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中國交通建設股份有限公司

CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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

(Stock Code: 1800)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

Revenue of the Group for the six months ended 30 June 2017 amounted to RMB189,280 million, representing an increase of RMB6,967 million, or 3.8%, from RMB182,313 million for the corresponding period of 2016.

Gross profit for the six months ended 30 June 2017 amounted to RMB25,348 million, representing an increase of RMB3,314 million, or 15.0%, from RMB22,034 million for the corresponding period of 2016.

Operating profit for the six months ended 30 June 2017 amounted to RMB14,650 million, representing an increase of RMB1,404 million, or 10.6%, from RMB13,246 million for the corresponding period of 2016.

Profit attributable to owners of the parent for the six months ended 30 June 2017 amounted to RMB7,868 million, representing an increase of RMB610 million, or 8.4%, from RMB7,258 million for the corresponding period of 2016.

Basic earnings per share for the six months ended 30 June 2017 amounted to RMB0.43, as compared with RMB0.40 for the corresponding period of 2016.

The value of new contracts for the six months ended 30 June 2017 amounted to RMB431,240 million, representing an increase of 52.0% from RMB283,795 million for the corresponding period of 2016.

As at 30 June 2017, the backlog for the Group amounted to RMB1,329,864 million, as compared with RMB1,099,752 million as at 31 December 2016.

Notes: (1) The interests of the medium term notes (issued by the Company on 18 December 2014) have been generated but not yet declared, and the preference shares (issued by the Company in September and October 2015) were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. As a result, a total interest/dividend of RMB868 million should be deducted from earnings when calculated the earnings per share during the six months ended 30 June 2017.

(2) Any discrepancies between the amounts herein and the amounts set out in the tables herein are due to rounding.

The Board (the "**Board**") of Directors (the "**Directors**", each a "**Director**") of China Communications Construction Company Limited (the "**Company**", "**CCCC**" or "**we**") is pleased to announce the unaudited condensed consolidated interim results of the Company and all of its subsidiaries (hereinafter collectively referred to as, the "**Group**", except where the context otherwise requires) prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the six months ended 30 June 2017 as follows.

CHAIRMAN'S STATEMENT

Facing the complicated and changeable situations at home and abroad in the first half of 2017, the Company advanced all kinds of work in a systematic and orderly manner by persisting on the overall keynote of seeking progress while maintaining stability, by satisfying the overall requirements of supply-side structural reform, and by speeding up reform and innovation, with the profitability and value-creating capability intensified continually.

In the first half of 2017, revenue of the Group was RMB189,280 million, representing a year-on-year increase of 3.8%; profit attributable to owners of the parent was RMB7,868 million, representing a year-on-year increase of 8.4%; and earnings per share was RMB0.43. New contracts amounted to RMB431,240 million, representing a year-on-year increase of 52.0%. As at 30 June 2017, the backlog of the Group amounted to RMB1,329,864 million, representing an increase of 20.9% compared with that as at the end of 2016.

As an important holding subsidiary of China Communications Construction Group (Limited) ("**CCCG**"), the Company's business performance played a decisive role in CCCG. In 2017, CCCG ranks the 103rd in the Fortune Global 500. In the Operating Results Assessment of State-owned Enterprises conducted by the SASAC, CCCG has been rated as a Grade A enterprise for twelve consecutive years. Meanwhile, CCCG has ranked the third in ENR's Top International Contractors and remained the first among the Chinese enterprises in the global ranking for eleven consecutive years.

In the first half of 2017, the Company achieved favourable production and operation results, with remarkable highlights shown. Firstly, the Company seized the opportunities from the national deployment of major plans and strategies to expand vigorously the market alongside the "One Belt, One Road" and the market in Central and Western China, fully coordinate the construction of Xiong'an New Area, positively promote the Yongding River Basin Harnessing Project, and strongly cultivate the rail transit, eco-environmental protection and overseas railway markets, thus achieving the sustainable expansion of market business regions and business fields, and contributing the rapid growth of business indicators. Secondly, the Company's major projects were advanced rapidly, including the pass-through of Hong Kong-Zhuhai-Macau Bridge, the opening to traffic of Kenya Mombasa-Nairobi Railway, and the full initiations of EPC Project of Malaysia East Coast Rail Link (Phase I), Third Runway of Hong Kong International Airport and BOT Project of Xinjiang Highway. Thirdly, by combining the pilot reform of CCCG as a state-owned asset investment company, the Company further gave prominence to the strengths of main businesses, and initiated the negotiated transfer of equity interests in Shanghai Zhenhua Heavy Industries Co., Ltd. ("**ZPMC**"), thus further enhancing our core competence.

No pain, no gain. The achievements in the first half of 2017 were hard-earned but inspiring, which not only enhanced our confidence and determination, but also laid a solid foundation for accomplishing our work tasks in the second half of 2017.

In the second half of 2017, the Company will continue to maintain strategic strength, enhance the overall planning and coordination while forging ahead, and will make all-out efforts to realize "stable growth" and "new breakthrough", get all kinds of reform tasks done steadfastly, and promote the sustainable and healthy development of our production and operation.

Firstly, reinforce the strengths of traditional market and continue enlarging the increments based on the annual business objectives. The Company will further dig out the potential opportunities of domestic market, particularly aim at the central and western markets, and aggressively engage in construction and development of urban agglomerations. The Company will deeply explore the market alongside the "One Belt, One Road", intensify the superiority as the "bellwether", and upgrade the overseas strategy.

Secondly, concentrate our efforts on operational excellence and quality and efficiency improvement to achieve substantial results. The Company will carry out the pressure and control of "two reserves" to ensure that the increase or decrease of trade and other receivables and amount due from contract customers is coordinated with the Company's business development, and reduce the occupation of funds. The Company will revitalise the stock assets, dispose of the inefficient and ineffective assets, and optimize the assets structure; strengthen the management and control over the interest-bearing liabilities, establish and use multiple financing channels, thus ensuring the annual interest-bearing liabilities to be controlled at a reasonable level; improve the cash flow position to make sure the annual operational net cash flow improved as compared to that of last year; reinforce operation management, intensify cost and expense control, improve practically the profitability of our main businesses, and tamp down the profit-making foundation.

Thirdly, deeply explore the reform potential to release system dividends and intensify development motivation. By virtue of the opportunity from the pilot reform of CCCG, the Company will promote the negotiated transfer of equity interests in ZPMC steadily, thus further highlighting the strengths of our main businesses; advance the reform in salary distribution system, and profoundly implement classified assessment and differentiated distribution according to the principle of "salary increases when profitability rises, salary decreases when profitability drops"; actively explore the implementation schemes for employee stock ownership, stock option incentive and equity dividend, and promote mixed ownership pilot reform in business segments or subsidiaries where conditions become mature.

Fourthly, continue strengthening risk prevention and control to reinforce various operating results. The Company will enhance the identification and warning of risk sources, attach great importance to compliance risk and safety risk, and focus on the control of overseas risk and financial risk, to prevent from any major risk or systematic risk; endeavour to prevent and control investment risk, reinforce control over project review, intensify compliance review and investment return, try to improve the professionalism and scientificness of investment decisions, particularly for PPP and other projects featured by large capital occupation scale and long payback period, enhance full-process management, greatly improve the operating capability, and optimize the exit mechanism, thus guaranteeing the investment safety and reasonable returns.

The work objectives have been set, the approaches have been defined and the confidences have been gathered in the second half of 2017. For this purpose, the management personnel at various levels and all employees of the Company will unite as one and act bravely to open a new epoch of reform and create opportunities for development with the winning courage, high morale and genuine effort, and spare no effort to accomplish the annual objectives and tasks satisfactorily.

BUSINESS OVERVIEW

In the first half of 2017, in terms of the domestic market, China's economy maintained the mid-to-high growth momentum, with the GDP growth rate at 6.9% on a year-on-year basis, showing the distinct signs of stabilization and recovery. The fixed-asset investment in infrastructure increased by 21.1% on a year-on-year basis, accounting for 21.2% of the national investment in fixed assets, representing the highest investment proportion since 2010, and once again making infrastructure investment become an important measure to stabilize China's economic growth. Wherein, the investment in the public facilities management industry increased by 25.4%, that in the road transportation industry increased by 23.2%, and that in the water conservancy management industry increased by 17.5%. The rapid increase in fixed assets investment in the aforesaid segment markets, on the one hand, reflected that the implementation and commencement speed of the contracted orders was accelerated, and on the other hand, it showed that the fixed assets investment highlighted by urban infrastructure construction and highway construction enjoyed high-speed growth, for which PPP mode, as a major form of participation of the social capital, played an important role in promoting the development of the aforesaid project fields. Meanwhile, the water transportation and railway construction markets remained running at high level, but the increment of investment was limited.

In terms of the international market, the global economy operated in slight fluctuations, while the fixed-asset investment in infrastructure rose steadily. The Company profoundly participated in the "One Belt, One Road" Summit Forum and the Global Infrastructure Investment and Construction Forum, firmly completed the major projects with satisfactory results, and continuously enhanced our comprehensive influence. In June, the EPC Project of Malaysia East Coast Rail Link (Phase I) exclusively undertaken by the Company was accelerated to enter into the implementation stage. This is another railway EPC project undertaken by the Company with the largest single amount, following the Kenya Mombasa-Nairobi Railway, which was open to traffic this May. It is not only the largest overseas project under construction undertaken by Chinese enterprises, but also the largest single project under the "One Belt, One Road" initiative, which will comprehensively promote the coordinated development of Malaysia's economy and society.

In the first half of 2017, revenue of the Group was RMB189,280 million, representing a year-on-year increase of 3.8%; and the value of new contracts amounted to RMB431,240 million, representing a year-on-year increase of 52.0%. As at 30 June 2017, the backlog of the Group amounted to RMB1,329,864 million, representing an increase of 20.9% as compared with that as at the end of 2016.

In the first half of 2017, revenue of the Group derived from overseas markets amounted to RMB41,174 million (equivalent to approximately USD6,078 million, including revenue realised from export trade of domestically manufactured industrial products and the same hereinafter), representing approximately 21.8% of the Group's revenue. The value of new contracts from overseas markets amounted to RMB140,252 million (equivalent to approximately USD21,120 million), representing approximately 32.5% of the Group's new contract value. According to statistics, as of 30 June 2017, the Company conducted businesses in 148 countries and regions, of which a total of 871 foreign contracting engineering projects were under construction, with the total value of contracts amounting to approximately USD101,100 million.

In the first half of 2017, the confirmed value of contracts from investment projects of the Group amounted to RMB40,258 million, accounting for approximately 9.3% of the value of new contracts of the Group. As categorized by business benefits, the value of new contracts in terms of BOT projects and government procurement projects amounted to RMB19,173 million and RMB21,085 million, respectively, representing 48% and 52% of the value of new contracts for investment projects, respectively. During the process of designing and implementing the foregoing projects, the value of construction and installation contracts to be undertaken by the Group is estimated to be RMB36,861 million.

I. BUSINESS REVIEW AND MARKET STRATEGIES

1. Infrastructure Construction Business

In the first half of 2017, revenue from the infrastructure construction business of the Group was RMB158,158 million, representing a year-on-year increase of 3.9%. The value of new contracts entered into by the Group amounted to RMB376,377 million, representing a year-on-year increase of 57.7%. Wherein, the value of new contracts in terms of port construction, road and bridge, railway construction, investment projects, municipal and environmental projects, etc. and overseas construction projects amounted to RMB13,813 million, RMB115,594 million, RMB4,376 million, RMB32,698 million, RMB77,093 million and RMB132,803 million, respectively, representing 4%, 31%, 1%, 9%, 20% and 35% of the value of new infrastructure construction contracts, respectively. As at 30 June 2017, the backlog was RMB1,180,943 million, representing an increase of 22.4% as compared with the backlog as at the end of 2016.

(1) Port Construction

In the first half of 2017, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB13,813 million, representing a year-on-year increase of 3.9%, and accounting for 4% of that of the infrastructure construction business.

In the first half of 2017, according to the data of fixed assets investment in coastal transportation construction published by the Ministry of Transport, the investment completed from January to June amounted to approximately RMB29,700 million, representing a year-on-year decrease of 11.9%.

In the first half of 2017, the investment in coastal port construction remained high, but the market continued shrinking. The Company noticed that the coastal port production recovered due to the stable and upward macro-economy, indicating that the port construction demands would be maintained at a higher level in a medium and long run. The Company will attach great importance to development opportunities brought by the "One Belt, One Road" Maritime Silk Road for coastal cities in provinces like Fujian, Zhejiang, Hebei and Liaoning, and further reinforce our traditional market shares.

In accordance with the *"Thirteenth Five-Year" Development Planning for Modern Comprehensive Transportation System and the Action Plan for Deepening the Supply-side Structural Reform in Water Transportation* issued by the State Council and the Ministry of Transport in this February and May, respectively, inland waterway transportation construction will enter into the critical stage. In the first half of 2017, despite the limited increment of inland waterway construction market, the planning market capacity is adequate, and the inland waterway transportation market is still expected to burst into new vitality within a certain period of time.

(2) Road and Bridge Construction

In the first half of 2017, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB115,594 million, representing a year-on-year increase of 80.7%, and accounting for 31% of that of the infrastructure construction business.

In the first half of 2017, according to the data of fixed assets investment in road transportation construction published by the Ministry of Transport, the investment completed from January to June amounted to approximately RMB897,600 million, representing a year-on-year increase of 28.9%, which was the first time to sustain high growth within six consecutive months since 2010. Some major projects in Beijing-Tianjin-Hebei Region, Yangtze River Economic Belt and western regions were commenced relatively intensively, and the hotspots of local regional construction emerged frequently.

According to the work deployment at the beginning of 2017, the Company has positively grasped the rebound opportunity of the highway construction market, seized time to organize the implementation of the contracted projects, expedited the implementation of high-quality projects by virtue of PPP mode, emphasized on and fostered highway maintenance market, and insisted on attaching the equal importance to overall planning and production operation.

(3) Railway Construction

In the first half of 2017, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB4,376 million, representing a year-on-year decrease of 68.0%, and accounting for 1% of that of the infrastructure construction business.

According to the data of fixed assets investment in railway transportation industry published by the National Railway Administration, the investment completed from January to June amounted to approximately RMB312,500 million, representing a year-on-year increase of 1.9%. The active growth momentum is reflected in the railway construction industry, but the incremental investment is limited in light of the fierce market competition.

(4) Investment Projects

In the first half of 2017, the confirmed value of contracts of the Group for investment projects in Mainland China infrastructure construction business amounted to RMB32,698 million, representing a year-on-year decrease of 21.2%, and accounting for 9% of that of the infrastructure construction business. During the process of designing and implementing the foregoing projects, the value of construction and installation contracts to be undertaken by the Group is estimated to be RMB30,763 million.

PPP mode is currently the major method for carrying out the investment projects in China. Among our infrastructure construction business, the confirmed value of contracts in terms of BOT projects and government procurement projects amounted to RMB19,173 million and RMB13,526 million, respectively, representing 59% and 41% of the confirmed value of contracts for infrastructure construction investment projects, respectively.

During the period of “Eleventh Five-Year Plan”, the Company commenced to dedicate to the development of investment projects aiming to obtain profits from investment activities other than from, among others, rational design and construction projects. As at 30 June 2017, according to statistics (the consolidated items contracted and financed by the Group, and the latest statistics shall prevail if there is any change), the total investment amount of the Group’s contracted BOT projects was estimated to be RMB273,874 million, wherein, the accumulative completed investment amounted to RMB165,893 million, and the uncompleted investment amounted to RMB107,981 million. The total investment value of government procurement projects entered into by the Group amounted to RMB282,883 million, wherein, the accumulative completed investment amounted to RMB94,895 million, with an investment amount of RMB67,134 million of projects having entered into the payback period and cumulatively RMB43,110 million having been recovered. The total investment amount of the Group’s urban comprehensive development projects was estimated to be RMB211,136 million, among which, RMB50,031 million having been completed cumulatively, RMB31,662 million sales amount having been realised and RMB22,966 million having been received by the Company.

In the first half of 2017, Chinese government consecutively issued relevant documents with respect to local government debt management and illegal financing of local government in the name of buying services, aiming at transforming the implicit guarantee by local government to the market-oriented operation of explicit guarantee, regulating the financing behaviour of local government, and controlling debt risks of local government. The aforesaid documents will alleviate the impetus of PPP to infrastructure construction in the short run, but in the long run, they can reasonably prevent the financing risks of local government, safeguard the legitimate interests of the social investment entities, making PPP the only compliant mode for the government’s infrastructure investment projects.

The Group has been engaged in the investment projects represented by PPP mode for ten years. Therefore, we’ve established and owned a precise compliance mechanism and risk control system integrating initiation, decision-making, investment, organization and implementation, operations and management of investment projects, and had a better comprehension and understanding of the market opportunities and law and policy environment. With rich PPP project reserves available, the Group has gradually developed into a partner to share the economic and social development responsibilities with the government, a participant to deeply involve in the regional economic development and a high-quality public service provider for government procurement.

In the second half of 2017, the Company will mainly focus on the following work in the field of investment projects: Firstly, the Company will concentrate the advantageous resources to deploy the key market regions and business fields, and adopt negative-list management on the market region, business field and project mode, with the precondition of satisfying the financial evaluation indicators. We will not only capture the opportunities to achieve greater development, but also sacrifice appropriately to mitigate risks. Secondly, the Company will further innovate upon the investment model, bring into full play the Company’s unique strengths in the industry end, capital end and business end, integrate internal and external resources, and enhance the Company’s market position via mode innovation. Thirdly, the Company will introduce various industry funds led by the governments by virtue of the capital market, and attract external funds by share participation with funds and financial leasing, so as to reduce the Company's capital contribution ratio and enhance our project operation capacity. Fourthly, the Company will revitalise the stock assets and realize rolling development of investment and payback by virtue of marketing approaches such as asset-backed securitisation. Based on the operation experience last year, the Company will initiate the equity listing-for-sale work for the BOT projects of three highways in the second half of 2017.

(5) Overseas Construction Projects

In the first half of 2017, the value of the new contracts for overseas construction projects of the infrastructure construction business entered into by the Group amounted to RMB132,803 million (equivalent to approximately USD19,998 million), representing a year-on-year increase of 59.4%, and accounting for 35% of the infrastructure construction business. Among which, 8 new projects were signed with each contract value over USD300 million and a total contract value of USD16,313 million, accounting for 82% in the value of all new contracts from overseas construction projects.

Categorised by project type, the value of overseas new infrastructure construction contracts for railways, roads and bridges, housing, ports, municipal, etc. accounted for 64%, 11%, 9%, 2% and 14% of the value of new contracts for overseas construction projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Southeast Asia, Africa, Oceania, Hong Kong/Macau/Taiwan, Latin America and Europe, etc. accounted for 62%, 16%, 13%, 8% and 1% of the value of new contracts for overseas construction projects, respectively.

Under the overall guidance of "One Body with Two Wings", the Company has actively expanded the overseas markets, efficiently advanced the implementation of major projects alongside the "One Belt, One Road" economic corridor, successfully entered into the new markets of Afghanistan, Ukraine and Honduras, and smoothly acquired Brazil's top one engineering design consulting company (Concremat Engenharia E Tecnologia S.A.), thus occupying the markets of 148 countries worldwide. In addition, John Holland, a company acquired by the Group in 2015, has been deeply cultivating the Australian market and won the bidding of several ultra-large projects in the first half of 2017, involving railways, roads, municipal, housing construction and other fields, with the total contract amount of USD2,547 million.

In May, the Company profoundly participated in the "One Belt, One Road" Summit Forum and the Global Infrastructure Investment and Construction Forum, firmly completed the major projects with satisfactory results, and continuously enhanced our comprehensive influence. In the first half of 2017, the contract value of the Company for overseas contracted projects in countries and regions concerning the "One Belt, One Road" amounted to USD15,300 million, with the total value of contracts signed for overseas contracted projects being approximately USD35,300 million.

In June, the EPC Project of Malaysia East Coast Rail Link (Phase I) exclusively undertaken by the Company was rapidly settled and formally commenced in August to enter into the implementation stage. The project is of great influence with the contract value of USD11,000 million, accounting for 55.0% of the overseas engineering contracts for infrastructure construction business. This is another railway EPC project undertaken by the Company with the largest single amount, following the Kenya Mombasa-Nairobi Railway, which was open to traffic this May. It is not only the largest overseas project under construction undertaken by Chinese enterprises, but also the embodiment of the concrete manifestation of stable and long-term development under the "One Belt, One Road" initiative. As Prime Minister Najib of Malaysia said at the commencement ceremony, this project can not only contribute 1.5% GDP growth to Malaysia, but also endow Malaysia with a more important geographical effect in Southeast Asia.

(6) Municipal and Environmental Projects, etc.

In the first half of 2017, the value of new contracts for municipal, environmental and other projects in Mainland China entered into by the Group reached RMB77,093 million, representing a year-on-year increase of 237.2%, and accounting for 20% of that of the infrastructure construction business.

According to the data of the National Bureau of Statistics, in the first half of 2017, the investment in public facilities management business grew by 25.4%, while the investment in water conservancy management business grew by 17.5%. According to market changes, the Company strengthened market development in the fields of municipal, rail transit, airport, comprehensive pipe gallery, etc. by virtue of PPP mode and the traditional market bidding and tendering method, and made the value of new contracts increase rapidly, which played a powerful role in market replenishment.

Meanwhile, in order to promote business transformation and upgrade, and effectively facilitate the new business development and market expansion, the Company accelerated the layout of emerging industries including eco-environmental protection, water environment treatment, etc., and proactively sought after the opportunity to engage in the licensed operation fields such as urban sewage treatment, garbage disposal, fuel gas, parking lot, etc., thus fostering the new growth points.

In the first half of 2017, the Company held a special meeting for mobilization and deployment of the "water environment treatment and sponge city construction" business. The development objectives, development conception and business layout were analysed and arranged at the meeting, with the expectations to create considerable business scale with the efforts of two to three years under the joint guarantee of system and mechanism, and make the business stronger, larger and better by firmly seizing the opportunity of business growth in "water environment treatment and sponge city construction".

2. Infrastructure Design Business

In the first half of 2017, revenue from the infrastructure design business of the Group was RMB10,040 million, representing a year-on-year increase of 0.7%. The value of new infrastructure design contracts entered into by the Group reached RMB16,024 million, representing a year-on-year increase of 37.7%. Wherein, the value of new contracts from overseas markets amounted to RMB2,041 million (equivalent to approximately USD307 million). As at 30 June 2017, the backlog amounted to RMB62,769 million, representing an increase of 10.5% as compared with the backlog as at the end of 2016.

Categorised by project type, the value of new contracts for survey and design, project supervision, EPC contracts and other projects amounted to RMB4,950 million, RMB378 million, RMB6,124 million and RMB4,572 million, respectively, representing 31%, 2%, 38% and 29% of the value of new infrastructure design contracts, respectively, as compared with 42%, 4%, 41% and 13%, respectively recorded for the corresponding period of 2016.

In the first half of 2017, the water transportation survey and design projects rebounded slightly, indicating that the port construction demands will be still maintained at a higher level in the short run, under the background of the stable and upward macro-economy as well as the overall recovery of coastal port production. The road and bridge survey and design projects levelled off that of the corresponding period of last year, indicating that the construction market will still be maintained at a higher investment level under the background of frequent regional construction hotspots. At the same time, the Company played the role as a design leader to vigorously expand the EPC projects at home and abroad, contributing to the remarkable increment of orders.

3. Dredging Business

In the first half of 2017, revenue from the dredging business of the Group was RMB14,740 million, representing a year-on-year increase of 18.9%. The value of new dredging contracts entered into by the Group reached RMB26,143 million, representing a year-on-year increase of 16.2%. Wherein, the value of new contracts from overseas markets amounted to RMB381 million (equivalent to approximately USD57 million), while the confirmed value of contracts from investment projects amounted to RMB5,959 million, with the value of construction and installation contracts to be undertaken by the Group being estimated to be RMB4,728 million. As at 30 June 2017, the backlog amounted to RMB61,309 million, representing an increase of 20.0% as compared with that as at the end of 2016.

In the first half of 2017, according to the vessel purchase plan, there was no new large vessel constructed with special purpose to serve in the Group's dredger fleets. As at 30 June 2017, the Group's dredging capacity amounted to approximately 780 million cubic meters under standard operating conditions.

In the first half of 2017, the Company reinforced market development of dredging business, leading to the steadily increasing in value of new contracts. Firstly, the Company actively paid attention to the market opportunities brought by strategies like Yangtze River Economic Belt and new urbanization, strengthened market cultivation and preliminary project tracking, and endeavoured to improve the bid-winning ability for large integrated general contracting projects by focusing on our principal business of traditional dredging. The

Company has maintained relatively steady market shares under the industry background of limited increment in domestic traditional market and less large-scale projects than those for the corresponding period of last year. Secondly, by the combination of investment and financing, the Company boosted to implement the A Section Project of Nan'an Cross-Straits Science and Technology Eco-City in Quanzhou, Fujian Province, and added new impetus to transformation, upgrading and steady growth. Thirdly, the Company steadily advanced the design and construction project of Colon Container Terminal in Panama, and as the first bid-winning infrastructure project for Chinese enterprises in Ukraine, it is of great significance to overseas strategy implementation. Fourthly, the Company comprehensively followed up the significant strategic projects including the comprehensive treatment and ecological restoration of the basin of Yongding River, comprehensive water environment treatment of Baiyangdian Lake, comprehensive treatment of Jinjiang River Basin and Tuojiang River Basin in Chengdu, etc., and attached great importance to environmental protection investment and financing projects of great social influence, such as comprehensive improvement of water systems in urban areas of Fuyang, comprehensive treatment along the banks of Yujiang River in Guigang, Guangxi Province, etc., which can create foreseeable economic and social benefits.

4. Heavy Machinery Manufacturing Business

In the first half of 2017, revenue from the heavy machinery manufacturing business of the Group was RMB11,429 million, representing a year-on-year decrease of 4.3%. The value of new contracts reached RMB9,937 million, representing a year-on-year increase of 16.4%. Wherein, the value of new contracts from overseas markets amounted to RMB4,853 million (equivalent to approximately USD731 million); the confirmed value of contracts from investment projects amounted to RMB1,600 million with the value of construction and installation contracts to be undertaken by the Group being estimated to be RMB1,370 million. As at 30 June 2017, the backlog was RMB21,374 million, representing a decrease of 7.5% as compared with that as at the end of 2016.

In the first half of 2017, the global economy operated in slight fluctuations, while the favourable market environment made the global port machinery market in relatively stable demands. In view of this, ZPMC occupied stable market shares by virtue of its powerful brand influence. Meanwhile, the global oil price fluctuations continued suffering from lots of uncertainties, leading to continual depression of the global offshore construction market, without any signs of recovery in the short term.

In order to intensify the Company's core competence and concentrate resources to develop the core infrastructure business, the Company has initiated the negotiated transfer of certain equity interests in ZPMC by combining the reform and deployment of the controlling Shareholders. After considered and passed at the Company's general meeting and approved by the state-owned assets supervision and administration authority, the transaction is expected to be completed within this year. Upon completion of the equity transfer, the Company will no longer act as the actual controller of ZPMC, while the gains from such transfer will mainly be used for development of our main businesses. In the first half of 2017, the value of new contracts signed by ZPMC amounted to RMB9,540 million, accounting for 96% of the heavy machinery manufacturing business segment. As at 30 June 2017, the backlog of ZPMC was RMB20,733 million, accounting for 97% of the heavy machinery manufacturing business segment.

II. SOME MAJOR CONTRACTS ENTERED INTO DURING THE REPORTING PERIOD
(UNIT: RMB MILLION)

1. Infrastructure Construction Business

Port Construction

No.	Contract Name	Contract Value
1	Dry Bulk Wharf Project Refinery & Petrochemical Integration Project in Zhoushan, Zhejiang Province	780
2	1#-2# Berths Project in Gulei Operation Zone, Gulei Port Area, Xiamen Port, Fujian Province	638
3	Wharf Water Works for 1#-4# Berths Transformation Project for Haixing Terminal, Mawan Port Area, Shenzhen Port	457
4	Water Works and Road & Rard Project for No. 1-2 Berths and Southern No. 1-3 Berths of Langen Operation Zone, East Port Area in Tieshan, Beihai Port, Guangxi Province	449
5	Section A of No. 5-6 Berths Project in Shihu Operation Zone, Quanzhou Port, Fujian Province	359

Road and Bridge Construction

No.	Contract Name	Contract Value
1	EPC Project of Tibet S5 Line (Lhasa-Tsetang Expressway) Tunnel Works	4,771
2	EPC Project of Luanchuan-Shuanglong Section of Zhengzhou-Xixia Highway in Henan Province	4,509
3	Section 1 of EPC Project of Longtang-Langtang Highway in Hunan Province	1,738
4	BKTJ-03 Section of Civil Works of Wenzhou Oujiang River North Estuary Bridge in Zhejiang Province	1,574
5	Reconstruction Project of Yongjia Zhangbao-Ouhai Tongling Section of National Highway 104, Wenzhou West Passing Highway (Lucheng Section)	1,533

Railway Construction

No.	Contract Name	Contract Value
1	East Ring Road Pre-station Project of New Chongqing Railway Hub	1,933
2	RLTJ-4 Section of Rizhao-Linyi Section of New South Shandong High Speed Railway	1,801
3	LZDQSG-1 Section of Wufengshan Yangtze River Super-Large Bridge Project of New Lianyungang-Zhenjiang Railway	200

Investment Projects

No.	Contract Name	Contract Value
1	Highway Project from Yulin, Guangxi Province to Zhanjiang, Guangdong Province(Guangdong Section)	10,886
2	Phase I of Xinjiang Urumchi Rail Transit Line 4 Project (Share Participation)	8,287
3	Traffic Infrastructure Project of Huai'an District in Huai'an City, Jiangsu Province	6,000
4	Municipal Infrastructure Project Tonghu Ecological Wisdom Area in Huizhou, Guangdong Province	3,735
5	Panggong Bridge Project in Xiangyang	907

Note: For all the new contracts of investment projects entered into in the first half of 2017, please refer to the "IV. MAJOR PRODUCTION AND OPERATIONAL DATA" in this section.

Municipal and Environmental Projects, etc.

No.	Contract Name	Contract Value
1	EPC Project of Landing Field Formation and Soft Foundation Treatment Engineering of the Third Runaway Expansion Project of Shenzhen Airport	4,322
2	Comprehensive Treatment Project of Reservoir Bank of the Yangtze River Main Stream in Badong County, Three Gorges Reservoir Region	2,099
3	EPC General Contracting Project of Tianjin Municipal Infrastructure Phase I and Auxiliary Works	1,795
4	EPC Project of Construction Engineering for Sponge City (Phase II) in Siping City, Jilin Province	1,457
5	EPC Project of Stadiums in Jinhai Lake New Area, Bijie, Guizhou Province	1,420

Overseas Projects

No.	Contract Name	Contract Value
1	EPC Project of Malaysia East Coast Rail Link (Phase I)	72,930
2	Operation Maintenance Project of Kenya Mombasa-Nairobi Railway	8,881
3	Management Zone Project of Hong Kong-Zhuhai-Macau Bridge Macau Port	7,886
4	Phase II of Tunnel and Platform Project of Sydney Metro	6,231
5	Comprehensive Renovation Project of Kalimba Coast in Luanda, Angola	4,583

2. Infrastructure Design Business

No.	Contract Name	Contract Value
1	EPC Project of Wharf and Drainage of Indonesia 2 × 1050MW Coal-fired Power Generation	1,407
2	EPC Project of Wangfujing Shopping Center in Changde City	1,300
3	EPC Project of Ro-Ro Wharf for Passenger and Cargo of Nanshan Operating Area, Xuwen Port Area in Zhanjiang Port, Guangdong Province	914
4	Offshore Terminal EPC Project of Refinery & Petrochemical Integration Project in Guangdong Province	306
5	EPC Project of Dalu Passenger Station Square and Supporting Infrastructure of Hohhot-Jungar-Erdos Railway	306

3. Dredging Business

No.	Contract Name	Contract Value
1	Section 2 of Sedimentation and Reclamation Project of Hengsha East Shore of the Yangtze River Estuary (Phase VIII)	4,181
2	PPP Project in Lot A of the Strait Science and Technology Ecological City of Nan'an in Quanzhou, Fujian Province	2,986
3	Section 1 of Reclamation Project of International Tourist Trade Zone of Sanya New Airport in Hainan Province	2,435
4	PPP Project of Yangminghu Municipal Highway and Pipe Network Construction in Changde City, Hunan Province	1,536
5	Section A of Maintenance Dredging for Yangtze River Estuary Channel from 2016 to 2018	1,448

4. Heavy Machinery Manufacturing Business

No.	Contract Name	Contract Value
1	PPP Project of Phase I of Yisuhe-Huashi Highway in Xiashesi Village of Xiangtan City, Hunan Province	1,600
2	Automatic Rail-mounted Gantry Crane Project of Yangshan, Shanghai Port	545
3	Rail-mounted Gantry Crane Project of Abu Dhabi, UAE	526
4	TEMA Port Quayside Container Cranes Project in Ghana	377
5	Quayside Container Cranes Project in Australia	313

III. BUSINESS PLAN

In the first half of 2017, according to statistics, the value of new contracts entered into by the Group amounted to RMB431,240 million, accomplishing 48% of our goal, which was in line with the Group's forecast. Revenue amounted to RMB189,280 million, accomplishing 42% of our goal, which was in line with the Group's forecast.

IV. MAJOR PRODUCTION AND OPERATIONAL DATA *(UNIT: RMB MILLION)*

1. Completed and Accepted Projects During the Reporting Period

Total quantity of projects	N/A
Total value of projects	80,273

		Quantity (Project)	Value
Categorised by region	Domestic	N/A	70,606
	Overseas	N/A	9,667
Categorised by business type	Infrastructure construction	287	61,444
	Infrastructure design	1,102	2,961
	Dredging	85	7,819
	Heavy machinery manufacturing	N/A	5,669
	Others	N/A	2,380

2. Projects Under Construction During the Reporting Period

Total quantity of projects	N/A
Total value of projects	2,875,290

		Quantity (Project)	Value
Categorised by region	Domestic	N/A	2,139,190
	Overseas	N/A	736,100
Categorised by business type	Infrastructure construction	6,704	2,497,757
	Infrastructure design	14,691	147,715
	Dredging	983	158,050
	Heavy machinery manufacturing	N/A	68,026
	Others	N/A	3,742

3. Investment Projects

(1) Investment Projects Newly Entered into in the First Half of 2017

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value Confirmed according to Shareholding Ratio	Expected Construction and Installation Cost	Construction Period (Year)	Operating Project or Not	Consolidated or Not	Toll Collection/ Operation/ Procurement Period (Year)
1	Highway Project from Yulin, Guangxi Province to Zhanjiang, Guangdong Province (Guangdong Section)	BOT	10,886	10,886	6,331	3	Yes	Not to be consolidated	30
2	Phase I of Xinjiang Urumchi Rail Transit Line 4 Project	BOT	16,249	8,287	8,478	5	Yes	No	30
3	Traffic Infrastructure Project of Huai'an District in Huai'an City, Jiangsu Province	PPP	6,000	6,000	4,769	2	No	Yes	8
4	Municipal Infrastructure Project Tonghu Ecological Wisdom Area in Huizhou, Guangdong Province	PPP	5,336	3,735	3,898	3	No	Yes	9
5	Lot A of the Strait Science and Technology Ecological City of Nan'an in Quanzhou, Fujian Province	PPP	3,413	2,986	2,277	3	No	Yes	7
6	Phase I of Yisuhe-Huashi Highway in Xiashesi Village of Xiangtan City, Hunan Province	PPP	2,000	1,600	1,370	3	No	Yes	12
7	Yangminghu Municipal Highway and Pipe Network Construction in Changde City, Hunan Province	PPP	1,920	1,536	1,067	2	No	Yes	13
8	Breakwater Extension and Wharf Construction Project of Integrated Port Area, Huanghua Port	PPP	2,521	1,437	1,384	3	No	Yes	15
9	Panggong Bridge Project in Xiangyang	PPP	1,134	907	808	3	No	Yes	12
10	Bridge and Wiring Project of S465 Luohu of Anqing, Anhui Province (Tongcheng Section)	PPP	578	520	401	2	No	Yes	10
11	Comprehensive Construction Project of Zijiang Characteristic Belt and Urban West Ring Line in Yiyang, Hunan Province	PPP	5,150	515	4,000	5	No	Yes	17
12	Jurong Provincial Highway 243 Qiantang Roundabout Reconstruction & Nanmen Fast Track Construction and Western Trunk Road (National Highway 104-Provincial Highway Section) Construction Project	PPP	602	482	602	2	No	Yes	5
13	PPP Project of Nanxun Bridge Reconstruction and National Highway 318 Landscaping	PPP	444	444	364	2	No	Yes	8
14	Road Project of Bingjiang, Heshan City	PPP	440	440	358	2	No	Yes	10
15	Ecological Rehabilitation and Municipal Road Project of Ledong Wetland in Hainan Province	PPP	451	271	347	1	No	Yes	15
16	Hancheng General Airport Project in Shaanxi Province	PPP	322	182	180	2	No	Yes	8
17	Comprehensive Passenger Wharf Project of Minjiang Mawei-Taiwan	PPP	303	30	227	1	No	No	10
Total			**57,749**	**40,258**	**36,861**				

(2) Concession Projects under Development

No.	Project Name	Total Investment Budget Estimate	Contract Value Confirmed according to Shareholding Ratio	Investment Amount in 2017	Accumulated Investment Value
1	Taihangshan Highway Project in Hebei	47,000	14,570	–	Share participation
2	New Songming-Kunming Highway, Xuanwei-Qujing Highway, and Mengzi-Wenshan-Yanshan Highway in Yunnan	33,027	27,413	2,458	28,354
3	Lianzhou-Fogang Highway in Guangdong	23,106	23,106	19	19
4	Guigang-Long'an Highway in Guangxi	19,021	19,021	1,137	3,237
5	G569 Beishan-Xianmisi First-class Highway Project in Gansu	18,700	To be adjusted	Construction not yet commenced	Construction not yet commenced
6	PPP Project of Phase I of Xinjiang Urumchi Rail Transit Line 4	16,249	8,287	–	Share participation
7	BOT Project of Highway from Yulin, Guangxi Province to Zhanjiang, Guangdong Province (Guangdong Section)	10,886	To be adjusted	–	Intended for share participation
8	Libo-Rongjiang Highway Project in Guizhou	10,480	6,288	–	Share participation
9	Hechang Section of Sanhuan Highway in Chongqing	10,077	5,139	1,189	2,264
10	Yulin-Zhanjiang Highway (Guangxi Section) Project in Guangxi	7,016	7,016	–	112
11	Comprehensive Underground Pipe Gallery Project in Siping, Liaoning	6,367	1,273	–	Share participation
12	G575 Highway Project in Xinjiang	6,017	6,017	437	1,077
13	Jiulongpo-Yongchuan Highway in Chongqing	5,353	5,353	1,051	4,134
14	Dunkou Yangtze River Bridge Project in Wuhan, Hubei	5,225	5,225	835	3,849
15	Weng'an-Machangping Railway Project in Guizhou	4,993	949	–	Share participation
16	Quanzhou-Xiamen-Zhangzhou City Alliance Quanzhou Section Project in Fujian	4,708	4,708	983	983
17	Tongren-Huaihua Highway Project (Tongren Section) in Guizhou	4,022	2,048	–	Share participation
18	Wuhan-Shenzhen Highway Jiayu North Section Project in Hubei	3,802	3,802	–	13
19	Relocation Project of National Highway 107 Guandu Yellow River Bridge	3,460	1,695	–	Share participation

No.	Project Name	Total Investment Budget Estimate	Contract Value Confirmed according to Shareholding Ratio	Investment Amount in 2017	Accumulated Investment Value
20	Qingxi Bridge and Connecting Line in Guangdong	2,827	2,827	340	1,592
21	Comprehensive Pipe Gallery Project in Urban Centre of Chifeng, Inner Mongolia	2,337	1,869	359	359
22	Malong Connecting Line of Xuanwei-Qujing Highway in Yunnan	2,315	1,922	1,367	1,367
23	Tramway Demonstration Line Project in Sanya, Hainan	1,431	652	117	117
24	Wharf and Auxiliary Project of Quanhui Petrochemical Industrial Zone in Fujian (Part of the Project)	1,242	1,242	758	758
25	Comprehensive Underground Pipe Gallery Project in Sanya, Hainan	1,099	604	134	134
26	National Highway 108 Yumenkou Yellow River Bridge Project	850	595	287	287
Total		**251,610**	**151,621**	**11,471**	**48,656**

(3) Concession Projects in Operation Period

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Year	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
1	Daozhen-Weng'an Highway in Guizhou	25,309	214	30	1.5
2	Jiangkou-Weng'an Highway in Guizhou	16,003	342	30	1.5
3	Yanhe-Dejiang Highway in Guizhou	10,664	50	30	1.5
4	Guiyang-Qianxi Highway in Guizhou	9,051	198	30	1
5	Guiyang-Weng'an Highway in Guizhou	8,629	205	30	1.5
6	Hubei Jiatong Section of Wuhan-Shenzhen Highway in Hubei	8,432	26	30	0.8
7	Zhongxian-Wanzhou Highway in Chongqing	7,409	21	30	0.5
8	Guizhou-Douyun Highway in Guizhou	7,467	367	30	6.5
9	Yongchuan-Jiangjin Highway in Chongqing	5,982	30	30	2.5
10	Yulin-Jiaxian Highway in Shaanxi	5,917	91	30	3.5
11	South-North Highway in Jamaica	4,740	77	50	1.5
12	Xianning-Tongshan Highway in Hubei	3,101	40	30	3.5
13	Yicheng-Houma Highway in Shanxi	2,398	43	30	9.5
14	Tongcheng-Jieshang Highway in Hubei	1,548	11	30	2.8
15	Qingshuihe-Dafanpu Section of National Highway 109 in Inner Mongolia Autonomous Region	587	7	26	8.2
16	Fengdu-Zhongxian Highway in Chongqing	Share participation	–	30	0.5
17	Youyang-Yanhe Highway in Chongqing	Share participation	–	30	1
18	Wangjiang-Qianjiang Highway in Anhui	Share participation	–	25	1.5
19	Tongliang-Yongchuan Highway in Chongqing	Share participation	–	30	1.7
20	Chongqing Wanzhou-Sichuan Dazhou & Wanzhou – Hubei Lichuan Highway	Share participation	–	30	2.5
21	Tongliang-Hechuan Highway in Chongqing	Share participation	–	30	2.5
22	Fengdu-Fuling Highway in Chongqing	Share participation	–	30	3.5
23	Fengdu-Shizhu Highway in Chongqing	Share participation	–	30	3.5
24	Foshan-Guangming Highway in Guangdong	Share participation	–	27	8
Total		**117,237**	**1,722**		

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview

For the six months ended 30 June 2017, revenue of the Group amounted to RMB189,280 million, representing an increase of 3.8% from RMB182,313 million in the corresponding period of 2016. Among which, revenue derived from overseas markets amounted to RMB41,174 million (equivalent to approximately USD6,078 million, including revenue realised from export trade of domestically manufactured industrial products and the same hereinafter), representing a year-on-year increase of 4.3%, and accounting for 21.8% of the Group's revenue. The value of the Group's new contracts for the six months ended 30 June 2017 was RMB431,240 million, representing an increase of 52.0% over the corresponding period of 2016. Among which, the value of new contracts from overseas markets amounted to RMB140,252 million (equivalent to approximately USD21,120 million), representing a year-on-year increase of 57.1%, and accounting for 32.5% of the Group's new contract value.

Gross profit for the six months ended 30 June 2017 amounted to RMB25,348 million, representing an increase of RMB3,314 million, or 15.0%, from RMB22,034 million in the corresponding period of 2016.

Mainly as a result of the growth in gross profit, operating profit for the six months ended 30 June 2017 amounted to RMB14,650 million, representing an increase of RMB1,404 million, or 10.6%, from RMB13,246 million in the corresponding period of 2016.

For the six months ended 30 June 2017, profit attributable to owners of the parent amounted to RMB7,868 million, representing an increase of RMB610 million, or 8.4%, from RMB7,258 million in the corresponding period of 2016. For the six months ended 30 June 2017, earnings per share of the Group was RMB0.43, compared with RMB0.40 in the corresponding period of 2016.

The following is a comparison of financial results between the six months ended 30 June 2017 and 2016.

Consolidated Results of Operations

Revenue

Revenue for the six months ended 30 June 2017 increased by 3.8% to RMB189,280 million, from RMB182,313 million in the corresponding period of 2016. The growth was attributable to the increase in the revenues from the infrastructure construction business, infrastructure design business, dredging business and other businesses, amounting to RMB5,875 million, RMB67 million, RMB2,347 million and RMB882 million (all before elimination of inter-segment transactions), respectively, representing a growth rate of 3.9%, 0.7%, 18.9% and 36.0%, respectively, over the corresponding period of 2016. Meanwhile, revenue from heavy machinery manufacturing business decreased by RMB509 million (before elimination of inter-segment transactions), representing a decline rate of 4.3%, from the corresponding period of 2016.

Cost of Sales and Gross Profit

Cost of sales for the six months ended 30 June 2017 amounted to RMB163,932 million, representing an increase of RMB3,653 million, or 2.3%, from RMB160,279 million in the corresponding period of 2016. Increases in cost of sales from the infrastructure construction business, dredging business, and other businesses amounted to RMB3,475 million, RMB1,977 million and RMB921 million (all before elimination of inter-segment transactions), respectively, representing a growth rate of 2.6%, 18.7% and 44.8%, respectively, over the corresponding period of 2016. Meanwhile, for the six months ended 30 June 2017, cost of sales from infrastructure design business and heavy machinery manufacturing business decreased by RMB26 million and RMB394 million (both before elimination of inter-segment transactions), or 0.3% and 3.8%, respectively, from the corresponding period of 2016.

Cost of sales consisted mainly of cost of subcontracting costs, raw materials and consumables used, employee benefit expenses and minimum lease payments under operating leases. For the six months ended 30 June 2017, cost of raw materials and consumables used and employee benefit expenses increased by 7.7% and 1.2%, respectively, and subcontracting costs decreased by 5.9%.

Gross profit for the six months ended 30 June 2017 amounted to RMB25,348 million, representing an increase of RMB3,314 million, or 15.0%, from RMB22,034 million in the corresponding period of 2016. Gross profit from infrastructure construction business, infrastructure design business and dredging business increased by 14.1%, 4.8% and 20.1%, respectively, from the corresponding period of 2016; while the gross profit from heavy machinery manufacturing business and other businesses decreased by 7.1% and 9.9%, respectively, from the corresponding period of 2016. Gross profit margin increased to 13.4% for the six months ended 30 June 2017 from 12.1% in the corresponding period of 2016. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other businesses were 12.3%, 20.3%, 15.0%, 13.2% and 10.6%, respectively, as compared with 11.2%, 19.5%, 14.8%, 13.6% and 16.0% in the corresponding period of 2016.

Other Income

Other income for the six months ended 30 June 2017 amounted to RMB1,830 million, representing a decrease of RMB72 million, or 3.8%, from RMB1,902 million in the corresponding period of 2016.

Other Gains, Net

Other gains, net for the six months ended 30 June 2017 amounted to RMB705 million, representing an increase of RMB557 million, or 376.4%, from RMB148 million in the corresponding period of 2016. The increase was mainly due to a gain from the change of an interest in an associate to available-for-sale investment as a result of the loss of significant influence in the associate, as well as gains on disposal of available-for-sale investments.

Administrative Expenses

Administrative expenses for the six months ended 30 June 2017 amounted to RMB12,212 million, representing an increase of RMB2,165 million, or 21.5%, from RMB10,047 million in the corresponding period of 2016. The increase was mainly due to increase in research and development costs.

Operating Profit

Operating profit for the six months ended 30 June 2017 amounted to RMB14,650 million, representing an increase of RMB1,404 million, or 10.6%, from RMB13,246 million in the corresponding period of 2016.

For the six months ended 30 June 2017, operating profit from the infrastructure construction business, heavy machinery manufacturing business and other businesses increased by RMB883 million, RMB55 million and RMB276 million (all before elimination of inter-segment transactions and unallocated costs), representing a growth rate of 8.3%, 7.2% and 520.8%, respectively, over the corresponding period of 2016; while operating profit from infrastructure design business and dredging business decreased by RMB122 million and RMB80 million, or 11.1% and 6.3% (both before elimination of inter-segment transactions and unallocated costs), from the corresponding period of 2016. Operating profit margin increased to 7.7% for the six months ended 30 June 2017 from 7.3% for the corresponding period of 2016.

Finance Income

Finance income for the six months ended 30 June 2017 amounted to RMB1,570 million, representing a decrease of RMB199 million, or 11.2%, from RMB1,769 million in the corresponding period of 2016.

Finance Costs, net

Net finance costs for the six months ended 30 June 2017 amounted to RMB5,212 million, representing a slight decrease of RMB79 million, or 1.5%, from RMB5,291 million in the corresponding period of 2016.

Share of Profits/Losses of Joint ventures

Share of losses of joint ventures for the six months ended 30 June 2017 amounted to RMB174 million, compared with the share of the profits of joint ventures of RMB12 million in the corresponding period of 2016. The increase in losses was mainly due to the loss of control of a loss-making subsidiary in the second half of 2016.

Share of Profits/Losses of Associates

Share of the profits of associates for the six months ended 30 June 2017 amounted to RMB36 million, compared with the share of the losses of associates of RMB51 million in the corresponding period of 2016.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax for the six months ended 30 June 2017 amounted to RMB10,870 million, representing an increase of RMB1,185 million, or 12.2%, from RMB9,685 million in the corresponding period of 2016.

Income Tax Expense

Income tax expense for the six months ended 30 June 2017 amounted to RMB2,685 million, representing an increase of RMB412 million, or 18.1%, from RMB2,273 million in the corresponding period of 2016. Effective tax rate for the Group for the six months ended 30 June 2017 was 24.7%, as compared with 23.5% in the corresponding period of 2016.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests for the six months ended 30 June 2017 amounted to RMB317 million, compared with the profit attributable to non-controlling interests of RMB154 million in the corresponding period of 2016.

Profit Attributable to Owners of the Parent

As a result of the foregoing factors, profit attributable to owners of the parent for the six months ended 30 June 2017 amounted to RMB7,868 million, representing an increase of RMB610 million, or 8.4%, from RMB7,258 million in the corresponding period of 2016.

Profit margin with respect to profit attributable to owners of the parent was 4.2% for the six months ended 30 June 2017, as compared with 4.0% in the corresponding period of 2016.

Discussion of Segment Operations

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the six months ended 30 June 2017 and 2016.

Business	Revenue Six months ended 30 June		Gross Profit Six months ended 30 June		Gross Profit Margin Six months ended 30 June		Operating Profit/(loss)[1] Six months ended 30 June		Operating Profit Margin Six months ended 30 June	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	(RMB million)	*(RMB million)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*
Infrastructure Construction	**158,158**	152,283	**19,469**	17,069	**12.3**	11.2	**11,562**	10,679	**7.3**	7.0
% of total	**80.0**	80.6	**76.0**	74.6			**77.7**	77.0		
Infrastructure Design	**10,040**	9,973	**2,042**	1,949	**20.3**	19.5	**975**	1,097	**9.7**	11.0
% of total	**5.1**	5.3	**8.0**	8.5			**6.6**	7.9		
Dredging	**14,740**	12,393	**2,208**	1,838	**15.0**	14.8	**1,195**	1,275	**8.1**	10.3
% of total	**7.4**	6.5	**8.7**	8.1			**8.0**	9.2		
Heavy Machinery Manufacturing	**11,429**	11,938	**1,507**	1,622	**13.2**	13.6	**824**	769	**7.2**	6.4
% of total	**5.8**	6.3	**5.9**	7.1			**5.5**	5.5		
Other businesses	**3,331**	2,449	**353**	392	**10.6**	16.0	**329**	53	**9.9**	2.2
% of total	**1.7**	1.3	**1.4**	1.7			**2.2**	0.4		
Subtotal	**197,698**	189,036	**25,579**	22,870			**14,885**	13,873		
Intersegment elimination and unallocated profit/(costs)	**(8,418)**	(6,723)	**(231)**	(836)			**(235)**	(627)		
Total	**189,280**	182,313	**25,348**	22,034	**13.4**	12.1	**14,650**	13,246	**7.7**	7.3

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

Infrastructure Construction Business

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

The following table sets out the principal profit and loss information for the infrastructure construction business for the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**158,158**	152,283
Cost of sales	**(138,689)**	(135,214)
Gross profit	**19,469**	17,069
Selling and marketing expenses	**(99)**	(109)
Administrative expenses	**(8,663)**	(6,795)
Other income, net	**855**	514
Segment result	**11,562**	10,679
Depreciation and amortisation	**3,360**	3,147

Revenue. Revenue from the infrastructure construction business for the six months ended 30 June 2017 was RMB158,158 million, representing an increase of RMB5,875 million, or 3.9%, as compared with RMB152,283 million in the corresponding period of 2016, mainly due to that certain overseas projects and investment projects have not entered into the peak period of construction and thus have not made more contribution to revenue. The value of new contracts entered into for the infrastructure construction business for the six months ended 30 June 2017 was RMB376,377 million, representing an increase of RMB137,750 million, or 57.7%, compared with RMB238,627 million in the corresponding period of 2016. No single project accounted for more than 5% of the Group's total revenue for the six months ended 30 June 2017 or 2016.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business for the six months ended 30 June 2017 was RMB138,689 million, representing an increase of RMB3,475 million, or 2.6%, as compared with RMB135,214 million in the corresponding period of 2016. Cost of sales as a percentage of revenue decreased to 87.7% for the six months ended 30 June 2017 from 88.8% in the corresponding period of 2016.

Gross profit from the infrastructure construction business for the six months ended 30 June 2017 grew by RMB2,400 million, or 14.1%, to RMB19,469 million from RMB17,069 million in the corresponding period of 2016. Gross profit margin increased to 12.3% for the six months ended 30 June 2017 from 11.2% in the corresponding period of 2016, primarily attributable to the revenue generated from certain overseas projects and investment projects that has relatively higher gross profit margin as well as the impact of the replacement of business tax with value-added tax.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business for the six months ended 30 June 2017 were RMB99 million, representing a decrease of RMB10 million as compared with RMB109 million in the corresponding period of 2016.

Administrative expenses. Administrative expenses for the infrastructure construction business for the six months ended 30 June 2017 were RMB8,663 million, representing an increase of RMB1,868 million, or 27.5%, as compared with RMB6,795 million in the corresponding period of 2016, mainly attributable to the increase in cost of research and development. The growth rate of administrative expenses was higher than that of revenue during the first six months of 2017, as a result, administrative expenses as a percentage of revenue increased to 5.5% for the six months ended 30 June 2017 from 4.5% in the corresponding period of 2016.

Other income, net. Other net income for the infrastructure construction business was RMB855 million for the six months ended 30 June 2017, representing an increase of RMB341 million, or 66.3%, as compared with other net income of RMB514 million in the corresponding period of 2016, mainly attributable to the gains from the disposal of certain associates and dividend income.

Segment result. As a result of the above, segment result for the infrastructure construction business for the six months ended 30 June 2017 was RMB11,562 million, representing an increase of RMB883 million, or 8.3%, as compared with RMB10,679 million in the corresponding period of 2016. Segment result margin increased to 7.3% for the six months ended 30 June 2017 from 7.0% in the corresponding period of 2016.

Infrastructure Design Business

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

The following table sets out the principal profit and loss information for infrastructure design business for the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**10,040**	9,973
Cost of sales	**(7,998)**	(8,024)
Gross profit	**2,042**	1,949
Selling and marketing expenses	**(135)**	(108)
Administrative expenses	**(942)**	(804)
Other income, net	**10**	60
Segment result	**975**	1,097
Depreciation and amortisation	**118**	107

Revenue. Revenue from the infrastructure design business for the six months ended 30 June 2017 was RMB10,040 million, representing an increase of RMB67 million, or 0.7%, as compared with RMB9,973 million in the corresponding period of 2016. The value of new contracts entered into for the infrastructure design business for the six months ended 30 June 2017 was RMB16,024 million, representing an increase of RMB4,386 million, or 37.7%, as compared with RMB11,638 million in the corresponding period of 2016.

Cost of sales and gross profit. Cost of sales for the infrastructure design business for the six months ended 30 June 2017 was RMB7,998 million, representing a decrease of RMB26 million, or 0.3%, as compared with RMB8,024 million in the corresponding period of 2016. Cost of sales as a percentage of revenue slightly decreased to 79.7% for the six months ended 30 June 2017 from 80.5% in the corresponding period of 2016.

Gross profit from the infrastructure design business for the six months ended 30 June 2017 was RMB2,042 million, representing an increase of RMB93 million, or 4.8%, as compared with RMB1,949 million in the corresponding period of 2016. Gross profit margin slightly increased to 20.3% for the six months ended 30 June 2017 from 19.5% in the corresponding period of 2016.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business for the six months ended 30 June 2017 were RMB135 million, representing an increase of RMB27 million as compared with RMB108 million in the corresponding period of 2016.

Administrative expenses. Administrative expenses for the infrastructure design business for the six months ended 30 June 2017 were RMB942 million, representing an increase of RMB138 million, or 17.2%, as compared with RMB804 million in the corresponding period of 2016, mainly attributable to the increase in cost of research and development. Administrative expenses as a percentage of revenue increased to 9.4% for the six months ended 30 June 2017 from 8.1% in the corresponding period of 2016.

Other income, net. Other net income for the infrastructure design business for the six months ended 30 June 2017 was RMB10 million, as compared with other net income of RMB60 million in the corresponding period of 2016.

Segment result. As a result of the above, segment result for the infrastructure design business for the six months ended 30 June 2017 was RMB975 million, representing a decrease of RMB122 million, or 11.1%, as compared with RMB1,097 million in the corresponding period of 2016. Segment result margin decreased to 9.7% for the six months ended 30 June 2017 from 11.0% in the corresponding period of 2016.

Dredging Business

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

The following table sets out the principal profit and loss information for the dredging business for the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**14,740**	12,393
Cost of sales	**(12,532)**	(10,555)
Gross profit	**2,208**	1,838
Selling and marketing expenses	**(26)**	(18)
Administrative expenses	**(1,221)**	(805)
Other income, net	**234**	260
Segment result	**1,195**	1,275
Depreciation and amortisation	**560**	465

Revenue. Revenue from the dredging business for the six months ended 30 June 2017 was RMB14,740 million, representing an increase of RMB2,347 million, or 18.9%, as compared with RMB12,393 million in the corresponding period of 2016, primarily attributable to increasing dredging activities associated with certain projects. The value of new contracts entered into for the dredging business for the six months ended 30 June 2017 was RMB26,143 million, representing an increase of RMB3,647 million, or 16.2%, as compared with RMB22,496 million in the corresponding period of 2016.

Cost of sales and gross profit. Cost of sales for the dredging business for the six months ended 30 June 2017 was RMB12,532 million, representing an increase of RMB1,977 million, or 18.7%, as compared with RMB10,555 million in the corresponding period of 2016. Cost of sales as a percentage of revenue for the dredging business for the six months ended 30 June 2017 was 85.0%, as compared with 85.2% in the corresponding period of 2016.

Gross profit from the dredging business for the six months ended 30 June 2017 was RMB2,208 million, representing an increase of RMB370 million or 20.1%, as compared with RMB1,838 million in the corresponding period of 2016. Gross profit margin for the dredging business increased to 15.0% for the six months ended 30 June 2017 from 14.8% in the corresponding period of 2016.

Selling and marketing expenses. Selling and marketing expenses for the dredging business for the six months ended 30 June 2017 were RMB26 million, as compared with RMB18 million in the corresponding period of 2016.

Administrative expenses. Administrative expenses for the dredging business for the six months ended 30 June 2017 were RMB1,221 million, representing an increase of RMB416 million, or 51.7%, as compared with RMB805 million in the corresponding period of 2016, mainly attributable to the increase in cost of research and development. Administrative expenses as a percentage of revenue increased to 8.3% for the six months ended 30 June 2017, from 6.5% in the corresponding period of 2016.

Other income, net. Other net income for the dredging business for the six months ended 30 June 2017 was RMB234 million, representing a decrease of RMB26 million from that of RMB260 million in the corresponding period of 2016.

Segment result. As a result of the above, segment result for the dredging business for the six months ended 30 June 2017 was RMB1,195 million, representing a decrease of RMB80 million, or 6.3%, as compared with RMB1,275 million in the corresponding period of 2016. Segment result margin decreased to 8.1% for the six months ended 30 June 2017 from 10.3% in the corresponding period of 2016.

Heavy Machinery Manufacturing Business

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

The following table sets out the principal profit and loss information for the heavy machinery manufacturing business for the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**11,429**	11,938
Cost of sales	**(9,922)**	(10,316)
Gross profit	**1,507**	1,622
Selling and marketing expenses	**(99)**	(73)
Administrative expenses	**(954)**	(912)
Other income, net	**370**	132
Segment result	**824**	769
Depreciation and amortisation	**677**	681

Revenue. Revenue from the heavy machinery manufacturing business for the six months ended 30 June 2017 was RMB11,429 million, representing a decrease of RMB509 million, or 4.3%, as compared with RMB11,938 million in the corresponding period of 2016. The value of new contracts entered into for the heavy machinery manufacturing business for the six months ended 30 June 2017 was RMB9,937 million, representing an increase of RMB1,398 million, or 16.4%, compared with RMB8,539 million in the corresponding period of 2016.

Cost of sales and gross profit. Cost of sales for the heavy machinery manufacturing business for the six months ended 30 June 2017 was RMB9,922 million, representing a decrease of RMB394 million, or 3.8%, as compared with RMB10,316 million in the corresponding period of 2016. Cost of sales as a percentage of revenue slightly increased to 86.8% for the six months ended 30 June 2017 from 86.4% in the corresponding period of 2016.

Gross profit from the heavy machinery manufacturing business for the six months ended 30 June 2017 was RMB1,507 million, representing a decrease of RMB115 million, or 7.1%, as compared with RMB1,622 million in the corresponding period of 2016. Gross profit margin slightly decreased to 13.2% for the six months ended 30 June 2017 from 13.6% in the corresponding period of 2016.

Selling and marketing expenses. Selling and marketing expenses for the heavy machinery manufacturing business for the six months ended 30 June 2017 were RMB99 million, representing an increase of RMB26 million from RMB73 million in the corresponding period of 2016.

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business for the six months ended 30 June 2017 were RMB954 million, representing an increase of RMB42 million, or 4.6%, as compared with RMB912 million in the corresponding period of 2016. Administrative expenses as a percentage of revenue for the heavy machinery manufacturing business increased to 8.3% for the six months ended 30 June 2017, from 7.6% in the corresponding period of 2016.

Other income, net. Other net income for the heavy machinery manufacturing business for the six months ended 30 June 2017 was RMB370 million, representing an increase of RMB238 million from RMB132 million in the corresponding period of 2016, which was mainly attributable to a gain from the change of an interest in an associate to available-for-sale investment as a result of the loss of significant influence in the associate.

Segment result. As a result of the above, segment result for the heavy machinery manufacturing business for the six months ended 30 June 2017 was RMB824 million, representing an increase of RMB55 million, or 7.2%, as compared with RMB769 million in the corresponding period of 2016. Segment result margin increased to 7.2% for the six months ended 30 June 2017 from 6.4% in the corresponding period of 2016.

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**3,331**	2,449
Cost of sales	**(2,978)**	(2,057)
Gross profit	**353**	392

Revenue. Revenue from the other businesses for the six months ended 30 June 2017 was RMB3,331 million, representing an increase of RMB882 million, or 36.0%, as compared with RMB2,449 million in the corresponding period of 2016, mainly due to the increase of trading business in the six months ended 30 June 2017.

Cost of sales and gross profit. Cost of sales for the other businesses for the six months ended 30 June 2017 was RMB2,978 million, representing an increase of RMB921 million, or 44.8%, as compared with RMB2,057 million in the corresponding period of 2016. Cost of sales as a percentage of revenue increased to 89.4% for the six months ended 30 June 2017 from 84.0% in the corresponding period 2016.

Gross profit from the other businesses for the six months ended 30 June 2017 was RMB353 million, representing a decrease of RMB39 million, or 9.9%, as compared with RMB392 million in the corresponding period of 2016. Gross profit margin decreased to 10.6% for the six months ended 30 June 2017 from 16.0% in the corresponding period of 2016.

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 we receive payment from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 30 June 2017, the Group had unutilized credit facilities in the amount of approximately RMB760,000 million. The Group's access to financial markets of both Hong Kong and Shanghai has provided additional financing flexibility.

Cash Flow Data

The following table presents selected cash flow data from the Company's consolidated interim cash flow statements for the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(RMB million)	*(RMB million)*
Net cash used in operating activities	**(2,088)**	(15,583)
Net cash used in investing activities	**(20,166)**	(23,961)
Net cash generated from financing activities	**14,505**	25,622
Net (decrease)/increase in cash and cash equivalents	**(7,749)**	(13,922)
Cash and cash equivalents at beginning of period	**108,720**	94,960
Exchange (losses)/gains on cash and cash equivalents	**(363)**	295
Cash and cash equivalents at end of period	**100,608**	81,333

Cash flow from operating activities

During the six months ended 30 June 2017, net cash used in operating activities dropped to RMB2,088 million from RMB15,583 million in the corresponding period of 2016, which was primarily attributable to the advance payment of certain large projects.

Cash flow from investing activities

Net cash used in investing activities for the six months ended 30 June 2017 was RMB20,166 million as compared with RMB23,961 million in the corresponding period of 2016. For the six months ended 30 June 2017, purchases of items of property, plant and equipment increased to RMB5,305 million from RMB4,610 million in the corresponding period of 2016. Purchases of intangible assets decreased to RMB9,966 million from RMB16,970 million in the corresponding period of 2016, mainly attributable to lower contribution from certain BOT projects. Purchases of other financial assets at fair value through profit or loss increased to RMB2,700 million from RMB1 million in the corresponding period of 2016, due to the purchase of wealth management products.

Cash flow from financing activities

Net cash generated from financing activities for the six months ended 30 June 2017 was RMB14,505 million, representing a decrease of RMB11,117 million from RMB25,622 million in the corresponding period of 2016, primarily due to reduced net borrowing activities.

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipment and vessels, and the building of plants. The following table set forth the Group's capital expenditure by business for the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(RMB million)	*(RMB million)*
Infrastructure Construction Business	**17,686**	21,548
– BOT projects	**11,812**	16,737
Infrastructure Design Business	**138**	154
Dredging Business	**612**	535
Heavy Machinery Manufacturing Business	**543**	539
Other Businesses	**309**	49
Total	**19,288**	22,825

Capital expenditure for the six months ended 30 June 2017 was RMB19,288 million, compared with RMB22,825 million in the corresponding period of 2016. The decrease of RMB3,537 million or 15.5% was primarily attributable to the decrease of capital expenditure in BOT projects of infrastructure construction business.

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the six months ended 30 June 2017 and the year ended 31 December 2016.

	As at	
	Six months ended 30 June 2017	Twelve months ended 31 December 2016
	(Number of days)	*(Number of days)*
Turnover of average trade and bills receivables[1]	**81**	62
Turnover of average trade and bills payables[2]	**208**	169

(1) For the six months ended 30 June 2017, average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the six-month period plus trade and bills receivables net of provisions at the end of the six-month period divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 180. For the twelve months ended 31 December 2016, average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.

(2) For the six months ended 30 June 2017, average trade and bills payables equals trade and bills payables at the beginning of the six-month period plus trade and bills payables at the end of the six-month period divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 180. For the twelve months ended 31 December 2016, average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

The following table sets forth an ageing analysis of trade and bills receivables net of impairment, as at 30 June 2017 and 31 December 2016.

	As at	
	30 June 2017	31 December 2016
	(RMB million)	*(RMB million)*
Less than 6 months	**45,689**	64,139
6 months to 1 year	**26,310**	5,864
1 year to 2 years	**9,436**	7,977
2 years to 3 years	**4,210**	2,942
Over 3 years	**1,401**	2,267
Total	**87,046**	83,189

The Group's credit terms with its customers for the six months ended 30 June 2017 remained the same as that in the year ended 31 December 2016. Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 30 June 2017, the Group had a provision for impairment of RMB10,660 million, as compared with RMB9,882 million as at 31 December 2016.

The following table sets forth an ageing analysis of trade and bills payables as at 30 June 2017 and 31 December 2016.

	As at	
	30 June 2017	31 December 2016
	(RMB million)	*(RMB million)*
Within 1 year	**177,490**	173,832
1 year to 2 years	**7,859**	8,713
2 years to 3 years	**2,858**	3,176
Over 3 years	**2,489**	2,073
Total	**190,696**	187,794

The Group's credit terms with its suppliers for the six months ended 30 June 2017 remained the same as that in the year ended 31 December 2016. 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.

Retention receivables

The following table sets forth the carrying amounts of the retention receivables as at 30 June 2017 and 31 December 2016.

	As at	
	30 June 2017	31 December 2016
	(RMB million)	*(RMB million)*
Current	**27,836**	28,325
Non-current	**28,236**	27,437
Total	**56,072**	55,762

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 30 June 2017 and 31 December 2016.

	As at	
	30 June 2017	31 December 2016
	(RMB million)	*(RMB million)*
Within 1 year	**106,363**	99,484
Between 1 year and 2 years	**34,254**	27,213
Between 2 years and 5 years	**38,329**	43,465
Over 5 years	**113,231**	103,318
Total borrowings	**292,177**	273,480

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Hong Kong dollars and Japanese Yen. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 30 June 2017 and 31 December 2016.

	As at	
	30 June 2017	31 December 2016
	(RMB million)	*(RMB million)*
Renminbi	**266,098**	248,589
U.S. dollar	**17,315**	18,207
Japanese Yen	**3,868**	3,208
Euro	**2,675**	2,256
Hong Kong dollar	**1,656**	787
Others	**565**	433
Total borrowings	**292,177**	273,480

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 30 June 2017 was 49.6%, compared with 46.9% as at 31 December 2016. The increase of gearing ratio was primarily due to the increase in borrowings.

Contingent Liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business to the extent as below:

	As at	
	30 June 2017	31 December 2016
	(RMB million)	*(RMB million)*
Pending lawsuits[(1)]	**4,349**	4,173
Outstanding loan guarantees[(2)]	**1,539**	1,293
Total	**5,888**	5,455

(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 the 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.

A subsidiary of the Company was involved in a product quality dispute arising from the ordinary course of the business in a prior year. In September 2014, the contractor instituted a proceeding against the subsidiary to claim a compensation for breach of contract arising from related product quality totalling GBP250 million (equivalent to approximately RMB2,204 million). In February and March, April and June 2016, a British High Court proceeded with the first court hearing in respect of the part of the responsibility of the case. The quantitative part of first court hearing had been held in May 2017 and both parties have given closing arguments in August 2017 in the United Kingdom. Currently the directors of the Company cannot reliably estimate the financial impact to the Group arising from the case.

In 2015, a subsidiary of the Company was involved in a construction contract dispute. In October 2015, a contractor has notified the subsidiary in writing to terminate the contract based on the serious delay in the project had fulfilled the contract cancellation terms, and drawdown an amount of USD45 million (equivalent to approximately RMB305 million) from a bank under a letter of performance guarantee of the subsidiary. In January 2016, the subsidiary applied to the London Court of International Arbitration for arbitration to claim for the refund of the above amount drawdown under a letter of performance guarantee, and compensation totalling USD224 million (equivalent to approximately RMB1,517 million) from the contractor. After the receipt of the subsidiary's arbitration application, the contractor filed a counterclaim arbitration against the subsidiary for compensation of USD182 million or USD213 million (equivalent to approximately RMB1,232 million or RMB1,442 million), depending on whether the contract will be continued or discontinued. Currently the arbitration court hearing has not yet commenced and the directors of the Company cannot reliably estimate the outcome of the arbitration and its consequential financial impact to the Group.

In 2017, a subsidiary of the Company was involved in a construction contract dispute arising from the ordinary course of the business. In March 2017, a contractor has raised an arbitration to terminate the contract based on the serious delay in the project had fulfilled the contract cancellation terms, and to claim back a project payment of USD27 million (equivalent to approximately RMB187 million). Currently the contractor and the Company are in the process of preparation of information relevant to the arbitration, and the directors of the Company cannot reliably estimate the financial impact to the Group arising from the case.

(2) The Group has acted as the guarantor for various external borrowings made by certain joint ventures and associates of the Group and a third party.

Market Risks

The Group is exposed to various types of market risks, including foreign currency risk, price risk and interest rate risk 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 140 countries and regions, with major overseas business in Africa, Southeast Asia, Oceania and South America. Due to various factors, the political and economic conditions in Africa and South Asia 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 30 June 2017, approximately RMB167,374 million (as at 31 December 2016: RMB150,979 million) of the Group's borrowings were at variable rates.

Foreign currency risk

The Group's functional currency of a majority of the entities within the Group is Renminbi with most of the Group's transactions settled in Renminbi. The Group uses, however, foreign currencies to settle the Group's invoices from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. In addition, the Group generates revenue from certain construction contracts denominated in foreign currencies and a significant proportion of the Group's bank borrowings are denominated in foreign currencies, particularly the U.S. dollar, the Japanese Yen and the Euro. Renminbi is not freely convertible into other foreign currencies and conversion of the Renminbi into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. In July 2005, the PRC government introduced a managed floating exchange rate system to allow Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2% against the U.S. dollar. As at 30 June 2017, Renminbi has appreciated by around 21.5% against the U.S. dollar since July 2005. The PRC government may in the future make further adjustments to the exchange rate system. When Renminbi appreciates, the value of foreign currency denominated assets will decline against Renminbi.

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

During the six month ended 30 June 2017 and the year ended 31 December 2016, certain subsidiaries within the Group used foreign currency forward contracts for transactions with domestic and overseas registered banks, to hedge the Group's exposure to foreign currency risk on individual transactions primarily vis-a-vis U.S. dollar, the Euro, and Japanese Yen.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position either as available-for-sale investments or other financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Subsequent Events

On 18 July 2017, the Company entered into the CCCC Equity Transfer Agreement with CCCG, pursuant to which the Company has conditionally agreed to sell and CCCG has conditionally agreed to acquire 552,686,146 ZPMC A shares, representing 12.59% of the total issued share capital of ZPMC. On the same date, Zhen Hua Engineering Company Limited (振華工程有限公司) ("**Zhen Hua HK**") and Zhen Hwa Harbour Construction Co. Ltd. (振華海灣工程有限公司) ("**Zhen Hwa Macao**") entered into the Zhen Hua HK Equity Transfer Agreement and the Zhen Hwa Macao Equity Transfer Agreement with CCCG (on behalf of the wholly-owned subsidiary intended to be set up overseas by CCCG (the "**CCCG intended subsidiary**")), pursuant to which Zhen Hua HK and Zhen Hwa Macao have conditionally agreed to sell, and the CCCG intended subsidiary has conditionally agreed to acquire 749,677,500 ZPMC B shares and 14,285,700 ZPMC B shares, representing 17.08% and 0.33% of the total issued share capital of ZPMC, respectively. The disposal shares in aggregate represent 29.99% of the total issued share capital of ZPMC. The transactions have yet to be completed and are subject to the independent shareholders' approval at the extraordinary general meeting to be held on 26 September 2017. Upon the completion of the proposed disposals, Zhen Hua HK and Zhen Hwa Macao will no longer hold any shares in ZPMC and the shares in ZPMC to be held by the Company will represent 16.24% of the issued share capital of ZPMC. As such, ZPMC will cease to be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Company. For details, please refer to the announcement dated 18 July 2017 and the circular dated 11 August 2017 of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June **2017** Unaudited *RMB million*	2016 Unaudited *RMB million*
Revenue	*4*	**189,280**	182,313
Cost of sales	*5*	**(163,932)**	(160,279)
Gross profit		**25,348**	22,034
Other income	*4*	**1,830**	1,902
Other gains, net	*4*	**705**	148
Selling and marketing expenses		**(396)**	(347)
Administrative expenses		**(12,212)**	(10,047)
Other expenses		**(625)**	(444)
Operating profit		**14,650**	13,246
Finance income	*6*	**1,570**	1,769
Finance costs, net	*7*	**(5,212)**	(5,291)
Share of profits and losses of:			
– Joint ventures		**(174)**	12
– Associates		**36**	(51)
Profit before tax	*5*	**10,870**	9,685
Income tax expense	*8*	**(2,685)**	(2,273)
Profit for the period		**8,185**	7,412
Attributable to:			
– Owners of the parent		**7,868**	7,258
– Non-controlling interests		**317**	154
		8,185	7,412
Earnings per share attributable to ordinary equity holders of the parent			
– Basic	*10*	**RMB0.43**	RMB0.40
– Diluted	*10*	**RMB0.43**	RMB0.40

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Profit for the period	**8,185**	7,412
Other comprehensive income		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:		
Actuarial gains/(losses) on retirement benefit obligations	**20**	(9)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:		
Changes in fair value of available-for-sale investments		
– Gains/(losses) arising during the period	**3,453**	(1,194)
– Release of investment revaluation reserve upon disposal of available-for-sale investments	**(108)**	(43)
Cash flow hedges	**2**	3
Share of other comprehensive income of joint ventures and associates	**(24)**	4
Exchange differences on translation of foreign operations	**(8)**	498
Other comprehensive income for the period, net of tax	**3,335**	(741)
Total comprehensive income for the period	**11,520**	6,671
Attributable to:		
– Owners of the parent	**11,202**	6,520
– Non-controlling interests	**318**	151
	11,520	6,671

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2017

	Notes	**30 June 2017 Unaudited** *RMB million*	31 December 2016 Audited *RMB million*
Non-current assets			
Property, plant and equipment		**67,412**	66,775
Investment properties		**2,287**	2,346
Prepaid land lease payments		**10,887**	10,676
Intangible assets		**155,322**	143,380
Investments in joint ventures		**7,330**	6,201
Investments in associates		**12,891**	12,550
Available-for-sale investments		**26,260**	21,679
Held-to-maturity investments		**235**	131
Trade and other receivables	*11*	**100,609**	95,558
Deferred tax assets		**4,644**	4,640
Total non-current assets		**387,877**	363,936
Current assets			
Inventories		**48,698**	45,554
Amounts due from contract customers		**109,252**	85,973
Trade and other receivables	*11*	**202,192**	190,485
Other financial assets at fair value through profit or loss		**2,884**	116
Derivative financial instruments		**384**	381
Restricted bank deposits and time deposits with an initial term of over three months		**5,706**	5,917
Cash and cash equivalents		**100,608**	108,720
Total current assets		**469,724**	437,146
Current liabilities			
Trade and other payables	*12*	**324,659**	292,990
Amounts due to contract customers		**24,374**	27,198
Tax payable		**3,175**	3,942
Derivative financial instruments		**8**	16
Interest-bearing bank and other borrowings		**106,363**	99,484
Retirement benefit obligations		**155**	155
Provisions		**–**	169
Total current liabilities		**458,734**	423,954
Net current assets		**10,990**	13,192
Total assets less current liabilities		**398,867**	377,128

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2017

	Notes	30 June 2017 Unaudited *RMB million*	31 December 2016 Audited *RMB million*
Total assets less current liabilities		**398,867**	377,128
Non-current liabilities			
Trade and other payables	*12*	**9,971**	9,454
Interest-bearing bank and other borrowings		**185,814**	173,996
Deferred income		**1,451**	1,317
Deferred tax liabilities		**5,260**	4,447
Retirement benefit obligations		**1,252**	1,344
Provisions		**347**	–
Total non-current liabilities		**204,095**	190,558
Net assets		**194,772**	186,570
Equity			
Equity attributable to owners of the parent			
Share capital		**16,175**	16,175
Share premium		**19,656**	19,656
Financial instruments classified as equity		**19,431**	19,431
Reserves		**112,609**	104,061
		167,871	159,323
Non-controlling interests		**26,901**	27,247
Total equity		**194,772**	186,570

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the parent							
	Share capital Unaudited *RMB million*	Share premium Unaudited *RMB million*	Financial instruments classified as equity Unaudited *RMB million*	Other reserve Unaudited *RMB million*	Retained earnings Unaudited *RMB million*	Total Unaudited *RMB million*	Non-controlling interests Unaudited *RMB million*	Total equity Unaudited *RMB million*
As at 1 January 2017	16,175	19,656	19,431	22,544	81,517	159,323	27,247	186,570
Profit for the period	–	–	–	–	7,868	7,868	317	8,185
Other comprehensive income for the period:								
Changes in fair value of available-for-sale investments, net of tax	–	–	–	3,446	–	3,446	7	3,453
Release of investment revaluation reserve upon disposal of available-for-sale investments, net of tax	–	–	–	(108)	–	(108)	–	(108)
Cash flow hedges, net of tax	–	–	–	2	–	2	–	2
Share of other comprehensive income of a joint venture	–	–	–	(23)	–	(23)	(1)	(24)
Actuarial losses on retirement benefit obligations, net of tax	–	–	–	20	–	20	–	20
Exchange differences on translation of foreign operations	–	–	–	(3)	–	(3)	(5)	(8)
Total comprehensive income for the period	–	–	–	3,334	7,868	11,202	318	11,520
Final 2016 dividend declared	–	–	–	–	(3,144)	(3,144)	–	(3,144)
Dividends on perpetual medium-term notes	–	–	–	–	(300)	(300)	(200)	(500)
Dividends on preference shares	–	–	–	–	(718)	(718)	–	(718)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(318)	(318)
Cash contribution	–	–	–	–	–	–	1,252	1,252
Transaction with non-controlling interests	–	–	–	1,508	–	1,508	(1,560)	(52)
Acquisition of a subsidiary	–	–	–	–	–	–	215	215
Disposal of subsidiaries	–	–	–	–	–	–	(54)	(54)
Transfer to safety production reserve	–	–	–	334	(334)	–	1	1
As at 30 June 2017	16,175	19,656	19,431	27,720	84,889	167,871	26,901	194,772

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2016

	Attributable to owners of the parent							
	Share capital Unaudited *RMB million*	Share premium Unaudited *RMB million*	Financial instruments classified as equity Unaudited *RMB million*	Other reserve Unaudited *RMB million*	Retained earnings Unaudited *RMB million*	Total Unaudited *RMB million*	Non-controlling interests Unaudited *RMB million*	Total equity Unaudited *RMB million*
As at 1 January 2016	16,175	19,656	19,431	21,935	69,527	146,724	22,282	169,006
Profit for the period	–	–	–	–	7,258	7,258	154	7,412
Other comprehensive income for the period:								
Changes in fair value of available-for-sale investments, net of tax	–	–	–	(1,182)	–	(1,182)	(12)	(1,194)
Release of investment revaluation reserve upon disposal of available-for-sale investments, net of tax	–	–	–	(43)	–	(43)	–	(43)
Cash flow hedges, net of tax	–	–	–	3	–	3	–	3
Share of other comprehensive income of joint ventures	–	–	–	4	–	4	–	4
Actuarial losses on retirement benefit obligations, net of tax	–	–	–	(9)	–	(9)	–	(9)
Exchange differences on translation of foreign operations	–	–	–	489	–	489	9	498
Total comprehensive income for the period	–	–	–	(738)	7,258	6,520	151	6,671
Final 2015 dividend declared	–	–	–	–	(3,079)	(3,079)	–	(3,079)
Dividends on perpetual medium-term notes	–	–	–	–	(300)	(300)	–	(300)
Dividends on preference shares	–	–	–	–	(718)	(718)	–	(718)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(216)	(216)
Capital contribution from non-controlling interests	–	–	–	–	–	–	1,707	1,707
Acquisition of a subsidiary	–	–	–	–	–	–	75	75
Disposal of subsidiaries	–	–	–	–	–	–	(88)	(88)
Transfer to safety production reserve	–	–	–	240	(240)	–	–	–
As at 30 June 2016	16,175	19,656	19,431	21,437	72,448	149,147	23,911	173,058

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Cash flows from operating activities		
Profit before tax	**10,870**	9,685
Adjustments for:		
– Depreciation of property, plant and equipment and investment properties	**4,165**	3,986
– Amortisation of intangible assets and prepaid land lease payments	**627**	517
– Gains on disposal of available-for-sale financial investments	**(245)**	(84)
– Gains on disposal of items of property, plant and equipment	**(36)**	–
– Gains on disposal of joint ventures and associates	**(418)**	(7)
– Gains on other financial assets at fair value through profit or loss	**(70)**	(39)
– Gains on derivative financial instruments	**(9)**	33
– Gains on disposal of other financial assets at fair value through profit or loss	**(2)**	–
– Dividend income on available-for-sale financial investments	**(557)**	(318)
– Investment income from held-to-maturity financial assets	**(8)**	(18)
– Share of losses of joint ventures and associates	**138**	39
– Write-down/(reversal) of provision against inventories	**104**	(35)
– Provision for foreseeable losses on construction contracts	**213**	336
– Provision for impairment of trade and other receivables	**844**	1,103
– Provision for impairment of concession assets	**101**	–
– Provision for impairment of available-for-sale investments	**13**	–
– Interest income	**(1,570)**	(1,769)
– Interest expenses	**5,180**	4,692
– Other income from investing activities	**(25)**	–
– Other gains from investing activities	**(31)**	–
– Net foreign exchange losses on borrowings	**(162)**	381
	19,122	18,502
Increase in inventories	**(3,214)**	(3,206)
Increase in amounts due from customers for contract work	**(23,279)**	(6,647)
Decrease/(increase) in restricted bank deposits	**523**	(168)
Increase in trade and other receivables	**(14,813)**	(14,020)
Decrease in amounts due to contract customers	**(2,824)**	(2,551)
Increase/(decrease) in trade and other payables	**24,667**	(5,627)
Decrease in retirement benefit obligations	**(85)**	(87)
Increase in provisions	**178**	42
Increase in deferred income	**134**	38
Cash generated from/(used in) operations	**409**	(13,724)
Interest income	**857**	1,419
Income tax paid	**(3,354)**	(3,278)
Net cash flows used in operating activities	**(2,088)**	(15,583)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(5,305)**	(4,610)
Additions to prepaid land lease payments	**(373)**	(145)
Purchases of intangible assets	**(9,966)**	(16,970)
Purchase of investment properties	**(24)**	–
Proceeds from disposal of items of property, plant and equipment	**199**	185
Proceeds from disposal of prepaid land lease payments	**–**	83
Proceeds from disposal of intangible assets	**1**	1
Additional investments in associates	**(1,674)**	(403)
Additional investments in joint ventures	**(184)**	(7)
Purchases of available-for-sale investments	**(793)**	(546)
Purchases of senior perpetual securities	**–**	(663)
Purchases of other financial assets at fair value through profit or loss	**(2,700)**	(1)
Proceeds from disposal of associates	**147**	–
Proceeds from disposal of joint ventures	**38**	–
Proceeds from disposal of available-for-sale investments	**315**	530
Proceeds from disposal of other financial assets at fair value through profit or loss	**2**	–
Proceeds from withdrawal upon maturity of held-to-maturity investments	**–**	18
Acquisition of subsidiaries	**(435)**	(77)
Disposal of subsidiaries	**–**	(127)
Loans to joint ventures, associates and a third party	**(4,368)**	–
Repayment of loans from joint ventures and associates	**3,269**	–
Advance receipt from non-controlling interests for transfer out shares in a subsidiary	**555**	–
Interest received	**737**	343
Changes in time deposits with an initial term of over three months	**(254)**	(2,625)
Receipt of government grants	**100**	724
Dividends received	**522**	329
Other income from investing activities	**25**	–
Net cash flows used in investing activities	**(20,166)**	(23,961)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Cash flows from financing activities		
Proceeds from bank and other borrowings	**73,913**	100,322
Repayments of bank and other borrowings	**(56,325)**	(70,770)
Interest paid	**(5,866)**	(4,281)
Changes in restricted bank deposits	**–**	(863)
Dividends paid to equity holders of the parent	**(275)**	(269)
Dividends paid to non-controlling interests of subsidiaries	**(216)**	(223)
Loans from parent company	**500**	–
Loans from non-controlling interests	**1,100**	–
Loans from joint ventures, associates and fellow subsidiaries	**422**	–
Capital contribution from non-controlling interests	**1,252**	1,706
Net cash flows from financing activities	**14,505**	25,622
Net decrease in cash and cash equivalents	**(7,749)**	(13,922)
Cash and cash equivalents at beginning of period	**108,720**	94,960
Effect of foreign exchange rate changes, net	**(363)**	295
Cash and cash equivalents at end of period	**100,608**	81,333

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim financial reporting". The interim condensed consolidated financial statements are presented in Renminbi ("**RMB**"), and all values are rounded to the nearest million except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The interim condensed consolidated financial statements are presented in Renminbi ("**RMB**"), and all values are rounded to the nearest million except when otherwise indicated.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of each amendment is described below:

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (CONTINUED)

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. The amendments have had no significant impact on the Group's financial statements.

Annual Improvements Cycle – 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has adopted the amendments retrospectively. As the disclosure requirements in IFRS 12 do not specifically apply to the interim condensed consolidated financial statements, the Group will disclose the required information in its annual consolidated financial statements for the year ended 31 December 2017.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IFRS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
Amendments to IFRS 1 include in *Annual Improvements 2014-2016 Cycle*	*First-time Adoption of International Financial Reporting Standards*[1]
Amendments to IAS 28 include in *Annual Improvements 2014-2016 Cycle*	*Investments in associates and Joint Ventures*[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

The final version of IFRS 9 brings together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. Amendments to IFRS 15 were issued to address the implement action issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

IFRS 16 replaces IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC- 15 *Operating Leases* – Incentives and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption.

3. OPERATING SEGMENT INFORMATION

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

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

(a) infrastructure construction of ports, roads, bridges and railways (the "**Construction Segment**");

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

(c) dredging (the "**Dredging Segment**");

(d) manufacture of heavy machinery (the "**Heavy Machinery Segment**"); and

(e) 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 interim condensed consolidated financial statements.

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

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

Segment assets consist primarily of property, plant and equipment, prepaid land lease payments, investment properties, intangible assets, inventories, receivables, amounts due from contract customers, and cash and cash equivalents. They exclude deferred taxation, investments, available-for-sale investments, held-to-maturity investments, financial assets at fair value through profit or loss, derivative financial instruments and the assets of headquarters of the Company and CCCC Finance Company Limited ("CCCC Finance").

Segment liabilities comprise primarily payables and amounts due to contract customers. They exclude taxation, borrowings and derivative financial instruments and the liabilities of headquarters the Company and CCCC Finance.

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2017 and other segment information included in the unaudited interim condensed consolidated financial statements are as follows:

	For the six months ended 30 June 2017						
	Construction Unaudited *RMB million*	Design Unaudited *RMB million*	Dredging Unaudited *RMB million*	Heavy Machinery Unaudited *RMB million*	Others Unaudited *RMB million*	Eliminations Unaudited *RMB million*	Total Unaudited *RMB million*
Total gross segment revenue	158,158	10,040	14,740	11,429	3,331	(8,418)	189,280
Inter-segment revenue	(5,457)	(1,364)	(867)	(167)	(563)	8,418	–
Revenue	152,701	8,676	13,873	11,262	2,768	–	189,280
Segment results	11,562	975	1,195	824	329	(352)	14,533
Unallocated income							117
Operating profit							14,650
Finance income							1,570
Finance costs, net							(5,212)
Share of loss of joint ventures							(174)
Share of profit of associates							36
Profit before income tax							10,870
Income tax expense							(2,685)
Profit for the period							8,185
Other segment information							
Depreciation	2,870	101	539	627	28	–	4,165
Amortisation	490	17	21	50	49	–	627
Write-down of provision against inventories	2	–	–	90	12	–	104
Provision for foreseeable losses on construction contracts	176	–	2	35	–	–	213
Provision for impairment of trade and other receivables	558	54	102	80	50	–	844
Provision for impairment of concession assets	101	–	–	–	–	–	101
Provision for impairment of available-for-sale investments	13	–	–	–	–	–	13
Capital expenditure	17,686	138	612	543	309	–	19,288

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2016 and other segment information included in the unaudited interim condensed consolidated financial statements are as follows:

	For the six months ended 30 June 2016						
	Construction Unaudited *RMB million*	Design Unaudited *RMB million*	Dredging Unaudited *RMB million*	Heavy Machinery Unaudited *RMB million*	Others Unaudited *RMB million*	Eliminations Unaudited *RMB million*	Total Unaudited *RMB million*
Total gross segment revenue	152,283	9,973	12,393	11,938	2,449	(6,723)	182,313
Inter-segment revenue	(2,109)	(1,140)	(1,944)	(855)	(675)	6,723	–
Revenue	150,174	8,833	10,449	11,083	1,774	–	182,313
Segment results	10,679	1,097	1,275	769	53	(771)	13,102
Unallocated income							144
Operating profit							13,246
Finance income							1,769
Finance costs, net							(5,291)
Share of profits of joint ventures							12
Share of losses of associates							(51)
Profit before income tax							9,685
Income tax expense							(2,273)
Profit for the period							7,412
Other segment information							
Depreciation	2,757	89	453	621	66	–	3,986
Amortisation	390	18	12	60	37	–	517
Reversal of provision against inventories	–	–	–	(35)	–	–	(35)
Provision for foreseeable losses on construction contracts	141	–	–	195	–	–	336
Provision for impairment of trade and other receivables	482	47	42	93	439	–	1,103
Capital expenditure	21,548	154	535	539	49	–	22,825

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

The segment assets and liabilities at 30 June 2017 are as follows:

	As at 30 June 2017						
	Construction	**Design**	**Dredging**	**Heavy Machinery**	**Others**	**Eliminations**	**Total**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Segment assets	**591,887**	**28,251**	**70,889**	**60,161**	**35,829**	**(33,984)**	**753,033**
Investments in joint ventures							**7,330**
Investments in associates							**12,891**
Unallocated assets							**84,347**
Total assets							**857,601**
Segment liabilities	**318,621**	**17,436**	**32,270**	**14,441**	**2,268**	**(36,712)**	**348,324**
Unallocated liabilities							**314,505**
Total liabilities							**662,829**

Segment assets and liabilities at 30 June 2017 are reconciled to entity assets and liabilities as follows:

	Assets	**Liabilities**
	Unaudited	**Unaudited**
	RMB million	***RMB million***
Segment assets/liabilities	**753,033**	**348,324**
Investments in joint ventures	**7,330**	**–**
Investments in associates	**12,891**	**–**
Unallocated:		
Deferred income tax assets/liabilities	**4,644**	**5,260**
Current income tax liabilities	**–**	**3,175**
Current borrowings	**–**	**106,363**
Non-current borrowings	**–**	**185,814**
Available-for-sale investments	**26,260**	**–**
Held-to-maturity investments	**235**	**–**
Other financial assets at fair value through profit or loss	**2,884**	**–**
Derivative financial instruments	**384**	**8**
Cash and other corporate assets/corporate liabilities	**49,940**	**13,885**
Total	**857,601**	**662,829**

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities at 31 December 2016 are as follows:

	As at 31 December 2016						
	Construction Audited *RMB million*	Design Audited *RMB million*	Dredging Audited *RMB million*	Heavy Machinery Audited *RMB million*	Others Audited *RMB million*	Eliminations Audited *RMB million*	Total Audited *RMB million*
Segment assets	533,411	25,606	65,878	58,884	33,327	(32,673)	684,433
Investments in joint ventures							6,201
Investments in associates							12,550
Unallocated assets							97,898
Total assets							801,082
Segment liabilities	291,024	18,284	28,919	15,049	1,303	(31,964)	322,615
Unallocated liabilities							291,897
Total liabilities							614,512

Segment assets and liabilities at 31 December 2016 are reconciled to entity assets and liabilities as follows:

	Assets Audited *RMB million*	Liabilities Audited *RMB million*
Segment assets/liabilities	684,433	322,615
Investments in joint ventures	6,201	–
Investments in associates	12,550	–
Unallocated:		
Deferred tax assets/liabilities	4,640	4,447
Tax payable	–	3,942
Current borrowings	–	99,484
Non-current borrowings	–	173,996
Available-for-sale investments	21,679	–
Held-to-maturity investments	131	–
Other financial assets at fair value through profit or loss	116	–
Derivative financial instruments	381	16
Cash and other corporate assets/corporate liabilities	70,951	10,012
Total	801,082	614,512

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Mainland China	**148,106**	142,852
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	**41,174**	39,461
	189,280	182,313

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

Revenue from the individual countries or regions other than the PRC was not material during the six months ended 30 June 2017 and 2016.

(b) Non-current assets

	30 June 2017	31 December 2016
	Unaudited	Audited
	RMB million	*RMB million*
Mainland China	**219,152**	206,746
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	**16,756**	16,431
	235,908	223,177

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

Non-current assets in the individual countries or regions other than the PRC are not material as at 30 June 2017 and 31 December 2016.

Information about a major customer

No revenue was derived from services or sales to a single customer accounted for 10% or more of the Group's revenue, including services or sales to a group of entities which are known to be under common control with that customer during the six months ended 30 June 2017 and 2016.

4. REVENUE, OTHER INCOME AND OTHER GAINS, NET

Revenue represents: (1) revenue from construction contracts; (2) the values of services rendered; (3) the net invoiced value of goods sold, after allowances for returns and trade discounts and excludes sales taxes and intra-group transactions.

An analysis of revenue, other income and other gains is as follows:

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Revenue		
Construction	**158,158**	152,283
Design	**10,040**	9,973
Dredging	**14,740**	12,393
Heavy Machinery	**11,429**	11,938
Others	**3,331**	2,449
Eliminations	**(8,418)**	(6,723)
	189,280	182,313
Other income		
Rental income	**273**	298
Dividend income on available-for-sale investments		
– Listed equity securities	**547**	313
– Unlisted equity investments	**10**	5
Government grants	**137**	276
Income from sale of waste and materials	**20**	279
Income from held-to-maturity financial assets	**8**	18
Others	**835**	713
	1,830	1,902
Other gains, net		
Gains on disposal of available-for-sale investments	**245**	84
Gains on disposal of items of property, plant and equipment	**36**	–
Gains on disposal of joint ventures and associates	**418**	7
Gains from other financial assets at fair value through profit or loss	**70**	39
Gains/(losses) on derivative financial instruments:		
– Foreign exchange forward contracts	**9**	(33)
Foreign exchange difference, net	**(106)**	51
Gains on disposal of other financial assets at fair value through profit or loss	**2**	–
Others	**31**	–
	705	148

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Raw materials and consumables used	**55,520**	51,557
Cost of goods sold	**2,124**	1,994
Subcontracting costs	**58,330**	61,966
Employee benefit expenses:		
– Salaries, wages and bonuses	**10,588**	9,542
– Pension costs – defined contribution plans	**1,562**	1,377
– Housing benefits	**807**	763
– Welfare, medical and other expenses	**6,315**	7,362
	19,272	19,044
Minimum lease payments under operating leases	**6,427**	6,050
Business tax and other transaction tax	**803**	617
Fuel	**1,910**	1,825
Research and development costs	**3,747**	2,312
Repair and maintenance expenses	**882**	713
Utilities	**599**	562
Depreciation of property, plant and equipment and investment properties	**4,165**	3,986
Amortisation of intangible assets	**502**	397
Amortisation of land lease payments	**125**	120
Write-down/(reversal) of provision against inventories	**104**	(35)
Provision for foreseeable losses on construction contracts	**213**	336
Provision for impairment of trade and other receivables	**844**	1,103
Provision for impairment of concession assets	**101**	–
Provision for impairment of available-for-sale investments	**13**	–

6. FINANCE INCOME

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Interest income:		
– Bank deposits	**472**	351
– Unwinding of discount of long-term receivables	**580**	1,022
– Others	**518**	396
	1,570	1,769

7. FINANCE COSTS, NET

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Total interest expense	**6,425**	6,428
Less: Interest capitalised (a)	**(1,245)**	(1,736)
Net interest expense	**5,180**	4,692
Net foreign exchange losses/(gains) on borrowings	**(162)**	381
Others	**194**	218
	5,212	5,291

(a) Interest capitalised

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Contract work-in-progress	**(103)**	(55)
Inventories	**(163)**	(242)
Concession assets	**(562)**	(996)
Construction-in-progress	**(31)**	(67)
Long-term receivables	**(386)**	(376)
	(1,245)	(1,736)

8. INCOME TAX

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% (2016: 25%) of the assessable income of each of these companies during the period as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries of the Company, which were exempted from tax or taxed at a preferential rate of 15% (2016: 15%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period.

Taxation for other companies of the Group has been calculated on the estimated assessable profit for the six months ended 30 June 2017 and 2016 at the appropriate rates of taxation prevailing in the jurisdictions in which these companies operate.

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

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB million	*RMB million*
Current income tax		
– PRC enterprise income tax	**2,040**	2,217
– Others	**547**	232
	2,587	2,449
Deferred income tax	**98**	(176)
Income tax expense	**2,685**	2,273

9. DIVIDENDS

A dividend in respect of the year ended 31 December 2016 of RMB0.19444 (including tax) per ordinary share, totalling RMB3,144 million was approved by the Company's shareholders in the annual general meeting on 16 June 2017.

The above approval has triggered the mandatory clauses about distribution of dividends relating to perpetual medium-term notes and preference shares issued by the Company, totalling RMB300 million and RMB718 million respectively.

No interim dividend for the six months ended 30 June 2017 was declared by the Board of Directors (six months ended 30 June 2016:nil).

10. EARNINGS PER SHARE

(a) Basic

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

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Profit attributable to ordinary equity holders of the parent *(RMB million)*	**7,868**	7,258
Less: Distribution relating to perpetual medium-term notes *(RMB million) (Note i)*	**(150)**	(150)
Distribution relating to preference share *(RMB million) (Note ii)*	**(718)**	(718)
Profit used to determine basic earnings per share *(RMB million)*	**7,000**	6,390
Weighted average number of ordinary shares in issue *(million)*	**16,175**	16,175
Basic earnings per share *(RMB per share)*	**0.43**	0.40

(i) The medium-term notes (the "**MTN**") issued by the Company on 18 December 2014 were classified as equity instruments with deferrable accumulative dividend distribution and payment. Dividend on the MTN which has been generated but not declared from 1 January 2017 to 30 June 2017 was deducted from earnings when calculating the earnings per share amount for the six months ended 30 June 2017.

(ii) The preference shares issued by the Company in September and October 2015 were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. Dividend of RMB718 million on the preference shares was deducted from earnings when calculating the earnings per share amount for the six months ended 30 June 2017.

(b) Diluted

The diluted earnings per share amount was the same as the basic earnings per share amount as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2017 and 2016.

11. TRADE AND OTHER RECEIVABLES

	30 June 2017 Unaudited ***RMB million***	31 December 2016 Audited *RMB million*
Trade and bills receivables *(Note a)*	**97,706**	93,071
Impairment	**(10,660)**	(9,882)
Trade and bills receivables – net	**87,046**	83,189
Prepayments	**23,075**	19,103
Retention money	**56,072**	55,762
Deposits	**22,695**	22,046
Other receivables	**30,003**	25,900
Long-term receivables	**83,910**	80,043
	302,801	286,043
Less: non-current portion		
– Retention money	**(28,236)**	(27,437)
– Deposits	**(1,217)**	(1,198)
– Long-term receivables	**(67,834)**	(65,732)
– Prepayments for equipment	**(3,322)**	(1,191)
	(100,609)	(95,558)
Current portion	**202,192**	190,485

(a) The majority of the Group's revenues are generated through construction, design, dredging and heavy machinery contracts and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

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

	30 June 2017 Unaudited ***RMB million***	31 December 2016 Audited *RMB million*
Within 6 months	**45,689**	64,139
6 months to 1 year	**26,310**	5,864
1 year to 2 years	**9,436**	7,977
2 years to 3 years	**4,210**	2,942
Over 3 years	**1,401**	2,267
	87,046	83,189

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) (continued)

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

	30 June 2017 Unaudited ***RMB million***	31 December 2016 Audited *RMB million*
At beginning of period/year	**9,882**	7,156
Impairment losses recognised	**1,802**	4,119
Amount written off as uncollectible	**(2)**	(21)
Impairment losses reversed	**(1,022)**	(1,372)
At the end of period/year	**10,660**	9,882

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of RMB3,193 million (31 December 2016: RMB3,383 million) with a carrying amount before provision of RMB9,247 million (31 December 2016: RMB5,983 million). The individually impaired trade and bills receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June 2017 Unaudited ***RMB million***	31 December 2016 Audited *RMB million*
Neither past due nor impaired	**34,576**	51,845
Less than 3 months past due	**9,781**	11,440
	44,357	63,285

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) As part of its normal business, the Group has entered into certain recourse and non-recourse factoring agreements with certain banks so as to obtain bank advances. As at 30 June 2017, the relevant outstanding trade receivables with recourse factoring clauses in the agreements, amounted to RMB888 million (31 December 2016: RMB612 million). In the opinion of the directors, such transactions did not qualify for derecognition of the relevant receivables and were accounted for as secured borrowings. In addition, as at 30 June 2017, outstanding trade receivables of RMB10,777 million (31 December 2016: RMB11,486 million) had been transferred to the banks in accordance with the relevant non-recourse factoring agreements, among which outstanding trade receivables of RMB8,995 million (31 December 2016: RMB9,056 million) were derecognised as the directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition of the relevant receivables whilst substantial risks and rewards of the other outstanding trade receivables of RMB1,782 million (31 December 2016: RMB2,430 million) have not been transferred and hence were not qualified for derecognition and the relevant transactions were accounted for as secured borrowings.

(c) At 30 June 2017, outstanding bills receivable acceptance notes of RMB402 million (31 December 2016: RMB808 million) were endorsed to suppliers, and RMB141 million (31 December 2016: RMB182 million) were discounted with banks. The relevant bills receivable were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with those bank acceptance notes have been transferred and therefore qualified for derecognition.

(d) Retentions receivable represented amounts due from customers upon completion of the free maintenance period of the construction work, which normally lasts from one to two years. Deposits represented tender and performance bonds due from customers. Long-term receivables represented amounts due from customers for “Build-Transfer” projects and certain construction works with payment periods over one year. As at 30 June 2017, retentions, deposits and long-term receivables of the Group totalling RMB157,981 million (31 December 2016: RMB153,714 million) were neither past due nor impaired, and RMB5,435 million (31 December 2016: RMB4,873 million) were past due/partially impaired with a provision of RMB739 million (31 December 2016: RMB736 million).

(e) At 30 June 2017, the relevant outstanding trade receivable were secured for the Group’s borrowing without factoring agreements were RMB1,203 million (31 December 2016:RMB2,719 million), long-term receivable were secured for the Group’s borrowing without factoring agreements were RMB10,404 million (31 December 2016:RMB8,203 million).

12. TRADE AND OTHER PAYABLES

	30 June 2017	31 December 2016
	Unaudited	Audited
	RMB million	*RMB million*
Trade and bills payables *(note a)*	**190,696**	187,794
Advances from customers	**79,442**	56,522
Deposits from suppliers	**16,730**	14,671
Retentions	**13,733**	13,841
Deposits from CCCG, fellow subsidiaries, joint ventures and associates	**5,668**	8,132
Other taxes	**6,846**	6,886
Payroll and social security	**2,341**	2,452
Accrued expenses	**443**	290
Dividends payable	**4,273**	85
Others	**14,458**	11,771
	334,630	302,444
Less: non-current portion		
– Retentions	**(9,299)**	(9,339)
– Other taxes	**(139)**	(115)
– Others	**(533)**	–
	(9,971)	(9,454)
Current portion	**324,659**	292,990

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

	30 June 2017	31 December 2016
	Unaudited	Audited
	RMB million	*RMB million*
Within 1 year	**177,490**	173,832
1 year to 2 years	**7,859**	8,713
2 years to 3 years	**2,858**	3,176
Over 3 years	**2,489**	2,073
	190,696	187,794

13. COMMITMENTS

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

	30 June 2017 Unaudited *RMB million*	31 December 2016 Audited *RMB million*
Intangible assets – concession assets	**100,435**	105,331
Property, plant and equipment	**5,051**	3,153
	105,486	108,484

14. PLEDGE OF ASSETS

(a) At 30 June 2017, the restricted deposits were RMB3,477 million (31 December 2016: RMB3,943 million).

(b) Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group are as follows:

	30 June 2017 Unaudited *RMB million*	31 December 2016 Audited *RMB million*
Trade and other receivables	**14,277**	13,964
Inventories	**3,032**	3,267
Property, plant and equipment	**253**	36
Prepaid land lease payments	**473**	823
Intangible assets	**120,700**	112,860
	138,735	130,950

15. EVENTS AFTER THE REPORTING PERIOD

On 18 July 2017, the Group entered into equity transfer agreement with CCCG, pursuant to which the Group has conditionally agreed to sell and CCCG has conditionally agreed to acquire an aggregate of 1,316,649,346 ordinary share of Shanghai Zhenhua Heavy Industries Co., Ltd. ("ZPMC") which represented 29.99% of the total issued share capital of ZPMC. The above transactions have not yet been completed as at the date of approval of the financial statements.

16. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been approved for issue by the Board of Directors on 29 August 2017.

OTHER INFORMATION

Purchase, Sale or Redemption of Securities

During the period from 1 January 2017 to 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

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

As at 30 June 2017, none of the Directors, Supervisors or the Chief Executive Officer of the Company had any interest or short position in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**").

As at 30 June 2017, the Company had not granted its Directors, or Supervisors or the Chief Executive Officer, or their respective spouses or children below the age of 18, any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them had ever exercised any such right to subscribe for shares or debentures.

Compliance with the Corporate Governance Code

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules for the six months ended 30 June 2017.

Compliance with Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to govern securities transactions by Directors and Supervisors. Having made specific enquiry to all Directors and Supervisors of the Company, the Company confirms that the Directors and Supervisors have complied with the Model Code throughout the period from 1 January 2017 to 30 June 2017.

Review by the Audit Committee

The Audit Committee of the Board currently comprises LIU Zhangmin, LEUNG Chong Shun and HUANG Long, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2017. The Audit Committee has also discussed matters such as the accounting policies and practices adopted by the Company and internal control with the senior management of the Company.

Interim Dividend

On 18 July 2017, the Board approved the dividend distribution plan for the preference shares issued by the Company in the PRC. For the 90,000,000 preference shares of the Company issued in September 2015, the dividend is RMB5.1 per share (tax inclusive) and for the 55,000,000 preference shares of the Company issued in October 2015, the dividend is RMB4.7 per share (tax inclusive). For details of the distribution plan, please refer to the announcement of the Company dated 21 August 2017 in relation to the distribution of dividend for the preference shares issued in the PRC.

Save as disclosed above, the Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2017.

By Order of the Board
China Communications Construction Company Limited
LIU Wensheng
Company Secretary

Beijing, the PRC
29 August 2017

As at the date of this announcement, the Directors are LIU Qitao, CHEN Fenjian, FU Junyuan, LIU Maoxun, LIU Zhangmin[#], LEUNG Chong Shun[#] and HUANG Long[#].

[#] *Independent non-executive Director*