



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

2022

INTERIM REPORT
(H SHARE)



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PERFORMANCE HIGHLIGHTS

RMB million (except per share data)	For the six months ended 30 June		Change (%)
	2022	2021	
Revenue	362,834	339,218	7.0
Gross Profit	37,696	38,015	-0.8
Operating Profit	21,057	18,458	14.1
Profit attributable to owners of the parent	11,949	10,386	15.0
Basic earnings per share (RMB) ^(Note 1)	0.69	0.60	15.0

RMB million	As at		Change (%)
	30 June 2022	31 December 2021	
Total assets	1,565,683	1,390,837	12.6
Total liabilities	1,149,489	999,483	15.0
Total equity	416,194	391,354	6.3
Equity attributable to owners of the parent	273,473	260,350	5.0

Value of New Contracts	As at 30 June		Change (%)	
	2022	2021		
RMB million	Number of projects	Value of Contracts	Value of Contracts	
Infrastructure Construction Business	1,710	705,107	601,252	17.3
– Port Construction	426	38,368	32,201	19.2
– Road and Bridge Construction	299	178,914	151,888	17.8
– Railway Construction	37	17,931	11,227	59.7
– Urban Construction	810	359,867	315,582	14.0
– Overseas Projects	138	110,027	90,354	21.8
Infrastructure Design Business	2,819	29,280	25,886	13.1
Dredging Business	345	60,052	52,828	13.7
Other Businesses	N/A	7,461	5,165	44.5
Total	N/A	801,900	685,131	17.0

Backlog	30 June 2022		31 December 2021	
	Number of projects	Value of Contracts	Number of projects	Value of Contracts
Infrastructure Construction Business	5,531	2,878,687	5,615	2,780,828
Infrastructure Design Business	17,960	144,156	17,705	152,473
Dredging Business	2,165	197,532	2,320	185,941
Other Businesses	N/A	6,538	N/A	9,012
Total	N/A	3,226,913	N/A	3,128,254

Note:

- In calculating the amount of basic earnings per share for the six months ended 30 June 2022, the interests with an aggregate amount of approximately RMB723 million shall be excluded from earnings.

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the 2022 interim report of the Company for your review.

In the first half of the year, the Company adhered to the main direction of high-quality development, centered on the goal of “two increases, one control and three improvements (兩增一控三提高)”, and focused on stabilising growth, optimising structure and controlling risks to solidly pushed forward the campaign titled “Year for High-quality Development Implementation”, and accelerated the construction of a globally competitive world-class enterprise with technology, management and quality. The Company has generally accomplished half of its annual tasks during the first half of the year, and maintained a good momentum of stable and rapid development.

Revenue of the Group amounted to RMB362,834 million, representing a year-on-year growth of 7.0%. Net profit attributable to the Shareholders of the Company amounted to RMB11,949 million, representing a year-on-year growth of 15.0%, and earnings per share were RMB0.69. The value of new contracts of the Group amounted to RMB801,900 million, representing a year-on-year growth of 17.0%. As at 30 June 2022, the backlog of the Group amounted to RMB3,226,913 million with sufficient order backlog in continuously optimised structure, which provided strong support and guarantee for sustainable and steady development of the Company.

As a major holding subsidiary of CCCG, the Company played an important role in the business performance of CCCG. The ranking of CCCG in the Fortune Global 500 jumped from 110th in 2016 to 60th in 2022, and has ranked the first among Chinese enterprises in ENR's Top International Contractors for the sixteenth consecutive year and rated Level A in business performance appraisal of state-owned enterprises (organized by the SASAC) for the seventeenth consecutive year.

The results of the first half of the year were not easy to achieve. In the face of the complex and severe international and domestic situation, the Company rose to the challenge and withstood the test from all sides. This was mainly demonstrated:

Firstly, by a good momentum for stable growth. The key operational indicators fully outperformed their targets, getting off to a good and stable start. The Company has actively played its role in the construction of a strong transportation country and “the Belt and Road” initiative. Major projects such as the Urumchi-Yuli Highway in Xinjiang, the Sichuan-Tibet Railway, the Shenzhen-Zhongshan Bridge, the East Coast Rail Link in Malaysia, the Maya Railway have made significant breakthroughs, and our status as a national team and the main force has been strongly demonstrated. Based on our full independence with respect to high-technology, the Company has launched the construction of the first 9 bases of original technologies and innovation alliances led by “chain chief”, and achieved remarkable results in a number of key national scientific and technological research projects. The results of overseas operations bucked the trend, and its localisation and pilot separate operations were carried out in an orderly way, with the trend of upgrading development from “business internationalisation” to “enterprise internationalisation” gaining prominence.

Secondly, by accelerated pace of structure optimisation. The main task of the three-year action plan for state-owned enterprise reform was fully completed one month ahead of schedule, and the Company was, therefore, rated as a grade A enterprise in the assessment of the key tasks of the SASAC's three-year campaign of reform for the year of 2021. With the leadership of the Party integrating into the corporate governance system and penetrating downwards and the thorough and practical construction of the Board carried out, the Company was rated as a Model Enterprise of Corporate Governance by SASAC. The Company continued to optimize its operation structure, with improved proportion and increase of the value of new spot exchange project contracts and further development of investment business towards high-return areas, core businesses and important regions. The structures of assets and capital were improved steadily. The Company has issued the largest and the first highway REITs program publicly offered by a central enterprise in China. The Company promoted the spin-off and separate listing of its design segment in an orderly way, which further improved its capability of capital operations.

CHAIRMAN'S STATEMENT

Thirdly, by effective risk control. By solidly promoting the special action on the comprehensive governance of “financial discipline and compliant operation with laws and regulations”, the Company has prevented and mitigated financial risks effectively. The Company has advanced the construction of the “Financial Cloud” in a coordinated way and gradually accelerated the digital and intelligent transformation of finance. More efforts were put on to ensure the safety of the “last kilometer” of production, and our ability to respond to emergencies was significantly improved. The Company has made an overall arrangement on the pandemic prevention and control and production and operation and has done a good job in both pandemic prevention and production.

While recognizing its achievements, the Company is also aware of its great responsibility in carrying out high-quality development along the way. Going forward, we will implement the new development concept in a complete, accurate and comprehensive manner, and build a solid foundation of the high-quality development concept.

Firstly, innovation is the primary driving force for development. In performing its primary duty and conducting its main business, the Company will promote comprehensive innovation in technological, management and business models following the guidance of technical innovation to build a number of “specialized, refined, differential and innovative” (專精特新) enterprises, enhancing its ability on leading scientific and technological development, value creation, and cost competitiveness, and solving the issues in development drives of the Company.

Secondly, coordination is the intrinsic requirement for comprehensive development, we are determined to achieve the goal of “two increases, one control and three improvements,” solving developing issues with developed approaches, taking quality and efficiency improvement, structure optimization, strengthening areas of weakness as important and urgent tasks, further expanding development under coordinated development, enhancing development momentum while strengthening areas of weakness and solving development balance issues of the Company.

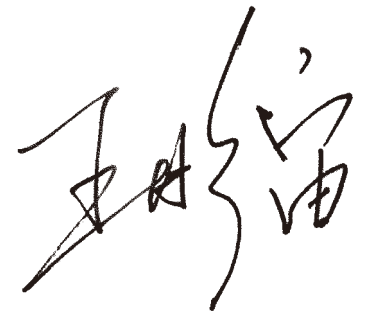
Thirdly, green is the necessary condition for healthy development. Following the trend of a comprehensive green transformation of the economy and society, we strive to promote green design and green construction and vigorously develop green industry, establishing the concept for green development, helping to achieve the “carbon peaking and carbon neutrality” goal, and solving the issues in the development transformation of the Company.

Fourthly, openness is the sure path to global development. We will benchmark ourselves against the world's first-class enterprises, establish and improve the five systems, namely, the global resource allocation system, global innovation system, global talent cultivation system, global strategic management and control system, and global marketing system, hence accelerating the internationalization of the Company, consolidating the enterprise international advantages, and solving the issues in the development interaction of the Company.

CHAIRMAN'S STATEMENT

Fifthly, sharing is an inevitable requirement for sustainable development. We consider co-construction and sharing comprehensively, aiming to lead co-construction with sharing and promote sharing with co-construction, benefiting our staff and the society with more and better development results, and solving the issues in the fair development of the Company.

Dear Shareholders, the Company will continue to adhere to the high-goal-oriented development, seize and grasp the key opportunities, take the initiative to improve and maintain stability, comprehensively carry out the requirements of the "Year for High-quality Development Implementation" to all the works, focusing on the key tasks in four aspects, including stable growth, reform and innovation, quality and efficiency improvement, and prevention of material risks. I would like to thank all Shareholders and friends for their support and help!



Wang Tongzhou
Chairman

Beijing, the PRC
30 August 2022

BUSINESS OVERVIEW

I. MAIN BUSINESS

The Company is a leading transportation infrastructure enterprise in the PRC focusing on “big transportation” and “big city” and its core businesses are infrastructure construction, infrastructure design and dredging, respectively. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, land reclamation, river basin management, road and bridge, railway, urban rail transit, municipal infrastructure, construction and environmental protection and related projects at home and abroad. The Company is engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the decades.

II. BUSINESS MODEL

The business operation process of the Company mainly includes collecting project information, pre-qualification, bidding, executing projects, and delivering projects to customers after completion. The Company has formulated a comprehensive project management system that covers the entire contract process, including the preparation of tenders, bidding price, project organization planning, budget management, contract management, contract performance, project supervision, contract changes, and project completion and delivery. Among which, the Company’s infrastructure construction, infrastructure design and dredging business all fall within the scope of the construction industry, and the main project operation process is basically consistent with the above description.

When the Company prepares the project quotation, it carries out a detailed study on the proposed bidding project, including technical and commercial conditions and requirements of the tender followed by a site visit. The Company also invites quotations from suppliers and sub-contractors for various items or activities in respect of the tender. The Company analyses and collects the above information to calculate the costs of each item in the project lists and then marks up gross profit to be obtained according to a certain percentage to calculate the bidding price to the client.

After the project is awarded and the contract is signed, the Company usually collects prepayment at 10% to 30% of the total contract amount before the project commences, and then settles the payment on a monthly or regular basis according to the progress. Payments from customers are usually settled within 1 to 3 months.

At the same time as the above business was carried out, the Company began to develop infrastructure and other investment projects in 2007 to obtain investment profits apart from those from reasonable design and construction. After years of development, in keeping with changes in the market environment, policy situation, and industry demand, the Company has always strictly controlled the key points in the investment process, and continuously promoted the deepening and implementation of the commitment to “value-oriented investments”. For details, please refer to the section headed “Management’s Discussion and Analysis”.

III. CORE COMPETITIVENESS

(I) Strong Advantages in the Fields of Principal Businesses

The Group is the world's largest port, road and bridge design and construction company, and the world's largest dredging company. It is also the largest international contractor and the largest highway investor in China, and owns the largest engineering fleet in the world. The Group has 33 principal wholly-owned or holding subsidiaries, and operates businesses in China's all provinces, cities, autonomous regions, Hong Kong Special Administrative Region and Macau Special Administrative Region and 139 countries and regions across the world.

The Group is the world's largest port design and construction company and has a leading professional ability and a complete industry chain. It undertakes the design and construction of most of medium and large ports in coastal zones since the founding of PRC, and participates in the design and construction of many large ports overseas, fostering a strong competitiveness and brand influence. In China, there are limited market players that can compete with the Group.

The Group is the world's largest road and bridge design and construction company and realizes the service industry pattern with full lifecycle infrastructure and whole-process integration, covering from single industry chain to whole industry chain (planning, feasibility study, investment and financing, survey and design, project construction, operation and maintenance, and asset disposal), from domestic market to overseas market and from road to civil engineering industry. In the field of design and construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges, the Group has advantages like leading technologies, adequate financial capacity, outstanding project performance, abundant resource reserves and a good reputation. As social capitals are entering the infrastructure industry at a faster pace amid the country's greater efforts to deepen the reform of investment and financing circulation system, competitors of the Group are not limited to large central enterprises and local state-owned infrastructure enterprises only, and strong private enterprises, financial institutions and other social capitals will also participate in the competition.

The Group is one of the largest railway construction companies in China and has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and the two domestic traditional railway infrastructure enterprises in terms of market shares in China. However, as to the overseas market, the Company has successfully entered into the railway construction markets in Africa, Asia, South America and Oceania. Several major railway projects have been completed or operated or are under construction, and the Company is among the engineering construction companies first obtaining the "Railway Transportation Permit", becoming a heavyweight in the market. With regard to the railway infrastructure design, the Group entered the market during the "Eleventh Five-Year" period and it is now making efforts to further improve the market influence and stays in the market cultivation stage currently.

The Group is the world's largest dredging company and enjoys absolute influence in China's coastal dredging market. After years of development, it has strong competitiveness in core equipment, professional advantage, technological strength, credit rating, public image and industry brand, and builds a full industry chain of planning, consultation, investment, design, construction and operation in the fields of port dredging, channel dredging, land reclamation, watershed management, pre-dredging and post-dredging services and environmental protection. Currently, the Group has the largest and most advanced fleet of dredging vessels in China and ranks in the forefront in the global market in terms of the total number of trailing suction hopper dredgers and cutter suction dredgers.

BUSINESS OVERVIEW

III. CORE COMPETITIVENESS (CONTINUED)

(II) Advance towards a World's Leading "Sci-Tech" Enterprise

The Company attaches great importance to technological innovation, continuously improves the technological innovation system and strengthens efforts to achieve breakthrough in core technologies. It is committed to improving the independent innovation capability, continuously deepening the technology system reform, enhancing technological innovation incentive and talent pool construction, taking multiple measures to promote the strategy of innovation-driven development and staying determined to advance towards a world's leading "sci-tech" enterprise by technological innovation.

The Company has established the leading group for technological innovation and core technology breakthrough and puts great efforts to overcome technology bottleneck. It has a "three-level and three-type" platform system that integrates fundamental application research, technology research and development, and engineering and industrialization research. Meanwhile, the Company builds the high-end technology think tank comprised of academicians of Chinese Academy of Engineering, to serves as the exterior brain, brain trust and think tank of the Company and the platform for introducing external high-end technology and promoting technology cooperation. Furthermore, the Company owns 15 post-doctoral research centres and 4 academician research centres and has systematically nurtured a pool of scientific experts and a professional innovation team by leveraging on innovation platforms and the establishment of key scientific research projects and key engineering projects to create a "three-in-one" nurturing model integrating talents, teams and platforms to nurture scientific and technological talents team.

The Company makes significant breakthrough in technologies regarding road construction and maintenance under complicated natural conditions, expressway in high-cold permafrost regions, long-span bridge, long and large mountain tunnel, underwater tunnel, highway-railway bridge, offshore deep-water port, rapid island building in open seas, deep-water submerged tube tunnel, installation and construction of wind power infrastructure, and ranks among the top in the international market. The core technology of super-large diameter tunnel shield machine manufacturing breaks the foreign technology blockade, realizes the domestication and industrialization of the whole machine, and is comparable to top-ranking enterprises of European and American markets. Applied technologies including BIM, Beidou satellite and high-resolution remote sensing witness rapid development and maintain the leading position in the domestic industry.

Over the years, the Company has been accumulatively awarded with 46 National Science and Technology Advancement Awards, 5 National Technological Invention Awards, 112 Luban Awards, 333 National Quality Project Awards (including 40 golden awards), 108 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 35 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 130 national standards and 453 industry standards that have been promulgated.¹

¹ Statistics from the awards received by CCCC and its subsidiaries.

III. CORE COMPETITIVENESS (CONTINUED)

(II) Advance towards a World's Leading “Sci-Tech” Enterprise (continued)

In the future, the Company's science and technology innovation should closely keep abreast of the trends of global leading science and technology and cross-border technology in relevant areas. The Company should closely integrate with the development trend of science and technology, national strategy and security as well as market and field demand, stress value creation and highlight the mutual synergy between the innovation chain and the industrial chain so as to achieve the target of “focusing on priorities, consolidating advantages, addressing inadequacies and shoring up points of weakness” in science and technology innovation. It will make plans for major research and development directions of different hierarchies and classifications to step up efforts to make breakthroughs in key and core technologies, strive to consolidate and maintain its existing technological advantages, cultivate and enhance its emerging technological capabilities, aiming to solve bottleneck technology problems as soon as possible and moving towards a world's leading “sci-tech” enterprise in an all-out effort.

(III) New Achievements in Business Qualification

The Company obtains several extra-grade, grade A and comprehensive grade A qualifications for the main businesses.

The Company has obtained a total of 52 extra-grade qualifications, including 13 extra-grade qualifications for general contracting of port and waterway engineering construction, 34 extra-grade qualifications for general contracting of road project construction, 3 extra-grade qualifications for general contracting of architectural engineering construction and 2 extra-grade qualifications for general contracting of municipal utilities project construction. The Company now has obtained more than 1,200 qualifications for major engineering contracting and nearly 300 qualifications for engineering consulting, survey and design.

During the Reporting Period, the Company obtained a total of 16 grade A and extra-grade qualifications, including 3 extra-grade qualification for general contracting of port and waterway project construction and 4 extra-grade qualifications for general contracting of road project construction. The acquisition of these 7 extra-grade qualifications will further improve the Group's core competitiveness in the port and waterway dredging industry, consolidate the leading position in the highway industry, provide a strong support to “rivers, lakes and seas” and “big transportation” businesses and accelerate the market development.

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW

During the Reporting Period, the Company focused on its main responsibilities and principal businesses, adhered to the operation strategy of expanding its contracting projects and strengthening its investment business, seized the opportunity of strengthening national infrastructure construction in an appropriate and advanced manner, kept an eye on important regions, major markets and key projects, optimised resource allocation and achieved remarkable results in market development. The Company deeply cultivated in the fields of “big transportation” and “big city”, ensuring the market by on-site and promoting operation by production, its market position in highways, municipal engineering, comprehensive urban development and river basin management steadily increased, and a number of major projects such as the Urumchi-Yuli Highway and the Sichuan-Tibet Railway made milestone breakthroughs. The development of overseas markets was on the upswing and the international development situation continued to be consolidated, making a continuous favourable start.

During the Reporting Period, the value of new contracts of the Group amounted to RMB801,900 million, representing a year-on-year increase of 17.0%, which was mainly due to the increased investment and construction demand from comprehensive urban development, roads and bridges, municipal engineering, ecological and environmental governance and other projects. As at 30 June 2022, the backlog of the Group amounted to RMB3,226,913 million.

The value of new contracts of all businesses from overseas markets of the Group amounted to RMB115,523 million (equivalent to approximately USD17,901 million), representing a year-on-year increase of 25.9%, accounting for approximately 14% of the Group's new contracts value. Wherein, 14 new projects were entered into with each contract value of over USD300 million and a total contract value of USD10,242 million, accounting for 57% of total value of all overseas new contracts of the Group. Statistics showed that as at 30 June 2022, the Group operated businesses in 139 countries and regions.

The value of contracts of all businesses from infrastructure and other investment projects amounted to RMB85,300 million, of which RMB83,345 million for domestic market and RMB1,955 million² for overseas market as recognised in proportion to the Company's shareholding, and the contract value of construction and installation contracts to be undertaken by the Group in the design and construction sector was estimated to RMB79,664 million. During the Reporting Period, the Company approved investments of RMB44,315 million in domestic infrastructure and other investment projects, accounting for 16% of the annual plan.

² Projects signed with John Holland were excluded.

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies

1. Domestic Market

In the first half of the year, the whole country effectively coordinated the work of epidemic prevention and control as well as economic and social development, and achieved positive results in epidemic prevention and control, while economic operation in general showed a stable rebound and GDP recorded a year-on-year growth of 2.5%. Fixed asset investment in infrastructure recorded a year-on-year growth of 7.1%, picking up for the second consecutive month. Specifically, investment in water management increased by 12.7%; investment in public facility management increased by 10.9%; investment in ecological protection and environmental improvement increased by 4.8%; investment in road transportation business decreased by 0.2% and investment in railway transport business decreased by 4.4%.

In the first half of the year, in order to keep the economy running smoothly, a number of national macro policies released clear signals of leaning forward and stepping up efforts at the right time. Since the second quarter, the deposit reserve ratio for financial institutions was lowered, and the money supply and social financing scale were reasonably abundant. Supported by the special bonds policy, it made precise efforts in the area of infrastructure construction, with a large scale, fast pace and long maturity of issuance. Development and policy banks made efforts to support local finance and encourage appropriate and advanced infrastructure investment, with good expectations for stable infrastructure growth.

During the Reporting Period, the Company deepened its business ideas of expanding its contracting projects, strengthening its investment business, enhancing its assets and optimising its capital, focusing on major regional strategies such as Guangdong, Hong Kong and Macao Greater Bay Area, the Yangtze River Delta and Beijing-Tianjin-Hebei region. The Company made milestone breakthroughs in major projects such as the Urumchi-Yuli Highway, the Sichuan-Tibet Railway and the Shenzhen-Zhongshan Bridge, acting as a national team and main force in the construction of a strong transportation country. Deeply aligning with the needs of economic and social development as well as the people, the Company successfully implemented a number of key livelihood projects such as old town renovation, comprehensive urban development, municipal engineering, disaster prevention and mitigation facilities. The Company was firmly committed to the concept of green development, deeply implemented the “3060” initiative to achieve carbon peaking and carbon neutrality, and formed relatively mature and replicable technical solutions in the fields of green infrastructure upgrading, offshore wind power and comprehensive treatment of the ecological environment.

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

2. Overseas Market

In the first half of the year, the international environment evolved complexly, the crisis in Ukraine evolved deeply, the China-US conflict escalated/entered into a new stage, local economic crisis became prominent, supply chain conflicts intensified, and the downside risks of major global economies continued to increase. The Company strived to overcome multiple challenges and pressures perseveringly, deepened its globalization and responded to “the Belt and Road” initiative, and steadily advanced its overseas business development. The Company seized the opportunity of the relatively stable overseas epidemic situation to fully promote the steady implementation of major projects. The construction of the largest economic and trade cooperation project in the history of China and Malaysia, the East Coast Rail Link in Malaysia, was progressed in an orderly manner, and the key control project, the Genting Tunnel (雲頂隧道), was successfully constructed; China’s largest infrastructure project in the Croatian city, the Peljesac Bridge, in Croatia, was successfully opened to traffic, realising the long-cherished wish of linking the northern and southern territories of Croatia into one; the Hong Kong’s Integrated Waste Management Facility project, the largest environmental benchmark project currently under construction in Hong Kong, was successfully completed two major milestones of backfilling of artificial islands and installation of caissons under the impact of multiple rounds of epidemic. A large number of key projects have been implemented to actively help those countries and regions to combat the epidemic, resume work and production, improve people’s livelihood and develop their economies, demonstrating China’s speed, China’s brand and China’s image, and demonstrating CCCC’s role in implementing national strategies and promoting the building of a human community with a shared future.

3. Business Summary

(1) Infrastructure Construction Business

The scope of infrastructure construction business mainly consists of investment, design, construction, operation and management of ports, roads and bridges, railways, urban rail transit, municipal infrastructures, buildings, environmental protection and related projects at home and abroad. Categorised by project type, it specifically covers port construction, road and bridge construction, railway construction, urban construction, and overseas projects.

The value of new infrastructure construction contracts entered into by the Group amounted to RMB705,107 million, representing a year-on-year increase of 17.3%. Wherein, the value of new contracts from overseas markets amounted to RMB110,027 million (equivalent to approximately USD17,050 million); the confirmed value of contracts from infrastructure and other investment projects amounted to RMB85,249 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB79,244 million. As at 30 June 2022, the backlog amounted to RMB2,878,687 million.

Categorised by project type and location, the value of new contracts in terms of port construction, road and bridge construction, railway construction, urban construction and overseas projects amounted to RMB38,368 million, RMB178,914 million, RMB17,931 million, RMB359,867 million and RMB110,027 million, representing 5%, 25%, 3%, 51% and 16% of the total value of new infrastructure construction contracts, respectively.

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

① Port Construction

As the largest port construction enterprise in China, the Group has undertaken a majority of medium and large port terminals since the founding of the PRC. With compelling competitive edges, the Group encountered relatively limited substantive competitors.

During the Reporting Period, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB38,368 million, representing a year-on-year increase of 19.2%, and accounting for 5% of that of the infrastructure construction business.

Data published by the Ministry of Transport of the PRC showed that fixed asset investment in coastal and inland water transport construction amounted to approximately RMB73,572 million in the first half of the year, representing a year-on-year increase of 4.7%. Investments focused on coastal professionalised piers for clean energy, iron ore and liquefied natural gas, etc., collection and distribution system and construction of high-grade inland waterway network. Guided by the strategy of “prioritizing rivers, lakes and seas”, the Company worked on port upgrading and reconstruction and navigation channel regulation, signed a number of projects including Marine Bank Revetment and Water Intake of Lufeng Project, Guangdong Province, Underground Pipe Gallery EPC Project for Long-distance Transportation of Bulk Materials of Caofeidian Area, Tangshan and Regulation of II-grade Navigation Channel from Honghua Hub to Shilong Sanjiangkou of Liujiang, Guangxi Province, and further strengthened its advantages in the traditional water engineering field.

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

② Road and Bridge Construction

As one of the largest road and bridge construction enterprises in China, the Group enjoys remarkable technical and scale advantages in construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges. Major competitors of the Group are some large-scale central enterprises and local state-owned infrastructure enterprises.

During the Reporting Period, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB178,914 million, representing a year-on-year increase of 17.8%, and accounting for 25% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB2,418 million.

Data published by the Ministry of Transport of the PRC showed that fixed asset investment in road transport construction amounted to approximately RMB1,270,439 million in the first half of the year, representing a year-on-year increase of 10.0%. In terms of the regional distribution, it focused on Sichuan, Zhejiang, Guangxi, Yunnan and other regions, while in terms of the project type, it emphasized on the reconstruction and expansion of the integrated transportation corridors, the comprehensive three-dimensional transportation network, the urban cluster liaison routes and highway projects, expansion from the major road networks to lower-grade national and provincial roads, border roads and reconstruction projects after disaster, etc.

During the Reporting Period, the Company was committed to the business strategies of “focusing on and seizing major spot exchange”, continuously optimizing and adjusting spot exchange and structure of investment business, seizing the opportunities to construct road along borders and coastal lines and main channels in Central and Western China, to expand and upgrade channels with limited capacity in Eastern China and old revolutionary base roads, efficiently advancing the construction, operation and repair level of road network, promoting the development of green road, actively contributing to the target of constructing a country with strong transportation network and continuing to expand its leading advantage in big transportation to defend the first place in the highway market. In order to grab spot exchange, the Company focused on ultra large, comprehensive and strategic projects and has secured a number of quality spot exchange projects, including Tianbao-Wenshan Section of National Expressway Network G5615 Tianbao-Houqiao Expressway, Qinyang-Yichuan Expressway in Henan and Linzi-Linyi Expressway. In the meantime, the Company leveraged the advantage of full industrial chain in the field of infrastructure, adhered to its value orientation, increased the quality and efficiency of investment, optimized investment structure and approved investment with share participation in a number of projects, including Linyi-Tengzhou Highway in Shandong and expansion and supporting works for Guiyang-Anshun Section of Shanghai-Kunming National Expressway.

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

③ *Railway Construction*

As one of the largest railway construction enterprises in China, the Group has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and two domestic traditional railway infrastructure enterprises in terms of market shares in China. However, as to the overseas market, the Company has successfully entered into the railway construction markets in Africa, Southeast Asia, etc., and several major railway projects have been completed or operated or are under construction by the Company, showing vital market influence.

During the Reporting Period, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB17,931 million, representing a year-on-year increase of 59.7%, and accounting for 3% of that of the infrastructure construction business.

The accumulative fixed asset investment in national railway amounted to approximately RMB285,300 million in the first half of the year, representing a year-on-year decrease of 4.6%. In longer term, the railway construction was plentiful in investment numbers, large in the scale of employment, long in the connected chains and obvious in its function to boost economic growth, and all of which played the role of ballast stone in the development of modern and integrated transportation system during the "Fourteenth Five-Year Plan". The development of railway transport network will focus on strategic main channels along rivers, coastal lines and borders, for leaving Xinjiang and entering Tibet, and New Western Land-Sea Corridor. The Company closely followed national layout and development direction, successfully won bids for multiple Sichuan-Tibet railway sections, and continuously promoted the intercity railway construction in Shenzhen metropolis of Guangdong-Hong Kong-Macao Greater Bay Area with high quality. In the second half of the year, the Company will continue to closely focus on the implementation of related railway projects in 102 projects stipulated in the Outline of the "Fourteenth Five-Year Plan", build the brand of "CCCC Railway", and create a new situation of high-quality development of railway construction.

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

④ *Urban Construction*

The Group actively participated in urban construction for urban rail transit, buildings and utility tunnel system extensively, with considerable influence in the market. Meanwhile, the Company accelerated the layout of emerging industries, such as ecological and environmental protection, urban water environment treatment, etc., and endeavored to cultivate new growth points.

During the Reporting Period, the value of new contracts of the Group for urban construction projects in Mainland China reached RMB359,867 million, representing a year-on-year increase of 14.0%, and accounting for 51% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB80,876 million.

Categorised by project type, the value of new contracts for comprehensive urban development, building construction, municipal engineering, urban rail transit, environmental improvement and other projects accounted for 30%, 27%, 21%, 5%, 5% and 12%, respectively, of the value of new contracts for urban construction projects.

Given the rapid development in the process of urbanization in China and in accordance with the Outline of the “Fourteenth Five-Year Plan”, the next stage will continue to improve urbanization layout, focus on the promotion of urban agglomeration development to form “Two Horizontal and Three Vertical” Urbanization Plan in all round. Since this year, a set of policies to “stabilize growth” have been implemented to focus on the development of people’s livelihood projects, including government-subsidized housing construction, urban pipelines construction, industrial parks and old town renovation.

During the Reporting Period, the Company seized the market opportunity to continuously advance the high-quality development of new urbanization construction, and achieved remarkable results in market expansion in comprehensive urban development, municipal engineering, building construction and other business filed. Focusing on Yangtze River Delta region, Beijing-Tianjin-Hebei region, and Chengdu-Chongqing Economic Circle, the Company has signed a number of large-scale urban complex development projects including Comprehensive Development Project of the North Area of Wenzhou Zhenan Sci-tech City, Urban Renewal Project of Xiyingmen Area of Nankai District, Tianjin Municipality, and Comprehensive Development Project of Yangliuhu Area of Chengdu IC Valley Industrial Park, with continuous expansion in operation scale and on-going optimization in regional business structure. Focusing on the needs of people’s livelihood, the Company, in order to efficiently relieve urban housing pressure, give full play to the role of state-owned enterprises and provide services to continuously optimize the housing security system, has engaged in a series of government-subsidized housing construction projects in Chengdu, Shangrao, Yancheng and Yantai City and continued to expand in the areas of government-subsidized livelihood and housing construction. Guided by “integration of five networks” and municipal utilities project construction, the Company accelerated the market development, undertook Line 15 of Chongqing Rail Transit, Line 8 of Qingdao Subway, Municipal Road of Guandu District, Kunming City, Yunnan Province and other projects and continued to contribute CCCC’s efforts to facilitate the people’s convenient travelling.

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

⑤ Overseas Projects

The Group's scope of overseas projects in the infrastructure construction business includes all kinds of large-scale infrastructure projects such as roads and bridges, ports, railways, airports, subways, buildings, etc., with remarkable competitive edges in the market.

During the Reporting Period, the value of new contracts of the Group for overseas projects in the infrastructure construction business amounted to RMB110,027 million (equivalent to approximately USD17,050 million), representing a year-on-year increase of 21.8%, and accounting for 16% of that of the infrastructure construction business.

Categorised by project type, the value of contracts for ports, roads and bridges, railways, environmental protection and urban construction accounted for 14%, 42%, 10%, 3% and 31% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Africa, Southeast Asia, Oceania, Eastern Europe and Southeastern Europe and Hong Kong, Macau, Taiwan and other regions accounted for 24%, 20%, 14%, 13% and 29% of the value of new contracts for overseas projects, respectively.

The Company actively coordinated the epidemic prevention and control with production and operation, accelerated optimization of overseas institutions structure, advanced localization and separate operations, demonstrating the resilience and vitality as a leading enterprise of "Going Global", and has ranked the first among Chinese enterprises in ENR's Top International Contractors for 16 consecutive years. The Company continued to make efforts in the high-end market, and the development in major markets and key regions has yielded numerous significant achievements: the Company has started, under the witness of President of Serbia, Pozega-Duga Poljana Section of the E763 Expressway in Serbia smoothly, helping to continuously optimize the expressway network of Serbia; the Company has successfully signed Phase I of Bakassi Port Project in Nigeria, which further reinforced the brand advantages of the Company in the water engineering field of Nigeria market and has also laid a foundation and developed channels for subsequent market development in the southeast region; the Company has won bids for the CR109 Project of the Singapore LTA Pan-Island Subway Line, and the RTS Project of the Johor, Malaysia-Singapore, trying to build international brand of "CCCC Rail Transit". At the same time, the Company coped with overseas epidemic in an orderly way, actively utilized information system to track situation of epidemic prevention and control in other countries, guided overseas employees to prevent pandemic in a scientific manner and reserved anti-pandemic materials timely to ensure their life and health and maintained steady operation of overseas projects.

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

3. Business Summary (continued)

(2) Infrastructure Design Business

The scope of infrastructure design business mainly includes consulting and planning service, feasibility study, survey and design, engineering consultancy, engineering measurement and technical research, project management, project supervision, general project contracting, compilation of industry standards and codes, etc.

As the largest port design enterprise in China, as well as the world's leading highway, bridge and tunnel design enterprise, the Group enjoys remarkable competitive edges in related business fields. As compared with the Group, other entities in the market have relatively weak competitiveness. However, more and more competitors are flooding into the medium and low-end markets, leading to the intensification of market competition.

In terms of the railway infrastructure design business, the Group has entered into the market during the "Eleventh Five-Year Plan" period, and its operations mainly involve overseas railway projects and domestic rail transit projects.

During the Reporting Period, the value of new contracts of the Group in infrastructure design business reached RMB29,280 million, representing a year-on-year increase of 13.1%. Wherein, the value of new contracts from overseas markets amounted to RMB446 million (equivalent to approximately USD69 million). As at 30 June 2022, the backlog amounted to RMB144,156 million.

Categorised by project type, the value of new contracts for survey and design, project supervision, EPC general contracting, and other projects (including PPP projects) amounted to RMB8,819 million, RMB710 million, RMB13,830 million and RMB5,921 million, representing 30%, 3%, 47% and 20% of the value of new contracts for infrastructure design business, respectively. For the corresponding period of prior year, the value of new contracts of the above items accounted for 26%, 2%, 64% and 8% of the value of new contracts for infrastructure design business, respectively.

During the Reporting Period, the Company played a leading role in the industrial chain, seized the opportunities of moderately advanced infrastructure investment, enhanced the creation of core technology and improved design and consult capability during the whole process. The Company has also steadily consolidated its voice in the infrastructure design industry. In May 2022, while the Ministry of Transport of the PRC issued a preparation plan for 18 newly established water transport construction standards, the Company deeply engaged in preparation work of 11 standards, which consolidated a "leading position" in water transport projects, ports and waterways, inland waterways, container terminals and other fields. The Company propelled spin-off and listing of its design sector orderly, played a leading role in design, promoted the design sector to focus on the principal business, improved the core competitiveness of the design business and integrated both internal and external resources to enhance its brand value and achieve high-quality development.

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

3. Business Summary (continued)

(3) Dredging Business

The scope of dredging business mainly includes infrastructure dredging, maintenance dredging, environmental dredging, reclamation and watershed management, as well as supporting projects related to dredging and land reclamation.

As the largest dredging enterprise in China and even in the world, the Group enjoys absolute influence in China's coastal dredging market.

During the Reporting Period, the value of new contracts of the Group in dredging business reached RMB60,052 million, representing a year-on-year increase of 13.7%. Wherein, the value of new contracts from overseas markets amounted to RMB4,408 million (equivalent to approximately USD683 million), the confirmed contract value from infrastructure and other investment projects amounted to RMB51 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB420 million. As at 30 June 2022, the backlog amounted to RMB197,532 million.

During the Reporting Period, the Group continued to optimize its asset structure by eliminating some old and inefficient outdated vessels and establishing green, intelligent and efficient suction hopper dredger "HANG JUN 4017" with a tank capacity of 4,500 cubic meters. As at 30 June 2022, the Group's dredging capacity amounted to approximately 782 million cubic meters under standard operating conditions.

In the first half of the year, traditional reclamation was relatively sluggish due to policies such as strict control of sea reclamation; The upgrading and capacity expansion of coastal and inland ports, the capacity expansion and upgrading of the higher inland waterway network consisting of "four horizontals, four verticals and two networks", as well as the demand for ecological and environmental management and improvement such as embankment protection, river dredging, waterway connectivity and landscape greening, have brought new development opportunities and created new business. In addition, the five departments recently issued documents to strengthen the planning and construction of coastal and inland port waterways, once again providing guarantee for the expansion of effective investment in the water transport industry.

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

3. Business Summary (continued)

(3) Dredging Business (continued)

During the Reporting Period, the Company adhered to the dual-drive of inland river construction and coastal construction, consolidated the traditional main business market, and continued to promote the construction of the Waterway Project of 50,000 DWT of eastern zone of Caofeidian Port in Tangshan Port, and successfully won the tenders for the Waterway Project in Port Area of Donghai Island in Zhanjiang Port, Guangdong Province, and the Dredging Project of Terminal and Basin and Waterway of LNG Program in Binhai, Jiangsu Province, thus establishing the Company's leading position in the dredging field. We established and implemented the concept that lucid waters and lush mountains are invaluable assets, and continued to make efforts in the areas of comprehensive watershed management and ecological environment restoration. We have successfully promoted the implementation of a number of target-oriented key projects with global drive, such as the Comprehensive Ecological Management Project in Datong City, Shanxi Province, and the Phase II Project of Comprehensive Treatment of Water Environment System in the City Center of Jiujiang City. Focusing on the incremental market of water resources, we have implemented projects such as the Diversion of Rain and Sewerage Network and Drainage Improvement Project in Xingcheng City, Liaoning Province, and the Ecological Island Flood Control Project in Chongming District, Shanghai Municipality to better protect water safety and the water environment and create a better living environment.

(4) Other businesses

During the Reporting Period, the value of new contracts of the Group in other businesses amounted to RMB7,461 million, representing a year-on-year increase of 44.5%. As at 30 June 2022, the backlog amounted to RMB6,538 million.

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

4. Some Major Contracts Entered into during the Reporting Period (Unit: RMB million)

(1) Infrastructure Construction Business

Port Construction

No.	Contract Name	Contract Value
①	EPC Project for the Construction of World Class Fishing Port in Zhapo, Yangjiang, Guangdong Province	966
②	Marine Shore Protection and Water Intake Project of Lufeng Project, Guangdong Province	930
③	General Purpose Berth and Terminal Project at Hailing Bay Port Area, Yangjiang Port, Guangdong Province	852
④	Water Intake and Culverts and Seepage Prevention Works of Lufeng Project, Guangdong Province	653
⑤	Quanmei Petrochemical Terminal Project at Quanwan Port Area, Huizhou Port, Guangdong Province	595

Road and Bridge Construction

No.	Contract Name	Contract Value
①	Section QYTJ-2 of Qinyang-Yichuan Expressway in Henan Province	3,940
②	Partial Project of the Tianma Section of the G5615 Tianbao- Houqiao Expressway of the National Highway Network	3,923
③	Section 5 of the Bama-Pingxiang Highway Daxin via Longzhou to Pingxiang Section in Guangxi Province	3,235
④	Construction Project of Linzi-Linyi Expressway in Shandong Province	3,052
⑤	Partial Project of the Tianma Section of the G5615 Tianbao- Houqiao Expressway of the National Highway Network	2,474

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

4. Some Major Contracts Entered into during the Reporting Period (Unit: RMB million) (continued)

(1) Infrastructure Construction Business (continued)

Railway Construction

No.	Contract Name	Contract Value
①	Section CZSCZQ-13A of Pre-Station Project of Middle Section within Ya'an-Linzhi Section of the New Sichuan-Tibet Railway	4,931
②	Section CZSCZQ-13B of Pre-Station Project of Middle Section within Ya'an-Linzhi Section of the New Sichuan-Tibet Railway	4,051
③	Supporting Upgrade Construction Project of Port Area in Weifang Port	1,014

Urban Construction

No.	Contract Name	Contract Value
①	Comprehensive Development Project of the North Area of Wenzhou Zhenan Sci-tech City in Zhejiang Province	20,295
②	Comprehensive Development Project of Yangliuhu Area of Chengdu IC Valley Industrial Park, Chengdu City, Sichuan Province	16,209
③	Comprehensive Development Project of Lingang Industrial Park in Jimo International Land Port, Shandong Province	6,559
④	Urban Renewal and Comprehensive Improvement Project of Renmin Avenue (Yunyan Section), Guiyang City, Guizhou Province	6,469
⑤	Urban Renewal Project in Xiyangmen Area, Nankai District, Tianjin Municipality	5,985

Overseas Projects

No.	Contract Name	Contract Value
①	Pozega-Duga Poljana Section Project of the E763 Expressway in Serbia	11,616
②	Phase I of Bakassi Port Project in Nigeria	6,439
③	Section 1 of the Maya Railway Project in Mexico	5,620
④	Reclamation Project in Manila Bay, Philippines	4,410
⑤	Lot 3B of West Ring Expressway in Sidney, Australia	3,499

IV. BUSINESS OVERVIEW (CONTINUED)

(I) Business Review and Market Strategies (continued)

4. Some Major Contracts Entered into during the Reporting Period (Unit: RMB million) (continued)

(2) Infrastructure Design Business

No.	Contract Name	Contract Value
①	EPC Project of Huangpu Research Institute Construction Project in Guangdong University of Foreign Studies	1,705
②	Education, Science and Research Base for New Energy Industry and Other Projects in Yibin, Sichuan Province	845
③	EPC Project for the Rural Revitalisation – Four-good Rural Roads Construction Project (Second Batch) in Tianmen City, Hubei Province	744
④	EPC Project of Petrochemical Product Terminal in Guangdong Province	714
⑤	EPC Project of Terminal and Basin and Waterway Dredging of LNG Program in Binhai, Jiangsu Province	609

(3) Dredging Business

No.	Contract Name	Contract Value
①	Comprehensive Ecological Management Project in Datong City, Shanxi Province	5,913
②	Phase II Project of Comprehensive Treatment of Water Environment System in the City Center of Jiujiang City, Jiangxi Province	1,100
③	Phase II Project of General Purpose Terminal in Guangli Port Area, Dongying Port, Shandong Province	679
④	Maintenance and Dredging Project of the Inner and Outer Waterways of the Orinoco River, Venezuela	672
⑤	Waterway Project of 50,000 DWT of the East Area of Caofeidian Port in Tangshan Port (Section 1)	620

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(II) Major Production and Operational Data

1. Values of Contracts Newly Entered into during the Reporting Period (RMB million)

Business segment	April – June 2022		Accumulated in 2022		Accumulated in the corresponding period of 2021	Year-on-year change (%)
	Number	Value	Number	Value	Value	
Infrastructure construction business	914	325,830	1,710	705,107	601,252	17.3
Port construction	219	17,242	426	38,368	32,201	19.2
Road and bridge construction	154	71,911	299	178,914	151,888	17.8
Railway construction	34	7,890	37	17,931	11,227	59.7
Urban construction	442	179,500	810	359,867	315,582	14.0
Overseas projects	65	49,287	138	110,027	90,354	21.8
Infrastructure design business	1,274	12,758	2,819	29,280	25,886	13.1
Dredging business	150	27,539	345	60,052	52,828	13.7
Other businesses	N/A	5,080	N/A	7,461	5,165	44.5
Total	N/A	371,207	N/A	801,900	685,131	17.0

Values of infrastructure construction contracts newly entered into outside the PRC during the Reporting Period (RMB million)

Region of projects	Number of projects	Total value
Africa	44	26,024
Southeast Asia	36	21,570
Oceania	10	15,103
Eastern Europe and Southeastern Europe	3	14,587
Hong Kong, Macau, Taiwan and other regions	45	32,743
Total	138	110,027

Note: The above data of infrastructure construction business was calculated by region.

IV. BUSINESS OVERVIEW (CONTINUED)

(II) Major Production and Operational Data (continued)

2. Completed and Accepted Projects during the Reporting Period (RMB million)

Total number of projects		N/A	
Total project value		76,424	
		Number	Value
Categorised by region	Domestic	N/A	68,254
	Overseas	N/A	8,170
Categorised by business type	Infrastructure construction business	206	64,951
	Infrastructure design business	523	1,971
	Dredging business	53	7,274
	Other businesses	N/A	2,228

Note: Calculated based on projects whose main construction has been completed or projects that have generated more than 95% of their output.

3. Projects under Construction during the Reporting Period (RMB million)

Total number of projects		N/A	
Total project value		4,069,648	
		Number	Value
Categorised by region	Domestic	N/A	3,222,682
	Overseas	N/A	846,966
Categorised by business type	Infrastructure construction business	6,513	3,642,847
	Infrastructure design business	25,017	238,182
	Dredging business	2,578	178,108
	Other businesses	N/A	10,511

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(II) Major Production and Operational Data (continued)

4. Outstanding Projects during the Reporting Period (RMB million)

		Contracted but not yet commenced		Under construction and not yet completed	
Total number of projects		N/A		N/A	
Total project value		923,995		2,302,919	
		Number	Value	Number	Value
Categorised by region	Domestic	N/A	663,646	N/A	1,877,601
	Overseas	N/A	260,349	N/A	425,318
Categorised by business type	Infrastructure construction business	1,413	801,025	4,118	2,077,662
	Infrastructure design business	483	28,168	17,477	115,988
	Dredging business	1,322	89,000	843	108,532
	Other businesses	N/A	5,802	N/A	737

5. Infrastructure and Other Investment Projects

The Company adhered to the principle of value investment and actively adjusted its market development and business strategies in accordance with macro policies. By focusing on “total expense control, structure optimization, risk control, quality and efficiency improvement,” the Company strictly carried out the approved annual investment plan, constantly optimized the structure of the investment projects and procured the centralization of resources to key areas, advantageous areas, and projects with “rapid returns and low investment”.

IV. BUSINESS OVERVIEW (CONTINUED)

(II) Major Production and Operational Data (continued)

5. Infrastructure and Other Investment Projects (continued)

(1) Infrastructure and Other Investment Projects Newly Entered into

During the Reporting Period, the confirmed value of contracts from infrastructure and other investment projects was RMB85,300 million. The value of construction and installation contracts to be undertaken was estimated to be RMB79,664 million, among which, the confirmed values of contracts from BOT projects, government paid projects and urban comprehensive development projects were RMB2,550 million, RMB18,890 million and RMB63,860 million respectively, accounting for 3%, 22% and 75% of that from infrastructure and other investment projects respectively. During the Reporting Period, the investment value for domestic infrastructure and other investment projects approved by the Company was RMB44,315 million, accounting for 16% of the annual plan.

(2) Government Paid Projects and Urban Comprehensive Development Projects

The total value of contracts for government paid projects entered into by the Group amounted to RMB677,159 million, wherein, the accumulative completed investment amounted to RMB344,722 million with cumulatively RMB80,071 million have been recovered.

The total investment value of contracts for urban comprehensive development projects entered into by the Group was estimated to be RMB505,578 million, among which, RMB116,004 million of investment amount had been completed cumulatively and RMB56,859 million had been received by the Group.

(3) Concession Projects

As at 30 June 2022, according to statistics (the consolidated items contracted and financed by the Group, and the latest statistics shall prevail if there was any change), the total investment amount of the Group's contracted BOT projects was estimated to be RMB512,999 million, with the accumulative completed investment amounting to RMB228,668 million. 33 concession projects together with 22 share-participation projects had been put into operation, and the operating revenue and net loss during the Reporting Period were RMB3,412 million and RMB1,301 million, respectively.

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(II) Major Production and Operational Data (continued)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

① Infrastructure and Other Investment Projects Newly Entered into (RMB million)

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
1	Comprehensive Development Project of the North Area of Wenzhou Zhenan Sci-tech City in Zhejiang Province	Comprehensive urban development	21,363	20,295	15,742	Yes	Yes	9	5
2	Comprehensive Development Project of Yangliuhu Area of Chengdu IC Valley Industrial Park, Chengdu City, Sichuan Province	Comprehensive urban development	20,915	16,209	14,091	Yes	Yes	8	17
3	Urban Renewal and Comprehensive Improvement Project of Renmin Avenue (Yunyan Section), Guiyang City, Guizhou Province	Comprehensive urban development	6,534	6,469	2,378	Yes	Yes	6	1
4	Comprehensive Development Project for Longhu Area in Longgang City, Zhejiang Province	Comprehensive urban development	5,798	5,218	4,375	No	Yes	5	5
5	Phase I of New Urbanization Construction Project of Yingchengzi Area in Ganjingzi District, Dalian City, Liaoning Province	PPP	6,365	4,137	3,836	Yes	Yes	8	10
6	Comprehensive Construction and Development Project of the East Area of Ruyi Lake in the China-SCO Local Economic and Trade Cooperation Demonstration Area in Qingdao City, Shandong Province	Comprehensive urban development	4,880	3,904	4,014	Yes	Yes	6	4
7	Road Renovation and Improvement Project of Yinzhou District and Development Project for Wangjianong Area in Ningbo City, Zhejiang Province	Comprehensive urban development	3,478	3,130	2,146	No	Yes	3	5
8	Urban Renewal Project of Gongda Area in Baiyun District, Guiyang City, Guizhou Province	Comprehensive urban development	3,385	3,047	1,660	Yes	Yes	5	2
	Others		60,905	22,891	31,422	-	-	-	-
	Total		133,623	85,300	79,664	-	-	-	-

IV. BUSINESS OVERVIEW (CONTINUED)
(II) Major Production and Operational Data (continued)
5. Infrastructure and Other Investment Projects (continued)
(3) Concession Projects (continued)

 ② *Concession Projects under Development³ (RMB million)*

No.	Project Name	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio	Investment Amount in the Period	Accumulated Investment Value
1	Highways including Taihangshan Highway in Hebei Province	47,000	14,570	Share participation	Share participation
2	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	13,643	13,643	2,545	10,649
3	Chengde (Lijiyang)-Pinggu (Hebei and Beijing Conjunction) Section Project of the Capital Region Ring Expressway (G95)	14,608	11,453	1,943	3,357
4	Highways including Urumchi-Yuli Highway in Xinjiang	70,841	10,616	Share participation	Share participation
5	Project of Guiyang-Jinsha-Gulin (between Guizhou and Sichuan) Highway in Guizhou Province	32,493	9,999	Share participation	Share participation
6	Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong- Daozhen (Chongqing Section) Highway in Chongqing	64,577	9,687	Share participation	Share participation
7	Project of Dejiang-Yuqing Highway in Guizhou Province	14,902	9,388	2,770	8,678
8	Project of Quanzhou-Rongxian Highway (Pingle- Zhaoping Section) in Guangxi Province	9,192	9,192	10	40
9	Project of Chongqing-Wuhan Highway Expansion in Chongqing	11,350	9,080	1,453	3,440
10	Jianglu North Line Expressway in Chongqing	10,622	8,498	1,676	4,360
11	Phase I of Project of Urumchi Rail Transit Line 4	16,249	8,287	Share participation	Share participation
12	Project of Cross-Border Highway from South to North in Baise (North Ring Line of Baise) in Guangxi Province	8,077	8,077	8	18
13	Tong'an Expressway in Chongqing	7,559	6,047	1,087	2,768
14	Project of Zhanhua-Linzi Expressway in Shandong Province	19,561	5,868	Share participation	Share participation
15	Hefei-Zongyang Section of G3W Dezhou-Shangrao Expressway in Anhui Province	9,228	4,522	Share participation	Share participation
16	Project of Expressway from Pubei to Beiliu in Yulin, Guangxi Province	14,426	4,328	Share participation	Share participation
17	South Section of Ring Expressway in Wanzhou, Chongqing	5,014	5,014	598	2,860
18	Project of Phase I of Expressway from Lingtai to Huating of Line S28 in Gansu Province	10,124	4,050	Share participation	Share participation
19	Project of Mengxi Industrial Park-Sanbei Yangchang Railway in Ordos, Inner Mongolia	5,639	3,383	Share participation	Share participation
20	Project of Naomao Lake-Jiangjun Temple Railway in Xinjiang	9,698	3,313	Share participation	Share participation
	Others	184,363	40,002	2,032	6,830
	Total	579,166	199,017	14,122	43,000

³ The breakdown of concession projects under development does not include the concession projects acquired overseas.

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(II) Major Production and Operational Data (continued)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

③ Concession Projects in Operation Period (RMB million)

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
1	New Songming-Kunming Expressway, Xuanwei-Qujing Expressway, and Mengzi-Wenshan-Yanshan Expressway in Yunnan Province	27,582	481	30	4.5
2	Daozhen-Weng'an Expressway in Guizhou Province	26,512	352	30	6.5
3	Jiangkou-Weng'an Expressway in Guizhou Province	14,256	395	30	6.5
4	Shiqian-Yuping (Dalong) Expressway in Guizhou Province	9,377	111	30	0.8
5	Guiyang-Qianxi Expressway in Guizhou Province	9,199	207	30	5.5
6	Zhongxian-Wanzhou Expressway in Chongqing	7,854	49	30	5.5
7	Yanhe-Dejiang Expressway in Guizhou Province	7,536	64	30	6.5
8	Guiyang-Duyun Expressway in Guizhou Province	7,438	249	30	11.3
9	Tongzhou-Daxing Section Project of the Capital Region Ring Expressway	5,555	146	25	4.0
10	Yongchuan-Jiangjin Expressway in Chongqing	6,000	39	30	7.5
11	Fengdu-Fuling Expressway in Chongqing	5,973	128	30	8.5
12	Fengdu-Shizhu Expressway in Chongqing	5,584	68	30	8.5
13	Foshan-Guangming Expressway in Guangdong Province	5,134	267	25	13.0
14	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Expressway in Fujian Province	5,024	34	24	1.5
15	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	4,786	81	30	4.5
16	South-North Highway in Jamaica	4,865	137	50	6.5
17	BOT Project of Expressway in Nairobi, Kenya	3,618	21	27	0.1
18	G575 Expressway in Xinjiang	3,230	59	30	0.5
19	Xianning-Tongshan Expressway in Hubei Province	3,117	51	30	8.5
20	Qingxi Bridge and Connecting Line in Guangdong Province	2,947	100	25	3.8
21	Jiayu North Section of Wuhan-Shenzhen Expressway in Hubei Province	2,691	95	30	3.5
22	Project of Wenshan-Maguan Expressway in Yunnan Province	2,747	17	30	1.7
23	Tongliang-Hechuan Expressway in Chongqing	2,413	22	30	7.5
24	Yicheng-Houma Expressway in Shanxi Province	2,407	98	30	14.5
25	Malong Connecting Line of Xuanwei-Qujing Expressway in Yunnan Province	1,872	14	30	4.5

IV. BUSINESS OVERVIEW (CONTINUED)

(II) Major Production and Operational Data (continued)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

③ Concession Projects in Operation Period (RMB million) (continued)

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
26	Shanbei Project of transportation infrastructure facilities in Hami City, Xinjiang	1,819	44	28	0.5
27	Project of West Tianjin Section of Tianjin-Shijiazhuang Expressway	1,296	25	25	1.6
28	Project of Cultural Center in Xiaogan, Hubei Province	1,567	-	15	2.5
29	Project of Linwu-Lianzhou (Hunan-Guangdong) Expressway in Hunan Province	1,054	14	30	0.5
30	Yumenkou Yellow River Bridge of National Highway 108	1,024	22	28	2.0
31	Project of Discharging Treated Tailwater into Sea in Lianyungang, Jiangsu Province	608	-	18	0.3
32	Project of Phase I of Chengnan Operation Terminal at Xinghua Port Area in Taizhou Inland River Port, Jiangsu Province	438	12	18	1.0
33	Domestic Sewage Treatment Project in Huanji County, Zhaoqing City, Guangdong Province	145	10	29	1.7
34	Guigang-Long'an Highway in Guangxi Province	Share participation	-	30	4.0
35	Yulin-Zhanjiang Expressway in Guangdong Province	Share participation	-	25	1.5
36	Jiulongpo-Yongchuan Highway in Chongqing	Share participation	-	30	4.0
37	Qingshuihe-Dafanpu Section of National Highway G109 in Inner Mongolia Autonomous Region	Share participation	-	26	13.5
38	Fengdu-Zhongxian Expressway in Chongqing	Share participation	-	30	5.5
39	Youyang-Yanhe Expressway in Chongqing	Share participation	-	30	6.0
40	Wangjiang-Qianjiang Expressway in Anhui Province	Share participation	-	25	6.5
41	Tongliang-Yongchuan Expressway in Chongqing	Share participation	-	30	7.2
42	Chongqing Wanzhou-Sichuan Dazhou, Wanzhou-Hubei Lichuan Expressways	Share participation	-	30	7.5
43	Yulin-Jiaxian Expressway in Shaanxi Province	Share participation	-	30	8.5

BUSINESS OVERVIEW

IV. BUSINESS OVERVIEW (CONTINUED)

(II) Major Production and Operational Data (continued)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

③ Concession Projects in Operation Period (RMB million) (continued)

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
44	Guiyang-Weng'an Expressway in Guizhou Province	Share participation	-	30	6.5
45	Tongcheng-Jieshang Expressway in Hubei Province	Share participation	-	30	7.8
46	Kaiping-Yangchun Expressway in Guangdong Province	Share participation	-	25	1.5
47	Jianhe-Rongjiang Section of Yanhe-Rongjiang Expressway in Guizhou Province	Share participation	-	30	1.8
48	Libo-Rongjiang Expressway in Guizhou Province	Share participation	-	30	3.5
49	Yulin-Zhanjiang Expressway in Guangxi Province	Share participation	-	30	2.0
50	Tongren-Huaihua Expressway in Guizhou Province (Tongren section)	Share participation	-	30	3.0
51	Weng'an-Machangping Railway Project in Guizhou	Share participation	-	30	1.1
52	Relocation Project of National Highway 107 Guandu Yellow River Bridge	Share participation	-	30	1.0
53	Jiangyu Expressway in Guizhou Province	Share participation	-	30	0.5
54	Guiyang-Huangping Expressway in Guizhou Province	Share participation	-	30	0.1
55	Hechang Section of Sanhuan Expressway in Chongqing	Share participation	-	30	1.2
Total		185,668	3,412		

IV. BUSINESS OVERVIEW (CONTINUED)

(III) Business Plan and Prospect

During the Reporting Period, according to statistics, the value of new contracts of the Group reached RMB801,900 million, indicating 57% of the annual target, which has realized and met expectations. The revenue amounted to RMB362,834 million, indicating 50% of the annual target which has realized and met expectations.

In the second half of the year, the Company will continue to adhere to the high-goal-oriented development, deepen the adjustments to the business structure, and strengthen domestic and overseas synergies to increase market expansion. The Company will firmly withhold its position as the main force of the national transportation infrastructure industry by entering the urban market with greater efforts, consolidate its competitive edge in the business of rivers, lakes and seas, while keeping up with the overall development trend of the international infrastructure construction market, adhering to the concept of value investment, selecting the best and strictly controlling the risks. In the second half of the year, the Company will pay close attention to the launch of major projects, including the waterway construction in the Port of Ningbo-Zhoushan, the container terminal hub construction of the east operation area in Yantian Port in Shenzhen, the smart waterway upgrade in the Yangtze River waterway and the Grand Canal, the South-to-North Water Diversion Project and the Yellow River Diversion Project for supporting water demand in Xining, and the construction of Xining-Chaka Railway and the Guangzhou Intercity Railway. We plan carefully to achieve city upgrading and accelerate the green construction and urban renewal of the core cities, aiming to deepen, refine, and innovate the main responsibilities and principal businesses of “big transportation” and “big city”, achieving full industry coverage without business blind spots.

V. TECHNOLOGY INNOVATION

In performing its primary duty and conducting its main business, the Company attached great importance to the key and core technologies as well as “bottleneck” problems and followed the guidance of the pilot project to build national strength in transportation and the national strategy for promoting new urbanization to achieve the goal of self-development, safe development and core competitiveness enhancement while increasing the coordination and integration of technology and digitalization, with an aim to build itself into a world’s leading “sci-tech” enterprise.

During the Reporting Period, the Company’s research and development costs were RMB9,174 million, accounting for 2.5% of the operating income. Under the guidance of scientific and technological innovation and digital development and the fundamental driving force of reform and innovation, the Company fully promoted the innovation of technology and digitalization and released the technological and digital development plan under the “Fourteenth Five-Year Plan”, and explicitly defined the development goals, major directions, and main tasks for the Company’s technological innovation. To establish a base of original technologies, the Company formulated the national innovation platform development plan for the Company and the optimization and improvement plan for the engineering center to constantly optimize the construction of the scientific research platform. In addition, we have fully rolled out digital construction and become the first state-owned enterprise in the construction industry that realized finance and business integration at the group level, and we were ranked among the top state-owned enterprises in terms of the level of the paperless office.

BUSINESS OVERVIEW

VI. FINANCIAL INNOVATION

In 2022, the Company insists on optimizing capital, carrying out diversified innovative businesses, and continuously optimizing asset structure to strongly support the development of the principal business.

The Company constantly improves the management and control system and carries out comprehensive upgrading of its capital operation and financial business management and control system. During the Reporting Period, we amended and newly issued several management measures on financial products and capital operation, strengthened top-level design and standardized business guidelines.

The Company constantly upgrades the industry and finance integration and coordinates financial innovation and deepens the industry and finance integration. We issued the largest public-traded REITs for highways in China, which was the first one among the state-owned enterprises. Also, we have established the asset listing platform to pave the way for market withdrawal of existing quality assets.

The Company constantly optimizes its capital operation and promoted the restructuring, spin-off and listing of the design segment in an orderly manner, enhances its competitiveness, innovation, influence, and risk resistance ability in the infrastructure segment, further improving the brand value and achieving high-quality development.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

OVERVIEW

For the six months ended 30 June 2022, revenue of the Group amounted to RMB362,834 million, representing an increase of 7.0% from RMB339,218 million in the corresponding period of 2021. Among which, revenue derived from overseas markets amounted to RMB50,967 million, accounted for 14.0% of the total revenue, representing an increase of 6.0%. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 84.9%, 5.8%, 6.9% and 2.4% (all before elimination of inter-segment transactions) of the total revenue for the six months ended 30 June 2022, respectively.

Gross profit for the six months ended 30 June 2022 amounted to RMB37,696 million, representing a decrease of 0.8% from RMB38,015 million in the corresponding period of 2021. Gross profit margin decreased to 10.4% for the six months ended 30 June 2022 as compared to 11.2% for the six months ended 30 June 2021.

Operating profit for the six months ended 30 June 2022 amounted to RMB21,057 million, representing an increase of 14.1%, from RMB18,458 million in the corresponding period of 2021. This increase was primarily due to gains on disposal of subsidiaries and foreign exchange gains. Additionally, efficient control on administrative expenses contributed to the increase.

For the six months ended 30 June 2022, profit attributable to owners of the parent amounted to RMB11,949 million, representing an increase of 15.0% from RMB10,386 million in the corresponding period of 2021. For the six months ended 30 June 2022, earnings per share of the Group was RMB0.69, compared with RMB0.60 in the corresponding period of 2021.

The following is a comparison of financial results between the six months ended 30 June 2022 and 2021.

CONSOLIDATED RESULTS OF OPERATIONS

Revenue

Revenue for the six months ended 30 June 2022 increased by 7.0% to RMB362,834 million from RMB339,218 million in the corresponding period of 2021. Revenue from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB323,862 million, RMB22,020 million, RMB26,268 million and RMB8,962 million (all before elimination of inter-segment transactions), representing an increase of 6.6%, 5.4%, 13.0% and 33.2% respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Cost of Sales and Gross Profit

Cost of sales for the six months ended 30 June 2022 amounted to RMB325,138 million, representing an increase of 7.9%, from RMB301,203 million in the corresponding period of 2021. Cost of sales from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB292,214 million, RMB19,235 million, RMB23,651 million and RMB8,383 million (all before elimination of inter-segment transactions) respectively, representing an increase of 7.5%, 7.2%, 14.6% and 33.4%, respectively.

Cost of sales consisted mainly of subcontracting costs, cost of raw materials and consumables used and employee benefit expenses. For the six months ended 30 June 2022, subcontracting costs and cost of raw materials and consumables used increased by 19.4% and 2.1%, respectively.

As a result of the increase in both revenue and cost of sales for the six months ended 30 June 2022, gross profit for the six months ended 30 June 2022 amounted to RMB37,696 million, representing a slight drop of 0.8% from RMB38,015 million in the corresponding period of 2021. Gross profit from infrastructure construction business and infrastructure design business decreased by 0.7% and 5.6%, while other business increased by 29.8% respectively, from the corresponding period of 2021. Gross profit from dredging business was relatively stable. Gross profit margin decreased to 10.4% for the six months ended 30 June 2022 as compared to 11.2% for the six months ended 30 June 2021. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 9.8%, 12.6%, 10.0% and 6.5%, respectively, as compared with 10.5%, 14.1%, 11.3% and 6.6% in the corresponding period of 2021.

Administrative Expenses

Administrative expenses for the six months ended 30 June 2022 amounted to RMB17,674 million, representing a decrease of 3.6% from RMB18,332 million in the corresponding period of 2021. This decline was primarily attributable to the efficient management to decline administrative expenses and strict management to establish subsidiaries.

Other Income

Other income for the six months ended 30 June 2022 amounted to RMB2,542 million, representing a decrease of RMB287 million from RMB2,829 million in the corresponding period of 2021.

Other Gains/(Losses), Net

Other gains for the six months ended 30 June 2022 amounted to RMB3,055 million, compared with RMB680 million of other losses in the corresponding period of 2021. This increase was primarily attributable to gains on disposal of subsidiaries and foreign exchange.

Impairment Losses on Financial and Contract Assets, Net

Impairment losses on financial and contract assets for the six months ended 30 June 2022 amounted to RMB2,787 million, representing an increase of 72.7% from RMB1,614 million in the corresponding period of 2021. This increase was primarily due to larger impairment on certain projects and increasing contract assets.

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Operating Profit

Operating profit for the six months ended 30 June 2022 amounted to RMB21,057 million, representing an increase of 14.1% from RMB18,458 million in the corresponding period of 2021. The increase was mainly due to the increase in gains on disposal of subsidiaries and foreign exchange gains. Moreover, efficient control on administrative expenses contributed to expanding operating profits.

For the six months ended 30 June 2022, operating profit from infrastructure construction business, infrastructure design business, dredging business and other business increased by 11.3%, 17.8%, 11.8%, and 114.9% (all before elimination of inter-segment transactions and unallocated cost), respectively from the corresponding period of 2021.

Due to increasing other gains and less administrative expenses, operating profit margin increased to 5.8% for the six months ended 30 June 2022 from 5.4% in the corresponding period of 2021.

Finance Income

Finance income for the six months ended 30 June 2022 amounted to RMB8,511 million, representing an increase of 22.5% from RMB6,949 million in the corresponding period of 2021. The increase was primarily attributable to the increase of contract assets and receivables from PPP contracts.

Finance Costs, Net

Net finance costs for the six months ended 30 June 2022 amounted to RMB10,386 million, representing an increase of 12.3% from RMB9,245 million in the corresponding period of 2021. The increase was mainly due to the larger interest expense.

Share of Losses of Joint Ventures

Share of losses of joint ventures for the six months ended 30 June 2022 amounted to RMB625 million, representing an increase of 129.8% from RMB272 million in the corresponding period of 2021. This increase was primarily due to more concession projects had been entered into earlier stage of operation period.

Share of Profits/(Losses) of Associates

Share of losses of associates for the six months ended 30 June 2022 amounted to RMB187 million, as compared with share of profits of RMB14 million in the corresponding period of 2021, due to losses on certain overseas projects.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax for the six months ended 30 June 2022 amounted to RMB18,370 million, representing an increase of 15.5% from RMB15,904 million in the corresponding period of 2021.

Income Tax Expense

Income tax expense for the six months ended 30 June 2022 amounted to RMB4,002 million, representing an increase of 34.3% from RMB2,980 million in the corresponding period of 2021, mainly due to an increase in non-taxable share of losses and an increase in impairment provision that had not accrued deferred tax.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests for the six months ended 30 June 2022 amounted to RMB2,419 million compared with RMB2,538 million in the corresponding period of 2021.

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 2022 and 2021.

Business	Revenue		Gross Profit		Gross Profit Margin		Operating Profit ⁽¹⁾		Operating Profit Margin	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(%)	(%)	(RMB million)	(RMB million)	(%)	(%)
Infrastructure										
Construction	323,862	303,730	31,648	31,872	9.8	10.5	17,551	15,773	5.4	5.2
% of total	84.9	85.6	84.1	84.1	-	-	84.4	85.6	-	-
Infrastructure Design	22,020	20,897	2,785	2,951	12.6	14.1	1,697	1,440	7.7	6.9
% of total	5.8	5.9	7.4	7.8	-	-	8.2	7.8	-	-
Dredging	26,268	23,245	2,617	2,616	10.0	11.3	1,130	1,011	4.3	4.3
% of total	6.9	6.6	7.0	6.9	-	-	5.4	5.5	-	-
Other businesses	8,962	6,728	579	446	6.5	6.6	419	195	4.7	2.9
% of total	2.4	1.9	1.5	1.2	-	-	2.0	1.1	-	-
Subtotal	381,112	354,600	37,629	37,885	9.9	-	20,797	18,419	5.5	-
Intersegment elimination and unallocated profit/ (costs)	(18,278)	(15,382)	67	130	-	-	260	39	-	-
Total	362,834	339,218	37,696	38,015	10.4	11.2	21,057	18,458	5.8	5.4

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Infrastructure Construction Business

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

The following table sets out the principal profit and loss information for the infrastructure construction business for the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022 (RMB million)	2021 (RMB million)
Revenue	323,862	303,730
Cost of sales	(292,214)	(271,858)
Gross profit	31,648	31,872
Selling and marketing expenses	(352)	(277)
Administrative expenses	(14,565)	(14,840)
Impairment losses on financial and contract assets, net	(2,253)	(1,306)
Other income/(expenses), net and Other gains/(losses), net	3,073	324
Segment result	17,551	15,773
Depreciation and amortisation	4,925	5,137

Revenue. Revenue from the infrastructure construction business for the six months ended 30 June 2022 was RMB323,862 million, representing an increase of 6.6% from RMB303,730 million in the corresponding period of 2021. The increase was mainly due to the increase of revenue generated from domestic road and urban construction projects, as well as overseas railway projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Infrastructure Construction Business (continued)

Cost of sales and gross profit. Cost of sales for the infrastructure construction business for the six months ended 30 June 2022 was RMB292,214 million, representing an increase of 7.5% from RMB271,858 million in the corresponding period of 2021. Cost of sales as a percentage of revenue slightly increased to 90.2% for the six months ended 30 June 2022 from 89.5% in the corresponding period of 2021.

Gross profit from the infrastructure construction business for the six months ended 30 June 2022 slightly decreased 0.7% to RMB31,648 million from RMB31,872 million in the corresponding period of 2021. Gross profit margin decreased to 9.8% for the six months ended 30 June 2022 from 10.5% in the corresponding period of 2021, primarily due to the increased proportion of revenue generated from housing construction projects, which have lower gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business for the six months ended 30 June 2022 were RMB352 million, as compared with RMB277 million in the corresponding period of 2021.

Administrative expenses. Administrative expenses for the infrastructure construction business were RMB14,565 million for the six months ended 30 June 2022, representing a decrease of 1.9% from RMB14,840 million in the corresponding period of 2021, mainly attributable to the gains on disposal of subsidiaries, foreign exchange gains, and efficient control on administrative expenses. Administrative expenses as a percentage of revenue decreased to 4.5% for the six months ended 30 June 2022 from 4.9% in the corresponding period of 2021.

Impairment losses on financial and contract assets, net. Net impairment losses on financial and contract assets for the infrastructure construction business for the six months ended 30 June 2022 were RMB2,253 million, representing an increase of 72.5% from RMB1,306 million in the corresponding period of 2021, mainly due to the increase in the impairment of certain projects. Net impairment losses on financial and contract assets as a percentage of revenue increased to 0.7% for the six months ended 30 June 2022 from 0.4% in the corresponding period of 2021.

Other income/(expenses), net and Other gains/(losses), net. Other income/(expenses), net and Other gains/(losses), net for the infrastructure construction business increased to RMB3,073 million for the six months ended 30 June 2022 from RMB324 million in the corresponding period of 2021, due to the gains on disposal of subsidiaries and foreign exchange gains.

Segment result. As a result of the above, segment result for the infrastructure construction business for the six months ended 30 June 2022 was RMB17,551 million, representing an increase of 11.3% from RMB15,773 million in the corresponding period of 2021. Segment result margin increased to 5.4% for the six months ended 30 June 2022 from 5.2% in the corresponding period of 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Infrastructure Design Business

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

The following table sets out the principal profit and loss information for infrastructure design business for the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022 (RMB million)	2021 (RMB million)
Revenue	22,020	20,897
Cost of sales	(19,235)	(17,946)
Gross profit	2,785	2,951
Selling and marketing expenses	(165)	(187)
Administrative expenses	(1,189)	(1,316)
Impairment losses on financial and contract assets, net	(187)	(90)
Other income/(expenses), net and Other gains/(losses), net	453	82
Segment result	1,697	1,440
Depreciation and amortization	198	224

Revenue. Revenue from the infrastructure design business for the six months ended 30 June 2022 was RMB22,020 million, representing an increase of 5.4% from RMB20,897 million in the corresponding period of 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Infrastructure Design Business (continued)

Cost of sales and gross profit. Cost of sales for the infrastructure design business for the six months ended 30 June 2022 was RMB19,235 million, representing an increase of 7.2% from RMB17,946 million in the corresponding period of 2021. Cost of sales as a percentage of revenue increased to 87.4% for the six months ended 30 June 2022 from 85.9% in the corresponding period of 2021.

Gross profit from the infrastructure design business for the six months ended 30 June 2022 decreased to RMB2,785 million from RMB2,951 million in the corresponding period of 2021. Gross profit margin decreased to 12.6% for the six months ended 30 June 2022 from 14.1% in the corresponding period of 2021, mainly attributable to the increased proportion of revenue generated from comprehensive contracts, which have lower gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business for the six months ended 30 June 2022 decreased to RMB165 million from RMB187million in the corresponding period of 2021.

Administrative expenses. Administrative expenses for the infrastructure design business for the six months ended 30 June 2022 were RMB1,189 million, representing a decrease of 9.7% from RMB1,316 million in the corresponding period of 2021. The decrease was mainly due to the efficient control on administrative expenses. Administrative expenses as a percentage of revenue decreased to 5.4% for the six months ended 30 June 2022 from 6.3% in the corresponding period of 2021.

Impairment losses on financial and contract assets, net. Net impairment losses on financial and contract assets for the infrastructure design business for the six months ended 30 June 2022 were RMB187 million, compared with RMB90 million in the corresponding period of 2021. Net impairment losses on financial and contract assets as a percentage of revenue increased to 0.8% for the six months ended 30 June 2022 from 0.4% in the corresponding period of 2021.

Other income/(expenses), net and Other gains/(losses), net. Other income/(expenses), net and Other gains/(losses), net for the infrastructure design business for the six months ended 30 June 2022 was RMB453 million, as compared with RMB82 million in the corresponding period of 2021, due to the gains on disposal of subsidiaries and foreign exchange gains.

Segment result. As a result of the above, segment result for the infrastructure design business for the six months ended 30 June 2022 was RMB1,697 million, representing an increase of 17.8% from RMB1,440 million in the corresponding period of 2021. Segment result margin increased to 7.7% for the six months ended 30 June 2022 from 6.9% in the corresponding period of 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Dredging Business

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

The following table sets out the principal profit and loss information for the dredging business for the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022 (RMB million)	2021 (RMB million)
Revenue	26,268	23,245
Cost of sales	(23,651)	(20,629)
Gross profit	2,617	2,616
Selling and marketing expenses	(107)	(104)
Administrative expenses	(1,296)	(1,404)
Impairment losses on financial and contract assets, net	(315)	(187)
Other income/(expenses), net and Other gains/(losses), net	231	90
Segment result	1,130	1,011
Depreciation and amortisation	544	525

Revenue. Revenue from the dredging business for the six months ended 30 June 2022 was RMB26,268 million, representing an increase of 13.0% from RMB23,245 million in the corresponding period of 2021.

Cost of sales and gross profit. Cost of sales for the dredging business for the six months ended 30 June 2022 was RMB23,651 million, representing an increase of 14.6% as compared with RMB20,629 million in the corresponding period of 2021. Cost of sales as a percentage of revenue for the dredging business for the six months ended 30 June 2022 increased to 90.0% from 88.7% in the corresponding period of 2021.

Gross profit from the dredging business for the six months ended 30 June 2022 was RMB2,617 million, representing a slight increase from RMB2,616 million in the corresponding period of 2021. Gross profit margin for the dredging business decreased to 10.0% for the six months ended 30 June 2022 from 11.3% in the corresponding period of 2021, mainly attributable to the increased proportion of revenue generated from projects with lower gross profit margin, and the increase of fuel price.

Selling and marketing expenses. Selling and marketing expenses for the dredging business for the six months ended 30 June 2022 were RMB107 million, as compared with RMB104 million in the corresponding period of 2021.

Administrative expenses. Administrative expenses for the dredging business for the six months ended 30 June 2022 were RMB1,296 million, representing a decrease of 7.7% from RMB1,404 million in the corresponding period of 2021. Administrative expenses as a percentage of revenue decreased to 4.9% for the six months ended 30 June 2022 from 6.0% in the corresponding period of 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Dredging Business (continued)

Impairment losses on financial and contract assets, net. Net impairment losses on financial and contract assets for the dredging business for the six months ended 30 June 2022 were RMB315 million, representing an increase of 68.4% from RMB187 million in the corresponding period of 2021, mainly due to the impairment of certain projects. Net impairment losses on financial and contract assets as a percentage of revenue increased to 1.2% for the six months ended 30 June 2022 from 0.8% in the corresponding period of 2021.

Other income/(expenses), net and Other gains/(losses), net. Other income/(expenses), net and Other gains/(losses), net for the dredging business for the six months ended 30 June 2022 increased to RMB231 million from RMB90 million in the corresponding period of 2021. This increase was primarily due to gains on foreign exchange.

Segment result. As a result of the above, segment result for the dredging business for the six months ended 30 June 2022 was RMB1,130 million, representing an increase of 11.8% from RMB1,011 million in the corresponding period of 2021. Segment result margin for the six months ended 30 June 2022 remained 4.3% as that for the corresponding period of 2021.

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022 (RMB million)	2021 (RMB million)
Revenue	8,962	6,728
Cost of sales	(8,383)	(6,282)
Gross profit	579	446

Revenue. Revenue from the other businesses for the six months ended 30 June 2022 was RMB8,962 million, representing an increase of 33.2% from RMB6,728 million in the corresponding period of 2021. The increase was mainly due to the growing scale of centralised procurement.

Cost of sales and gross profit. Cost of sales for the other businesses for the six months ended 30 June 2022 was RMB8,383 million, compared with RMB6,282 million in the corresponding period of 2021. Cost of sales as a percentage of revenue increased to 93.5% for the six months ended 30 June 2022 from 93.4% in the corresponding period of 2021.

Gross profit from the other businesses for the six months ended 30 June 2022 was RMB579 million, representing an increase of 29.8% from RMB446 million in the corresponding period of 2021. Gross profit margin decreased to 6.5% for the six months ended 30 June 2022 from 6.6% in the corresponding period of 2021. The decrease was mainly due to the increased revenue from lower gross profit margin section.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2022, the Group had unutilised credit facilities in the amount of RMB1,323,305 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

Cash Flow Data

The following table presents selected cash flow data from the Group's consolidated cash flow statements for the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022	2021
	(RMB million)	(RMB million)
Net cash used in operating activities	(45,725)	(64,610)
Net cash used in investing activities	(22,344)	(22,428)
Net cash generated from financing activities	109,454	90,981
Net increase in cash and cash equivalents	41,385	3,943
Cash and cash equivalents at beginning of period	95,803	119,511
Exchange gains/(losses) on cash and cash equivalents	730	(220)
Cash and cash equivalents at end of period	137,918	123,234

Cash flow from operating activities

For the six months ended 30 June 2022, net cash used in operating activities decreased to RMB45,725 million from RMB64,610 million in the corresponding period of 2021. The decrease of 29.2% of cash outflow was attributable to efficient administration on payable and receivables, and the increased payment collection of PPP projects.

Cash flow from investing activities

Net cash used in investing activities for the six months ended 30 June 2022 was RMB22,344 million, representing a decrease of 0.4% from RMB22,428 million in the corresponding period of 2021.

Cash flow from financing activities

Net cash generated from financing activities for the six months ended 30 June 2022 increased to RMB109,454 million from RMB90,981 million in the corresponding period of 2021. The increase of 20.3% of cash inflow was primarily attributable to the proceeds from perpetual securities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipments and vessels, and the building of plants. The following table set forth the Group's capital expenditure by business for the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022 (RMB million)	2021 (RMB million)
Infrastructure Construction Business	21,344	21,281
– BOT projects	16,843	14,438
Infrastructure Design Business	272	472
Dredging Business	98	437
Other	194	71
Total	21,908	22,261

Capital expenditure for the six months ended 30 June 2022 was RMB21,908 million, as compared with RMB22,261 million in the corresponding period of 2021.

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 2022 and the year ended 31 December 2021.

	As at	
	Six months ended 30 June 2022 (Number of days)	Twelve months ended 31 December 2021 (Number of days)
Turnover of average trade and bills receivables ⁽¹⁾	53	56
Turnover of average trade and bills payables ⁽²⁾	189	188

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Working Capital (continued)

Trade and bills receivables and trade and bills payables (continued)

- (1) For the six months ended 30 June 2022, 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 2021, 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 2022, 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 2021, average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

The following table sets forth an ageing analysis of trade and bills receivables, net of provision, as at 30 June 2022 and 31 December 2021.

	As at	
	30 June	31 December
	2022	2021
	(RMB million)	(RMB million)
Within 6 months	70,091	65,551
6 months to 1 year	16,564	11,087
1 year to 2 years	11,878	11,412
2 years to 3 years	5,540	6,052
Over 3 years	8,071	7,775
Total	112,144	101,877

Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 30 June 2022, the Group had a provision for impairment of RMB18,550 million, as compared with RMB17,578 million as at 31 December 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Retentions

The following table sets forth the fair value of the retentions as at 30 June 2022 and 31 December 2021.

	As at	
	30 June	31 December
	2022	2021
	(RMB million)	(RMB million)
Current	17,582	17,922
Non-current	38,566	38,242
Total	56,148	56,164

INDEBTEDNESS

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 30 June 2022 and 31 December 2021.

	As at	
	30 June	31 December
	2022	2021
	(RMB million)	(RMB million)
Within 1 year	135,069	76,292
1 year to 2 years	58,341	56,299
2 years to 5 years	90,521	89,614
Over 5 years	239,167	205,931
Total borrowings	523,098	428,136

MANAGEMENT'S DISCUSSION AND ANALYSIS

INDEBTEDNESS (CONTINUED)

Borrowings (continued)

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Japanese Yen, Hong Kong dollars and others. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 30 June 2022 and 31 December 2021.

	As at	
	30 June	31 December
	2022	2021
	(RMB million)	(RMB million)
Renminbi	494,724	406,482
U.S. dollar	20,859	15,074
Japanese Yen	2,879	2,417
Euro	2,615	2,783
Hong Kong dollar	284	264
Others	1,737	1,116
Total borrowings	523,098	428,136

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 2022 was 48.1%, as compared with 45.9% as at 31 December 2021 and 50.2% as at 30 June 2021.

Contingent liabilities and financial guarantee commitment

(i) Claims

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 the legal advice. No provision has been made for those pending lawsuits with a maximum compensation amount of RMB2,758 million (31 December 2021: RMB2,631 million) related mainly to disputes with customers and subcontractors, as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. Pending lawsuits of which the probability of loss is remote or the claim amount is insignificant to the Group were not included in the above.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INDEBTEDNESS (CONTINUED)

Contingent liabilities and financial guarantee commitment (continued)

(ii) Loan guarantees

As at 30 June 2022, the Group has acted as the guarantor for several borrowings of RMB3,853 million (31 December 2021: RMB3,940 million) made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the loan guarantee.

The Group provides guarantees to banks for the mortgage loans of the property buyers in certain real estate projects. As at 30 June 2022, the outstanding balance of guarantees provided by the Group was approximately RMB4,293 million (31 December 2021: RMB4,623 million).

(iii) Liquidity support

Beijing North Huade Neoplan Bus Co., Ltd., a subsidiary of the Company, provides liquidity support to Changchun Public Transportation (Group) Co., Ltd. for sale-leaseback rent payable to Huaxia Financial Leasing Co., Ltd. As at 30 June 2022, the outstanding balance of rent payable by Changchun Public Transportation (Group) Co., Ltd. to Huaxia Financial Leasing Co., Ltd. was RMB115 million (31 December 2021: RMB138 million).

The Group has entered into certain agreements with financial institutions to set up asset-backed securities (ABS) and asset-backed notes (ABN) arrangements. As at 30 June 2022, out of the ABS and ABN in issue with an aggregate amount of RMB29,858 million (31 December 2021: RMB27,662 million), RMB28,205 million (31 December 2021: RMB26,132 million) had been issued to preferential investors. Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and return to preferential investors at the due date is not sufficient.

MARKET RISKS

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

Macroeconomic volatility risk

The Group's main businesses are closely related to the development of macro-economy, especially for infrastructure design and infrastructure construction business, of which the industry development is subject to the effects of macroeconomic factors including investment scale of social fixed assets and the process of urbanisation. The current external environment is complex and severe, and China's economic development is under triple pressure of economic contraction, supply shock and weakening expectations. If the pace and efforts of growth stabilisation is not as strong as expected, it may have a great impact on the Group's development.

To cope with the risks of macroeconomic fluctuations, the Group will further strengthen its research on macro policies and development trends of related industries, follow closely the national strategic deployment, focus on "big transportation" and "big city", firmly hold on to the market advantages of traditional businesses, promote the scale of emerging industries to grow year by year and strive to cultivate new growth levels.

MARKET RISKS (CONTINUED)

Internationalisation risk

The Group conducts its business in over 130 overseas countries and regions. Subject to the complex and diverse political, economic, social and religious environments and legal systems of different countries and regions, as well as fluctuations in exchange rates, increasingly stringent environmental protection requirements and intensifying trade frictions among some countries, there may be fluctuations and volatility in the international trade order and economic situation in the future, resulting in performance risks for the Group's overseas compliance, investment and project contracting.

The Group carried out various risk management, prevention and control work continuously in accordance with the principles of "practical planning, internationalization of resources, normalization of management, diversification of approaches, and visualization of command, advance forecasting, advance warning, advance deployment and advance action". The Company fully leveraged on its overall overseas advantages, enhanced international resources and cross-regional coordination capabilities, continuously raised the protection of security interests and the ability to address overseas emergencies, properly dealt with overseas public security threats, and optimized the organization system, institutional system, team building system, planning system, training and drill system, protection system and information-based risk control measures.

Investment risk

The Group began to develop infrastructure and other investment projects in 2007 to obtain investment profits apart from those from reasonable design and construction. However, such projects are generally characterised by large scale investments, long construction cycles, extensive areas of involvement, high complexity, stringent schedule and quality requirements, and are significantly affected by policies. The implementation and operation of the above-mentioned investment projects may expose the Group to certain risks and affect the expected benefits and the achievement of strategic objectives if the feasibility studies of the projects are incomplete, understanding of policies is inaccurate, financing is inadequate and process management is not standardised, under the influence of internal and external circumstances such as increased control in policies by the national and local governments, increasingly standardised regulation, tightened financial supervision, increasing debt pressure and intensified market competition.

In order to effectively prevent and control investment risks, the Group insists on "value-oriented investments" and strictly controls non-main business investments. It strictly implements the investment project justification and decision-making process, properly controls investment costs, strengthens risk control throughout the life cycle of investment projects and steadily promotes the construction of an investment execution information system to achieve real-time and dynamic project monitoring and pre-warning.

Raw material risk

The operation of the Group's business depends on the timely procurement of raw materials that meet the Group's quality requirements at reasonable prices, such as steel, cement, fuel, sand and gravel and asphalt, etc. The market prices of such raw materials may fluctuate to a certain extent, or appropriate procurement planning arrangements may be made to ensure the normal conduct of business. When there is a shortage of supply of raw material or a significant price increase resulting in cost increases that cannot be fully compensated by customers, the Group may face the risk of reduced profit or even loss in respect of a single project.

In this regard, the Group has enhanced cost awareness, strengthened refined management, vigorously promoted the centralised procurement of major raw materials including steel, cement, asphalt, fuel oil, etc., and has continuously improved the bargaining power of the Company to minimise the risk of rising raw material prices.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MARKET RISKS (CONTINUED)

Interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During the six months ended 30 June 2022, the Group's borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollar. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position.

As at 30 June 2022, the Group's borrowings of approximately RMB300,924 million were at variable rates. As at 30 June 2022, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax for the year would have been decreased/increased by RMB3,009 million, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group continuously monitors the interest rate position, and makes decisions with reference to the latest market conditions, including entering into interest rate swap agreements from time to time to mitigate its exposure to interest rate risks in connection with the floating rate borrowings.

Exchange rate risk

The Group has focused on international markets in its past operations and future strategies. The relatively large scale of its overseas operations has resulted in a relatively large foreign exchange receipts and payments by the Company. The Company's operations mainly involve foreign currencies such as USD, the Euro and Hong Kong dollar. Fluctuations in the exchange rates between these currencies and Renminbi may result in higher costs or lower revenues, which in turn may have an impact on the Company's profitability.

As at 30 June 2022, the Group's aggregate net assets of RMB3,538 million, including trade and other receivables, cash and bank balances, trade and other payables and borrowings, were denominated in foreign currencies, mainly USD.

To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to currency risks, and uses derivative financial instruments to hedge when necessary. As at 30 June 2022, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the year would had been decreased/increased by approximately RMB826 million, mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

Production safety risk

The Group insists on safety first and regards production safety as the prerequisite and foundation of all its work. However, as a construction and production enterprise with many subsidiaries and projects, production safety risks exist in all aspects of the production and operation process. Safety incidents may occur as a result of unsafe human behaviour, unsafe physical conditions and unsafe environmental factors, resulting in injury to the health and safety of employees and exposing the Company to the risk of damage to its brand image, economic loss and external regulatory penalties.

MARKET RISKS (CONTINUED)

Risk of price fluctuation in the securities markets

The Group's investments in equity instruments are classified as financial assets held for trading, investments in other equity instruments and other non-current financial assets. As these financial assets are required to be stated at fair value, the Group is exposed to the risk of price fluctuation in the securities markets.

To cope with such risk, the Group sets limits to diversify its investment portfolio.

Force Majeure Risks

The infrastructure construction and dredging business principally engaged by the Group are mostly outdoor work. Natural disasters and public health emergency including rainstorm, flooding, earthquake, typhoon, tsunami, fire and epidemic occurred on the construction sites may cause damages to the site workers as well as property, and adversely affect the quality and progress of relevant businesses of the Group.

Network risk and security

With the in-depth application of "Internet +" in informatisation, the topology of enterprise network has been becoming more and more complex, the number of information systems has surged, and the possibility of network interruption and system failure has also increased rapidly. At the same time, the Group has been actively exploring overseas markets, and its international influence has been increasing day by day. Therefore, the risk of network-attacks on the information system has been also increasing, which may have a serious impact on the Group's production and operation in the event of a risk event.

In order to effectively prevent network risks, the Group has continuously optimized and improved the network security system and professional team building, improved the information system, enhanced protection and emergency response capabilities, implemented network monitoring and carried out regular upgrades and protections in accordance with the requirements of the competent authorities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROPOSED SPIN-OFF

On 11 May 2022, the Company entered into the agreement on assets swap and acquisition of assets by issuance of shares with China Urban-Rural and Qilianshan in respect of the Proposed Assets Reorganization, pursuant to which, the Company shall dispose of the 100% equity interests of CCCC Highway Institute, CCCC First Highway Institute and CCCC Second Highway Institute, and China Urban-Rural shall dispose of the 100% equity interests of Southwest Institute, Northeast Institute and Energy Institute (i.e. the Swapped-out Assets) for all the assets and liabilities of Qilianshan (i.e. the Swapped-in Assets), and Qilianshan shall pay the deficiency part between the Swapped-out Assets and the Swapped-in Assets to the Company and China Urban-Rural by issuing the Consideration Shares. The aforesaid transactions are inter-conditional upon each other and will take effect concurrently.

It is expected that upon completion of the Proposed Assets Reorganization, the Swapped-out Assets will become the subsidiaries of Qilianshan, and the Company will become the controlling shareholder of Qilianshan.

The disposal of the Swapped-out Assets by the Company to Qilianshan under the agreement on assets swap and acquisition of assets by issuance of shares constitutes a disposal by the Company under Chapter 14 of the Hong Kong Listing Rules. At the same time, the acquisition of the Swapped-in Assets and the subscription of the Consideration Shares by the Company constitutes an acquisition by the Company under Chapter 14 of the Hong Kong Listing Rules. As the consideration of the Swapped-in Assets and the Swapped-out Assets and other details under the agreement on assets swap and acquisition of assets by issuance of shares are subject to further determination and the formal transaction agreement to be entered into, if the Proposed Assets Reorganization proceeds, it may or may not fall within one of the transaction categories under Rule 14.06 of the Hong Kong Listing Rules.

China Urban-Rural is a wholly-owned subsidiary of CCGG, the controlling Shareholder of the Company which holds approximately 58.70% interests in the issued ordinary Shares of the Company as at 11 May 2022. China Urban-Rural is thus a connected person of the Company under the Hong Kong Listing Rules. As China Urban-Rural is a party to the agreement on assets swap and acquisition of assets by issuance of shares, the Proposed Assets Reorganization constitutes a connected transaction of the Company. The Company will comply with relevant requirements under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules, including but not limited to the reporting, announcement and independent Shareholders' approval requirements (as the case may be) after the details of the Proposed Assets Reorganization are determined.

The Proposed Assets Reorganization by the Company pursuant to the agreement on assets swap and acquisition of assets by issuance of shares constitutes a spin-off under the applicable provisions of the Practice Note 15 of the Hong Kong Listing Rules. The Company will make further announcement(s) on the progress of the application for the spin-off in due course.

For more details, please refer to the announcement of the Company dated 11 May 2022.



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To the Board of Directors of China Communications Construction Company Limited

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 56 to 121, which comprises the interim condensed consolidated statement of financial position of China Communications Construction Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong
30 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 Unaudited RMB million	2021 Unaudited RMB million
Revenue	3, 4	362,834	339,218
Cost of sales		(325,138)	(301,203)
Gross profit		37,696	38,015
Other income	4	2,542	2,829
Other gains/(losses), net	4	3,055	(680)
Selling and marketing expenses		(739)	(682)
Administrative expenses		(17,674)	(18,332)
Impairment losses on financial and contract assets, net		(2,787)	(1,614)
Other expenses		(1,036)	(1,078)
Operating profit		21,057	18,458
Finance income	6	8,511	6,949
Finance costs, net	7	(10,386)	(9,245)
Share of profits and losses of:			
– Joint ventures		(625)	(272)
– Associates		(187)	14
Profit before tax	5	18,370	15,904
Income tax expense	8	(4,002)	(2,980)
Profit for the period		14,368	12,924
Attributable to:			
– Owners of the parent		11,949	10,386
– Non-controlling interests		2,419	2,538
		14,368	12,924
Earnings per share attributable to ordinary equity holders of the parent			
Basic	10	RMB0.69	RMB0.60
Diluted	10	RMB0.69	RMB0.60

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Profit for the period	14,368	12,924
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Actuarial income/(loss) on retirement benefit obligations	9	(8)
Changes in fair value of equity investments designated at fair value through other comprehensive income	(2,853)	2,321
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(2,844)	2,313
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Cash flow hedges	(6)	6
Share of other comprehensive income/(loss) of joint ventures and associates	245	(33)
Exchange differences on translation of foreign operations	1,755	(708)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	1,994	(735)
Other comprehensive (loss)/income for the period, net of tax	(850)	1,578
Total comprehensive income for the period	13,518	14,502
Attributable to:		
– Owners of the parent	11,019	11,995
– Non-controlling interests	2,499	2,507
	13,518	14,502

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	Unaudited	Audited
		RMB million	RMB million
Non-current assets			
Property, plant and equipment	11	60,563	61,218
Investment properties		6,802	6,697
Right-of-use assets		17,733	17,319
Intangible assets	12	231,411	229,094
Investments in joint ventures		45,260	44,569
Investments in associates		42,579	40,757
Financial assets at fair value through profit or loss	13	20,038	14,249
Debt investments at amortised cost		587	530
Equity investments designated at fair value through other comprehensive income	14	26,713	30,095
Contract assets, trade and other receivables	16	425,609	371,774
Deferred tax assets		7,477	7,190
Total non-current assets		884,772	823,492
Current assets			
Inventories	15	76,605	73,064
Contract assets, trade and other receivables	16	452,775	387,760
Financial assets at fair value through profit or loss	13	3,891	1,319
Debt instruments at amortised cost		115	20
Derivative financial instruments		699	606
Restricted bank deposits and time deposits with an initial term of over three months	17	8,908	8,773
Cash and cash equivalents	17	137,918	95,803
Total current assets		680,911	567,345
Current liabilities			
Trade and other payables	19	496,938	435,778
Contract liabilities	18	69,950	80,027
Derivative financial instruments		1	1
Tax payable		5,860	6,949
Interest-bearing bank and other borrowings	20	135,069	76,292
Retirement benefit obligations		109	109
Total current liabilities		707,927	599,156
Net current liabilities		(27,016)	(31,811)
Total assets less current liabilities		857,756	791,681

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	Unaudited RMB million	Audited <i>RMB million</i>
Total assets less current liabilities		857,756	791,681
Non-current liabilities			
Trade and other payables	19	41,363	34,982
Interest-bearing bank and other borrowings	20	388,029	351,844
Deferred income		1,575	1,592
Deferred tax liabilities		6,374	7,438
Retirement benefit obligations		740	785
Provisions		3,481	3,686
Total non-current liabilities		441,562	400,327
Net assets		416,194	391,354
Equity			
Equity attributable to owners of the parent			
Share capital		16,166	16,166
Share premium		19,625	19,625
Financial instruments classified as equity		40,959	33,959
Reserves		196,723	190,600
		273,473	260,350
Non-controlling interests		142,721	131,004
Total equity		416,194	391,354

Wang Tongzhou
Director

Wang Haihui
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent							
	Share capital Unaudited RMB million	Share premium Unaudited RMB million	Financial instruments	Other	Retained earnings	Total	Non-controlling interests	Total equity
			classified as equity	reserves (note 21)	earnings		interests	equity
			Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	
As at 31 December 2021	16,166	19,625	33,959	40,115*	150,485*	260,350	131,004	391,354
Profit for the period	-	-	-	-	11,949	11,949	2,419	14,368
Other comprehensive income/(loss) for the period:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	(2,853)	-	(2,853)	-	(2,853)
Cash flow hedges, net of tax	-	-	-	(6)	-	(6)	-	(6)
Share of other comprehensive loss of joint ventures and associates	-	-	-	245	-	245	-	245
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	9	-	9	-	9
Exchange differences on translation of foreign operations	-	-	-	1,675	-	1,675	80	1,755
Total comprehensive income for the period	-	-	-	(930)	11,949	11,019	2,499	13,518
Final 2021 dividend declared	-	-	-	-	(3,293)	(3,293)	-	(3,293)
Interest on perpetual securities (i)	-	-	-	-	(1,622)	(1,622)	(290)	(1,912)
Dividends to non-controlling shareholders	-	-	-	-	-	-	(147)	(147)
Share of other reserves of joint ventures and associates	-	-	-	1	-	1	-	1
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	1,412	1,412
Acquisition of subsidiaries	-	-	-	-	-	-	56	56
Issue of perpetual securities	-	-	7,000	-	-	7,000	9,187	16,187
Redemption of perpetual securities	-	-	-	-	-	-	(1,000)	(1,000)
Transaction with non-controlling interests	-	-	-	18	-	18	-	18
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	-	-	-	(82)	82	-	-	-
Transfer to safety production reserve	-	-	-	867	(867)	-	-	-
As at 30 June 2022	16,166	19,625	40,959	39,989*	156,734*	273,473	142,721	416,194

* As at 30 June 2022, these reserve accounts comprise the consolidated reserves of RMB196,723 million (31 December 2021: RMB190,600 million) in the interim condensed consolidated statement of financial position.

(i) During the period, interest on perpetual securities accrued by the Company totalled RMB1,622 million.

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent							
	Share capital	Share premium	Financial instruments classified as equity	Other reserves (note 21)	Retained earnings	Total	Non-controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
As at 31 December 2020	16,166	19,625	33,938	37,661	137,681	245,071	112,733	357,804
Profit for the period	-	-	-	-	10,386	10,386	2,538	12,924
Other comprehensive income/(loss) for the period:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	2,321	-	2,321	-	2,321
Cash flow hedges, net of tax	-	-	-	6	-	6	-	6
Share of other comprehensive loss of joint ventures and associates	-	-	-	(33)	-	(33)	-	(33)
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	(8)	-	(8)	-	(8)
Exchange differences on translation of foreign operations	-	-	-	(677)	-	(677)	(31)	(708)
Total comprehensive income for the period	-	-	-	1,609	10,386	11,995	2,507	14,502
Final 2020 dividend declared	-	-	-	-	(2,924)	(2,924)	-	(2,924)
Interest on perpetual securities	-	-	-	-	(1,340)	(1,340)	(275)	(1,615)
Dividends to non-controlling shareholders	-	-	-	-	-	-	(284)	(284)
Withdrawal of capital contribution by non-controlling interests	-	-	-	-	-	-	(1,318)	(1,318)
Share of other reserves of joint ventures and associates	-	-	-	(5)	-	(5)	-	(5)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	2,378	2,378
Acquisition of subsidiaries	-	-	-	-	-	-	50	50
Disposal of subsidiaries	-	-	-	-	-	-	(1,282)	(1,282)
Issuance of perpetual securities	-	-	-	-	-	-	5,138	5,138
Redemption of perpetual securities	-	-	-	-	-	-	(2,596)	(2,596)
Transaction with non-controlling interests	-	-	-	(10)	-	(10)	(2)	(12)
Transfer to safety production reserve	-	-	-	615	(615)	-	-	-
As at 30 June 2021	16,166	19,625	33,938	39,870	143,188	252,787	117,049	369,836

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 Unaudited RMB million	2021 Unaudited RMB million
Cash flows from operating activities			
Profit before tax		18,370	15,904
Adjustments for:			
– Depreciation of property, plant and equipment and investment properties	5	4,056	4,131
– Depreciation of right-of-use assets	5	593	740
– Amortisation of intangible assets	5	1,303	1,259
– Gains on disposal of items of property, plant and equipment, intangible assets and other long-term assets	4	(143)	(54)
– Gains on disposal of joint ventures and associates	4	(62)	–
– Fair value gains on financial assets at fair value through profit or loss	4	(4)	(25)
– Fair value gains on derivative financial instruments	4	(99)	(102)
– Gains on disposal of financial assets at fair value through profit or loss	4	(22)	(27)
– Gains on disposal of subsidiaries	4	(2,219)	(16)
– Dividend income from financial assets at fair value through profit or loss	4	(83)	(118)
– Dividend income from equity investments designated at fair value through other comprehensive income	4	(860)	(757)
– Dividend income from derivative financial instruments		–	(96)
– Other income from investing activities		(37)	(10)
– Share of losses of joint ventures and associates		812	258
– Provision for impairment of financial and contract assets, net	5	2,787	1,614
– Provision for impairment of property, plant and equipment		40	–
– Interest income	6	(8,511)	(6,949)
– Interest expenses	7	9,635	8,653
– Net foreign exchange losses/(gains) on borrowings	7	101	(62)
		25,657	24,343
Increase in inventories		(2,526)	(4,805)
(Increase)/decrease in restricted bank deposits		(652)	119
Increase in contract assets, trade and other receivables		(121,840)	(111,841)
Increase in trade and other payables		60,891	39,237
Decrease in contract liabilities		(10,111)	(13,377)
Decrease in retirement benefit obligations		(45)	(33)
(Decrease)/increase in provisions		(205)	684
(Decrease)/increase in deferred income		(17)	107
Cash used in operations		(48,848)	(65,566)
Interest income from operating activities		8,251	5,828
Income tax paid		(5,128)	(4,872)
Net cash flows used in operating activities		(45,725)	(64,610)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
<i>Notes</i>	Unaudited	Unaudited
	RMB million	RMB million
Cash flows from investing activities		
Purchases of items of property, plant and equipment	(5,131)	(4,274)
Additions to right-of-use assets	(614)	(1,106)
Purchases of investment properties	(34)	–
Purchases of intangible assets	(14,251)	(11,355)
Proceeds from disposal of items of property, plant and equipment	444	232
Proceeds from disposal of right-of-use assets	–	25
Proceeds from disposal of investment properties	–	5
Proceeds from disposal of intangible assets	3	47
Investments in associates	(1,925)	(2,306)
Investments in joint ventures	(2,184)	(5,129)
Acquisition of subsidiaries	105	261
Disposal of subsidiaries	7,498	3,201
Disposal of joint ventures and associates	825	33
Purchases of equity investments designated at fair value through other comprehensive income	(414)	(242)
Purchases of financial assets at fair value through profit or loss	(14,700)	(9,262)
Purchases of debt investments	(30)	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	112	54
Proceeds from disposal of financial assets at fair value through profit or loss	8,054	5,428
Proceeds from disposal of other debt instruments	–	10
Loans to joint ventures, associates and third parties	(5,996)	(6,099)
Repayment of loans from joint ventures, associates and third parties	3,515	4,868
Interest received	216	957
Changes in time deposits with an initial term of over three months	517	463
Cash consideration received for concession assets	576	1,429
Dividends received	273	332
Proceeds from other investing activities	797	–
Net cash flows used in investing activities	(22,344)	(22,428)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 Unaudited RMB million	2021 Unaudited RMB million
	<i>Notes</i>	
Cash flows from financing activities		
Capital contribution from non-controlling shareholders	1,425	2,377
Dividends paid to non-controlling shareholders	(136)	(351)
Dividends paid to equity holders of the parent	(484)	(429)
Proceeds from perpetual securities	16,187	5,138
Interest paid for perpetual securities	(1,075)	(957)
Withdrawal of capital contribution by non-controlling interests	–	(1,318)
Redemption of perpetual securities	(1,000)	(2,596)
Proceeds from bank and other borrowings	186,538	172,930
Repayment of bank and other borrowings	(81,410)	(74,313)
Interest paid for bank and other borrowings	(10,031)	(8,718)
Transaction with non-controlling interests	–	(13)
Lease payments	(560)	(769)
Net cash flows generated from financing activities	109,454	90,981
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	17	119,511
Effect of foreign exchange rate changes, net	730	(220)
Cash and cash equivalents at end of period	17	123,234

1. CORPORATE AND GROUP INFORMATION

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

The Company and its subsidiaries (together, the “Group”) are principally engaged in infrastructure construction, infrastructure design and dredging businesses.

In the opinion of the directors, the immediate and ultimate holding company of the Company is CCCC, which was established in the PRC.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim condensed consolidated financial information is presented in Renminbi (“RMB”), and all values are rounded to the nearest million except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised IFRSs for the first time for the current period’s financial information.

Amendments to IFRS 3
Amendments to IAS 16
Amendments to IAS 37
*Annual Improvements to IFRS Standards
2018–2020*

Reference to the Conceptual Framework
Property, Plant and Equipment: Proceeds before Intended Use
Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, Illustrative Examples
accompanying IFRS 16, and IAS 41

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised IFRSs are described below: (continued)

- (d) *Annual Improvements to IFRS Standards 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

3. OPERATING 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 operating segments and assess their performance.

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

- infrastructure construction of ports, roads, bridges, railways, municipal and environmental engineering and others (the "Construction")
- infrastructure design of ports, roads, bridges, railways and others (the "Design")
- dredging (the "Dredging")
- others

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

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

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, intangible assets, inventories, receivables, contract assets, equity investments designated at fair value through other comprehensive income, debt investments at amortised cost, financial assets at fair value through profit or loss, derivative financial instruments, and cash and cash equivalents. They exclude deferred tax assets, investments in joint ventures and associates, the assets of the headquarters of the Company and the assets of CCCC Finance, a subsidiary of the Company.

Segment liabilities comprise primarily payables, derivative financial instruments, and contract liabilities. They exclude deferred tax liabilities, tax payable, borrowings, the liabilities of the headquarters of the Company and the liabilities of CCCC Finance.

Capital expenditure comprises mainly additions to property, plant and equipment (note 11), investment properties, right-of-use assets and intangible assets (note 12).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2022 and other segment information included in the unaudited interim condensed consolidated financial information are as follows:

	For the six months ended 30 June 2022					
	Construction	Design	Dredging	Others	Eliminations	Total
	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million
Total gross segment revenue	323,862	22,020	26,268	8,962	(18,278)	362,834
Intersegment sales	(5,226)	(5,086)	(911)	(7,055)	18,278	–
Revenue	318,636	16,934	25,357	1,907	–	362,834
Segment results	17,551	1,697	1,130	419	156	20,953
Unallocated income						104
Operating profit						21,057
Finance income						8,511
Finance costs, net						(10,386)
Share of profits and losses of joint ventures and associates						(812)
Profit before tax						18,370
Income tax expense						(4,002)
Profit for the period						14,368
Other segment information						
Depreciation	3,690	172	528	259	–	4,649
Amortisation	1,235	26	16	26	–	1,303
Impairment of property, plant and equipment	40	–	–	–	–	40
Impairment losses on financial and contract assets, net	2,246	187	314	40	–	2,787
Capital expenditure	21,344	272	98	194	–	21,908

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2021 and other segment information included in the unaudited interim condensed consolidated financial information are as follows:

	For the six months ended 30 June 2021					Total Unaudited RMB million
	Construction Unaudited RMB million	Design Unaudited RMB million	Dredging Unaudited RMB million	Others Unaudited RMB million	Eliminations Unaudited RMB million	
Total gross segment revenue	303,730	20,897	23,245	6,728	(15,382)	339,218
Intersegment sales	(3,681)	(5,240)	(1,317)	(5,144)	15,382	–
Revenue	300,049	15,657	21,928	1,584	–	339,218
Segment results	15,773	1,440	1,011	195	(51)	18,368
Unallocated income						90
Operating profit						18,458
Finance income						6,949
Finance costs, net						(9,245)
Share of profits and losses of joint ventures and associates						(258)
Profit before tax						15,904
Income tax expense						(2,980)
Profit for the period						12,924
Other segment information						
Depreciation	3,917	202	521	231	–	4,871
Amortisation	1,220	22	4	13	–	1,259
Impairment losses on financial and contract assets, net	1,315	90	208	1	–	1,614
Capital expenditure	21,281	472	437	71	–	22,261

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

3. OPERATING 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 those of the interim condensed consolidated financial information. These assets and liabilities are presented based on the operating segments with which they are associated.

The segment assets and liabilities as at 30 June 2022 are as follows:

	As at 30 June 2022					Total Unaudited RMB million
	Construction Unaudited RMB million	Design Unaudited RMB million	Dredging Unaudited RMB million	Others Unaudited RMB million	Eliminations Unaudited RMB million	
Segment assets	1,194,002	60,347	127,368	106,822	(89,085)	1,399,454
Investments in joint ventures						45,260
Investments in associates						42,579
Other unallocated assets						78,390
Total assets						1,565,683
Segment liabilities	502,897	31,551	58,004	9,727	(52,758)	549,421
Unallocated liabilities						600,068
Total liabilities						1,149,489

The segment assets and liabilities as at 31 December 2021 are as follows:

	As at 31 December 2021					Total RMB million
	Construction RMB million	Design RMB million	Dredging RMB million	Others RMB million	Eliminations RMB million	
Segment assets	1,070,159	54,490	110,002	91,416	(80,120)	1,245,947
Investments in joint ventures						44,569
Investments in associates						40,757
Other unallocated assets						59,564
Total assets						1,390,837
Segment liabilities	461,946	28,710	47,571	9,304	(45,719)	501,812
Unallocated liabilities						497,671
Total liabilities						999,483

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2022 Unaudited RMB million	2021 Unaudited RMB million
Mainland China	311,867	291,142
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	50,967	48,076
	362,834	339,218

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June 2022	31 December 2021
	Unaudited RMB million	Audited RMB million
Mainland China	287,191	290,240
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	41,090	36,144
	328,281	326,384

The non-current asset information above is based on the locations of the assets and excludes financial assets, investments in joint ventures and associates, deferred tax assets and contract assets.

Information about a major customer

No revenue derived from services or sales to a single customer accounted for 10% or more of the Group's revenue during the six months ended 30 June 2022 and 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

4. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Revenue from contracts with customers		
Construction	323,862	303,730
Design	22,020	20,897
Dredging	26,268	23,245
Others	8,962	6,728
Intersegment eliminations	(18,278)	(15,382)
	362,834	339,218

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

4. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2022

Segments	Construction Unaudited RMB million	Design Unaudited RMB million	Dredging Unaudited RMB million	Others Unaudited RMB million	Total Unaudited RMB million
Type of goods or services					
Infrastructure construction services	303,376	10,537	4,324	39	318,276
Infrastructure design services	557	6,034	183	–	6,774
Dredging and filling services	–	–	19,674	–	19,674
Others	14,703	363	1,176	1,868	18,110
Total revenue from contracts with customers	318,636	16,934	25,357	1,907	362,834
Geographical markets					
Mainland China	271,660	16,271	22,282	1,654	311,867
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	46,976	663	3,075	253	50,967
Total revenue from contracts with customers	318,636	16,934	25,357	1,907	362,834
Timing of revenue recognition					
Services transferred over time	303,935	16,903	24,181	39	345,058
Services transferred at a point in time	4,745	–	–	–	4,745
Merchandise transferred at a point in time	9,956	31	1,176	1,868	13,031
Total revenue from contracts with customers	318,636	16,934	25,357	1,907	362,834

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

4. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the six months ended 30 June 2021

Segments	Construction Unaudited RMB million	Design Unaudited RMB million	Dredging Unaudited RMB million	Others Unaudited RMB million	Total Unaudited RMB million
Type of goods or services					
Infrastructure construction services	285,048	9,880	1,262	82	296,272
Infrastructure design services	470	5,641	350	6	6,467
Dredging and filling services	–	–	19,235	–	19,235
Others	14,531	136	1,081	1,496	17,244
Total revenue from contracts with customers	300,049	15,657	21,928	1,584	339,218
Geographical markets					
Mainland China	253,113	15,193	21,288	1,548	291,142
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	46,936	464	640	36	48,076
Total revenue from contracts with customers	300,049	15,657	21,928	1,584	339,218
Timing of revenue recognition					
Services transferred over time	285,617	15,521	20,866	95	322,099
Services transferred at a point in time	3,033	–	–	–	3,033
Merchandise transferred at a point in time	11,399	136	1,062	1,489	14,086
Total revenue from contracts with customers	300,049	15,657	21,928	1,584	339,218

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

4. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2022

Segments	Construction Unaudited RMB million	Design Unaudited RMB million	Dredging Unaudited RMB million	Others Unaudited RMB million	Total Unaudited RMB million
Revenue from contracts with customers					
External customers	318,636	16,934	25,357	1,907	362,834
Intersegment sales	5,226	5,086	911	7,055	18,278
Intersegment adjustments and eliminations	(5,226)	(5,086)	(911)	(7,055)	(18,278)
Total revenue from contracts with customers	318,636	16,934	25,357	1,907	362,834

For the six months ended 30 June 2021

Segments	Construction Unaudited RMB million	Design Unaudited RMB million	Dredging Unaudited RMB million	Others Unaudited RMB million	Total Unaudited RMB million
Revenue from contracts with customers					
External customers	300,049	15,657	21,928	1,584	339,218
Intersegment sales	3,681	5,240	1,317	5,144	15,382
Intersegment adjustments and eliminations	(3,681)	(5,240)	(1,317)	(5,144)	(15,382)
Total revenue from contracts with customers	300,049	15,657	21,928	1,584	339,218

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

4. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Other income

	For the six months ended 30 June	
	2022 Unaudited RMB million	2021 Unaudited RMB million
Rental income	506	445
Revenue from consulting services	260	183
Dividend income from equity investments designated at fair value through other comprehensive income		
– Listed equity instruments	859	712
– Unlisted equity instruments	1	45
Government grants	240	242
Dividend income from financial assets at fair value through profit or loss	83	118
Income from sales of scraps	130	140
Dividend income from derivative financial instruments	–	96
Others	463	848
	2,542	2,829

Other gains/(losses), net

	For the six months ended 30 June	
	2022 Unaudited RMB million	2021 Unaudited RMB million
Gains on disposal of items of property, plant and equipment, intangible assets and other long-term assets	143	54
Gains on disposal of subsidiaries	2,219	16
Gains on disposal of joint ventures and associates	62	–
Fair value gains, net:		
– Financial assets at fair value through profit or loss	4	25
– Derivative financial instruments – transactions not qualifying as hedges	99	102
Foreign exchange differences, net	901	(589)
Gains on disposal of financial assets at fair value through profit or loss	22	27
Losses on derecognition of financial assets at amortised cost	(395)	(315)
	3,055	(680)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Raw materials and consumables used*	99,224	97,138
Cost of goods sold	8,697	8,668
Subcontracting costs	167,492	140,263
Employee benefit expenses*:		
– Salaries, wages and bonuses	15,439	15,880
– Pension costs – defined contribution plans	2,123	1,955
– defined benefit plans	12	15
– Housing benefits	1,214	1,083
– Welfare, medical and other expenses	8,645	8,851
	27,433	27,784
Equipment and plant usage costs	6,268	6,820
Business tax and other taxes	768	704
Fuel	1,980	1,548
Research and development costs (including raw materials and consumables used, employee benefit expenses, depreciation and amortisation)	9,145	8,958
Maintenance costs	1,365	1,330
Utilities	779	865
Depreciation of property, plant and equipment, investment properties and right-of-use assets*	4,649	4,871
Amortisation of intangible assets*	1,303	1,259
Impairment of property, plant and equipment	40	–
Impairment of financial and contract assets, net	2,787	1,614

* Including the raw materials and consumables used, employee benefit expenses, depreciation and amortisation charged for research and development activities, and those cost and expenses are also summarised in the item of "Research and development costs".

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

6. FINANCE INCOME

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Interest income from:		
– Bank deposits	441	335
– Contract assets and receivables from PPP contracts	4,651	3,453
– Loan receivables	2,392	2,058
– Others	1,027	1,103
	8,511	6,949

7. FINANCE COSTS, NET

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Total interest expense	10,590	9,528
Less: Interest capitalised	955	875
Net interest expense	9,635	8,653
Net foreign exchange losses/(gains) on borrowings	101	(62)
Others	650	654
	10,386	9,245

Interest capitalised

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Inventories	159	89
Concession assets	749	747
Construction in progress	47	39
	955	875

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

8. INCOME TAX

Most of the companies of the Group are subject to the PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (six months ended 30 June 2021: 25%) of the assessable income of each of these companies during the period as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC subsidiaries of the Company, which were taxed at a preferential rate of 15% (six months ended 30 June 2021: 15%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (six months ended 30 June 2021: 16.5%) on the estimated assessable profit for the period.

Taxation for other companies of the Group has been calculated on the estimated assessable profit for the six months ended 30 June 2022 and 2021 at the appropriate rates of taxation prevailing in the jurisdictions in which these companies operate.

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

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Current income tax		
– PRC enterprise income tax	3,444	2,717
– Others	595	313
	4,039	3,030
Deferred income tax	(37)	(50)
Total tax charge for the period	4,002	2,980

9. DIVIDENDS

A dividend in respect of the year ended 31 December 2021 of RMB0.20371 (including tax) per ordinary share totalling RMB3,293 million was approved by the Company's shareholders in the annual general meeting on 16 June 2022.

The above approval has triggered the mandatory clauses about the distribution of interest relating to perpetual securities issued by the Company, totalling RMB1,622 million.

No interim dividend for the six months ended 30 June 2022 was declared by the Board of Directors (six months ended 30 June 2021: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

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

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Profit attributable to ordinary equity holders of the parent (RMB million)	11,949	10,386
Less: Interest on perpetual securities (RMB million) (i)	723	748
	11,226	9,638
Weighted average number of ordinary shares in issue (million)	16,166	16,166
Basic earnings per share	RMB0.69	RMB0.60

- (i) The perpetual securities issued by the Company were classified as equity instruments with deferrable accumulative interest distribution and payment. Interest of RMB723 million on the perpetual securities which has been accrued but not declared from 1 January 2022 to 30 June 2022 was deducted from earnings when calculating the basic earnings per share amount for the six months ended 30 June 2022.

(b) Diluted

The diluted earnings per share amounts were the same as the basic earnings per share amounts as there were no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2022 and 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings Unaudited <i>RMB million</i>	Machinery Unaudited <i>RMB million</i>	Vessels and vehicles Unaudited <i>RMB million</i>	Other equipment Unaudited <i>RMB million</i>	Construction in progress Unaudited <i>RMB million</i>	Total Unaudited <i>RMB million</i>
30 June 2022						
At 31 December 2021 , net of accumulated depreciation and impairment	14,395	13,746	17,963	3,740	11,374	61,218
Additions	15	499	625	877	1,790	3,806
Disposal	(113)	(166)	(19)	14	-	(284)
Acquisition of subsidiaries	1	1	-	1	2	5
Transfer	292	156	512	47	(1,007)	-
Transfer from investment properties	200	-	-	-	-	200
Transfer to investment properties	(324)	-	-	-	(2)	(326)
Depreciation provided during the period	(400)	(1,184)	(871)	(1,422)	-	(3,877)
Impairment	-	(40)	-	-	-	(40)
Exchange realignment	(91)	(55)	53	(1)	(45)	(139)
At 30 June 2022, net of accumulated depreciation and impairment	13,975	12,957	18,263	3,256	12,112	60,563
At 30 June 2022						
Cost	19,369	34,771	43,175	16,740	12,197	126,252
Accumulated depreciation and impairment	(5,394)	(21,814)	(24,912)	(13,484)	(85)	(65,689)
Net carrying amount	13,975	12,957	18,263	3,256	12,112	60,563

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings <i>RMB million</i>	Machinery <i>RMB million</i>	Vessels and vehicles <i>RMB million</i>	Other equipment <i>RMB million</i>	Construction in progress <i>RMB million</i>	Total <i>RMB million</i>
31 December 2021						
At 31 December 2020, net of accumulated depreciation and impairment	13,134	14,303	18,437	3,314	11,852	61,040
Additions	422	1,410	1,265	2,893	3,674	9,664
Disposals	(53)	(184)	(46)	75	–	(208)
Asset acquisition	1	–	1	1	–	3
Business combination	3	–	1	2	276	282
Disposal of subsidiaries	–	–	(9)	(36)	–	(45)
Transfer	1,723	1,137	100	32	(2,992)	–
Transfer from right-of- use assets	–	–	73	–	–	73
Transfer from investment properties	77	–	–	–	–	77
Transfer from inventories	155	18	–	–	525	698
Transfer to right-of-use assets	–	–	–	–	(64)	(64)
Transfer to investment properties	(377)	–	–	–	(1,872)	(2,249)
Depreciation provided during the year	(635)	(2,835)	(1,828)	(2,549)	–	(7,847)
Exchange realignment and others	(55)	(103)	(31)	8	(25)	(206)
At 31 December 2021, net of accumulated depreciation and impairment	14,395	13,746	17,963	3,740	11,374	61,218
At 31 December 2021						
Cost	19,475	35,190	42,307	16,537	11,660	125,169
Accumulated depreciation and impairment	(5,080)	(21,444)	(24,344)	(12,797)	(286)	(63,951)
Net carrying amount	14,395	13,746	17,963	3,740	11,374	61,218

As at 30 June 2022, the Group was in the process of applying for the ownership certificates for certain of its properties with an aggregate carrying amount of approximately RMB2,330 million (31 December 2021: RMB2,464 million). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

12. INTANGIBLE ASSETS

	Concession assets Unaudited RMB million	Goodwill Unaudited RMB million	Trademarks, patent, proprietary technologies and copyrights Unaudited RMB million	Computer software Unaudited RMB million	Others Unaudited RMB million	Total Unaudited RMB million
30 June 2022						
Cost at 1 January 2022, net of accumulated amortisation and impairment	222,097	5,120	1,138	399	340	229,094
Additions	16,867	-	-	49	25	16,941
Acquisition of subsidiaries	-	26	-	-	-	26
Disposal of subsidiaries	(8,270)	-	-	-	-	(8,270)
Disposal	-	-	(1)	(1)	-	(2)
Amortisation provided during the period	(1,175)	-	(12)	(92)	(24)	(1,303)
Exchange realignment and others	(5,067)	(8)	-	-	-	(5,075)
At 30 June 2022	224,452	5,138	1,125	355	341	231,411
At 30 June 2022						
Cost	234,369	5,188	1,405	1,380	689	243,031
Accumulated amortisation and impairment	(9,917)	(50)	(280)	(1,025)	(348)	(11,620)
Net carrying amount	224,452	5,138	1,125	355	341	231,411

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

12. INTANGIBLE ASSETS (CONTINUED)

	Concession assets <i>RMB million</i>	Goodwill <i>RMB million</i>	Trademarks, patents, proprietary technologies and copyrights <i>RMB million</i>	Computer software <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
31 December 2021						
Cost at 1 January 2021, net of accumulated amortisation and impairment	222,163	5,517	1,218	426	158	229,482
Additions	33,185	–	1	166	224	33,576
Business combination	–	15	–	–	8	23
Asset acquisition	19,283	–	–	–	–	19,283
Disposal of subsidiaries	(50,121)	(7)	–	–	–	(50,128)
Disposal	–	–	(59)	(14)	(2)	(75)
Amortisation provided during the year	(2,448)	–	(22)	(179)	(48)	(2,697)
Impairment written off during the year	35	–	–	–	–	35
Exchange realignment	–	(405)	–	–	–	(405)
Others	–	–	–	–	–	–
At 31 December 2021	222,097	5,120	1,138	399	340	229,094
At 31 December 2021						
Cost	231,417	5,170	1,406	1,357	664	240,014
Accumulated amortisation and impairment	(9,320)	(50)	(268)	(958)	(324)	(10,920)
Net carrying amount	222,097	5,120	1,138	399	340	229,094

As at 30 June 2022, concession assets represented assets under “Build-Operate-Transfer” service concession arrangements and mainly consisted of toll roads in Mainland China. Certain concession projects have been put into operations, of which the net carrying amount was RMB175,948 million (2021: RMB175,979 million). The net carrying amount of concession assets of which the related projects were under construction was RMB48,504 million (2021: RMB46,118 million).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

12. INTANGIBLE ASSETS (CONTINUED)

As at 30 June 2022, the Group recognised an accumulated impairment of RMB299 million (31 December 2021: RMB299 million), provided for concession assets (two toll roads) in the infrastructure construction segment.

As at 30 June 2022, certain bank and other borrowings were secured by concession assets, contract assets and trade receivables from PPP projects with a carrying amount of approximately RMB302,940 million (31 December 2021: RMB302,288 million) (note 20(d) and note 26).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million
Listed equity investments (note a)	1,175	1,169
Unlisted investments (note b)		
– Investments in structured entities	16,650	11,070
– Unlisted equity investments	2,021	1,812
– Forward equity contracts	1,337	1,337
– Investments in assets-backed securities	30	30
– Wealth management products	2,716	150
	23,929	15,568
Less: Non-current portion		
– Unlisted investments (note b)	20,038	14,249
Current portion	3,891	1,319

- (a) The listed equity investments at 30 June 2022 were classified as financial assets at fair value through profit or loss as they were held for trading. The fair values of these investments were based on the quoted market prices at the end of the reporting period.
- (b) The unlisted investments at 30 June 2022 mainly included investments in structured entities and wealth management products issued by financial institutions in Mainland China. The Group is principally involved with structured entities through financial investments. These structured entities generally purchase assets through financing. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them. The unconsolidated structured entities include private equity funds, unit trust funds, trust products and asset management plans, etc. The nature and purpose of these structured entities are to engage in infrastructure investment activities. These structured entities were financed through the issue of units to investors. The wealth management products were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

14. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB million	RMB million
Listed equity instruments		
– China Merchants Bank Co., Ltd.	17,841	20,593
– China Merchants Securities Co., Ltd.	3,961	4,851
– Zhengzhou Yutong Bus Co., Ltd.	354	451
– China Everbright Bank Co., Ltd.	225	248
– Bank of Communications Co., Ltd.	151	140
– China Development Bank Financial Leasing Co., Ltd.	137	149
– CECEP Environmental Protection Equipment Co., Ltd.	137	148
– Zhongtong Bus Holding Co., Ltd.	100	60
– Others	278	309
	23,184	26,949
Unlisted equity instruments		
– Lunan High Speed Railway Co., Ltd.	1,405	1,405
– Hubei Jiaotou Shiwu Expressway Co., Ltd.	349	349
– Shandong Jiwei Expressway Co., Ltd.	346	–
– Beijing CEDC Ltd.	317	316
– Shandong Expressway Jiqing Midline Highway Co., Ltd.	240	240
– Hunan Bainan Expressway Construction Development Co., Ltd.	173	173
– Shanghai Kerry Oils & Grains Industries Co., Ltd.	113	113
– Others	586	550
	3,529	3,146
	26,713	30,095

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the six months ended 30 June 2022, the Group received dividends in a total amount of RMB860 million, mainly including RMB643 million, RMB148 million and RMB20 million from China Merchants Bank Co., Ltd, China Merchants Securities Co., Ltd. and Zhengzhou Yutong Bus Co., Ltd., respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

15. INVENTORIES

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB million	<i>RMB million</i>
Raw materials	19,647	18,847
Work in progress	1,191	1,183
Properties under development	46,775	43,915
Completed properties held for sale	6,729	7,050
Finished goods	1,876	1,490
Others	387	579
	76,605	73,064

As at 30 June 2022, certain of the Group's properties under development and completed properties held for sale with an aggregate carrying amount of RMB7,640 million (31 December 2021: RMB6,995 million) were pledged to secure the Group's bank loans (note 20(d) and note 26).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES

	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million
Trade and bills receivables (note a)	130,694	119,455
Impairment	(18,550)	(17,578)
	112,144	101,877
Contract assets and long-term receivables (note b)	665,531	557,667
Impairment	(10,507)	(8,862)
	655,024	548,805
Other receivables:		
Prepayments	29,858	25,637
Deposits (note c)	31,466	30,108
Others	54,007	56,996
	115,331	112,741
Impairment	(4,115)	(3,889)
	111,216	108,852
	878,384	759,534
Portion classified as non-current		
Contract assets and long-term receivables	412,213	358,879
Other receivables:		
Prepayments	5,386	4,051
Deposits	2,170	1,389
Others	5,840	7,455
	425,609	371,774
Current portion	452,775	387,760

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The majority of the Group's revenues are generated through infrastructure construction, infrastructure design and dredging contracts and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

An ageing analysis of trade and bills receivables as at the end of the reporting period, net of provisions, is as follows:

	30 June 2022 Unaudited <i>RMB million</i>	31 December 2021 Audited <i>RMB million</i>
Within 6 months	70,091	65,551
6 months to 1 year	16,564	11,087
1 year to 2 years	11,878	11,412
2 years to 3 years	5,540	6,052
Over 3 years	8,071	7,775
	112,144	101,877

The movements in provision for impairment of trade and bills receivables are as follows:

	For the six months ended 30 June 2022 Unaudited <i>RMB million</i>	Year ended 31 December 2021 Audited <i>RMB million</i>
At beginning of period/year	17,578	16,129
Impairment losses, net	930	2,818
Acquisition of subsidiaries	36	–
Disposal of subsidiaries	–	(1)
Amount written off*	(143)	(972)
Others	149	(396)
At end of period/year	18,550	17,578

- * As at 30 June 2022, an accumulated impairment of RMB132 million (2021: RMB923 million) was written off because the relevant trade and bills receivables amounting to RMB11,986 million (2021: RMB46,665 million) were derecognised due to the arrangement of non-recourse factoring agreements, ABS, ABN, and endorsement.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES (CONTINUED)

- (b) Contract assets are initially recognised for revenue earned from the provision of construction, design and dredging services. Upon settlement with the customer, the amounts recognised as contract assets are reclassified to trade receivables. Long-term receivables mainly represented amounts due from certain construction works with payment periods over one year.
- (c) Deposits mainly represented tender and performance bonds due from customers.
- (d) As at 30 June 2022, certain of the Group's outstanding trade and other receivables (excluding PPP projects) with a net carrying amount of approximately RMB28,138 million (31 December 2021: RMB29,814 million) were pledged to secure general banking facilities granted to the Group (note 20(d) and note 26).

17. CASH AND BANK BALANCES

	30 June 2022 Unaudited RMB million	31 December 2021 Audited <i>RMB million</i>
Restricted bank deposits (note a)	5,983	5,331
Time deposits with an initial term of over three months (note b)	2,925	3,442
	8,908	8,773
Cash and cash equivalents	137,918	95,803
	146,826	104,576

- (a) As at 30 June 2022 and 31 December 2021, restricted bank deposits mainly included deposits for issuance of bank acceptance notes, performance bonds, letters of credit to customers, and mandatory reserve deposits placed with the People's Bank of China by CCCC Finance.
- (b) Time deposits with an initial term of over three months are excluded from cash and cash equivalents, as management is of the opinion that these time deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. CASH AND BANK BALANCES (CONTINUED)

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB103,877 million (31 December 2021: RMB70,097 million). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 30 June 2022, less than 3% (31 December 2021: less than 3%) of the cash and bank balances denominated in currencies other than RMB were deposited in banks in certain countries which are subject to foreign exchange control and the currencies are not freely convertible into other currencies or remitted out of those countries.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

18. CONTRACT LIABILITIES

	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million
Short-term advances received from customers:		
Infrastructure construction	61,617	70,606
Infrastructure design	3,875	5,137
Dredging	3,248	3,238
Others	1,210	1,046
	69,950	80,027

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

19. TRADE AND OTHER PAYABLES

	30 June 2022 Unaudited RMB million	31 December 2021 Audited <i>RMB million</i>
Trade and bills payables (note a)	363,942	317,256
Deposits from suppliers	44,779	41,916
Retentions	50,247	42,163
Deposits in CCCC Finance (note b)	6,561	11,758
Other taxes	30,896	28,457
Payroll and social security	2,309	2,135
Accrued expenses and others	39,567	27,075
	538,301	470,760
Portion classified as non-current		
Retentions	36,655	33,294
Other taxes	596	391
Others	4,112	1,297
	41,363	34,982
Current portion	496,938	435,778

(a) An ageing analysis of trade and bills payables as at the end of the reporting period is as follows:

	30 June 2022 Unaudited RMB million	31 December 2021 Audited <i>RMB million</i>
Within 1 year	335,869	286,153
1 year to 2 years	13,750	17,116
2 years to 3 years	6,253	7,270
Over 3 years	8,070	6,717
	363,942	317,256

(b) CCCC Finance, a subsidiary of the Company, accepted deposits from CCCG and fellow subsidiaries. These deposits were due within one year with an average annual interest rate of 0.8% (2021: 0.8%).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<i>Notes</i>	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million
Non-current			
Long-term bank borrowings			
– secured	<i>(d)</i>	274,597	246,818
– guaranteed	<i>(e)</i>	13,802	13,135
– unsecured or unguaranteed		59,585	56,743
		347,984	316,696
Long-term other borrowings			
– secured	<i>(d)</i>	1,112	1,174
– guaranteed	<i>(e)</i>	2,409	1,420
– unsecured or unguaranteed		1,251	1,089
		4,772	3,683
Corporate bonds		21,525	20,255
Non-public debt instruments		11,999	9,479
Lease liabilities		1,749	1,731
Total non-current borrowings		388,029	351,844
Current			
Current portion of long-term bank borrowings			
– secured	<i>(d)</i>	15,572	14,544
– guaranteed	<i>(e)</i>	4,940	4,533
– unsecured or unguaranteed		18,837	9,251
		39,349	28,328
Short-term bank borrowings			
– secured	<i>(d)</i>	11,779	8,205
– guaranteed	<i>(e)</i>	2,872	2,524
– unsecured or unguaranteed		46,151	23,771
		60,802	34,500

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	<i>Notes</i>	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million
Current portion of long-term other borrowings			
– secured	<i>(d)</i>	585	452
– guaranteed	<i>(e)</i>	179	140
– unsecured or unguaranteed		35	15
		799	607
Short-term other borrowings			
– unsecured or unguaranteed		–	40
Corporate bonds		3,282	3,657
Debentures		26,278	1,526
Non-public debt instruments		3,796	6,732
Lease liabilities		763	902
Total current borrowings		135,069	76,292
Total borrowings		523,098	428,136

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

20. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(a) The Group's borrowings (excluding lease liabilities) were repayable as follows:

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB million	RMB million
Bank borrowings		
– Within one year or on demand	100,151	62,828
– In the second year	45,769	43,702
– In the third to fifth years, inclusive	72,216	74,673
– Beyond five years	229,999	198,321
	448,135	379,524
Others, excluding lease liabilities		
– Within one year or on demand	34,155	12,562
– In the second year	12,019	12,017
– In the third to fifth years, inclusive	17,657	14,311
– Beyond five years	8,620	7,089
	72,451	45,979
	520,586	425,503

(b) The carrying amounts of the borrowings were denominated in the following currencies:

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB million	RMB million
Renminbi	494,724	406,482
United States dollar	20,859	15,074
Japanese yen	2,879	2,417
Euro	2,615	2,783
Hong Kong dollar	284	264
Others	1,737	1,116
	523,098	428,136

(c) Borrowings of the Group, excluding corporate bonds, debentures, non-public debt instruments, and lease liabilities, bore interest at effective rates ranging from 0.30% to 9.80% (2021: 0.30% to 7.66%) per annum at the end of the reporting period, and an overseas bank borrowing bore interest at a rate of 11.95%.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

20. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

- (d) As at 30 June 2022 and 31 December 2021, these borrowings were secured by the Group's investment properties, right-of-use assets, intangible assets (note 12), inventories (note 15), contract assets and trade and other receivables (note 16(d)).
- (e) Guaranteed borrowings were guaranteed by certain subsidiaries of the Company and certain third parties.

21. OTHER RESERVES

	Capital reserve	Statutory surplus reserve	General reserve	Retirement benefit obligation remeasurement reserve	Investment revaluation reserve	Hedging reserve	Safety production reserve	Exchange reserve	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
At 31 December 2021	13,689	8,282	637	(63)	17,806	10	2,968	(3,214)	40,115
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(2,853)	-	-	-	(2,853)
Cash flow hedges, net of tax	-	-	-	-	-	(6)	-	-	(6)
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	245	-	-	-	245
Share of other reserves of joint ventures and associates	1	-	-	-	-	-	-	-	1
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	9	-	-	-	-	9
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,675	1,675
Transaction with non-controlling interests	18	-	-	-	-	-	-	-	18
Transfer to safety production reserve	-	-	-	-	-	-	867	-	867
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	-	-	-	-	(82)	-	-	-	(82)
At 30 June 2022	13,708	8,282	637	(54)	15,116	4	3,835	(1,539)	39,989

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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21. OTHER RESERVES (CONTINUED)

	Capital reserve Unaudited RMB million	Statutory surplus reserve Unaudited RMB million	General reserve Unaudited RMB million	Retirement benefit obligation remeasurement reserve Unaudited RMB million	Investment revaluation reserve Unaudited RMB million	Hedging reserve Unaudited RMB million	Safety production reserve Unaudited RMB million	Exchange reserve Unaudited RMB million	Total Unaudited RMB million
At 31 December 2020	10,682	7,639	709	(41)	17,782	9	2,613	(1,732)	37,661
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	2,321	-	-	-	2,321
Cash flow hedges, net of tax	-	-	-	-	-	6	-	-	6
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	(33)	-	-	-	(33)
Share of other reserves of joint ventures and associates	(5)	-	-	-	-	-	-	-	(5)
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	(8)	-	-	-	-	(8)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(677)	(677)
Transaction with non-controlling interests	(10)	-	-	-	-	-	-	-	(10)
Transfer to safety production reserve	-	-	-	-	-	-	615	-	615
At 30 June 2021	10,667	7,639	709	(49)	20,070	15	3,228	(2,409)	39,870

22. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE COMMITMENT

(i) Claims

- (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 the legal advice. No provision has been made for those pending lawsuits with a maximum compensation amount of RMB2,758 million (31 December 2021: RMB2,631 million) related mainly to disputes with customers and subcontractors, as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. Pending lawsuits of which the probability of loss is remote or the claim amount is insignificant to the Group were not included in the above.

22. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE COMMITMENT (CONTINUED)

(ii) Loan guarantees

- (a) As at 30 June 2022, the Group has acted as the guarantor for several borrowings of RMB3,853 million (31 December 2021: RMB3,940 million) made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the loan guarantee.
- (b) The Group provides guarantees to banks for the mortgage loans of the property buyers in certain real estate projects. As at 30 June 2022, the outstanding balance of guarantees provided by the Group was approximately RMB4,293 million (31 December 2021: RMB4,623 million).

(iii) Liquidity support

- (a) Beijing North Huade Neoplan Bus Co., Ltd., a subsidiary of the Company, provides liquidity support to Changchun Public Transportation (Group) Co., Ltd. for sale-leaseback rent payable to Huaxia Financial Leasing Co., Ltd. As at 30 June 2022, the outstanding balance of rent payable by Changchun Public Transportation (Group) Co., Ltd. to Huaxia Financial Leasing Co., Ltd. was RMB115million (31 December 2021: RMB138million).
- (b) The Group has entered into certain agreements with financial institutions to set up asset-backed securities (ABS) and asset-backed notes (ABN) arrangements. As at 30 June 2022, out of the ABS and ABN in issue with an aggregate amount of RMB29,858 million (31 December 2021: RMB27,662 million), RMB28,205 million (31 December 2021: RMB26,132 million) had been issued to preferential investors. Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and return to preferential investors at the due date is not sufficient.

23. BUSINESS COMBINATIONS

During the six months ended 30 June 2022, the Group obtained control over several companies from certain independent third parties, with a total consideration of RMB253 million.

Information of the major acquired companies and transactions was as follows:

Name	Type of transaction	Percentage of equity attributable to the Group	Acquisition date
CCCC (Tianjin) Rail Transit Engineering Construction Co., Ltd.	Equity transfer	80%	1 Jan 2022
Ningbo Zhongcheng Real Estate Development Co., Ltd.	Equity transfer	100%	30 Apr 2022

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

23. BUSINESS COMBINATIONS (CONTINUED)

The fair values of assets and liabilities of these companies at the date of acquisition were as follows:

	Acquisition date Fair value RMB million
Non-current assets	
Trade and other receivables	143
Investment properties	51
Property, plant and equipment	5
Deferred tax assets	20
Right-of-use assets	18
	<hr/> 237
Current assets	
Inventories	898
Contract assets, trade and other receivables	585
Cash and cash equivalents	193
	<hr/> 1,676
Current liabilities	
Trade and other payables	(1,582)
Interest-bearing bank and other borrowings	(5)
Contract liabilities	(34)
	<hr/> (1,621)
Non-current liabilities	(8)
Deferred tax liabilities	(8)
Net assets	<hr/> 284
Non-controlling interests	(56)
Goodwill on acquisition	<hr/> 25
Consideration	253
Less: Fair value of initial equity investments at acquisition date	165
Satisfied by cash	<hr/> 88

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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23. BUSINESS COMBINATIONS (CONTINUED)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	For the six months ended 30 June 2022 Unaudited RMB million
Total consideration	253
Cash paid for acquisition of subsidiaries	88
Cash and bank balances of subsidiaries acquired	(193)
Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(105)

Since the acquisition, the acquirees contributed RMB489 million to the Group's revenue and RMB3 million to the Group's profit for the period ended 30 June 2022.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period ended 30 June 2022 would have been RMB363,323 million and RMB14,371 million, respectively.

24. DISPOSAL OF SUBSIDIARIES

- (a) During the period, the Group disposed of an 100% equity interest in Hubei CCCC Jiatong Expressway Development Co., Ltd. to the CAMC-CCCC REIT, which has been listed on Shanghai Stock Exchange ("SSE"), and simultaneously subscribed for a 20% units of CAMC-CCCC REIT.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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24. DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (b) The financial information of the subsidiary mentioned above disposed of by the Group during the period, is as follows:

	Total Unaudited <i>RMB million</i>
Non-current assets	8,270
Current assets	161
Current liabilities	(7,084)
Non-current liabilities	(54)
	<hr/> 1,293
Non-controlling interests	–
	<hr/> 1,293
Gains on disposal of subsidiaries	2,219
Total considerations	<hr/> 3,512

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	Total Unaudited <i>RMB million</i>
Cash received from disposal of subsidiaries in the current period	7,640
Cash and bank balances of subsidiaries disposed of	<hr/> (142)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<hr/> 7,498

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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25. COMMITMENTS

(i) Capital expenditure commitments

Capital expenditure contracted for but not yet incurred at the end of the reporting period was as follows:

	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million
Intangible assets – concession assets	89,037	90,119
Property, plant and equipment	1,492	1,889
	90,529	92,008

(ii) Other commitment

In accordance with the Framework Agreement to the Financial Services Agreement between CCCC Finance and CCCG, the daily maximum balance of credit services provided by CCCC Finance to CCCG for the year ended 31 December 2022 should not exceed RMB18,355 million.

26. PLEDGE OF ASSETS

- (a) As at 30 June 2022, the restricted deposits were RMB5,983 million (31 December 2021: RMB5,331 million).
- (b) Details of the Group's assets secured for interest-bearing bank and other borrowings are as follows:

	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million
Right-of-use assets	8,060	6,342
Concession assets and trade receivables from PPP projects (note 12)	302,940	302,288
Inventories (note 15)	7,640	6,995
Contract assets and trade and other receivables (excluding PPP projects) (note 16)	28,138	29,814
	346,778	345,439

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

27. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this interim financial information, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Transactions with CCCG		
- Revenue from the provision of construction services and construction-related services	1,005	1,131
- Rental income	-	1
- Rental fee	141	134
- Interest expenses on deposits placed in CCCC Finance	19	13
- Loans to CCCG by CCCC Finance	300	-
Transactions with fellow subsidiaries		
- Revenue from the provision of construction services and construction-related services	5,809	3,861
- Revenue from the sale of goods	499	415
- Rental income	2	4
- Rental fee	1	1
- Interest expenses on deposits placed in CCCC Finance	41	52
- Purchase of goods	297	608
- Subcontracting and service charges	1,368	1,342
- Loans to fellow subsidiaries by CCCC Finance	580	2,175
- Interest income from loans by CCCC Finance	12	12
- Factoring to fellow subsidiaries	285	2,544
- Interest income from factoring	30	57
- Finance lease loans to fellow subsidiaries	470	1,245
- Interest income from finance lease loans	56	59
- Loans from fellow subsidiaries	21	4,025
- Interest expenses on loans	-	1

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

27. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in this interim financial information, the Group had the following transactions with related parties during the period: (continued)

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB million	RMB million
Transactions with fellow subsidiaries' joint ventures and associates		
- Revenue from the provision of construction services and construction-related services	39	84
- Revenue from the sale of goods	-	10
- Subcontracting and service charges	-	3
- Factoring to fellow subsidiaries' joint ventures and associates	160	-
- Interest income from factoring	5	-
- Finance lease loans to fellow subsidiaries' joint ventures and associates	33	108
- Interest income from finance lease loans	1	-
Transactions with joint ventures and associates		
- Revenue from the provision of construction services and construction-related services	35,912	31,337
- Revenue from the sale of goods	274	460
- Purchase of goods	-	576
- Subcontracting and service charges	2	130
- Rental income	-	2
- Interest expenses on deposits placed in CCCC Finance	5	3
- Loans to joint ventures and associates	2,575	6,063
- Interest income from loans	262	321
- Interest income from loans by CCCC Finance	4	4
- Factoring to joint ventures and associates	470	110
- Interest income from factoring	15	6
- Finance lease loans to joint ventures and associates	51	61
- Interest income from finance lease loans	93	77
- Loans from joint ventures and associates	7,395	5,049
- Interest expenses on loans	2	9

These transactions were carried out by reference to the prices and terms that would be available to third parties in the ordinary course of business.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

Balances with related parties other than government-related entities:

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB million	RMB million
Trade and bills receivables due from		
– CCCG	775	278
– Fellow subsidiaries	3,114	2,626
– Joint ventures and associates	8,487	6,764
– Fellow subsidiaries' joint ventures	21	33
	12,397	9,701
Long-term trade receivables due from		
– CCCG	1,435	1,664
– Fellow subsidiaries	5,116	4,586
– Joint ventures and associates	22,344	20,885
– Fellow subsidiaries' joint ventures	209	209
	29,104	27,344
Prepayments to		
– CCCG	–	33
– Fellow subsidiaries	913	1,443
– Joint ventures and associates	68	46
– Fellow subsidiaries' joint ventures	6	6
	987	1,528
Other receivables due from		
– CCCG	334	97
– Fellow subsidiaries	2,016	2,998
– Joint ventures and associates	9,079	8,658
– Fellow subsidiaries' joint ventures	405	163
	11,834	11,916

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (continued)

Balances with related parties other than government-related entities: (continued)

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB million	RMB million
Contract assets		
– CCCG	122	105
– Fellow subsidiaries	2,918	2,711
– Joint ventures and associates	4,268	1,991
– Fellow subsidiaries' joint ventures	21	–
	7,329	4,807
	61,651	55,296
Trade and bills payables due to		
– Fellow subsidiaries	2,406	3,695
– Joint ventures and associates	1,382	1,290
– Fellow subsidiaries' joint ventures	151	12
	3,939	4,997
Long-term trade payables due to		
– CCCG	560	–
– Fellow subsidiaries	2,751	2,852
– Joint ventures and associates	357	280
– Fellow subsidiaries' joint ventures	21	17
	3,689	3,149
Contract liabilities		
– CCCG	37	–
– Fellow subsidiaries	772	545
– Joint ventures and associates	7,683	8,379
– Fellow subsidiaries' joint ventures	9	115
	8,501	9,039

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (continued)

Balances with related parties other than government-related entities: (continued)

	30 June 2022 Unaudited <i>RMB million</i>	31 December 2021 Audited <i>RMB million</i>
Other payables		
– CCCG	2,712	968
– Fellow subsidiaries	6,233	10,778
– Joint ventures and associates	8,649	4,350
– Fellow subsidiaries' joint ventures	4	384
	17,598	16,480
Other borrowings		
– CCCG	–	1,160
Lease liabilities		
– Joint ventures and associates	7	8
	33,734	34,833

(c) Guarantees with related parties

	30 June 2022 Unaudited <i>RMB million</i>	31 December 2021 Audited <i>RMB million</i>
Outstanding loan guarantees provided to		
– Joint ventures	2,099	2,184
– Associates	1,754	1,756
	3,853	3,940
Outstanding loan guarantees provided by CCCG	11,305	11,151

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Commitments with related parties

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB million	RMB million
Provision of construction services		
– CCCG	3,159	5,154
– Fellow subsidiaries	18,363	15,717
– Joint ventures and associates	114,102	138,434
– Fellow subsidiaries' joint ventures	304	343
	135,928	159,648
Purchase of services		
– Fellow subsidiaries	2,163	1,107
– Joint ventures and associates	15	589
	2,178	1,696

(e) Key management compensation

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	RMB'000
Short-term employee benefits	5,901	4,491
Post-employment benefits	384	293
	6,285	4,784

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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27. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Equity transactions with related parties

During the six months ended 30 June 2022, the subscribed capital contribution of the Group's equity investments together with the fellow subsidiaries totally amounted to RMB1,593 million.

(g) Other transactions with related parties

CCCC Finance, a subsidiary of the Company, provides migrant workers' wage guarantees, advance payment guarantees, and performance guarantees to related parties. For the six months ended 30 June 2022, the amount of guarantees provided was RMB264 million.

For the six months ended June 30, 2022, CCCC Finance made an additional bond investment of RMB30 million in China Urban and Rural Holding Group Co., Ltd.. The outstanding balances of the bond investments as at 30 June 2022 was RMB51 million, of which the principal amount was RMB50 million, and the interest was RMB1 million.

ZPMC is an associate and also a fellow subsidiary of the Company. The transaction with ZPMC and its subsidiaries for the six months ended 30 June 2022 and 30 June 2021, and the outstanding balances with ZPMC and its subsidiaries as at 30 June 2022 and 31 December 2021 were included in the category of transactions and balances with fellow subsidiaries.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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28. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

30 June 2022

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total Unaudited RMB million
	Debt investments Unaudited RMB million	Equity investments Unaudited RMB million	Held for trading Unaudited RMB million	Unaudited RMB million	
Financial assets at fair value through profit or loss	-	-	23,929	-	23,929
Equity investments designated at fair value through other comprehensive income	-	26,713	-	-	26,713
Derivative financial instruments	-	-	699	-	699
Debt investments at amortised cost	-	-	-	587	587
Trade and other receivables excluding prepayments and other non-financial assets	1,528	-	-	419,817	421,345
Cash and bank balances	-	-	-	146,826	146,826
	1,528	26,713	24,628	567,230	620,099

Financial liabilities

	Financial liabilities at fair value through profit or loss Unaudited RMB million	Financial liabilities at amortised cost Unaudited RMB million	Total Unaudited RMB million
Borrowings (excluding lease liabilities)	-	520,586	520,586
Derivative financial instruments	1	-	1
Trade and other payables excluding statutory and other non-financial liabilities	-	504,834	504,834
	1	1,025,420	1,025,421

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

28. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

31 December 2021

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Debt investments	Equity investments	Held for trading		
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Financial assets at fair value through profit or loss	-	-	15,568	-	15,568
Equity investments designated at fair value through other comprehensive income	-	30,095	-	-	30,095
Derivative financial instruments	-	-	606	-	606
Debt investments at amortised cost	-	-	-	530	530
Trade and other receivables excluding prepayments and other non-financial assets	1,163	-	-	377,479	378,642
Cash and bank balances	-	-	-	104,576	104,576
	1,163	30,095	16,174	482,585	530,017

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	<i>RMB million</i>	<i>RMB million</i>	
Borrowings (excluding lease liabilities)	-	425,503	425,503
Derivative financial instruments	1	-	1
Trade and other payables excluding statutory and other non-financial liabilities	-	439,844	439,844
	1	865,347	865,348

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than lease liabilities and those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million	30 June 2022 Unaudited RMB million	31 December 2021 Audited RMB million
Financial liabilities				
Non-current				
Bank borrowings	347,984	316,696	347,981	317,703
Corporate bonds	21,525	20,255	21,528	20,259
Non-public debt instruments	11,999	9,479	11,999	9,479
Other borrowings (other than lease liabilities)	4,772	3,683	4,772	3,683
	386,280	350,113	386,280	351,124

Management has assessed that the fair values of cash and bank balances, financial assets included in trade and other receivables, and financial liabilities included in trade and other payables approximate to their carrying amounts.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings (excluding lease liabilities) have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings (excluding lease liabilities) as at 30 June 2022 and 31 December 2021 was assessed to be insignificant.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation models used mainly comprise the discounted cash flow model and the market comparable corporate model. The inputs of the valuation technique mainly include future cash flow, PBR (price/book ratio) of companies in same category and unit prices of comparable property.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments, including forward currency contracts, interest rate swaps and total return swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts, interest rate swaps and total return swaps are the same as their fair values.

As at 30 June 2022, the mark-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value measurement categorised within level 3 adopts the discounted cash flow method. The unobservable inputs are weighted average capital costs and long-term growth rates.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments have been estimated by the most appropriate valuation techniques based on assumptions that are not supported by observable market prices or rates, including: (i) market approach by using initial cost of the investment itself or a multiple of earnings, or of revenue depending on the stage of development of an enterprise; and (ii) income approach by using the discounted cash flows or earnings of underlying business based on reasonable assumptions and estimations of expected future cash flows (or expected future earnings), the terminal value, and the appropriate risk-adjusted rate that captures the risk inherent in the projections.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by financial institutions in Mainland China. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value:

As at 30 June 2022

	Fair value measurement using			Total Unaudited RMB million
	Quoted prices in active markets (Level 1) Unaudited RMB million	Significant observable inputs (Level 2) Unaudited RMB million	Significant unobservable inputs (Level 3) Unaudited RMB million	
Assets				
Bills receivable	–	1,528	–	1,528
Equity investments designated at fair value through other comprehensive income	23,184	–	3,529	26,713
Financial assets at fair value through profit or loss	3,891	–	20,038	23,929
Derivative financial instruments				
– Forward currency contracts	–	7	–	7
– Interest rate swap	–	49	–	49
– Total return swap	–	–	–	–
– Forward equity contracts	–	–	85	85
– Foreign exchange option	–	–	558	558
	27,075	1,584	24,210	52,869
Liabilities				
Derivative financial instruments				
– Forward currency contracts	–	1	–	1

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Assets and liabilities measured at fair value: (continued)

As at 31 December 2021

	Fair value measurement using			Total <i>RMB million</i>
	Quoted prices in active markets (Level 1) <i>RMB million</i>	Significant observable inputs (Level 2) <i>RMB million</i>	Significant unobservable inputs (Level 3) <i>RMB million</i>	
Assets				
Bills receivable	–	1,163	–	1,163
Equity investments designated at fair value through other comprehensive income	26,949	–	3,146	30,095
Financial assets at fair value through profit or loss	1,319	–	14,249	15,568
Derivative financial instruments				
– Forward currency contracts	–	15	–	15
– Interest rate swap	–	15	–	15
– Total return swap	–	–	–	–
– Forward equity contracts	–	–	85	85
– Foreign exchange option	–	–	491	491
	28,268	1,193	17,971	47,432
Liabilities				
Derivative financial instruments				
– Forward currency contracts	–	1	–	1

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	For the six months ended 30 June	
	2022 Unaudited RMB million	2021 Unaudited RMB million
At 1 January	17,971	15,035
Total (losses)/gains recognised in the statement of profit or loss included in other gains	(152)	97
Total gains recognised in other comprehensive income	3	2
Purchases	6,925	2,937
Disposal	(538)	(125)
At 30 June	24,209	17,946

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2021: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 30 June 2022

	Fair value measurement using		Total Unaudited RMB million
	Quoted prices in active markets (Level 1) Unaudited RMB million	Significant observable inputs (Level 2) Unaudited RMB million	
Bank borrowings	–	347,981	347,981
Corporate bonds	4,000	17,528	21,528
Non-public debt instruments	–	11,999	11,999
Other borrowings (other than lease liabilities)	–	4,772	4,772
	4,000	382,280	386,280

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed: (continued)

As at 31 December 2021

	Fair value measurement using			Total <i>RMB million</i>
	Quoted prices in active markets (Level 1) <i>RMB million</i>	Significant observable inputs (Level 2) <i>RMB million</i>	Significant unobservable inputs (Level 3) <i>RMB million</i>	
Bank borrowings	–	317,703	–	317,703
Corporate bonds	4,000	16,259	–	20,259
Non-public debt instruments	–	9,479	–	9,479
Other borrowings (other than lease liabilities)	–	3,683	–	3,683
	4,000	347,124	–	351,124

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

30. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. 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 less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB million	RMB million
Total borrowings (note 20)	523,098	428,136
Less: Cash and cash equivalents (note 17)	137,918	95,803
Net debt	385,180	332,333
Total equity	416,194	391,354
Total capital	801,374	723,687
Gearing ratio	48.1%	45.9%

The gearing ratio as at 30 June 2022 increased by 2.2% compared with that at the end of 2021.

31. EVENTS AFTER THE REPORTING PERIOD

On 13 July 2022, the government of Sri Lanka declared a state of emergency. The Group's business in Sri Lanka focuses on the investment and long-term operation right of Colombo Port City. As at 30 June 2022, the book value of the assets of the Colombo Port City project recorded by the Group was RMB5,085 million. By the date of this report, the development and operation of the Colombo Port City project has been running well. The Group will pay close attention to the situation in Sri Lanka and evaluate its financial impact on the Group continuously. Other than the above, there were no significant events after the reporting period of the Group.

32. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 was approved for issue by the Board of Directors on 30 August 2022.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period from 1 January 2022 to 30 June 2022, 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 2022, none of the Directors, Supervisors or chief executive officer 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 Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code.

As at 30 June 2022, the Company had not granted the Directors, or Supervisors or the chief executive officer of the Company, 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 2022, 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, and so far as the Company is aware of, the interests or short positions of shareholders (other than Directors, Supervisors and chief executive of the Company) who had an interest or short position in the shares and underlying shares 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 of shareholder ^(Note 1)	Number of shares held	Type of shares	Percentage of the respective type of shares ^(Note 2) (%)	Percentage of the total number of shares in issue ^(Note 3) (%)	Capacity in which the shares are held
CCCG	9,374,616,604 (Long position)	A Shares	79.8	57.99	Beneficial owner

Note 1: The table is prepared based on the disclosure of interest fillings of the substantial shareholders published on the website of the Hong Kong Stock Exchange for the relevant events as of 30 June 2022.

Note 2: The percentage of respective type of shares is based on 11,747,235,425 A shares and 4,418,476,000 H shares of the Company as at 30 June 2022, respectively.

Note 3: The percentage of total number of shares in issue is based on 16,165,711,425 shares of the total issued share capital of the Company as at 30 June 2022.

Save as stated above, as at 30 June 2022, 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.

EMPLOYEES

As at 30 June 2022, the Group had 137,240 employees that had signed labor contracts with the Group.

In accordance with applicable regulations, the Group makes contributions to the employees' pension plan, medical insurance plan, unemployment insurance plan, maternity insurance plan and personal injury insurance plan. The amount of contributions is based on the specified percentages of employees' aggregate salaries as provided for by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group also provides other benefits to current employees and retired employees. Current employees of the Group are also entitled to performance-based annual bonus.

Adhering to the value creator-oriented concept, the Group actively protects the rights and interests of employees, provides them with diversified and systematic trainings, sets clear career development path for them, and helps them achieve self-worth.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions as set out in part 2 of Appendix 14 (Corporate Governance Code) to the Hong Kong Listing Rules for the six months ended 30 June 2022.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules to govern securities transactions by Directors and Supervisors. Having made specific enquiry to all Directors and Supervisors, the Company confirms that the Directors and Supervisors have complied with the Model Code throughout the period from 1 January 2022 to 30 June 2022.

OTHER INFORMATION

REVIEW BY THE AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee of the Board currently comprises Mr. LIU Hui, Mr. CHAN Wing Tak Kevin and Mr. WU Guangqi, and is chaired by Mr. CHAN Wing Tak Kevin. The audit and internal control committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2022. The audit and internal control 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 2022.

CONTINUING CONNECTED TRANSACTIONS

During the period from 1 January 2022 to 30 June 2022, the Group carried out continuing connected transactions with CCCG.

As at the Latest Practicable Date, CCCG is the controlling Shareholder of the Company holding approximately 59.594% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules.

The annual caps for the continuing connected transactions of the Company for the year ending 31 December 2022 as compared with the actual transaction amounts for the first half of 2022 are set out as follows:

	Annual cap for 2022 <i>(RMB million)</i>	Actual amount for the first half of 2022 <i>(RMB million)</i>
1. Mutual Project Contracting Framework Agreement		
Project contracting services provided by the Group to CCCG Group	33,155	6,814
Labour and subcontracting services provided by CCCG Group to the Group	8,628	1,368
2. Mutual Product Sales and Purchase Agreement		
Sales of material products to CCCG Group by the Group	3,188	499
Purchase of engineering products from CCCG Group by the Group	4,615	297

OTHER INFORMATION

	Annual cap for 2022 <i>(RMB million)</i>	Actual amount for the first half of 2022 <i>(RMB million)</i>
3. Leasing and Asset Management Services Framework Agreement		
Leasing of certain buildings, plants and auxiliary equipment, facilities, etc. for production and operation by CCCG Group to the Group	847	142
4. Financial Services Agreement		
Maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be provided by CCCG Finance to CCCG Group		
Loan services under the Financial Services – Deposit Services and Loan Services Framework Agreement	14,539	1,822
Guarantee letter services under the Financial Services – Guarantee Letter Services Framework Agreement	3,006	1,452
Bills issuance services and bonds subscription under the Financial Services – Other Credit Services Framework Agreement	810	51
5. Finance Lease and Commercial Factoring Agreement		
Finance lease services provided by CCCG Leasing to CCCG Group	5,200	526
Commercial factoring services provided by CCCG Leasing to CCCG Group	7,000	315

OTHER INFORMATION

The Company has effective and sufficient control mechanism in place to control the annual caps of continuing connected transactions and ensure such caps will not be exceeded. The control measures adopted by the Company are as follows:

- (i) leveraging historical experience and operation plans, the Company enters into continuing connected transaction framework agreements for a term of three years and set annual caps on the basis of the assessment on necessity and fairness of potential connected transactions. These agreements and proposed annual caps are subject to necessary decision-making and approval procedures, including but not limited to review and consideration by independent directors, the audit and internal control committee under the Board, the Board, the Supervisory Committee and the Shareholders' general meeting of the Company pursuant to their respective authorisation. Implementation will be organized upon approval after review and consideration;
- (ii) the Company carries out daily supervision on the overall implementation and actual transaction amounts of continuing connected transactions. For financial services agreement and finance lease and commercial factoring agreement, CCCC Finance and CCCC Leasing (subsidiaries of the Company), as non-bank financial institutions, report actual maximum daily loan balance (including the interests accrued thereon) and actual aggregate amount of finance lease services and commercial factoring services provided on a monthly basis, and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. For other continuing connected transaction agreements, the subsidiaries of the Company report actual transaction amount (including the actual transaction amount of the relevant quarter and accumulated actual transaction amount) and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. Meanwhile, the Company will allocate the caps of continuing connected transactions for the next year to the implementers of relevant transactions at the end of every year;
- (iii) the implementers shall bring forward the need for increasing the caps of continuing connected transactions in time when it occurs during implementation based on changes in business development. The Company will start decision-making procedures for revising caps in due course after assessing necessity and fairness of the continuing connected transactions;
- (iv) whenever the actual transaction amount of relevant continuing connected transaction reaches 80% of the existing annual caps, the transaction implementers shall make a new prediction on whether the transaction amount of the outstanding period of the relevant year will satisfy operation needs and shall provide the Company with relevant transaction information so that the Company can realize better supervision and start decision-making procedures for revising caps in time after assessing necessity and fairness; and
- (v) by the end of every year, the Company will make a new prediction about the proposed caps of continuing connected transaction for the next year based on the latest actual situation of the relevant transaction of the current year, and re-assess the plan for the continuing connected transaction for next year after evaluating the necessity and fairness. If the re-assessment is consistent with the existing annual caps, the transactions shall be implemented following above procedures, and if it is expected to exceed the caps, the decision-making procedure for revising caps shall be started.

In the first half of the year, in response to the challenges encountered in managing connected transactions in the course of the Company's reform and development, the Company focused on the following tasks:

- 1. The Company formulated detailed rules for the implementation of management of connected transactions to further optimize and refine the management system.** Firstly, the Company formulated the Rules for the Implementation of Management of Daily Related-Party (Connected) Transactions and the Rules for the Implementation of Management of One-off Related-Party (Connected) Transactions in accordance with relevant regulatory rules of the Company such as the Administrative Measures of Related-Party (Connected) Transactions and the Rules for Evaluation and Punishment of Management of Related-Party (Connected) Transactions (Trial), so as to further refine the management, make the increasingly mature management system more processized and templated, and promote the use of it. Secondly, the Company amended and published the Related-Party (Connected) Transaction Management Manual to clarify the definition of business, standardize the procedures and explain the risk prevention measures, so as to strengthen its business foundation and effectively improve its risk prevention capability.
- 2. The Company formulated the Plan for Intensifying Risk Management for Related-Party (Connected) Transactions.** In addition to the 2021 plan, the Company focused on tough tasks such as accurate measurement of daily connected transactions, closed-loop management of one-off connected transactions and addressing disposal for connected subsidiaries from four aspects, namely responsibility administration, training and communication, service support and supervision and assessment. To this end, the Company adhered to the principle of no occurring unless necessary, imposed severe penalties for non-compliant connected transactions, made good use of the information system, further improved governance of the listed companies and raised the awareness of all staff on the compliance of connected transactions.
- 3. The Company continuously organized trainings on compliance of connected transactions to cultivate professional talents.** From the aspects of listed companies and substantial shareholders (the connected persons), trainings were provided to persons in charge, department heads, specific staff and relevant business departments at all levels to convey work requirements, disseminate new regulatory requirements for securities, interpret rules and regulations, clarify management risk points, strengthen compliance awareness, deepen management functions, refine work processes and raise awareness of connected transaction compliance among all staff.
- 4. The Company comprehensively applied the information system to improve visual management.** The Company organized all units of the Company to report the occurrence of connected transactions on a monthly basis. Connected persons will be identified, reported and verified through the system, and a data monitoring and upper limit alert mechanism was established, so as to gradually realize the standardized and refined management. The Company also set up a supervision system for one-off connected transactions, thereby strengthening the communication with the relevant business departments and assisting them in following up relevant matters to advance the process.
- 5. The Company continued to promote the equity adjustment of connected subsidiaries.** The Company continued to promote the equity adjustment of connected subsidiaries, strictly controlled the unexpected situations, gradually addressed and rectified previous issues for existing connected subsidiaries according to the plans, so as to reduce the occurrence of connected transactions from the source.
- 6. The Company organized experience sharing sessions.** The Company organized internal departments to carry out activities to share excellent management experience and summarize management models that can be replicated and promoted. Through all these sharing activities, the Company was able to build thinking consensus, forge ahead and work together to improve the level of management.

TERMS & GLOSSARIES

“Board”	the board of directors of the Company
“CCCC Finance”	CCCC Finance Company Limited* (中交財務有限公司), a subsidiary of the Company as at the date of this report
“CCCC First Highway Institute”	CCCC First Highway Consultants Co., Ltd.* (中交第一公路勘察設計研究院有限公司), a wholly-owned subsidiary of the Company as at the date of this report
“CCCC Highway Institute”	CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司), a wholly-owned subsidiary of the Company as at the date of this report
“CCCC Leasing”	CCCC Financial Leasing Co., Ltd.* (中交融資租賃有限公司), a subsidiary of the Company as at the date of this report
“CCCC Second Highway Institute”	CCCC Second Highway Consultants Co., Ltd.* (中交第二公路勘察設計研究院有限公司), a wholly-owned subsidiary of the Company as at the date of this report
“CCCCG”	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which holds approximately 59.594% equity interest in the Company as at the Latest Practicable Date
“CCCCG Group”	CCCCG and its subsidiaries, excluding the Company and its subsidiaries
“China Urban-Rural”	China Urban and Rural Holding Group Co., Ltd.* (中國城鄉控股集團有限公司), a wholly-owned subsidiary of CCCG as at the date of this report
“Company” or “CCCC”	China Communications Construction Company Limited, 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
“Consideration Shares”	the new A share(s) of par value of RMB1.00 each in the share capital of Qilianshan to be issued to the Company and China Urban-Rural to pay the consideration payable by Qilianshan under the agreement on assets swap and acquisition of assets by issuance of shares
“Director(s)”	the director(s) of the Company
“Energy Institute”	CCCC Urban Energy Research and Design Institute Co. Ltd.* (中交城市能源研究設計院有限公司), a wholly-owned subsidiary of China Urban-Rural as at the date of this report
“Group”	the Company itself and all of its subsidiaries

“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	9 September 2022, being the latest practicable date for ascertaining certain information included herein before the printing of this report
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“PRC”	the People’s Republic of China, for the purposes of this report, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Proposed Assets Reorganization”	the Company disposes of the 100% equity interests of CCCC Highway Institute, CCCC First Highway Institute and CCCC Second Highway Institute, and China Urban-Rural disposes of the 100% equity interests of Southwest Institute, Northeast Institute and Energy Institute for all the assets and liabilities of Qilianshan; while Qilianshan will pay the deficiency part of consideration to the Company and China Urban-Rural by issuing the Consideration Shares
“Qilianshan”	Gansu Qilianshan Cement Group Co., Ltd.* (甘肅祁連山水泥集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A shares of which are listed on the Main Board of Shanghai Stock Exchange under the stock code 600720
“Reporting Period”	the six months ended 30 June 2022
“RMB” or “Renminbi”	the lawful currency of the PRC
“SASAC”	State-owned Assets Supervisor and Administration Commission of the State Council
“Shareholder(s)”	the shareholder(s) of the Company
“Southwest Institute”	Southwest Municipal Engineering Design and Research Institute of China* (中國市政工程西南設計研究總院有限公司), a wholly-owned subsidiary of China Urban-Rural as at the date of this report
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

TERMS & GLOSSARIES

“Swapped-in Assets”	all the assets and liabilities of Qilianshan listed in the audit report and valuation report issued by the audit agency and evaluation agency of the Proposed Assets Reorganization on 30 April 2022
“Swapped-out Assets”	the 100% equity interests of CCCC Highway Institute, CCCC First Highway Institute and CCCC Second Highway Institute held by the Company, and the 100% equity interests of Southwest Institute, Northeast Institute and Energy Institute held by China Urban-Rural
“Two increases, one control and three improvements”	the goal proposed by SASAC in 2022 for the state-owned enterprises. As for enterprises, “two increases” means that the growth rate of total profit and net profit should be higher than that of national economy; “one control” means to control the gearing ratio within the scope of that at the end of last year; and “three improvements” means to further improve operating profit margin by 0.1 percentage point and overall labour productivity by 5%, and further increase investments in R&D
“USD”	United States dollars, the lawful currency of the United States of America
“%”	percent

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: WANG Tongzhou

II. CONTACT PERSON AND CONTACT DETAILS

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

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: ir@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
Website designated by China Securities Regulatory Commission for publishing interim reports of A Shares:
www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing interim reports of H Shares:
www.hkexnews.hk

Place available for inspection of the Company's interim reports of A Shares:
19th Floor, 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Place available for inspection of the Company's interim reports of H Shares:
Room 2805, 28th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong, China

CORPORATE INFORMATION

V. BASIC INFORMATION ON SHARES OF THE COMPANY

Listing place of A Shares: Shanghai Stock Exchange

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

Abbreviation of H Shares: CHINA COMM CONS

Stock code of H Shares: 01800

VI. OTHER INFORMATION OF THE COMPANY

Domestic Auditors:

Ernst & Young Hua Ming LLP

Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue,
Dong Cheng District, Beijing, China

Signing auditors: CHEN Jing and WANG Jing

International Auditors:

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

Hong Kong legal advisors:

Baker & McKenzie

14/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

PRC legal advisors:

Guantao Law Firm

18/F, Tower B, Xincheng Plaza, 5 Finance Street, Xicheng District, Beijing, China

Authorised representatives of H Shares: WANG Tongzhou, ZHOU Changjiang

H Share registrar:

Computershare Hong Kong Investor Services Limited

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



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

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