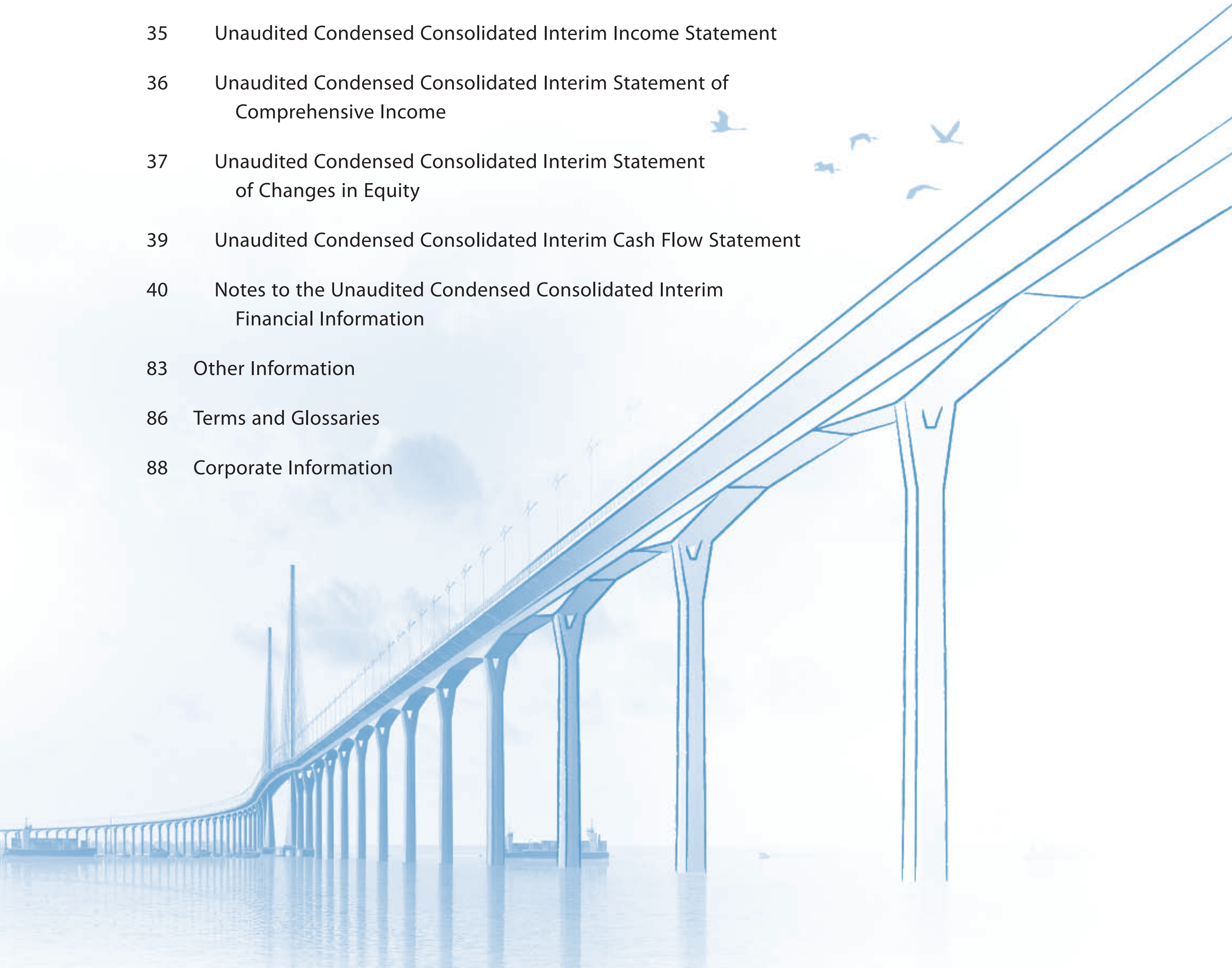
中國交通建設股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 1800

INTERIM REPORT 2011

讓世界·更暢通

We are building a connected world

Contents



Financial Highlights

(RMB million, except per share data)	**For the six months ended 30 June** **2011**	2010	change %
Revenue	**138,925**	120,154	15.6
Profit for the period	**5,791**	3,899	48.5
Profit attributable to equity holders of the Company	**5,829**	3,840	51.8
Earnings per share	**0.39**	0.26	51.8

	As at		
(RMB million)	**30 June 2011**	31 December 2010	change %
Total assets	**345,513**	310,633	11.2
Total liabilities	**268,841**	236,712	13.6
Total equity	**76,672**	73,921	3.7
Equity attributable to equity holders of the Company	**66,113**	62,990	5.0

(RMB million)	**For the six months ended 30 June** **2011**	2010	change %
New contracts	**229,324**	188,273	21.8
Of which: Infrastructure Construction Business	**184,496**	150,568	22.5
Infrastructure Design Business	**8,734**	7,697	13.5
Dredging Business	**18,707**	16,039	16.6
Heavy Machinery Manufacturing Business	**14,221**	10,783	31.9
Backlog	**532,212**	439,233	21.2

Chairman's Statement

Dear Shareholders,

During the first half of 2011, amid the complex and changing environment of the world and new domestic economic landscape, the Company focused on "strengthening the foundation, adjusting the structure, and going-out " as its development guideline in a bid to transform the operation mode and enhance the management. The Company made great strides in various aspects, including the rapid growth in the value of new contracts, revenue and profits before tax.

Revenue for the first half of 2011 was RMB138,925 million, representing a year-on-year growth of 15.6%. Profit attributable to equity holders of the Company was RMB5,829 million, representing a year-on-year increase of 51.8%. Earnings per share amounted to RMB0.39, representing a year-on-year increase of approximately 51.8%. The value of new contracts was RMB229,324 million for the first half of 2011, representing a year-on-year increase of 21.8%. As at 30 June 2011, the backlog for the Company amounted to RMB532,212 million, representing a year-on-year increase of 21.2%.

The overall capability of the Company was further improved in the first half of 2011. The Company ranked 210th among the "Global 500" for the year of 2011 and has been rated as a Grade A enterprise by the Operating Results Assessment of State-owned Enterprises for the sixth consecutive years since 2005. The Company ranked 1st among the "Best Companies" of the engineering and construction sector in Asia by Institutional Investor in 2011.

The Company's production and operation in the first half of 2011 has leaped further forward. The highlights were mainly as follows:

Firstly, the Company proactively seized market opportunities. The value of new contracts maintained a fast growth as compared with the same period of the previous year, in spite of the slowdown of railway market in the PRC. The Company achieved further consolidation and development in market expansion of its core businesses, including infrastructure construction of port, highway, overseas projects and dredging projects. Through proactively adopting "BT+EPC and BOT+EPC", the Company sped up the upgrading of its business and the transformation of the operation mode, leading to further development in investment business, which boosted the growth of its core businesses. The Company has entered into strategic cooperation agreements with more than ten provinces separately to actively develop the strategic alliance with local governments to supplement and share resources for common prosperity. Closely following the market trend, the Company has been focusing on expanding its central and western market of China this year and has been making contributions to the Western Development in China. In particular, the Company has entered into projects with higher individual contractual value in areas including Chongqing, Xinjiang, Qinghai and Inner Mongolia. Leveraging on the Group's complete industrial chain and the synergy of diversified business portfolio, the Company fully exhibited its competitive advantages in planning, advancing and proceeding the EPC projects, which enabled the Company to win some large-scale projects and contracts.

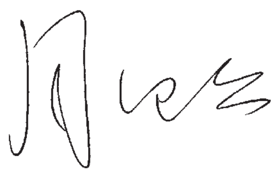
Secondly, the Company has resolved to strengthen the management and has realised steady growth in profitability. The level of profitability reflects the performance of an enterprise, which in turn demonstrates the managing style of the management team, especially the key personnels in charge of the enterprise. In addressing the major issues identified in the operation and investors' concern, the management at all levels of the Company pragmatically changed the managerial style in recent years and further intensified the sense of responsibility and mission. In the first half of the year, in face of the challenges of increasing costs of certain raw materials and labour, the management at all levels successfully broadened sources of income while reducing expenditure, along with improved management efficiency. The operating profit of infrastructure construction segment, infrastructure design segment and dredging segment all recorded a year-on-year growth of over 20%, representing strong overall profitability and the satisfactory level of earnings.

Looking into the second half of the year, the macro-economic policies in the PRC will maintain continuity and stability. The macro control will give top priority to stabilising consumer prices with a prudent monetary policy as basic regulatory direction. Meanwhile, the recovery of the global economy remained sluggish as plagued by the uncertainties arising from the unrest of Middle East and North Africa. Besides, the downgrade on the credit rating of the United States this August further hammered the global economy. In view of the above, considering market opportunities and challenges ahead, the Company will focus on the following in the second half of the year:

Firstly, striving to fulfill new contracts in accordance with the assured quality and quantity and outperform the annual target, the Company will stick to its market-oriented guideline, adjust operation mode in tune with market changes and further advance its capability and strength in weathering volatile market conditions.

Secondly, the Company will continue to improve its operating performance through reducing trade receivables and inventories, thereby improving the operating cash flows. Furthermore, efforts will be made to improve gross margin, lower administrative expenses and enhance profitability. The Company will also further reinforce the supervision over production safety and construction quality, and strengthen the management of subcontractors to secure sustainable and healthy development of the Company.

Dear shareholders, I will, in accordance with the established working direction of the second half of the year, lead my team of various management and all staff of the Company towards the way of maintaining and sustaining a history of achievements. We are committed to overcome obstacles and set to go beyond each mission and target of the year and may we have the support from all our shareholders, all the people and friends who paid their long-term attention on us!



Zhou Jichang
Chairman

30 August 2011

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 fields over the past six 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. Meanwhile, the Company has established a global presence in over 80 countries and regions, mainly South East Asia, the Middle East, Africa, Commonwealth of Independent States and South America.

The first half of 2011 witnessed a volatile global financial market, coupled with rising uncertainty and instability in the world's economic recovery. The economic and social development in the PRC maintained its steady growth as the PRC government implemented proactive fiscal policy and stable monetary policy, continuously enhancing and improving macro-control measures. China's economy sustained stable and relatively fast growth, with GDP and fixed asset investment increased by 9.6% and 25.6% year-on-year, respectively.

In the first half of 2011, taking development of core business as the basis, the Company upgraded its asset, business and market structure, put great effort in implementing the "going out" overseas business expansion strategy, surmounted unfavourable impact of various factors such as increasing inflation and transformed its operational mode by expanding market reach and actively carrying out strategic cooperation with local governments to share resources for common prosperity, which has realised desirable progress. In the first half of 2011, the production and operation of the Company continued to perform satisfactorily, evidenced by the steady growth of the value of new contracts and various record-high key economic indicators. The Company has successfully fulfilled more than half of its operational targets of the year by the end of the interim period.

In the first half of 2011, revenue for the Group was RMB138,925 million, representing a year-on-year increase of 15.6%. The total profit was RMB7,310 million, representing a year-on-year increase of 45.4%. The value of new contracts amounted to RMB229,324 million, representing a year-on-year increase of 21.8%. As at 30 June 2011, the backlog was RMB532,212 million, representing a year-on-year increase of 21.2%.

1. Infrastructure Construction Business

In the first half of 2011, revenue from the infrastructure construction business of the Group was RMB107,834 million, representing a year-on-year increase of 17.7%. The value of new contracts reached RMB184,496 million, representing a year-on-year increase of 22.5%. As at 30 June 2011, the backlog was RMB450,323 million, representing a year-on-year increase of 23.0%.

In the first half of 2011, the Company proactively realigned its business strategies in response to changing market to capitalise on the synergy of diversified business portfolio. Despite the significant drop in the value of new railway construction contracts as a result of the adjustment to the railway construction market in the PRC, the market expansion of port construction, investment business and overseas construction business realised outstanding performance, fuelling the rapid growth in the value of new contracts for infrastructure construction business.

1. Infrastructure Construction Business (Continued)

(1) Port Construction

In the first half of 2011, the value of new contracts of the Company for domestic port construction projects reached RMB29,762 million, representing a year-on-year increase of 46.1%.

In the first half of 2011, regional hotspots continued to emerge in the hydraulic engineering construction market of the PRC. The value of new contracts for hydraulic engineering projects in Bohai Rim continued to grow, with uptrend market demand in the Yellow River Delta and the Shandong "Blue Economic Zone", as well as progressive recovery in southern regions associated with the backdrop of reviving trading. In addition, pursuant to the Opinion of the State Council on Accelerating the Development of Water Transport on the Yangtze River and Other Inland Waters, efforts have been made to step up the investment in inland waters in the PRC, including accelerating the reclamation of the inland waters of the Yangtze River and the construction of high-grade waterways which facilitated the expansion of inland ports, thereby bringing in more port expansion projects.

In the first half of 2011, new projects won by the Group mainly included the coal terminal construction project in the South Water Operation Area of Gaolan Port Area in Zhuhai Port, the hydraulic engineering project for ship repair of Tangshan Delong Heavy Industry Shipping Engineering Co., Ltd, the Meijin Terminal construction project of Taicang Port Area in Suzhou Port and the Phase 3 construction project of Huanghua Port, etc.

(2) Road and Bridge Construction

In the first half of 2011, the value of new contracts of the Group for domestic road and bridge construction projects reached RMB61,367 million, representing a year-on-year increase of 26.1%.

The focus of the national investment fund has shifted to provinces in the western regions while markets in central and eastern provinces started to shrink significantly. In view of the above, the Company stepped up its move to expand its market share in western regions by capturing the market opportunity arising from the Western Development strategy and taking the lead in the construction of "high-level, new, special and difficult" projects, thus securing a number of key road construction projects in Xinjiang, Chongqing and other regions.

In the first half of 2011, new projects won by the Group mainly included the construction project of section WA3 of Urho-Altay expressway in Xinjiang Uyghur Autonomous Region, the construction project of two sections of the East Second Ring Road of Urumqi, the construction project of Hanjiaying- Hohhot road in Inner Mongolia Autonomous Region and the construction project of ring expressway in Xining, etc.

1. Infrastructure Construction Business (Continued)

(3) Railway Construction

As released by the Ministry of Railway of the PRC in May, total railway investment for 2011 is RMB745,500 million, of which RMB600,000 million is allocated to the investment in infrastructure construction. According to the preliminary data from the Ministry of Railway, RMB242,200 million has been invested in infrastructure construction in the first half of 2011, representing a year on year decrease in terms of growth rate, and the number of new construction projects significantly reduced. The Group did not enter into any new contract for railway construction in the PRC in the first half of 2011.

According to the executive meeting of the State Council held on 10 August, systematic safety assessment will be re-launched for railway construction projects which have been granted approval but have not commenced construction. In addition, approval application review of new railway construction projects will be suspended and competent authorities will carry out in-depth assessment on projects under approval process in order to determine their technical standards and construction proposals in a reasonable manner.

Therefore, the market expansion of railway construction projects this year is exposed to a challenging environment.

(4) Investment Business (BOT/BOO and BT projects,etc.)

In the first half of 2011, the value of new contracts of the Group for domestic investment business amounted to RMB45,423 million, representing a year-on-year increase of 500.5%.

In view of the emerging opportunities of local investment projects in the first half of 2011, the Company, leveraging on its integrated advantages of financing, investment, and EPC, proactively strengthened the cooperation with local governments and set up regional head offices in regions including Guangzhou, Xiamen and Urumqi to consolidate and coordinate the internal resources of the Group in the regions, and excellent result was achieved. The value of new contracts of investment business grew rapidly, which boosted the development of the Company's core business and is expected to become a new source of profit growth for the Company.

In the first half of 2011, new projects won by the Group mainly included the BOT project of the Tongliang-Hechuan section of Chongqing Third Ring Expressway, the BOT project of the Chongqing section of Sichuan Dazhou-Hubei Lichuan (via Chongqing Wanzhou) Expressway, the BT project of east extension of Taicang section of No. 339 provincial expressway in Taicang, Suzhou of Jiangsu and the BT project of Xiadao Bridge in Nanping of Fujian and its connection works, etc.

(5) Overseas Construction Business

In the first half of 2011, the value of new contracts for overseas infrastructure construction projects of the Group amounted to USD4,260 million (equivalent to approximately RMB28,847 million), representing a year-on-year increase of 16.8%.

In the first half of 2011, emerging market countries launched infrastructure construction projects, boosting demands for airports, ports, railways, roads and energy facilities. Pushing forward the strategy of "going out", the Chinese government expanded its foreign investment with a range of measures such as the establishment of the China-ASEAN Free Trade Area, the construction of the grand passage on the Chinese border and the founding of the China-Africa Development Fund, which brought new opportunities for the development of the Company. Proactively implementing the "overseas business expansion" strategy of the Twelfth Five-Year Plan, the Company established the Overseas Business Department to deploy its subsidiaries. By adjusting its organisational structure and integrating its internal resources, the Company sought increase of orders and business growth in the overseas market, constantly raising the proportion of its overseas operations.

1. Infrastructure Construction Business (Continued)

(5) Overseas Construction Business (Continued)

Moreover, the Company strengthened the focused supervision over its overseas projects under construction by setting up and improving its internal control system and enhancing project risk assessment as well as compliance management, so as to lay down a solid foundation for the robust growth of its overseas construction business.

In the first half of 2011, new projects won by the Group mainly included the Uganda Kampala-Entebbe Expressway Project, the Qatar New Doha Port Infrastructure and Seawall Project, the Oil Port and Sea Channel EPC Project for the Sino-Burma Oil Pipeline Project and the AAO Road Project in Equatorial Guinea, etc.

(6) Other Projects

In the first half of 2011, the value of new contracts of the Group for other projects in the PRC reached RMB19,097 million, representing a year-on-year increase of 65.9%.

In the first half of 2011, the Company made remarkable progress in other projects such as municipal works, housing construction and urban rail transit projects with a robust growth in the value of new contracts, giving a strong support to its core business.

2. Infrastructure Design Business

In the first half of 2011, revenue from the infrastructure design business of the Group was RMB5,963 million, representing a year-on-year increase of 34.8%. The value of new contracts reached RMB8,734 million, representing a year-on-year increase of 13.5%. As at 30 June 2011, the backlog was RMB18,099 million, representing a year-on-year decrease of 0.9%.

In the first half of 2011, the infrastructure design business of the Company was in steady operation with an increase in the value of new contracts which was mainly attributable to the increased comprehensive contracts. Due to the lack of ports projects and approval restriction and scale control over expressway projects, the survey and design business had a value of new contracts comparable to that of the corresponding period of last year.

In the first half of 2011, the infrastructure design business of the Company picked up speed in entering the overseas market. The Company won the bid for the Panama Bridge Project, which was the first bridge project won by the Chinese survey and design industry in an international open bid, marking a milestone in the Company's expansion in the global market.

In the first half of 2011, new projects won by the Group mainly included Phase I of the coal terminal of Jinzhou Port, the 6# and 7# berths in the Kemen Operation Area of Luoyuan Bay Port Area in Fuzhou Port, the survey and design project for the Baoji-Hanzhong Highway (border between Shaanxi and Sichuan) of the Ding-Han Line and the survey and design project for the Second Bridge of Humen, etc.

3. Dredging Business

In the first half of 2011, revenue from the dredging business of the Group was RMB15,586 million, representing a year-on-year increase of 17.0%. The value of new contracts amounted to RMB18,707 million, representing a year-on-year increase of 16.6%. As at 30 June 2011, the backlog was RMB29,411 million, representing a year-on-year increase of 19.2%.

In the first half of 2011, the dredging and land reclamation market continued to grow and the value of new contracts demonstrated a rapid year-on-year increase, with the market demand mainly attributable to the large-scale reclamation projects by local governments in the coastal areas. The market for infrastructure dredging and maintenance dredging remained stable with the value of new contracts comparable to the corresponding period of last year as a result of an increase in the overall number of new contracts during the first half of 2011 but a decrease in the number of individual projects with higher contract value.

In the first half of 2011, no newly completed dredging vessel was put into operation by the Group. According to the ship construction plan of the Company, 3 large-scale professional vessels will be put into operation during the second half of 2011 with an additional annual capacity of 30 million m^3 as estimated under the standard conditions.

In the first half of 2011, new projects won by the Group mainly included the Navigation Channel and Port Basin Dredging and Reclamation Project of port area in Tianjin Nangang Industrial Zone, the Reclamation Project for the Offshore Engineering Manufacturing Park of the Panjin Liaobin Coastal Economic Zone, Phase I of Port Entrance Treatment Project for Sheyang Port of Yancheng Port and the 100,000 Tonnes Main Channel Project for Gaolan Port Area of Zhuhai Port, etc.

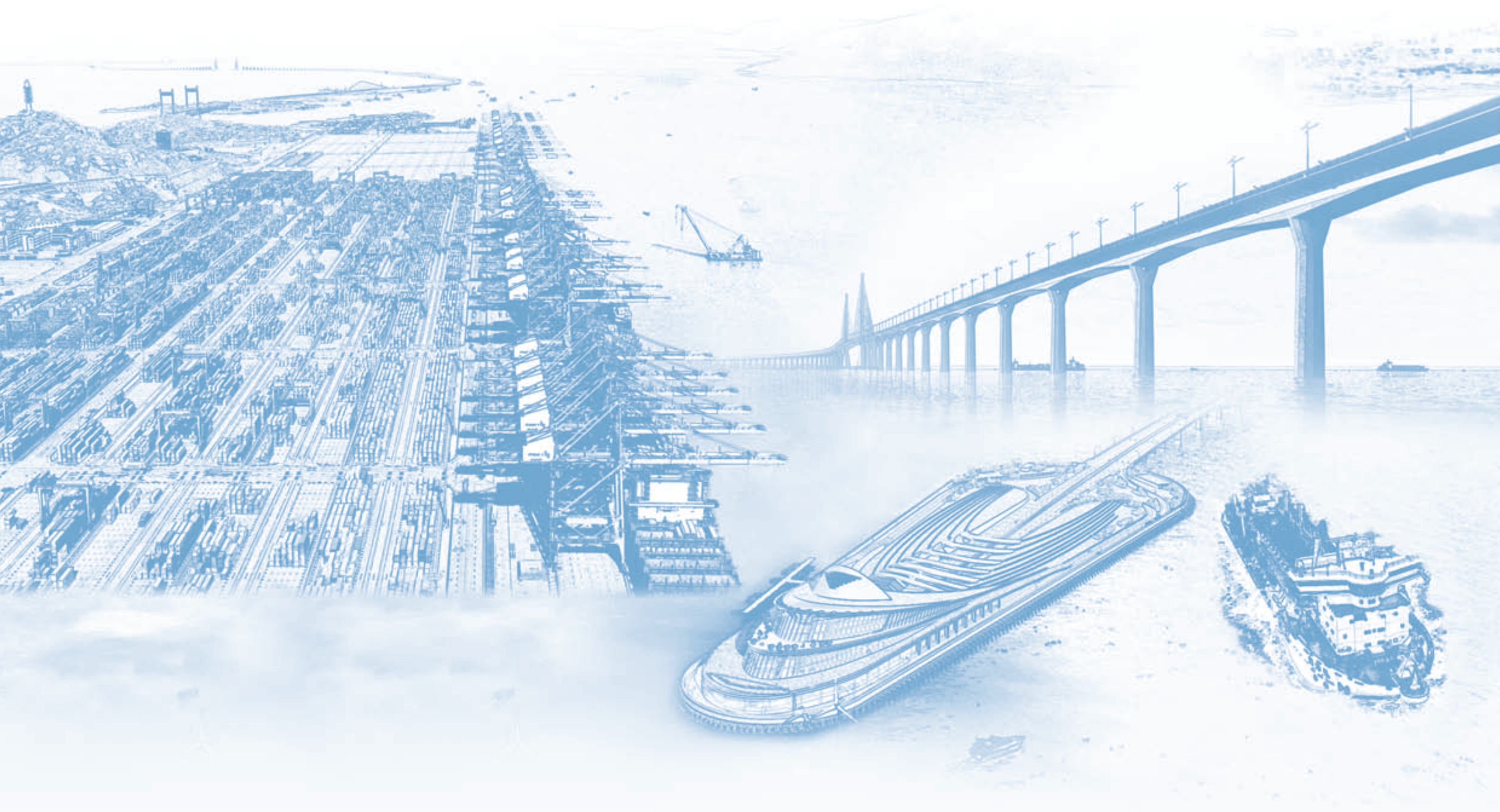
4. Heavy Machinery Manufacturing Business

In the first half of 2011, revenue from the heavy machinery manufacturing business of the Group was RMB8,965 million, representing a year-on-year decrease of 2.4%. The value of new contracts reached RMB14,221 million, representing a year-on-year increase of 31.9%. As at 30 June 2011, the backlog was RMB31,849 million, representing a year-on-year increase of 16.2%.

With the gradual recovery in the port machinery market, ZPMC recorded a continued growth in the value of new contracts in the first half of 2011. Among such new contracts, orders for port machinery products demonstrated a steady recovery and those for offshore engineering and steel structure products recorded a significant growth.

In addition, since its acquisition by the Company in August 2010, F&G has been in satisfactory operations and management. Its leading position in the industry has been strengthened with a sharp increase in new orders and the cooperation between F&G and ZPMC has been progressing smoothly.

In the first half of 2011, new projects won by the Group mainly included the supply contract for 4 quayside container cranes entered into with the Tecplata Port of Argentina, the supply contract for 2 cable laying vessels entered into with Samsung Corporation Dutch SMIT and the jack-up system and jack-up control system for F&G JU2000E, 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 report.

Overview

For the six months ended 30 June 2011, revenue of the Group amounted to RMB138,925 million, representing an increase of 15.6% from RMB120,154 million in the corresponding period of 2010. The value of the Group's new contracts for the six months ended 30 June 2011 was RMB229,324 million, representing an increase of 21.8% over the corresponding period of 2010. As at 30 June 2011, the backlog for the Group was RMB532,212 million, representing an increase of 21.2%.

Gross profit for the six months ended 30 June 2011 amounted to RMB12,014 million, representing an increase of RMB2,340 million, or 24.2%, from RMB9,674 million in the corresponding period of 2010. Gross profit from infrastructure construction business, infrastructure design business and dredging business increased by 27.6%, 22.6%, and 27.7%, respectively, from the corresponding period of 2010; while the gross profit from heavy machinery manufacturing business and other businesses decreased by 17.8% and 10.3%, respectively, from the corresponding period of 2010. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other businesses were 7.1%, 23.8%, 14.9%, 2.9% and 10.3%, respectively, as compared with 6.6%, 26.2%, 13.7%, 3.4% and 10.1% in the corresponding period of 2010.

Mainly as a result of the growth in gross profit, operating profit for the six months ended 30 June 2011 amounted to RMB7,449 million, representing an increase of RMB1,845 million, or 32.9%, from RMB5,604 million in the corresponding period of 2010. Operating profit from infrastructure construction business, infrastructure design business, and dredging business increased by 30.1%, 24.8% and 37.8%, respectively, from the corresponding period of 2010; operating loss from heavy machinery manufacturing business also decreased by 10.9% from the corresponding period of 2010; while operating profit from other businesses decreased by 35.5% from the corresponding period of 2010 (all before unallocated costs).

For the six months ended 30 June 2011, profit attributable to equity holders of the Company amounted to RMB5,829 million, representing an increase of RMB1,989 million, or 51.8%, from RMB3,840 million in the corresponding period of 2010. For the six months ended 30 June 2011, earnings per share of the Group was RMB0.39, compared with RMB0.26 in the corresponding period of 2010.

The following is a comparison of financial results between the six months ended 30 June 2011 and 2010.

Consolidated Results of Operations

Revenue

Revenue for the six months ended 30 June 2011 increased by 15.6% to RMB138,925 million, from RMB120,154 million in the corresponding period of 2010. The growth was mainly attributable to the increases in the revenue from the infrastructure construction business, infrastructure design business and dredging business, amounting to RMB16,197 million, RMB1,541 million and RMB2,267 million (all before elimination of inter-segment transactions), respectively, representing a growth rate of 17.7%, 34.8% and 17.0%, respectively, over the corresponding period of 2010. Meanwhile, revenue from heavy machinery manufacturing business slightly decreased by RMB225 million, or 2.4% from the corresponding period of 2010, and revenue from other businesses decreased by RMB390 million, or 11.7%, from the corresponding period of 2010.

Cost of Sales and Gross Profit

Cost of sales for the six months ended 30 June 2011 amounted to RMB126,911 million, representing an increase of RMB16,431 million, or 14.9%, from RMB110,480 million in the corresponding period of 2010. Increases in cost of sales from the infrastructure construction business, infrastructure design business and dredging business amounted to RMB14,532 million, RMB1,279 million and RMB1,763 million (all before elimination of inter-segment transactions), respectively, representing an increase of 17.0%, 39.2% and 15.3%, respectively, over the corresponding period of 2010. Meanwhile, for the six months ended 30 June 2011, cost of sales from heavy machinery manufacturing business and other businesses decreased by RMB169 million and RMB355 million, or 1.9% and 11.8%, from the corresponding period of 2010.

Cost of sales consisted mainly of cost of raw materials and consumables used, subcontracting costs, employee benefits and rentals. For the six months ended 30 June 2011, cost of raw materials and consumables used amounted to RMB47,947 million, representing an increase of RMB5,826 million, or 13.8%, from RMB42,121 million in the corresponding period of 2010. The growth rate was lower than that of revenue and total cost of sales, mainly attributable to the decrease of the heavy machinery manufacturing business, of which the cost of raw materials and consumables used accounted for a significant proportion of the total cost. Subcontracting costs for the six months ended 30 June 2011 amounted to RMB40,434 million, representing an increase of RMB6,197 million, or 18.1%, from RMB34,237 million in the corresponding period of 2010, mainly attributable to the increase of subcontracting in infrastructure construction business. Employee benefits for the six months ended 30 June 2011 amounted to RMB10,653 million, representing an increase of RMB1,904 million, or 21.8%, from RMB8,749 million in the corresponding period of 2010, primarily due to business expansion and the increase of per capita cost. Rentals for the six months ended 30 June 2011 amounted to RMB8,870 million, representing an increase of RMB863 million, or 10.8%, from RMB8,007 million in the corresponding period of 2010, mainly due to the increase in rentals for machinery, equipments and vessels in infrastructure construction business.

As a result, gross profit for the six months ended 30 June 2011 amounted to RMB12,014 million, representing an increase of RMB2,340 million, or 24.2%, from RMB9,674 million in the corresponding period of 2010. Gross profit margin increased to 8.6% for the six months ended 30 June 2011 from 8.1% in the corresponding period of 2010, primarily due to the increase in gross profit margin of infrastructure construction business and dredging business.

Consolidated Results of Operations (Continued)

Operating Profit

Operating profit for the six months ended 30 June 2011 amounted to RMB7,449 million, representing an increase of RMB1,845 million, or 32.9%, from RMB5,604 million in the corresponding period of 2010. The increase was mainly due to the increase in gross profit.

For the six months ended 30 June 2011, operating profit from the infrastructure construction business, infrastructure design business, dredging business increased by RMB1,140 million, RMB166 million and RMB522 million (all before elimination of inter-segment transactions and unallocated costs), representing a growth rate of 30.1%, 24.8% and 37.8%, respectively, from the corresponding period of 2010; operating loss from the heavy machinery manufacturing business decreased by RMB29 million, or 10.9% (before elimination of inter-segment transactions and unallocated costs), from the corresponding period of 2010; operating profit from other businesses decreased by RMB49 million, or 35.5% (before elimination of inter-segment transactions and unallocated costs), from the corresponding period of 2010.

Operating profit margin increased to 5.4% for the six months ended 30 June 2011 from 4.7% for the corresponding period of 2010, mainly due to better control of costs and expenses.

Finance Income

Finance income for the six months ended 30 June 2011 amounted to RMB1,348 million, representing an increase of RMB1,017 million from RMB331 million in the corresponding period of 2010, mainly due to the recognition of gain on debt restructuring in the period.

Finance Costs, net

Net finance costs for the six months ended 30 June 2011 amounted to RMB1,553 million, representing an increase of RMB572 million, or 58.3%, from RMB981 million in the corresponding period of 2010. This increase of finance costs was primarily attributable to the increase in the volume of borrowings, as well as the increase in market interest rate.

Consolidated Results of Operations (Continued)

Share of Profit of Jointly Controlled Entities

Share of profit of jointly controlled entities for the six months ended 30 June 2011 amounted to RMB42 million, compared with RMB30 million in the corresponding period of 2010.

Share of Profit of Associates

Share of the profit of associates for the six months ended 30 June 2011 amounted to RMB24 million, compared with RMB42 million in the corresponding period of 2010.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax for the six months ended 30 June 2011 amounted to RMB7,310 million, representing an increase of RMB2,284 million, or 45.4%, from RMB5,026 million in the corresponding period of 2010.

Income Tax Expense

Income tax expense for the six months ended 30 June 2011 amounted to RMB1,519 million, representing an increase of RMB392 million, or 34.8%, from RMB1,127 million in the corresponding period of 2010. Effective tax rate for the Group for the six months ended 30 June 2011 decreased to 20.8% from 22.4% in the corresponding period of 2010, mainly because part of previously unrecognised tax losses were utilised due to the gain on debt restructuring recognised in current period, therefore reduced the income tax expense.

Profit Attributable to Non-Controlling Interests

Loss attributable to non-controlling interests for the six months ended 30 June 2011 amounted to RMB38 million, while profit attributable to non-controlling interests was RMB59 million in the corresponding period of 2010, mainly attributable to the acquisition of non-controlling interests by certain subsidiaries of the Company in 2011, as well as operating loss of ZPMC, which is a non-wholly-held subsidiary of the Company.

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 2011 amounted to RMB5,829 million, representing an increase of RMB1,989 million, or 51.8%, from RMB3,840 million in the corresponding period of 2010.

Profit margin with respect to profit attributable to equity holders of the Company was 4.2% for the six months ended 30 June 2011, as compared with 3.2% in the corresponding period of 2010.

Discussion of Segment Operations

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 2011 and 2010.

	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	**2011 (RMB million)**	2010 (RMB million)	**2011 (RMB million)**	2010 (RMB million)	**2011 (%)**	2010 (%)	**2011 (RMB million)**	2010 (RMB million)	**2011 (%)**	2010 (%)
Infrastructure Construction	**107,834**	91,637	**7,706**	6,041	**7.1**	6.6	**4,926**	3,786	**4.6**	4.1
% of total	**76.3**	75.3	**64.1**	62.4			**65.6**	66.4		
Infrastructure Design	**5,963**	4,422	**1,420**	1,158	**23.8**	26.2	**836**	670	**14.0**	15.2
% of total	**4.2**	3.6	**11.8**	12.0			**11.1**	11.7		
Dredging	**15,586**	13,319	**2,325**	1,821	**14.9**	13.7	**1,903**	1,381	**12.2**	10.4
% of total	**11.0**	10.9	**19.4**	18.8			**25.3**	24.2		
Heavy Machinery Manufacturing	**8,965**	9,190	**259**	315	**2.9**	3.4	**(238)**	(267)	**(2.7)**	(2.9)
% of total	**6.4**	7.5	**2.2**	3.3			**(3.2)**	(4.7)		
Other businesses	**2,952**	3,342	**304**	339	**10.3**	10.1	**89**	138	**3.0**	4.1
% of total	**2.1**	2.7	**2.5**	3.5			**1.2**	2.4		
Subtotal	**141,300**	121,910	**12,014**	9,674			**7,516**	5,708		
Intersegment elimination and unallocated costs	**(2,375)**	(1,756)	**—**	—			**(67)**	(104)		
Total	**138,925**	120,154	**12,014**	9,674	**8.6**	8.1	**7,449**	5,604	**5.4**	4.7

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

Discussion of Segment Operations (Continued)

Infrastructure Construction Business

The financial information for the infrastructure construction business presented in this section is before elimination of 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 2011 and 2010.

	Six months ended 30 June	
	2011 **(RMB million)**	2010 (RMB million)
Revenue	**107,834**	91,637
Cost of sales	**(100,128)**	(85,596)
Gross profit	**7,706**	6,041
Selling and marketing expenses	**(27)**	(30)
Administrative expenses	**(3,195)**	(2,469)
Other income, net	**442**	244
Segment result	**4,926**	3,786
Depreciation and amortisation	**1,789**	1,469

Revenue. Revenue from the infrastructure construction business for the six months ended 30 June 2011 was RMB107,834 million, representing an increase of RMB16,197 million, or 17.7%, as compared with RMB91,637 million in the corresponding period of 2010, 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 2011 was RMB184,496 million, representing an increase of RMB33,928 million, or 22.5%, compared with RMB150,568 million in the corresponding period of 2010. No single project accounted for more than 5% of the Group's total revenue for the six months ended 30 June 2011 or 2010.

Discussion of Segment Operations (Continued)

Infrastructure Construction Business (Continued)

Cost of sales and gross profit. Cost of sales for the infrastructure construction business for the six months ended 30 June 2011 was RMB100,128 million, representing an increase of RMB14,532 million, or 17.0%, as compared with RMB85,596 million in the corresponding period of 2010. Cost of sales as a percentage of revenue decreased to 92.9% for the six months ended 30 June 2011 from 93.4% in the corresponding period of 2010.

Gross profit from the infrastructure construction business for the six months ended 30 June 2011 grew by RMB1,665 million, or 27.6%, to RMB7,706 million from RMB6,041 million in the corresponding period of 2010. Gross profit margin increased to 7.1% for the six months ended 30 June 2011 from 6.6% in the corresponding period of 2010, mainly attributable to the enhanced project management of the Group, as well as better structure of infrastructure construction business, in which projects with higher gross profit margin, such as investment projects, are getting higher proportions.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business for the six months ended 30 June 2011 were RMB27 million, representing a decrease of RMB3 million as compared with RMB30 million in the corresponding period of 2010.

Administrative expenses. Administrative expenses for the infrastructure construction business for the six months ended 30 June 2011 were RMB3,195 million, representing an increase of RMB726 million, or 29.4%, as compared with RMB2,469 million in the corresponding period of 2010, mainly attributable to increase in administrative staff numbers as a result of business expansion, as well as increase in expenses on research and development. Administrative expenses as a percentage of revenue increased to 3.0% for the six months ended 30 June 2011 from 2.7% in the corresponding period of 2010.

Other income, net. Other net income for the infrastructure construction business was RMB442 million for the six months ended 30 June 2011, as compared with RMB244 million in the corresponding period of 2010.

Segment result. As a result of the above, segment result for the infrastructure construction business for the six months ended 30 June 2011 was RMB4,926 million, representing an increase of RMB1,140 million, or 30.1%, as compared with RMB3,786 million in the corresponding period of 2010. Segment result margin increased to 4.6% for the six months ended 30 June 2011 from 4.1% in the corresponding period of 2010.

Discussion of Segment Operations (Continued)

Infrastructure Design Business

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

The following table sets out the principal profit and loss information for infrastructure design business for the six months ended 30 June 2011 and 2010.

	Six months ended 30 June	
	2011	2010
	(RMB million)	(RMB million)
Revenue	**5,963**	4,422
Cost of sales	**(4,543)**	(3,264)
Gross profit	**1,420**	1,158
Selling and marketing expenses	**(59)**	(44)
Administrative expenses	**(537)**	(454)
Other income, net	**12**	10
Segment result	**836**	670
Depreciation and amortisation	**88**	79

Revenue. Revenue from the infrastructure design business for the six months ended 30 June 2011 was RMB5,963 million, representing an increase of RMB1,541 million, or 34.8%, as compared with RMB4,422 million in the corresponding period of 2010. 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 2011 was RMB8,734 million, representing an increase of RMB1,037 million, or 13.5%, as compared with RMB7,697 million in the corresponding period of 2010.

Discussion of Segment Operations (Continued)

Infrastructure Design Business (Continued)

Cost of sales and gross profit. Cost of sales for the infrastructure design business for the six months ended 30 June 2011 was RMB4,543 million, representing an increase of RMB1,279 million, or 39.2%, as compared with RMB3,264 million in the corresponding period of 2010. Cost of sales as a percentage of revenue increased to 76.2% for the six months ended 30 June 2011 from 73.8% in the corresponding period of 2010.

Gross profit from the infrastructure design business for the six months ended 30 June 2011 was RMB1,420 million, representing an increase of RMB262 million, or 22.6%, as compared with RMB1,158 million in the corresponding period of 2010. Gross profit margin decreased to 23.8% for the six months ended 30 June 2011 from 26.2% in the corresponding period of 2010, primarily due to the increased proportion of revenue generated from comprehensive contracts, which have lower gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business for the six months ended 30 June 2011 were RMB59 million, representing an increase of RMB15 million as compared with RMB44 million in the corresponding period of 2010.

Administrative expenses. Administrative expenses for the infrastructure design business for the six months ended 30 June 2011 were RMB537 million, representing an increase of RMB83 million, or 18.3%, as compared with RMB454 million in the corresponding period of 2010. Administrative expenses as a percentage of revenue decreased to 9.0% for the six months ended 30 June 2011 from 10.3% in the corresponding period of 2010.

Other income, net. Other net income for the infrastructure design business for the six months ended 30 June 2011 was RMB12 million, as compared with RMB10 million in the corresponding period of 2010.

Segment result. As a result of the above, segment result for the infrastructure design business for the six months ended 30 June 2011 was RMB836 million, representing an increase of RMB166 million, or 24.8%, as compared with RMB670 million in the corresponding period of 2010. Segment result margin decreased to 14.0% for the six months ended 30 June 2011 from 15.2% in the corresponding period of 2010.

Dredging Business

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

Discussion of Segment Operations (Continued)

Dredging Business (Continued)

The following table sets out the principal profit and loss information for the dredging business for the six months ended 30 June 2011 and 2010.

	Six months ended 30 June	
	2011	2010
	(RMB million)	(RMB million)
Revenue	**15,586**	13,319
Cost of sales	**(13,261)**	(11,498)
Gross profit	**2,325**	1,821
Selling and marketing expenses	**(4)**	(24)
Administrative expenses	**(550)**	(482)
Other income, net	**132**	66
Segment result	**1,903**	1,381
Depreciation and amortisation	**604**	578

Revenue. Revenue from the dredging business for the six months ended 30 June 2011 was RMB15,586 million, representing an increase of RMB2,267 million, or 17.0%, as compared with RMB13,319 million in the corresponding period of 2010. 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 2011 was RMB18,707 million, representing an increase of RMB2,668 million, or 16.6%, as compared with RMB16,039 million in the corresponding period of 2010.

Cost of sales and gross profit. Cost of sales for the dredging business for the six months ended 30 June 2011 was RMB13,261 million, representing an increase of RMB1,763 million, or 15.3%, as compared with RMB11,498 million in the corresponding period of 2010. Cost of sales as a percentage of revenue for the dredging business for the six months ended 30 June 2011 was 85.1%, as compared with 86.3% in the corresponding period of 2010.

Discussion of Segment Operations (Continued)

Dredging Business (Continued)

Gross profit from the dredging business for the six months ended 30 June 2011 was RMB2,325 million, representing an increase of RMB504 million or 27.7%, as compared with RMB1,821 million in the corresponding period of 2010. Gross profit margin for the dredging business increased to 14.9% for the six months ended 30 June 2011 from 13.7% in the corresponding period of 2010, primarily attributable to the enhanced project management of the Group.

Selling and marketing expenses. Selling and marketing expenses for the dredging business for the six months ended 30 June 2011 were RMB4 million, representing a decrease of RMB20 million from RMB24 million in the corresponding period of 2010.

Administrative expenses. Administrative expenses for the dredging business for the six months ended 30 June 2011 were RMB550 million, representing an increase of RMB68 million, or 14.1%, as compared with RMB482 million in the corresponding period of 2010. Administrative expenses as a percentage of revenue slightly decreased to 3.5% for the six months ended 30 June 2011 from 3.6% in the corresponding period of 2010.

Other income, net. Other net income for the dredging business for the six months ended 30 June 2011 was RMB132 million, representing an increase of RMB66 million from RMB66 million in the corresponding period of 2010.

Segment result. As a result of the above, segment result for the dredging business for the six months ended 30 June 2011 was RMB1,903 million, representing an increase of RMB522 million, or 37.8%, as compared with RMB1,381 million in the corresponding period of 2010. Segment result margin increased to 12.2% for the six months ended 30 June 2011 from 10.4% in the corresponding period of 2010.

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.

Discussion of Segment Operations (Continued)

Heavy Machinery Manufacturing Business (Continued)

The following table sets out the principal profit and loss information for the heavy machinery manufacturing business for the six months ended 30 June 2011 and 2010.

	Six months ended 30 June	
	2011	2010
	(RMB million)	(RMB million)
Revenue	**8,965**	9,190
Cost of sales	**(8,706)**	(8,875)
Gross profit	**259**	315
Selling and marketing expenses	**(55)**	(51)
Administrative expenses	**(603)**	(396)
Other income/(expenses), net	**161**	(135)
Segment result	**(238)**	(267)
Depreciation and amortisation	**658**	637

Revenue. Revenue from the heavy machinery manufacturing business for the six months ended 30 June 2011 was RMB8,965 million, representing a decrease of RMB225 million, or 2.4%, as compared with RMB9,190 million in the corresponding period of 2010. This decrease was primarily attributable to lower new contract value entered for heavy machinery manufacturing business in 2010. The value of new contracts entered into for the heavy machinery manufacturing business for the six months ended 30 June 2011 was RMB14,221 million, representing an increase of RMB3,438 million, or 31.9%, compared with RMB10,783 million in the corresponding period of 2010, primarily attributable to the increase of demand for heavy machinery as a result of the gradual recovery in the port machinery market, as well as the increase of demand for offshore engineering and steel structure products.

Cost of sales and gross profit. Cost of sales for the heavy machinery manufacturing business for the six months ended 30 June 2011 was RMB8,706 million, representing a decrease of RMB169 million, or 1.9%, as compared with RMB8,875 million in the corresponding period of 2010. Cost of sales as a percentage of revenue increased to 97.1% for the six months ended 30 June 2011 from 96.6% in the corresponding period of 2010.

Discussion of Segment Operations (Continued)

Heavy Machinery Manufacturing Business (Continued)

Gross profit from the heavy machinery manufacturing business for the six months ended 30 June 2011 was RMB259 million, representing a decrease of RMB56 million, or 17.8%, as compared with RMB315 million in the corresponding period of 2010. Gross profit margin decreased to 2.9% for the six months ended 30 June 2011 from 3.4% in the corresponding period of 2010. The decreased gross profit margin was mainly due to high fixed costs of heavy machinery manufacturing business.

Selling and marketing expenses. Selling and marketing expenses for the heavy machinery manufacturing business for the six months ended 30 June 2011 were RMB55 million, representing an increase of RMB4 million from RMB51 million in the corresponding period of 2010.

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business for the six months ended 30 June 2011 were RMB603 million, representing an increase of RMB207 million, or 52.3%, as compared with RMB396 million in the corresponding period of 2010. Administrative expenses as a percentage of revenue for the heavy machinery manufacturing business was 6.7% for the six months ended 30 June 2011, as compared with 4.3% in the corresponding period of 2010, mainly due to increased expenses on research and development.

Other income/(expenses), net. Other net income for the heavy machinery manufacturing business for the six months ended 30 June 2011 was RMB161 million, compared with other net expenses of RMB135 million in the corresponding period of 2010, 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 2011 was RMB238 million loss, as compared with operating loss of RMB267 million in the corresponding period of 2010.

Discussion of Segment Operations (Continued)

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 2011 and 2010.

	Six months ended 30 June	
	2011 (RMB million)	2010 (RMB million)
Revenue	**2,952**	3,342
Cost of sales	**(2,648)**	(3,003)
Gross profit	**304**	339

Revenue. Revenue from the other businesses for the six months ended 30 June 2011 was RMB2,952 million, representing a decrease of RMB390 million, or 11.7%, as compared with RMB3,342 million in the corresponding period of 2010, primarily attributable to lower revenue generated from our logistics business.

Cost of sales and gross profit. Cost of sales for the other businesses for the six months ended 30 June 2011 was RMB2,648 million, representing a decrease of RMB355 million, or 11.8%, as compared with RMB3,003 million in the corresponding period of 2010, also primarily attributable to the decrease in logistics business. Cost of sales as a percentage of revenue slightly decreased from 89.9% for the six months ended 30 June 2010 to 89.7% in the corresponding period of 2011.

Gross profit from the other businesses for the six months ended 30 June 2011 was RMB304 million, representing a decrease of RMB35 million, or 10.3%, as compared with RMB339 million in the corresponding period of 2010. Gross profit margin increased to 10.3% for the six months ended 30 June 2011 from 10.1% in the corresponding period of 2010.

Liquidity and Capital Resources

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 30 June 2011, the Group had unutilised credit facilities in the amount of RMB201,673 million. The Group's access to financial markets since its public listing has provided additional financing flexibility.

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 2011 and 2010.

	Six months ended 30 June	
	2011 (RMB million)	2010 (RMB million)
Net cash used in operating activities	**(9,336)**	(5,397)
Net cash used in investing activities	**(6,471)**	(7,367)
Net cash generated from financing activities	**15,947**	6,703
Net increase/(decrease) in cash and cash equivalents	**140**	(6,061)
Cash and cash equivalents at beginning of period	**38,826**	33,817
Exchange losses on cash and cash equivalents	**(19)**	(88)
Cash and cash equivalents at end of period	**38,947**	27,668

Cash flow from operating activities

During the six months ended 30 June 2011, net cash used in operating activities was RMB9,336 million, as compared with RMB5,397 million in the corresponding period of 2010, which was primarily attributable to changes in working capital, in particular, due to larger increase in contract work-in-progress. Contract work-in-progress increased by RMB14,654 million during the six months ended 30 June 2011, as compared with the amount of increase of RMB9,834 million during the corresponding period of 2010.

Liquidity and Capital Resources (Continued)

Cash Flow Data (Continued)

Cash flow from investing activities
Net cash used in investing activities for the six months ended 30 June 2011 was RMB6,471 million as compared with RMB7,367 million in the corresponding period of 2010. The decrease of RMB896 million, or 12.2%, was primarily attributable to the decrease in purchases of property, plant and equipment, as well as the decrease in purchases of available-for-sale financial assets, which was then partially offset by the increase in purchases of intangible assets.

For the six months ended 30 June 2011, the Group's purchases of property, plant and equipment, amounted to RMB2,891 million, representing a decrease of RMB1,102 million from RMB3,993 million in the corresponding period of 2010, mainly due to the decrease in purchases of property, plant and equipment in heavy machinery manufacturing business. The Group's purchases of available-for-sale financial assets amounted to RMB96 million, representing a decrease of RMB1,268 million from RMB1,364 million in the corresponding period of 2010, which mainly consisted of the Group's participation in the rights issue of some listing companies in 2010. Purchases of intangible assets for the six months ended 30 June 2011 amounted to RMB3,067 million, representing an increase of RMB1,401 million from the corresponding period of 2010, mainly due to the increase of investment in BOT projects.

Cash flow from financing activities
Net cash generated from financing activities for the six months ended 30 June 2011 was RMB15,947 million, representing an increase of RMB9,244 million from RMB6,703 million in the corresponding period of 2010, primarily attributable to the impact of the increase in proceeds from borrowings of RMB25,383 million, which was then partially offset by the increase in repayment of borrowings of RMB13,728 million.

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipments and vessels, and the building of plants. The following table set forth the Group's capital expenditure by business for the six months ended 30 June 2011 and 2010.

	Six months ended 30 June	
	2011 (RMB million)	2010 (RMB million)
Infrastructure Construction Business	**5,459**	4,419
— BOT projects	**3,242**	1,732
Infrastructure Design Business	**86**	110
Dredging Business	**1,284**	1,255
Heavy Machinery Manufacturing Business	**510**	1,194
Other	**11**	20
Total	**7,350**	6,998

Liquidity and Capital Resources (Continued)

Capital Expenditure (Continued)

Capital expenditure for the six months ended 30 June 2011 was RMB7,350 million, compared with RMB6,998 million in the corresponding period of 2010. The increase of RMB352 million or 5.0% was primarily attributable to the increase of capital expenditure in infrastructure construction business.

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivables and average trade and bills payables for the six months ended 30 June 2011 and the year ended 31 December 2010.

	As at	
	Six months ended 30 June 2011 (Unaudited) (Number of days)	Twelve months ended 31 December 2010 (Audited) (Number of days)
Turnover of average trade and bills receivables (1)	**65**	57
Turnover of average trade and bills payables (2)	**119**	101

(1) For the six months ended 30 June 2011, 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 2010, 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 2011, 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 2010, 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.

Liquidity and Capital Resources (Continued)

Working Capital (Continued)

Trade and bills receivables and trade and bills payables (Continued)
The following table sets forth an ageing analysis of trade and bills receivables as at 30 June 2011 and 31 December 2010.

	As at	
	30 June 2011 (Unaudited) (RMB million)	31 December 2010 (Audited) (RMB million)
Less than 6 months	**42,182**	39,840
6 months to 1 year	**7,969**	5,122
1 year to 2 years	**4,116**	2,374
2 years to 3 years	**979**	1,051
Over 3 years	**848**	919
Total	**56,094**	49,306

The Group's credit terms with its customers for the six months ended 30 June 2011 remained the same as that in the year ended 31 December 2010. Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 30 June 2011, the Group had a provision for impairment of RMB2,239 million, as compared with RMB2,117 million as at 31 December 2010.

The following table sets forth an ageing analysis of trade and bills payables as at 30 June 2011 and 31 December 2010.

	As at	
	30 June 2011 (Unaudited) (RMB million)	31 December 2010 (Audited) (RMB million)
Within 1 year	**84,757**	74,455
1 year to 2 years	**3,320**	3,159
2 years to 3 years	**637**	710
Over 3 years	**292**	246
Total	**89,006**	78,570

Liquidity and Capital Resources (Continued)

Working Capital (Continued)

Trade and bills receivables and trade and bills payables (Continued)
The Group's credit terms with its suppliers for the six months ended 30 June 2011 remained the same as that in the year ended 31 December 2010. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Retentions

The following table sets forth the fair value of the retentions as at 30 June 2011 and 31 December 2010.

	As at	
	30 June 2011 (Unaudited) (RMB million)	31 December 2010 (Audited) (RMB million)
Current	**7,597**	7,344
Non-current	**13,253**	12,006
Total	**20,850**	19,350

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 30 June 2011 and 31 December 2010.

	As at	
	30 June 2011 (Unaudited) (RMB million)	31 December 2010 (Audited) (RMB million)
Within 1 year	**50,258**	42,760
Between 1 year and 2 years	**6,842**	6,561
Between 2 years and 5 years	**19,478**	12,308
Wholly repayable within 5 years	**76,578**	61,629
Over 5 years	**22,265**	19,700
Total borrowings	**98,843**	81,329

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Hong Kong dollars, Japanese Yen and Euro. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 30 June 2011 and 31 December 2010.

	As at	
	30 June 2011 (Unaudited) (RMB million)	31 December 2010 (Audited) (RMB million)
Renminbi	**81,480**	64,061
U.S. dollar	**15,609**	15,706
Hong Kong dollar	**964**	864
Japanese yen	**776**	541
Euro	**10**	153
Others	**4**	4
Total borrowings	**98,843**	81,329

Indebtedness (Continued)

Borrowings (Continued)

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, calculated as net debt divided by total capital, as at 30 June 2011 was 43.9%, compared with 36.5% as at 31 December 2010.

Contingent Liabilities

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

	As at	
	30 June 2011 (Unaudited) (RMB million)	31 December 2010 (Audited) (RMB million)
Pending lawsuits [(1)]	**546**	510
Outstanding loan guarantees [(2)]	**597**	598
Total	**1,143**	1,108

(1) The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for above pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resource is not probable. The Group 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 except for bank deposits.

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 2011, approximately RMB57,682 million (as at 31 December 2010: RMB44,519 million) of the Group's borrowings were at variable rates.

Foreign exchange risk

The Group's functional currency of a majority of the entities within the Group is Renminbi with most of the Group's transactions are based and settled in Renminbi. The Group uses, however, foreign currencies to settle the Group's revenue 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, Hong Kong dollar 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. As at 30 June 2011, Renminbi had appreciated by approximately 28% 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 or increasing the Group's borrowings which are denominated in foreign currencies.

During the six month ended 30 June 2011 and the year ended 31 December 2010, 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, Japanese Yen, Korea Won and the Euro.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2011

	Note	Unaudited 30 June 2011 RMB million	Audited 31 December 2010 (Restated) RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	*7*	**52,914**	52,973
Lease prepayments		**8,129**	7,380
Investment properties		**409**	387
Intangible assets	*8*	**19,062**	15,906
Investments in jointly controlled entities		**885**	857
Investments in associates		**3,027**	2,830
Available-for-sale financial assets	*9*	**15,261**	15,452
Deferred income tax assets		**1,823**	1,602
Trade and other receivables	*10*	**23,963**	22,176
		125,473	119,563
Current assets			
Inventories		**23,859**	21,528
Trade and other receivables	*10*	**98,070**	86,424
Amounts due from customers for contract work	*11*	**57,470**	43,458
Derivative financial instruments	*12*	**57**	48
Other financial assets at fair value through profit or loss		**60**	67
Restricted cash		**1,577**	719
Cash and cash equivalents		**38,947**	38,826
		220,040	191,070
Total assets		**345,513**	310,633

Unaudited Condensed Consolidated Interim Balance Sheet (continued)

As at 30 June 2011

	Note	**Unaudited 30 June 2011 RMB million**	Audited 31 December 2010 (Restated) RMB million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*23*	**14,825**	14,825
Share premium		**13,853**	13,853
Other reserves	*24*	**37,435**	31,940
Proposed final dividend	*25*	**—**	2,372
		66,113	62,990
Non-controlling interests		**10,559**	10,931
Total equity		**76,672**	73,921
LIABILITIES			
Non-current liabilities			
Borrowings	*13*	**48,585**	38,569
Deferred income		**511**	554
Deferred income tax liabilities		**2,727**	2,360
Early retirement and supplemental benefit obligations		**2,095**	2,184
Trade and other payables	*14*	**2,181**	1,929
		56,099	45,596
Current liabilities			
Trade and other payables	*14*	**147,108**	131,625
Amounts due to customers for contract work	*11*	**13,371**	14,204
Current income tax liabilities		**1,587**	2,091
Borrowings	*13*	**50,258**	42,760
Derivative financial instruments	*12*	**71**	71
Early retirement and supplemental benefit obligations		**200**	214
Provisions		**147**	151
		212,742	191,116
Total liabilities		**268,841**	236,712
Total equity and liabilities		**345,513**	310,633
Net current assets/(liabilities)		**7,298**	(46)
Total assets less current liabilities		**132,771**	119,517

The notes on page 40 to 82 form an integral part of this unaudited condensed consolidated interim financial information

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
		2011	2010
			(Restated)
	Note	**RMB million**	RMB million
Revenue	*6*	**138,925**	120,154
Cost of sales	*15*	**(126,911)**	(110,480)
Gross profit		**12,014**	9,674
Other income	*16*	**1,129**	645
Other gains/(losses), net	*17*	**66**	(162)
Selling and marketing expenses	*15*	**(286)**	(276)
Administrative expenses	*15*	**(5,163)**	(4,042)
Other expenses	*18*	**(311)**	(235)
Operating profit	*6*	**7,449**	5,604
Finance income	*19*	**1,348**	331
Finance costs, net	*20*	**(1,553)**	(981)
Share of profit of jointly controlled entities		**42**	30
Share of profit of associates		**24**	42
Profit before income tax		**7,310**	5,026
Income tax expense	*21*	**(1,519)**	(1,127)
Profit for the period		**5,791**	3,899
Attributable to:			
— equity holders of the Company		**5,829**	3,840
— non-controlling interests		**(38)**	59
		5,791	3,899
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB)			
— basic	*22*	**0.39**	0.26
— diluted	*22*	**0.39**	0.26
Dividends	*25*	**—**	—

The notes on page 40 to 82 form an integral part of this unaudited condensed consolidated interim financial information

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2011

	Unaudited Six months ended 30 June 2011 RMB million	2010 (Restated) RMB million
Profit for the period	**5,791**	3,899
Other comprehensive income/(expenses)		
Fair value losses on available-for-sale financial assets, net of deferred tax		
— Losses arising during the period	**(369)**	(2,899)
— Less: fair value revaluation reserve transferred to income statement	**(24)**	(2)
Currency translation differences	**31**	(46)
Other comprehensive expenses for the period, net of tax	**(362)**	(2,947)
Total comprehensive income for the period	**5,429**	952
Total comprehensive income/(expenses) attributable to:		
— equity holders of the Company	**5,484**	912
— non-controlling interests	**(55)**	40

The notes on page 40 to 82 form an integral part of this unaudited condensed consolidated interim financial information

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2011

		For the six months ended 30 June 2011 (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 2011, as previously reported		14,825	13,853	(3,070)	760	8,722	741	56	24,255	60,142	10,938	71,080
Adjustments for adoption of IFRS 1 (Amendment) *(note 3(a))*		–	–	5,313	–	–	–	–	(2,465)	2,848	(7)	2,841
Balance at 1 January 2011, as restated		**14,825**	**13,853**	**2,243**	**760**	**8,722**	**741**	**56**	**21,790**	**62,990**	**10,931**	**73,921**
Profit/(loss) for the period		–	–	–	–	–	–	–	5,829	5,829	(38)	5,791
Other comprehensive income												
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	–	(350)	–	–	–	(350)	(19)	(369)
Fair value revaluation reserve transferred to income statement, net of deferred tax		–	–	–	–	(24)	–	–	–	(24)	–	(24)
Currency translation differences		–	–	–	–	–	–	29	–	29	2	31
Total comprehensive (expenses)/ income for the period ended 30 June 2011		–	–	–	–	(374)	–	29	5,829	5,484	(55)	5,429
2010 final dividend		–	–	–	–	–	–	–	(2,372)	(2,372)	–	(2,372)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(90)	(90)
Contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	13	13
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries		–	–	11	–	–	–	–	–	11	(240)	(229)
Appropriations to safety reserve	24	–	–	–	–	–	129	–	(129)	–	–	–
Balance at 30 June 2011		**14,825**	**13,853**	**2,254**	**760**	**8,348**	**870**	**85**	**25,118**	**66,113**	**10,559**	**76,672**

Unaudited Condensed Consolidated Interim Statement of Changes in Equity (continued)

For the six months ended 30 June 2011

		For the six months ended 30 June 2010 (Unaudited) (Restated)										
		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, as previously reported		14,825	13,853	(3,073)	495	11,309	557	83	16,565	54,614	11,615	66,229
Adjustments for adoption of IFRS 1 (Amendment)		–	–	5,303	–	–	–	–	(2,200)	3,103	(8)	3,095
Balance at 1 January 2010, as restated		14,825	13,853	2,230	495	11,309	557	83	14,365	57,717	11,607	69,324
Profit for the period		–	–	–	–	–	–	–	3,840	3,840	59	3,899
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)	3,840	912	40	952
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		–	–	20	–	–	–	–	–	20	(656)	(636)
Appropriations to safety reserve	*24*	–	–	–	–	–	208	–	(208)	–	–	–
Balance at 30 June 2010		14,825	13,853	2,250	495	8,408	765	56	16,277	56,929	10,953	67,882

The notes on page 40 to 82 form an integral part of this unaudited condensed consolidated interim financial information

Unaudited Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
		2011	2010
	Note	**RMB million**	RMB million
Net cash used in operating activities	*26(a)*	**(9,336)**	(5,397)
Net cash used in investing activities	*26(b)*	**(6,471)**	(7,367)
Net cash generated from financing activities	*26(c)*	**15,947**	6,703
Net increase/(decrease) in cash and cash equivalents		**140**	(6,061)
Cash and cash equivalents at 1 January		**38,826**	33,817
Exchange losses on cash and cash equivalents		**(19)**	(88)
Cash and cash equivalents at 30 June		**38,947**	27,668

The notes on page 40 to 82 form an integral part of this unaudited condensed consolidated interim financial information

Notes to the Unaudited Condensed Consolidated Interim Financial Information

As at 30 June 2011

(All amounts in RMB unless otherwise stated)

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 (Limited) ("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 2011 has been approved for issue by the Board of Directors on 30 August 2011.

2. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". It should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2010, as described in those annual financial statements.

(a) The following amendments to standards are mandatory for the financial year beginning 1 January 2011 and relevant to the Group:

	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" — "Revaluation basis as deemed cost"	1 January 2011
IFRS 7 (Amendment), "Financial instruments: Disclosures"	1 January 2011
IAS 1 (Amendment), "Presentation of financial statements"	1 January 2011
IAS 24 (Revised), "Related party disclosures"	1 January 2011
IAS 27 (Amendment), "Consolidated and separate financial statements"	1 January 2011
IAS 34 (Amendment), "Interim financial reporting"	1 January 2011

Except for the following amendments to existing standards as described below, the adoption of the above amendments 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 1 (Amendment), "First time adoption of international financial reporting standards" — "Revaluation basis as deemed cost". IFRS 1 (Amendment) allows first-time adopters to use an event-driven fair value as deemed cost for assets and liabilities, even if the event occurs after the date of transition to IFRS, but before the first set of IFRS financial statements are issued. When such re-measurement occurs after the date of transition to IFRS, but during the period covered by its first set of IFRS financial statements, any subsequent adjustment to that event-driven fair value is recognised in equity.

  Upon the incorporation of the Company on 8 October 2006, the assets and liabilities transferred to the Company have been stated at historical carrying amounts of the predecessor company. As the IFRS 1 (Amendment) provides a limited time frame for reporting entities that have previously applied IFRS 1 to retrospectively apply this amendment, the Group has opted to apply this amendment in the year ending 31 December 2011, and therefore the assets and liabilities of the Group have been restated at revalued amounts as deemed cost since the transition to IFRS.

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

3. Accounting policies (Continued)

(a) The following amendments to standards are mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued):

The adjustments for adoption of IFRS 1 (Amendment) are as follows:

	As at 30 June 2011 (Unaudited)		
	Balances before adjustments RMB million	Adjustments for adoption of IFRS 1 (Amendment) RMB million	Balances after adjustments RMB million
Property, plant and equipment	52,436	478	52,914
Lease prepayments	5,372	2,757	8,129
Investment properties	393	16	409
Investments in associates	3,023	4	3,027
Available-for-sale financial assets	15,211	50	15,261
Deferred income tax assets	2,411	(588)	1,823
Inventories	23,831	28	23,859
Other assets	240,091	—	240,091
Total assets	342,768	2,745	345,513
Capital and reserves attributable to equity holders of the Company	63,359	2,754	66,113
Non-controlling interests	10,566	(7)	10,559
Total equity	73,925	2,747	76,672
Deferred income tax liabilities	2,729	(2)	2,727
Other liabilities	266,114	—	266,114
Total liabilities	268,843	(2)	268,841

3. Accounting policies (Continued)

(a) The following amendments to standards are mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued):

	As at 31 December 2010 (Audited)		
	Balances as previously reported RMB million	Adjustments for adoption of IFRS 1 (Amendment) RMB million	Balances as restated RMB million
Property, plant and equipment	52,438	535	52,973
Lease prepayments	4,583	2,797	7,380
Investment properties	370	17	387
Investments in associates	2,826	4	2,830
Available-for-sale financial assets	15,402	50	15,452
Deferred income tax assets	2,221	(619)	1,602
Inventories	21,473	55	21,528
Other assets	208,481	—	208,481
Total assets	307,794	2,839	310,633
Capital and reserves attributable to equity holders of the Company	60,142	2,848	62,990
Non-controlling interests	10,938	(7)	10,931
Total equity	71,080	2,841	73,921
Deferred income tax liabilities	2,362	(2)	2,360
Other liabilities	234,352	—	234,352
Total liabilities	236,714	(2)	236,712

3. Accounting policies (Continued)

(a) The following amendments to standards are mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued):

	As at 1 January 2010 (Audited)		
	Balances as previously reported RMB million	Adjustments for adoption of IFRS 1 (Amendment) RMB million	Balances as restated RMB million
Property, plant and equipment	47,351	801	48,152
Lease prepayments	3,689	2,863	6,552
Investment properties	332	18	350
Investments in associates	2,650	4	2,654
Available-for-sale financial assets	17,650	50	17,700
Deferred income tax assets	1,944	(728)	1,216
Inventories	18,835	85	18,920
Other assets	171,607	—	171,607
Total assets	264,058	3,093	267,151
Capital and reserves attributable to equity holders of the Company	54,614	3,103	57,717
Non-controlling interests	11,615	(8)	11,607
Total equity	66,229	3,095	69,324
Deferred income tax liabilities	3,420	(2)	3,418
Other liabilities	194,409	—	194,409
Total liabilities	197,829	(2)	197,827

3. Accounting policies (Continued)

(a) The following amendments to standards are mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued):

	Six months ended 30 June 2011 (Unaudited)		
	Amounts before adjustments RMB million	**Adjustments for adoption of IFRS 1 (Amendment) RMB million**	**Amounts after adjustments RMB million**
Cost of sales	**(126,826)**	**(85)**	**(126,911)**
Administrative expenses	**(5,123)**	**(40)**	**(5,163)**
Profit before income tax	**7,435**	**(125)**	**7,310**
Income tax expense	**(1,550)**	**31**	**(1,519)**
Profit for the period	**5,885**	**(94)**	**5,791**
Profit attributable to equity holders of the Company	**5,923**	**(94)**	**5,829**

	Six months ended 30 June 2010 (Unaudited)		
	Amounts as previously reported RMB million	Adjustments for adoption of IFRS 1 (Amendment) RMB million	Amounts as restated RMB million
Cost of sales	(110,391)	(89)	(110,480)
Other losses, net	(115)	(47)	(162)
Administrative expenses	(3,985)	(57)	(4,042)
Profit before income tax	5,219	(193)	5,026
Income tax expense	(1,161)	34	(1,127)
Profit for the period	4,058	(159)	3,899
Profit attributable to equity holders of the Company	3,999	(159)	3,840

- IAS 24 (Revised), "Related party disclosures". The Group early adopted this amendment in previous years and therefore simplified the disclosures for related party transactions and balances with government-related entities. The Group continued the practice in 2011 (refer to details in Note 29);

3. Accounting policies (Continued)

(a) The following amendments to standards are mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued):

- IAS 34 (Amendment), "Interim financial reporting". The amendment emphasises the existing disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures. The Group adopted this amendment from 1 January 2011.

(b) The following amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2011, but are not relevant to the Group:

- IAS 32 (Amendment), "Financial instruments: Presentation" — "Classification of right issues"
- IFRS 1 (Amendment), "Limited exemption from comparative IFRS 7 disclosures for first-time adopters"
- IFRIC 19, "Extinguishing financial liabilities with equity instruments"
- IFRIC 14 (Amendment), "Payments of a minimum funding requirement"
- IFRS 1 (Amendment), "First time adoption of international financial reporting standards" — "Accounting policy changes in the year of adoption"
- IFRS 1 (Amendment), "First time adoption of international financial reporting standards" — "Use of deemed cost for operation subject to rate regulation"
- IFRIC 13 (Amendment), "Customer loyalty programmes"

3. Accounting policies (Continued)

(c) The following new standard and amendment to standard have been issued, but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

	Effective for accounting periods beginning on or after
IFRS 7 (Amendment), "Disclosures — Transfers of financial assets"	1 January 2012
IFRS 9, "Financial instruments"	1 January 2013

The Group is assessing the expected impact in detail and will adopt the new standard and amendment when they become effective.

(d) The following amendments to standards have been issued, but are not effective for the financial year beginning 1 January 2011 and not relevant to the Group:

- IFRS 1 (Amendment), "Severe hyperinflation and removal of fixed dates for first-time adopters" (effective from 1 July 2011)

- IAS 12 (Amendment), "Deferred tax: Recovery of underlying assets" (effective from 1 January 2012)

4. Accounting estimates, assumptions and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2010.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk.

The unaudited condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2010.

The risk management objectives and practices are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2010.

(a) Liquidity risk

Liquidity risk encompasses the risk that the Group cannot meet its financial obligations in full.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available. The amounts of undrawn borrowing facilities are disclosed in Note 13.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates, and the amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million
As at 30 June 2011				
Borrowings (excluding finance lease liabilities)	**51,927**	**7,988**	**23,341**	**29,263**
Finance lease liabilities	**728**	**726**	**602**	**5**
Derivative financial instruments — held for trading	**7**	**6**	**15**	**4**
Trade and other payables	**147,108**	**2,181**	**—**	**—**
Financial guarantee contracts	**637**	**—**	**—**	**—**
	200,407	**10,901**	**23,958**	**29,272**
As at 31 December 2010				
Borrowings (excluding finance lease liabilities)	43,588	7,351	15,118	24,752
Finance lease liabilities	705	666	862	71
Derivative financial instruments — held for trading	11	6	16	6
Trade and other payables	131,625	1,929	—	—
Financial guarantee contracts	638	—	—	—
	176,567	9,952	15,996	24,829

5. Financial risk management (Continued)

5.1 Financial risk factors (Continued)

(b) *Business environment in emerging economies*

The Group has business operations in a number of overseas countries, including countries in Africa, Middle East and South Asia. Some of these countries are exposed to or may expose to political and social turbulence which may lead to unexpected or accelerated changes in political, social and economic environments, and these changes may result in adverse effect on the Group's operations and assets in these countries. Any political or social turbulence or unexpected or accelerated changes in political, social and economic environments may lead to delays or suspension of construction projects and consequently outstanding construction related cost and receivables may not be recoverable. The bank deposits in financial institutions of some of these countries are not freely convertible into other foreign currencies and the remittance of such bank deposits out of those countries is controlled. The Group has contingency plans to minimise the financial impact for unexpected turbulent situations, including safeguard of assets. The Group also has policies in place to limit the amounts to be settled in local currencies of these countries and to maintain minimum level of bank deposits in financial institutions of these countries. As at 30 June 2011, the balance of contract work-in-progress relating to on-going construction projects and bank deposits in these countries represent less than 2.9% and 1.2% (31 December 2010: less than 2.0% and 0.3%), respectively, of the respective balances on the unaudited condensed consolidated interim balance sheet. Management continuously monitors the development and changes in political, social and economic environments of these countries. Whenever there is any indication of impairment exists, management will perform impairment assessment of the outstanding assets. Based on current assessment, management does not expect any material losses of outstanding assets in these countries. Future environment may differ from management's current assessment.

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

5. Financial risk management (Continued)

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different level has been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2011.

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss	**60**	**—**	**—**	**60**
Derivative financial instruments — held for trading	**—**	**57**	**—**	**57**
Available-for-sale financial assets — equity securities	**12,729**	**853**	**—**	**13,582**
Total assets	**12,789**	**910**	**—**	**13,699**
Liabilities				
Derivative financial instruments — held for trading	**—**	**(71)**	**—**	**(71)**
Total liabilities	**—**	**(71)**	**—**	**(71)**

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss	67	—	—	67
Derivative financial instruments —held for trading	—	48	—	48
Available-for-sale financial assets — equity securities	12,800	983	—	13,783
Total assets	12,867	1,031	—	13,898
Liabilities				
Derivative financial instruments — held for trading	—	(71)	—	(71)
Total liabilities	—	(71)	—	(71)

For the six months ended 30 June 2011, there were no transfer between levels for the Group's financial assets and liabilities that are measured at fair value.

For the six months ended 30 June 2011, there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities.

For the six months ended 30 June 2011, there were no reclassifications of financial assets.

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

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

(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 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, lease prepayments, intangible assets, inventories, receivables, amounts due from customers for contract work, cash and cash equivalents. They exclude deferred taxation, investments and derivative financial instruments.

Segment liabilities comprise primarily payables and amounts due to customers for contract work. They exclude items such as taxation and borrowings.

Capital expenditure comprises mainly additions to property, plant and equipment (Note 7), lease prepayments, investment properties and intangible assets (Note 8).

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

6. Segment information (Continued)

The segment results for the six months ended 30 June 2011 and other segment items included in the unaudited condensed consolidated interim financial information are as follows:

	For the six months ended 30 June 2011 (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	107,834	5,963	15,586	8,965	2,952	(2,375)	138,925
Inter-segment revenue	(1,106)	(393)	(477)	(399)	—	2,375	—
Revenue	106,728	5,570	15,109	8,566	2,952	—	138,925
Segment result	4,926	836	1,903	(238)	89	—	7,516
Unallocated costs							(67)
Operating profit							7,449
Finance income							1,348
Finance costs, net							(1,553)
Share of profit of jointly controlled entities							42
Share of profit of associates							24
Profit before income tax							7,310
Income tax expense							(1,519)
Profit for the period							5,791
Other segment items							
Depreciation	1,657	77	597	627	28	—	2,986
Amortisation	132	11	7	31	3	—	184
Write-down of inventories	—	1	—	13	—	—	14
Provision for foreseeable losses on construction contracts	37	—	11	49	—	—	97
Provision for/(reversal of) impairment of trade and other receivables	128	14	(14)	24	1	—	153

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

6. 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) (Restated)						
	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	3,786	670	1,381	(267)	138	—	5,708
Unallocated costs							(104)
Operating profit							5,604
Finance income							331
Finance costs, net							(981)
Share of profit of jointly controlled entities							30
Share of profit of associates							42
Profit before income tax							5,026
Income tax expense							(1,127)
Profit for the period							3,899
Other segment items							
Depreciation	1,393	69	572	607	25	—	2,666
Amortisation	76	10	6	30	2	—	124
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

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

6. Segment information (Continued)

The segment assets and liabilities at 30 June 2011 and capital expenditure for the six months then ended are as follows:

	As at 30 June 2011 (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	209,601	11,448	41,120	47,054	3,578	(4,070)	308,731
Investments in jointly controlled entities							885
Investments in associates							3,027
Unallocated assets							32,870
Total assets							345,513
Segment liabilities	136,620	3,827	19,522	8,025	1,421	(4,070)	165,345
Unallocated liabilities							103,496
Total liabilities							268,841
Capital expenditure	5,459	86	1,284	510	11	—	7,350

Segment assets and liabilities at 30 June 2011 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	308,731	165,345
Investments in jointly controlled entities	885	—
Investments in associates	3,027	—
Unallocated:		
Deferred income tax assets/liabilities	1,823	2,727
Current income tax liabilities	—	1,587
Current borrowings	—	50,258
Non-current borrowings	—	48,585
Available-for-sale financial assets	15,261	—
Other financial assets at fair value through profit or loss	60	—
Derivative financial instruments	57	71
Cash and other corporate assets/corporate liabilities	15,669	268
Total	345,513	268,841

6. Segment information (Continued)

The segment assets and liabilities at 31 December 2010 and capital expenditure for the year then ended are as follows:

	As at 31 December 2010 (Audited) (Restated)						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Other RMB million	Elimination RMB million	Total RMB million
Segment assets	182,516	10,137	35,188	46,760	3,588	(3,839)	274,350
Investments in jointly controlled entities							857
Investments in associates							2,830
Unallocated assets							32,596
Total assets							310,633
Segment liabilities	124,582	3,946	16,772	7,420	1,647	(3,839)	150,528
Unallocated liabilities							86,184
Total liabilities							236,712
Capital expenditure	11,682	250	3,052	2,216	49	—	17,249

Segment assets and liabilities at 31 December 2010 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	274,350	150,528
Investments in jointly controlled entities	857	—
Investments in associates	2,830	—
Unallocated:		
Deferred income tax assets/liabilities	1,602	2,360
Current income tax liabilities	—	2,091
Current borrowings	—	42,760
Non-current borrowings	—	38,569
Available-for-sale financial assets	15,452	—
Other financial assets at fair value through profit or loss	67	—
Derivative financial instruments	48	71
Cash and other corporate assets/corporate liabilities	15,427	333
Total	310,633	236,712

6. Segment information (Continued)

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

	Six months ended 30 June (Unaudited) 2011 RMB million	2010 RMB million
PRC (excluding Hong Kong and Macau)	**124,439**	108,108
Other regions	**14,486**	12,046
	138,925	120,154

Other regions primarily include countries in Africa, Middle East and South East Asia, such as Angola, Saudi Arabia, Sri Lanka, Equatorial Guinea and Hong Kong.

7. Property, plant and equipment

	For the six months ended 30 June 2011 (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 2011						
Opening net book amount (as previously reported)	10,158	8,676	21,374	2,351	9,879	52,438
Adjustments for adoption of IFRS 1 (Amendment)	415	(7)	115	11	1	535
Opening net book amount (as restated)	10,573	8,669	21,489	2,362	9,880	52,973
Additions	42	535	501	612	1,530	3,220
Disposals	(16)	(83)	(147)	(56)	—	(302)
Transfer	8	319	1,563	14	(1,904)	—
Transferred to investment properties	(2)	—	—	—	—	(2)
Depreciation	(270)	(758)	(1,223)	(724)	—	(2,975)
Closing net book amount	10,335	8,682	22,183	2,208	9,506	52,914
At 30 June 2011						
Cost	13,746	15,186	38,119	5,508	9,506	82,065
Accumulated depreciation	(3,411)	(6,504)	(15,936)	(3,300)	—	(29,151)
Net book amount	10,335	8,682	22,183	2,208	9,506	52,914

7. Property, plant and equipment (Continued)

	For the six months ended 30 June 2010 (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 2010						
Opening net book amount (as previously reported)	8,991	8,377	18,463	1,606	9,914	47,351
Adjustments for adoption of IFRS 1 (Amendment)	500	7	278	16	—	801
Opening net book amount (as restated)	9,491	8,384	18,741	1,622	9,914	48,152
Additions	35	589	1,004	615	2,620	4,863
Disposals	(31)	(154)	(169)	(41)	—	(395)
Transfer	1,143	491	1,205	196	(3,035)	—
Transferred to investment properties	(9)	—	—	—	—	(9)
Depreciation	(234)	(721)	(1,198)	(503)	—	(2,656)
Closing net book amount	10,395	8,589	19,583	1,889	9,499	49,955
At 30 June 2010						
Cost	13,364	13,960	33,886	4,194	9,499	74,903
Accumulated depreciation	(2,969)	(5,371)	(14,303)	(2,305)	—	(24,948)
Net book amount	10,395	8,589	19,583	1,889	9,499	49,955

(a) Bank borrowings are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB1,632 million (31 December 2010: RMB1,700 million)(Note 13(a)).

(b) As at 30 June 2011, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its properties with an aggregate book carrying amount of approximately RMB3,218 million (31 December 2010: RMB3,373 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

7. Property, plant and equipment (Continued)

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

	As at 30 June 2011 RMB million (Unaudited)	As at 31 December 2010 RMB million (Audited)
Cost — Capitalised finance leases	3,009	2,907
Accumulated depreciation	(479)	(329)
Net book amount	2,530	2,578

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.

8. Intangible assets

For the six months ended 30 June 2011 (Unaudited)

	Trademark, patent and proprietary technologies RMB million	Computer software RMB million	Concession assets RMB million	Goodwill RMB million	Others RMB million	Total RMB million
At 1 January 2011						
Opening net book amount	217	60	15,078	301	250	15,906
Additions	2	8	3,242	—	3	3,255
Disposals	—	—	—	—	(2)	(2)
Amortisation charge	(12)	(10)	(62)	—	(13)	(97)
Closing net book amount	207	58	18,258	301	238	19,062
At 30 June 2011						
Cost	285	131	18,431	301	269	19,417
Accumulated amortisation	(78)	(73)	(173)	—	(31)	(355)
Net book amount	207	58	18,258	301	238	19,062

8. Intangible assets (Continued)

	For the six months ended 30 June 2010 (Unaudited)					
	Trademark, patent and proprietary technologies RMB million	Computer software RMB million	Concession assets RMB million	Goodwill RMB million	Others RMB million	Total RMB million
At 1 January 2010						
Opening net book amount	12	39	10,011	5	8	10,075
Additions	10	8	1,732	—	20	1,770
Amortisation charge	(5)	(7)	(26)	—	—	(38)
Closing net book amount	17	40	11,717	5	28	11,807
At 30 June 2010						
Cost	30	99	11,793	5	42	11,969
Accumulated amortisation	(13)	(59)	(76)	—	(14)	(162)
Net book amount	17	40	11,717	5	28	11,807

a) As at 30 June 2011, concession assets, representing assets under "Build-Operate-Transfer" service concession arrangements and mainly toll roads in the PRC, with cost of RMB13,514 million (31 December 2010: RMB6,663 million) were generating revenue, while the balance of RMB4,917 million (31 December 2010: RMB8,526 million) were under construction.

b) As at 30 June 2011, certain bank borrowings are secured by concession assets with carrying amount of approximately RMB6,924 million (31 December 2010: RMB5,168 million) (Note 13(a)).

9. Available-for-sale financial assets

	RMB million (Unaudited)
At 1 January 2011	
Balance at 1 January 2011, as previously reported	**15,402**
Adjustments of adoption of IFRS 1 (Amendment)	**50**
Balance at 1 January 2011, as restated	**15,452**
Fair value losses	**(126)**
Additions	**96**
Disposals	**(161)**
Balance at 30 June 2011	**15,261**

	RMB million (Unaudited)
At 1 January 2010	
Balance at 1 January 2010, as previously reported	17,650
Adjustments for adoption of IFRS 1 (Amendment)	50
Balance at 1 January 2010, as restated	17,700
Fair value losses	(3,865)
Additions	1,364
Disposals	(16)
Balance at 30 June 2010	15,183

Available-for-sale financial assets include the following:

	As at 30 June 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited) (Restated)
Listed equity securities, at fair value		
— Mainland China	**13,257**	13,422
— Hong Kong	**325**	361
Unlisted equity investments, at cost	**1,679**	1,669
	15,261	15,452

10. Trade and other receivables

	As at 30 June 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited)
Trade and bills receivables	**56,094**	49,306
Less: provision for impairment	**(2,239)**	(2,117)
Trade and bill receivables — net	**53,855**	47,189
Prepayments	**15,634**	14,171
Retentions	**20,850**	19,350
Deposits	**10,707**	10,588
Other receivables	**5,646**	4,162
Staff advances	**880**	651
Long-term receivables	**14,461**	12,489
	122,033	108,600
Less: non-current portion		
— Retentions	**(13,253)**	(12,006)
— Deposits	**(734)**	(680)
— Long-term receivables	**(9,301)**	(8,914)
— Prepayments for equipment	**(675)**	(576)
	(23,963)	(22,176)
Current portion	**98,070**	86,424

Refer to Note 29(c) for receivables due from related parties.

10. Trade and other receivables (Continued)

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

	As at	
	30 June 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited)
Less than 6 months	**42,182**	39,840
6 months to 1 year	**7,969**	5,122
1 year to 2 years	**4,116**	2,374
2 years to 3 years	**979**	1,051
Over 3 years	**848**	919
	56,094	49,306

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 RMB4,541 million were transferred to certain banks with recourse in exchange for cash during the six months ended 30 June 2011 (year ended 31 December 2010: RMB731 million). Such transactions did not qualify for derecognition and the proceeds received have been included as short-term and long-term bank borrowings (Note 13(a)). In addition, trade receivables of RMB3,992 million transferred to certain banks during the six months ended 30 June 2011 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 (year ended 31 December 2010: RMB4,336 million).

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

11. Contract work-in-progress

	As at **30 June 2011** **RMB million** **(Unaudited)**	 31 December 2010 RMB million (Audited)
Contract cost incurred plus recognised profit less recognised losses	**809,598**	709,207
Less: Progress billings	**(765,499)**	(679,953)
Contract work-in-progress	**44,099**	29,254
Representing:		
Amounts due from customers for contract work	**57,470**	43,458
Amounts due to customers for contract work	**(13,371)**	(14,204)
	44,099	29,254

	Six months ended 30 June **2011** **RMB million** **(Unaudited)**	 2010 RMB million (Unaudited)
Contract revenue recognised as revenue in the period	**126,420**	108,851

12. Derivative financial instruments

	30 June 2011 (Unaudited)		31 December 2010 (Audited)	
	Assets RMB million	**Liabilities RMB million**	Assets RMB million	Liabilities RMB million
Forward foreign exchange contracts — held for trading	**57**	**(71)**	48	(71)

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2011 were RMB7,060 million (31 December 2010: RMB5,599 million).

13. Borrowings

	Note	As at 30 June 2011 RMB million (Unaudited)	As at 31 December 2010 RMB million (Audited)
Non-current			
Long-term bank borrowings			
— secured	*(a)*	**21,121**	15,639
— unsecured		**9,703**	8,950
		30,824	24,589
Other borrowings			
— secured	*(a)*	**400**	400
— unsecured	*(e)*	**200**	—
Corporate bonds	*(b)*	**9,927**	9,922
Medium term notes	*(c)*	**5,975**	2,179
Financial lease liabilities	*(f)*	**1,259**	1,479
Total non-current borrowings		**48,585**	38,569
Current			
Current portion of long-term bank borrowings			
— secured	*(a)*	**1,871**	2,333
— unsecured		**3,457**	2,343
		5,328	4,676
Short-term bank borrowings			
— secured	*(a)*	**18,522**	12,699
— unsecured		**20,137**	15,593
		38,659	28,292
Other borrowings — unsecured	*(e)*	**21**	1,241
Corporate bonds	*(b)*	**442**	187
Medium term notes	*(c)*	**98**	5,236
Debentures	*(d)*	**5,087**	2,521
Finance lease liabilities	*(f)*	**623**	607
Total current borrowings		**50,258**	42,760
Total borrowings		**98,843**	81,329

13. Borrowings (Continued)

(a) As at 30 June 2011, these borrowings were secured by the Group's property, plant and equipment, concession assets, trade receivables and guarantees provided by certain subsidiaries of the Group and the Company (31 December 2010: secured by the Group's property, plant and equipment, concession assets, trade receivables, receivables to be recognised in the future according to sales and construction contracts, and guarantees provided by certain subsidiaries of the Group and the Company).

(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.

(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. They have been fully paid off during the six months ended 30 June 2011;

— 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;

— medium term notes with a nominal value of RMB3,800 million issued in February 2011, with a maturity of five years from issuance, bearing interest at a rate of 5.85% 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 two tranches of debentures in September 2010 and March 2011, respectively, at the same nominal value of RMB2,500 million, totalling RMB5,000 million, with maturities of one year from issuance. The interest rates are 2.97% and 4.36% per annum, respectively. The debentures were stated at amortised cost.

13. Borrowings (Continued)

(e) Other borrowings as at 30 June 2011 included loans of approximately RMB190 million (31 December 2010: RMB1,141 million) payable to the China Orient Assets Management Corporation ("COAMC") (the "Iraq Loans"). Prior to the incorporation of the Company on 8 October 2006, these loans were borrowed by the predecessor operations of CCCG from Bank of China to finance certain construction projects in Iraq in the 1980s. Since the Gulf War in 1990, because the Iraq Government did not settle the outstanding receivables for the related construction projects, the Group has not repaid any principal or interest according to the original loan agreements. According to regulations issued by the General Office of State Council of the PRC in 1997, the Group was not demanded to pay outstanding principal, interest and penalties resulting from the non-settlement. In 2000, Bank of China transferred the Iraq Loans to COAMC.

In 2010, the China and the Iraq Governments entered into the Bilateral Agreement for the Iraq Government to settle overdue amounts owed to Chinese enterprises. In response to the Bilateral Agreement, in November 2010, the Ministry of Finance issued a guideline relating to the settlement of the Iraq Loans (the "Guideline"). In June 2011, the Debt Restructuring Agreement (the "Agreement") was entered into with COAMC in accordance with the principles as set out in the Guideline. According to the Agreement, 80% of the Iraq Loans balance (principal and accrued interest) as at 31 December 2004 was waived, and the remaining balance together with interest will be repayable semi-annually by instalments up to April 2028, bearing interest at 5.2% per annum. Accordingly, the difference between the loan extinguished and the new Iraq Loan assumed under the Agreement, amounting to RMB930 million, is recognised as "finance income" (Note 19).

(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 2011 RMB million (Unaudited)	As at 31 December 2010 RMB million (Audited)
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**728**	705
Later than 1 year and no later than 5 years	**1,328**	1,528
Later than 5 years	**5**	71
	2,061	2,304
Future finance charges on finance leases	**(179)**	(218)
Present value of finance lease liabilities	**1,882**	2,086
The present value of finance lease liabilities is as follows:		
No later than 1 year	**623**	607
Later than 1 year and no later than 5 years	**1,254**	1,410
Later than 5 years	**5**	69
	1,882	2,086

13. Borrowings (Continued)

(g) Movements in borrowings is analysed as follows:

	RMB million (Unaudited)
Six months ended 30 June 2011	
As at 1 January 2011	**81,329**
Proceeds from borrowings	**46,091**
Finance lease liabilities	**150**
Repayments of borrowings, medium term notes, interests and finance lease liabilities	**(28,051)**
Net foreign exchange gains on borrowings *(Note 20)*	**(301)**
Effect on debt restructuring of Iraq Loans *(Note 13(e))*	**(930)**
Accrued interest on medium term notes, corporate bonds, debentures and Iraq Loans	**555**
As at 30 June 2011	**98,843**

	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 20)*	(388)
Accrued interest on Iraq loans, medium term notes, corporate bonds and debentures	556
As at 30 June 2010	78,305

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

	As at	
	30 June 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited)
Floating rate		
— Expiring within one year	**131,344**	76,570
— Expiring beyond one year	**70,329**	63,581
	201,673	140,151

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

14. Trade and other payables

	As at 30 June 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited)
Trade and bills payables	**89,006**	78,570
Advance from customers	**41,891**	38,955
Deposits from suppliers	**8,444**	7,288
Other taxes	**4,189**	3,821
Social security	**855**	756
Accrued expenses	**435**	405
Accrued payroll	**223**	185
Share appreciation rights	**28**	14
Other payables	**4,218**	3,560
	149,289	133,554
Less: non-current portion		
— Deposits from suppliers	**(2,181)**	(1,929)
Current portion	**147,108**	131,625

Refer to Note 29(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 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited)
Within 1 year	**84,757**	74,455
1 year to 2 years	**3,320**	3,159
2 years to 3 years	**637**	710
Over 3 years	**292**	246
	89,006	78,570

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

15. Expenses by nature

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB million	RMB million (Restated)
Raw materials and consumables used	**47,947**	42,121
Subcontracting costs	**40,434**	34,237
Employee benefits	**10,653**	8,749
Rentals	**8,870**	8,007
Business tax and other transaction taxes	**3,859**	3,155
Fuel	**3,245**	2,684
Depreciation of property, plant and equipment and investment properties	**2,986**	2,666
Transportation costs	**2,059**	2,181
Cost of goods sold	**1,753**	1,533
Travel	**947**	790
Repair and maintenance expenses	**689**	706
Utilities	**587**	496
Research and development costs	**515**	308
Insurance	**302**	228
Provision for impairment of trade and other receivables	**153**	64
Provision for foreseeable losses on construction contracts	**97**	52
Amortisation of intangible assets	**97**	38
Amortisation of lease prepayments	**87**	86
Write-down of inventories	**14**	25
Other expenses	**7,066**	6,672
Total cost of sales, selling and marketing expenses and administrative expenses	**132,360**	114,798

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

16. Other income

	Six months ended 30 June (Unaudited) 2011 RMB million	2010 RMB million
Rental income	**151**	143
Income from sale of materials	**138**	5
Dividend income on available-for-sale financial assets		
— Listed equity securities	**211**	157
— Unlisted equity securities	**31**	59
Government grants	**100**	89
Others	**498**	192
	1,129	645

17. Other gains/(losses) — net

	Six months ended 30 June (Unaudited) 2011 RMB million	2010 RMB million (Restated)
Gains on disposal of property, plant and equipment	**22**	6
Gains on disposal of lease prepayments	**—**	49
Gains on disposal of jointly controlled entities and associates	**8**	—
Gains on disposal of other financial assets at fair value through profit or loss	**3**	1
Fair value losses from other financial assets at fair value through profit or loss	**(7)**	(24)
Gains on derivative financial instruments:		
— Foreign exchange forward contracts	**42**	49
Gains on disposal of available-for-sale financial assets	**42**	8
Net foreign exchange losses	**(44)**	(251)
	66	(162)

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

18. Other expenses

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB million	RMB million
Rental expenses	**68**	97
Cost of sale of materials	**138**	1
Others	**105**	137
	311	235

19. Finance Income

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB million	RMB million
Gain on debt restructuring of Iraq Loans *(Note 13(e))*	**930**	—
Interest income:		
— Bank deposits	**158**	107
— Unwinding of discount of long-term receivables	**236**	204
Others	**24**	20
	1,348	331

20. Finance costs, net

	Six months ended 30 June (Unaudited) 2011 RMB million	2010 RMB million
Interest expense incurred	**2,002**	1,422
Less: Capitalised interest expense	**(651)**	(369)
Net interest expense	**1,351**	1,053
Representing:		
— Bank borrowings	**724**	486
— Other borrowings	**32**	46
— Corporate bonds	**259**	259
— Medium term notes	**225**	174
— Finance lease liabilities	**45**	16
— Debentures	**66**	72
	1,351	1,053
Net foreign exchange gains on borrowings	**(301)**	(388)
Others	**503**	316
	1,553	981

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. Borrowing costs of RMB651 million (six months ended 30 June 2010: RMB369 million) were capitalised in the six months period ended 30 June 2011, of which approximately RMB276 million (six months ended 30 June 2010: RMB151 million) is charged to contract work-in-progress, approximately RMB166 million (six months ended 30 June 2010: RMB114 million) is included in cost of construction-in-progress and approximately RMB209 million (six months ended 30 June 2010: RMB104 million) is included in cost of concession assets as at 30 June 2011. A general capitalisation rate of 5.54% per annum (2010: 4.64%) was used, representing the costs of the borrowings used to finance the qualifying assets.

21. Taxation

Most of the companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2010: 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 12% to 24% (2010: 7.5% to 22%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2010:16.5%) on the estimated assessable profit for the six months ended 30 June 2011.

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.

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

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB million	RMB million (Restated)
Current income tax		
— PRC enterprise income tax	**1,608**	1,093
— Others	**32**	49
	1,640	1,142
Deferred income tax	**(121)**	(15)
Income tax expense	**1,519**	1,127

21. Taxation (Continued)

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)	
	2011	2010
	RMB million	RMB million (Restated)
Profit before income tax	**7,310**	5,026
Less: Share of profits of jointly controlled entities and associates	**66**	72
	7,244	4,954
Tax calculated at PRC statutory tax rate of 25% (six months ended 30 June 2010: 25%)	**1,811**	1,239
Income not subject to tax	**(164)**	(159)
Expenses not deductible for tax purposes	**62**	31
Utilisation of previously unrecognised tax losses	**(84)**	(9)
Tax losses for which no deferred income tax asset was recognised	**99**	169
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(205)**	(144)
Income tax expense	**1,519**	1,127

22. 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)	
	2011	2010 (Restated)
Profit attributable to equity holders of the Company (RMB million)	**5,829**	3,840
Weighted average number of ordinary shares in issue (millions)	**14,825**	14,825
Basic earnings per share (RMB per share)	**0.39**	0.26

(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 2011 and 2010.

23. 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.

24. 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 of the Company. 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 2011, no statutory surplus reserve fund was appropriated by the Board of Directors (six months ended 30 June 2010: Nil).

(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 construction contracts signed after 2007 at the rate 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 the consolidated income statement as incurred. Appropriations to safety reserve represent the amounts so set aside net of the amounts utilised during the period.

25. Dividends

A 2010 final dividend of RMB0.16 per ordinary share, totalling RMB2,372 million was approved by the Company's shareholders in the Extraordinary General Meeting on 25 March 2011.

No interim dividend for the six months ended 30 June 2011 was declared by the Board of Directors (six months ended 30 June 2010: Nil).

As at 30 June 2011

(All amounts in RMB unless otherwise stated)

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

(a) Cash flows from operating activities

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB million	RMB million
Cash used in operations	**(5,489)**	(2,743)
Interest paid	**(1,703)**	(1,204)
Income tax paid	**(2,144)**	(1,450)
Net cash used in operating activities	**(9,336)**	(5,397)

(b) Major investing activities:

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB million	RMB million
Purchases of property, plant and equipment	**(2,891)**	(3,993)
Increase in lease prepayments	**(845)**	(361)
Purchases of intangible assets	**(3,067)**	(1,666)
Purchases of investment properties	**(33)**	(3)
Proceeds from disposal of property, plant and equipment	**324**	381
Proceeds from disposal of lease prepayments	**9**	78
Proceeds from disposal of intangible assets	**2**	—
Proceeds from disposal of investment properties	**2**	1
Additional investments in jointly controlled entities	**(98)**	(67)
Additional investments in associates	**(188)**	(33)
Additional investments in subsidiaries	**(229)**	(508)
Purchases of available-for-sale financial assets	**(96)**	(1,364)
Purchases of other financial assets at fair value through profit or loss	**(30)**	(62)
Proceeds from disposal of jointly controlled entities	**—**	4
Proceeds from disposal of associates	**1**	—
Proceeds from disposal of other financial assets at fair value through profit or loss	**33**	2
Proceeds from disposal of available-for-sale financial assets	**203**	21
Interest received	**182**	127
Dividends received	**250**	76

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

(c) Major financing activities:

	Six months ended 30 June (Unaudited)	
	2011	2010
	RMB million	RMB million
Proceeds from borrowings	**46,091**	20,708
Contributions from non-controlling interests	**13**	11
Repayments of borrowings	**(27,695)**	(13,967)
Dividends paid to the Company's shareholders	**(2,372)**	—
Dividends paid to non-controlling interests	**(90)**	(49)

27. Contingencies

	As at	
	30 June 2011	31 December 2010
	RMB million	RMB million
	(Unaudited)	(Audited)
Pending lawsuits *(note a)*	**546**	510
Outstanding loan guarantees *(note b)*	**597**	598
	1,143	1,108

(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 has acted as the guarantors for various external borrowings made by certain jointly controlled entities and associates of the Group (refer to details in Note 29(c)) and certain third party entities.

28. Capital commitments

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

	As at	
	30 June 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited)
Property, plant and equipment, and intangible assets	**3,853**	17

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

	As at	
	30 June 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited)
Investments in jointly-controlled entities	**120**	—
Property, plant and equipment	**3,226**	2,655
Intangible assets — concession assets	**30,062**	9,517
	33,408	12,172

29. Related-party transactions

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", 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, 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, 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 interim financial information, 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 2011 and balances arising from related party transactions as at 30 June 2011.

29. Related-party transactions (Continued)

(a) Significant related party transactions

The following transactions were carried out with related parties:

	Six months ended 30 June (Unaudited) 2011 RMB million	2010 RMB million
Transactions with CCCG		
Expenses		
— Rental expenses	**58**	30
Transactions with jointly controlled entities and associates		
Revenue		
— Revenue from provision of construction services	**197**	841
— Revenue from sales of machinery	**17**	22
Expenses:		
— Subcontracting fees	**304**	521
— Purchase of materials	**13**	20
— Other costs	**2**	2
Transactions with non-controlling interests		
Revenue		
— Revenue from provision of construction services	**—**	4
— Revenue from provision of design services	**—**	1
Expenses		
— Subcontracting fees	**—**	1
— Rental expenses	**—**	1

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

As at 30 June 2011
(All amounts in RMB unless otherwise stated)

29. Related-party transactions (Continued)

(b) Key management compensation

	Six months ended 30 June (Unaudited) 2011 RMB'000	2010 RMB'000
Basis salaries, housing allowances and other allowances	**3,448**	3,438
Contributions to pension plans	**222**	201
	3,670	3,639

(c) Balances with related parties

	As at 30 June 2011 RMB million (Unaudited)	31 December 2010 RMB million (Audited)
Trade and other receivables		
Trade receivables due from		
— Jointly controlled entities and associates	**91**	105
— Non-controlling interests	**30**	35
	121	140
Prepayments		
— Jointly controlled entities and associates	**96**	196
Other receivables due from		
— Jointly controlled entities and associates	**161**	180
— Non-controlling interests	**77**	10
	238	190
	455	526
Trade and other payables		
Trade payables due to		
— Jointly controlled entities and associates	**506**	284
Other payables due to		
— Jointly controlled entities and associates	**77**	75
— Non-controlling interests	**17**	1
	94	76
	600	360
Amounts due from customers for contract work with		
— Jointly controlled entities and associates	**324**	504
Amounts due to customers for contract work with		
— Jointly controlled entities and associates	**41**	—
Outstanding loan guarantees provided by the Group		
— Jointly controlled entities and associates	**547**	548
Outstanding bond guarantees provided by CCCG	**10,368**	10,109

29. Related-party transactions (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)	
	2011	2010
	RMB million	RMB million
Transactions with other government-related entities		
— Interest income from bank deposits	**130**	88
— Interest expenses on bank borrowings	**892**	478

	As at	
	30 June	31 December
	2011	2010
	RMB million	RMB million
	(Unaudited)	(Audited)
Balances with other government-related entities		
— Restricted cash	**1,387**	663
— Cash and cash equivalents	**27,306**	28,464
	28,693	29,127
— Borrowings	**56,821**	38,945

Purchase, Sale or Redemption of Securities

During the period from 1 January 2011 to 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company.

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

As at 30 June 2011, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at 30 June 2011, the Company had not granted its Directors, Supervisors or chief executive, or their respective spouses or children below the age of 18, any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them had ever exercised any such right to subscribe for shares or debentures.

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

As at 30 June 2011, the interests or short positions of every person (other than Directors, Supervisors and chief executive of the Company) who had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed by the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name	Number of shares held	Type of shares	Percentage of the respective type of shares (%)	Percentage of the total number of shares in issue (%)	Capacity in which the shares are held
China Communications Constructions Group (Limited)	10,397,500,000	Domestic shares	100	70.13	Beneficial owner
Merrill Lynch (Asia Pacific) Limited	525,000,000	H shares	11.86	3.54	Corporate interest
	528,912,000 (short position)	H shares	11.95	3.57	Corporate interest
Merrill Lynch Far East Limited	525,000,000	H shares	11.86	3.54	Interest held jointly with another person
	528,912,000 (short position)	H shares	11.95	3.57	Interest held jointly with another

Material Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Name	Number of shares held	Type of shares	Percentage of the respective type of shares (%)	Percentage of the total number of shares in issue (%)	Capacity in which the shares are held
Merrill Lynch International Holdings Inc.	525,000,000	H shares	11.86	3.54	Corporate interest
	528,912,000 (short position)	H shares	11.95	3.57	Corporate interest
Merrill Lynch International Incorporated	525,000,000	H shares	11.86	3.54	Corporate interest
	528,912,000 (short position)	H shares	11.95	3.57	Corporate interest
Blackrock, Inc.	277,875,372	H shares	6.28	1.87	Corporate interest
	36,107,741 (short position)	H shares	0.82	0.24	Corporate interest

Save as stated above, as at 30 June 2011, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

Compliance with the Code on Corporate Governance Practices

The Company is committed to high standards of corporate governance. The Board of 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the six months ended 30 June 2011 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 2011 to 30 June 2011.

Review by the Audit Committee

The Audit Committee of the 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 Group for the six months ended 30 June 2011. 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 2011.

Terms & Glossaries

"BOT"	build, operate and transfer
"BT"	build and transfer
"Company" or "CCCC"	China Communications Construction Company Limited (中國交通建設股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise all of its subsidiaries
"CCCG"	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds 70.1% interest in the Company
"Twelfth Five-Year Plan"	the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015) promulgated by the State Council on the Eleventh National People's Congress in 2011
"F&G"	Friede Goldman United, Ltd.
"GDP"	gross domestic product
"Group"	the Company itself and all of its subsidiaries
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H shares"	overseas listed foreign invested ordinary shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
"IFRS"	International Financial Reporting Standards promulgated by the International Accounting Standard Board ("IASB"). IFRS includes International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations
"Ministry of Finance"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this annual report only, Hong Kong, Macau and Taiwan
"RMB" or "Renminbi"	the lawful currency of the PRC

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"terminal"	an assigned area in which containers and cargo are prepared for loading onto a vessel, train, truck or plane or are stacked immediately after discharge from the vessel, train, truck or plane
"U.S."	United States of America
"U.S. dollars" or "US$" or "USD"	United States dollars, the lawful currency of the U.S.
"ZPMC"	Shanghai Zhenhua Heavy Industry Co., Ltd (originally named Shanghai Zhenhua Port Machinery Company Limited), a company incorporated on 14 February 1992 in the PRC and listed on the Shanghai Stock Exchange, which the Company owns, directly and indirectly, a controlling equity interest of approximately 46.1%

Note: Any discrepancies between the amounts herein and the amounts set out in the tables herein are due to rounding.

Corporate Information

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

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Website Address

www.ccccltd.cn

Company Secretary

LIU Wensheng

Authorised Representatives

FU Junyuan
LIU Wensheng

International Auditors

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

PRC Auditors

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