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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

Revenue of the Group in 2011 amounted to RMB294,281 million, representing an increase of RMB21,547 million, or 7.9%, from RMB272,734 million in 2010.

Operating Profit in 2011 amounted to RMB16,218 million, representing an increase of RMB2,465 million, or 17.9%, from RMB13,753 million in 2010.

Profit for the year 2011 amounted to RMB11,983 million, representing an increase of RMB2,345 million, or 24.3%, from RMB9,638 million in 2010.

Profit attributable to equity holders of the Company in 2011 amounted to RMB11,767 million, representing an increase of RMB2,168 million, or 22.6%, from RMB9,599 million in 2010.

Earnings per share for the year 2011 amounted to RMB0.79, as compared with RMB0.65 in 2010.

The value of new contracts in 2011 amounted to RMB457,848 million, representing an increase of 11.2% from RMB411,738 million in 2010.

As at 31 December 2011, the backlog for the Group was RMB601,912 million, as compared with RMB512,103 million as at 31 December 2010.

The Board of Directors (the ***Board***) of China Communications Construction Company Limited (the ***Company***) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the ***Group***) prepared in accordance with International Financial Reporting Standards (***IFRS***) for the year ended 31 December 2011.

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	As at 31 December		As at 1 January
	2011	2010	2010
		(Restated)	(Restated)
	RMB million	*RMB million*	*RMB million*
ASSETS			
Non-current assets			
Property, plant and equipment	**55,148**	52,973	48,152
Lease prepayments	**8,108**	7,380	6,552
Investment properties	**435**	387	350
Intangible assets	**23,902**	15,906	10,075
Investments in jointly controlled entities	**948**	857	758
Investments in associates	**3,145**	2,830	2,654
Available-for-sale financial assets	**12,846**	15,452	17,700
Deferred income tax assets	**2,024**	1,602	1,216
Trade and other receivables	**28,940**	22,176	15,142
	135,496	119,563	102,599
Current assets			
Inventories	**22,603**	21,528	18,920
Trade and other receivables	**100,266**	86,424	69,158
Amounts due from customers for contract work	**54,261**	43,458	41,843
Derivative financial instruments	**62**	48	36
Other financial assets at fair value through profit or loss	**49**	67	80
Restricted cash	**922**	719	698
Cash and cash equivalents	**45,121**	38,826	33,817
	223,284	191,070	164,552
Total assets	**358,780**	310,633	267,151

CONSOLIDATED BALANCE SHEET (continued)
As at 31 December 2011

	As at 31 December		As at 1 January
	2011	2010 (Restated)	2010 (Restated)
	RMB million	*RMB million*	*RMB million*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	**14,825**	14,825	14,825
Share premium	**13,853**	13,853	13,853
Other reserves	**38,626**	31,940	27,319
Proposed final dividend	**2,902**	2,372	1,720
	70,206	62,990	57,717
Non-controlling interests	**10,739**	10,931	11,607
Total equity	**80,945**	73,921	69,324
LIABILITIES			
Non-current liabilities			
Borrowings	**51,756**	38,569	34,694
Deferred income	**642**	554	405
Deferred income tax liabilities	**2,343**	2,360	3,418
Early retirement and supplemental benefit obligations	**2,028**	2,184	2,460
Trade and other payables	**2,097**	1,929	1,166
	58,866	45,596	42,143
Current liabilities			
Trade and other payables	**146,777**	131,625	105,017
Amounts due to customers for contract work	**14,741**	14,204	12,567
Current income tax liabilities	**2,634**	2,091	1,678
Borrowings	**54,289**	42,760	36,043
Derivative financial instruments	**58**	71	77
Early retirement and supplemental benefit obligations	**330**	214	197
Provisions	**140**	151	105
	218,969	191,116	155,684
Total liabilities	**277,835**	236,712	197,827
Total equity and liabilities	**358,780**	310,633	267,151
Net current assets/(liabilities)	**4,315**	(46)	8,868
Total assets less current liabilities	**139,811**	119,517	111,467

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	2011	2010
		(Restated)
	RMB million	*RMB million*
Revenue	**294,281**	272,734
Cost of sales	**(266,374)**	(249,487)
Gross profit	**27,907**	23,247
Other income	**1,877**	1,824
Other gains, net	**637**	466
Selling and marketing expenses	**(624)**	(570)
Administrative expenses	**(12,933)**	(10,199)
Other expenses	**(646)**	(1,015)
Operating profit	**16,218**	13,753
Finance income	**1,993**	708
Finance costs, net	**(3,355)**	(2,496)
Share of profit of jointly controlled entities	**75**	38
Share of profit of associates	**98**	78
Profit before income tax	**15,029**	12,081
Income tax expense	**(3,046)**	(2,443)
Profit for the year	**11,983**	9,638
Attributable to:		
– equity holders of the Company	**11,767**	9,599
– non-controlling interests	**216**	39
	11,983	9,638
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)		
– basic	**0.79**	0.65
– diluted	**0.79**	0.65
Dividends	**2,902**	2,372

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
		(Restated)
	RMB million	*RMB million*
Profit for the year	**11,983**	9,638
Other comprehensive expenses		
Fair value losses on available-for-sale financial assets, net of deferred tax		
– Losses arising during the year	**(2,201)**	(2,219)
– Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**(27)**	(287)
Currency translation differences	**(67)**	(39)
Other comprehensive expenses for the year, net of tax	**(2,295)**	(2,545)
Total comprehensive income for the year	**9,688**	7,093
Total comprehensive income attributable to:		
– equity holders of the Company	**9,541**	6,985
– non-controlling interests	**147**	108
	9,688	7,093

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to equity holders of the Company						
	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Balance at 1 January 2010, as previously reported	14,825	13,853	9,371	16,565	54,614	11,615	66,229
Adjustments for adoption of IFRS 1 (Amendment)	–	–	5,303	(2,200)	3,103	(8)	3,095
Balance at 1 January 2010, as restated	14,825	13,853	14,674	14,365	57,717	11,607	69,324
Comprehensive income							
Profit for the year	–	–	–	9,599	9,599	39	9,638
Other comprehensive (expenses)/income							
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	(2,301)	–	(2,301)	82	(2,219)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax	–	–	(286)	–	(286)	(1)	(287)
Currency translation differences	–	–	(27)	–	(27)	(12)	(39)
Total other comprehensive (expenses)/income	–	–	(2,614)	–	(2,614)	69	(2,545)
Total comprehensive (expenses)/income	–	–	(2,614)	9,599	6,985	108	7,093
2009 final dividend	–	–	–	(1,720)	(1,720)	–	(1,720)
Dividends paid to non-controlling interests	–	–	–	–	–	(125)	(125)
Contribution from non-controlling interests	–	–	–	–	–	111	111
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries	–	–	9	(1)	8	(770)	(762)
Transfer to statutory surplus reserve	–	–	269	(269)	–	–	–
Appropriations	–	–	184	(184)	–	–	–
Balance at 31 December 2010	14,825	13,853	12,522	21,790	62,990	10,931	73,921

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2011

	Attributable to equity holders of the Company						
	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Balance at 1 January 2011, as previously reported	14,825	13,853	7,209	24,255	60,142	10,938	71,080
Adjustments for adoption of IFRS 1 (Amendment)	–	–	5,313	(2,465)	2,848	(7)	2,841
Balance at 1 January 2011, as restated	14,825	13,853	12,522	21,790	62,990	10,931	73,921
Comprehensive income							
Profit for the year	–	–	–	11,767	11,767	216	11,983
Other comprehensive expenses							
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	(2,161)	–	(2,161)	(40)	(2,201)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax	–	–	(27)	–	(27)	–	(27)
Currency translation differences	–	–	(38)	–	(38)	(29)	(67)
Total other comprehensive expenses	–	–	(2,226)	–	(2,226)	(69)	(2,295)
Total comprehensive (expenses)/income	–	–	(2,226)	11,767	9,541	147	9,688
2010 final dividend	–	–	–	(2,372)	(2,372)	–	(2,372)
Dividends paid to non-controlling interests	–	–	–	–	–	(185)	(185)
Contribution from non-controlling interests	–	–	–	–	–	119	119
Cash contribution from CCCG	–	–	46	–	46	–	46
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries	–	–	3	(2)	1	(273)	(272)
Transfer to statutory surplus reserve	–	–	426	(426)	–	–	–
Appropriations	–	–	184	(184)	–	–	–
Balance at 31 December 2011	14,825	13,853	10,955	30,573	70,206	10,739	80,945

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2011

	2011	2010
	RMB million	*RMB million*
Cash flows from operating activities		
Cash generated from operations	**4,323**	17,797
Income tax paid	**(2,604)**	(2,289)
Net cash generated from operating activities	**1,719**	15,508
Cash flows from investing activities		
Purchase of property, plant and equipment ("PPE")	**(7,117)**	(8,402)
Increase in lease prepayments	**(957)**	(1,062)
Purchase of intangible assets	**(8,034)**	(4,939)
Purchases of investment properties	**–**	(1)
Proceeds from disposal of PPE	**563**	822
Proceeds from disposal of lease prepayments	**259**	132
Proceeds from disposal of intangible assets	**415**	1
Proceeds from disposal of investment properties	**7**	7
Additional investments in jointly controlled entities	**(229)**	(72)
Additional investments in associates	**(353)**	(42)
Additional investments in subsidiaries	**(351)**	(771)
Acquisition of a subsidiary	**(23)**	(678)
Purchases of available-for-sale financial assets	**(119)**	(1,668)
Purchase of other financial assets at fair value through profit or loss	**(30)**	(64)
Proceeds from disposal of jointly controlled entities	**147**	5
Proceeds from disposal of associates	**142**	113
Proceeds from disposal of equity interest in subsidiaries	**208**	–
Proceeds from disposal of available-for-sale financial assets	**221**	548
Proceeds from disposal of other financial assets at fair value through profit or loss	**35**	72
Interest received	**504**	294
Dividends received	**326**	329
Net cash used in investing activities	**(14,386)**	(15,376)
Cash flows from financing activities		
Proceeds from borrowings	**74,633**	55,543
Repayments of borrowings	**(49,128)**	(45,953)
Interest paid	**(4,016)**	(2,867)
Contribution from non-controlling interests	**119**	111
Dividends paid to the Company's shareholders	**(2,372)**	(1,720)
Dividends paid to non-controlling interests of subsidiaries	**(139)**	(125)
Cash contribution from CCCG	**46**	–
Net cash generated from financing activities	**19,143**	4,989
Net increase in cash and cash equivalents	**6,476**	5,121
Cash and cash equivalents at beginning of the year	**38,826**	33,817
Exchange losses on cash and cash equivalents	**(181)**	(112)
Cash and cash equivalents at end of the year	**45,121**	38,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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.

These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Amendments to standards mandatory for the financial year beginning 1 January 2011 and relevant to the Group

The following amendments 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 in the current year did not have any material effect on the consolidated financial statements 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Amendments to standards mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued)

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 ended 31 December 2011, and therefore the assets and liabilities of the Group have been restated at revalued amounts (being the cost of the assets transferred to the Company during the group reorganisation) as deemed cost since the transition to IFRS.

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

Consolidated balance sheet:

	As at 31 December 2011		
	Balances before adjustments *RMB million*	**Adjustments for adoption of IFRS 1 (Amendment)** *RMB million*	**Balances after adjustments** *RMB million*
Property, plant and equipment	**54,716**	**432**	**55,148**
Lease prepayments	**5,391**	**2,717**	**8,108**
Investment properties	**420**	**15**	**435**
Investments in associates	**3,141**	**4**	**3,145**
Available-for-sale financial assets	**12,796**	**50**	**12,846**
Deferred income tax assets	**2,588**	**(564)**	**2,024**
Inventories	**22,584**	**19**	**22,603**
Other assets	**254,471**	**–**	**254,471**
Total assets	**356,107**	**2,673**	**358,780**
Capital and reserves attributable to equity holders of the Company	**67,524**	**2,682**	**70,206**
Non-controlling interests	**10,746**	**(7)**	**10,739**
Total equity	**78,270**	**2,675**	**80,945**
Deferred income tax liabilities	**2,345**	**(2)**	**2,343**
Other liabilities	**275,492**	**–**	**275,492**
Total liabilities	**277,837**	**(2)**	**277,835**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Amendments to standards mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued)

	As at 31 December 2010		
	Balances as previously reported	Adjustments for adoption of IFRS 1 (Amendment)	Balances as restated
	RMB million	*RMB million*	*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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Amendments to standards mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued)

	As at 1 January 2010		
	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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Amendments to standards mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued)

Consolidated income statement:

	The year ended 31 December 2011		
	Amounts before adjustments *RMB million*	**Adjustments for adoption of IFRS 1 (Amendment)** *RMB million*	**Amounts after adjustments** *RMB million*
Cost of sales	**(266,233)**	**(141)**	**(266,374)**
Administrative expenses	**(12,853)**	**(80)**	**(12,933)**
Profit before income tax	**15,250**	**(221)**	**15,029**
Income tax expense	**(3,101)**	**55**	**(3,046)**
Profit for the year	**12,149**	**(166)**	**11,983**
Profit attributable to equity holders of the Company	**11,933**	**(166)**	**11,767**
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
– basic	**0.80**	**(0.01)**	**0.79**
– diluted	**0.80**	**(0.01)**	**0.79**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Amendments to standards mandatory for the financial year beginning 1 January 2011 and relevant to the Group (continued)

	The year ended 31 December 2010		
	Amounts as previously reported *RMB million*	Adjustments for adoption of IFRS 1 (Amendment) *RMB million*	Amounts as restated *RMB million*
Cost of sales	(249,261)	(226)	(249,487)
Other gains, net	527	(61)	466
Administrative expenses	(10,115)	(84)	(10,199)
Other expenses	(1,014)	(1)	(1,015)
Profit before income tax	12,453	(372)	12,081
Income tax expense	(2,552)	109	(2,443)
Profit for the year	9,901	(263)	9,638
Profit attributable to equity holders of the Company	9,863	(264)	9,599
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
– basic	0.67	(0.02)	0.65
– diluted	0.67	(0.02)	0.65

- 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;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Amendments and interpretations mandatory for the financial year beginning 1 January 2011 but 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) Standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group

	Effective for accounting periods beginning on or after
IFRS 7 (Amendment), "Disclosures – Transfers of financial assets"	1 July 2011
IAS 1 (Amendment), "Financial statement presentation" – "other comprehensive income"	1 July 2012
IFRS 7 (Amendment), "Financial instruments: Disclosures – Offsetting financial assets and financial liabilities"	1 January 2013
IFRS 10, "Consolidated financial statements"	1 January 2013
IFRS 11, "Joint arrangements"	1 January 2013
IFRS 12, "Disclosures of interests in other entities"	1 January 2013
IFRS 13, "Fair value measurement"	1 January 2013
IAS 19 (Amendment), "Employee benefits"	1 January 2013
IAS 27 (Revised), "Separate financial statements"	1 January 2013
IAS 28 (Revised), "Associates and joint ventures"	1 January 2013
IFRS 9, "Financial instruments"	1 January 2015

The Group will apply the above standards and amendments from 1 January 2012 or later period. The Group's assessment of the impact of these new and revised standards is set out below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) Standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group (continued)

- IFRS 7 (Amendment), "Disclosures – Transfers of financial assets", promotes transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The Group will prospectively apply the amendment from 1 July 2011;

- IAS 1 (Amendment), "Financial statement presentation" – "other comprehensive income". The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. The Group will retrospectively apply IAS 1 (Amendment) from 1 July 2012 and it is not expected to have material impact;

- IFRS 7 (Amendment), "Financial instruments: Disclosures – Offsetting financial assets and financial liabilities". The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The Group will retrospectively apply the amendment from 1 January 2013 and it is not expected to have material impact;

- IFRS 10, "Consolidated financial statements". The objective of the standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. The standard defines the principle of control, and establishes controls as the basis for consolidation. The standard sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The Group will retrospectively apply the standard from 1 January 2013 and it is not expected to have material impact;

- IFRS 11, "Joint arrangements", is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is currently accounted for the joint ventures under the equity method of accounting. The Group will retrospectively apply the standard from1 January 2013 and it is not expected to have any impact;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) Standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group (continued)

- IFRS 12, "Disclosures of interests in other entities", includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group will apply the standard from 1 January 2013;

- IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group will prospectively apply the standard from 1 January 2013 and is is yet to assess IFRS 13's full impact;

- IAS 19 (Amendment), "Employee benefits", eliminates the corridor approach and calculate finance costs on a net funding basis. The Group will retrospectively apply the standard from 1 January 2013 and is yet to assess IAS 19 (Amendment)'s full impact;

- IAS 27 (Revised), "Separate financial statements", includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The Group will retrospectively apply the amendment from 1 January 2013 and it is not expected to have material impact;

- IAS 28 (Revised), "Associates and joint ventures", includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The Group is currently accounted for the joint ventures and associates under the equity method of accounting. The Group will retrospectively apply the amendment from 1 January 2013 and it is not expected to have any impact; and

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the part of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characterics of the instrument. For financial liabilities, the standard retains most of the ISA 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is assessing the expected impact in detail and will adopt the new standard when it becomes effective.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(d) Amendments to existing standards and interpretations that are not yet 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)

- IFRIC – Int 20 "Stripping costs in the production phase of a surface mine" (effective from 1 January 2013)

3. SEGMENT INFORMATION

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

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

(1) infrastructure construction of ports, roads, bridges and railways (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 "Others Segment").

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

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.

3. SEGMENT INFORMATION (continued)

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

The segment information for the year ended 31 December 2011 is as follows:

	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy machinery *RMB million*	Others *RMB million*	Elimination *RMB million*	Total *RMB million*
Total gross segment revenue	**227,068**	**15,008**	**32,321**	**20,166**	**6,665**	**(6,947)**	**294,281**
Inter-segment revenue	**(2,351)**	**(913)**	**(1,537)**	**(2,138)**	**(8)**	**6,947**	**–**
Revenue	**224,717**	**14,095**	**30,784**	**18,028**	**6,657**	**–**	**294,281**
Segment result	**10,762**	**1,984**	**3,700**	**110**	**166**	**(201)**	**16,521**
Unallocated costs							**(303)**
Operating profit							**16,218**
Finance income							**1,993**
Finance costs, net							**(3,355)**
Share of profit of jointly controlled entities							**75**
Share of profit of associates							**98**
Profit before income tax							**15,029**
Income tax expense							**(3,046)**
Profit for the year							**11,983**

Other segment items included in the consolidated income statement are as follows:

	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy machinery *RMB million*	Others *RMB million*	Elimination *RMB million*	Total *RMB million*
Other segment items							
Depreciation	**3,386**	**161**	**1,223**	**1,272**	**57**	**–**	**6,099**
Amortisation	**238**	**24**	**23**	**103**	**5**	**–**	**393**
Write-down of inventories	**–**	**–**	**–**	**18**	**–**	**–**	**18**
Provision for/(reversal of) foreseeable losses on construction contracts	**209**	**–**	**(61)**	**145**	**–**	**–**	**293**
Provision for impairment of trade and other receivables	**187**	**75**	**54**	**111**	**–**	**–**	**427**

3. SEGMENT INFORMATION (continued)

The segment information provided for the year ended 31 December 2010 is as follows:

	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy machinery *RMB million*	Others *RMB million*	Elimination *RMB million*	Total *RMB million*
Total gross segment revenue	212,962	11,264	28,113	17,221	7,329	(4,155)	272,734
Inter-segment revenue	(883)	(199)	(2,558)	(76)	(439)	4,155	–
Revenue	212,079	11,065	25,555	17,145	6,890	–	272,734
Segment result	8,912	1,741	3,584	(956)	343	–	13,624
Unallocated income							129
Operating profit							13,753
Finance income							708
Finance costs, net							(2,496)
Share of profit of jointly controlled entities							38
Share of profit of associates							78
Profit before income tax							12,081
Income tax expense							(2,443)
Profit for the year							9,638

Other segment items included in the consolidated income statement are as follows:

	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Heavy machinery *RMB million*	Others *RMB million*	Elimination *RMB million*	Total *RMB million*
Other segment items							
Depreciation	2,931	146	1,091	1,264	55	–	5,487
Amortisation	137	24	17	78	5	–	261
(Reversal of write-down)/ write-down of inventories	(1)	–	–	77	–	–	76
Provision for foreseeable losses on construction contracts	220	–	218	106	–	–	544
(Reversal of)/provision for impairment of trade and other receivables	(485)	62	(18)	39	(2)	–	(404)

3. SEGMENT INFORMATION (continued)

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

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

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

3. SEGMENT INFORMATION (continued)

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

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

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

	Construction	Design	Dredging	Heavy machinery	Others	Elimination	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*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

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities at 31 December 2010 are reconciled to group 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/liabilities	15,427	333
Total	310,633	236,712

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

	2011 ***RMB million***	2010 *RMB million*
PRC (excluding Hong Kong and Macau)	**262,130**	245,583
Other regions	**32,151**	27,151
	294,281	272,734

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

There is no material non-current assets attributed to other regions.

4. EXPENSES BY NATURES

	2011	2010 (Restated)
	RMB million	*RMB million*
Raw materials and consumables used	**102,081**	99,051
Subcontracting costs	**83,234**	72,468
Employee benefits	**24,338**	20,043
Rentals	**18,327**	19,438
Business tax and other transaction taxes	**8,254**	7,379
Fuel	**6,551**	5,860
Depreciation of property, plant and equipment and investment properties	**6,099**	5,487
Transportation costs	**4,864**	5,826
Cost of goods sold	**2,377**	2,086
Research and development costs	**2,314**	1,575
Travel	**2,210**	1,886
Repair and maintenance expenses	**1,685**	1,530
Utilities	**1,142**	1,130
Insurance	**502**	503
Provision for/(reversal of) impairment of trade and other receivables	**427**	(404)
Provision for foreseeable losses on construction contracts	**293**	544
Amortisation of intangible assets	**211**	110
Amortisation of lease prepayments	**182**	151
Write-down of inventories	**18**	76
Auditors' remuneration	**38**	38
Other expenses	**14,784**	15,479
Total cost of sales, selling and marketing expenses and administrative expenses	**279,931**	260,256

5. TAXATION

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 year.

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 during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for a few subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 12% to 24% (2010: 7.5% to 22%).

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

5. **TAXATION (continued)**

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

	2011	2010
		(Restated)
	RMB million	*RMB million*
Current income tax		
– PRC enterprise income tax	**2,975**	2,582
– Others	**172**	121
	3,147	2,703
Deferred income tax	**(101)**	(260)
Income tax expense	**3,046**	2,443

6. **EARNINGS PER SHARE**

(a) Basic

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

	2011	2010
		(Restated)
Profit attributable to equity holders of the Company (RMB million)	**11,767**	9,599
Number of ordinary shares in issue (million)	**14,825**	14,825
Basic earnings per share (RMB per share)	**0.79**	0.65

(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 years ended 31 December 2011 and 2010.

7. DIVIDENDS

	2011	2010
	RMB million	*RMB million*
Final, proposed, of RMB0.1794 per ordinary share (2010: RMB0.16)	**2,902**	2,372

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.

At the board meeting held on 26 March 2012, the Directors recommended the payment of a final dividend of RMB0.1794 per ordinary share to all shareholders on the basis of total issued share capital of 16,174,735,425 shares after A-Share issuance, totalling approximately RMB2,902 million. Such dividend is to be approved by the shareholders at the Annual General Meeting to be held on 6 June 2012. This recommended dividend has not been reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2012.

8. SUBSEQUENT EVENT

(a) The Company completed an initial public offering of A-shares on the Shanghai Stock Exchange on 9 March 2012. In this connection, the Company issued 1,349,735,425 A-shares, of which 925,925,925 A-shares were issued to domestic investors by way of public offering, and 423,809,500 A-shares were issued for the purpose of implementing the merger agreement through share exchange with Road & Bridge International Company Limited's shareholders, other than the Group. Road & Bridge International Company Limited has been deregistered on the Shanghai Stock Exchange and its assets, liabilities and equity interests will be transferred to a wholly owned subsidiary of the Company. Upon the completion of this A-share issuance, the Company's share capital increased from 14,825,000,000 to 16,174,735,425, comprising 11,747,235,425 A shares and 4,427,500,000 H-Shares.

(b) At the meeting of the Board held on 26 March 2012, it was resolved that the Company is authorized to issue corporate bonds in a total principal amount of no more than RMB12,000 million, within 24 months after the approval of the China Securities Regulatory Commission. The corporate bonds will be guaranteed by CCCG. The issuance is subject to shareholders' approval at the Company's Annual General Meeting on 6 June 2012.

BUSINESS OVERVIEW

The year of 2011 marked the beginning of China's "Twelfth Five-year Period". In this year, with the goals set out in the "Twelfth Five-year Plan" and the Business Plan for 2011, the Company mainly focused on improving the quality of corporate operation, put emphasis on the fundamental tasks of expanding the main business, adjusted asset structure, business structure and market structure, and implemented an overseas expansion strategy of "going global". As a result, the Company has achieved new records in performance indicators.

In 2011, revenue of the Group was RMB294,281 million, representing a year-on-year increase of 7.9%; the total profit before income tax was RMB15,029 million, representing a year-on-year increase of 24.4%. The value of new contracts amounted to RMB457,848 million, representing a year-on-year increase of 11.2%. As at 31 December 2011, the backlog was RMB601,912 million, representing a year-on-year increase of 17.5%.

1. Infrastructure Construction Business

In 2011, the value of new infrastructure construction contracts from the Group amounted to RMB364,671 million, representing a year-on-year increase of 9.1%. The value of new infrastructure construction contracts in terms of port construction, road and bridge projects, investment business of BOT/BT projects, overseas infrastructure construction, and other projects amounted to RMB59,366 million, RMB126,237 million, RMB66,800 million, RMB80,828 million, RMB31,440 million, respectively, representing 16.3%, 34.6%, 18.3%, 22.2%, 8.6% of the total value of new infrastructure construction contracts. As at 31 December 2011, the backlog for infrastructure construction was RMB512,000 million, representing a year-on-year increase of 18.4%.

(1) Port Construction

In 2011, new contracts of the Group for Mainland China port construction projects reached RMB59,366 million, representing a year-on-year increase of 17.6%, and accounting for 16.3% of infrastructure construction business.

In 2011, specialised terminals for coal, oil, petrochemical and alike invested by related owners sprouted up, which resulted in the phase-out of the container terminals. Also, the regional investment hot spots had been concentrated; Regions across Bohai Rim kept the upward momentum; Yellow River Delta and the Blue Shandong Peninsula Economic Zone saw surge in market demand; the southern region kick-started the recovery as the trade grew. Furthermore, according to the Guidelines on the Inland Waterways Development on the Yangtze River issued by the State Council, China increased the investment in inland waterways, thus, speeding up the maintenance of waterways on the Yangtze River; the development of advanced waterway channels promoted the scale development of inland river ports, which, in turn, further drove the growth for port expansion projects.

(2) Road and Bridge Construction

In 2011, new contracts of the Group for Mainland China road and bridge projects reached RMB126,237 million, representing a year-on-year increase of 20.9%, and accounting for 34.6% of infrastructure construction business.

In 2011, China had a total of 71,400 kilometres of highways, among which there were 11,000 kilometres of expressway. The highway construction market extended the up-surging momentum from the last two years. National financial support and new projects were mainly scattered in western provinces, which, however, led to a withering market in the eastern and central provinces. Therefore, the Company marched into the western market by strengthening the cooperation with local governments and seizing the opportunities presented by Western Development, in order to take the lead in the projects featuring had advanced technology, innovation, uniqueness, and sophistication. As a result, the Company won several key projects of road construction in Xinjiang, Chongqing, etc.

(3) Railway Construction

In 2011, the Group didn't sign any new contract for railway construction projects in Mainland China.

In 2011, the domestic railway market was heavily regulated. On 10 August 2011, the Executive Meetings of the State Council decided to systematically reassess the safety of the railway projects approved yet awaiting construction. According to the statistics from Ministry of Railways, the investment of domestic railway projects amounted to RMB461,000 million, which has slowed significantly and represented a year-on-year decrease of 34.8%. Meanwhile, Mainland China suspended examination and approval for new railway projects, and took in-depth study of feasibility for the ones which has been approved, in order to ascertain appropriate technical standards and construction plans.

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

In 2011, new contracts of the Group for Mainland China investment business amounted to RMB66,800 million, representing a year-on-year increase of 192.5%, and accounting for 18.3% of infrastructure construction business.

For the past five years, the Company has kept optimising its investment structure in its investment business. As a result, the Company gained clearer mindset on future development, and became more experienced in business operations and more capable of controlling risks. By the end of "Twelfth Five-year Period", the Company will form a basic pattern for investment business, and will optimise the industrial layout of the Group. The rapid growth in new contracts for investment business propelled the development of the core business of the Company, and will become a new profit generator of the Company.

(5) Overseas Projects

In 2011, new contracts for overseas infrastructure construction projects entered into by the Group amounted to USD11,936 million (equivalent to approximately RMB80,828 million), representing a year-on-year increase of 29.7%, and accounting for 22.2% of its infrastructure construction business.

In 2011, the operating results of the Group's overseas projects hit a record high with substantially higher economic returns. In line with the plan to proactively set up an overseas development platform of "One Body with Two Wings", CCCC, as the core brand of the "Overseas Business Expansion", had recorded a substantial increase in the number of signed contracts, thereby giving full play to the integrated advantages of the Group's business. Serving as the "two wings" of the Group's "Overseas Business Expansion", CHEC and CRBC achieved steady growth in business scale, and accomplished new success in market expansion by establishing new business presence in a number of countries including Venezuela, Guyana, Bahamas, Morocco. Meanwhile, overseas investment projects made positive progress after full preparation, with steady and progressive advancement in the franchise project of the north-south expressway in Jamaica. During the course of going international, the Company had continuously improved organisation management, further enhanced the capability of risk prevention and contingency planning, formulated and refined its internal control system, increased efforts in monitoring overseas projects under construction, and optimised assessment on project-related risks and compliance management, so as to lay a solid foundation for the implementation and promotion of the "Overseas Business Expansion" strategy.

(6) Other Projects

In 2011, new contracts for other projects in Mainland China entered into by the Group reached RMB31,440 million, representing a year-on-year increase of 8.5%, and accounting for 8.6% of its infrastructure construction business.

2. Infrastructure Design Business

In 2011, the value of new infrastructure design contracts from the Group reached RMB22,943 million, representing a year-on-year increase of 54.7%. As at 31 December 2011, the backlog for the Group's infrastructure design business was RMB31,970 million, representing a year-on-year increase of 53.5%.

In 2011, the value of new infrastructure design contracts grew rapidly, among which contracts for integrated projects contributed a lot. At the same time, the Group's survey and design business also achieved a steady growth by winning the contracts for a batch of large projects which are influential in the industry. Analysed by project type, the contract value of survey and design business, project supervision business, comprehensive contracts represented 41%, 6%, 51% and 2% of the total value of new contracts respectively, as compared to 54%, 6%, 36% and 4% recorded in the same period of 2010.

3. Dredging Business

In 2011, the value of new dredging contracts from the Group reached RMB37,539 million, representing a year-on-year increase of 9.1%. As at 31 December 2011, the backlog for the Group's dredging business was RMB27,952 million, representing a year-on-year decrease of 3.6%.

In 2011, three special-purpose large vessels started to serve in the Group's dredger fleets, providing an additional annual capacity of approximately 30 million cubic meters under standard operating conditions. As at 31 December 2011, the Group's annual capacity amounted to approximately 685 million cubic meters under standard operating conditions.

In 2011, the number of newly kicked off projects was relatively small due to the implementation of tightening monetary policy and real estate control policy, leading to a slowdown in the growth of value of the Company's new contracts. On the other hand, the Group's capacity has been expanding steadily over the recent years due to its continuous capital spending on purchasing large dredging vessels.

According to the marine development plans of coastal provinces and municipalities as well as the inland waterway development plans, the dredging market will keep a general trend of expanding during the "Twelfth Five-year Plan" period. The Company will make rational allocation of its internal capacity while capitalising on market opportunities, so as to maintain profitability at a reasonable level.

4. Heavy Machinery Manufacturing Business

In 2011, the value of new heavy machinery manufacturing contracts from the Group reached RMB26,668 million, representing a year-on-year increase of 23.2%. As at 31 December 2011, the backlog for the Group's heavy machinery manufacturing business was RMB27,810 million, representing a year-on-year increase of 1.6%.

In 2011, Shanghai Zhenhua Heavy Industry Co., Ltd. ("ZPMC") secured a growing number of new contracts. New orders had particularly recorded a steady increase in number as a result of the gradual recovery in global port machinery market. The number of new orders for offshore heavy machinery products and steel structure had also growed substantially, with the percentage of contribution to the value of contracts rising from less than 15% to nearly 40%, thereby heavy machinery manufacturing business achieved substantive progress in the advancement of its product diversification strategy.

In addition, since the successful acquisition of Friede Goldman United, Ltd. ("F&G") by the Company in August 2010, F&G has been running smoothly in both operations and management, the leading position of which in the industry was strengthened with a surging number of new contracts and steadily growing profitability. Currently, the cooperation between F&G and ZPMC is carried out steadily and progressively.

5. **Other Businesses**

In 2011, the value of new contracts of other businesses from the Group reached RMB6,027 million, representing a year-on-year decrease of 10.4%. As at 31 December 2011, the backlog for the Group's other businesses was RMB2,180 million, representing a year-on-year decrease of 9.9%.

BUSINESS OUTLOOK

1. **Macro-environment and the trend of market competition facing the Company**

In the PRC market, the overall development of the Chinese economy is at the maturing stage of industrialisation with a general slowdown in growth during the "Twelfth Five-year Plan" period, and to some extent had affected the traditional transportation infrastructure market resulting from the optimisation of regional structure, emergence of new industries, strategic adjustment of the economic pattern and transition of the development mode. Investment is one of the "three pillars" of the Chinese economic growth, and the fixed asset investment will maintain its scale and growth pace in 2012. Netting out price factor and the sluggish of growth, competition among various business segments will moderately intensify in 2012. Meanwhile, accompanied by the implementation of regional development plans by the state, overall promotion of urbanisation and further transfer of industrial layout and fixed asset investment to the Midwest, the traditional transportation infrastructure market in the Midwest will extend gradually, presenting more opportunities for the industry.

On international level, emerging markets including Asia Pacific, South Asia, Africa, Latin America and Balkan region are becoming the engines of global growth, where their fixed asset investment will maintain a rapid momentum of growth. During the "Twelfth Five-year Plan" period, the PRC government will also capitalise on its strong foreign currency reserve to further support countries in Africa, Southeast Asia, Central Asia and South Pacific region. More government framework projects are expected to be implemented and will give rise to a greater diversity of international projects. To cope with the economic slowdown, western countries step up on upgrading their transportation infrastructures, thus creating more business opportunities for the Company. As such, the Company believes that the extensive overseas market of project construction offers numerous development opportunities in 2012.

Under such macro-market background, the Company, as one of "World Top 500 Companies" with leading comprehensive strength, takes the role of industry leader in all business segments it engages in. Hence, the Company can be seen as a global leading enterprise in terms of market competitiveness in single business and in comprehensive strength.

2. Opportunities and challenges

Influenced by the domestic and overseas economic environment, the Company is faced with an uncertain and complicated market prospect. Meanwhile, the in-depth development of national industrialisation, urbanisation, informatisation and internationalisation also bring along enormous potential of market demands, securing the continuous development of traditional markets as well as presenting an extensive prospect for new businesses. For developing countries, the demand for infrastructure construction is more urgent with improved payment ability. Compared with other competitors, the Company has a more balanced business structure and a more completed industrial chain, forming an incomparable competition advantages over other enterprises. As such, we are faced with a situation accompanied by both opportunities and challenges, with opportunities outnumbering challenges.

3. Development Strategy and Business Plan during the "Twelfth Five-year Plan" period

The Company's overall business development goal is to develop itself into the world's first class conglomerate with international competitiveness. In specific, it aims to develop itself into the world's leading contractor of integrated services of infrastructure construction, the investor of domestic and overseas infrastructure construction as well as the developer and operator of comprehensive development of urban construction, and to become the world's top class enterprise with standardised governance structure, flexible operation mechanism, leading technology and scientific management system which is loved by its employees, recognised by the market and respected by the society.

The Company's business development plan is to rapidly promote its comprehensive competitiveness based on coordinated development of business sections and give full play to its industrial chain advantage and collaborative advantage between various business segments in light of the actual development situation of its existing businesses and the features and advantages of the operations of different business segments in order to achieve a win-win cooperation and mutual promotion. Moreover, the Company will take the advantages of the stable economy and rapid economic growth of China and the new opportunities in overseas markets to achieve the Company's overall development goal in a timely manner.

Specific objectives of the Company include:

Firstly, the Company will improve its business structure to support its sustainable development. While strengthening its basic and key industries such as "main traffic", "large civil engineering", the Company will reduce its dependence upon infrastructure construction, increase its investment in relevant businesses, upgrade the equipment manufacturing operation, supplement and perfect the integrated logistics trade businesses and research on strategic new businesses. The longitudinal adjustments include the rearrangement and integration of industrial chain, the transition of growth mode, the reduction of simple construction business, the development towards an integrated business combining planning, investment and EPC and the business fields of high-tech and high value added. The regional and integrated development will promote the industrial upgrading, improve the coordination between different business segments and achieve the maximum benefits for the Company as a whole.

Secondly, the Company will expand into overseas markets comprehensively and orderly in order to develop its stance on the international markets. The Company is committed to becoming the world's top class conglomerate with international competitiveness and has formulated a specific international development strategy based on its actual situation. The Company will increase its share in overseas markets of design and construction of roads and bridges, ports and waterways, enhance its world's leading position in port machinery manufacturing industry and aggressively explore the construction markets of dredging, large bridge and highway, and focus on the market of marine and offshore equipment industry in order to expand its market share. The Company will also actively participate in the integrated regional development and the construction of artificial islands and strive to breakthrough in professional fields such as railway, airport and tunnel projects.

Thirdly, the Company will head to the direction of coordinated development with reasonable business layout and optimal resource allocation. The future business layout will be based on comprehensive development and market oriented. Leveraging on the resources of the subsidiaries, and taking into account of the market size and features of different business segments, as well as the specialties and allocation of capacity of each subsidiary, the Company will form a business layout and an organic body with the features of "prominent comparative advantages, apparent differentiation and combination of professional division of labor and regional division", by which the Company will position and allocate resources based on the priority level of various business segments and subsidiaries, enhance the strategic collaboration and realise the maximum benefits for the Company as a whole.

BUSINESS PLAN FOR THE NEW YEAR

The goal of the value of new contracts of the Group for 2012 is RMB460,000 million and the goal which is more challenging for the Company is RMB500,000 million; the goal of sales revenue is RMB310,000 million and the goal which is more challenging for the Company is RMB330,000 million.

The economic indicators above are determined by considering the following four aspects: firstly, to realise the requirements of the plan for the "Twelfth Five-year Plan", which determines the medium- and long-term goals and annual goals for the development of the enterprise; secondly, to consolidate and improve the rank of CCCC in "World Top 500 Companies" and continue to be rated as a Grade A enterprise by the Operating Results Assessment of State-owned Assets Supervision and Administration Commission of the State Council; thirdly, the requirements of the growth inertia of the Company. To meet the needs of the increasingly expanding productivity of the Company, we should keep a certain scale and speed of development; fourthly, through the comprehensive judgment of the situation of the whole year as well as the future years, we actively adjust and control the pace of development, slow down the speed of development properly and keep a certain development flexibility to stabilise the development of the enterprise, thus further improve the quality and efficiency of development.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following section should be read in conjunction with the audited consolidated financial statements of the Group and accompanying notes herein.

Overview

For the year 2011, revenue of the Group increased by 7.9% to RMB294,281 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB32,151 million (excluding revenue from sales to foreign customers in heavy machinery manufacturing business) in 2011, representing a year-on-year increase of 18.4%. The value of the Group's new contracts in 2011 was RMB457,848 million, representing a year-on-year increase of 11.2%. As at 31 December 2011, the backlog for the Group was RMB601,912 million, representing an increase of 17.5% over that as at 31 December 2010.

Gross profit in 2011 amounted to RMB27,907 million, representing an increase of RMB4,660 million, or 20.0%, from RMB23,247 million in 2010. Gross profit from infrastructure construction business, infrastructure design business, dredging business and heavy machinery business increased by 22.5%, 15.1%, 12.2% and 121.4%, respectively, from 2010; while the gross profit from other businesses decreased by 4.4% from 2010. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other businesses in 2011 were 8.0%, 24.3%, 14.1%, 5.2% and 9.7%, respectively, as compared with 7.0%, 28.1%, 14.4%, 2.8% and 9.3% in 2010.

Mainly as a result of the growth in gross profit, operating profit in 2011 amounted to RMB16,218 million, representing an increase of RMB2,465 million, or 17.9%, from RMB13,753 million in 2010. Operating profit from infrastructure construction business, infrastructure design business, and dredging business increased by 20.8%, 14.0% and 3.2%, respectively, from 2010; operating profit from heavy machinery business amounted to RMB110 million in 2011, while operating loss of RMB956 million was recorded in 2010; operating profit from other businesses decreased by 51.6% from 2010.

For the year 2011, profit attributable to equity holders of the Company amounted to RMB11,767 million, representing an increase of RMB2,168 million, or 22.6%, from RMB9,599 million in 2010. For the year 2011, earnings per share of the Group was RMB0.79, as compared with RMB0.65 for the year 2010.

The following is a comparison of financial results between the years ended 31 December 2011 and 2010.

Consolidated Results of Operations

Revenue

Revenue in 2011 increased by 7.9% to RMB294,281 million, from RMB272,734 million in 2010. The growth was mainly attributable to the increases in the revenue from the infrastructure construction business, infrastructure design business, dredging business and heavy machinery manufacturing business, amounting to RMB14,106 million, RMB3,744 million, RMB4,208 million and RMB2,945 million (all before elimination of inter-segment transactions), respectively, representing a growth rate of 6.6%, 33.2%, 15.0% and 17.1%, respectively. Meanwhile, revenue from other businesses decreased by RMB664 million, or 9.1% from 2010.

Cost of Sales and Gross Profit

Cost of sales in 2011 amounted to RMB266,374 million, representing an increase of RMB16,887 million, or 6.8%, from RMB249,487 million in 2010. Increases in cost of sales from infrastructure construction business, infrastructure design business, dredging business and heavy machinery manufacturing business amounted to RMB10,755 million, RMB3,267 million, RMB3,713 million and RMB2,366 million (all before elimination of inter-segment transactions), respectively, representing an increase of 5.4%, 40.3%, 15.4% and 14.1%, respectively. Meanwhile, for the year 2011, cost of sales from other businesses decreased by RMB634 million, or 9.5% from 2010.

Cost of sales consisted mainly of cost of raw materials and consumables used, subcontracting cost, employee benefits and rental. For the year 2011, the growth rate of cost of sales was lower than that of revenue, mainly attributable to the lower increase in cost of raw materials and consumables used, as well as the decrease in rental cost, which was then partially offset by the faster increase in subcontracting cost and employee benefits. In 2011, cost of raw materials and consumables used, subcontracting cost and employee benefits increased by 3.1%, 14.9% and 21.4% from 2010, respectively, while rental cost decreased by 5.7% from 2010.

As a result, gross profit in 2011 amounted to RMB27,907 million, representing an increase of RMB4,660 million, or 20.0%, from RMB23,247 million in 2010. Gross profit margin increased to 9.5% in 2011 from 8.5% in 2010, primarily due to the increase in gross profit margin of infrastructure construction business.

Operating Profit

Operating profit in 2011 amounted to RMB16,218 million, representing an increase of RMB2,465 million, or 17.9%, from RMB13,753 million in 2010. The increase was mainly due to the increase in gross profit.

For the year 2011, operating profit from infrastructure construction business, infrastructure design business, dredging business increased by RMB1,850 million, RMB243 million and RMB116 million (all before elimination of inter-segment transactions and unallocated costs), respectively, representing a growth rate of 20.8%, 14.0% and 3.2%, respectively; operating result from heavy machinery manufacturing business increased by RMB1,066 million (before elimination of inter-segment transactions and unallocated cost), from the operating loss in 2010; operating profit from other businesses decreased by RMB177 million, or 51.6% (before elimination of inter-segment transactions and unallocated costs) from 2010.

Operating profit margin increased to 5.5% in 2011 from 5.0% in 2010.

Finance Income

Finance income in 2011 amounted to RMB1,993 million, representing an increase of RMB1,285 million from RMB708 million in 2010, mainly due to gain on debt restructuring of Iraq loans and increased interest income from bank deposits.

Finance Costs, net

Net finance costs in 2011 amounted to RMB3,355 million, representing an increase of RMB859 million, or 34.4%, from RMB2,496 million in 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 in 2011 amounted to RMB75 million, as compared with RMB38 million in 2010.

Share of Profit of Associates

Share of the profit of associates in 2011 amounted to RMB98 million, as compared with RMB78 million in 2010.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax in 2011 amounted to RMB15,029 million, representing an increase of RMB2,948 million, or 24.4%, from RMB12,081 million in 2010.

Income Tax Expense

Income tax expense in 2011 amounted to RMB3,046 million, representing an increase of RMB603 million, or 24.7%, from RMB2,443 million in 2010. Effective tax rate for the Group in 2011 increased slightly to 20.3% from 20.2% in 2010.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests in 2011 amounted to RMB216 million, representing an increase of RMB177 million, or 453.8%, from RMB39 million in 2010, mainly attributable to the change from loss to profit 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 in 2011 amounted to RMB11,767 million, representing an increase of RMB2,168 million, or 22.6%, from RMB9,599 million in 2010.

Profit margin with respect to profit attributable to equity holders of the Company was 4.0% in 2011, as compared with 3.5% in 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 years ended 31 December 2011 and 2010.

	Revenue		Gross Profit		Gross Profit Margin		Operating Profit [1]		Operating Profit Margin	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
Business	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	(RMB million)	*(RMB million)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*
Infrastructure Construction	**227,068**	212,962	**18,215**	14,864	**8.0**	7.0	**10,762**	8,912	**4.7**	4.2
% of total	**75.4**	76.9	**64.8**	64.0	**–**	–	**64.4**	65.4	**–**	–
Infrastructure Design	**15,008**	11,264	**3,641**	3,164	**24.3**	28.1	**1,984**	1,741	**13.2**	15.5
% of total	**5.0**	4.1	**13.0**	13.6	**–**	–	**11.9**	12.8	**–**	–
Dredging	**32,321**	28,113	**4,548**	4,053	**14.1**	14.4	**3,700**	3,584	**11.4**	12.7
% of total	**10.7**	10.2	**16.2**	17.4	**–**	–	**22.1**	26.3	**–**	–
Heavy Machinery Manufacturing	**20,166**	17,221	**1,056**	477	**5.2**	2.8	**110**	(956)	**0.5**	(5.6)
% of total	**6.7**	6.2	**3.8**	2.1	**–**	–	**0.7**	(7.0)	**–**	–
Other businesses	**6,665**	7,329	**648**	678	**9.7**	9.3	**166**	343	**2.5**	4.7
% of total	**2.2**	2.6	**2.2**	2.9	**–**	–	**0.9**	2.5	**–**	–
Subtotal	**301,228**	276,889	**28,108**	23,236	**–**	–	**16,722**	13,624	**–**	–
Intersegment elimination and unallocated (costs)/profits	**(6,947)**	(4,155)	**(201)**	11	**–**	–	**(504)**	129	**–**	–
Total	**294,281**	272,734	**27,907**	23,247	**9.5**	8.5	**16,218**	13,753	**5.5**	5.0

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

Infrastructure Construction Business

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

The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2011 and 2010.

	Years ended 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Revenue	**227,068**	212,962
Cost of sales	**(208,853)**	(198,098)
Gross profit	**18,215**	14,864
Selling and marketing expenses	**(68)**	(52)
Administrative expenses	**(8,079)**	(6,466)
Other income, net	**694**	566
Segment result	**10,762**	8,912
Depreciation and amortisation	**3,624**	3,068

Revenue. Revenue from the infrastructure construction business in 2011 was RMB227,068 million, representing an increase of RMB14,106 million, or 6.6%, as compared with RMB212,962 million in 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 in 2011 was RMB364,671 million, representing an increase of RMB30,562 million, or 9.1%, as compared with RMB334,109 million in 2010. No single project accounted for more than 5% of the Group's total revenue in 2011 or 2010.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2011 was RMB208,853 million, representing an increase of RMB10,755 million, or 5.4%, as compared with RMB198,098 million in 2010. Cost of sales as a percentage of revenue decreased to 92.0% in 2011 from 93.0% in 2010.

Gross profit from the infrastructure construction business in 2011 grew by RMB3,351 million, or 22.5%, to RMB18,215 million from RMB14,864 million in 2010. Gross profit margin increased to 8.0% in 2011 from 7.0% in 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 overseas projects, BOT & BT projects and port construction projects, are getting higher proportions.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2011 were RMB68 million, representing an increase of RMB16 million as compared with RMB52 million in 2010.

Administrative expenses. Administrative expenses for the infrastructure construction business in 2011 were RMB8,079 million, representing an increase of RMB1,613 million, or 24.9%, as compared with RMB6,466 million in 2010, mainly attributable to increase in expenses on research and development, as well as increase in per capita cost of administrative staff. Administrative expenses as a percentage of revenue increased to 3.6% in 2011 from 3.0% in 2010.

Other income, net. Other net income for the infrastructure construction business was RMB694 million in 2011, as compared with RMB566 million in 2010.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2011 was RMB10,762 million, representing an increase of RMB1,850 million, or 20.8%, as compared with RMB8,912 million in 2010. Segment result margin increased to 4.7% in 2011 from 4.2% in 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 years ended 31 December 2011 and 2010.

	Years ended 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Revenue	**15,008**	11,264
Cost of sales	**(11,367)**	(8,100)
Gross profit	**3,641**	3,164
Selling and marketing expenses	**(139)**	(107)
Administrative expenses	**(1,567)**	(1,346)
Other income, net	**49**	30
Segment result	**1,984**	1,741
Depreciation and amortisation	**185**	170

Revenue. Revenue from the infrastructure design business in 2011 was RMB15,008 million, representing an increase of RMB3,744 million, or 33.2%, as compared with RMB11,264 million in 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 in 2011 was RMB22,943 million, representing an increase of RMB8,113 million, or 54.7%, as compared with RMB14,830 million in 2010.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2011 was RMB11,367 million, representing an increase of RMB3,267 million, or 40.3%, as compared with RMB8,100 million in 2010. Cost of sales as a percentage of revenue increased to 75.7% in 2011 from 71.9% in 2010.

Gross profit from the infrastructure design business in 2011 was RMB3,641 million, representing an increase of RMB477 million, or 15.1%, as compared with RMB3,164 million in 2010. Gross profit margin decreased to 24.3% in 2011 from 28.1% in 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 in 2011 were RMB139 million, representing an increase of RMB32 million as compared with RMB107 million in 2010.

Administrative expenses. Administrative expenses for the infrastructure design business in 2011 were RMB1,567 million, representing an increase of RMB221 million, or 16.4%, as compared with RMB1,346 million in 2010. Administrative expenses as a percentage of revenue decreased to 10.4% in 2011 from 11.9% in 2010.

Other income, net. Other net income for the infrastructure design business in 2011 was RMB49 million, as compared with RMB30 million in 2010.

Segment result. As a result of the above, segment result for the infrastructure design business in 2011 was RMB1,984 million, representing an increase of RMB243 million, or 14.0%, as compared with RMB1,741 million in 2010. Segment result margin decreased to 13.2% in 2011 from 15.5% in 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 years ended 31 December 2011 and 2010.

	Years ended 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Revenue	**32,321**	28,113
Cost of sales	**(27,773)**	(24,060)
Gross profit	**4,548**	4,053
Selling and marketing expenses	**(22)**	(37)
Administrative expenses	**(1,260)**	(1,047)
Other income, net	**434**	615
Segment result	**3,700**	3,584
Depreciation and amortisation	**1,246**	1,108

Revenue. Revenue from the dredging business in 2011 was RMB32,321 million, representing an increase of RMB4,208 million, or 15.0%, as compared with RMB28,113 million in 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 in 2011 was RMB37,539 million, representing an increase of RMB3,117 million, or 9.1%, as compared with RMB34,422 million in 2010.

Cost of sales and gross profit. Cost of sales for the dredging business in 2011 was RMB27,773 million, representing an increase of RMB3,713 million, or 15.4%, as compared with RMB24,060 million in 2010. Cost of sales as a percentage of revenue for the dredging business in 2011 was 85.9%, as compared with 85.6% in 2010.

Gross profit from the dredging business in 2011 was RMB4,548 million, representing an increase of RMB495 million or 12.2%, as compared with RMB4,053 million in 2010. Gross profit margin for the dredging business decreased slightly to 14.1% in 2011 from 14.4% in 2010, primarily attributable to the increased cost of certain projects.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2011 were RMB22 million, representing a decrease of RMB15 million from RMB37 million in 2010.

Administrative expenses. Administrative expenses for the dredging business in 2011 were RMB1,260 million, representing an increase of RMB213 million, or 20.3%, as compared with RMB1,047 million in 2010. Administrative expenses as a percentage of revenue slightly increased to 3.9% in 2011 from 3.7% in 2010.

Other income, net. Other net income for the dredging business in 2011 was RMB434 million, representing a decrease of RMB181 million from RMB615 million in 2010, primarily attributable to the fact that in 2010, certain subsidiaries disposed some available-for-sale financial assets at gain.

Segment result. As a result of the above, segment result for the dredging business in 2011 was RMB3,700 million, representing an increase of RMB116 million, or 3.2%, as compared with RMB3,584 million in 2010. Segment result margin decreased to 11.4% in 2011 from 12.7% in 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 years ended 31 December 2011 and 2010.

	Years ended 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Revenue	**20,166**	17,221
Cost of sales	**(19,110)**	(16,744)
Gross profit	**1,056**	477
Selling and marketing expenses	**(113)**	(107)
Administrative expenses	**(1,397)**	(1,100)
Other income/(expenses), net	**564**	(226)
Segment result	**110**	(956)
Depreciation and amortisation	**1,375**	1,342

Revenue. Revenue from the heavy machinery manufacturing business in 2011 was RMB20,166 million, representing an increase of RMB2,945 million, or 17.1%, as compared with RMB17,221 million in 2010. This increase was primarily attributable to the growing demand for offshore heavy machinery products and vessels, as well as the gradual recovery in global port machinery market. The value of new contracts entered into for the heavy machinery manufacturing business in 2011 was RMB26,668 million, representing an increase of RMB5,015 million, or 23.2%, as compared with RMB21,653 million in 2010.

Cost of sales and gross profit. Cost of sales for the heavy machinery manufacturing business in 2011 was RMB19,110 million, representing an increase of RMB2,366 million, or 14.1%, as compared with RMB16,744 million in 2010. Cost of sales as a percentage of revenue decreased to 94.8% in 2011 from 97.2% in 2010.

Gross profit from the heavy machinery manufacturing business in 2011 was RMB1,056 million, representing an increase of RMB579 million, or 121.4%, as compared with RMB477 million in 2010. Gross profit margin increased to 5.2% in 2011 from 2.8% in 2010. The increased gross profit margin was mainly attributable to the increased production, which led to the reduction in unit production costs, as well as that F&G's business had higher gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the heavy machinery manufacturing business in 2011 were RMB113 million, representing a increase of RMB6 million from RMB107 million in 2010.

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business in 2011 were RMB1,397 million, representing an increase of RMB297 million, or 27.0%, as compared with RMB1,100 million in 2010. Administrative expenses as a percentage of revenue for the heavy machinery manufacturing business was 6.9% in 2011, as compared with 6.4% in 2010, mainly due to increased expenses on research and development.

Other income/(expenses), net. Other net income for the heavy machinery manufacturing business in 2011 was RMB564 million, as compared with other net expense of RMB226 million in 2010, mainly due to gain from the disposal of equipments and properties.

Segment result. As a result of the above, segment result for the heavy machinery manufacturing business in 2011 was RMB110 million profit, as compared with operating loss of RMB956 million in 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 years ended 31 December 2011 and 2010.

	Years ended 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Revenue	**6,665**	7,329
Cost of sales	**(6,017)**	(6,651)
Gross profit	**648**	678

Revenue. Revenue from the other businesses in 2011 was RMB6,665 million, representing a decrease of RMB664 million, or 9.1%, as compared with RMB7,329 million in 2010, primarily attributable to lower revenue generated from freight forwarding services in our logistics business.

Cost of sales and gross profit. Cost of sales for the other businesses in 2011 was RMB6,017 million, representing a decrease of RMB634 million, or 9.5%, as compared with RMB6,651 million in 2010, also primarily attributable to the decrease in freight forwarding services in our logistics business. Cost of sales as a percentage of revenue slightly decreased from 90.7% in 2010 to 90.3% in 2011.

Gross profit from the other businesses in 2011 was RMB648 million, representing a decrease of RMB30 million, or 4.4%, as compared with RMB678 million in 2010. Gross profit margin increased to 9.7% in 2011 from 9.3% in 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 remaining of the Group's requirements primarily through borrowings. As at 31 December 2011, the Group had unutilised credit facilities in the amount of RMB193,259 million. The Group's access to financial markets since its public listing has provided additional financing flexibility. In March 2012, the Company successfully completed A-share initial public offering in Chinese domestic capital market and got listed in Shanghai Securities Exchange, which provides another financing platform for the Group.

Cash Flow Data

The following table presents selected cash flow data from the Group's consolidated cash flow statements for the years ended 31 December 2011 and 2010.

	Years ended 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Net cash generated from operating activities	**1,719**	15,508
Net cash used in investing activities	**(14,386)**	(15,376)
Net cash generated from financing activities	**19,143**	4,989
Net increase in cash and cash equivalents	**6,476**	5,121
Cash and cash equivalents at beginning of year	**38,826**	33,817
Exchange losses on cash and cash equivalents	**(181)**	(112)
Cash and cash equivalents at end of year	**45,121**	38,826

Cash flow from operating activities

During the year 2011, net cash generated from operating activities was RMB1,719 million as compared with RMB15,508 million in 2010, which is primarily attributable to changes in working capital, in particular, due to larger increase in contract work-in-progress. Contract work-in-progress increased by RMB10,581 million during 2011, as compared with the amount of increase of RMB147 million during 2010. Also, trade and other payables and trade and other receivables increased by RMB15,030 million and RMB19,662 million during 2011, as compared with the amount of increase of RMB27,094 million and RMB23,954 million during 2010.

Cash flow from investing activities

Net cash used in investing activities in 2011 was RMB14,386 million as compared with RMB15,376 million in 2010. The decrease of RMB990 million, or 6.4%, was primarily attributable to the decrease in purchases of property, plant and equipment, which was then offset by the increase in purchases of intangible assets.

In 2011, the Group's purchases of property, plant and equipment, amounted to RMB7,117 million, representing a decrease of RMB1,285 million from RMB8,402 million in 2010, mainly due to the decrease in purchases of property, plant and equipment in heavy machinery manufacturing business. Purchases of intangible assets in 2011 amounted to RMB8,034 million, representing an increase of RMB3,095 million from 2010, mainly due to the increase of investment in BOT projects.

Cash flow from financing activities

Net cash generated from financing activities in 2011 was RMB19,143 million, representing an increase of RMB14,154 million from RMB4,989 million in 2010, primarily attributable to the impact of the increase in proceeds from borrowings of RMB19,090 million, which was then partially offset by the increase in repayment of borrowings of RMB3,175 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 years ended 31 December 2011 and 2010.

	Years ended 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Infrastructure Construction Business	**13,967**	11,682
— BOT projects	**8,879**	5,132
Infrastructure Design Business	**293**	250
Dredging Business	**2,832**	3,052
Heavy Machinery Manufacturing Business	**896**	2,216
Other	**31**	49
Total	**18,019**	17,249

Capital expenditure in 2011 was RMB18,019 million, as compared with RMB17,249 million in 2010. The increase of RMB770 million or 4.5% was primarily attributable to the increase of capital expenditure in infrastructure construction business.

Working Capital

Trade and bills receivables and trade and bills payables

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

	Years ended 31 December	
	2011	2010
	(Number of days)	*(Number of days)*
Turnover of average trade and bills receivables[(1)]	**61**	57
Turnover of average trade and bills payables[(2)]	**119**	101

(1) 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) 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 31 December 2011 and 2010.

	As at 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Within 6 months	**42,297**	39,840
6 months to 1 year	**5,126**	5,122
1 year to 2 years	**3,959**	2,374
2 years to 3 years	**912**	1,051
Over 3 years	**1,050**	919
Total	**53,344**	49,306

The Group's credit terms with its customers for the year ended 31 December 2011 remained the same as that for 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 31 December 2011, the Group had a provision for impairment of RMB2,440 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 December 2011 and 2010.

	As at 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Within 1 year	**89,257**	74,455
1 year to 2 years	**5,118**	3,159
2 years to 3 years	**880**	710
Over 3 years	**430**	246
Total	**95,685**	78,570

The Group's credit terms with its suppliers for the year ended 31 December 2011 remained the same as that for 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 31 December 2011 and 2010.

	As at 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Current	**10,412**	7,344
Non-current	**15,755**	12,006
Total	**26,167**	19,350

Indebtedness

Borrowings

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

	As at 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Within 1 year	**54,289**	42,760
Between 1 year and 2 years	**9,386**	6,561
Between 2 years and 5 years	**19,273**	12,308
Wholly repayable within 5 years	**82,948**	61,629
Over 5 years	**23,097**	19,700
Total borrowings	**106,045**	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 31 December 2011 and 2010.

	As at 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Renminbi	**87,417**	64,061
U.S. dollar	**15,749**	15,706
Euro	**1,145**	153
Japanese yen	**865**	541
Hong Kong dollar	**785**	864
Others	**84**	4
Total borrowings	**106,045**	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 31 December 2011 was 42.9%, as 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 31 December	
	2011	2010
	(RMB million)	*(RMB million)*
Pending lawsuits[1]	**617**	510
Outstanding loan guarantees[2]	**268**	598
Total	**885**	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 resources is not probable. The Group does not include any pending lawsuit in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

(2) The Group has acted as the guarantor for various external borrowings made by certain jointly controlled entities of the Group and certain third party entities. As at 31 December 2011, the decrease in outstanding loan guarantees was mainly due to the fact that the Group was previously acted as the guarantor for a jointly controlled entity who had the outstanding loan of RMB330 million. The additional equity interest of the jointly controlled entity was acquired by the Group so it became a subsidiary of the Group in 2011.

Market Risks

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

Marco-economy Risk

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

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

Market Risk

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

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 31 December 2011, approximately RMB66,101 million (as at 31 December 2010: RMB44,519 million) of the Group's borrowings were at variable rates.

Foreign exchange risk

The Group's functional currency of 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, Euro, Hong Kong dollar and 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 U.S. dollar. As at 31 December 2011, Renminbi had appreciated by approximately 30% against 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 years ended 31 December 2011 and 2010, certain subsidiaries within the Group used foreign currency forward contracts for transactions with domestic and overseas banks, to hedge the Group's exposure to foreign currency risk on individual transactions primarily vis-à-vis U.S. dollar, Euro, Japanese Yen, and Korea Won.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the year ended 31 December 2011.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the ***Model Code***) contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ***Listing Rule***). The Company has made specific inquiry with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2011.

DISTRIBUTIONS AND DIVIDENDS

Pursuant to the resolution passed at the second Extraordinary General Meeting in 2011 in relation to the 2010 profit distribution and the pre-A share issuance accumulated profits, all shareholders prior to and post the A-share issuance shall share the accumulated profit after the 2010 profit distribution, as well as the distributable profit newly generated during the period from 1 January 2011 to the date of A share issuance.

For the year of 2011, net profit attributable to equity holders of the Company was RMB116,013 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and IFRS, whichever is lower. The Board has proposed a final cash dividend of RMB0.1794 (including tax) per share (totaling approximately RMB2,902 million which represents approximately 25% of above-mentioned net profit attributable to equity holders of the Company). The proposed dividend distribution will be distributed to all shareholders on the basis of total issued share capital of 16,174,735,425 shares after A Share issuance.

The proposed final dividends are subject to applicable tax, will be denominated and declared in Renminbi and will be paid to holders of H Shares in Hong Kong dollars. Further information regarding the exchange rate and the applicable tax will be disclosed by the Company in an separate announcement in due course.

ESTIMATED TOTAL AMOUNT OF DAY TO DAY RELATED PARTY TRANSACTION UNDER THE SHANGHAI STOCK EXCHANGE LISTING RULES

The A Shares of the Company have been listed on Shanghai Stock Exchange on 9 March 2012. According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the ***Shanghai Stock Exchange Listing Rules***), the listed issuer could, prior to its disclosure of the annual report for the previous year, estimate the total amount of day-to-day related party transaction (as defined under the Shanghai Stock Exchange Listing Rules) under each category for the current full year, submit the estimated total amount to the Board or shareholders' general meeting for consideration and approval.

As an Shanghai Stock Exchange listed issuer, the Company, in accordance with the Shanghai Stock Exchange Listing Rules estimates that the total amount of the related party transactions for the year of 2012 shall not exceed RMB3,740 million. The Company will closely monitor the respective related party transactions. If any related party transaction constitutes a connected transaction (as defined under the Hong Kong Listing Rules), and is subject to reporting, announcement or independent shareholders' approval requirements (as applicable), the Company will, as soon as possible after the terms of the respective connected transaction have been agreed, take immediate steps to ensure compliance with the Listing Rules.

FUTURE SHAREHOLDERS' RETURN PLAN AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As the A Shares of the Company were listed on Shanghai Stock Exchange on 9 March 2012, the Company, in order to comply with the relevant requirements of China Securities Regulatory Commission on increasing the shareholders' return of listed companies, setting up a clear profit distribution system as well as improving the transparency of dividend distribution, proposes to formulate the following policies on the distribution plan to Shareholders: provided that the distribution of shareholders' return will not affect the normal operations and business development of the Company, return to the Shareholders of the Company by way of cash dividend shall be given priority over other means of distribution. No less than 10% of the distributable profits for the year shall be distributed in cash. In the event that the Company experiences significant growth in its business, the Company may, in line with the actual operational conditions and to meet the requirement of cash dividend ratio principle, proposes to distribute its profits by way of share dividend or by a combination of cash dividend and share dividend.

As the year of 2011 to 2013 is an important period for the Company to achieve its leapfrog development, the Company shall, after making full provision to statutory reserve and surplus reserve, distribute to its Shareholders no less than 10% of the distributable profits realized for the year in cash. The Company may further propose share dividend while ensuring the full payment of cash dividend.

In line with the relevant requirements of China Securities Regulatory Commission and the above shareholders' return plan, the Board proposes to made certain amendments to the Articles to reflect the requirements and the Shareholders' return plan. The proposed Shareholders' return plan and the proposed amendments to the Articles are subject to Shareholders' approval at the AGM. For further details of the proposed Shareholders' return plan and the proposed amendments to the Articles, please refer to the Circular of Annual General Meeting, which will be despatched in due course.

AUDIT COMMITTEE

The members of the audit committee of the Company's Board include Liu Zhangmin, Lu Hongjun and Zou Qiao, and is chaired by Liu Zhangmin. The audit committee has reviewed the annual results of the Company.

ANNUAL GENERAL MEETING

The 2011 annual general meeting of the Company will be held on 6 June 2012 in Beijing, the PRC. For further details of the annual general meeting, please refer to the Notice of Annual General Meeting, which will be despatched in due course.

AUDITORS

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company were appointed as the international and domestic auditors of the Company for the year ended 31 December 2011, respectively. The financial figures above in respect of the announcement of the Group's annual results for the year ended 31 December 2011 (the "Announcement") have been agreed by the Company's international auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2011. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) For purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 7 May 2012 to 6 June 2012 (both days inclusive), during which time no share transfers will be registered. Instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 4 May 2012. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on 6 June 2012 are entitled to attend the AGM.

(ii) For purpose of ascertaining shareholder's entitlement to the proposed final dividend, the register of members of the Company will be closed from 12 June 2012 to 17 June 2012 (both days inclusive), during which time no share transfers will be registered. Instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at the address as set out in sub-paragraph (i) above, no later than 4:30 p.m. on Monday, 11 June 2012. Shareholders of the Company whose names appear on the register of members of the Company on 17 June 2012 are entitled to the final dividend.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be released on the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and on the website of the Company (www.ccccltd.cn).

The annual report of the Company for the year ended 31 December 2011 which contains all the information required by the Listing Rules including audited financial statements will be despatched to shareholders on or around 20 April 2012 and will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ccccltd.cn).

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

Beijing, the PRC
26 March 2012

As at the date of this announcement, the Directors of the Company 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*