFRS 1 (Amendment), "First time adoption of international financial reporting standards" -"Revaluation basis as deemed cost". The amendment clarifies that entities may employ the "deemed cost" exemption not only when the "deemed cost" is measured before the date of transition to IFRS, but also if the "deemed cost" is measured during the first IFRS reporting period. The Group will be able to take advantage of this exemption such that the revalued amount can become deemed costs and the difference between IFRS and Accounting Standard for Business Enterprises of PRC can be eliminated. The Group is assessing the expected impact in detail and will apply this amendment from 1 January 2011;

3. **ACCOUNTING POLICIES (continued)**

(d) (continued)

- IFRS 7 (Amendment), "Financial instruments: Disclosures". The amendment clarifies seven disclosure requirements for financial instruments, with a particular focus on the qualitative disclosures and credit risk disclosures. The Group will prospectively apply the amendment from 1 January 2011;

- IAS 1 (Amendment), "Presentation of financial statements". The amendment confirms that entities may present either in the statement of changes in equity or within the notes, an analysis of the components of other comprehensive income by item. The Group currently present the analysis of the components of other comprehensive income by item in the statement of changes in equity and will consistently apply IAS 1 (Amendment) from 1 January 2011;

- IAS 27 (Amendment), "Consolidated and separate financial statements". The amendment clarifies that the amendments as a result of IAS 27 made to IAS 21, IAS 28 and IAS 31 require prospective application. The Group will prospectively apply IAS 27 (Amendment) from 1 January 2011; and

- IAS 34 (Amendment), "Interim financial reporting". The amendment clarifies the meaning of "significant events and transactions" by providing examples of the events or transactions that would require disclosure. Greater emphasis has been placed on the disclosure principles in IAS 34 involving significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report. The Group will prospectively apply IAS 34 (Amendment) from 1 January 2011.

(e) The following amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and not relevant for the Group:

- IAS 32 (Amendment), "Financial instruments: Presentation" – "Classification of right issues" (effective from 1 February 2010)

- IFRS 1 (Amendment), "Limited exemption from comparative IFRS 7 disclosures for first-time adopters" (effective from 1 July 2010)

- IFRIC 19, "Extinguishing financial liabilities with equity instruments" (effective from 1 July 2010)

- IFRS 1 (Amendment), "First time Adoption of International financial Reporting Standards"-"Accounting policy changes in the year adoption" (effective from 1 January 2011)

- IFRS 1 (Amendment), "First time Adoption of International financial Reporting Standards"-"Use of deemed cost for operation subject to rate regulation" (effective from 1 January 2011)

- IFRIC 13 (Amendment), "Customer loyalty programmes" (effective from 1 January 2011)

- IFRIC 14 (Amendment), "Payments of a minimum funding requirement" (effective from 1 January 2011)

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the President Office, which is chaired by the Chief Executive Officer and consists of senior management of the Company who make strategic decisions. The President Office reviews the Group's internal reports in order to allocate resources to the segments and assess their performance. Management has determined the operating segments based on these reports.

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

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

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

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

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

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

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

Inter-segment sales were conducted at prices generally 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 (Note 5), lease prepayments, investment properties and intangible assets.

4. **SEGMENT INFORMATION (continued)**

The segment results for the six months ended 30 June 2010 and other segment items included in the unaudited condensed consolidated interim financial information are as follows:

	For the six months ended 30 June 2010 (Unaudited)						
	Construction *RMB million*	**Design** *RMB million*	**Dredging** *RMB million*	**Heavy Machinery** *RMB million*	**Other** *RMB million*	**Elimination** *RMB million*	**Total** *RMB million*
Total gross segment revenue	91,637	4,422	13,319	9,190	3,342	(1,756)	120,154
Inter-segment revenue	(290)	(44)	(1,085)	(51)	(286)	1,756	–
Revenue	91,347	4,378	12,234	9,139	3,056	–	120,154
Segment result	3,881	692	1,456	(266)	138	–	5,901
Unallocated cost							(104)
Operating profit							5,797
Interest income							331
Finance costs, net							(981)
Share of profit of jointly controlled entities							30
Share of profit of associates							42
Profit before income tax							5,219
Income tax expense							(1,161)
Profit for the period							4,058
Other segment items							
Depreciation	1,364	65	517	606	25	–	2,577
Amortisation	41	7	1	32	2	–	83
Write-down of inventories	–	–	–	25	–	–	25
(Reversal of)/provision for foreseeable losses on construction contracts	(2)	–	(1)	55	–	–	52
Provision for/(reversal of) impairment of trade and other receivables	46	5	15	(1)	(1)	–	64

4. SEGMENT INFORMATION (continued)

The segment results for the six months ended 30 June 2009 and other segment items included in the unaudited condensed consolidated interim financial information are as follows:

	For the six months ended 30 June 2009 (Unaudited)						
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy Machinery *RMB million*	Other *RMB million*	Elimination *RMB million*	Total *RMB million*
Total gross segment revenue	67,707	3,485	10,537	14,777	2,031	(1,697)	96,840
Inter-segment revenue	(253)	(76)	(877)	(431)	(60)	1,697	–
Revenue	67,454	3,409	9,660	14,346	1,971	–	96,840
Segment result	2,492	428	1,248	1,276	69		5,513
Unallocated profit							19
Operating profit							5,532
Interest income							321
Finance costs, net							(1,299)
Share of profit of jointly controlled entities							10
Share of profit of associates							4
Profit before income tax							4,568
Income tax expense							(978)
Profit for the period							3,590
Other segment items							
Depreciation	1,090	59	398	577	27	–	2,151
Amortisation	24	5	2	27	5	–	63
(Reversal of write-down of)/ write-down of inventories	(2)	–	–	13	–	–	11
Provision for foreseeable losses on construction contracts	126	–	–	59	–	–	185
Provision for/(reversal of) impairment of trade and other receivables	108	16	51	(19)	(1)	–	155

4. SEGMENT INFORMATION (continued)

The segment assets and liabilities at 30 June 2010 and capital expenditure for the six months then ended are as follows:

	As at 30 June 2010 (Unaudited)						
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy Machinery *RMB million*	Other *RMB million*	Elimination *RMB million*	Total *RMB million*
Segment assets	**171,158**	**7,940**	**33,662**	**48,674**	**4,009**	**(4,135)**	**261,308**
Investments in jointly controlled entities							**837**
Investments in associates							**2,714**
Unallocated assets							**25,402**
Total assets							**290,261**
Segment liabilities	**116,038**	**2,903**	**16,646**	**7,320**	**2,196**	**(4,135)**	**140,968**
Unallocated liabilities							**84,363**
Total liabilities							**225,331**
Capital expenditure	**4,419**	**110**	**1,255**	**1,194**	**20**		**6,998**

Segment assets and liabilities at 30 June 2010 are reconciled to entity assets and liabilities as follows:

	Assets *RMB million*	Liabilities *RMB million*
Segment assets/liabilities	**261,308**	**140,968**
Investments in jointly controlled entities	**837**	**–**
Investments in associates	**2,714**	**–**
Unallocated:		
Deferred income tax assets/liabilities	**2,064**	**2,596**
Current income tax liabilities	**–**	**1,369**
Current borrowings	**–**	**45,391**
Non-current borrowings	**–**	**32,914**
Available-for-sale financial assets	**15,133**	**–**
Other financial assets at fair value through profit or loss	**117**	**–**
Derivative financial instruments	**76**	**53**
Cash and other corporate assets/corporate liabilities	**8,012**	**2,040**
Total	**290,261**	**225,331**

4. SEGMENT INFORMATION (continued)

The segment assets and liabilities at 31 December 2009 and capital expenditure for the year then ended are as follows:

	As at 31 December 2009 (Unaudited)						
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy Machinery *RMB million*	Other *RMB million*	Elimination *RMB million*	Total *RMB million*
Segment assets	139,847	6,360	30,052	51,664	3,642	(3,593)	227,972
Investments in jointly controlled entities							758
Investments in associates							2,650
Unallocated assets							32,678
Total assets							264,058
Segment liabilities	97,893	2,643	14,889	7,740	2,054	(3,593)	121,626
Unallocated liabilities							76,203
Total liabilities							197,829
Capital expenditure	9,982	253	4,199	4,781	140	–	19,355

Segment assets and liabilities at 31 December 2009 are reconciled to entity assets and liabilities as follows:

	Assets *RMB million*	Liabilities *RMB million*
Segment assets/liabilities	227,972	121,626
Investments in jointly controlled entities	758	–
Investments in associates	2,650	–
Unallocated:		
Deferred income tax assets/liabilities	1,944	3,420
Current income tax liabilities	–	1,678
Current borrowings	–	36,043
Non-current borrowings	–	34,694
Available-for-sale financial assets	17,650	–
Other financial assets at fair value through profit or loss	80	–
Derivative financial instruments	36	77
Cash and other corporate assets/corporate liabilities	12,968	291
Total	264,058	197,829

4. **SEGMENT INFORMATION (continued)**

Revenue from external customers in the PRC and other regions is as follows:

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
PRC (excluding Hong Kong and Macau)	**108,108**	88,552
Other regions	**12,046**	8,288
	120,154	96,840

5. **PROPERTY, PLANT AND EQUIPMENT**

	For the six months ended 30 June 2010 (Unaudited)					
	Land and 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 2010						
Opening net book amount (as previously reported)	**8,964**	**8,377**	**18,463**	**1,606**	**9,914**	**47,324**
Adjustment for adoption of amendment to IAS 17	**27**	**–**	**–**	**–**	**–**	**27**
Opening net book amount (as restated)	**8,991**	**8,377**	**18,463**	**1,606**	**9,914**	**47,351**
Additions	**35**	**589**	**1,004**	**615**	**2,620**	**4,863**
Disposals	**(28)**	**(152)**	**(137)**	**(32)**	**–**	**(349)**
Transfer	**1,143**	**491**	**1,205**	**196**	**(3,035)**	**–**
Transferred to investment properties	**(9)**	**–**	**–**	**–**	**–**	**(9)**
Depreciation	**(207)**	**(713)**	**(1,137)**	**(511)**	**–**	**(2,568)**
Closing net book amount	**9,925**	**8,592**	**19,398**	**1,874**	**9,499**	**49,288**
At 30 June 2010						
Cost	**12,322**	**14,002**	**30,284**	**4,331**	**9,499**	**70,438**
Accumulated depreciation	**(2,397)**	**(5,410)**	**(10,886)**	**(2,457)**	**–**	**(21,150)**
Net book amount	**9,925**	**8,592**	**19,398**	**1,874**	**9,499**	**49,288**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	For the six months ended 30 June 2009 (Unaudited)					
	Land and buildings *RMB million*	Machinery *RMB million*	Vessels and vehicles *RMB million*	Other equipment *RMB million*	Construction-in-progress *RMB million*	Total *RMB million*
At 1 January 2009						
Opening net book amount (as previously reported)	7,706	5,810	13,925	1,191	8,573	37,205
Adjustment for adoption of amendment to IAS 17	28	–	–	–	–	28
Opening net book amount (as restated)	7,734	5,810	13,925	1,191	8,573	37,233
Additions	128	1,090	1,318	406	4,965	7,907
Disposals	(14)	(4)	(59)	(23)	–	(100)
Transfer	614	961	650	110	(2,335)	–
Depreciation	(234)	(530)	(980)	(400)	–	(2,144)
Closing net book amount	8,228	7,327	14,854	1,284	11,203	42,896
At 30 June 2009						
Cost	10,261	11,671	24,320	3,100	11,203	60,555
Accumulated depreciation	(2,033)	(4,344)	(9,466)	(1,816)	–	(17,659)
Net book amount	8,228	7,327	14,854	1,284	11,203	42,896

(a) Bank borrowings are secured by certain property, plant and equipment with an aggregate carrying value of approximately RMB1,747 million as at 30 June 2010 (31 December 2009: RMB1,824 million) (Note 10).

(b) As at 30 June 2010, 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 RMB2,601 million (31 December 2009: RMB2,562 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

(c) Land, vessels and machinery include the following amounts where the Group is a lessee under a finance lease:

	As at	
	30 June 2010 *RMB million* **(Unaudited)**	31 December 2009 (Restated) *RMB million* (Audited)
Cost – Capitalised finance leases	**2,350**	1,240
Accumulated depreciation	**(181)**	(60)
Net book amount	**2,169**	1,180

The Group leases various vessels and machinery under non-cancellable finance lease agreements and has the option to purchase these assets at minimal prices upon the expiry of the agreements.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June 2010	Year ended 31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Beginning of the period/year	**17,650**	6,733
Fair value (losses)/gains	**(3,865)**	10,189
Additions	**1,364**	791
Disposals	**(13)**	(63)
Impairment charge	**(3)**	–
End of the period/year	**15,133**	17,650

Available-for-sale financial assets include the following:

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Listed equity securities, at fair value		
– Mainland China	**13,138**	15,948
– Hong Kong	**378**	422
Unlisted equity investments, at cost	**1,617**	1,280
	15,133	17,650

7. TRADE AND OTHER RECEIVABLES

	As at 30 June 2010 *RMB million* (Unaudited)	As at 31 December 2009 *RMB million* (Audited)
Trade and bills receivables	**48,137**	40,075
Less: provision for impairment	**(2,679)**	(2,640)
Trade receivables – net	**45,458**	37,435
Prepayments	**15,760**	13,028
Retentions	**14,535**	12,073
Deposits	**9,545**	8,725
Other receivables	**4,351**	3,259
Staff advances	**845**	548
Long-term receivables	**10,999**	9,232
	101,493	84,300
Less: non-current portion		
– Retentions	**(8,541)**	(6,867)
– Deposits	**(963)**	(797)
– Long-term receivables	**(7,560)**	(6,359)
– Prepayments for land use rights and equipment	**(1,140)**	(1,119)
	(18,204)	(15,142)
Current portion	**83,289**	69,158

Refer to Note 25(c) for receivables due from related parties.

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

	As at 30 June 2010 *RMB million* (Unaudited)	As at 31 December 2009 *RMB million* (Audited)
Less than 6 months	**37,782**	32,464
6 months to 1 year	**5,168**	2,691
1 year to 2 years	**3,010**	2,695
2 years to 3 years	**904**	900
Over 3 years	**1,273**	1,325
	48,137	40,075

7. TRADE AND OTHER RECEIVABLES (continued)

(a) (continued)

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 sale 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.

(b) Trade receivables amounting to RMB253 million were transferred to certain banks with recourse in exchange for cash during the period ended 30 June 2010 (31 December 2009: RMB1,197 million). Such transactions did not qualify for derecognition and have been accounted for as secured borrowings (Note 10). In addition, trade receivables of RMB1,765 million transferred to certain banks during the period ended 30 June 2010 were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition (31 December 2009: RMB2,698 million).

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

8. CONTRACT WORK-IN-PROGRESS

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Contract cost incurred plus recognised profit less recognised losses	**612,478**	533,388
Less: Progress billings	**(573,241)**	(504,112)
Contract work-in-progress	**39,237**	29,276
Representing:		
Amounts due from customers for contract work	**52,512**	41,843
Amounts due to customers for contract work	**(13,275)**	(12,567)
	39,237	29,276

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Contract revenue recognised as revenue in the period	**108,851**	90,920

9. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2010 (Unaudited)		31 December 2009 (Audited)	
	Assets	**Liabilities**	Assets	Liabilities
	RMB million	***RMB million***	*RMB million*	*RMB million*
Interest rate swaps – held for trading	**–**	**–**	–	(1)
Forward foreign exchange contracts				
– held for trading	**76**	**(53)**	36	(76)
	76	**(53)**	36	(77)

(a) *Forward foreign exchange contracts*

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2010 were RMB6,554 million (31 December 2009: RMB8,020 million).

(b) *Interest rate swaps*

No interest rate swap contracts were held by the Group as at 30 June 2010 (31 December 2009: the notional principal amounts of the outstanding contracts was RMB182 million).

10. BORROWINGS

		As at	
		30 June 2010	31 December 2009
		RMB million	*RMB million*
	Note	**(Unaudited)**	(Audited)
Non-current			
Long-term bank borrowings			
– secured	*(a)*	**11,516**	9,617
– unsecured		**7,539**	6,789
		19,055	16,406
Other borrowings			
– secured	*(a)*	**400**	400
Corporate bonds	*(b)*	**9,918**	9,913
Medium term notes	*(c)*	**2,176**	7,172
Financial lease liabilities	*(f)*	**1,365**	803
Total non-current borrowings		**32,914**	34,694

10. BORROWINGS (continued)

	Note	As at 30 June 2010 *RMB million* (Unaudited)	As at 31 December 2009 *RMB million* (Audited)
Current			
Current portion of long-term bank borrowings			
– secured	*(a)*	**1,970**	1,583
– unsecured		**4,044**	4,148
		6,014	5,731
Short-term bank borrowings			
– secured	*(a)*	**13,504**	11,777
– unsecured		**14,423**	12,583
		27,927	24,360
Other borrowings			
– unsecured	*(e)*	**1,311**	1,176
Corporate bonds	*(b)*	**442**	187
Medium term notes	*(c)*	**5,062**	236
Debentures	*(d)*	**4,172**	4,101
Finance lease liabilities	*(f)*	**463**	252
Total current borrowings		**45,391**	36,043
Total borrowings		**78,305**	70,737

(a) As at 30 June 2010 and 31 December 2009, these borrowings were secured by the Group's property, plant and equipment, concession assets, trade receivables and receivables to be recognised in the future according to sales and construction contracts, and guarantees provided by certain subsidiaries of the Group.

(b) As approved by China Securities Regulatory Commission document [2009] No. 761, the Company issued domestic corporate bonds with an aggregate principal amount of RMB10 billion in August 2009. The corporate bonds are guaranteed by CCCG. RMB2,100 million of such bonds was issued with a maturity of five years from issuance and bears interest at a rate of 4.7% per annum, and RMB7,900 million with a maturity of ten years and bears interest at a rate of 5.2% per annum. The Company raised totally net proceeds of RMB9,910 million from the issuance.

The corporate bonds are stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings.

10. BORROWINGS (continued)

(c) The Group issued the following medium term notes as approved by National Association of Financial Market Institutional Investors of the PRC:

– two tranches of medium term notes issued in April 2008 and June 2008, respectively, at the same nominal value of RMB2,500 million, totalling RMB5,000 million, with maturities of three years from issuance. The interest rate for both tranches of medium term notes is 5.3% per annum;

– medium term notes with a nominal value of RMB2,200 million issued in April 2009, with a maturity of five years from issuance. RMB1,800 million of such notes bears interest at a rate of 4.1% per annum, and the remaining RMB400 million bears interest at 4.0% per annum.

The medium term notes are stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings.

(d) As approved by the People's Bank of China, the Group issued debentures in November 2009 with a maturity of one year from issuance, bearing interest at a rate of 3.14% per annum. The debentures were issued at a principal of RMB 4,100 million with a discount of RMB16 million, and were stated at amortised cost.

(e) Other current borrowings included loans of approximately RMB1,211 million (31 December 2009: RMB1,176 million) payable to the China Orient Assets Management Corporation (''COAMC'') at 30 June 2010 (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.

10. BORROWINGS (continued)

(f) Finance lease liabilities

Lease liabilities are effectively secured as the leased assets have to revert to the lessor in the event of default.

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**538**	310
Later than 1 year and no later than 5 years	**1,483**	880
	2,021	1,190
Future finance charges on finance leases	**(193)**	(135)
Present value of finance lease liabilities	**1,828**	1,055
The present value of finance lease liabilities is as follows:		
No later than 1 year	**463**	252
Later than 1 year and no later than 5 years	**1,365**	803
	1,828	1,055

10. BORROWINGS (continued)

(g) Movements in borrowings is analysed as follows:

	RMB million **(Unaudited)**
Six months ended 30 June 2010	
As at 1 January 2010	**70,737**
Proceeds from borrowings	**20,708**
Finance lease liabilities	**1,013**
Repayments of borrowings and interests	**(14,321)**
Net foreign exchange gains on borrowings *(Note 16)*	**(388)**
Accrued interest on Iraq loans, medium term notes, corporate bonds and debentures	**556**
As at 30 June 2010	**78,305**

	RMB million (Unaudited)
Six months ended 30 June 2009	
As at 1 January 2009	57,874
Proceeds from borrowings	38,559
Finance lease liabilities	591
Repayments of borrowings	(31,191)
Net foreign exchange gains on borrowings *(Note 16)*	(40)
Accrued interest on Iraq loans and medium term notes	68
As at 30 June 2009	65,861

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

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Floating rate		
– Expiring within one year	**57,935**	42,108
– Expiring beyond one year	**82,076**	118,728
	140,011	160,836

11. TRADE AND OTHER PAYABLES

	As at 30 June 2010 RMB million (Unaudited)	31 December 2009 RMB million (Audited)
Trade and bills payables	**69,752**	58,898
Advance from customers	**40,965**	34,623
Deposits from suppliers	**5,649**	5,088
Other taxes	**3,765**	3,035
Dividend payable	**1,720**	–
Social security	**777**	760
Accrued expenses	**344**	313
Accrued payroll	**319**	474
Other payables	**3,259**	2,992
	126,550	106,183
Less: non-current portion		
– Deposits from suppliers	**(1,161)**	(1,166)
Current portion	**125,389**	105,017

Refer to Note 25(c) for payables due to related parties.

Ageing analysis of the trade and bills payables (including amounts due to related parties of trading nature) were as follows:

	As at 30 June 2010 RMB million (Unaudited)	31 December 2009 RMB million (Audited)
Within 1 year	**66,874**	55,620
1 year to 2 years	**2,062**	2,607
2 years to 3 years	**600**	451
Over 3 years	**216**	220
	69,752	58,898

12. EXPENSES BY NATURE

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Raw materials and consumables used	**42,121**	39,275
Subcontracting costs	**34,237**	24,215
Employee benefits	**8,749**	6,569
Rentals	**8,007**	5,110
Business tax and other transaction taxes	**3,155**	2,334
Fuel	**2,684**	1,750
Depreciation of property, plant and equipment and investment properties	**2,577**	2,151
Transportation	**2,181**	1,607
Travel	**790**	595
Repair and maintenance expenses	**706**	706
Utilities	**496**	333
Research and development costs	**308**	327
Insurance	**228**	148
Provision for impairment of trade and other receivables	**64**	155
Provision for foreseeable losses on construction contracts	**52**	185
Amortisation of intangible assets	**38**	15
Amortisation of lease prepayments	**45**	48
Write-down of inventories	**25**	11
Other expenses	**8,189**	6,405
Total cost of sales, selling and marketing expenses and administrative expenses	**114,652**	91,939

13. OTHER INCOME

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Income from compensation for cost of relocation	**1**	1
Rental income	**143**	124
Income from sale of materials	**5**	827
Dividend income on available-for-sale financial assets		
– Listed equity securities	**157**	46
– Unlisted equity securities	**59**	37
Government grants	**89**	98
Others	**191**	290
	645	1,423

14. OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Gain on disposal of property, plant and equipment	**32**	79
Gain on disposal of lease prepayments	**70**	–
Gain on disposal of other financial assets at fair value through profit or loss	**1**	5
Fair value (losses)/gains from other financial assets at fair value through profit or loss	**(24)**	27
Gains/(losses) on derivative instruments:		
– Foreign exchange forward contracts	**49**	(15)
– Interest rate swap	**–**	20
Gain on disposal of available-for-sale financial assets	**8**	–
Transfer of cash flow hedge reserve	**–**	14
Net foreign exchange (losses)/gains	**(251)**	147
	(115)	277

15. OTHER EXPENSES

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Rental expenses	**97**	89
Cost of sale of materials	**1**	681
Others	**137**	299
	235	1,069

16. FINANCE COSTS, NET

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Interest expense:		
– Bank borrowings	**486**	945
– Other borrowings	**46**	46
– Corporate bonds	**259**	–
– Medium term notes	**174**	158
– Finance lease liabilities	**16**	12
– Debentures	**72**	10
	1,053	1,171
Net foreign exchange gains on borrowings	**(388)**	(40)
Others	**316**	168
	981	1,299

Borrowing costs of RMB369 million (six months ended 30 June 2009: RMB261 million) were capitalised in the six months period ended 30 June 2010, of which approximately RMB151 million (six months ended 30 June 2009: RMB127 million) is charged to cost of sales, approximately RMB114 million (six months ended 30 June 2009: RMB109 million) is included in cost of construction-in-progress and approximately RMB104 million (six months ended 30 June 2009: RMB25 million) is included in cost of intangible assets as at 30 June 2010. A general capitalisation rate of 4.64% per annum (2009: 4.97%) was used, representing the borrowing costs of the loans used to finance the qualifying assets.

17. TAXATION

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 25% (2009: 25%) 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 22% (2009: 7.5% to 20%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2009:16.5%) on the estimated assessable profit for the six months ended 30 June 2010.

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.

17. TAXATION (continued)

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

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Current income tax		
– PRC enterprise income tax	**1,093**	1,063
– Others	**49**	45
	1,142	1,108
Deferred income tax	**19**	(130)
Income tax expense	**1,161**	978

The difference between the actual income tax expense in the unaudited 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 (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Profit before income tax	**5,219**	4,568
Less: Share of profits of jointly controlled entities and associates	**72**	14
	5,147	4,554
Tax calculated at PRC statutory tax rate of 25%	**1,287**	1,139
Income not subject to tax	**(159)**	(114)
Expenses not deductible for tax purposes	**31**	17
Utilisation of previously unrecognised tax losses	**(9)**	(37)
Tax losses for which no deferred income tax asset was recognised	**169**	177
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(158)**	(204)
Income tax expense	**1,161**	978

18. 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.

	Six months ended 30 June (Unaudited)	
	2010	2009
Profit attributable to equity holders of the Company (RMB million)	**3,999**	3,025
Weighted average number of ordinary shares in issue (millions)	**14,825**	14,825
Basic earnings per share (RMB per share)	**0.27**	0.20

(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 2010 and 2009.

19. SHARE CAPITAL

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. In December 2006, the Company completed its global initial public offering. 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. As a result, the registered share capital of the Company increased from 10,800,000,000 shares to 14,825,000,000 shares, comprising 10,397,500,000 domestic shares and 4,427,500,000 H shares, representing 70.1% and 29.9% of the registered capital respectively.

20. OTHER RESERVE

(a) Statutory surplus reserve

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to appropriate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC enterprises (''PRC GAAP'') and regulations applicable to the Company, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

For the period ended 30 June 2010, no statutory surplus reserve fund was appropriated by the Board of Directors as the Company was in loss (six months ended 30 June 2009: appropriation of 10% of profit after tax as determined under the PRC GAAP, of RMB7 million to the statutory surplus reserve fund).

(b) Safety reserve

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside an amount to a safety reserve 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 reserve can be utilised for improvements of safety on the construction works, and the amounts utilised are charged to income statement as incurred. Appropriations to safety reserve represent the amounts so set aside net of the amounts utilised during the period.

21. DIVIDENDS

A 2009 final dividend of 11.6 cents per ordinary share, totalling RMB1,720 million was approved by the Company's shareholders in the annual general meeting on 18 June 2010.

No interim dividend for the six months ended 30 June 2010 was declared by the Board of Directors (six months ended 30 June 2009: Nil).

22. SUPPLEMENTARY INFORMATION TO UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(a) Cash flows from operating activities

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Cash (used in)/generated from operations	**(2,743)**	2,762
Interest paid	**(1,204)**	(967)
Income tax paid	**(1,450)**	(1,477)
Net cash (used in)/generated from operating activities	**(5,397)**	318

(b) Major investing activities:

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Purchases of property, plant and equipment	**(3,993)**	(7,776)
Increase in lease prepayments	**(361)**	(303)
Purchases of intangible assets	**(1,666)**	(1,163)
Purchases of investment properties	**(3)**	–
Proceeds from disposal of property, plant and equipment	**381**	110
Proceeds from disposal of lease prepayments	**78**	11
Proceeds from disposal of intangible assets	**–**	8
Proceeds from disposal of investment properties	**1**	–
Additional investments in jointly controlled entities	**(67)**	(27)
Additional investments in associates	**(33)**	(103)
Additional investments in subsidiaries	**(508)**	(1)
Purchase of available-for-sale financial assets	**(1,364)**	(81)
Purchases of other financial assets at fair value through profit or loss	**(62)**	–
Proceeds from disposal of jointly controlled entities	**4**	10
Proceeds from disposal of associates	**–**	6
Proceeds from disposal of other financial assets at fair value through profit or loss	**2**	4
Proceeds from disposal of available-for-sale financial assets	**21**	1
Interest received	**127**	311
Dividends received	**76**	54

22. SUPPLEMENTARY INFORMATION TO UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Major financing activities:

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Proceeds from borrowings	**20,708**	38,559
Contributions from non-controlling interests	**11**	44
Repayments of borrowings	**(13,967)**	(31,191)
Dividends paid to non-controlling interests	**(49)**	(85)

23. CONTINGENCIES

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Pending lawsuits *(note a)*	**434**	555
Outstanding loan guarantees *(note b)*	**682**	682
	1,116	1,237

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

(b) The Group and the Company act as the guarantors for various external borrowings made by certain subsidiaries, jointly controlled entities and associates of the Group (refer to details in Note 25) and certain third party entities.

24. CAPITAL COMMITMENTS

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

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Property, plant and equipment, and intangible assets	**11,231**	720

24. CAPITAL COMMITMENTS (continued)

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

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Property, plant and equipment	**3,526**	2,804
Intangible assets – concession assets	**12,923**	13,343
	16,449	16,147

25. 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 Company is controlled by CCCG, the parent company and a state-owned enterprise established in the PRC. CCCG is subject to the control of the PRC Government which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as the "government-related entities''). In accordance with IAS 24 (Revised) "Related Party Disclosures", issued by IASB in November 2009, government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC Government are regarded as related parties of the Group. On that basis, related parties include CCCG and its subsidiaries, other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and CCCG as well as their close family members. For the purpose of the related party transaction disclosures, the Group early adopted IAS 24 (Revised) (refer to details in Note 3(c)), and management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the related party information disclosed elsewhere in the unaudited condensed consolidated financial statements, 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 government-related entities, during the six months ended 30 June 2010 and balances arising from related party transactions as at 30 June 2010.

25. RELATED-PARTY TRANSACTIONS AND BALANCES (continued)

(a) Significant related party transactions

The following transactions were carried out with related parties:

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Transactions with CCCG		
Expenses		
– Rental expenses	**30**	11
Transactions with jointly controlled entities and associates		
Revenue		
– Revenue from provision of construction services	**841**	1,046
– Revenue from provision of design services	**–**	3
– Revenue from sales of machinery	**22**	123
Expenses:		
– Subcontracting fees	**521**	201
– Purchase of materials	**20**	137
– Services	**–**	19
– Other costs	**2**	2
Transactions with non-controlling interests		
Revenue		
– Revenue from provision of construction services	**4**	78
– Revenue from provision of design services	**1**	1
Expenses		
– Subcontracting fees	**1**	–
– Rental expense	**1**	2

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

(b) Key management compensation

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB'000	*RMB'000*
Basis salaries, housing allowances and other allowances	**3,438**	3,390
Contributions to pension plans	**201**	187
Discretionary bonuses	**–**	–
	3,639	3,577

25. RELATED-PARTY TRANSACTIONS AND BALANCES (continued)

(c) Balances with related parties

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
	(Unaudited)	(Audited)
Trade and other receivables		
Trade receivables due from		
– Jointly controlled entities and associates	**90**	13
– Non-controlling interests	**77**	96
	167	109
Other receivables due from		
– Jointly controlled entities and associates	**230**	240
– Non-controlling interests	**19**	10
	249	250
Prepayments to suppliers		
– Jointly controlled entities and associates	**13**	–
	429	359
Trade and other payables		
Trade payables due to		
– Jointly controlled entities and associates	**343**	209
– Non-controlling interests	**7**	7
	350	216
Advances from customers		
– Non-controlling interests	**4**	6
Other payables due to		
– Jointly controlled entities and associates	**69**	57
– Non-controlling interests	**25**	38
	94	95
	448	317
Amounts due from customers for contract work with		
– Jointly controlled entities and associates	**423**	208
Amounts due to customers for contract work with		
– Jointly controlled entities and associates	**6**	2
Outstanding loan guarantees provided by the Group		
– Jointly controlled entities and associates	**632**	632
Outstanding bond guarantees provided by CCCG	**10,360**	10,100

25. RELATED-PARTY TRANSACTIONS AND BALANCES (continued)

(d) Transactions and Period-end Balances with Other Government-Related Entities

The Group's major customers are PRC Government agencies and other government-related entities. A significant portion of revenue from provision of construction, design, dredging and other services, and sales of heavy machinery is conducted with other government-related entities. The Group also incurred some portion of subcontracting costs, rentals and purchases of materials and services from other government-related entities. These transactions are carried out on terms agreed with the counter parties in the ordinary course of business. As a result, a major portion of the Group's trade and other receivables and payables, as well as amount due from/due to customers for contract work, is with other government-related entities.

In addition, the Group has the following transactions and balances with other government-related entities:

	Six months ended 30 June (Unaudited)	
	2010	2009
	RMB million	*RMB million*
Transactions with other government-related entities		
– Interest income from bank deposits	**88**	82
– Interest expenses on bank borrowings	**478**	884

	As at	
	30 June 2010	31 December 2009
	RMB million	*RMB million*
Balances with other government-related entities		
– Restricted cash	**886**	632
– Cash and cash equivalents	**23,045**	25,172
	23,931	25,804
– Borrowings	**45,058**	36,482

26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The following events took place subsequent to 30 June 2010 and up to the date of approval of the unaudited condensed consolidated interim financial information.

(a) Pursuant to the share appreciation rights plan (the "Plan") approved by the annual general meeting on 18 June 2010, the board of directors of the Company (the "Board") granted approximately 61.83 million Share Appreciation Rights ("SAR"), representing 0.417% of the total issued share capital of the Company, on 8 August 2010. The Plan entitles persons who are granted such rights to receive cash payments when the Company's share price rises above the exercise price of HK$7.43 in a certain predetermined period, subject to certain terms and conditions of the SAR Plan. Upon exercise of the SAR, the grantee will receive payment, subject to any withholding tax, equal to the product of the number of SAR exercised and the difference between the exercise price and market price of H Share at the time of exercise. The eligible grantees under the SAR Plan include certain directors, senior management officers of the Company and other personnel determined by the Board. The total amount of the SAR granted under the Plan shall not exceed 10% of the total share capital of the Company, and the SAR granted to any eligible participants in any 12 months period shall not exceed 1% of the total issued share capital. All SAR have an exercise period of 10 years. A person granted SAR may not exercise his or her rights in the first year after the date of grant. As of each of the last day of the second, third and fourth anniversary of the date of grant, the total number of SAR exercisable shall not exceed one-third of the total number of SAR granted to the respective eligible participants in a particular year.

(b) On 9 August 2010, the Group completed the acquisition of a 100% equity interest in Friede Goldman United, Ltd. ("F&G"), a company incorporated in the Cayman Islands and primarily engaged in the provision of design services and equipment for offshore drilling rigs, for a total consideration of US$125,000,000.

OTHER INFORMATION

Purchase, Sale or Redemption of Securities

During the period from 1 January 2010 to 30 June 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company.

Compliance with the Code on Corporate Governance Practices

The Company is committed to high standards of corporate governance. The Board of the Company believes that the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "**Code**") in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the six months ended 30 June 2010 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 2010 to 30 June 2010.

Review by the Audit Committee

The Audit Committee of the Company's Board currently comprises LIU Zhangmin, LU Hongjun, ZOU Qiao, 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 2010. 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.

Interim Dividend

The Directors proposed not to declare any interim dividend for the six months ended 30 June 2010.

By order of the Board
Zhou Jichang
Chairman

Beijing, the PRC, 31 August 2010

As at the date of this announcement, the Directors of the Company are ZHOU Jichang, MENG Fengchao, FU Junyuan, ZHANG Changfu, LU Hongjun#, YUAN Yaohui#, ZOU Qiao# and LIU Zhangmin#.

Independent non-executive Directors