中國交通建設股份有限公司

CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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

(stock code: 1800)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Board of Directors (the "**Board**") of China Communications Construction Company Limited (the "**Company**" or "**CCCC**") is pleased to announce the unaudited condensed consolidated interim results of the Company and all of its subsidiaries (hereinafter collectively referred to as, the "**Group**", except where the context otherwise requires) prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the six months ended 30 June 2011 as follows.

FINANCIAL HIGHLIGHTS

Revenue of the Group in the six months ended 30 June 2011 amounted to RMB138,925 million, representing an increase of RMB18,771 million, or 15.6%, from RMB120,154 million in the corresponding period of 2010.

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

Profit attributable to equity holders of the Company in the six months ended 30 June 2011 amounted to RMB5,829 million, representing an increase of RMB1,989 million, or 51.8%, from RMB3,840 million in the corresponding period of 2010.

Earnings per share for the six months ended 30 June 2011 amounted to RMB0.39, as compared with RMB0.26 in the corresponding period of 2010.

The value of new contracts in the six months ended 30 June 2011 amounted to RMB229,324 million, representing an increase of 21.8% from RMB188,273 million in the corresponding period of 2010.

As at 30 June 2011, the backlog for the Group was RMB532,212 million, as compared with RMB439,233 million as at 30 June 2010.

BUSINESS OVERVIEW

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

The Company operates its businesses throughout the PRC and, in particular, more actively in the three most prosperous and rapidly growing economic regions, namely the Bohai Rim, the Yangtze River Delta and the Pearl River Delta. Meanwhile, the Company has established a global presence in over 80 countries and regions, mainly South East Asia, the Middle East, Africa, Commonwealth of Independent States and South America.

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

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

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

1. Infrastructure Construction Business

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

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

(1) Port Construction

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

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

(2) Road and Bridge Construction

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

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

(3) Railway Construction

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

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

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

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

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

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

(5) Overseas Construction Business

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

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

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

(6) Other Projects

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

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

2. Infrastructure Design Business

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

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

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

3. Dredging Business

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

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

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

4. Heavy Machinery Manufacturing Business

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview

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

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

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

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

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

Consolidated Results of Operations

Revenue

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

Cost of Sales and Gross Profit

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

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

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

Operating Profit

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

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

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

Finance Income

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

Finance Costs, net

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

Share of Profit of Jointly Controlled Entities

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

Share of Profit of Associates

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

Profit before Income Tax

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

Income Tax Expense

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

Profit Attributable to Non-Controlling Interests

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

Profit Attributable to Equity Holders of the Company

As a result of the foregoing factors, profit attributable to equity holders of the Company for the six months ended 30 June 2011 amounted to RMB5,829 million, representing an increase of RMB1,989 million, or 51.8%, from RMB3,840 million in the corresponding period of 2010.

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

Discussion of Segment Operations

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the six months ended 30 June 2011 and 2010.

Business	Revenue		Gross Profit		Gross Profit Margin		Operating Profit[1]		Operating Profit Margin	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	(RMB million)	*(RMB million)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*
Infrastructure Construction	**107,834**	91,637	**7,706**	6,041	**7.1**	6.6	**4,926**	3,786	**4.6**	4.1
% of total	**76.3**	75.3	**64.1**	62.4			**65.6**	66.4		
Infrastructure Design	**5,963**	4,422	**1,420**	1,158	**23.8**	26.2	**836**	670	**14.0**	15.2
% of total	**4.2**	3.6	**11.8**	12.0			**11.1**	11.7		
Dredging	**15,586**	13,319	**2,325**	1,821	**14.9**	13.7	**1,903**	1,381	**12.2**	10.4
% of total	**11.0**	10.9	**19.4**	18.8			**25.3**	24.2		
Heavy Machinery Manufacturing	**8,965**	9,190	**259**	315	**2.9**	3.4	**(238)**	(267)	**(2.7)**	(2.9)
% of total	**6.4**	7.5	**2.2**	3.3			**(3.2)**	(4.7)		
Other businesses	**2,952**	3,342	**304**	339	**10.3**	10.1	**89**	138	**3.0**	4.1
% of total	**2.1**	2.7	**2.5**	3.5			**1.2**	2.4		
Subtotal	**141,300**	121,910	**12,014**	9,674			**7,516**	5,708		
Intersegment elimination and unallocated costs	**(2,375)**	(1,756)	**–**	–			**(67)**	(104)		
Total	**138,925**	120,154	**12,014**	9,674	**8.6**	8.1	**7,449**	5,604	**5.4**	4.7

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

Infrastructure Construction Business

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

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

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

Revenue. Revenue from the infrastructure construction business for the six months ended 30 June 2011 was RMB107,834 million, representing an increase of RMB16,197 million, or 17.7%, as compared with RMB91,637 million in the corresponding period of 2010, primarily attributable to the increase in the aggregate value of projects undertaken by the Group, driven by the increased demand for the Group's services as a result of the growth in infrastructure expenditure by the Group's domestic and overseas customers. The value of new contracts entered into for the infrastructure construction business for the six months ended 30 June 2011 was RMB184,496 million, representing an increase of RMB33,928 million, or 22.5%, compared with RMB150,568 million in the corresponding period of 2010. No single project accounted for more than 5% of the Group's total revenue for the six months ended 30 June 2011 or 2010.

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

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

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

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

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

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

Infrastructure Design Business

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

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

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

Revenue. Revenue from the infrastructure design business for the six months ended 30 June 2011 was RMB5,963 million, representing an increase of RMB1,541 million, or 34.8%, as compared with RMB4,422 million in the corresponding period of 2010. This growth was primarily attributable to the increase in the aggregate value of design contracts, including comprehensive contracts, which was in turn driven by growing infrastructure expenditure by the Group's domestic and overseas customers as well as higher demand for the Group's specialised design skills and experience in complex projects. The value of new contracts entered into for the infrastructure design business for the six months ended 30 June 2011 was RMB8,734 million, representing an increase of RMB1,037 million, or 13.5%, as compared with RMB7,697 million in the corresponding period of 2010.

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

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

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

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

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

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

Dredging Business

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

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

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

Revenue. Revenue from the dredging business for the six months ended 30 June 2011 was RMB15,586 million, representing an increase of RMB2,267 million, or 17.0%, as compared with RMB13,319 million in the corresponding period of 2010. The revenue growth was primarily attributable to increased port development activities and coastal line reclamation activities in the PRC, which led to increased demand for the Group's dredging services. The value of new contracts entered into for the dredging business for the six months ended 30 June 2011 was RMB18,707 million, representing an increase of RMB2,668 million, or 16.6%, as compared with RMB16,039 million in the corresponding period of 2010.

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

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

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

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

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

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

Heavy Machinery Manufacturing Business

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

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

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

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

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

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

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

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

Other income/(expenses), net. Other net income for the heavy machinery manufacturing business for the six months ended 30 June 2011 was RMB161 million, compared with other net expense of RMB135 million in the corresponding period of 2010, mainly due to the change of foreign exchange gains/losses from operating activities.

Segment result. As a result of the above, segment result for the heavy machinery manufacturing business for the six months ended 30 June 2011 was RMB238 million loss, as compared with operating loss of RMB267 million in the corresponding period of 2010.

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the six months ended 30 June 2011 and 2010.

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

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

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

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

Liquidity and Capital Resources

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

Cash Flow Data

The following table presents selected cash flow data from the Group's unaudited condensed consolidated interim cash flow statements for the six months ended 30 June 2011 and 2010.

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

Cash flow from operating activities

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

Cash flow from investing activities

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

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

Cash flow from financing activities

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

Capital Expenditure

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

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

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

Working Capital

Trade and bills receivables and trade and bills payables

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

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

(1) For the six months ended 30 June 2011, average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the six-month period plus trade and bills receivables net of provisions at the end of the six-month period divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 180. For the twelve months ended 31 December 2010, average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.

(2) For the six months ended 30 June 2011, average trade and bills payables equals trade and bills payables at the beginning of the six-month period plus trade and bills payables at the end of the six-month period divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 180. For the twelve months ended 31 December 2010, average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

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

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

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

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

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

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

Retentions

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

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

Indebtedness

Borrowings

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

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

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

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

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 2011 was 43.9%, compared with 36.5% as at 31 December 2010.

Contingent Liabilities

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

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

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

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

Market Risks

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

Interest rate risk

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

The Group's exposure to changes in interest rates is mainly due to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Group to fair value interest-rate risk. As at 30 June 2011, approximately RMB44,160 million (as at 31 December 2010: RMB44,519 million) of the Group's borrowings were at fixed rates.

Foreign exchange risk

The Group's functional currency of a majority of the entities within the Group is Renminbi with most of the Group's transactions settled in Renminbi. The Group uses, however, foreign currencies to settle the Group's invoices from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. In addition, the Group generates revenue from certain construction contracts denominated in foreign currencies and a significant proportion of the Group's bank borrowings are denominated in foreign currencies, particularly the U.S. dollar, Hong Kong dollar and the Japanese Yen. Renminbi is not freely convertible into other foreign currencies and conversion of the Renminbi into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. In July 2005, the PRC government introduced a managed floating exchange rate system to allow Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2% against the U.S. dollar. As at 30 June 2011, Renminbi had appreciated by approximately 28% against the U.S. dollar since July 2005. The PRC government may in the future make further adjustments to the exchange rate system. When Renminbi appreciates, the value of foreign currency denominated assets will decline against Renminbi.

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

During the six month ended 30 June 2011 and the year ended 31 December 2010, certain subsidiaries within the Group used foreign currency forward contracts for transactions with domestic and overseas registered banks, to hedge the Group's exposure to foreign currency risk on individual transactions primarily vis-à-vis U.S. dollar, Japanese Yen, Korea Won and the Euro.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Unaudited Condensed Consolidated Interim Balance Sheet

as at 30 June 2011

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

Unaudited Condensed Consolidated Interim Balance Sheet (continued)
as at 30 June 2011

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

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
		2011	2010
			(Restated)
	Note	***RMB million***	*RMB million*
Revenue	*4*	**138,925**	120,154
Cost of sales	*5*	**(126,911)**	(110,480)
Gross profit		**12,014**	9,674
Other income	*6*	**1,129**	645
Other gains/(losses), net	*7*	**66**	(162)
Selling and marketing expenses	*5*	**(286)**	(276)
Administrative expenses	*5*	**(5,163)**	(4,042)
Other expenses	*8*	**(311)**	(235)
Operating profit	*4*	**7,449**	5,604
Finance income	*9*	**1,348**	331
Finance costs, net	*10*	**(1,553)**	(981)
Share of profit of jointly controlled entities		**42**	30
Share of profit of associates		**24**	42
Profit before income tax		**7,310**	5,026
Income tax expense	*11*	**(1,519)**	(1,127)
Profit for the period		**5,791**	3,899
Attributable to:			
– equity holders of the Company		**5,829**	3,840
– non-controlling interests		**(38)**	59
		5,791	3,899
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB)			
– basic	*12*	**0.39**	0.26
– diluted	*12*	**0.39**	0.26
Dividends	*13*	**–**	–

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

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

Unaudited Condensed Consolidated Interim Statement of Changes In Equity

For the six months ended 30 June 2011

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

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

For the six months ended 30 June 2011

		For the six months ended 30 June 2010 (Unaudited) (Restated)										
		Attributable to equity holders of the Company										
	Note	Share Capital *RMB million*	Share Premium *RMB million*	Capital Reserve *RMB million*	Statutory Surplus Reserve *RMB million*	Investment Revaluation Reserve *RMB million*	Safety Reserve *RMB million*	Exchange Reserve *RMB million*	Retained Earnings *RMB million*	Total *RMB million*	Non-controlling Interests *RMB million*	Total Equity *RMB million*
Balance at 1 January 2010, as previously reported		14,825	13,853	(3,073)	495	11,309	557	83	16,565	54,614	11,615	66,229
Adjustment for adoption of IFRS 1 (Amendment)		–	–	5,303	–	–	–	–	(2,200)	3,103	(8)	3,095
Balance at 1 January 2010, as restated		14,825	13,853	2,230	495	11,309	557	83	14,365	57,717	11,607	69,324
Profit for the period		–	–	–	–	–	–	–	3,840	3,840	59	3,899
Other comprehensive income												
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	–	–	(2,899)	–	–	–	(2,899)	–	(2,899)
Fair value revaluation reserve transferred to income statement, net of deferred tax		–	–	–	–	(2)	–	–	–	(2)	–	(2)
Currency translation differences		–	–	–	–	–	–	(27)	–	(27)	(19)	(46)
Total comprehensive (expenses)/ income for the period ended 30 June 2010		–	–	–	–	(2,901)	–	(27)	3,840	912	40	952
2009 final dividend		–	–	–	–	–	–	–	(1,720)	(1,720)	–	(1,720)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(49)	(49)
Contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	11	11
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries		–	–	20	–	–	–	–	–	20	(656)	(636)
Appropriations to safety reserve	*13*	–	–	–	–	–	208	–	(208)	–	–	–
Balance at 30 June 2010		14,825	13,853	2,250	495	8,408	765	56	16,277	56,929	10,953	67,882

Unaudited Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
		2011	2010
	Note	***RMB million***	*RMB million*
Net cash used in operating activities	*14(a)*	**(9,336)**	(5,397)
Net cash used in investing activities	*14(b)*	**(6,471)**	(7,367)
Net cash generated from financing activities	*14(c)*	**15,947**	6,703
Net increase/(decrease) in cash and cash equivalents		**140**	(6,061)
Cash and cash equivalents at 1 January		**38,826**	33,817
Exchange losses on cash and cash equivalents		**(19)**	(88)
Cash and cash equivalents at 30 June		**38,947**	27,668

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

China Communications Construction Company Limited (the "Company") was established in the People's Republic of China (the "PRC") on 8 October 2006 as a joint stock company with limited liability under the Company Law of the PRC, as part of the group reorganisation of China Communications Construction Group Ltd. ("CCCG") in preparation for a listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company completed its global initial public offering in December 2006. The address of its registered office is 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC.

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

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

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2011 has been approved for issue by the Board of Directors on 30 August 2011.

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

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

3. **ACCOUNTING POLICIES (continued)**

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

The following amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2011:

	Effective for accounting periods beginning on or after
IFRS 3 (Revised), "Business combinations"	1 July 2010
IFRS 1 (Amendment), "First time adoption of international financial reporting standards" – "Revaluation basis as deemed cost"	1 January 2011
IFRS 7 (Amendment), "Financial instruments: Disclosures"	1 January 2011
IAS 1 (Amendment), "Presentation of financial statements"	1 January 2011
IAS 24 (Revised), "Related party disclosures"	1 January 2011
IAS 27 (Amendment), "Consolidated and separate financial statements"	1 January 2011
IAS 34 (Amendment), "Interim financial reporting"	1 January 2011

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

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

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

3. ACCOUNTING POLICIES (continued)

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

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

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

3. **ACCOUNTING POLICIES (continued)**

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

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

3. **ACCOUNTING POLICIES (continued)**

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

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

3. ACCOUNTING POLICIES (continued)

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

	Six months ended 30 June 2011 (Unaudited)		
	Amount before adjustments *RMB million*	**Adjustments for adoption of IFRS 1 (Amendment)** *RMB million*	**Amounts after adjustments** *RMB million*
Cost of sales	**(126,826)**	**(85)**	**(126,911)**
Other gains, net	**70**	**–**	**70**
Administrative expenses	**(5,123)**	**(40)**	**(5,163)**
Other income and expenses, net	**139,314**	**–**	**139,314**
Profit before income tax	**7,435**	**(125)**	**7,310**
Income tax expense	**(1,550)**	**31**	**(1,519)**
Profit for the period	**5,885**	**(94)**	**5,791**
Profit attributable to equity holders of the Company	**5,923**	**(94)**	**5,829**

	Six months ended 30 June 2010 (Unaudited)		
	Amount as previously reported *RMB million*	Adjustments for adoption of IFRS 1 (Amendment) *RMB million*	Amounts as restated *RMB million*
Cost of sales	(110,391)	(89)	(110,480)
Other losses, net	(115)	(47)	(162)
Administrative expenses	(3,985)	(57)	(4,042)
Other income and expenses, net	134	–	134
Profit before income tax	5,219	(193)	5,026
Income tax expense	(1,161)	34	(1,127)
Profit for the period	4,058	(159)	3,899
Profit attributable to equity holders of the Company	3,999	(159)	3,840

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

3. ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

3. ACCOUNTING POLICIES (continued)

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

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

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

4. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

Segment assets consist primarily of property, plant and equipment, lease prepayments, intangible assets, inventories, receivables, amounts due from customers for contract work, cash and cash equivalents. They exclude deferred taxation, investments and derivative financial instruments.

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

4. SEGMENT INFORMATION (continued)

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

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

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

4. SEGMENT INFORMATION (continued)

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

	For the six months ended 30 June 2010 (Unaudited) (Restated)						
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy Machinery *RMB million*	Other *RMB million*	Elimination *RMB million*	Total *RMB million*
Total gross segment revenue	91,637	4,422	13,319	9,190	3,342	(1,756)	120,154
Inter-segment revenue	(290)	(44)	(1,085)	(51)	(286)	1,756	–
Revenue	91,347	4,378	12,234	9,139	3,056	–	120,154
Segment result	3,786	670	1,381	(267)	138	–	5,708
Unallocated costs							(104)
Operating profit							5,604
Finance income							331
Finance costs, net							(981)
Share of profit of jointly controlled entities							30
Share of profit of associates							42
Profit before income tax							5,026
Income tax expense							(1,127)
Profit for the period							3,899
Other segment items							
Depreciation	1,393	69	572	607	25	–	2,666
Amortisation	76	10	6	30	2	–	124
Write-down of inventories	–	–	–	25	–	–	25
(Reversal of)/provision for foreseeable losses on construction contracts	(2)	–	(1)	55	–	–	52
Provision for/(reversal of) impairment of trade and other receivables	46	5	15	(1)	(1)	–	64

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

4. SEGMENT INFORMATION (continued)

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

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

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

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

4. SEGMENT INFORMATION (continued)

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

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

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

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

4. SEGMENT INFORMATION (continued)

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

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

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

5. EXPENSES BY NATURE

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

6. OTHER INCOME

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

7. OTHER GAINS/(LOSSES) – NET

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

8. OTHER EXPENSES

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

9. FINANCE INCOME

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

(a) Prior to the incorporation of the Company on 8 October 2006, the predecessor of CCCG were contracted to undertake certain construction projects in Iraq in the 1980s. Such construction projects were financed by loans (the "Iraq Loans") originally provided by Bank of China. Since the Gulf War in 1990, because the Iraq Government did not settle the outstanding receivables for the related construction projects, the Group has not repaid any principal or interest according to the original loan agreements. According to regulations issued by the General Office of State Council of the PRC in 1997, the Group was not demanded to pay outstanding principal, interest and penalties resulting from the non-settlement. In 2000, Bank of China transferred the Iraq Loans to China Orient Assets Management Corporation ("COAMC").

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

10. FINANCE COSTS, NET

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

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

11. TAXATION

Most of the companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2010: 25%) of the assessable income of each of these companies for the period as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 12% to 24% (2010: 7.5% to 22%).

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

11. TAXATION (continued)

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

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

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

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

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

12. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June (Unaudited)	
	2011	2010 (Restated)
Profit attributable to equity holders of the Company (RMB million)	**5,829**	3,840
Weighted average number of ordinary shares in issue (millions)	**14,825**	14,825
Basic earnings per share (RMB per share)	**0.39**	0.26

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2011 and 2010.

13. DIVIDENDS

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

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

14. SUPPLEMENTARY INFORMATION TO UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

(a) Cash flows from operating activities

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

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

(b) Major investing activities:

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

(c) Major financing activities:

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

OTHER INFORMATION

Purchase, Sale or Redemption of Securities

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

Compliance with the Code on Corporate Governance Practices

The Company is committed to high standards of corporate governance. The Board of the Company believes that the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "**Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the six months ended 30 June 2011 and there is no material deviation from that Code.

Compliance with Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules to govern securities transactions by Directors and Supervisors. Having made specific enquiry to all Directors and Supervisors of the Company, the Company confirms that the Directors and Supervisors have complied with the Model Code throughout the period from 1 January 2011 to 30 June 2011.

Review by the Audit Committee

The Audit Committee of the Board currently comprises LIU Zhangmin, LU Hongjun, ZOU Qiao, who are all Independent Non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2011. The Audit Committee has also discussed matters such as the accounting policies and practices adopted by the Company and internal control with the senior management of the Company.

Interim Dividend

The Directors proposed not to declare any interim dividend for the six months ended 30 June 2011.

By order of the Board
China Communications Construction Company Limited
ZHOU Jichang
Chairman

Beijing, the PRC, 30 August 2011

As at the date of this announcement, the Directors are ZHOU Jichang, LIU Qitao, FU Junyuan, ZHANG Changfu, LU Hongjun#, YUAN Yaohui#, ZOU Qiao#, LIU Zhangmin# and LEUNG Chong Shun#.

Independent non-executive Directors