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)
H Share Stock Code :1800

We are building a connected world

Interim Report 2012 (H Share)

Contents

Performance Highlights

RMB million (except per share data)	For the six months ended 30 June 2012	2011	Change (%)
Revenue	**124,737**	138,925	-10.2
Gross profit	**13,543**	12,014	12.7
Operating profit	**8,137**	7,449	9.2
Profit attributable to equity holders of the Company	**5,016**	5,829	-13.9
Basic earnings per share	**0.32**	0.39	-17.9

Note: The Company completed the A shares issuance on 9 March 2012. Weighted average number of ordinary shares in issue used for computing BEPS for the six months ended 30 June 2012 was 15,725 million and was 14,825 million in the corresponding period of 2011.

RMB million	As at 30 June 2012	31 December 2011	Change (%)
Total assets	**400,361**	358,780	11.6
Total liabilities	**312,726**	277,835	12.6
Total equity	**87,635**	80,945	8.3
Equity attributable to equity holders of the Company	**77,821**	70,206	10.8

RMB million	For the six months ended 30 June 2012	% of total	2011	Change (%)
New contracts	**235,998**	**100.0**	229,324	2.9
Of which: Infrastructure Construction Business	**193,560**	**82.0**	184,496	4.9
— Port Construction	***32,523***	***13.8***	*29,762*	*9.3*
— Road and Bridge Construction	***36,615***	***15.5***	*61,367*	*-40.3*
— Railway Construction	***443***	***0.2***	*—*	*NA*
— Investment Business	***54,277***	***23.0***	*45,423*	*19.5*
— Overseas Infrastructure Construction	***44,816***	***19.0***	*28,847*	*55.4*
— Other Projects	***24,886***	***10.5***	*19,097*	*30.3*
Infrastructure Design Business	**8,692**	**3.7**	8,734	-0.5
Dredging Business	**17,567**	**7.5**	18,707	-6.1
Heavy Machinery Manufacturing Business	**13,759**	**5.8**	14,221	-3.2
Other Businesses	**2,420**	**1.0**	3,166	-23.6

RMB million	As at 30 June 2012	% of total	2011	Change (%)
Backlog	**693,940**	**100.0**	532,212	30.4
Of which: Infrastructure Construction Business	**598,198**	**86.2**	450,323	32.8
Infrastructure Design Business	**31,120**	**4.5**	18,099	71.9
Dredging Business	**32,745**	**4.7**	29,411	11.3
Heavy Machinery Manufacturing Business	**30,087**	**4.3**	31,849	-5.5
Other Businesses	**1,790**	**0.3**	2,530	-29.2

Dear Shareholders,

During the first half of 2012, faced with the challenging market conditions in the PRC, the Company launched initiatives to enhance its management in a comprehensive manner. The Company made efforts to strengthen its management, continued the transformation, strived to implement the overseas expansion strategy and steadily developed its investment business, so as to maintain growth and stability as well as to enhance its competitiveness and risk-resistance capability. As a result of the diligent work and meticulous efforts, the Group achieved relatively good operating results.

In the first half of 2012, revenue was RMB124,737 million, representing a decrease of 10.2% as compared with that for the corresponding period in 2011. Operating profit was RMB8,137 million, representing an increase of 9.2% as compared with that for the corresponding period in 2011. Profit attributable to equity holders of the Company was RMB5,016 million, representing a decrease of 13.9% as compared with that for the corresponding period in the prior year. Basic earnings per share was RMB0.32. In the first half of 2012, the value of new contracts was RMB235,998 million, representing an increase of 2.9% as compared with that for the corresponding period in 2011. As at 30 June 2012, the backlog for the Company amounted to RMB693,940 million, representing an increase of 30.4% as compared with the backlog as at 30 June 2011.

The Company was successfully listed on China's A-share market on 9 March and issued a total of approximately 1,350 million new shares and raised net proceeds of approximately RMB4,864 million, marking a remarkable leap in the Company's development history. For the year of 2012, the Company ranked 216th among "The Fortune Global 500". The Company also ranked 245th among "The Global 2000" in the latest ranking published by Forbes and ranked first among the PRC construction enterprises. The Forbes Ranking assesses enterprises in terms of a range of comprehensive indicators, including sales volumes, profits, assets and market values, etc., thus fully reflects the core competitiveness of enterprises. Meanwhile, since 2005, the Company has been rated as a Grade A enterprise by the Operating Results Assessment of State-owned Enterprises for the seventh consecutive year.

In the first half of 2012, the Company's production and operations have further leaped forward. The highlights were mainly as follows:

Firstly, the Company recorded a continuous growth in gross profit margin. Such growth was, on one hand, the result of continuous optimization of business structure, benefitting from the increased contribution from high-margin projects including, particularly, investment business and overseas infrastructure construction business; and on the other hand, the result of reinforced profitability of the Company, due to the enhancement of management of each piece of fundamental work, which in turn resulted in the steady growth in the profitability of traditional business projects.

Secondly, the value of new contracts from overseas markets witnessed a strong growth. Breakthroughs in matching project types with regional markets have led to continuous expansion in business scale, resulting in increasing overall contribution from the overseas market. In the meantime, a steady increase in economic benefits was achieved by overseas projects, making the overseas business a new growth driver of the Company.

Thirdly, the Company's design business achieved satisfactory results with the value of new contracts maintained at a similar level as compared with the corresponding period of the previous year. In particular, the value of new survey and design contracts had a steady growth, demonstrating the demand for infrastructure construction in China in the second half of 2012 and the year of 2013.

There were also certain issues identified in the Company's operations in the first half of 2012, primarily including:

Firstly, the Company's core businesses, especially highway construction projects, experienced a relatively significant decline in the value of new contracts, thereby creating some pressure on the Company's market development in the second half of 2012.

Secondly, the Company faced some challenges in increasing its revenue, which imposed certain pressure on the Company to achieve its annual budget. The main reason was that in the first half of the year, some of domestic infrastructure construction projects were delayed, and the capital injection into construction projects was also delayed. Under such conditions, however, the Company refused to start the construction work with its own capital due to the operation policy and risk control requirements.

Thirdly, levels of trade receivables and inventories of the Company remained approximately at the same level and operating cash flows remained negative, while short-term loans and finance costs have increased. These reflected the lack of capital of certain customers, as well as the fact that there is still room for our work to be improved and the management objectives need to be further delineated.

Fourthly, while the growth in revenue has slowed down, the administrative expenses have increased. Despite the need for a reasonable increase in the expenses, the Company will put more efforts on reducing administrative expenses.

Looking into the second half of the year, as the PRC government rolls out stimulus measures, there will be more opportunities as well as challenges in the overseas market. Based on the comprehensive summary and analysis on the highlights and issues in its operation in the first half of the year, the Company will focus on the following aspects in the second half of the year:

Firstly, the Company will ensure the accomplishment of its annual budgets and strive to achieve more challenging goals.

Secondly, the Company will work on to collect trade receivables and reduce the volume of inventories as well as to control the increase in financial costs, so as to increase the operating cash flows.

Thirdly, the Company will strengthen management of investment scale and investment projects, as well as control investment risk.

Fourthly, the Company will continue to reinforce its "enhanced management" and implement "constant review" of work done, laying a solid foundation for progress in the next stage.

Fifthly, the Company will strengthen its compliance management, undertake its corporate social responsibility and take efforts to build the Company into a well-respected enterprise among "The Fortune Global 500".

Dear shareholders, under the current challenging economic environment, the Company is determined and will insist on the philosophy of creating economic benefits through enhancing management, and strive to achieve the missions and targets of the year. May we have the support from all our shareholders, all the people and friends who paid their long-term attention to us!

Zhou Jichang
Chairman

28 August 2012

Business Overview

In the first half of 2012, the moderate growth of macro-economy, the pressures arising from economic downturn and the inflation in China have resulted in the negative growth of investments in transportation infrastructures. In Eastern and Central China, the investment demand for infrastructure constructions shrunk gradually, the investment in highway constructions declined as compared with the corresponding period of the previous year and the number of new projects opening for tendering decreased significantly as compared with that of the previous year. Meanwhile, the number of projects that commenced construction during this period was scarce and the capital injections into those projects got delayed. Although the railway construction market has been undergoing the adjustment and reformation process since 2011, projects construction facilities were still running below capacity in the first half of this year, and the investments in infrastructure constructions declined significantly as compared with the corresponding period of the previous year, which resulted in slow-pace progressed tendering of new railway projects and nearly no tendering performed for large-scale projects.

In 2012, the bumpy road for the recovery of the US economy, the volatilities of the European debt crisis, the stagnant economic recovery of major developed countries and the political turbulence in West Asia and North Africa led to more uncertainties in the recovery of the world economy. However, in observance of the development tread, the proactive continuous work of governments all over the world on improving the livelihoods and public infrastructures, and the accelerating continuous urbanisation, both offered abundant market opportunities to the development of international contracting projects.

In the first half of 2012, faced with a less favourable external environment and weak domestic demands, the Company proactively followed its business guideline, which is adjusting its asset structure, business structure and market structure while focusing on the development of its core businesses. The Company, through the joint efforts of its branches and subsidiaries at all levels, managed to achieve anticipated results by enhancing the performance in the following two aspects: firstly, after the first quarter of 2012, the Company timely adjusted its business strategies in accordance with the changes of the market to press ahead overseas markets exploration and domestic investment business development. Taking advantage of its diversified development, the Company had effectively ensured that the total value of new contracts for infrastructure construction in the first half of 2012 was not much affected; secondly, the Company had been well-prepared to the difficult market environment. With the operation guideline of "enhanced management", the Company has strengthened its informationisation management, optimised its management process, facilitated its centralised procurement and implemented management transformation. As a result, the Company successfully managed to surmount impacts arising from adverse market conditions and recorded a month-on-month growth of recognised value of new contracts since the second quarter of 2012. In the first half of 2012, though the revenue was decreased by 10% as compared with that for the corresponding period in the previous year, the gross profit margin increased gradually, ensuring a steady increase in profitability of its core businesses.

In the first half of 2012, the Group's revenue was RMB124,737 million, representing a decrease of 10.2% as compared with that for the corresponding period in 2011. The operating profit was RMB8,137 million, representing an increase of 9.2% as compared with that for the corresponding period in 2011. The profit attributable to equity holders of the Company was RMB5,016 million, representing a decrease of 13.9% as compared with that for the corresponding period in the prior year. The value of new contracts amounted to RMB235,998 million, representing an increase of 2.9% as compared with that for the corresponding period in the prior year, of which the value of new contracts from overseas markets amounted to USD8,614 million, accounting for approximately 23.6% of the aggregate value of new contracts of the Company. As at 30 June 2012, the backlog was RMB693,940 million, representing an increase of 30.4% as compared with the backlog as at 30 June 2011.

1. Infrastructure Construction Business

In the first half of 2012, the value of new contracts of the infrastructure construction business of the Group was RMB193,560 million, representing an increase of 4.9% as compared with that for the corresponding period in the previous year. Categorised by construction business and region, the values of new contracts in terms of port constructions, road and bridge constructions, railway constructions, investment business of BOT/BT projects, overseas infrastructure construction and other projects, amounted to RMB32,523 million, RMB36,615 million, RMB443 million, RMB54,277 million, RMB44,816 million, RMB24,886 million, representing 17%, 19%, 0.2%, 28%, 23%, 13% of the total value of new infrastructure construction contracts, respectively. As at 30 June 2012, the backlog was RMB598,198 million, representing an increase of 32.8% as compared with the backlog as at 30 June 2011.

(1) Port Construction

In the first half of 2012, the value of new contracts of the Group for Mainland China port construction projects reached RMB32,523 million, representing an increase of 9.3% as compared with that for the corresponding period in the previous year, and accounting for 17% of infrastructure construction business.

In the first half of 2012, China's water transportation construction market remained stable. Port constructions in conventional areas, e.g. Yangtze River Delta and Pearl River Delta regions, picked up moderately, development plans of "five points and one line" in Liaoning and coastal economic areas of Hebei and Shandong were upgraded to national strategic development plans, and the scale of port constructions in Bohai Rim continued to be large. The landscape of water transportation construction market further diversified: though the container port constructions at core hubs were carried out at a slow pace, the port developments in second-tier and third-tier cities remained active and the demands for specialised terminal constructions, particularly energy centers, heavy machinery centers, heavy chemical industry centers, remained strong.

In the first half of 2012, new projects won by the Group mainly included the west Breakwater and cofferdam construction for Hulushan Bay of Changxing Island in Dalian, the terminal project at Dongjiakouzui, Qingdao, the cruise home port construction for the comprehensive development project of Taiziwan Area of Shenzhen Industry Zone, the Tangshan LNG terminal construction and the Phase I of Coal Terminal construction for Meizhou Bay, Putian City, etc.

(2) Road and Bridge Construction

In the first half of 2012, the value of new contracts of the Group for domestic road and bridge construction projects reached RMB36,615 million, representing a decrease of 40.3% as compared with that for the corresponding period in the previous year, and accounting for 19% of infrastructure construction business.

In the first half of 2012, affected by the adjustment to the macro-economic policy and the tightening monetary policies of the PRC, the expressway construction market went through an industry adjustment period earlier than expected and the number of new projects opening for tendering declined significantly. Currently, there are over 80,000 kilometers of completed expressway in China. As the expressway networks in Eastern and Central China have been basically completed, in the future, the expressway construction will be carried out under the principle of "different approaches and different priorities", with an emphasis on solving the problem of dead-end highways in the national expressway network and commencing constructions of new renovation and expansion projects, and constructions will further move to Western China geographically. Meanwhile, governments at all levels proactively forged ahead the constructions of provincial expressways and urban connecting lines. However, difficulties in obtaining construction fund have slowed down the construction progress of projects.

1. Infrastructure Construction Business (Continued)

(2) Road and Bridge Construction (Continued)

In anticipation of possible reliefs to the short in capital supply in certain markets and with the efforts of the central government in the second half of 2012, there will be a concentration of offers of a series of major projects, of which the operation mode may be changed from government investments to, more commonly, social investments, setting a higher standard for the capital efficiency and financing capability of enterprises.

In the first half of 2012, new projects won by the Group mainly included section SS-2 of Sanchakou-Shache Expressway of Provincial Road S215, section 1 and 4 of civil engineering of Phase I for Xiangyang Section of Baokang-Yichang Expressway in Hubei, the western expressway and interchange project in Changchun, section YS08 of roadbed engineering for Yingchengzi-Songjianghe Expressway and section A1 for Tunchang-Qiongzhong section of Central Highway in Hainan, etc.

(3) Railway Construction

In the first half of 2012, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB443 million. There was no contract entered into for large construction projects.

After 2011, the Ministry of Railways of PRC adjusted the railway construction planning with the aims of "ensuring progress of projects under construction, commencing construction of essential infrastructure and improving ancillary facilities". The proposed investment of the PRC government in railway infrastructure construction for 2012 is RMB400,000 million, mainly for resumption of the construction of those projects under construction, and, to a lesser extent, for certain new projects which must commence constructions in the year. Therefore, market opportunities for railway construction projects will remain scarce this year, and thus the Company is less likely to win the bid for new and large-scale railway construction projects.

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

In the first half of 2012, the value of new contracts of the Group for domestic investment business reached RMB54,277 million, representing an increase of 19.5% as compared with that for the corresponding period in the previous year, and accounting for 28% of the infrastructure construction business.

In the first half of 2012, affected by the macro-economic condition in China, conventional PRC markets faced challenges. Demands for local infrastructure constructions, particularly the construction mode of BOT/BT investment and financing projects, increased. The Company made timely adjustments to its marketing strategies and strengthened its liaison with local governments and as such, the new projects under the strategic framework agreement continued to be implemented. Substantial achievements had been made in the Company's core business development through investment, due to which, the Company had effectively overcame challenges, including the current tightened macro-economic conditions and difficulties in financing, and the investment business continued to develop in a healthy way and delivered satisfactory results.

1. Infrastructure Construction Business (Continued)

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

While the scale of investment business rapidly grew, the Company also strengthened its control on project risks. In order to develop the investment business in a prudent manner and ensure that risks are under control, the Company, strictly adhering to the principle of "The Five Don'ts", insisted on not undertaking investment projects which fall outside its core businesses, for which loans are not secured, guarantees are not provided or rates of investment return are below relevant standards or which exceed its capability. The Company's capabilities of implementation and operation of projects had been enhanced significantly by practicing project investment and operation on an ongoing basis. By continuous learning and practicing, the personnel in charge of the investment business have completed their transformation from contractors into investors, thereby has enhanced the management of investment business and the overall capability of personnel of the Group as a whole.

In the first half of 2012, new projects won by the Group mainly included the BOT project of Daozhen-Weng'an expressway in Guizhou, the BOT project of Yanhe-Dejiang Expressway in Guizhou, the BT project of newly built port construction in Haikou, the BOT project of Zhongxian-Wanzhou Expressway in Chongqing and the BT project of Jianchang-Xingcheng Expressway in Liaoning, etc.

(5) Overseas Infrastructure Construction

In the first half of 2012, the value of the new contracts for overseas projects of the infrastructure construction business entered into by the Group amounted to USD6,939 million (equivalent to approximately RMB44,816 million), representing an increase of 62.9% as compared with that for the corresponding period in the previous year, and accounting for 23% of infrastructure construction business.

Though the first half of 2012 witnessed a gradual recovery of the global economy, there were still certain uncertainties in the international contracting market, in observance of the development trends, governments all over the world remained proactive in improving their livelihoods and public infrastructures and the process of urbanisation was accelerating, which offered abundant market opportunities for international contractors.

The Company proactively carried out the overseas expansion strategy, with CHEC and CRBC serving as the "two wings" of the Group's overseas business expansion, and as such the Company has made continuous breakthroughs in areas including project operation, new market expansion and new project type, and has recorded a significant growth in the value of new contracts.

The Company's profitability of projects under construction grew in line with the rapid growth of the scale of overseas infrastructure construction. In terms of revenue/cost of core projects, gross profit margin recorded certain increase as compared with that for the corresponding period of last year. Overall, the projects under construction were progressing as originally scheduled, trade receivables and inventories were controlled at a reasonable level and achieved a good operating performance; and there was no major accident relating to quality or the environment in the first half of 2012.

In the first half of 2012, new projects won by the Group mainly included the Ethiopian railway project, the EPC project of Nigerian Lekki Port, the petrochemical wharf project of Venezuela Moron Harbour, the Lae Port development project in Papua New Guinea and Section 2 of No. 2 Road in Congo-Brazzaville, etc.

1. Infrastructure Construction Business (Continued)

(6) Other Projects

In the first half of 2012, the value of new contracts for other projects in Mainland China entered into by the Group reached RMB24,886 million, representing an increase of 30.3% as compared with that for the corresponding period in the previous year, and accounting for 13% of infrastructure construction business.

In the first half of 2012, the Company achieved a remarkable performance in projects such as municipal projects, hydropower engineering projects, housing construction and urban rail transit, and achieved a steady increase in the value of new contracts, which provided a favourable supplement to its core businesses.

2. Infrastructure Design Business

In the first half of 2012, the value of new infrastructure design contracts entered into by the Group amounted to RMB8,692 million, representing a decrease of 0.5% as compared with that for the corresponding period in the previous year. As at 30 June 2012, the backlog was RMB31,120 million, representing an increase of 71.9% as compared with the backlog as at 30 June 2011.

Faced with the extremely challenging market condition this year, the Company tried to overcome difficulties through continuously renovating its operation mechanism, strengthening its operation, exploring opportunities and enhancing its internal production operation management. By exerting the overall strengths of the Group, the Company solidified the market position of its traditional infrastructure design business in full. The value of new contracts was generally comparable to that of the corresponding period of the previous year. Categorised by project type, the values of new contracts for survey and design, project supervision, EPC engineering and other projects amounted to RMB4,333 million, RMB308 million, RMB3,556 million and RMB495 million respectively, representing 50%, 3%, 41% and 6% of the total value of new infrastructure design contracts, respectively, as compared to 51%, 6%, 39% and 4% respectively recorded in the corresponding period of 2011.

In the first half of 2012, new projects won by the Group mainly included the survey and design contract for Section SJ1 of Shenzhen Section of Shenzhen Outer ring road, the preliminary design contract for four expressways in Tibetan area: Ya'an-Kangding, Wenchuan-Maertai, Mianyang-Jiuzhaigou, Wenchuan-Jiuzhaigou, the survey and design contract for Section STSJ2 of Huixian (Dashibei)-Tianshui section of Shiyan-Tianshui National Highway, the survey and design contract for Jianshi-Enshi Section of Yinchuan-Beihai Expressway and the survey and design contract for Phase I of Coal Terminal in Binhai Port area of Yancheng Harbour, etc.

3. Dredging Business

In the first half of 2012, the value of new dredging contracts entered into by the Group reached RMB17,567 million, representing a decrease of 6.1% as compared with that for the corresponding period in the previous year. As at 30 June 2012, the backlog was RMB32,745 million, representing an increase of 11.3% as compared with the backlog as at 30 June 2011.

In the first half of 2012, two special-purpose large vessels started to serve in the Group's dredger fleets, providing an additional capacity of approximately 12.50 million cubic meters under standard operating conditions. According to the ship construction plan, in the second half of 2012, four special-purpose large vessels will be put into operation, providing an additional annual capacity of 27.50 million cubic meters as estimated under standard operating conditions.

3. Dredging Business (Continued)

During the "Eleventh Five-Year Plan" period, China's dredging market rocketed, especially the reclamation market. The value of the new contracts entered into by the Company has maintained a growth of more than 20% for six consecutive years, and as such the increase in market demand far exceeded the production capacity of the Company. In the first half of 2012, under the influences of several factors, the reclamation market entered a temporary pausing cushion period, which was evidenced by a decline in market demand in certain months, including a regional diversification of project demands, a decrease of contract value of individual projects and a lack of capital for certain projects.

According to an in-depth market analysis, the development prospect of the dredging market remains positive. Since coastal economic areas and coastal industrial zones will drive the development of the marine economy and boost the demand for reclamation, the number of dredging and foundation treatment projects will surge, and as such the Company will focus on developing and capturing market opportunities.

In the first half of 2012, new projects won by the Group mainly included the reclamation and soft foundation treatment project for Eastern area of Taizhou, stage 2 of phase 1 of the reclamation project of Steel Habour industry park in Yingkou Economic and Technical Development Zone, the reclamation project of #1, #2, #3 Area in Eastern Port of Tianjin Nangang industry zone, the reclamation and coast restoration project at Xiongyue estuary, Yingkou Economic and Technical Development Zone and the land formation and channel dredging project of A, B, C Area in Shimen'ao Area of Meizhouwan Harbour in Putian, etc.

4. Heavy Machinery Manufacturing Business

In the first half of 2012, the value of new heavy machinery manufacturing contracts entered into by the Group reached RMB13,759 million, representing a decrease of 3.2% as compared with that for the corresponding period in the previous year. As at 30 June 2012, the backlog was RMB30,087 million, representing a decrease of 5.5% as compared with the backlog as at 30 June 2011.

Despite the relatively swift monthly recovery in the global port machinery market in the first half of 2012, it was still difficult to reach the peak order volume recorded prior to the outbreak of the financial crisis. The prospect of the ocean engineering market remains promising with enormous development potential and market prospects. However, given the large capital investment in ocean engineering projects, customers were relatively cautious in procurement and it took longer for customers to place new orders in the first half of 2012.

In the first half of 2012, new projects won by the Group mainly included South Port container crane supply for Sri Lanka, the 3,000t pipe laying vessel for Malaysia, Long Beach container crane supply for USA, Rotterdam Port container crane supply for Netherlands and Beirut Port container crane supply for Lebanon, etc.

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

Overview

For the six months ended 30 June 2012, revenue of the Group amounted to RMB124,737 million, representing a decrease of 10.2% from RMB138,925 million in the corresponding period of 2011. The value of the Group's new contracts for the six months ended 30 June 2012 was RMB235,998 million, representing an increase of 2.9% over the corresponding period of 2011. As at 30 June 2012, the backlog for the Group was RMB693,940 million, representing an increase of 30.4%.

Gross profit for the six months ended 30 June 2012 amounted to RMB13,543 million, representing an increase of RMB1,529 million, or 12.7%, from RMB12,014 million in the corresponding period of 2011. Gross profit from infrastructure construction business, infrastructure design business and heavy machinery manufacturing business increased by 15.1%, 6.7%, and 252.5%, respectively, from the corresponding period of 2011; while the gross profit from dredging business and other businesses decreased by 15.4% and 15.1%, respectively, from the corresponding period of 2011. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other businesses were 9.4%, 25.0%, 13.9%, 8.7% and 9.3%, respectively, as compared with 7.1%, 23.8%, 14.9%, 2.9% and 10.3% in the corresponding period of 2011.

Mainly as a result of the growth in gross profit, operating profit for the six months ended 30 June 2012 amounted to RMB8,137 million, representing an increase of RMB688 million, or 9.2%, from RMB7,449 million in the corresponding period of 2011. Operating profit from infrastructure construction business and infrastructure design business increased by 6.4% and 2.5%, respectively, from the corresponding period of 2011; heavy machinery manufacturing business recorded operating profit of RMB383 million for the six months ended 30 June 2012, compared with operating loss of RMB238 million for the corresponding period of 2011; while operating profit from dredging business and other businesses decreased by 20.9% and 37.1%, respectively, from the corresponding period of 2011.

For the six months ended 30 June 2012, profit attributable to equity holders of the Company amounted to RMB5,016 million, representing a decrease of RMB813 million, or 13.9%, from RMB5,829 million in the corresponding period of 2011. For the six months ended 30 June 2012, basic earnings per share of the Group was RMB0.32, compared with RMB0.39 in the corresponding period of 2011.

The following is a comparison of financial results between the six months ended 30 June 2012 and 2011.

Consolidated Results of Operations

Revenue

Revenue for the six months ended 30 June 2012 decreased by 10.2% to RMB124,737 million, from RMB138,925 million in the corresponding period of 2011. The decline was attributable to the decrease in the revenue from the infrastructure construction business, dredging business and other businesses, amounting to RMB13,504 million, RMB1,392 million and RMB184 million (all before elimination of inter-segment transactions), respectively, representing a decline rate of 12.5%, 8.9% and 6.2%, respectively, over the corresponding period of 2011. Meanwhile, revenue from heavy machinery manufacturing business and infrastructure design business increased by RMB1,561 million and RMB102 million (all before elimination of inter-segment transactions), or 17.4% and 1.7%, respectively, from the corresponding period of 2011.

Consolidated Results of Operations (Continued)

Cost of Sales and Gross Profit

Cost of sales for the six months ended 30 June 2012 amounted to RMB111,194 million, representing a decrease of RMB15,717 million, or 12.4%, from RMB126,911 million in the corresponding period of 2011. Decreases in cost of sales from the infrastructure construction business, dredging business and other businesses amounted to RMB14,668 million, RMB1,033 million and RMB138 million (all before elimination of inter-segment transactions), respectively, representing a decline rate of 14.6%, 7.8% and 5.2%, respectively, over the corresponding period of 2011. Meanwhile, for the six months ended 30 June 2012, cost of sales from heavy machinery manufacturing business and infrastructure design business increased by RMB907 million and RMB7 million (all before elimination of inter-segment transactions), or 10.4% and 0.2%, from the corresponding period of 2011.

Cost of sales consisted mainly of cost of raw materials and consumables used, subcontracting cost, employee benefits and rental. For the six months ended 30 June 2012, cost of raw materials and consumables used, subcontracting cost and rental decreased by 17.1%, 7.8% and 28.1%, respectively, while employee benefits slightly increased 2.0% from the corresponding period of 2011.

For the six months ended 30 June 2012, the decline rate of revenue was lower than that of cost of sales. As a result, gross profit for the six months ended 30 June 2012 amounted to RMB13,543 million, representing an increase of RMB1,529 million, or 12.7%, from RMB12,014 million in the corresponding period of 2011. Gross profit margin increased to 10.9% for the six months ended 30 June 2012 from 8.6% in the corresponding period of 2011, primarily due to the improvement in gross profit margin of infrastructure construction business and heavy machinery manufacturing business.

Operating Profit

Operating profit for the six months ended 30 June 2012 amounted to RMB8,137 million, representing an increase of RMB688 million, or 9.2%, from RMB7,449 million in the corresponding period of 2011. The increase was mainly due to the increase in gross profit.

For the six months ended 30 June 2012, operating profit from the infrastructure construction business and infrastructure design business increased by RMB314 million and RMB21 million (all before elimination of inter-segment transactions and unallocated costs), representing a growth rate of 6.4% and 2.5%, respectively, over the corresponding period of 2011; heavy machinery manufacturing business recorded operating profit of RMB383 million for the six months ended 30 June 2012, compared with operating loss of RMB238 million for the corresponding period of 2011 (all before elimination of inter-segment transactions and unallocated costs); operating profit from dredging business and other businesses decreased by RMB397 million and RMB33 million, or 20.9% and 37.1% (all before elimination of inter-segment transactions and unallocated costs), from the corresponding period of 2011.

Operating profit margin increased to 6.5% for the six months ended 30 June 2012 from 5.4% for the corresponding period of 2011.

Finance Income

Finance income for the six months ended 30 June 2012 amounted to RMB662 million, representing a decrease of RMB686 million, or 50.9%, from RMB1,348 million in the corresponding period of 2011, mainly because that the Group recorded RMB930 million one-off gain on debt restructuring of Iraq loans in the corresponding period of 2011.

Consolidated Results of Operations (Continued)

Finance Costs, net

Net finance costs for the six months ended 30 June 2012 amounted to RMB2,553 million, representing an increase of RMB1,000 million, or 64.4%, from RMB1,553 million in the corresponding period of 2011. 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.

Share of Post-tax Profit of Jointly Controlled Entities

Share of post-tax profit of jointly controlled entities for the six months ended 30 June 2012 amounted to RMB13 million, compared with share of post-tax profit of jointly controlled entities of RMB42 million in the corresponding period of 2011.

Share of Post-tax Profit of Associates

Share of the post-tax profit of associates for the six months ended 30 June 2012 amounted to RMB42 million, compared with share of post-tax profit of associates of RMB24 million in the corresponding period of 2011.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax for the six months ended 30 June 2012 amounted to RMB6,301 million, representing a decrease of RMB1,009 million, or 13.8%, from RMB7,310 million in the corresponding period of 2011. Excluding the one-off gain on debt restructuring of Iraq loans recognised in the corresponding period of 2011, profit before income tax for the six months ended 30 June 2012 only slightly decline 1.2%.

Income Tax Expense

Income tax expense for the six months ended 30 June 2012 amounted to RMB1,380 million, representing a decrease of RMB139 million, or 9.2%, from RMB1,519 million in the corresponding period of 2011. Effective tax rate for the Group for the six months ended 30 June 2012 slightly increased to 21.9% from 20.8% in the corresponding period of 2011.

Loss Attributable to Non-Controlling Interests

Loss attributable to non-controlling interests for the six months ended 30 June 2012 amounted to RMB95 million, while loss attributable to non-controlling interests was RMB38 million in the corresponding period of 2011.

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 2012 amounted to RMB5,016 million, representing a decrease of RMB813 million, or 13.9%, from RMB5,829 million in the corresponding period of 2011.

Profit margin with respect to profit attributable to equity holders of the Company was 4.0% for the six months ended 30 June 2012, as compared with 4.2% in the corresponding period of 2011.

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 2012 and 2011.

	Revenue		**Gross Profit**		**Gross Profit Margin**		**Operating Profit** [1]		**Operating Profit Margin**	
	Six months ended 30 June		**Six months ended 30 June**		**Six months ended 30 June**		**Six months ended 30 June**		**Six months ended 30 June**	
Business	**2012 (RMB million)**	2011 (RMB million)	**2012 (RMB million)**	2011 (RMB million)	**2012 (%)**	2011 (%)	**2012 (RMB million)**	2011 (RMB million)	**2012 (%)**	2011 (%)
Infrastructure Construction	**94,330**	107,834	**8,870**	7,706	**9.4**	7.1	**5,240**	4,926	**5.6**	4.6
% of total	**73.8**	76.3	**65.6**	64.1			**65.1**	65.6		
Infrastructure Design	**6,065**	5,963	**1,515**	1,420	**25.0**	23.8	**857**	836	**14.1**	14.0
% of total	**4.7**	4.2	**11.2**	11.8			**10.7**	11.1		
Dredging	**14,194**	15,586	**1,966**	2,325	**13.9**	14.9	**1,506**	1,903	**10.6**	12.2
% of total	**11.1**	11.0	**14.5**	19.4			**18.7**	25.3		
Heavy Machinery Manufacturing	**10,526**	8,965	**913**	259	**8.7**	2.9	**383**	(238)	**3.6**	(2.7)
% of total	**8.2**	6.4	**6.8**	2.2			**4.8**	(3.2)		
Other businesses	**2,768**	2,952	**258**	304	**9.3**	10.3	**56**	89	**2.0**	3.0
% of total	**2.2**	2.1	**1.9**	2.5			**0.7**	1.2		
Subtotal	**127,883**	141,300	**13,522**	12,014			**8,042**	7,516		
Intersegment elimination and unallocated (costs)/ income	**(3,146)**	(2,375)	**21**	–			**95**	(67)		
Total	**124,737**	138,925	**13,543**	12,014	**10.9**	8.6	**8,137**	7,449	**6.5**	5.4

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

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 income or costs.

The following table sets out the principal profit and loss information for the infrastructure construction business for the six months ended 30 June 2012 and 2011.

	Six months ended 30 June	
	2012	2011
	(RMB million)	(RMB million)
Revenue	**94,330**	107,834
Cost of sales	**(85,460)**	(100,128)
Gross profit	**8,870**	7,706
Selling and marketing expenses	**(30)**	(27)
Administrative expenses	**(3,570)**	(3,195)
Other (expenses)/income, net	**(30)**	442
Segment result	**5,240**	4,926
Depreciation and amortisation	**1,826**	1,789

Revenue. Revenue from the infrastructure construction business for the six months ended 30 June 2012 was RMB94,330 million, representing a decrease of RMB13,504 million, or 12.5%, as compared with RMB107,834 million in the corresponding period of 2011, primarily attributable to the decrease in revenue from road and bridge construction and railway construction, which resulted from less infrastructure investment under the tightened macro economy in 2012. The value of new contracts entered into for the infrastructure construction business for the six months ended 30 June 2012 was RMB193,560 million, representing an increase of RMB9,064 million, or 4.9%, compared with RMB184,496 million in the corresponding period of 2011. No single project accounted for more than 5% of the Group's total revenue for the six months ended 30 June 2012 or 2011.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business for the six months ended 30 June 2012 was RMB85,460 million, representing a decrease of RMB14,668 million, or 14.6%, as compared with RMB100,128 million in the corresponding period of 2011. Cost of sales as a percentage of revenue decreased to 90.6% for the six months ended 30 June 2012 from 92.9% in the corresponding period of 2011.

Gross profit from the infrastructure construction business for the six months ended 30 June 2012 grew by RMB1,164 million, or 15.1%, to RMB8,870 million from RMB7,706 million in the corresponding period of 2011. Gross profit margin increased to 9.4% for the six months ended 30 June 2012 from 7.1% in the corresponding period of 2011, mainly attributable to a further optimized structure of infrastructure construction business, in which projects with higher gross profit margins, such as overseas construction business and BOT/BT projects are getting higher proportions, as well as enhanced project management of the Group.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business for the six months ended 30 June 2012 were RMB30 million, representing an increase of RMB3 million as compared with RMB27 million in the corresponding period of 2011.

Discussion of Segment Operations (Continued)

Infrastructure Construction Business (Continued)

Administrative expenses. Administrative expenses for the infrastructure construction business for the six months ended 30 June 2012 were RMB3,570 million, representing an increase of RMB375 million, or 11.7%, as compared with RMB3,195 million in the corresponding period of 2011, mainly attributable to increase in research and development costs, as well as increase in employee benefits. Administrative expenses as a percentage of revenue increased to 3.8% for the six months ended 30 June 2012 from 3.0% in the corresponding period of 2011.

Other (expenses)/income, net. Other net expense for the infrastructure construction business was RMB30 million for the six months ended 30 June 2012, as compared with other net income of RMB442 million in the corresponding period of 2011.

Segment result. As a result of the above, segment result for the infrastructure construction business for the six months ended 30 June 2012 was RMB5,240 million, representing an increase of RMB314 million, or 6.4%, as compared with RMB4,926 million in the corresponding period of 2011. Segment result margin increased to 5.6% for the six months ended 30 June 2012 from 4.6% in the corresponding period of 2011.

Infrastructure Design Business

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

The following table sets out the principal profit and loss information for infrastructure design business for the six months ended 30 June 2012 and 2011.

	Six months ended 30 June	
	2012 (RMB million)	2011 (RMB million)
Revenue	**6,065**	5,963
Cost of sales	**(4,550)**	(4,543)
Gross profit	**1,515**	1,420
Selling and marketing expenses	**(65)**	(59)
Administrative expenses	**(607)**	(537)
Other income, net	**14**	12
Segment result	**857**	836
Depreciation and amortisation	**95**	88

Revenue. Revenue from the infrastructure design business for the six months ended 30 June 2012 was RMB6,065 million, representing an increase of RMB102 million, or 1.7%, as compared with RMB5,963 million in the corresponding period of 2011. The value of new contracts entered into for the infrastructure design business for the six months ended 30 June 2012 was RMB8,692 million, representing a slight decrease of RMB42 million, or 0.5%, as compared with RMB8,734 million in the corresponding period of 2011.

Cost of sales and gross profit. Cost of sales for the infrastructure design business for the six months ended 30 June 2012 was RMB4,550 million, representing an increase of RMB7 million, or 0.2%, as compared with RMB4,543 million in the corresponding period of 2011. Cost of sales as a percentage of revenue decreased to 75.0% for the six months ended 30 June 2012 from 76.2% in the corresponding period of 2011.

Discussion of Segment Operations (Continued)

Infrastructure Design Business (Continued)

Gross profit from the infrastructure design business for the six months ended 30 June 2012 was RMB1,515 million, representing an increase of RMB95 million, or 6.7%, as compared with RMB1,420 million in the corresponding period of 2011. Gross profit margin increased to 25.0% for the six months ended 30 June 2012 from 23.8% in the corresponding period of 2011, primarily due to the increased proportion of revenue generated from contracts with higher gross profit margins.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business for the six months ended 30 June 2012 were RMB65 million, representing an increase of RMB6 million as compared with RMB59 million in the corresponding period of 2011.

Administrative expenses. Administrative expenses for the infrastructure design business for the six months ended 30 June 2012 were RMB607 million, representing an increase of RMB70 million, or 13.0%, as compared with RMB537 million in the corresponding period of 2011. Administrative expenses as a percentage of revenue increased to 10.0% for the six months ended 30 June 2012 from 9.0% in the corresponding period of 2011.

Other income, net. Other net income for the infrastructure design business for the six months ended 30 June 2012 was RMB14 million, as compared with RMB12 million in the corresponding period of 2011.

Segment result. As a result of the above, segment result for the infrastructure design business for the six months ended 30 June 2012 was RMB857 million, representing an increase of RMB21 million, or 2.5%, as compared with RMB836 million in the corresponding period of 2011. Segment result margin slightly increased to 14.1% for the six months ended 30 June 2012 from 14.0% in the corresponding period of 2011.

Dredging Business

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

The following table sets out the principal profit and loss information for the dredging business for the six months ended 30 June 2012 and 2011.

	Six months ended 30 June	
	2012	2011
	(RMB million)	(RMB million)
Revenue	**14,194**	15,586
Cost of sales	**(12,228)**	(13,261)
Gross profit	**1,966**	2,325
Selling and marketing expenses	**(5)**	(4)
Administrative expenses	**(643)**	(550)
Other income, net	**188**	132
Segment result	**1,506**	1,903
Depreciation and amortisation	**684**	604

Discussion of Segment Operations (Continued)

Dredging Business (Continued)

Revenue. Revenue from the dredging business for the six months ended 30 June 2012 was RMB14,194 million, representing a decrease of RMB1,392 million, or 8.9%, as compared with RMB15,586 million in the corresponding period of 2011. The decline was primarily attributable to the slow down of coastal line reclamation activities under the tightened macro economy in 2012. The value of new contracts entered into for the dredging business for the six months ended 30 June 2012 was RMB17,567 million, representing a decrease of RMB1,140 million, or 6.1%, as compared with RMB18,707 million in the corresponding period of 2011.

Cost of sales and gross profit. Cost of sales for the dredging business for the six months ended 30 June 2012 was RMB12,228 million, representing a decrease of RMB1,033 million, or 7.8%, as compared with RMB13,261 million in the corresponding period of 2011. Cost of sales as a percentage of revenue for the dredging business for the six months ended 30 June 2012 was 86.1%, as compared with 85.1% in the corresponding period of 2011.

Gross profit from the dredging business for the six months ended 30 June 2012 was RMB1,966 million, representing a decrease of RMB359 million or 15.4%, as compared with RMB2,325 million in the corresponding period of 2011. Gross profit margin for the dredging business decreased to 13.9% for the six months ended 30 June 2012 from 14.9% in the corresponding period of 2011, primarily attributable to the combined effect of high fixed cost and decreased revenue.

Selling and marketing expenses. Selling and marketing expenses for the dredging business for the six months ended 30 June 2012 were RMB5 million, representing an increase of RMB1 million from RMB4 million in the corresponding period of 2011.

Administrative expenses. Administrative expenses for the dredging business for the six months ended 30 June 2012 were RMB643 million, representing an increase of RMB93 million, or 16.9%, as compared with RMB550 million in the corresponding period of 2011. Administrative expenses as a percentage of revenue increased to 4.5% for the six months ended 30 June 2012 from 3.5% in the corresponding period of 2011.

Other income, net. Other net income for the dredging business for the six months ended 30 June 2012 was RMB188 million, representing an increase of RMB56 million from RMB132 million in the corresponding period of 2011.

Segment result. As a result of the above, segment result for the dredging business for the six months ended 30 June 2012 was RMB1,506 million, representing a decrease of RMB397 million, or 20.9%, as compared with RMB1,903 million in the corresponding period of 2011. Segment result margin decreased to 10.6% for the six months ended 30 June 2012 from 12.2% in the corresponding period of 2011.

Discussion of Segment Operations (Continued)

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 income or costs.

The following table sets out the principal profit and loss information for the heavy machinery manufacturing business for the six months ended 30 June 2012 and 2011.

	Six months ended 30 June	
	2012 (RMB million)	2011 (RMB million)
Revenue	**10,526**	8,965
Cost of sales	**(9,613)**	(8,706)
Gross profit	**913**	259
Selling and marketing expenses	**(47)**	(55)
Administrative expenses	**(626)**	(603)
Other income, net	**143**	161
Segment result	**383**	(238)
Depreciation and amortisation	**618**	658

Revenue. Revenue from the heavy machinery manufacturing business for the six months ended 30 June 2012 was RMB10,526 million, representing an increase of RMB1,561 million, or 17.4%, as compared with RMB8,965 million in the corresponding period of 2011. This increase was primarily attributable to several big contracts for heavy machinery manufacturing business executed in the six months ended 30 June 2012. The value of new contracts entered into for the heavy machinery manufacturing business for the six months ended 30 June 2012 was RMB13,759 million, representing a decrease of RMB462 million, or 3.2%, compared with RMB14,221 million in the corresponding period of 2011.

Cost of sales and gross profit. Cost of sales for the heavy machinery manufacturing business for the six months ended 30 June 2012 was RMB9,613 million, representing an increase of RMB907 million, or 10.4%, as compared with RMB8,706 million in the corresponding period of 2011. Cost of sales as a percentage of revenue decreased to 91.3% for the six months ended 30 June 2012 from 97.1% in the corresponding period of 2011.

Gross profit from the heavy machinery manufacturing business for the six months ended 30 June 2012 was RMB913 million, representing an increase of RMB654 million, or 252.5%, as compared with RMB259 million in the corresponding period of 2011. Gross profit margin increased to 8.7% for the six months ended 30 June 2012 from 2.9% in the corresponding period of 2011. The increase in gross profit margin was mainly due to several big contracts executed in the six months ended 30 June 2012, which have higher gross profit margins.

Selling and marketing expenses. Selling and marketing expenses for the heavy machinery manufacturing business for the six months ended 30 June 2012 were RMB47 million, representing a decrease of RMB8 million from RMB55 million in the corresponding period of 2011.

Discussion of Segment Operations (Continued)

Heavy Machinery Manufacturing Business (Continued)

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business for the six months ended 30 June 2012 were RMB626 million, representing an increase of RMB23 million, or 3.8%, as compared with RMB603 million in the corresponding period of 2011. Administrative expenses as a percentage of revenue for the heavy machinery manufacturing business was 5.9% for the six months ended 30 June 2012, as compared with 6.7% in the corresponding period of 2011.

Other income, net. Other net income for the heavy machinery manufacturing business for the six months ended 30 June 2012 was RMB143 million, representing a decrease of RMB18 million from RMB161 million in the corresponding period of 2011.

Segment result. As a result of the above, segment result for the heavy machinery manufacturing business for the six months ended 30 June 2012 was operating profit of RMB383 million, as compared with operating loss of RMB238 million in the corresponding period of 2011.

Other Businesses

The financial information for the other businesses presented in this section is before elimination of inter-segment transactions and unallocated income or 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 2012 and 2011.

	Six months ended 30 June	
	2012 (RMB million)	2011 (RMB million)
Revenue	**2,768**	2,952
Cost of sales	**(2,510)**	(2,648)
Gross profit	**258**	304

Revenue. Revenue from the other businesses for the six months ended 30 June 2012 was RMB2,768 million, representing a decrease of RMB184 million, or 6.2%, as compared with RMB2,952 million in the corresponding period of 2011.

Cost of sales and gross profit. Cost of sales for the other businesses for the six months ended 30 June 2012 was RMB2,510 million, representing a decrease of RMB138 million, or 5.2%, as compared with RMB2,648 million in the corresponding period of 2011. Cost of sales as a percentage of revenue slightly increased to 90.7% for the six months ended 30 June 2012 from 89.7% for the corresponding period of 2011.

Gross profit from the other businesses for the six months ended 30 June 2012 was RMB258 million, representing a decrease of RMB46 million, or 15.1%, as compared with RMB304 million in the corresponding period of 2011. Gross profit margin decreased to 9.3% for the six months ended 30 June 2012 from 10.3% in the corresponding period of 2011.

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 2012, the Group had unutilised credit facilities in the amount of RMB194,167 million. The Group's access to financial markets of both Hong Kong and Shanghai has provided additional financing flexibility.

Cash Flow Data

The following table presents selected cash flow data from the Company's consolidated interim cash flow statements for the six months ended 30 June 2012 and 2011.

	Six months ended 30 June	
	2012	2011
	(RMB million)	(RMB million)
Net cash used in operating activities	**(5,210)**	(7,633)
Net cash used in investing activities	**(11,069)**	(6,471)
Net cash generated from financing activities	**23,964**	14,244
Net increase in cash and cash equivalents	**7,685**	140
Cash and cash equivalents at beginning of period	**45,121**	38,826
Exchange gains/(losses) on cash and cash equivalents	**3**	(19)
Cash and cash equivalents at end of period	**52,809**	38,947

Cash flow from operating activities

During the six months ended 30 June 2012, net cash used in operating activities was RMB5,210 million, as compared with RMB7,633 million in the corresponding period of 2011, which was primarily attributable to changes in working capital, in particular, due to less increase in contract work-in-progress. Contract work-in-progress increased by RMB11,777 million during the six months ended 30 June 2012, as compared with an increase of RMB14,654 million, during the corresponding period of 2011. The impact of change in contract work-in-progress on the working capital was then partially offset by changes in other assets and liabilities, such as trade and other receivables and trade and other payables.

Cash flow from investing activities

Net cash used in investing activities for the six months ended 30 June 2012 was RMB11,069 million as compared with RMB6,471 million in the corresponding period of 2011. The increase of RMB4,598 million, or 71.1%, was primarily attributable to ZPMC's investment on available-for-sale financial assets of RMB4,666 million, as well as the Group's increased purchase of intangible assets which is 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 2012 was RMB23,964 million, representing an increase of RMB9,720 million from RMB14,244 million in the corresponding period of 2011, primarily attributable to the impact of the increase in proceeds from borrowings of RMB14,741 million and proceeds from issuance of A shares of RMB4,864 million, which was then partially offset by the increase in repayment of borrowings of RMB8,204 million.

Liquidity and Capital Resources (Continued)

Capital Expenditure

The Group's capital expenditure principally comprises expenditure for investment in BOT projects, purchases of machinery, equipments and vessels, and the building of plants. The following table sets forth the Group's capital expenditure by business segments for the six months ended 30 June 2012 and 2011.

	Six months ended 30 June	
	2012	2011
	(RMB million)	(RMB million)
Infrastructure Construction Business	**6,874**	5,459
– BOT projects	**4,488**	3,242
Infrastructure Design Business	**282**	86
Dredging Business	**822**	1,284
Heavy Machinery Manufacturing Business	**166**	510
Other	**34**	11
Total	**8,178**	7,350

Capital expenditure for the six months ended 30 June 2012 was RMB8,178 million, compared with RMB7,350 million in the corresponding period of 2011. The increase of RMB828 million or 11.3% was primarily attributable to the increase of capital expenditure in BOT projects.

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the six months ended 30 June 2012 and the year ended 31 December 2011.

	Six months ended 30 June 2012 (Unaudited) (Number of days)	Twelve months ended 31 December 2011 (Audited) (Number of days)
Turnover of average trade and bills receivables(1)	**74**	61
Turnover of average trade and bills payables(2)	**155**	119

(1) For the six months ended 30 June 2012, 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 2011, 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 2012, 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 2011, 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 2012 and 31 December 2011.

	As at 30 June 2012 (Unaudited) (RMB million)	31 December 2011 (Audited) (RMB million)
Less than 6 months	**41,075**	42,297
6 months to 1 year	**6,524**	5,126
1 year to 2 years	**4,492**	3,959
2 years to 3 years	**1,460**	912
Over 3 years	**1,086**	1,050
Total	**54,637**	53,344

The Group's credit terms with its customers for the six months ended 30 June 2012 remained the same as that in the year ended 31 December 2011. Management had closely monitored the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provided for impairment of these trade and bills receivables. As at 30 June 2012, the Group had a provision for impairment of RMB2,684 million, as compared with RMB2,440 million as at 31 December 2011.

The following table sets forth an ageing analysis of trade and bills payables as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 (Unaudited) (RMB million)	31 December 2011 (Audited) (RMB million)
Within 1 year	**90,214**	89,257
1 year to 2 years	**4,488**	5,118
2 years to 3 years	**658**	880
Over 3 years	**414**	430
Total	**95,774**	95,685

The Group's credit terms with its suppliers for the six months ended 30 June 2012 remained the same as that in the year ended 31 December 2011. 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.

Liquidity and Capital Resources (Continued)

Retentions

The following table sets forth the carrying amounts of the retentions as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 (Unaudited) (RMB million)	31 December 2011 (Audited) (RMB million)
Current	**12,073**	10,412
Non-current	**17,040**	15,755
Total	**29,113**	26,167

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 (Unaudited) (RMB million)	31 December 2011 (Audited) (RMB million)
Within 1 year	**73,777**	54,289
Between 1 year and 2 years	**11,190**	9,386
Between 2 years and 5 years	**20,441**	19,273
Wholly repayable within 5 years	**105,408**	82,948
Over 5 years	**26,726**	23,097
Total borrowings	**132,134**	106,045

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Japanese Yen and Hong Kong dollars. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 (Unaudited) (RMB million)	31 December 2011 (Audited) (RMB million)
Renminbi	**110,708**	87,417
U.S. dollar	**15,855**	15,749
Euro	**3,921**	1,145
Japanese yen	**917**	865
Hong Kong dollar	**543**	785
Others	**190**	84
Total borrowings	**132,134**	106,045

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 consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 30 June 2012 was 47.5%, compared with 42.9% as at 31 December 2011.

Contingent Liabilities

	As at 30 June 2012 (Unaudited) (RMB million)	31 December 2011 (Audited) (RMB million)
Pending lawsuits (1)	**599**	617
Outstanding loan guarantees (2)	**267**	268
Total	**866**	885

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

(2) The Group has acted as the guarantor for various external borrowings made by certain jointly controlled entities 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.

Marco-economy Risk

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

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

Market Risk

The Group conducts its business in over 80 countries and regions, with major overseas business in Africa, Middle East, Southeast Asia and South America. Due to various factors, the political and economic conditions in Africa and Middle East are usually subject to uncertainty. If the political and economic conditions of such countries and regions change adversely, or there are frictions or disputes in the diplomatic and economic relations among the PRC government and governments of such relevant countries and regions, the overseas business of the Group in such countries and regions would be exposed to certain risks.

Market Risks (Continued)

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 2012, approximately RMB78,293 million (as at 31 December 2011: RMB66,101 million) of the Group's borrowings were at variable rates.

Foreign Exchange Risk

The Group's functional currency of a majority of the entities within the Group is Renminbi with most of the Group's transactions settled in Renminbi. The Group uses, however, foreign currencies to settle the Group's invoices from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. In addition, the Group generates revenue from certain construction contracts denominated in foreign currencies and a significant proportion of the Group's bank borrowings are denominated in foreign currencies, particularly the U.S. dollar, the Euro and the Japanese Yen. Renminbi is not freely convertible into other foreign currencies and conversion of the Renminbi into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. In July 2005, the PRC government introduced a managed floating exchange rate system to allow Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2% against the U.S. dollar. As at 30 June 2012, Renminbi had appreciated by approximately 30% against the U.S. dollar since July 2005. The PRC government may in the future make further adjustments to the exchange rate system. When Renminbi appreciates, the value of foreign currency denominated assets will decline against Renminbi.

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

During the six month ended 30 June 2012 and the year ended 31 December 2011, certain subsidiaries within the Group used foreign currency forward contracts for transactions with domestic and overseas registered banks, to hedge the Group's exposure to foreign currency risk on individual transactions primarily vis-à-vis U.S. dollar, the Euro, and Japanese Yen.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2012 (All amounts in RMB unless otherwise stated)

	Note	**Unaudited 30 June 2012 RMB million**	Audited 31 December 2011 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	7	**55,040**	55,148
Lease prepayments		**8,153**	8,108
Investment properties		**769**	435
Intangible assets	8	**28,286**	23,902
Investments in jointly controlled entities		**1,014**	948
Investments in associates		**3,289**	3,145
Deferred income tax assets		**2,070**	2,024
Available-for-sale financial assets	9	**12,164**	12,846
Trade and other receivables	10	**30,853**	28,940
		141,638	135,496
Current assets			
Inventories		**23,471**	22,603
Trade and other receivables	10	**107,203**	100,266
Amounts due from customers for contract work	11	**65,947**	54,261
Other financial assets at fair value through profit or loss		**39**	49
Available-for-sale financial assets	9	**4,666**	–
Derivative financial instruments	12	**6**	62
Restricted bank deposits	13	**4,582**	922
Cash and cash equivalents		**52,809**	45,121
		258,723	223,284
Total assets		**400,361**	358,780

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2012 (All amounts in RMB unless otherwise stated)

	Note	**Unaudited 30 June 2012 RMB million**	Audited 31 December 2011 RMB million
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	24	**16,175**	14,825
Share premium		**19,656**	13,853
Other reserves	25	**41,990**	38,626
Proposed final dividend	26	**–**	2,902
		77,821	70,206
Non-controlling interests		**9,814**	10,739
Total equity		**87,635**	80,945
LIABILITIES			
Non-current liabilities			
Borrowings	14	**58,357**	51,756
Deferred income		**611**	642
Deferred income tax liabilities		**2,383**	2,343
Early retirement and supplemental benefit obligations		**1,952**	2,028
Trade and other payables	15	**2,077**	2,097
		65,380	58,866
Current liabilities			
Trade and other payables	15	**156,915**	146,777
Amounts due to customers for contract work	11	**14,629**	14,741
Derivative financial instruments	12	**38**	58
Current income tax liabilities		**1,566**	2,634
Borrowings	14	**73,777**	54,289
Early retirement and supplemental benefit obligations		**283**	330
Provisions for other liabilities and charges		**138**	140
		247,346	218,969
Total liabilities		**312,726**	277,835
Total equity and liabilities		**400,361**	358,780
Net current assets		**11,377**	4,315
Total assets less current liabilities		**153,015**	139,811

The accompanying notes 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 2012 (All amounts in RMB unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
		2012	2011
	Note	**RMB million**	RMB million
Revenue	6	**124,737**	138,925
Cost of sales	16	**(111,194)**	(126,911)
Gross profit		**13,543**	12,014
Other income	17	**887**	1,129
Other gains, net	18	**27**	66
Selling and marketing expenses	16	**(272)**	(286)
Administrative expenses	16	**(5,684)**	(5,163)
Other expenses	19	**(364)**	(311)
Operating profit	6	**8,137**	7,449
Finance income	20	**662**	1,348
Finance costs, net	21	**(2,553)**	(1,553)
Share of post-tax profits of jointly controlled entities		**13**	42
Share of post-tax profits of associates		**42**	24
Profit before income tax		**6,301**	7,310
Income tax expense	22	**(1,380)**	(1,519)
Profit for the period		**4,921**	5,791
Attributable to:			
– Equity holders of the Company		**5,016**	5,829
– Non-controlling interests		**(95)**	(38)
		4,921	5,791
Earnings per share for profit attributable to equity holders of the Company			
(expressed in RMB)			
– Basic	23	**0.32**	0.39
– Diluted	23	**0.32**	0.39

The accompanying notes form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

(All amounts in RMB unless otherwise stated)

	Unaudited Six months ended 30 June	
	2012	2011
	RMB million	RMB million
Profit for the period	**4,921**	5,791
Other comprehensive (expenses)/income		
Fair value losses on available-for-sale financial assets, net of deferred tax		
– Losses arising during the period	**(220)**	(369)
– Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**–**	(24)
Currency translation differences	**44**	31
Other comprehensive expenses for the period, net of tax	**(176)**	(362)
Total comprehensive income for the period	**4,745**	5,429
Total comprehensive income/(expenses) attributable to:		
– Equity holders of the Company	**4,826**	5,484
– Non-controlling interests	**(81)**	(55)

The accompanying notes 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 2012 (All amounts in RMB unless otherwise stated)

		For the six months ended 30 June 2012 (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 2012		**14,825**	**13,853**	**2,292**	**1,186**	**6,534**	**925**	**18**	**30,573**	**70,206**	**10,739**	**80,945**
Profit/(loss) for the period		–	–	–	–	–	–	–	5,016	5,016	(95)	4,921
Other comprehensive (expenses)/income												
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	–	(240)	–	–	–	(240)	20	(220)
Currency translation differences		–	–	–	–	–	–	50	–	50	(6)	44
Total comprehensive (expenses)/ income for the period ended 30 June 2012		–	–	–	–	(240)	–	50	5,016	4,826	(81)	4,745
2011 final dividend		–	–	–	–	–	–	–	(2,902)	(2,902)	–	(2,902)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(26)	(26)
Issuance of A shares												
– Capital contribution by shareholders	24	926	3,938	–	–	–	–	–	–	4,864	–	4,864
– In exchange for the shares in a subsidiary held by its non-controlling shareholders	24	424	1,865	(1,462)	–	–	–	–	–	827	(827)	–
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	9	9
Appropriations	25	–	–	–	–	–	212	–	(212)	–	–	–
Balance at 30 June 2012		**16,175**	**19,656**	**830**	**1,186**	**6,294**	**1,137**	**68**	**32,475**	**77,821**	**9,814**	**87,635**

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2012 (All amounts in RMB unless otherwise stated)

		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		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 (expenses)/income												
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	–	(350)	–	–	–	(350)	(19)	(369)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, 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)
Capital 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	25	–	–	–	–	–	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

The accompanying notes 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 2012 (All amounts in RMB unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	**2012 RMB million**	2011 RMB million
Net cash used in operating activities	27(a)	**(5,210)**	(7,633)
Net cash used in investing activities	27(b)	**(11,069)**	(6,471)
Net cash generated from financing activities	27(c)	**23,964**	14,244
Net increase in cash and cash equivalents		**7,685**	140
Cash and cash equivalents at 1 January		**45,121**	38,826
Exchange gains/(losses) on cash and cash equivalents		**3**	(19)
Cash and cash equivalents at 30 June		**52,809**	38,947

The accompanying notes form an integral part of this unaudited condensed consolidated interim financial information.

1. General information

China Communications Construction Company Limited (the "Company") was established in the People's Republic of China (the "PRC") on 8 October 2006 as a joint stock company with limited liability under the Company Law of the PRC. The H shares of the Company were listed on the Stock Exchange of Hong Kong Limited on 15 December 2006 and the A shares of the Company were listed on the Shanghai Stock Exchange on 9 March 2012. Upon the completion of the A shares issuance, all the then existing unlisted domestic shares have become A shares and tradeable on the Shanghai Stock Exchange (Note 24). The address of the Company's registered office is 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC.

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

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated.

The condensed consolidated interim financial information for the six months ended 30 June 2012 was approved for issue by the Board of Directors on 28 August 2012.

The condensed consolidated interim financial information has not been audited.

2. Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2012 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 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2011, as described in those annual financial statements.

(a) Amended standards adopted by the Group

The amendments to standards which are mandatory for the financial year beginning 1 January 2012 are as follows:

IAS 12 (Amendment)	"Deferred tax: Recovery of underlying assets"
IFRS 1 (Amendment)	"Severe hyperinflation and removal of fixed dates for first-time adopters"
IFRS 7 (Amendment)	"Disclosures – Transfers of financial assets"

The adoption of the above do not have any significant impact to the Group's results for the six months ended 30 June 2012 and the Group's financial position as at 30 June 2012.

3. Accounting policies (Continued)

(b) New and amended standards not effective for the financial year beginning 1 January 2012 and have not been early adopted by the Group

The International Accounting Standards Board ("IASB") has issued certain new and revised standards, amendments to standards and interpretations which are not yet effective for the year ending 31 December 2012.

The Group has not early adopted the new and revised standards, amendments to standards and interpretations, which are not yet effective for the year ending 31 December 2012, in the unaudited condensed consolidated interim financial information, but has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

4. Critical accounting estimates, assumptions and judgments

The preparation of interim financial information require management to make estimates, assumptions and judgements 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 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 2011.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow 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 2011.

The risk management objectives and practices are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2011.

5.2 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 14(h).

5. Financial risk management (Continued)

5.2 Liquidity risk (Continued)

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 1year 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 2012				
Borrowings (excluding finance lease liabilities)	**77,106**	**13,794**	**25,935**	**37,783**
Finance lease liabilities	**987**	**806**	**1,280**	**730**
Derivative financial instruments – held for trading	**7**	**6**	**17**	**3**
Trade and other payables (excluding statutory and non-financial liabilities)	**110,688**	**2,326**	**–**	**–**
Financial guarantee contracts	**50**	**–**	**–**	**217**
	188,838	**16,932**	**27,232**	**38,733**
As at 31 December 2011				
Borrowings (excluding finance lease liabilities)	56,589	11,669	24,690	31,991
Finance lease liabilities	898	729	555	4
Derivative financial instruments – held for trading	8	8	36	8
Trade and other payables (excluding statutory and non-financial liabilities)	107,554	2,374	–	–
Financial guarantee contracts	50	–	–	218
	165,099	14,780	25,281	32,221

The Group entered into the guarantee contracts for bank borrowings made by certain jointly controlled entities and certain third party entities. Financial guarantees represent the maximum amounts of guarantees allocated to the earliest periods in which the respective guarantees could be called. The Directors of the Company are of the opinion that those guarantees are not likely to be crystallised in the foreseeable future.

Net settled derivatives comprise forward foreign exchange contracts used by the Group to hedge the exposure to foreign currency risk.

5. Financial risk management (Continued)

5.3 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 fully recoverable. The bank deposits in financial institutions in 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 2012, the balance of contract work-in-progress relating to on-going construction projects and bank deposits in these countries in Africa and Middle East represent less than 1.0% and 1.5% (31 December 2011: less than 2.0% and 1.0%), 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.

5.4 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).

5. Financial risk management (Continued)

5.4 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2012.

	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	**39**	**–**	**–**	**39**
Derivative financial instruments				
– held for trading	**–**	**6**	**–**	**6**
Available-for-sale financial assets				
– equity securities	**10,746**	**111**	**–**	**10,857**
– other unlisted instruments (Note 9(a))	**–**	**4,666**	**–**	**4,666**
Total assets	**10,785**	**4,783**	**–**	**15,568**
Liabilities				
Derivative financial instruments				
– held for trading	**–**	**(38)**	**–**	**(38)**
Total liabilities	**–**	**(38)**	**–**	**(38)**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 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	49	–	–	49
Derivative financial instruments				
– held for trading	–	62	–	62
Available-for-sale financial assets				
– equity securities	11,033	109	–	11,142
Total assets	11,082	171	–	11,253
Liabilities				
Derivative financial instruments				
– held for trading	–	(58)	–	(58)
Total liabilities	–	(58)	–	(58)

5. Financial risk management (Continued)

5.4 Fair value estimation (Continued)

For the six months ended 30 June 2012, 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 2012, 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 2012, there were no reclassifications of financial assets.

6. Segment information

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

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

(a) infrastructure construction of ports, roads, bridges, and railway (the "Construction Segment");
(b) infrastructure design of ports, roads and bridges (the "Design Segment");
(c) dredging (the "Dredging Segment");
(d) manufacturing of heavy machinery (the "Heavy Machinery Segment"); and
(e) others (the "Other Segment").

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

Sales between segments are carried out on terms by reference to those that prevail in arm's length transactions. The revenue from external parties reported to the President Office is measured in a manner consistent with that in the condensed consolidated income statement.

Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of 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).

6. Segment information (Continued)

The segment results for the six months ended 30 June 2012 and other segment items included in the unaudited condensed consolidated interim financial information are as follows:

	For the six months ended 30 June 2012 (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	94,330	6,065	14,194	10,526	2,768	(3,146)	124,737
Inter-segment revenue	(890)	(461)	(1,145)	(628)	(22)	3,146	–
Revenue	93,440	5,604	13,049	9,898	2,746	–	124,737
Segment result	5,240	857	1,506	383	56	21	8,063
Unallocated income							74
Operating profit							8,137
Finance income							662
Finance costs, net							(2,553)
Share of post-tax profits of jointly controlled entities							13
Share of post-tax profits of associates							42
Profit before income tax							6,301
Income tax expense							(1,380)
Profit for the period							4,921
Other segment items							
Depreciation	1,684	82	674	590	25	–	3,055
Amortisation	142	13	10	28	6	–	199
Write-down of inventories	–	–	–	8	–	–	8
(Reversal of)/provision for foreseeable losses on construction contracts	(74)	–	6	53	–	–	(15)
Provision for impairment of trade and other receivables	137	19	68	28	–	–	252

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 post-tax profits of jointly controlled entities							42
Share of post-tax profits 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

6. Segment information (Continued)

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.

The segment assets and liabilities at 30 June 2012 and capital expenditure for the six months then ended are as follows:

	As at 30 June 2012 (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	**246,091**	**15,414**	**48,704**	**50,454**	**3,377**	**(6,540)**	**357,500**
Investments in jointly controlled entities							**1,014**
Investments in associates							**3,289**
Unallocated assets							**38,558**
Total assets							**400,361**
Segment liabilities	**143,572**	**5,985**	**21,342**	**7,305**	**1,298**	**(6,356)**	**173,146**
Unallocated liabilities							**139,580**
Total liabilities							**312,726**
Capital expenditure	**6,874**	**282**	**822**	**166**	**34**	**–**	**8,178**

Segment assets and liabilities at 30 June 2012 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	**357,500**	**173,146**
Investments in jointly controlled entities	**1,014**	**–**
Investments in associates	**3,289**	**–**
Unallocated:		
Deferred income tax assets/liabilities	**2,070**	**2,383**
Current income tax liabilities	**–**	**1,566**
Current borrowings	**–**	**73,777**
Non-current borrowings	**–**	**58,357**
Available-for-sale financial assets	**16,830**	**–**
Other financial assets at fair value through profit or loss	**39**	**–**
Derivative financial instruments	**6**	**38**
Cash and other corporate assets/corporate liabilities	**19,613**	**3,459**
Total	**400,361**	**312,726**

6. Segment information (Continued)

The segment assets and liabilities at 31 December 2011 and capital expenditure for the year then ended are as follows:

	As at 31 December 2011 (Audited)						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Other RMB million	Elimination RMB million	Total RMB million
Segment assets	222,339	13,471	41,744	46,219	3,590	(5,760)	321,603
Investments in jointly controlled entities							948
Investments in associates							3,145
Unallocated assets							33,084
Total assets							358,780
Segment liabilities	138,610	5,819	19,429	6,775	1,402	(5,582)	166,453
Unallocated liabilities							111,382
Total liabilities							277,835
Capital expenditure	13,967	293	2,832	896	31	–	18,019

Segment assets and liabilities at 31 December 2011 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	321,603	166,453
Investments in jointly controlled entities	948	–
Investments in associates	3,145	–
Unallocated:		
Deferred income tax assets/liabilities	2,024	2,343
Current income tax liabilities	–	2,634
Current borrowings	–	54,289
Non-current borrowings	–	51,756
Available-for-sale financial assets	12,846	–
Other financial assets at fair value through profit or loss	49	–
Derivative financial instruments	62	58
Cash and other corporate assets/corporate liabilities	18,103	302
Total	358,780	277,835

6. Segment information (Continued)

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

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
PRC (excluding Hong Kong and Macau)	**109,434**	124,439
Other regions	**15,303**	14,486
	124,737	138,925

Other regions primarily include countries in Africa, Middle East and South East Asia. There are no material non-current assets attributed to other regions.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

7. Property, plant and equipment

	For the six months ended 30 June 2012 (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 2012						
Opening net book amount	**10,833**	**9,060**	**23,042**	**2,588**	**9,625**	**55,148**
Additions	**70**	**488**	**365**	**672**	**1,599**	**3,194**
Disposals	**(29)**	**(24)**	**(124)**	**(60)**	**–**	**(237)**
Transfer	**204**	**762**	**1,151**	**43**	**(2,160)**	**–**
Transferred to investment properties	**(18)**	**–**	**–**	**–**	**–**	**(18)**
Depreciation	**(259)**	**(810)**	**(1,295)**	**(683)**	**–**	**(3,047)**
Closing net book amount	**10,801**	**9,476**	**23,139**	**2,560**	**9,064**	**55,040**
At 30 June 2012						
Cost	**14,500**	**17,107**	**40,797**	**7,076**	**9,064**	**88,544**
Accumulated depreciation	**(3,699)**	**(7,631)**	**(17,658)**	**(4,516)**	**–**	**(33,504)**
Net book amount	**10,801**	**9,476**	**23,139**	**2,560**	**9,064**	**55,040**

7. Property, plant and equipment (Continued)

	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	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

(a) Bank borrowings are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB1,731 million (31 December 2011: RMB1,561 million) (Note 14(a)).

(b) As at 30 June 2012, the Group is in the process of applying for or changing registration of the ownership certificates for certain properties with an aggregate book carrying amount of approximately RMB1,955 million (31 December 2011: RMB2,056 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

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

	As at 30 June 2012 RMB million (Unaudited)	As at 31 December 2011 RMB million (Audited)
Cost – Capitalised finance leases	**4,197**	3,388
Accumulated depreciation	**(770)**	(619)
Net book amount	**3,427**	2,769

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 2012 (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 2012						
Opening net book amount	**217**	**66**	**23,112**	**306**	**201**	**23,902**
Additions	**–**	**6**	**4,488**	**–**	**2**	**4,496**
Amortisation charge (Note 16)	**(12)**	**(11)**	**(76)**	**–**	**(13)**	**(112)**
Closing net book amount	**205**	**61**	**27,524**	**306**	**190**	**28,286**
At 30 June 2012						
Cost	**302**	**143**	**27,820**	**306**	**240**	**28,811**
Accumulated amortisation	**(97)**	**(82)**	**(296)**	**–**	**(50)**	**(525)**
Net book amount	**205**	**61**	**27,524**	**306**	**190**	**28,286**

	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 (Note 16)	(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

(a) As at 30 June 2012, concession assets represent assets under "Build-Operate-Transfer" service concession arrangements and consist mainly of toll roads in the PRC, with cost of RMB13,600 million (31 December 2011: RMB13,520 million) generating operating income, and RMB14,220 million (31 December 2011: RMB9,812 million) under construction.

(b) As at 30 June 2012, certain bank borrowings are secured by concession assets with carrying amount of approximately RMB12,437 million (31 December 2011: RMB8,653 million) (Note 14(a)).

9. Available-for-sale financial assets

	RMB million (Unaudited)
At 1 January 2012	
Balance at 1 January 2012	**12,846**
Fair value losses	**(299)**
Additions	**5,566**
Disposals	**(1,272)**
Impairment charge (Note 16)	**(11)**
Balance at 30 June 2012	**16,830**
Less: non-current portion	**(12,164)**
Current portion	**4,666**

	RMB million (Unaudited)
At 1 January 2011	
Balance at 1 January 2011	15,452
Fair value losses	(126)
Additions	96
Disposals	(161)
Balance at 30 June 2011	15,261

Available-for-sale financial assets include the following:

	As at 30 June 2012 RMB million (Unaudited)	As at 31 December 2011 RMB million (Audited)
Non-current		
Listed equity securities, at fair value		
– Mainland China	**10,659**	10,933
– Hong Kong	**198**	209
Unlisted equity investments, at cost	**1,307**	1,704
	12,164	12,846
Current		
Other unlisted instruments, at fair value (a)	**4,666**	–
	16,830	12,846

(a) Other unlisted instruments represented wealth management products issued by financial institutions. Major investment targets of these products are bills issued by the People's Bank of China, debt securities issued by policy banks, debt securities issued by Chinese government in the national financial market for institutional investors, and other financial instruments. As at 30 June 2012, bank borrowings are secured by certain unlisted instruments with carrying amount of approximately RMB1,939 million (31 December 2011: nil) (Note 14(a)).

10. Trade and other receivables

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Trade and bills receivables (a)	**54,637**	53,344
Less: provision for impairment	**(2,684)**	(2,440)
Trade and bill receivables – net	**51,953**	50,904
Prepayments	**14,070**	13,645
Retentions	**29,113**	26,167
Deposits	**13,340**	12,031
Other receivables	**11,501**	8,674
Staff advances	**978**	646
Long-term receivables	**17,101**	17,139
	138,056	129,206
Less: non-current portion		
– Retentions	**(17,040)**	(15,755)
– Deposits	**(979)**	(916)
– Long-term receivables	**(12,273)**	(11,678)
– Prepayments for equipment	**(561)**	(591)
	(30,853)	(28,940)
Current portion	**107,203**	100,266

Refer to Note 30(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 2012 RMB million (Unaudited)	As at 31 December 2011 RMB million (Audited)
Within 6 months	**41,075**	42,297
6 months to 1 year	**6,524**	5,126
1 year to 2 years	**4,492**	3,959
2 years to 3 years	**1,460**	912
Over 3 years	**1,086**	1,050
	54,637	53,344

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

(b) The Group has entered into certain recourse and non-recourse factoring agreements with certain banks so as to obtain bank advances. As at 30 June 2012, relevant trade receivables, with recourse factoring clauses in the agreements, amounted to RMB6,699 million (31 December 2011: RMB5,850 million). In the opinion of Directors, such transactions did not qualify for derecognition of receivables and were accounted as secured borrowings (Note 14(a)). In addition, as at 30 June 2012, trade receivables of RMB6,354 million (31 December 2011: RMB7,155 million) had been transferred to the banks in accordance with relevant non-recourse factoring agreements. Relevant receivables 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.

11. Contract work-in-progress

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Contract cost incurred plus recognised profit less recognised losses	**953,073**	854,037
Less: progress billings	**(901,755)**	(814,517)
Contract work-in-progress	**51,318**	39,520
Representing:		
Amounts due from customers for contract work	**65,947**	54,261
Amounts due to customers for contract work	**(14,629)**	(14,741)
	51,318	39,520

	Six months ended 30 June 2012 RMB million (Unaudited)	2011 RMB million (Unaudited)
Contract revenue recognised as revenue in the period	**112,095**	126,420

12. Derivative financial instruments

	As at 30 June 2012		31 December 2011	
	Assets RMB million (Unaudited)	Liabilities RMB million (Unaudited)	Assets RMB million (Audited)	Liabilities RMB million (Audited)
Forward foreign exchange contracts – held for trading	**6**	**(38)**	62	(58)

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2012 were RMB3,239 million (31 December 2011: RMB4,573 million).

The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative financial assets amounting to RMB6 million (31 December 2011: RMB62 million) in the balance sheet.

13. Restricted bank deposits

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Restricted bank deposits	**4,582**	922

As at 30 June 2012, restricted bank deposits mainly included pledged bank deposits as securities for bank borrowings (Note 14 (a)) and deposits for issuance of bank acceptance notes, performance bonds and letters of credit to customers.

14. Borrowings

	Note	As at 30 June 2012 RMB million (Unaudited)	As at 31 December 2011 RMB million (Audited)
Non-current			
Long-term bank borrowings			
– secured	(a)	**26,374**	23,397
– unsecured		**10,828**	8,887
		37,202	32,284
Other borrowings			
– secured	(a)	**800**	200
– unsecured		**218**	184
Corporate bonds	(b)	**9,935**	9,930
Medium term notes	(c)	**5,981**	5,984
Non-public debt instrument	(e)	**1,998**	1,995
Financial lease liabilities	(f)	**2,223**	1,179
Total non-current borrowings		**58,357**	51,756
Current			
Current portion of long-term bank borrowings			
– secured	(a)	**2,791**	2,429
– unsecured		**3,644**	4,637
		6,435	7,066
Short-term bank borrowings			
– secured	(a)	**32,683**	22,578
– unsecured		**30,170**	20,203
		62,853	42,781
Other borrowings			
– secured	(a)	**350**	100
– unsecured		**91**	500
Corporate bonds	(b)	**441**	187
Medium term notes	(c)	**104**	260
Debentures	(d)	**2,501**	2,585
Non-public debt instrument	(e)	**83**	18
Finance lease liabilities	(f)	**919**	792
Total current borrowings		**73,777**	54,289
Total borrowings		**132,134**	106,045

(a) As at 30 June 2012, these borrowings were secured by the Group's property, plant and equipment, concession assets, available-for-sale financial assets, inventory, trade receivables, term deposits, and guarantees provided by certain subsidiaries of the Group and the Company. As at 31 December 2011, 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.

14. Borrowings (Continued)

(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 China Communications Construction Group (Limited) ("CCCG"), the parent company. RMB2,100 million of such bonds bears interest at a rate of 4.7% per annum, with maturities through 2014 and RMB7,900 million bears interest at a rate of 5.2% per annum, with maturities through 2019. 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 ("NAFMII") of the PRC:

– 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 first and second 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 the issue date. The interest rates were 2.97% and 4.36% per annum, respectively. The two tranches of debentures have been fully paid off in accordance with relevant settlement schedules. In June 2012, the Group further issued another tranche of debentures, at the nominal value of RMB2,500 million, with maturities of one year from the issue date. The interest rate is 3.40% per annum. The debenture was stated at amortised cost.

(e) As approved by NAFMII, the Group issued a non-public debt instrument with an nominal value of RMB2,000 million in November 2011, with a maturity of three years from issuance, bearing interest at a rate of 6.46% per annum. The non-public debt instrument is stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings.

14. Borrowings (Continued)

(f) Finance lease liabilities

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

	As at 30 June 2012 RMB million (Unaudited)	As at 31 December 2011 RMB million (Audited)
Gross finance lease liabilities – minimum lease payments		
– No later than 1 year	**987**	898
– Later than 1 year and no later than 5 years	**2,086**	1,284
– Later than 5 years	**730**	4
	3,803	2,186
Future finance charges on finance leases	**(661)**	(215)
Present value of finance lease liabilities	**3,142**	1,971
The present value of finance lease liabilities is as follows:		
– No later than 1 year	**919**	792
– Later than 1 year and no later than 5 years	**1,766**	1,177
– Later than 5 years	**457**	2
	3,142	1,971

(g) Movements in borrowings is analysed as follows:

	RMB million (Unaudited)
Six months ended 30 June 2012	
Opening amount as at 1 January 2012	**106,045**
Proceeds from borrowings	**60,832**
Finance lease liabilities	**1,032**
Repayments of borrowings, interests and finance lease liabilities	**(36,320)**
Net foreign exchange losses on borrowings (Note 21)	**23**
Accrued interest on borrowings	**522**
Closing amount as at 30 June 2012	**132,134**

	RMB million (Unaudited)
Six months ended 30 June 2011	
Opening amount as at 1 January 2011	81,329
Proceeds from borrowings	46,091
Finance lease liabilities	150
Repayments of borrowings, interests and finance lease liabilities	(28,051)
Net foreign exchange gains on borrowings (Note 21)	(301)
Effect on debt restructuring of Iraq Loans (Note 20)	(930)
Accrued interest on borrowings	555
Closing amount as at 30 June 2011	98,843

14. Borrowings (Continued)

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

	As at 30 June 2012 RMB million (Unaudited)	As at 31 December 2011 RMB million (Audited)
Floating rate:		
– Expiring within one year	**123,823**	156,367
– Expiring beyond one year	**70,344**	36,892
	194,167	193,259

15. Trade and other payables

	As at 30 June 2012 RMB million (Unaudited)	As at 31 December 2011 RMB million (Audited)
Trade and bills payables (a)	**95,774**	95,685
Advance from customers	**39,606**	32,714
Deposits from suppliers	**9,520**	8,986
Other taxes	**4,756**	4,656
Dividend payables	**2,872**	157
Social security	**943**	845
Accrued expenses	**392**	265
Accrued payroll	**260**	341
Share appreciation rights	**45**	35
Others	**4,824**	5,190
	158,992	148,874
Less: non-current portion		
– Deposits from suppliers	**(2,077)**	(2,097)
Current portion	**156,915**	146,777

Refer to Note 30(c) for payables due to related parties.

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

	As at 30 June 2012 RMB million (Unaudited)	As at 31 December 2011 RMB million (Audited)
Within 1 year	**90,214**	89,257
1 year to 2 years	**4,488**	5,118
2 years to 3 years	**658**	880
Over 3 years	**414**	430
	95,774	95,685

16. Expenses by nature

	Six months ended 30 June 2012 RMB million (Unaudited)	2011 RMB million (Unaudited)
Raw materials and consumables used	**39,758**	47,947
Subcontracting costs	**37,262**	40,434
Employee benefits	**10,870**	10,653
Rentals	**6,381**	8,870
Business tax and other transaction taxes	**3,285**	3,859
Depreciation of property, plant and equipment and investment properties	**3,055**	2,986
Fuel	**2,550**	3,245
Transportation costs	**1,974**	2,059
Cost of goods sold	**1,560**	1,753
Travel	**962**	947
Repair and maintenance expenses	**780**	689
Research and development costs	**658**	515
Utilities	**470**	587
Provision for impairment of trade and other receivables	**252**	153
Insurance	**224**	302
Amortisation of intangible assets (Note 8)	**112**	97
Amortisation of lease prepayments	**87**	87
Provision for impairment of available-for-sale financial assets (Note 9)	**11**	–
Write-down of inventories	**8**	14
(Reversal of)/provision for foreseeable losses on construction contracts	**(15)**	97
Others	**6,906**	7,066
Total cost of sales, selling and marketing expenses and administrative expenses	**117,150**	132,360

17. Other income

	Six months ended 30 June 2012 RMB million (Unaudited)	2011 RMB million (Unaudited)
Rental income	**97**	151
Compensation for factory relocation	**71**	–
Sale of materials	**35**	138
Dividend income on available-for-sale financial assets		
– Listed equity securities	**305**	211
– Unlisted equity investments	**39**	31
Government grants	**74**	100
Others	**266**	498
	887	1,129

18. Other gains, net

	Six months ended 30 June 2012 RMB million (Unaudited)	2011 RMB million (Unaudited)
Gains on disposal of property, plant and equipment	**81**	22
Gains on derivative financial instruments:		
– Foreign exchange forward contracts	**7**	42
Gains on disposal of available-for-sale financial assets	**8**	42
Net foreign exchange losses	**(82)**	(44)
Others	**13**	4
	27	66

19. Other expenses

	Six months ended 30 June 2012 RMB million (Unaudited)	2011 RMB million (Unaudited)
Depreciation and other costs relating to assets being leased out	**83**	68
Cost of sale of materials	**37**	138
Others	**244**	105
	364	311

20. Finance income

	Six months ended 30 June 2012 RMB million (Unaudited)	2011 RMB million (Unaudited)
Gain on debt restructuring of Iraq Loans (a)	**–**	930
Interest income:		
– Bank deposits	**258**	158
– Unwinding of discount of long-term receivables	**354**	236
Others	**50**	24
	662	1,348

(a) In the 1980's, the predecessor operations of CCCG borrowed certain loans ("Iraq Loans") to finance certain construction projects in Iraq. As the Iraqi Government did not settle the outstanding receivables for such projects due to the Gulf war in 1990, these loans have not been repaid according to the original loan agreements. In 2010, the PRC and Iraqi Governments entered into a bilateral agreement for the Iraqi Government to settle the overdue amounts owed to Chinese enterprises, and the Ministry of Finance of the PRC issued a guideline relating to the settlement of the Iraq Loans based on the bilateral agreement. In 2011, a debt restructuring agreement was entered into with China Orient Management Corporation, the lender, in accordance with the principles as set out in the guideline. According to the debt restructuring 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 ("New Iraq Loan"). Accordingly, the difference between the Iraq Loans extinguished and the New Iraq Loan assumed under the debt restructuring agreement, amounting to RMB930 million, was recognised as "finance income" in the unaudited condensed consolidated interim income statement for the six months ended 30 June 2011.

21. Finance costs, net

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Interest expense incurred	**3,074**	2,002
Less: capitalised interest expense	**(690)**	(651)
Net interest expense	**2,384**	1,351
Representing:		
– Bank borrowings	**1,766**	724
– Other borrowings	**51**	32
– Corporate bonds	**259**	259
– Medium term notes	**165**	225
– Non-public debt instrument	**68**	–
– Finance lease liabilities	**49**	45
– Debentures	**26**	66
	2,384	1,351
Net foreign exchange losses/(gains) on borrowings	**23**	(301)
Others	**146**	503
	2,553	1,553

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 RMB690 million (six months ended 30 June 2011: RMB651 million) were capitalised in the six months period ended 30 June 2012, of which approximately RMB204 million (six months ended 30 June 2011: RMB276 million) was charged to contract work-in-progress, approximately RMB298 million (six months ended 30 June 2011: RMB209 million) was included in cost of concession assets, approximately RMB183 million (six months ended 30 June 2011: RMB166 million) was included in cost of construction-in-progress, and approximately RMB5 million (six months ended 30 June 2011: nil) was included in cost of property, plant and equipment as at 30 June 2012. A general capitalisation rate of 5.75% per annum (six months ended 30 June 2011: 5.54%) was used, representing the costs of the borrowings used to finance the qualifying assets.

22. Taxation

Taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates.

Most of companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2011: 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 a few subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 12.5% to 15% (2011: 12% to 24%).

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

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Current income tax		
– PRC enterprise income tax	**1,165**	1,608
– Others	**142**	32
	1,307	1,640
Deferred income tax	**73**	(121)
Income tax expense	**1,380**	1,519

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	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Profit before income tax	**6,301**	7,310
Less: share of post-tax profits of jointly controlled entities and associates	**(55)**	(66)
	6,246	7,244
Tax calculated at PRC statutory tax rate of 25% (six months ended 30 June 2011: 25%)	**1,562**	1,811
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(315)**	(205)
Income not subject to tax	**(161)**	(114)
Additional tax concession on research and development costs	**(53)**	(50)
Expenses not deductible for tax purposes	**54**	62
Utilisation of previously unrecognised tax losses	**(1)**	(84)
Tax losses for which no deferred income tax asset was recognised	**294**	99
Income tax expense	**1,380**	1,519

23. 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	
	2012 (Unaudited)	2011 (Unaudited)
Profit attributable to equity holders of the Company (RMB million)	**5,016**	5,829
Weighted average number of ordinary shares in issue (millions)	**15,725**	14,825
Basic earnings per share (RMB per share)	**0.32**	0.39

(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 2012 and 2011.

24. Share capital

	As at			
	30 June 2012		31 December 2011	
	Number of shares (thousands) (Unaudited)	**Nominal value (RMB'000) (Unaudited)**	Number of shares (thousands) (Audited)	Nominal value (RMB'000) (Audited)
Registered, issued and fully paid				
Unlisted domestic shares of RMB1.00 each	**–**	**–**	10,397,500	10,397,500
A shares of RMB1.00 each	**11,747,235**	**11,747,235**	–	–
H shares of RMB1.00 each	**4,427,500**	**4,427,500**	4,427,500	4,427,500
	16,174,735	**16,174,735**	14,825,000	14,825,000

In March 2012, the Company completed an A share listing on the Shanghai Stock Exchange. In this connection, the Company issued 1,349,735,425 A shares with a nominal value of RMB1.00 each, of which 925,925,925 A shares were issued at RMB5.4 each to domestic investors by way of public offering. The Company also issued 423,809,500 A shares for a share exchange with the shareholders of Road & Bridge International Co., Ltd. ("CRBC International"), a former A share listed subsidiary of the Company which has been delisted afterwards. From the issuance of the new A shares, the Company raised net proceeds of approximately RMB4,864 million of which paid-up share capital was RMB926 million and share premium was approximately RMB3,938 million, and acquired investment in subsidiary of approximately RMB2,289 million of which paid-up share capital was RMB424 million and share premium was approximately RMB1,865 million.

Upon the completion of this A share issuance and listing, the then existing 10,397,500,000 domestic shares have become A shares and tradable on the Shanghai Stock Exchange on the same conditions in all respects as those of the previous A shares of CRBC International. 92,592,593 A shares (10% of the number of new A shares issued by public offering) were transferred to the National Social Security Fund.

24. Share capital (Continued)

As a result, the Company's share capital increased from RMB14,825,000,000 to RMB16,174,735,425, comprising 11,747,235,425 A shares and 4,427,500,000 H shares, representing approximately 72.6% and 27.4% of the registered capital, respectively.

25. Other reserves

(a) Statutory surplus reserve

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

For the period ended 30 June 2012, no statutory surplus reserve fund was appropriated by the Board of Directors (six months ended 30 June 2011: Nil).

(b) Safety reserve

Pursuant to relevant 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 at different rates ranging from 1.5% 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.

26. Dividends

2011 final dividend of RMB0.1794 per ordinary share, totalling RMB2,902 million was approved by the Company's shareholders in the Annual General Meeting on 6 June 2012.

No interim dividend for the six months ended 30 June 2012 was declared by the Board of Directors (six months ended 30 June 2011: Nil).

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

(a) Cash flows from operating activities:

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Cash used in operations	**(2,835)**	(5,489)
Income tax paid	**(2,375)**	(2,144)
Net cash used in operating activities	**(5,210)**	(7,633)

(b) Cash flows from investing activities:

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Purchases of property, plant and equipment	**(2,274)**	(2,891)
Increase in lease prepayments	**(164)**	(845)
Purchases of intangible assets	**(4,496)**	(3,067)
Purchases of investment properties	**(324)**	(33)
Proceeds from disposal of property, plant and equipment	**318**	324
Purchases of available-for-sale financial assets	**(5,561)**	(96)
Additional investments in subsidiaries	**–**	(229)
Proceeds from disposal of available-for-sale financial assets	**903**	203
Interest received	**288**	182
Dividends received	**357**	250
Others	**(116)**	(269)
Net cash used in investing activities	**(11,069)**	(6,471)

(c) Cash flows from financing activities:

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Proceeds from borrowings	**60,832**	46,091
Repayments of borrowings	**(35,899)**	(27,695)
Proceeds from issuance of A shares	**4,864**	–
Dividends paid to the Company's shareholders	**–**	(2,372)
Interest paid	**(2,252)**	(1,703)
Changes in restricted bank deposits	**(3,472)**	–
Others	**(109)**	(77)
Net cash generated from financing activities	**23,964**	14,244

28. Contingencies

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Pending lawsuits (a)	**599**	617
Outstanding loan guarantees (b)	**267**	268
	866	885

(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 does not include any pending lawsuit in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

(b) The Group has acted as the guarantors for various external borrowings made by certain jointly controlled entities of the Group (refer to details in Note 30(d)) and certain third party entities.

29. Capital commitments

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

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Property, plant and equipment	**3,213**	3,187
Intangible assets – concession assets	**13,618**	800
	16,831	3,987

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

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Property, plant and equipment	**5,629**	3,593
Intangible assets – concession assets	**68,599**	45,817
	74,228	49,410

30. 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 "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 2012 and balances arising from related party transactions as at 30 June 2012.

(a) Related party transactions

The following transactions were carried out with related parties other than government-related entities:

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Transactions with CCCG		
– Rental expenses	**52**	58
Transactions with fellow subsidiaries		
– Purchase of materials	**8**	–
Transactions with jointly controlled entities and associates		
– Revenue from provision of construction services	**292**	197
– Sales of machinery	**50**	17
– Revenue from rental income	**3**	3
– Subcontracting fee charges	**587**	304
– Purchase of materials	**16**	13
– Services charges	**103**	3
– Other costs	**5**	2

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

30. Related-party transactions (Continued)

(b) Key management compensation

	Six months ended 30 June 2012 RMB million (Unaudited)	2011 RMB million (Unaudited)
Basic salaries, housing allowances and other allowances	**2,986**	2,994
Contributions to pension plans	**208**	193
Others	**273**	–
	3,467	3,187

(c) Balances with related parties

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Trade and other receivables		
Trade receivables due from		
– Jointly controlled entities and associates	**671**	469
Long-term receivables due from		
– Fellow subsidiaries	**–**	800
Prepayments to		
– Jointly controlled entities and associates	**131**	397
Other receivables due from		
– Jointly controlled entities and associates	**151**	140
	953	1,806
Trade and other payables		
Trade and bills payables due to		
– Jointly controlled entities and associates	**346**	209
Advanced from customers with		
– Jointly controlled entities and associates	**23**	14
Other payables due to		
– Jointly controlled entities and associates	**68**	56
	437	279
Amounts due from customers for contract work with		
– Jointly controlled entities and associates	**258**	284
Amounts due to customers for contract work with		
– Jointly controlled entities	**2**	–

30. Related-party transactions (Continued)

(d) Guarantees

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Outstanding loan guarantees provided by the Group to		
– Jointly controlled entities	**217**	218
Outstanding bond guarantees provided by CCCG to the Company	**10,376**	10,117

(e) 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 significant transactions and balances with other government-related entities:

	Six months ended 30 June 2012 RMB million (Unaudited)	Six months ended 30 June 2011 RMB million (Unaudited)
Transactions with other government-related entities		
– Interest from bank deposits	**188**	130
– Interest on bank borrowings	**2,451**	1,543

	As at 30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Balances with other government-related entities		
– Restricted bank deposits	**3,850**	848
– Cash and cash equivalents	**42,582**	38,587
	46,432	39,435
– Borrowings	**99,703**	72,607

31. Subsequent Events

(a) In July 2012, within the quota approved by the People's Bank of China, the Company issued another tranche of debentures, at the nominal value of RMB2,500 million, with a maturity of one year from the issue date. The interest rate is 3.56% per annum.

(b) In August 2012, as approved by China Securities Regulatory Commission document [2012] No. 998, the Company issued domestic corporate bonds with an aggregate principal amount of RMB12 billion. The corporate bonds are guaranteed by CCCG. RMB6 billion of such bonds was issued with a maturity of five years from the issue date and bears interest at a rate of 4.40% per annum, RMB2 billion with a maturity of ten years and bears interest at a rate of 5.00% per annum, and RMB4 billion with a maturity of 15 years and bears interest at a rate of 5.15% per annum. The Company raised totally net proceeds of RMB11,976 million from the issuance.

(c) At the board meeting held on 28 August 2012, acquisition of a fellow subsidiary, China Communications Materials & Equipment Company Limited, from CCCG was approved by the Board of Directors.

Purchase, Sale or Redemption of Securities

During the period from 1 January 2012 to 30 June 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

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

As at 30 June 2012, none of the Directors or Supervisors 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 2012, the Company had not granted its Directors or Supervisors, 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 2012, based on the disclosure information filed with the Hong Kong Stock Exchange on its website in accordance with the requirement of the Securities and Futures Commission of Hong Kong, 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)	10,304,907,407	A shares	87.72	63.72	Beneficial owner
Merrill Lynch (Asia Pacific) Limited	525,000,000	H shares	13.64	3.25	Corporate interest
	528,912,000 (short position)	H shares	13.74	3.27	Corporate interest
Merrill Lynch Far East Limited	525,000,000	H shares	13.64	3.25	Interest held jointly with another person
	528,912,000 (short position)	H shares	13.74	3.27	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	13.64	3.25	Corporate interest
	528,912,000 (short position)	H shares	13.74	3.27	Corporate interest
Merrill Lynch International Incorporated	525,000,000	H shares	13.64	3.25	Corporate interest
	528,912,000 (short position)	H shares	13.74	3.27	Corporate interest
JP Morgan Chase & Co	224,618,426	H shares	5.07	1.39	Corporate interest
	24,337,849 (short position)	H shares	0.55	0.15	Corporate interest
	147,888,704 (p)	H shares	3.34	0.91	Corporate interest

Save as stated above, as at 30 June 2012, 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 believes that the Company complied with all code provisions as set out in the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Listing Rules for the three months ended 31 March 2012. The Board believes that the Company complied with all code provisions of the Corporate Governance Report and Corporate Governance Code (the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering a period after 1 April 2012, the "**New CG Code**") as set out in Appendix 14 to the Listing Rules for the three months ended 30 June 2012 with the exception of Code Provision A.5.1.

Code Provision A.5.1 of the New CG Code stipulates that a nomination committee should, among others, comprise a majority of independent non-executive directors. Throughout the six months ended 30 June 2012, the Board consisted of nine Directors, including three executive Directors, one non-executive Director and five independent non-executive Directors. Before the New CG Code became effective, the Nomination Committee consisted of three executive Directors, one non-executive Director and one independent non-executive Director.

Compliance with the Code on Corporate Governance Practices (Continued)

As a commitment to retain high level of corporate governance and continuous efforts to comply with the Listing Rules, the Board had appointed two additional independent non-executive Directors to the Nomination Committee. Currently, the Nomination Committee consists seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

As the term of office of the current session of Board will expire in December 2012, the Company will re-elect the members to the Nomination Committee as soon as practicable to ensure the compliance with the New CG Code. As the Nomination Committee normally holds meetings at the end of each year, during the first six months of 2012 no meeting had been held for the Nomination Committee. The Board will make sure that when the meeting of Nomination Committee is held in the second half of 2012, its composition will fully comply with the New CG Code and therefore its function and duties could be properly fulfilled and performed.

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 2012 to 30 June 2012.

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 2012. 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 Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2012.

"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 63.72% equity interest in the Company
"CHEC"	China Harbour Engineering Company Ltd., a wholly-owned subsidiary of the Company
"CRBC"	China Road & Bridge Corporation, a wholly-owned subsidiary of the Company
"Director(s)"	director(s) of the Company
"Group"	the Company itself and all of its subsidiaries
"Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC" or "China" or "Mainland China"	the People's Republic of China excluding, for the purpose of this interim report only, Hong Kong, Macau and Taiwan
"RMB" or "Renminbi"	the lawful currency of the PRC
"U.S."	United States of America
"U.S. dollars" 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

I. Corporate Information

Legal name of the Company in Chinese: 中國交通建設股份有限公司
Legal Chinese abbreviation of the Company: 中國交建
Legal name of the Company in English: China Communications Construction Company Limited
Legal English abbreviation of the Company: CCCC
Legal representative of the Company: ZHOU Jichang

II. Contact Person and Contact Details

Secretary to the Board of the Company: LIU Wensheng
Tel: 8610-82016562
Fax: 8610-82016524
E-mail: ir@ccccltd.cn
Address: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China

III. Basic Information

Registered address of the Company:
85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088

Office address of the Company:
85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088

Company website: http://www.ccccltd.cn
E-mail: webmaster@ccccltd.cn

IV. Information Disclosure and Place Available for Inspection

Newspapers designated by the Company for disclosure of information (A Shares):
China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
The website designated by China Securities Regulatory Commission for publishing interim report of A Shares:
www.sse.com.cn
The website designated by the Hong Kong Stock Exchange for publishing interim report of H Shares:
www.hkexnews.hk

Place available for inspection of the Company's interim report of A Shares:
19th Floor, 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Place available for inspection of the Company's interim report of H Shares:
19th Floor, China Harbour Building, 370–374 King's Road, North Point, Hong Kong

V. Basic Information on Shares of the Company

Listing place of A Shares: Shanghai Stock Exchange
Listing date of A Shares: 9 March 2012
Abbreviation of A Shares: 中國交建
Stock code of A Shares: 601800

Listing place of H Shares: The Stock Exchange of Hong Kong Limited
Listing Date of H Shares: 15 December 2006
Abbreviation of H Shares: CHINA COMM CONS
Stock code of H Shares: 01800

VI. Other Information of the Company

Registration date of the Company: 8 October 2006
Latest Registration date of the Company: 5 July 2012
Registered address: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Legal person business license registration number: 100000000040563
Tax registration number: 110105710934369
Organization code: 71093436-9

Domestic Auditors:
PricewaterhouseCoopers Zhong Tian CPAs Limited Company
11th Floor PricewaterhouseCoopers Center, Building 2,
Corporate Avenue, 202 Hu Bin Road,
Huangpu District, Shanghai, China

International Auditors:
PricewaterhouseCoopers
22nd Floor, Prince's Building, Central, Hong Kong

Hong Kong legal advisors:
Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square, Hong Kong

PRC legal advisors:
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