中國交通建設股份有限公司

CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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

(Stock Code: 1800)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS[Notes]

Revenue from continuing operations of the Group in 2017 amounted to RMB460,067 million, representing an increase of RMB53,736 million or 13.2% from RMB406,331 million in 2016.

Gross profit from continuing operations in 2017 amounted to RMB60,437 million, representing an increase of RMB5,938 million or 10.9% from RMB54,499 million in 2016.

Operating profit from continuing operations in 2017 amounted to RMB31,768 million, representing an increase of RMB2,377 million or 8.1% from RMB29,391 million in 2016.

Profit attributable to owners of the parent in 2017 amounted to RMB20,943 million, representing an increase of RMB3,733 million or 21.7% from RMB17,210 million in 2016.

Earnings per share for the year 2017 amounted to RMB1.23, as compared with RMB1.00 in 2016.

The value of new contracts in 2017 amounted to RMB900,020 million, representing an increase of 23.2% from RMB730,802 million in 2016.

As at 31 December 2017, the backlog for the Group was RMB1,372,105 million.

The Board has proposed a final dividend of RMB0.24190 per share (tax inclusive) for the year ended 31 December 2017, subject to Shareholders' approval.

Notes:

1. The Group completed the transfer of 29.99% equity interest in ZPMC to CCCG and CCCG HK on 27 December 2017, and upon completion of this transfer, the Company holds 16.24% equity interest in ZPMC. As affected by this, ZPMC was classified as a discontinued operation and the comparative statement of profit or loss in 2016 for the Group has been re-presented.
2. In calculating the amount of basic earnings per share for 2017, the interests/dividends with an aggregate amount of approximately RMB1,018 million shall be excluded from profits.
3. According to the original production and operation plan and the statistical method, the value of new contracts entered into by ZPMC in 2017 was still included in that of the Group (After deducting the value of new contracts entered into by ZPMC, the value of new contracts entered into by the Group in 2017 was RMB881,006 million). However, as at 31 December 2017, the amount of ZPMC had been deducted from the backlog and projects under construction of the Group. Apart from the business of ZPMC, other business in the former heavy machinery manufacturing business had been covered in other business.

CHAIRMAN'S STATEMENT

In 2017, the Company made systematic planning and took effective actions to grasp the market opportunities, occupy the commanding position of the industry, and accelerate the shift in driving forces for development, thereby continuously reinforcing our market shares in traditional business, achieving substantial results in cultivating the merging business market, expanding our market scale, enhancing our influence and control power in the industry, and contributing to the steady and sound growth in the overall operating results. The Company has once again won the uphill battle of maintaining the market, stabilizing the growth and promoting the development, and thus had another good harvest year with great achievements.

In 2017, revenue from continuing operations of the Group was RMB460,067 million, representing a year-on-year increase of 13.2%; profit attributable to owners of the parent was RMB20,943 million, compared to RMB17,210 million in 2016; and earnings per share was RMB1.23. New contracts value amounted to RMB900,020 million, representing a year-on-year increase of 23.2%. As at 31 December 2017, the backlog of the Group amounted to RMB1,372,105 million.

As an important holding subsidiary of CCCG, the Company played a decisive role in business performance of CCCG. In 2017, CCCG ranked 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 2017, the Company proactively press ahead with its dominated offshore projects, including the completion of the main project of the island and tunnel of Hong Kong-Zhuhai-Macau Bridge, and the opening to traffic of Kenya Mombasa-Nairobi Railway. These strategic works and significant projects gained the recognition and praise of the whole society, showcased the Company's role as "A Pillar of the Great Power", and remarkably enhanced our social reputation.

We proactively participated in "the Belt and Road" initiative and the key strategies such as the Beijing-Tianjin-Hebei Collaborative Development, and the construction of the Yangtze River Economic Zone, Xiong'an New Area and Guangdong-HongKong-Macau Greater Bay Area. We gathered strengths to expand the new development room.

We grasped the development opportunity by virtue of the PPP mode, entered the emerging market via investment and expanded the market by focusing on investment, thereby achieving double harvest in both market increment and economic benefit.

We endeavored to be a bellwether in implementing the “Going Global” strategy of China, and tried to make the brands of Chinese Road, Chinese Bridge, Chinese Port and Chinese Island famous. We attached great importance to the overseas cash construction, explored and expanded the variables to make outstanding achievements in the market, and manifested the efforts of CCCC to act as a contributor for global development.

On the basis of widely collecting the opinions of the Shareholders, we incorporated the overall requirements on Party construction into the Articles of Association, and clarified the Party organization’s legal position in the corporate governance structure. Moreover, a series of systems such as the rules of procedure for the standing committee of the CPC Committee was issued to make the Party organization play a more organized, institutionalized and concrete role.

In 2017, we intensified our strength by means of technological innovation, improved our capability by means of management innovation, and injected our vitality by means of model innovation, thereby making achievements in operation management and control. To take advantage of high-quality development, the Company realized balanced development in operation quality, economic benefit and business scale, and remarkably enhanced the comprehensive strength and influence.

Despite these achievements, the Company will still be confronted with harsh and complicated external situations in 2018, as the reform and development tasks will still be arduous and onerous, while the problem of unbalanced and insufficient development will still exist. The situation is satisfactory, challenging or urging, thus we have to study and judge it carefully and handle it appropriately.

Building up a world-class enterprise with global competence is an internal requirement of China’s economic development in the new era, an important symbol of China’s shift from getting rich to getting strong, as well as a strategic objective of the Company to adapt to and render meritorious service in the new era. Pursuant to such objective and requirement, the Company’s major development target in 2018 is to achieve a planned growth of approximately 8% in new contract value and a planned revenue of RMB490,000 million, maintain the leading position in operation quality and economic benefit in the industry and make positive progress in building the Company into a world-class enterprise with global competence. In order to accomplish the target of the year, we will fulfill the works in the following six aspects by closely surrounding the core concept of “high-quality development”.

Firstly, focus on main businesses and stabilize growth to reinforce the development momentum. As guided by the strategy of “experts in five areas”, the Company will implement specific measures based on different industry characteristics and circumstances, and stabilize the favorable momentum of the overall growth in the Company’s main businesses.

Secondly, adjust the structure and expand the increment to guide the industrial upgrade. The Company will size up the situation and accurately grasp the opportunity of emerging industries to continuously optimize the layout structure and accelerate the transformation and upgrade.

Thirdly, promote reform and expand room to stimulate internal vitality. The Company will accelerate the reform work by rapidly shifting from "design" to "construction", and realize the goals of quick action, accurate targeting, practical implementation and good effect.

Fourthly, seek innovation, enhance quality and efficiency, and speed up "three reforms". The Company will enhance the operation efficiency, decrease liabilities, reduce the "two reserves", and implement the special action of "deleveraging and decreasing liabilities". Great efforts will be made to increase the revenue and improve the operating profits; increase the operating cash flow, enhance the assets operation efficiency, deal with the relationship between profit increase and funds inflow, inputs and outputs, investments and liabilities, as well as assets scale and assets structure, and increase the assets turnover; and improve the management efficiency and strengthen the management.

Fifthly, prevent risk and ensure safety to achieve steady development. The Company will fully identify and strengthen the control on macro risks, market risks, interest rate and exchange rate risks, materials price risk, etc. With the changes in the surrounding environment and the scale of the Company getting larger, a variety of risks will emerge. In view of this, we are not only supposed to take precautions against the risks, but also take effective measures to reduce the risks.

Sixthly, intensify Party construction and gather forces to strengthen the political foundation. The Company will endeavor to learn and implement the spirit of the 19th CPC National Congress, and make efforts in grasping the key point, making up the weak link, improving the quality and intensify the effect according to the work requirements of the "Quality Improvement Year for Party Construction of State-owned Enterprises", thereby creating a new pattern where Party construction leads the development.

It is the right time to advance bravely as the development never ends. Standing on the new historical starting point, we will adhere to the Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, create a new situation based on global layout, draw up a blueprint oriented upon the future, grasp the development initiative, serve as a bellwether in reform, stand in the forefront bravely and innovate positively to create new glories in the journey of building the Company into a world-class enterprise with global competence.

BUSINESS OVERVIEW

In 2017, the Company made systematic planning and took effective actions to grasp the market opportunities, occupy the commanding position of the industry, and accelerate the shift of old and new driving forces for development, thereby continuously reinforcing our market shares in traditional business, achieving substantial results in cultivating the emerging business market, and enhancing our influence and control power in the industry.

In 2017, the value of new contracts entered into by the Group amounted to RMB900,020 million[Note1], representing a year-on-year increase of 23.2%. As at 31 December 2017, the backlog of the Group amounted to RMB1,372,105 million[Note2].

In 2017, the value of new contracts from overseas markets amounted to RMB225,585 million (equivalent to approximately USD33,971 million), representing 25% of the Group's new contract value. According to statistics, as of 31 December 2017, the Company conducted its business in over 140 countries and regions, of which a total of 966 foreign contracting engineering projects were under construction, with a total contract amount of approximately USD113,200 million.

In 2017, the confirmed value of new contracts from PPP investment projects of the Group amounted to RMB189,092 million (wherein: the confirmed contract value of share-participation projects on a shareholding pro-rata basis amounted to RMB77,710 million), accounting for 21% of the value of new contracts of the Group.

I. BUSINESS REVIEW AND MARKET STRATEGIES

(I) Domestic Market

In 2017, China's economy achieved relatively rapid growth, 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 19.0% on a year-on-year basis, accounting for 22.2% of the national investment in fixed assets, representing the highest investment proportion since 2010, and once again making infrastructure investment

Notes:

1. According to the original production and operation plan and the statistical method, the value of new contracts entered into by ZPMC in 2017 was still included in that of the Group. After deducting the value of new contracts entered into by ZPMC, the value of new contracts entered into by the Group in 2017 was RMB881,006 million.

2. As at 31 December 2017, the amount of ZPMC had been deducted from the backlog of the Group. Apart from the business of ZPMC, other business in the former heavy machinery manufacturing business had been covered in other business.

become an important measure to stabilize China's economic growth. Wherein, the investment in the public facilities management industry increased by 21.8%, that in the road transportation industry increased by 23.1%, and that in the water conservancy management industry increased by 16.4% on a year-on-year basis. 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 fields where the aforesaid projects are. Meanwhile, the water transportation construction market continued falling down, while its investment and development direction transformed from "scale and speed type" to "quality and efficiency type" in advance; and the railway construction market remained running at a high level, but the increment of investment was limited.

Over the past year, the Company endeavored to overcome difficulties in a realistic and pragmatic manner, and has once again won the uphill battle of maintaining the market, stabilizing the growth and promoting the development. The traditional business had a firm position, the port and dredging construction market continued showing distinct advantages, and the expressway construction market maintained the domestic leading position. The Company made remarkable achievements in developing the emerging market: as guided by PPP investment projects, and based on the new product structure and new business model, the new domains have become an important support for the Company's development. The Company also broke the industry records and filled up the industry gap. Along with the full completion of the "Chinese Bridge" represented by the "Century Project" - Hong Kong-Zhuhai-Macau Bridge, the official opening to traffic of the "Chinese Road" represented by the world's first expressway in high-altitude and high-cold permafrost regions, and the debut of the "Chinese Heavy Machinery" represented by "Tiankun" (the first heavy-duty self-propelled cutter suction dredger independently researched, developed and manufactured by China), CCCC has played the main melody for the "Amazing China".

(II) Overseas Market

In 2017, the global economy grew mildly, the growth of developed economies recovered synchronously, the emerging markets maintained a relatively high growth momentum, and the fixed-asset investment in infrastructure rose steadily. China's "the Belt and Road" initiative has evolved into an international consensus, which further expanded our market development room.

Meanwhile, we also noticed that the global economy had basically come out of the shadow of financial crisis, but it was still in the process of deep adjustment, and the recovery progress was extremely unbalanced. As the cycle of global quantitative easing monetary policy almost ended, the cost of capital was increased. In Africa, the national debts for certain countries have risen to the limit, so it's really difficult to promote the government framework and the "two preferential loans" program. In the Middle East, great changes took place in religious conflicts, geographical relationship and regional safety, increasing the uncertainties for market expansion. In Latin America and Pan-Caribbean Region, many countries entered the general election and government change period, where the continuity of the policies was challenged.

As for the overseas business in 2017, the Company grasped the opportunity and intensified the strengths, thereby making remarkable contributions in implementing the major national strategies and continually realizing self-transcendence. The six projects, including the No. 2 Bridge in Penang, Malaysia and the AA Expressway in Ethiopia, won the Luban Prize for China Construction Projects, Zhan Tianyou Award and National High Quality Project Award respectively; Maputo Bridge in Mozambique won the Fulton Award for engineering quality in Southern Africa. The Company has always been given the highest credit rating for overseas contracting enterprise in successive years. In June, the EPC Project of Malaysia East Coast Rail Link (Phase I) independently undertaken by the Company was accelerated to enter into the implementation stage. It is the largest single project under "the Belt and Road" initiative, which will comprehensively promote the coordinated development of Malaysia's economy and society. In November, the Company won the bid for Project of the Integrated Waste Treatment Facilities (Phase I) in Hong Kong, with the contract amount estimated to be USD4,000 million. The Company has rich project reserves available. John Holland, which was acquired by the Company in 2015, has continuously expanded its market shares in Australia, and achieved distinct effects in business transformation and upgrade. Over the past year, the Company has deeply participated in the global development trend, and continually enhanced our influence and brand reputation at the international market. The Company has ranked the third in ENR's Top International Contractors and remained the first among the top international contractors in Asia for eleven consecutive years. The Company's role as a bellwether of "the Belt and Road" initiative was further demonstrated, and the value of new contracts of the relevant countries and regions alongside "the Belt and Road" throughout the year amounted to USD16,643 million, ranking high among Chinese enterprises.

(III) Major Business Restructuring

As the world's leading ultra-large integrated infrastructure service provider, the Company's core business is to provide various customers in all parts of the world with integrated solutions services for transportation infrastructure projects in the areas of investment, design, construction, operation and management. As a core enterprise of the heavy machinery manufacturing business, one of the Company's four major business segments, ZPMC is primarily engaged in research and development and manufacture of container crane, bulk cargo loading and unloading machinery, marine engineering equipment and heavy-duty steel structures, which shares limited synergies with the Company's transportation infrastructure business.

Therefore, the Company initiated the transfer of an aggregate of 29.99% shares held in ZPMC to CCCG, the Company's controlling Shareholder, and its subsidiary by means of transfer agreement in July, at a consideration of approximately RMB5,661 million, and the estimated gains arising from this share transfer amounted to RMB3,227 million (before tax and related expenses). Upon completion of the equity transfer of ZPMC, CCCG and CCCG HK hold 29.99% of the total shares of ZPMC, and become its direct controlling shareholders. The shares held by the Company accounts for 16.24% of the total shares of ZPMC, so the Company becomes the second largest shareholder of ZPMC. The financial statements of ZPMC will no longer be consolidated into that of the Company since 27 December 2017, and the corresponding equity investment in ZPMC will be listed in the Company's investment in associates.

Under the great support of the Shareholders and the regulatory authority, the equity transfer of ZPMC was completed on 27 December 2017. Based on its significant impact on the Company's business segments, heavy machinery manufacturing business will no longer be the Company's business segment, and the rest of the business in such business segment (except for that of ZPMC) will be covered in other business segments of the Company during this reporting period and the comparative period of last year (some production and operational data will be adjusted in 2018). Through transfer of the controlling power of ZPMC, the Company will focus more attention on the core business of infrastructure, input the resources in a more concentrated way, and further enhance the Company's core competence. In addition, the Company's main business is still in the rapid development period, the Company use the gains from the equity transfer to focus on main business development, thereby further improving the Company's profitability.

(IV) Business Summary

1. Infrastructure Construction Business

The scope of infrastructure construction business mainly consists of the construction of port, road, bridge, railway, tunnel, rail transit and airport, and the investment, design, construction, operation and management of other transportation infrastructure at home and abroad. Categorised by project type, it specifically covers port construction, road and bridge construction, railway construction, municipal and environmental projects, etc., and overseas projects, etc.

In 2017, the value of new infrastructure construction contracts entered into by the Group amounted to RMB783,044 million, representing a year-on-year increase of 27.86%. Wherein, the value of new contracts from overseas markets amounted to RMB208,811 million (equivalent to approximately USD31,445 million); the confirmed value of new contracts from PPP investment projects amounted to RMB165,059 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB240,063 million. As at 31 December 2017, the backlog amounted to RMB1,242,188 million.

Categorised by project type and location, the value of new contracts in terms of port construction, road and bridge construction, railway construction, municipal and environmental projects, etc., and overseas projects amounted to RMB29,677 million, RMB298,140 million, RMB15,487 million, RMB230,929 million and RMB208,811 million, representing 4%, 38%, 2%, 29% and 27% of the total value of new infrastructure construction contracts, respectively.

(1) Port Construction

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

In 2017, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB29,677 million, representing a year-on-year decrease of 6.17%, and accounting for 4% of that of the infrastructure construction business. The slight decrease in the value of new contracts was mainly attributable to the continuing shrinkage of coastal port infrastructure construction market.

In 2017, according to the data of fixed assets investment in coastal and inland transportation construction announced by the Ministry of Transport, the investment completed throughout the year amounted to approximately RMB121,556 million, representing a year-on-year decrease of 14.24%. The water transportation construction market centered on coastal port construction declined dramatically, while the investment scale of inland water transportation maintained stable.

For the year 2017, the number of deepwater berths in ports of China ranked the first in the world. Our inland waterway conditions continually improved, the waterway network connecting trunk and branch lines in rivers and seas was further optimized, and the port cargo and container throughput remained the first in the world for more than ten consecutive years. For a period of time from now on, the investment and development direction of port construction has transformed from "scale and speed type" to "quality and efficiency type" in advance. For this purpose, the central government will optimize the allocation of stock resources and increase the supply for high-quality increments, thereby realizing the dynamic balance of supply and demand. It also means that the new market room is limited, and promoting high-quality development will be an ultimate requirement for water transportation work for a period of time in future.

(2) Road and Bridge Construction

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

In 2017, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB298,140 million, representing a year-on-year increase of 26.29%, and accounting for 38% of that of the infrastructure construction business. Wherein, the confirmed value of new contracts from PPP investment projects amounted to RMB57,585 million. The rapid increase in the value of new contracts was mainly attributable to the Company's steady shares in the traditional market, and the increase in investment projects by virtue of PPP mode.

In 2017, according to the data of fixed assets investment in road transport construction announced by the Ministry of Transport, the investment completed throughout the year amounted to approximately RMB2,120,000 million, representing a year-on-year increase of 18.9%. The investment speed grew rapidly, while Beijing-Tianjin-Hebei Region, the western and southwestern regions were at the peak of construction.

The Company proactively grasped the market opportunity, while the Business Department, Regional Headquarter and the subsidiaries worked together to innovate the business model, reinforce development, and follow up the implementation of many projects including the Highway Project in Inner Mongolia, Urumchi-Yuli Highway Project in Xinjiang, Changchun-Lalinhe Section Extension Project of Beijing-Harbin Expressway, Duyun-Anshun Expressway in Guizhou province, etc., thereby strengthening and maintaining the Company's leading position of the traditional road and bridge business in domestic market. Wherein, Urumchi-Yuli Highway Project in Xinjiang is so far a PPP project with the largest investment scale in China, and more importantly, it is a major project to implement the national initiative of "the Belt and Road".

(3) Railway Construction

As one of the largest railway construction enterprises in China, the Group has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and the two traditional railway infrastructure enterprises — China Railway Group Limited and China Railway Construction Limited in terms of market shares in China. However, as to the overseas market, the Company has accounted for over one-third of the total overseas contracted projects for railway "Going Global" of Chinese enterprises, and showed vital market influence.

In 2017, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB15,487 million, representing a year-on-year decrease of 36.34%, and accounting for 2% of that of the infrastructure construction business. Wherein, the confirmed value of new contracts from PPP investment projects amounted to RMB1,236 million.

According to the government work report in economy made on the "NPC & CPPCC" in 2018, the fixed assets investment in railway construction will reach RMB732,000 million, and 4,000 km railways will be newly built and put into operation, of which 3,500 km will be high-speed railway. More than 5,000 km railways will be newly built and put into operation in each of the next year and the year after next, and the scale of projects to be undertaken by the Company is estimated to still have room for improvement.

(4) Overseas Projects

The Group's scope of overseas projects in the infrastructure construction business includes all kinds of large-scale infrastructure projects such as road and bridge, port, railway, airport, subway, etc., with remarkable competitive edges in the market.

In 2017, the value of new contracts of the Group for overseas projects in the infrastructure construction business amounted to RMB208,811 million (equivalent to approximately USD31,445 million), representing a year-on-year increase of 1.43% and, accounting for 27% of that of the infrastructure construction business. Wherein, 13 projects were entered into with each new contract value over USD300 million and a total contract value of USD21,941 million, accounting for 70% of total value of all overseas new contracts of the Group.

Categorised by project type, the value of overseas new infrastructure construction contracts for railways, roads and bridges, housing, ports, and municipal and others projects accounted for 42%, 26%, 7%, 6% and 19% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Southeast Asia, Africa, Oceania, Hong Kong/Macau/Taiwan, and other countries accounted for 47%, 28%, 13%, 6% and 6% of the value of new contracts for overseas projects, respectively.

In 2017, the Company profoundly implemented the strategy of "experts in five areas" overseas, systematically integrated the Company's strategy with the national strategy, and made efforts by relying on four driving wheels of cash, framework, investment and park construction to consolidate the traditional markets, expand the emerging markets and strengthen the surrounding markets, thereby securing the satisfactory sustainable development in the overseas market. The Company deeply explored the African market, and entered into the new contracts amounting to USD8,838 million throughout the year. The Company also intensified the development of the Asia-Pacific markets such as Malaysia and Hong Kong, and entered into the new contracts amounting to USD20,837 million throughout the year, occupying half of the whole market shares. The Company acquired the top one engineering design consulting company in Brazil, entered into the agreement for acquisition of the third largest engineering company in Canada, and successfully entered the new markets of Afghanistan, Nepal, Ukraine, Tunisia, etc. For the year 2017, the Company had already entered the markets of 141 countries worldwide and set 215 overseas agencies.

(5) Municipal and Environmental Projects, etc.

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

In 2017, the value of new contracts of the Group for municipal and environmental projects, etc. in Mainland China reached RMB230,929 million, representing a year-on-year increase of 101.64%, and accounting for 29% of that of the infrastructure construction business. Wherein, the confirmed value of new contracts from PPP investment projects amounted to RMB106,208 million. The rapid growth in the value of new contracts was mainly attributable to the PPP investment projects, which played a powerful role in market access and market supplement.

According to the data of the National Bureau of Statistics in 2017, the investment in water resources, environment and public facilities management business grew by 21.2%. Among which, the new project opportunities for investment in public facilities such as municipal facilities and water supply facilities were mainly based on PPP mode.

In 2018, the Company will grasp the new industry opportunities arising from the national strategies and demand changes, in an effort to make layout earlier and achieve good results sooner. The Company will follow up the urbanization strategy closely, make the all-round detailed layout by focusing on core cities, city circles and city clusters, and give prominence to developing intercity connectivity, urban comprehensive development, municipal services and other industries. The Company will also make reasonable use of the PPP mode to further strengthen market development in the fields of rail transit, municipal, comprehensive pipe gallery, airport, etc.

2. Infrastructure Design Business

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

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

In terms of the railway infrastructure design business, the Group has entered the market during the "Eleventh Five-Year Plan" period. Currently, the Company is enhancing its influence in the market continuously, and is mainly undergoing the market cultivation period.

In 2017, the value of new contracts of the Group in infrastructure design business reached RMB37,528 million, representing a year-on-year decrease of 2.69%. Wherein, the value of new contracts from overseas markets amounted to RMB4,400 million (equivalent to approximately USD663 million); the confirmed value of new contracts from PPP investment projects amounted to RMB5,207 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB17,885 million. As at 31 December 2017, the backlog amounted to RMB62,341 million.

Categorised by project type, the value of new contracts for survey and design, project supervision, EPC contracting and other projects (including PPP projects) amounted to RMB10,568 million, RMB891 million, RMB18,980 million and RMB7,090 million, representing 28%, 2%, 51% and 19% of the total value of new infrastructure design contracts, respectively, as compared with 27%, 2%, 34% and 37%, respectively recorded for the corresponding period of 2016.

In 2017, the water transportation survey and design projects kept the overall stable trend. Wherein, the coastal port construction market was continuously depressive, which was undergoing the bottoming phase and may probably show the long-term L-shaped tendency; the inland survey and design business hit another new high, as the Company undertook the major consulting design projects for waterways and hubs such as Beijing-Hangzhou Canal, Xinjiang River, Ganjiang River, Wujiang River, Xijiang River, etc.; and the EPC projects of water transportation were overall steady. The road and bridge survey and design projects kept even with those of the corresponding period of last year. Lots of opportunities still existed in investment construction of the western region and the transformation, upgrade and development of the eastern region; the Beijing-Tianjin-Hebei Region, Guangdong-HongKong-Macau Greater Bay Area, Xiong'an New Area, new urbanization and urban-rural coordinative development created new market opportunities.

3. **Dredging Business**

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

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

In 2017, the value of new contracts of the Group in dredging business reached RMB48,495 million, representing a year-on-year increase of 22.64%. Wherein, the value of new contracts from overseas markets amounted to RMB602 million (equivalent to approximately USD91 million); the confirmed value of new contracts from PPP investment projects amounted to RMB17,226 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB18,190 million. As at 31 December 2017, the backlog amounted to RMB62,093 million.

In 2017, according to the vessel purchase plan, there was no large vessel constructed with special purpose to serve in the Group's dredger fleets. As at 31 December 2017, the Group's dredging capacity amounted to approximately 780 million cubic meters under standard operating conditions.

In 2017, the traditional dredging business market continued to be sluggish, the low-end market suffered from fierce competition, and the approval policy for sea area use in land reclamation projects was tightened, leading to the limited market increment. In the face of the market changes, the Company strengthened resource planning and take the bull by the horns to secure the market shares, and successfully won the key cash construction projects such as Zhoushan Green Petrochemical Base, North Lingni Dyke in Wenzhou, Lianyungang 300,000DWT Waterway Phase II Project, etc. The transformation of the Company's investment business made remarkable achievements, with more than 35% of the confirmed value of new contracts being contributed by domestic PPP investment projects. The scale effect of ecological and environmental protection business gradually became prominent, as the Company successfully implemented the ecological dredging projects in Xingyun Lake, Xiangtan, Jishou, etc., and Haihe River in Kunming became the first successful case in China in removing its bad name as black and odorous water. Great breakthroughs were obtained in dredging and renovation of sea areas and coastal zones, as the Company successfully won the bid for EPC projects of the two blue gulf renovation actions for Nan'ao Island in Shantou City and Pinqing Lake in Shanwei City; the comprehensive treatment projects of Jinjiang River Basin and Tuojiang River Basin in Chengdu, and the comprehensive treatment project of water systems in urban areas of Fuyang were successfully implemented, while Yongding River Project and Baiyangdian Project were advanced in order, symbolizing the "CCCC solutions" for comprehensive treatment for basins had gradually come into shape, and the Company's environmental protection business was gradually optimized and upgraded from the "end treatment" mode focusing on single projects, to the treatment of large volume basins and the full industry chain of ecological restoration.

4. Heavy Machinery Manufacturing Business

In 2017, the value of new contracts of the Group in heavy machinery manufacturing business reached RMB19,646 million, representing a year-on-year decrease of 38.73%.

On 27 December 2017, the equity transfer of ZPMC was completed. The value of new contracts entered into by ZPMC was included in the heavy machinery manufacturing business segment of 2017 according to the original production and operation plan and the statistical method, but it will no longer be included ever since 2018. As at 31 December 2017, the backlog of ZPMC had been deducted from the Company's statistical data. Ever since 2018, the Company will no longer set the heavy machinery manufacturing business segment. The rest of the business (except for that of ZPMC) in the former heavy machinery manufacturing business segment will be covered in other business segments of the Company.

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

1. Infrastructure Construction Business

Port Construction

No.	Contract Name	Contract Value
1	LYG-302-WD4 Section of Phase II Reclamation Dike of 300,000DWT Waterway Engineering Project in Lianyungang Port, Jiangsu Province	1,013
2	EPC Project of Nansha International Cruise Terminal Engineering in Guangzhou, Guangdong Province	924
3	Dry Bulk Wharf Engineering of Refinery & Petrochemical Integration Project in Zhoushan, Zhejiang Province	780
4	EPC Project of Phase V of Crude Oil Depot Works in Xianren Island Port Area, Yingkou Port, Liaoning Province	663
5	North 1#-2# Berths Project in Gulei Operation Zone, Gulei Port Area, Xiamen Port, Fujian Province	638

Road and Bridge Construction

No.	Contract Name	Contract Value
1	BOT Project of Kaiping-Yangchun Expressway in Guangdong Province	12,740
2	BOT Project of Jianhe-Rongjiang Section of Yanhe-Rongjiang Expressway in Guizhou Province	10,672
3	BOT Project of Urumchi-Yuli Highway in Xinjiang	10,626
4	EPC Project of Tibet S5 Line (Lhasa-Tsetang Freeway) Tunnel Works	4,771
5	BOT Project of Hefei-Zongyang Section of G3W Dezhou-Shangrao Expressway in Anhui Province	4,522

Railway Construction

No.	Contract Name	Contract Value
1	RLTJ-3, 4 Lots of Rizhao-Linyi Section of New South Shandong High Speed Railway	3,620
2	Civil Works of New Fuzhou-Xiamen Railway	3,079
3	Civil Works of GSSG-7 Lot of Jiangxi and Guangdong Provincial Boundary-Tangxia Section of New Ganzhou-Shenzhen Railway	2,755
4	Civil Works of East Ring Road of New Chongqing Railway Hub	1,933
5	BOT Project of North-South Extension Line of Weng'an-Machangping Railway in Guizhou Province	1,236

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 Macau Port of Hong Kong-Zhuhai-Macau Bridge	7,886
4	Metro Management Project in Melbourne, Australia	6,905
5	Phase II of Tunnel and Platform Project of Metro in Sydney, Australia	5,503

Municipal and Environmental Projects, etc.

No.	Contract Name	Contract Value
1	Comprehensive Development Project of the Demonstration Plot for Urban Transformation in Fenghua District, Ningbo City, Zhejiang Province	33,900
2	BOT Project of Phase I of Urumchi Rail Transit Line 4 in Xinjiang	8,287
3	BOT Project of Ring Expressway (West Line) in Urumchi, Xinjiang	7,803
4	BOT Project of Tongzhou-Daxing Section of the Capital Region Ring Expressway	6,203
5	PPP Project of Traffic Infrastructure in Huai'an District, Huai'an City, Jiangsu Province	6,000

2. Infrastructure Design Business

No.	Contract Name	Contract Value
1	PPP Project of Shouwang-Hongshan Section of Duyun-Shangri-La Expressway in Zhaotong City, Yunan Province	3,505
2	EPC Project of Wharf and Drainage of 2 × 1050MW Coal-fired Power Generation Project in Indonesia	1,407
3	EPC Project of Wangfujing Shopping Center in Changde, Hunan Province	1,300
4	PPP Project for Two Lakes One River in Pilot Sponge City, Guian New Area, Guiyang City, Guizhou Province	1,004
5	Kamsar Fishing Port Economic Zone in the Republic of Guinea	994

3. Dredging Business

No.	Contract Name	Contract Value
1	PPP Project of Breakwater Extension and Wharf Construction of Integrated Port Area, Huanghua Port	4,374
2	Section 2 of Sedimentation and Reclamation Project of Hengsha East Shore of the Yangtze River Estuary (Phase VIII)	4,181
3	EPC Project of Reclamation of Green Petrochemical Base (East Area) in Zhoushan, Zhejiang Province	3,026
4	PPP Project of Lot A of the Strait Science and Technology Ecological City of Nan'an in Quanzhou, Fujian Province	2,986
5	BOT Project of 50,000DWT Huangmaohai Waterway Phase I and Main Waterway Maintenance of Gaolan Port Area in Zhuhai Port, Guangdong Province	2,219

II. BUSINESS OUTLOOK

In 2018, the world economy will continue undergoing the overall recovery phase, and according to the forecast of the International Monetary Fund, the growth rate of global economy will be kept at 3.9%. However, the international economic order is still being rebuilt, and the future prospect is still mingled with hope and fear.

In terms of the domestic market, the year 2018 will be the first year to comprehensively implement the spirit of the CPC 19th National Congress and to determine the victory in building a moderately well-off society in an all-round way, as well as a year of government transition, where the impetus and intention to accelerate development in various aspects will be very strong. The emerging industry will grow rapidly, while the new driving force for development will be intensified continuously. However, the weakening traditional driving force for development, the tightening monetary and financial policy, and the intensifying environmental protection supervision will bring uncertainties to the infrastructure construction market.

Through comprehensive consideration of macro-economic situations, relevant national policies, economic development objectives, industry and market tendency, etc., the Company will face the market situations with the following features in 2018. Firstly, the construction industry is generally booming and in the extended state as a whole. Secondly, the probability of sharp drop in infrastructure investment is very small, and its proportion to the total investment will continue rising. Thirdly, risk prevention and control will be the main keynote for financial work, and the total quantity of PPP projects may shrink. Fourthly, the booming highway construction market will fall down slightly, but it will still be maintained at a relatively high level. Fifthly, the tightening of the water transportation construction market is difficult to reverse, and the costal construction may show a low-level trend continuously. Sixthly, the railway construction market operates steadily, and is expected to continue maintaining such steady trend in the next few years. Seventhly, urban rail transit is undergoing the grand development period, but the urban rail transit construction market will be influenced as the central government further strengthens the prevention of local debt problem and the control of financial risks. Eighthly, as the range of “the Belt and Road” continues expanding, the quick initiation of the Polar Silk Road, the Post-war Reconstruction in Syria, the construction of Land Sea Express Routes in Central and Eastern Europe, etc. will promisingly become the new hotspots of layout, and the market opportunities in “ports, roads, bridges, tunnels, islands, cities and parks” will be positively created, with extensive overseas market space available.

In front of the opportunities and challenges, the Company took the lead in proposing the medium and long-term goal of trying the best to build the Company into a world-class enterprise with global competence. The year 2018 is the beginning year to implement the spirit of the CPC 19th National Congress, as well as the critical year to interconnect the "13th Five-Year Plan". The Company will closely adhere to the core concept of "high-quality development" and insist on the strategy of "experts in five areas" to maintain the overall growth momentum of our main business, continuously intensify the priority and high-quality development of our overseas business, and reinforce our leadership position among the "Going Global" enterprises of China.

III. BUSINESS PLAN

In 2017, according to statistics, the value of new contracts entered into by the Group amounted to RMB900,020 million, accomplishing 100.0% of our goal, which was in line with the Group's forecast. The revenue from continuing operations amounted to RMB460,067 million, which was in line with the Group's forecast.

The goal of the value of new contracts to be entered into by the Group for the year 2018 is to increase by about 8%, and the goal of revenue is RMB490,000 million.

IV. TECHNOLOGY INNOVATION

In 2017, the Company focused on the overall situation of reform and development, vigorously implemented the strategy of driving development by technological innovation, and achieved remarkable results.

Firstly, our technical research and development continued focusing on the significant and critical technologies of prospective, frontier and all-round features, so as to occupy the commanding position. 41 projects including the "packaged technology research for construction and operation of ultra-long, high-cold, high-altitude and large cross-sectional highway tunnel" were approved and initiated by the Company; two projects including "key technology and heavy machinery research for construction safety of transportation infrastructure" were listed as the national key research and development program; the key technologies such as BIM, Beidou, sea-crossing bridge, island and tunnel construction, etc. were advanced steadily. CCCC successfully launched the "BIM whole lifecycle open type collaborative sharing platform", and researched and developed the second generation of Beidou Satellite application products.

Secondly, the Company made breakthroughs in compiling international standards. As authorized by the Smart Building International Alliance (智慧建築國際聯盟), the Company presided over the compilation of the IFC international standard for BIM technology of water transportation infrastructure; and the revision of two ISO standards for dredgers has been verified ad approved by NSMT, and will be approved for issuance soon.

Thirdly, the Company took the lead in promoting the international technological cooperation and created a good international technology exchange environment and atmosphere. The Company cooperated with the Cardiff University in United Kingdom to jointly hold "the Belt and Road, Cooperation and Win-Win" International Symposium on Technology and Standards. Both parties entered into a memorandum to carry out in-depth cooperation and communication in standards, technological research and development, innovation platform construction and exchange visits of technological personnel. Meanwhile, the Company and LafargeHolcim group in France formed an annual two-way regular exchange mechanism for technology backbones of the innovative platform. In 2017, both parties reached three short-term joint research and development plans and one long-term cooperative research plan.

Fourthly, the Company continued promoting the reform of scientific and technological system, carried out the previous investigation on the feasibility of establishing the technology innovation fund and the incentive policy for technical personnel, revised and issued the *Assessment Methods for Technological Advancement of Secondary Units* and *Administrative Methods for Technical Research and Development Projects*, which further standardized our technological assessment and technical Research and Development work, and played the role of technological guidance and promotion.

Fifthly, the Company proactively guided the subsidiaries to promote platform construction, and technological activities such as awards and standards declaration. In 2017, CCCC South Asia Regional Research and Development Center was recognized by the Company, which was the Company's first regional research and development center established overseas; five research and development centers of the Company were accredited as the research and development centers of the transportation industry. In 2017, the Group was awarded one Second Prize of the National Award for Technological Advancement, one Second Prize of the National Award for Technological Invention, six Zhan Tianyou Awards, nine Excellent Patent Awards, and 1,330 patent licenses. The Group totally received 13 preparation, revision and compilation projects for highway engineering industry standards by the Ministry of Transport in 2017.

V. FINANCIAL INNOVATION

In 2017, in order to cope with the economic situations and development needs at home and abroad, and grasp the market opportunities arising from great development of PPP investment projects, the Company reinforced financial innovation, strictly controlled risks, and made full use of the professional service capability of various financial platforms.

Firstly, the Company actively explored into diversified financing channels and innovated upon the integration of industry and finance. CCCC Fund proactively expanded the capital channels, established partnership with lots of financial institutions such as banks, insurance companies, etc., innovated upon the fund modes, and succeeded in attracting the insurance funds to invest in the investment projects dominated by the Company.

Secondly, CCCC Financial Leasing continuously attempted to innovate upon the product and business models, developed multiple product mixes, such as "leaseback + EPC", "factoring + leaseback", "leasing + PPP", "consortium bidding for direct leasing of equipment", etc., and gradually carried out the equipment leasing business profoundly; an equipment resource pool represented by the shield machine within the Group has come into being, which can enhance the equipment utilization efficiency and reduce the cost.

Thirdly, the Company revitalized stock assets. Through public tender on the assets and equity exchange, the Company successfully transferred the assets of the three expressways, namely Guiyang-Weng'an Expressway in Guizhou, Yulin-Jiaxian Expressway in Shaanxi and Tongcheng-Jieshang Expressway in Hubei; CCCC Dredging successfully issued the ABS products with the accounts receivable as basic assets on Shanghai Stock Exchange, with the issuance scale of RMB1,230 million and the nominal interest rate of 4.88%.

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

(1) Completed and Accepted Projects During the Reporting Period (Including ZPMC)

Total quantity of projects	N/A
Total contract value	185,136

		Quantity (Project)	**Contract Value**
Categorised by region			
	Domestic	N/A	150,605
	Overseas	N/A	34,531
Categorised by business type			
	Infrastructure construction	287	157,390
	Infrastructure design	1,102	6,860
	Dredging	85	8,925
	Heavy machinery manufacturing	N/A	7,381
	Others	N/A	4,580

(2) Projects Under Construction During the Reporting Period(Excluding ZPMC)

Total quantity of projects			N/A
Total contract value			3,098,848

		Quantity (Project)	Total contract value
Categorised by region			
	Domestic	N/A	2,344,656
	Overseas	N/A	754,192
Categorised by business type			
	Infrastructure construction	7,444	2,737,015
	Infrastructure design	17,988	176,695
	Dredging	1,264	176,840
	Others	N/A	8,298

(3) Investment Projects

In 2017, the Company accurately grasped the new opportunities of PPP investment projects between various businesses, and continued to accomplish the goals of being 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. Through optimizing the investment layout, innovating upon the integration of industry and finance, deepening project management and effectively controlling the risks, the Company has obviously enhanced the profitability level and assets quality, and continuously created a new pattern of transformation and upgrade of our investment business.

1. Investment Projects Newly Entered into in 2017

In 2017, the Company steadily developed the investment projects mainly by virtue of PPP mode. The confirmed value of contracts for PPP investment projects amounted to RMB189,092 million, wherein: the confirmed value of contracts for BOT projects, government procurement projects and urban comprehensive development projects amounted to RMB85,938 million, RMB69,254 million and RMB33,900 million, accounting for 45%, 37% and 18% of that for PPP investment projects.

The total investment involved in the aforesaid investment projects was estimated to be RMB446,668 million. During the process of designing and implementing, the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB277,508 million.

2. *Government Procurement and Urban Comprehensive Development Projects*

The total value of contracts for government procurement projects entered into by the Group amounted to RMB285,330 million, wherein, the accumulative completed investment amounted to RMB106,605 million, with cumulatively RMB50,746 million having been recovered.

The total investment value of contracts for urban comprehensive development projects entered into by the Group was estimated to be RMB245,036 million, among which, RMB54,199 million have been completed cumulatively, RMB35,296 million sales amount have been realized and RMB26,825 million have been received by the Group.

3. *Concession Projects*

As at 31 December 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 RMB354,040 million, wherein, the accumulative completed investment amounted to RMB169,855 million, and the uncompleted investment amounted to RMB184,185 million. 15 concession projects together with 12 share-participation projects have been put into operations, of which the accumulative carrying amount of investment was RMB141,710 million, and the operating revenue in 2017 was RMB2,810 million.

Investment Projects Newly Entered into in 2017 (Unit: RMB Million)

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	Comprehensive Development Project of the Demonstration Plot for Urban Transformation in Fenghua District, Ningbo City, Zhejiang Province	Comprehensive urban development	33,900	33,900	15,460	6	No	Yes	14
2	Kaiping-Yangchun Expressway Project in Guangdong Province	BOT	13,402	12,740	9,125	4	Yes	No	25
3	Jianhe-Rongjiang Section Project of Yanhe-Rongjiang Expressway in Guizhou Province	BOT	17,816	10,672	13,155	4	Yes	Yes	30

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value Confirmed according to Shareholding Ratio	Expected Construction and Installation Cost	Construction Period	Operating Project or Not	Consolidated or Not	Toll Collection/ Operation/ Procurement Period
						(Year)			*(Year)*
4	Highways Project including Urumchi-Yuli Highway in Xinjiang	BOT	70,841	10,626	53,315	6	Yes	No	30
5	Phase I of Xinjiang Urumchi Rail Transit Line 4 Project	BOT	16,249	8,287	8,478	5	Yes	No	30
6	Ring Expressway (West Line) Project in Urumchi, Xinjiang	BOT	15,300	7,803	9,900	3	Yes	Yes	30
7	Tongzhou-Daxing Section Project of the Capital Region Ring Expressway	BOT	12,162	6,203	5,572	2	Yes	Yes	25
8	Traffic Infrastructure Project in Huai'an District, Huai'an City, Jiangsu Province	PPP	6,000	6,000	4,769	2	No	Yes	8
9	Hefei-Zongyang Section Project of G3W Dezhou-Shangrao Expressway in Anhui Province	BOT	9,228	4,522	7,947	3	Yes	No	26
10	Breakwater Extension and Wharf Construction Project of Integrated Port Area, Huanghua Port	PPP	4,860	4,374	3,167	2	No	Yes	15
11	South Section Project of Ring Expressway in Wanzhou, Chongqing	BOT	4,151	4,151	3,761	4	Yes	Yes	30
12	Fengzihe Road Construction Project in Pukou District, Nanjing City, Jiangsu Province	PPP	4,230	3,807	2,869	3	No	Yes	8
13	Municipal Infrastructure Project of Tonghu Ecological Wisdom Area in Huizhou, Guangdong Province	PPP	5,336	3,735	3,898	3	No	Yes	9

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value Confirmed according to Shareholding Ratio	Expected Construction and Installation Cost	Construction Period	Operating Project or Not	Consolidated or Not	Toll Collection/ Operation/ Procurement Period
						(Year)			*(Year)*
14	Shouwang-Hongshan Section Project of Duyun-Shangri-La Expressway in Zhaotong City, Yunan Province	PPP	18,096	3,505	13,750	4	No	No	8
15	G309 Jinya-Hekou Section Highway Project	PPP	21,440	3,282	5,290	5	No	No	3
16	Cuihai Street Comprehensive Underground Pipe Gallery Project in Cuiheng New Area, Zhongshan, Guangdong Province	PPP	3,557	3,201	2,878	3	No	No	18
17	Xiaxianying Shantytown Renovation and Environmental Improvement Project in Shunyi District, Beijing	PPP	3,400	3,060	1,700	4	No	Yes	6
18	Others	—	186,700	59,223	112,474	—	—	—	—
	Total		**446,668**	**189,092**	**277,508**				

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	Lianzhou-Fogang Highway in Guangdong Province	23,106	23,106	19	19
2	Guigang-Long'an Highway in Guangxi Province	19,750	19,750	5,195	6,094
3	Taihangshan Highway Project in Hebei Province	47,000	14,570	—	Share participation

No.	Project Name	Total Investment Budget Estimate	Contract Value Confirmed according to Shareholding Ratio	Investment Amount in 2017	Accumulated Investment Value
4	Kaiping-Yangchun Expressway Project Province in Guangdong	13,711	12,740	—	Intended for share participation
5	Jianhe-Rongjiang Section Project of Yanhe-Rongjiang Expressway in Guizhou Province	17,816	10,672	3,032	3,032
6	Highways Project including Urumchi-Yuli Highway in Xinjiang	70,841	10,616	—	Share participation
7	PPP Project of Phase I of Xinjiang Urumchi Rail Transit Line 4	16,249	8,287	—	Share participation
8	Ring Expressway (West Line) Project in Urumqi, Xinjiang	15,300	7,803	Construction not yet commenced	Construction not yet commenced
9	Libo-Rongjiang Expressway Project in Guizhou Province	10,480	6,288	—	Share participation
10	Tongzhou-Daxing Section Project of the Capital Region Ring Expressway	12,162	6,203	7,856	7,856
11	G575 Expressway Project in Xinjiang	6,017	6,017	1,947	2,587
12	Jiulongpo-Yongchuan Expressway in Chongqing	5,353	5,353	1,626	4,709
13	Hechang Section of Sanhuan Expressway in Chongqing	10,077	5,139	2,115	3,190
14	Quanzhou Section Project of Quanzhou-Xiamen-Zhangzhou City Alliance Highway in Fujian Province	4,708	4,708	1,336	1,712
15	Hefei-Zongyang Section Project of G3W Dezhou-Shangrao Expressway in Anhui Province	9,228	4,522	—	Share participation
16	South Section Project of Ring Expressway in Wanzhou, Chongqing	4,151	4,151	Construction not yet commenced	Construction not yet commenced

No.	Project Name	Total Investment Budget Estimate	Contract Value Confirmed according to Shareholding Ratio	Investment Amount in 2017	Accumulated Investment Value
17	Jiayu North Section Project of Wuhan-Shenzhen Expressway in Hubei Province	3,816	3,816	1,235	1,235
18	Others	124,779	37,676	3,784	5,297
	Total	**414,544**	**191,417**	**28,145**	**35,731**

Concession Projects in Operation Period

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Year	Toll Collection Rights Period	Completed Toll Collection Rights Period
				(Year)	*(Year)*
1	New Songming-Kunming Expressway, Xuanwei-Qujing Expressway, and Mengzi-Wenshan-Yanshan Expressway in Yunnan Province	33,027	14	30	0.1
2	Daozhen-Weng'an Expressway in Guizhou Province	25,309	369	30	2
3	Jiangkou-Weng'an Expressway in Guizhou Province	16,003	611	30	2
4	Yanhe-Dejiang Expressway in Guizhou Province	10,664	110	30	2
5	Guiyang-Qianxi Expressway in Guizhou Province	9,051	421	30	2
6	Hubei Jiatong Section Project of Wuhan-Shenzhen Expressway in Hubei Province	8,432	54	30	1.3
7	Zhongxian-Wanzhou Expressway in Chongqing	7,409	47	30	1
8	Guiyang-Duyun Expressway in Guizhou Province	7,467	732	30	7
9	Yongchuan-Jiangjin Expressway in Chongqing	5,982	57	30	3
10	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	5,225	—	30	0.1

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Year	Toll Collection Rights Period *(Year)*	Completed Toll Collection Rights Period *(Year)*
11	South-North Highway in Jamaica	4,740	160	50	2
12	Xianning-Tongshan Expressway in Hubei Province	3,101	76	30	4
13	Yicheng-Houma Expressway in Shanxi Province	2,398	100	30	10
14	Malong Connecting Line of Xuanwei-Qujing Expressway in Yunnan Province	2,315	—	30	0.1
15	Qingshuihe-Dafanpu Section of National Highway G109 in Inner Mongolia Autonomous Region	587	59	26	8.7
16	Wangjiang-Qianjiang Expressway in Anhui Province	Share participation	—	25	2
17	Fengdu-Zhongxian Expressway in Chongqing	Share participation	—	30	1
18	Fengdu-Fuling Expressway in Chongqing	Share participation	—	30	4
19	Fengdu-Shizhu Expressway in Chongqing	Share participation	—	30	4
20	Tongliang-Hechuan Expressway in Chongqing	Share participation	—	30	3
21	Tongliang-Yongchuan Expressway in Chongqing	Share participation	—	30	1.7
22	Chongqing Wanzhou-Sichuan Dazhou, Wanzhou-Hubei Lichuan Expressways	Share participation	—	30	3
23	Youyang-Yanhe Expressway in Chongqing	Share participation	—	30	2
24	Foshan-Guangming Expressway in Guangdong Province	Share participation	—	27	8.5
25	Guiyang-Weng'an Expressway in Guizhou Province	Share participation	—	30	2
26	Tongcheng-Jieshang Expressway in Hubei Province	Share participation	—	30	3.3
27	Yulin-Jiaxian Expressway in Shaanxi Province	Share participation	—	30	4
	Total	**141,710**	**2,810**		

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

On 18 July 2017, the Group entered into equity transfer agreements with CCCG, pursuant to which the Group has conditionally agreed to sell and CCCG and CCCG HK have conditionally agreed to acquire an aggregate of 1,316,649,346 ordinary share of ZPMC which represented 29.99% of the total issued share capital of ZPMC. The disposal of ZPMC has been completed on 27 December 2017, and ZPMC was classified as a discontinued operation. Upon completion of this transfer, the Group holds 16.24% equity interest in ZPMC. The comparative statement of profit or loss in 2016 has been represented.

For the year 2017, revenue of the Group from continuing operations increased by 13.2% to RMB460,067 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB105,972 million, representing a year-on-year increase of 49.3%. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 85.3%, 5.6%, 7.1% and 2.0% of the total revenue from continuing operations in 2017, respectively.

Gross profit from continuing operations in 2017 amounted to RMB60,437 million, representing an increase of 10.9% from RMB54,499 million in 2016. Gross profit from infrastructure construction business and infrastructure design business increased by 12.8% and 11.2% respectively from 2016 while gross profit from dredging business and other businesses decreased by 7.1% and 37.5% respectively from 2016. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business and other businesses in 2017 were 12.0%, 23.5%, 13.1% and 5.8% respectively, as compared with 12.2%, 21.7%, 15.9% and 11.6% in 2016.

Mainly as a result of the growth in gross profit, operating profit from continuing operations in 2017 amounted to RMB31,768 million, representing an increase of 8.1%, from RMB29,391 million in 2016. Operating profit from infrastructure construction business, infrastructure design business and dredging business increased by 9.5%, 0.1% and 0.9% respectively from 2016, while operating profit from other businesses decreased by 109.5% from 2016.

For the year 2017, profit attributable to owners of the parent amounted to RMB20,943 million, compared with RMB17,210 million in 2016. For the year 2017, earnings per share of the Group was RMB1.23, compared with RMB1.00 in 2016.

The following is a comparison of financial results between the years ended 31 December 2017 and 2016.

Consolidated Results of Continuing Operations

Revenue

Revenue in 2017 increased by 13.2% to RMB460,067 million from RMB406,331 million in 2016. Revenue from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB410,014 million, RMB26,965 million, RMB34,108 million and RMB9,546 million (all before elimination of inter-segment transactions), respectively representing a year-on-year growth rate of 14.8%, 2.4%, 12.6% and 24.3%. Revenue from external customers attributed to the regions other than PRC amounted to RMB105,972 million, representing 23.0% of total revenue and a large year-on-year increase of 49.3%.

Cost of Sales and Gross Profit

Cost of sales in 2017 amounted to RMB399,630 million, representing an increase of 13.6%, from RMB351,832 million in 2016. Cost of sales from infrastructure construction business, dredging business and other businesses amounted to RMB360,803 million, RMB29,641 million and RMB8,989 million (all before elimination of inter-segment transactions) respectively, representing an increase of 15.1%, 16.3% and 32.4%, respectively. Cost of sales from infrastructure design business slightly decreased to RMB20,623 million from RMB20,627 million in 2016.

Cost of sales consisted mainly of subcontracting costs, cost of raw materials and consumables used, employee benefit expenses and minimum lease payments under operating leases. For the year 2017, cost of subcontracting costs, raw materials and consumables used and employee benefit expenses increased by 14.6%, 16.3% and 14.5%, respectively, while the cost of minimum lease payments under operating leases decreased by 4.3%.

As a result of the increase in both revenue and cost of sales in 2017, gross profit in 2017 amounted to RMB60,437 million, representing an increase of 10.9% from RMB54,499 million in 2016. Gross profit from infrastructure construction business and infrastructure design business increased by 12.8% and 11.2%, respectively, from the corresponding period of 2016; while the gross profit from dredging business and other businesses decreased by 7.1% and 37.5%, respectively, from the corresponding period of 2016. Gross profit margin decreased to 13.1% in 2017 from 13.4% in 2016. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 12.0%, 23.5%, 13.1% and 5.8%, respectively, as compared with 12.2%, 21.7%, 15.9% and 11.6% in the corresponding period of 2016.

Administrative Expenses

Administrative expenses in 2017 amounted to RMB32,647 million, representing an increase of 13.4% from RMB28,787 million in 2016. This growth was primarily attributable to the increase in employee benefit expenses.

Operating Profit

Operating profit in 2017 amounted to RMB31,768 million, representing an increase of 8.1% from RMB29,391 million in 2016. The increase was mainly due to the increase in gross profit, other income and other gains.

For the year 2017, operating profit from infrastructure construction business, infrastructure design business and dredging business increased by 9.5%, 0.1% and 0.9% (all before elimination of inter-segment transactions and unallocated cost), respectively from 2016; operating profit from other businesses decreased by 109.5% (before elimination of inter-segment transactions and unallocated cost) from 2016.

Operating profit margin decreased to 6.9% in 2017 from 7.2% in 2016.

Finance Income

Finance income in 2017 amounted to RMB3,071 million, representing an increase of 10.3% from RMB2,785 million in 2016.

Finance Costs, Net

Net finance costs in 2017 amounted to RMB11,176 million, representing an increase of 15.1% from RMB9,714 million in 2016. The increase was mainly due to the increase in total borrowings. However, the increase in net finance cost was partially offset by the decrease in net foreign exchange difference.

Share of Loss of Joint Ventures

Share of loss of joint ventures in 2017 amounted to RMB294 million, as compared with a profit of RMB2 million in 2016.

Share of Profit of Associates

Share of profit of associates in 2017 amounted to RMB282 million, as compared with RMB171 million in 2016.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax in 2017 amounted to RMB23,651 million, representing an increase of 4.5% from RMB22,635 million in 2016.

Income Tax Expense

Income tax expense in 2017 amounted to RMB5,109 million, representing a slight decrease of 1.3% from RMB5,177 million in 2016. Effective tax rate for the Group in 2017 decreased to 21.6% from 22.9% in 2016.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests in 2017 amounted to RMB783 million compared to RMB479 million in 2016.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent in 2017 amounted to RMB20,943 million, compared with RMB17,210 million in 2016.

Profit margin with respect to profit attributable to owners of the parent increased to 4.6% in 2017 from 4.2% in 2016.

Discussion of Segment Continuing Operations

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the years ended 31 December 2017 and 2016.

	Revenue		Gross Profit		Gross Profit Margin		Operating Profit/ (loss)[1]		Operating Profit Margin	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
Business	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	(RMB million)	*(RMB million)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*
Infrastructure Construction	**410,014**	357,158	**49,211**	43,614	**12.0**	12.2	**25,846**	23,604	**6.3**	6.6
% of total	**85.3**	84.8	**81.2**	79.3	**—**	—	**81.4**	78.5	**—**	—
Infrastructure Design	**26,965**	26,328	**6,342**	5,701	**23.5**	21.7	**3,207**	3,203	**11.9**	12.2
% of total	**5.6**	6.2	**10.5**	10.4	**—**	—	**10.1**	10.7	**—**	—
Dredging	**34,108**	30,282	**4,467**	4,806	**13.1**	15.9	**2,766**	2,740	**8.1**	9.0
% of total	**7.1**	7.2	**7.4**	8.7	**—**	—	**8.7**	9.1	**—**	—
Other businesses	**9,546**	7,678	**557**	891	**5.8**	11.6	**(50)**	525	**(0.5)**	6.8
% of total	**2.0**	1.8	**0.9**	1.6	**—**	—	**(0.2)**	1.7	**—**	—
Subtotal	**480,633**	421,446	**60,577**	55,012	**—**	—	**31,769**	30,072	**—**	—
Intersegment elimination and unallocated profit/(costs)	**(20,566)**	(15,115)	**(140)**	(513)	**—**	—	**(1)**	(681)	**—**	—
Total	**460,067**	406,331	**60,437**	54,499	**13.1**	13.4	**31,768**	29,391	**6.9**	7.2

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

Infrastructure Construction Business

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

The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2017 and 2016.

	Years ended 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**410,014**	357,158
Cost of sales	**(360,803)**	(313,544)
Gross profit	**49,211**	43,614
Selling and marketing expenses	**(253)**	(258)
Administrative expenses	**(24,759)**	(22,096)
Other income, net	**1,647**	2,344
Segment result	**25,846**	23,604
Depreciation and amortisation	**7,178**	7,006

Revenue. Revenue from the infrastructure construction business in 2017 was RMB410,014 million, representing an increase of 14.8% from RMB357,158 million in 2016. This growth was primarily attributable to the increase of revenue generated from overseas projects and investment projects. No single project accounted for more than 5% of the Group's total revenue in 2017 or 2016.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2017 was RMB360,803 million, representing an increase of 15.1% from RMB313,544 million in 2016. Cost of sales as a percentage of revenue slightly increased to 88.0% in 2017 from 87.8% in 2016.

Gross profit from the infrastructure construction business in 2017 grew by 12.8% to RMB49,211 million from RMB43,614 million in 2016. Gross profit margin decreased to 12.0% in 2017 from 12.2% in 2016.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2017 were RMB253 million, as compared with RMB258 million in 2016.

Administrative expenses. Administrative expenses for the infrastructure construction business were RMB24,759 million in 2017, representing an increase of 12.1% from RMB22,096 million in 2016. The increase was mainly attributable to the increase in employee benefit expenses. Administrative expenses as a percentage of revenue decreased to 6.0% in 2017 from 6.2% in 2016.

Other income, net. Other net income for the infrastructure construction business decreased to RMB1,647 million in 2017 from RMB2,344 million in 2016, mainly attributable to the increase in loss in foreign exchange.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2017 was RMB25,846 million, representing an increase of 9.5% from RMB23,604 million in 2016. Segment result margin decreased to 6.3% in 2017 from 6.6% in 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 costs.

The following table sets out the principal profit and loss information for infrastructure design business for the years ended 31 December 2017 and 2016.

	Years ended 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**26,965**	26,328
Cost of sales	**(20,623)**	(20,627)
Gross profit	**6,342**	5,701
Selling and marketing expenses	**(332)**	(275)
Administrative expenses	**(2,943)**	(2,441)
Other income, net	**140**	218
Segment result	**3,207**	3,203
Depreciation and amortisation	**253**	216

Revenue. Revenue from the infrastructure design business in 2017 was RMB26,965 million, representing an increase of 2.4% from RMB26,328 million in 2016.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2017 was RMB20,623 million, representing a slight decrease from RMB20,627 million in 2016. Cost of sales as a percentage of revenue decreased to 76.5% in 2017 from 78.3% in 2016.

Gross profit from the infrastructure design business in 2017 was RMB6,342 million, representing an increase of 11.2% as compared with RMB5,701 million in 2016. Gross profit margin increased to 23.5% in 2017 from 21.7% in 2016.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business in 2017 increased to RMB332 million from RMB275 million in 2016.

Administrative expenses. Administrative expenses for the infrastructure design business in 2017 were RMB2,943 million, representing an increase of 20.6% from RMB2,441 million in 2016. Administrative expenses as a percentage of revenue increased to 10.9% in 2017 from 9.3% in 2016, mainly attributable to the increase in employee benefit expenses.

Other income, net. Other net income for the infrastructure design business in 2017 was RMB140 million, as compared with RMB218 million in 2016.

Segment result. As a result of the above, segment result for the infrastructure design business in 2017 was RMB3,207 million, representing a slight increase of 0.1% from RMB3,203 million in 2016. Segment result margin slightly decreased to 11.9% in 2017 from 12.2% in 2016.

Dredging Business

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

The following table sets out the principal profit and loss information for the dredging business for the years ended 31 December 2017 and 2016.

	Years ended 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**34,108**	30,282
Cost of sales	**(29,641)**	(25,476)
Gross profit	**4,467**	4,806
Selling and marketing expenses	**(90)**	(56)
Administrative expenses	**(3,278)**	(3,055)
Other income, net	**1,667**	1,045
Segment result	**2,766**	2,740
Depreciation and amortisation	**1,073**	1,007

Revenue. Revenue from the dredging business in 2017 was RMB34,108 million, representing an increase of 12.6% from RMB30,282 million in 2016, primarily attributable to increasing dredging activities in coastal area in China.

Cost of sales and gross profit. Cost of sales for the dredging business in 2017 was RMB29,641 million, representing an increase of 16.3% as compared with RMB25,476 million in 2016. Cost of sales as a percentage of revenue for the dredging business in 2017 increased to 86.9% from 84.1% in 2016.

Gross profit from the dredging business in 2017 was RMB4,467 million, representing a decrease of 7.1% from RMB4,806 million in 2016. Gross profit margin for the dredging business decreased to 13.1% in 2017 from 15.9% in 2016, mainly attributable to certain large projects with increasing portion of subcontract.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2017 were RMB90 million, as compared with RMB56 million in 2016.

Administrative expenses. Administrative expenses for the dredging business in 2017 were RMB3,278 million, representing an increase of 7.3% from RMB3,055 million in 2016. Administrative expenses as a percentage of revenue decreased to 9.6% in 2017 from 10.1% in 2016.

Other income, net. Other net income for the dredging business in 2017 increased to RMB1,667 million from RMB1,045 million in 2016, mainly attributable to the profit realized from the disposal of certain financial assets.

Segment result. As a result of the above, segment result for the dredging business in 2017 was RMB2,766 million, representing an increase of 0.9% from RMB2,740 million in 2016. Segment result margin decreased to 8.1% in 2017 from 9.0% in 2016.

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the years ended 31 December 2017 and 2016.

	Years ended 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Revenue	**9,546**	7,678
Cost of sales	**(8,989)**	(6,787)
Gross profit	**557**	891

Revenue. Revenue from the other businesses in 2017 was RMB9,546 million, representing an increase of 24.3% from RMB7,678 million in 2016. The rise in revenue was mainly due to the increase of trading business in 2017.

Cost of sales and gross profit. Cost of sales for the other businesses in 2017 was RMB8,989 million, representing an increase of 32.4% from RMB6,787 million in 2016. Cost of sales as a percentage of revenue increased to 94.2% in 2017 from 88.4% in 2016.

Gross profit from the other businesses in 2017 was RMB557 million, representing a decrease of 37.5% from RMB891 million in 2016. Gross profit margin decreased to 5.8% in 2017 from 11.6% in 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 payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 31 December 2017, the Group had unutilised credit facilities in the amount of RMB847,500 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

Cash Flow Data

The following table presents selected cash flow data from the Company's consolidated cash flow statements for the years ended 31 December 2017 and 2016.

	Years ended 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Net cash generated from operating activities	**42,741**	29,719
Net cash used in investing activities	**(45,619)**	(38,705)
Net cash generated from financing activities	**24,309**	22,102
Net increase in cash and cash equivalents	**21,431**	13,116
Cash and cash equivalents at beginning of year	**108,720**	94,960
Exchange losses on cash and cash equivalents	**(954)**	644
Cash and cash equivalents at end of year	**129,197**	108,720

Cash flow from operating activities

During the year 2017, net cash generated from operating activities increased to RMB42,741 million from RMB29,719 million in 2016, primarily due to improvement of overall business performance and increase in trade and other payables. During the year 2017, trade and other payables increased by RMB55,779 million, as compared with the amount of increase of RMB47,705 million during 2016. However, the increase of net cash generated from operating activities was partially offset by increase in contract customers, which was RMB15,211 million in 2017 as compared with RMB9,629 million in 2016.

Cash flow from investing activities

Net cash used in investing activities in 2017 increased to RMB45,619 million from RMB38,705 million in 2016. The increase of 17.9% was primarily attributable to the increase in purchases of items of property, plant and equipment, purchases of other financial assets at fair value through profit or loss, additional investments in associates and additional investments in joint ventures, respectively amounting to RMB13,220 million, RMB6,185 million, RMB2,124 million and RMB5,740 million in 2017, as compared with RMB9,749 million, RMB47 million, RMB1,788 million and RMB3,045 million in 2016.

Cash flow from financing activities

Net cash generated from financing activities in 2017 was RMB24,309 million, representing an increase of 10.0% from RMB22,102 million in 2016. The increase was primarily attributable to the increase in proceeds from bank and other borrowings and proceeds from financial instruments classified as equity while partially offset by decrease in capital contribution from non-controlling interests.

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipments and vessels, and the building of plants. The following table sets forth the Group's capital expenditure by business for the years ended 31 December 2017 and 2016.

	Years ended 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Infrastructure Construction Business	**42,545**	41,636
— BOT projects	**34,173**	32,805
Infrastructure Design Business	**481**	440
Dredging Business	**1,654**	1,674
Other	**1,107**	353
Total	**45,787**	44,103

Capital expenditure in 2017 was RMB45,787 million, as compared with RMB44,103 million in 2016. The increase of 3.8% was primarily attributable to the increase of capital expenditure in infrastructure construction business and other businesses.

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 years ended 31 December 2017 and 2016.

	Years ended 31 December	
	2017	2016
	(Number of days)	*(Number of days)*
Turnover of average trade and bills receivables[(1)]	**61**	66
Turnover of average trade and bills payables[(2)]	**183**	178

(1) Average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.

(2) Average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

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

	As at 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Less than 6 months	**47,570**	64,139
6 months to 1 year	**8,907**	5,864
1 year to 2 years	**7,838**	7,977
2 years to 3 years	**3,222**	2,942
Over 3 years	**1,769**	2,267
Total	**69,306**	83,189

Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 31 December 2017, the Group had a provision for impairment of RMB10,881 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 31 December 2017 and 2016.

	As at 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Within 1 year	**191,288**	173,832
1 year to 2 years	**15,710**	8,713
2 years to 3 years	**2,816**	3,176
Over 3 years	**2,926**	2,073
Total	**212,740**	187,794

The Group's credit terms with its suppliers for the year ended 31 December 2017 remained the same as that for 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.

Retentions

The following table sets forth the fair value of the retentions as at 31 December 2017 and 2016.

	As at 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Current	**30,465**	28,325
Non-current	**33,927**	27,437
Total	**64,392**	55,762

Indebtedness

Borrowings

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

	As at 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Within 1 year	**82,680**	99,484
1 year to 2 years	**36,380**	27,213
2 years to 5 years	**32,831**	43,465
Over 5 years	**109,311**	103,318
Total borrowings	**261,202**	273,480

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

	As at 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Renminbi	**239,569**	248,589
U.S. dollar	**14,144**	18,207
Japanese Yen	**3,786**	3,208
Hong Kong dollar	**1,692**	787
Euro	**1,488**	2,256
Others	**523**	433
Total borrowings	**261,202**	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 31 December 2017 was 39.1%, as compared with 46.9% as at 31 December 2016.

Contingent Liabilities

	As at 31 December	
	2017	2016
	(RMB million)	*(RMB million)*
Pending lawsuits[(1)]	**689**	4,173
Outstanding loan guarantees[(2)]	**7,912**	1,282
Total	**8,601**	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 lawsuits in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

(2) The Group has acted as the guarantors for various external borrowings made by certain joint ventures and associates of the Group. During 2017, the Group completed the disposal of parts of equity interest in Guizhou Zhong Jiao Gui Weng Expressway Limited Company ("Zhong Jiao Gui Weng") and hence lossed the control of the company. Upon completion of this disposal, the residual interest in Zhong Jiao Gui Weng are stated as the investments in an associates under the equity method of accounting. Before the disposal, the Group had acted as the guarantors for the borrowings of Zhong Jiao Gui Weng which has also been pledged with all highway tolling rights and earnings on Guiyang-Wengan Expressway. This guarantee hasn't been canceled yet till 31 December 2017.

Market Risks

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

Marco-economy risk

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

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, Middle East and Eurasia. Due to various factors, the political and economic conditions in Africa, Middle East and Southeast 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 interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2017 and 2016, the Group's borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollars.

Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group, and makes decisions with reference to the latest market conditions. From time to time, the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings, although the directors did not consider it was necessary to do so in 2017 and 2016.

As at 31 December 2017, the Group's borrowings of approximately RMB161,014 million (2016: RMB150,979 million) were at variable rates. As at 31 December 2017, if interest rates on borrowings had been 1.00 percentage-point higher/lower with all other variables held constant, profit before tax for the year would have been decreased/increased by RMB1,610 million (2016: 1.00 percentage-point higher/lower, RMB1,510 million decreased/increased), mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign exchange risk

The functional currency of the majority of the entities within the Group is RMB. Most of the Group's transactions are based and settled in RMB. Foreign currencies are used to settle the Group's revenue from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers, and certain expenses.

RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC Government.

As at 31 December 2017, net assets of RMB17,811 million in aggregate of the Group, including trade and other receivables, cash and bank balances, trade and other payables and borrowings, were denominated in foreign currencies, mainly USD.

To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to currency risks, and a portion of those risks is hedged by using derivative financial instruments when management considers necessary.

As at 31 December 2017, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, post-tax profit for the year would had been decreased/increased by approximately RMB293 million, mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents, borrowings and trade and other payables.

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2017**	2016
		RMB million	*RMB million*
			Restated
Continuing operations			
Revenue	3, 4	**460,067**	406,331
Cost of sales		**(399,630)**	(351,832)
Gross profit		**60,437**	54,499
Other income	4	**3,893**	3,594
Other gains, net	4	**2,369**	1,634
Selling and marketing expenses		**(872)**	(746)
Administrative expenses		**(32,647)**	(28,787)
Other expenses		**(1,412)**	(803)
Operating profit		**31,768**	29,391
Finance income	6	**3,071**	2,785
Finance costs, net	7	**(11,176)**	(9,714)
Share of profits and losses of:			
- Joint ventures		**(294)**	2
- Associates		**282**	171
Profit before tax from continuing operations	5	**23,651**	22,635
Income tax expense	8	**(5,109)**	(5,177)
Profit for the year from continuing operations		**18,542**	17,458
Discontinued operation			
Profit for the year from a discontinued operation	9	**3,184**	231
Profit for the year		**21,726**	17,689
Attributable to:			
- Owners of the parent		**20,943**	17,210
- Non-controlling interests		**783**	479
		21,726	17,689
Earnings per share attributable to ordinary equity holders of the parent	11		
Basic			
-For profit for the year		**RMB 1.23**	RMB 1.00
-For profit from continuing operations		**RMB 1.04**	RMB 0.99
Diluted			
-For profit for the year		**RMB 1.23**	RMB1.00
-For profit from continuing operations		**RMB 1.04**	RMB0.99

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017 *RMB million*	2016 *RMB million* *Restated*
Profit for the year	**21,726**	17,689
Other comprehensive income		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Actuarial gains on retirement benefit obligations	**26**	45
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 year	**5,759**	(1,078)
- Release of investment revaluation reserve upon disposal of available-for-sale investments	**(1,647)**	(324)
Cash flow hedges	**2**	3
Share of other comprehensive income of joint ventures and associates	**(72)**	75
Exchange differences on translation of foreign operations	**(785)**	869
Other comprehensive income for the year, net of tax	**3,283**	(410)
Total comprehensive income for the year	**25,009**	17,279
Attributable to:		
- Owners of the parent	**24,292**	16,701
- Non-controlling interests	**717**	578
	25,009	17,279

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2017**	2016
		RMB million	*RMB million*
Non-current assets			
Property, plant and equipment		**52,751**	66,775
Investment properties		**2,275**	2,346
Prepaid land lease payments		**7,230**	10,676
Intangible assets		**161,158**	143,380
Investments in joint ventures		**11,133**	6,201
Investments in associates		**19,409**	12,550
Other financial assets at fair value through profit or loss		**3,451**	—
Available-for-sale investments		**25,908**	21,679
Held-to-maturity investments		**104**	131
Trade and other receivables	12	**112,710**	95,558
Deferred tax assets		**4,214**	4,640
Total non-current assets		**400,343**	363,936
Current assets			
Inventories		**40,536**	45,554
Amounts due from contract customers		**89,577**	85,973
Trade and other receivables	12	**181,745**	190,485
Other financial assets at fair value through profit or loss		**2,878**	116
Derivative financial instruments		**488**	381
Restricted bank deposits and time deposits with an initial term of over three months		**5,124**	5,917
Cash and cash equivalents		**129,197**	108,720
Total current assets		**449,545**	437,146
Current liabilities			
Trade and other payables	13	**332,703**	292,990
Amounts due to contract customers		**27,175**	27,198
Tax payable		**3,994**	3,942
Derivative financial instruments		**10**	16
Interest-bearing bank and other borrowings		**82,680**	99,484
Retirement benefit obligations		**149**	155
Provisions		**—**	169
Total current liabilities		**446,711**	423,954
Net current assets		**2,834**	13,192
Total assets less current liabilities		**403,177**	377,128

	Notes	**2017**	2016
		RMB million	*RMB million*
Total assets less current liabilities		**403,177**	377,128
Non-current liabilities			
Trade and other payables	13	**10,545**	9,454
Interest-bearing bank and other borrowings		**178,522**	173,996
Deferred income		**669**	1,317
Deferred tax liabilities		**5,969**	4,447
Retirement benefit obligations		**1,198**	1,344
Provisions		**680**	—
Total non-current liabilities		**197,583**	190,558
Net assets		**205,594**	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		**125,660**	104,061
		180,922	159,323
Non-controlling interests		**24,672**	27,247
Total equity		**205,594**	186,570

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent							
	Notes	Share capital	Share premium	Financial instruments classified as equity	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2017		**16,175**	**19,656**	**19,431**	**22,544***	**81,517***	**159,323**	**27,247**	**186,570**
Profit for the year		**—**	**—**	**—**	**—**	**20,943**	**20,943**	**783**	**21,726**
Other comprehensive income for the year:									
Changes in fair value of available-for-sale investments, net of tax		**—**	**—**	**—**	**5,765**	**—**	**5,765**	**(6)**	**5,759**
Release of investment revaluation reserve upon disposal of available-for-sale investments, net of tax		**—**	**—**	**—**	**(1,647)**	**—**	**(1,647)**	**—**	**(1,647)**
Cash flow hedges, net of tax		**—**	**—**	**—**	**2**	**—**	**2**	**—**	**2**
Share of other comprehensive income of joint ventures and associates		**—**	**—**	**—**	**(70)**	**—**	**(70)**	**(2)**	**(72)**
Actuarial gains on retirement benefit obligations, net of tax		**—**	**—**	**—**	**26**	**—**	**26**	**—**	**26**
Exchange differences related to foreign operations		**—**	**—**	**—**	**(727)**	**—**	**(727)**	**(58)**	**(785)**
Total comprehensive income for the year		**—**	**—**	**—**	**3,349**	**20,943**	**24,292**	**717**	**25,009**
Final 2016 dividend declared	10	**—**	**—**	**—**	**—**	**(3,145)**	**(3,145)**	**—**	**(3,145)**
Dividends paid to non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**(451)**	**(451)**
Capital contribution reduction of non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**(590)**	**(590)**
Share of other reserves of joint ventures and associates		**—**	**—**	**—**	**(10)**	**—**	**(10)**	**—**	**(10)**
Financial instruments classified as equity		**—**	**—**	**—**	**—**	**—**	**—**	**5,341**	**5,341**
Distributions to holders of financial instruments classified as equity		**—**	**—**	**—**	**—**	**(1,018)**	**(1,018)**	**(515)**	**(1,533)**
Transaction with non-controlling interests		**—**	**—**	**—**	**1,480**	**—**	**1,480**	**(1,480)**	**—**
Acquisition of subsidiaries		**—**	**—**	**—**	**—**	**—**	**—**	**1,372**	**1,372**
Disposal of subsidiaries		**—**	**—**	**—**	**—**	**—**	**—**	**(6,969)**	**(6,969)**
Transfer to statutory surplus reserve		**—**	**—**	**—**	**504**	**(504)**	**—**	**—**	**—**
Transfer to general reserve		**—**	**—**	**—**	**209**	**(209)**	**—**	**—**	**—**
Transfer to safety production reserve		**—**	**—**	**—**	**367**	**(367)**	**—**	**—**	**—**
As at 31 December 2017		**16,175**	**19,656**	**19,431**	**28,443***	**97,217***	**180,922**	**24,672**	**205,594**

	Attributable to owners of the parent							
	Share capital	Share premium	Financial instruments classified as equity	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2016	16,175	19,656	19,431	21,935	69,527	146,724	22,282	169,006
Profit for the year	—	—	—	—	17,210	17,210	479	17,689
Other comprehensive income for the year:								
Changes in fair value of available-for-sale investments, net of tax	—	—	—	(1,123)	—	(1,123)	45	(1,078)
Release of investment revaluation reserve upon disposal of available-for-sale investments, net of tax	—	—	—	(324)	—	(324)	—	(324)
Cash flow hedges, net of tax	—	—	—	3	—	3	—	3
Share of other comprehensive income of joint ventures and associates	—	—	—	75	—	75	—	75
Actuarial gains on retirement benefit obligations, net of tax	—	—	—	45	—	45	—	45
Exchange differences related to foreign operations	—	—	—	815	—	815	54	869
Total comprehensive income for the year	—	—	—	(509)	17,210	16,701	578	17,279
Final 2015 dividend declared	—	—	—	—	(3,079)	(3,079)	—	(3,079)
Distributions to holders of financial instruments classified as equity	—	—	—	—	(1,018)	(1,018)	(255)	(1,273)
Other distributions	—	—	—	—	(5)	(5)	—	(5)
Dividends paid to non-controlling interests	—	—	—	—	—	—	(200)	(200)
Capital contribution from non-controlling interests	—	—	—	—	—	—	4,076	4,076
Financial instruments classified as equity	—	—	—	—	—	—	1,500	1,500
Disposal of subsidiaries	—	—	—	—	—	—	(734)	(734)
Transfer to statutory surplus reserve	—	—	—	444	(444)	—	—	—
Transfer to general reserve	—	—	—	377	(377)	—	—	—
Transfer to safety production reserve	—	—	—	297	(297)	—	—	—
As at 31 December 2016	16,175	19,656	19,431	22,544*	81,517*	159,323	27,247	186,570

* These reserve accounts comprise the consolidated reserves of RMB125,660 million (2016: RMB104,061 million) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2017 RMB million	2016 RMB million Restated
Cash flows from operating activities			
Profit before tax		**27,236**	22,922
-From continuing operations		**23,651**	22,635
-From a discontinued operation		**3,585**	287
Adjustments for:			
-Depreciation of property, plant and equipment and investment properties		**8,520**	8,455
-Amortisation of intangible assets and prepaid land lease payments		**1,497**	1,222
-Gains on disposal of property, plant and equipment		**(79)**	(1)
-Fair value gains on derivative financial instruments		**142**	(184)
-Fair value (gains)/losses on other financial assets at fair value through profit or loss	4	**(57)**	22
-Gains on disposal of subsidiaries		**(4,002)**	(511)
-Gains on disposal of available-for-sale financial investments	4	**(1,836)**	(459)
-Gains on disposal of other financial assets at fair value through profit or loss	4	**(43)**	—
-Gains on disposal of joint ventures and associates	4	**(435)**	(12)
-Write-down of inventories		**580**	845
-Provision for impairment of trade and other receivables		**3,817**	2,817
-Provision for impairment of other intangible assets	5	**101**	198
-Provision for foreseeable losses on construction contracts		**1,184**	586
-Provision for impairment of available-for-sale financial investments	5	**13**	—
-Dividend income from available-for-sale financial investments		**(654)**	(836)
-Investment income from held-to-maturity financial assets	4	**(16)**	(19)
-Interest income		**(3,365)**	(3,093)
-Interest expenses		**10,643**	9,628
-Dividend income on derivative financial instruments	4	**(98)**	—
-Other income from investing activities		**(18)**	—
-Share of profits and losses of joint ventures and associates		**(27)**	(190)
-Net foreign exchange (gains)/losses on borrowings		**(149)**	1,000
		42,954	42,390
Increase in inventories		**(4,781)**	(5,639)
Increase in trade and other receivables		**(35,176)**	(38,686)
Increase in amounts due from contract customers		**(15,211)**	(9,629)
Decrease/ (increase) in restricted bank deposits		**1,063**	(1,505)
Decrease in retirement benefit obligations		**(111)**	(177)
Increase in trade and other payables		**55,779**	47,705
Increase in provisions		**599**	16
Decrease in deferred income		**(97)**	(9)
Cash generated from operations		**45,019**	34,466
Interest income		**2,925**	—
Income tax paid		**(5,203)**	(4,747)
Net cash flows from operating activities		**42,741**	29,719

	2017	2016
	RMB million	*RMB million*
		Restated
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(13,220)**	(9,749)
Additions to prepaid land lease payments	**(868)**	(962)
Purchases of intangible assets	**(26,624)**	(26,442)
Purchases of investment properties	**(22)**	(95)
Proceeds from disposal of items of property, plant and equipment	**416**	70
Proceeds from disposal of prepaid land lease payments	**41**	319
Proceeds from disposal of intangible assets	**5**	5
Purchases of available-for-sale investments	**(808)**	(1,423)
Purchases of senior perpetual securities	**—**	(663)
Purchases of other financial assets at fair value through profit or loss	**(6,185)**	(47)
Purchases of derivative financial instruments	**(120)**	—
Acquisition of subsidiaries	**(271)**	(77)
Additional investments in associates	**(2,124)**	(1,788)
Additional investments in joint ventures	**(5,740)**	(3,045)
Proceeds from disposal of available-for-sale investments	**2,414**	673
Advance receipt from non-controlling interests for transfer out shares in a subsidiary	**—**	1,150
Proceeds from disposal of associates	**279**	17
Proceeds from disposal of joint ventures	**98**	21
Disposal of subsidiaries	**3,160**	1,962
Interest received	**1,320**	2,446
Proceeds from disposal of other financial assets at fair value through profit or loss	**68**	17
Proceeds from withdrawal upon maturity of held-to-maturity investments	**134**	159
Changes in time deposits with an initial term of over three months	**(270)**	(1,295)
Receipt of government grants	**3,290**	943
Loans to joint ventures, associates and third parties	**(6,945)**	(1,982)
Loans from joint ventures, associates and third parties	**5,369**	—
Dividends received	**984**	1,081
Net cash flows used in investing activities	**(45,619)**	(38,705)

	2017	2016
	RMB million	*RMB million*
		Restated
Cash flows from financing activities		
Proceeds from bank and other borrowings	**165,773**	155,326
Proceeds from financial instruments classified as equity	**5,341**	1,500
Repayments of bank and other borrowings	**(128,218)**	(121,473)
Interest paid	**(13,560)**	(12,763)
Dividends paid to equity holders of the parent	**(3,145)**	(3,079)
Dividend paid to non-controlling interests of subsidiaries	**(420)**	(212)
Distributions paid to holders of financial instruments classified as equity	**(1,322)**	(1,273)
Loans from related parties	**450**	—
Capital contribution from non-controlling interests	**3,031**	4,076
Withdrawal of capital contribution to non-controlling interests	**(3,621)**	—
Net cash flows from financing activities	**24,309**	22,102
Net increase in cash and cash equivalents	**21,431**	13,116
Cash and cash equivalents at beginning of year	**108,720**	94,960
Effect of foreign exchange rate changes, net	**(954)**	644
Cash and cash equivalents at end of year	**129,197**	108,720

NOTES TO FINANCIAL STATEMENTS

1. Corporate and group information

CCCC 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 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 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.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital (in million)	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Unlisted -						
China Harbour Engineering Co., Ltd.	PRC and other regions	Limited liability company	RMB3,278	50%	50%	Infrastructure construction
China Road and Bridge Corporation	PRC and other regions	Limited liability company	RMB3,889	96.37%	3.63%	Infrastructure construction
CCCC First Harbour Engineering Co., Ltd. ("CFHCC")	PRC	Limited liability company	RMB6,010	100%	—	Infrastructure construction
CCCC Second Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB3,810	100%	—	Infrastructure construction
CCCC Third Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB5,377	100%	—	Infrastructure construction
CCCC Fourth Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,282	100%	—	Infrastructure construction
CCCC First Highway Engineering Co., Ltd. ("CFHEC")	PRC	Limited liability company	RMB4,367	100%	—	Infrastructure construction
CCCC Second Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB2,569	100%	—	Infrastructure construction
Road & Bridge International Co., Ltd.	PRC	Limited liability company	RMB2,825	100%	—	Infrastructure construction
CCCC Investment Co., Ltd. ("CCCC Investment")	PRC	Limited liability company	RMB10,551	100%	—	Investment holding

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital (in million)	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
CCCC Dredging (Group) Co., Ltd.	PRC	Limited liability company	RMB11,775	99.9%	0.1%	Dredging
CCCC Third Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB1,509	100%	—	Infrastructure construction
CCCC Fourth Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB1,550	100%	—	Infrastructure construction
CCCC Tunnel Engineering Co., Ltd.	PRC	Limited liability company	RMB1,507	100%	—	Infrastructure construction
CCCC Water Transportation Consultants Co., Ltd.	PRC	Limited liability company	RMB818	100%	—	Infrastructure design
CCCC Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB730	100%	—	Infrastructure design
CCCC First Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB723	100%	—	Infrastructure design
CCCC Second Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB428	100%	—	Infrastructure design
CCCC Third Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB731	100%	—	Infrastructure design
CCCC Fourth Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB630	100%	—	Infrastructure design
CCCC First Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB856	100%	—	Infrastructure design
CCCC Second Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB872	100%	—	Infrastructure design
China Highway Engineering Consultants Co., Ltd	PRC	Limited liability company	RMB750	100%	—	Infrastructure design
China Infrastructure Maintenance Group Co., Ltd.	PRC	Limited liability company	RMB323	100%	—	Infrastructure design
CCCC Xi'an Road Construction Machinery Co., Ltd.	PRC	Limited liability company	RMB433	54.31%	45.69%	Manufacture of road construction machinery
China Highway Vehicle &Machinery Co., Ltd.	PRC	Limited liability company	RMB168	100%	—	Trading of motor vehicle spare parts
Chuwa Bussan Co., Ltd.	Japan	Limited liability company	JPY12,021	75%	—	Trading of machinery
CCCC Shanghai Equipment Engineering Co., Ltd.	PRC	Limited liability company	RMB10	55%	—	Maintenance and repair of port machinery
CCCC Mechanical & Electrical Engineering Co., Ltd.	PRC	Limited liability company	RMB833	60%	40%	Trading of machinery
China Communications Materials & Equipment Co., Ltd.	PRC	Limited liability company	RMB234	100%	—	Trading of construction materials and equipment

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital (in million)	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
CCCC Finance Company Limited ("CCCC Finance")	PRC	Limited liability company	RMB3,500	95%	—	Financial service
CCCC International Holding Limited ("CCCI")	Hong Kong	Limited liability company	HKD2,372	100%	—	Investment holding
CCCC Financial Leasing Co., Ltd ("CCCC Leasing")	PRC	Limited liability company	RMB5,000	45%	25%	Financial service
CCCC Fund Management Co., Ltd	PRC	Limited liability company	RMB100	70%	—	Fund management
CCCC Asset Management Co., Ltd	PRC	Limited liability company	RMB13,768	9.44%	90.56%	Asset management
CCCC Urban Investment Co., Ltd.	PRC	Limited liability company	RMB3,150	100%	—	Investment holding

During the year, the Group completed the transfer of 29.99% equity interest in ZPMC to CCCG and CCCG HK. Upon completion of this transfer, the Group still holds 16.24% equity interests in ZPMC, and corresponding the residual interest in ZPMC are stated as the investments in an associates under the equity method of accounting. This disposal is included in notes 9 to the financial statements.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain available-for-sale investments, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in Annual Improvements 2014-2016 Cycle	*Disclosure of Interests in Other Entities: Clarification of the scope of IFRS 12*

None of the above amendments to IFRSs has had a significant financial effect on these financial statements.

The nature and the impact of the amendments are described below:

(a) Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) Amendments to IAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, 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. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to IFRS 12 clarify that the disclosure requirements in IFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of IFRS 12, 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 as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as there is no subsidiary of the Group which is classified as a disposal group held for sale at December 31, 2017 and so no additional information is required to be disclosed.

2.3 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, which 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]
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 IAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS28[1]
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[2]

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

Further information about those IFRSs that are expected to be applicable to the Group is described below:

The IASB issued amendments to IFRS 2 in June 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In July 2014, the IASB issued 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 will adopt IFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of IFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(a) Classification and measurement

The Group does not expect the adoption of IFRS 9 has a significant impact on classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group has determined that, no provision for impairment will increase upon the initial adoption 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 adoption now.

IFRS 15, issued in May 2014, 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. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation 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 plans to adopt the transitional provisions in IFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group's principal activities mainly consist of the construction contracting business and contracts for services business. The expected impact arising from the adoption of IFRS 15 on the Group are summaried as follows:

(a) Construction contracts

Revenue from construction contracts is recognised based on the percentage of completion method. The Group has determined that there is no material impact on the Group's financial statements when IFRS 15 is adopted in accounting for the Group's revenue from the construction-type contracts not yet completed as at 31 December 2017. This is because the current accouting treatments of such contracts are largely consistent with the requirements of IFRS 15.

(b) Contracts for services

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction. The Group has determined that there is no material impact on the Group's financial statements when IFRS 15 is adopted in accounting for the Group's revenue from the services contracts not yet completed as at 31 December 2017. This is because the current accouting treatments of such contracts are largely consistent with the requirements of IFRS 15.

(c) Presentation and disclosure

The presentation and disclosure requirements in IFRS 15 are more detailed than those under the current IAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

IFRS 16, issued in May 2016, 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. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

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.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provision permit certain reliefs.

In 2018, the Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption, and will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1

January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

Amendments to IAS 40, issued in December 2016, clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRIC 22, issued in December 2016, clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation, or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the interpretation, the Group does not expect any effect on its consolidated financial statements.

IFRIC 23, issued in June 2017, addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

(i) Whether an entity considers uncertain tax treatments separately
(ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities
(iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
(iv) How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the interpretation on a timely basis.

Amendments under *Annual Improvements to IFRSs 2014-2016 Cycle*, issued in March 2017, sets out amendments to IFRS 1, IFRS 12 and IAS 28. Except for the amendments to IFRS 12 which have been adopted by the Group for the current year's financial statements, the Group expects to adopt the amendments from 1 January 2018. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments to IFRS 1 and IAS 28 are as follows:

IFRS 1 *First-time Adoption of International Financial Reporting Standards*: Deletes the short-term exemptions for first-time adopters because the reliefs provided in the exemptions are no longer applicable.

IAS 28 *Investments in Associates and Joint Ventures*: Clarifies that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries when applying the equity method. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:

(i) the investment entity associate or joint venture is initially recognised;
(ii) the associate or joint venture becomes an investment entity; and
(iii) the investment entity associate or joint venture first becomes a parent. These amendments should be applied retrospectively.

Annual Improvements to IFRSs 2015-2017 Cycle, issued in December 2017, sets out amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23. The Group expects to adopt the amendments from 1 January 2019. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments are as follows:

IFRS 3 *Business Combinations*: Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.

IFRS 11 *Joint Arrangements*: Clarifies that when an entity that participates in, but does not have joint control of a joint operation, obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.

IAS 12 *Income Taxes*: Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.

3. **Operating segment information**

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

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

(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"); and
(d) others (the "Others Segment").

As disclosed in note 9, the disposal of Shanghai Zhenhua Heavy Industries Co., Ltd ("ZPMC") was completed on 27 December 2017, and hence the manufacture of heavy machinery business will no longer be the Group's business segment. The rest of the business in the former manufacture of heavy machinery business segment will be covered in other segments of the Group.

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

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

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

Segment assets consist primarily of property, plant and equipment, 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 in joint ventures and associates, available-for-sale investments, held-to-maturity investments, other financial assets at fair value through profit or loss, derivative financial instruments and the assets of headquarter of the Company and the Company's subsidiary, 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 headquarter of the Company and CCCC Finance.

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

The segment results for the year ended 31 December 2017 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2017					
	Construction	**Design**	**Dredging**	**Others**	**Eliminations**	**Total**
	RMB million	***RMB million***	***RMB million***	***RMB million***	***RMB million***	***RMB million***
Total gross segment revenue	**410,014**	**26,965**	**34,108**	**9,546**	**(20,566)**	**460,067**
Inter-segment revenue	**(13,540)**	**(3,940)**	**(1,739)**	**(1,347)**	**20,566**	**—**
Revenue	**396,474**	**23,025**	**32,369**	**8,199**	**—**	**460,067**
Segment results	**25,846**	**3,207**	**2,766**	**(50)**	**83**	**31,852**
Unallocated income						**(84)**
Operating profit						**31,768**
Finance income						**3,071**
Finance costs, net						**(11,176)**
Share of profits and losses of joint ventures and associates						**(12)**
Profit before tax						**23,651**
Income tax expense						**(5,109)**
Profit for the year						**18,542**
Other segment information						
Depreciation	**5,944**	**210**	**1,026**	**118**	**—**	**7,298**
Amortisation	**1,234**	**43**	**47**	**52**	**—**	**1,376**
Write-down of inventories	**109**	**—**	**—**	**55**	**—**	**164**
Provision for foreseeable losses on construction contracts	**915**	**2**	**193**	**—**	**—**	**1,110**
Provision for impairment of trade and other receivables	**2,254**	**259**	**416**	**551**	**—**	**3,480**
Provision for impairment of concession assets	**101**	**—**	**—**	**—**	**—**	**101**
Provision for impairment of available-for-sale investments	**13**	**—**	**—**	**—**	**—**	**13**
Capital expenditure	**42,545**	**481**	**1,654**	**1,107**	**—**	**45,787**

The segment results for the year ended 31 December 2016 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2016					
	Construction	Design	Dredging	Others	Eliminations	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
	Restated	*Restated*	*Restated*	*Restated*	*Restated*	*Restated*
Total gross segment revenue	357,158	26,328	30,282	7,678	(15,115)	406,331
Inter-segment revenue	(8,108)	(4,414)	(1,486)	(1,107)	15,115	—
Revenue	349,050	21,914	28,796	6,571	—	406,331
Segment results	23,604	3,203	2,740	525	(729)	29,343
Unallocated income						48
Operating profit						29,391
Finance income						2,785
Finance costs, net						(9,714)
Share of profits and losses of joint ventures and associates						173
Profit before tax						22,635
Income tax expense						(5,177)
Profit for the year						17,458
Other segment information						
Depreciation	5,992	182	969	127	—	7,270
Amortisation	1,014	34	38	36	—	1,122
Write-down of inventories	44	—	—	(2)	—	42
Provision for foreseeable losses on construction contracts	383	—	—	—	—	383
Provision for impairment of trade and other receivables	1,360	240	605	398	—	2,603
Provision for impairment of concession assets	198	—	—	—	—	198
Capital expenditure	41,636	440	1,674	353	—	44,103

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 consolidated financial statements. These assets and liabilities are presented based on the operating segments they are associated with.

The segment assets and liabilities at 31 December 2017 are as follows:

	As at 31 December 2017					
	Construction	**Design**	**Dredging**	**Others**	**Eliminations**	**Total**
	RMB million	***RMB million***	***RMB million***	***RMB million***	***RMB million***	***RMB million***
Segment assets	**587,900**	**31,103**	**70,956**	**41,688**	**(38,134)**	**693,513**
Investments in joint ventures						**11,133**
Investments in associates						**19,409**
Unallocated assets						**125,833**
Total assets						**849,888**
Segment liabilities	**338,461**	**21,335**	**33,081**	**5,084**	**(37,827)**	**360,134**
Unallocated liabilities						**284,160**
Total liabilities						**644,294**

Segment assets and liabilities at 31 December 2017 are reconciled to entity assets and liabilities as follows:

	Assets	**Liabilities**
	RMB million	***RMB million***
Segment assets/liabilities	**693,513**	**360,134**
Investments in joint ventures	**11,133**	**—**
Investments in associates	**19,409**	**—**
Unallocated:		
Deferred tax assets/liabilities	**4,214**	**5,969**
Tax payable	**—**	**3,994**
Current borrowings	**—**	**82,680**
Non-current borrowings	**—**	**178,522**
Available-for-sale investments	**25,908**	**—**
Held-to-maturity investments	**104**	**—**
Other financial assets at fair value through profit or loss	**6,329**	**—**
Derivative financial instruments	**488**	**10**
Cash and other corporate assets/corporate liabilities	**88,790**	**12,985**
Total	**849,888**	**644,294**

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

	As at 31 December 2016						
	Construction	Design	Dredging	Heavy Machinery	Others	Eliminations	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*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	Liabilities
	RMB million	*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

Geographical information

(a) **Revenue from external customers**

	2017	2016
	RMB million	*RMB million*
		Restated
Mainland China	**354,095**	335,368
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	**105,972**	70,963
	460,067	406,331

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

Proportion of revenue from the individual countries or regions other than Mainland China was not material during 2017 and 2016.

(b) **Non-current assets**

	2017	2016
	RMB million	*RMB million*
Mainland China	**205,176**	206,746
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	**18,238**	16,431
	223,414	223,177

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

Proportion of non-current assets in the individual countries or regions other than Mainland China are not material as at 31 December 2017 and 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 2017 and 2016.

4. **Revenue, other income and other gains, net**

Revenue represents an appropriate proportion of contract revenue of construction contracts; the value of services rendered; the net invoiced value of goods sold, after allowances for returns and trade discounts and excludes intra-group transactions.

An analysis of revenue, other income and other gains, net, from continuing operations is as follows:

	2017	2016
	RMB million	*RMB million*
		Restated
Revenue		
Construction	**410,014**	357,158
Design	**26,965**	26,328
Dredging	**34,108**	30,282
Others	**9,546**	7,678
Inter-segment eliminations	**(20,566)**	(15,115)
	460,067	406,331
Other income		
Rental income	**859**	667
Dividend income on available-for-sale investments		
- Listed equity securities	**612**	666
- Unlisted equity investments	**18**	153
Government grants	**581**	413
Income from the sale of waste and materials	**20**	19
Dividend income on derivative financial instruments	**98**	—
Income from held-to-maturity financial assets	**16**	19
Others (mainly consist of consultation service income, property management service income and transportation income)	**1,689**	1,657
	3,893	3,594
Other gains, net		
Gains on disposal of available-for-sale investments	**1,836**	459
Gains on disposal of items of property, plant and equipment	**68**	1
Gains on disposal of subsidiaries	**775**	511
Gains on disposal of joint ventures and associates	**435**	12
Fair value gains/(losses) on other financial assets at fair value through profit or loss	**57**	(22)
(Losses)/gains on derivative financial instruments:		
- Foreign exchange forward contracts	**(137)**	155
Foreign exchange difference, net	**(708)**	518
Gains on disposal of other financial assets at fair value through profit or loss	**43**	—
	2,369	1,634

5. **Profit before tax from continuing operations**

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

	2017	2016
	RMB million	*RMB million*
		Restated
Raw materials and consumables used	**118,443**	101,849
Cost of goods sold	**9,246**	10,919
Subcontracting costs	**164,558**	143,609
Employee benefit expenses:		
- Salaries, wages and bonuses	**24,293**	22,064
- Pension costs — defined contribution plans	**3,232**	2,841
- Pension costs — defined benefit plans	**149**	30
- Housing benefits	**1,611**	1,448
- Welfare, medical and other expenses	**13,651**	11,112
	42,936	37,495
Minimum lease payments under operating leases	**13,189**	13,788
Business tax and other transaction tax	**1,650**	4,525
Fuel	**3,808**	3,572
Depreciation of property, plant and equipment and investment properties	**7,298**	7,270
Amortisation of intangible assets	**1,094**	883
Amortisation of land lease payments	**282**	239
Research and development costs	**7,885**	7,046
Repair and maintenance expenses	**2,446**	1,937
Transportation costs	**282**	369
Utilities	**1,401**	1,246
Insurance	**1,335**	1,128
Auditors' remuneration	**25**	26
Write-down of inventories	**164**	42
Provision for foreseeable losses on construction contracts	**1,110**	383
Provision for impairment of trade and other receivables	**3,480**	2,603
Provision for impairment of concession assets	**101**	198
Provision for impairment of available-for-sale investments	**13**	—

6. Finance income

	2017	2016
	RMB million	*RMB million*
		Restated
Interest income		
- Bank deposits	**1,070**	613
- Interest of build and transfer project	**1,201**	1,567
- Others	**800**	605
	3,071	2,785

7. Finance costs, net

An analysis of finance costs from continuing operations is as follows:

	2017	2016
	RMB million	*RMB million*
		Restated
Interest expense incurred	**12,166**	11,450
Less: Interest capitalised	**(2,680)**	(2,917)
Net interest expense	**9,486**	8,533
Representing:		
- Bank borrowings	**7,314**	6,513
- Other borrowings	**116**	130
- Corporate bonds	**1,175**	1,091
- Debentures	**121**	140
- Non-public debt instruments	**505**	541
- Finance lease liabilities	**61**	118
- Others	**194**	—
	9,486	8,533
Foreign exchange difference, net	**(149)**	387
Others	**1,839**	794
	11,176	9,714

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. A weighted average capitalisation rate of 4.62% (2016: 4.15%) per annum was used, representing the costs of the borrowings used to finance the qualifying assets. Interest capitalised during the year was as follows:

	2017	2016
	RMB million	*RMB million*
		Restated
Amounts due from contract customers	**(90)**	(84)
Inventories	**(357)**	(433)
Concession assets	**(1,273)**	(1,560)
Construction-in-progress	**(99)**	(69)
Long-term receivables	**(861)**	(771)
	(2,680)	(2,917)

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 year 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 profits for the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2017	2016
	RMB million	*RMB million*
Current		
- PRC enterprise income tax	**4,269**	4,591
- Others	**993**	865
	5,262	5,456
Deferred	**248**	(223)
Total tax charge for the year from continuing operations	**5,109**	5,177
Total tax charge for the year from a discontinued operation	**401**	56
	5,510	5,233

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2017		2016	
	RMB million	*%*	*RMB million*	*%*
Profit before tax from continuing operations	**23,651**		22,635	
Profit before tax from a discontinued operation	**3,585**		287	
	27,236		22,922	
Tax at PRC statutory tax rate of 25% (2016: 25%)	**6,809**	**25.0**	5,730	25.0
Tax rate for the appreciation of land in the PRC	**209**	**0.8**	240	1.1
Profits and losses attributable to joint ventures and associates	**(7)**	**0.0**	(48)	(0.2)
Income not subject to tax	**(659)**	**(2.4)**	(295)	(1.3)
Additional tax concession on research and development costs	**(449)**	**(1.7)**	(359)	(1.6)
Expenses not deductible for tax	**288**	**1.0**	345	1.5
Tax losses utilised from previous periods	**(444)**	**(1.6)**	(249)	(1.1)
Temporary differences utilised from previous periods	**(15)**	**(0.1)**	(60)	(0.3)
Temporary differences not recognised	**356**	**1.3**	167	0.7
Tax losses not recognised	**1,191**	**4.4**	1,076	4.7
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(1,769)**	**(6.5)**	(1,314)	(5.7)
Tax charge at the Group's effective rate	**5,510**	**20.2**	5,233	22.8
Tax charge from continuing operations at the effective rate	**5,109**	**21.6**	5,177	22.9
Tax charge from a discontinued operation at the effective rate	**401**	**11.2**	56	19.5

9. **Discontinued operation**

On 18 July 2017, the Group entered into an equity transfer agreements with CCCG, pursuant to which the Company and CHEC agreed to transfer 1,316,649,346 ordinary share of ZPMC which represented 29.99% of the total issued share capital of ZPMC to CCCG and

CCCG HK. The transfer of ZPMC equity was completed on 27 December 2017. The rest of the business in the former manufacture of heavy machinery business segment will be covered in other segments of the Group, and ZPMC was classified as a discontinued operation.

The results of ZPMC for the year are presented below:

	2017	2016
	RMB million	*RMB million*
Revenue	**21,728**	24,348
Eliminations of inter-segment revenue	**(1,219)**	(707)
	20,509	23,641
Cost of sales	**(18,476)**	(20,948)
Eliminations of inter-segment costs	**1,219**	707
	(17,257)	(20,241)
Other income	**265**	206
Other gains, net	**177**	272
Selling and marketing expenses	**(121)**	(100)
Administrative expenses	**(2,173)**	(1,973)
Other expenses	**(142)**	(72)
Finance income	**293**	308
Finance costs, net	**(1,232)**	(1,771)
Share of profits and losses of joint ventures and associates	**39**	17
Profit from a discontinued operation	**358**	287
Gains on disposal of a subsidiary	**3,227**	—
Profit before tax from a discontinued operation	**3,585**	287
Income tax:		
-Related to pre-tax profit	**(92)**	(56)
-Related to gains on disposal of a subsidiary	**(309)**	—
	(401)	(56)
Profit for the year from a discontinued operation	**3,184**	231
Attributable to:		
Owners of the parent	**3,030**	110
Non-contralling interests	**154**	121
	3,184	231

The net cash flows incurred by ZPMC are as follows:

	2017	2016
	RMB million	*RMB million*
Net cash generated from operating activities	**1,332**	1,658
Net cash used in investing activities	**(1,682)**	(726)
Net cash generated from financing activities	**2,577**	152
Effect of foreign exchange rate changes, net	**(50)**	75
Net increase in cash and cash equivalents	**2,177**	1,159

Earnings per share:		
- Basic, from a discontinued operation	**RMB0.19**	RMB0.01
- Diluted, from a discontinued operation	**RMB0.19**	RMB0.01

The calculations of basic and diluted earnings per share from a discontinued operation are based on:

	2017	2016
Profit attributable to ordinary equity holders of the parent from a discontinued operation (RMB million)	**3,030**	110
Weighted average number of ordinary shares in issue (million)	**16,175**	16,175

10. **Dividends**

	2017	2016
	RMB million	*RMB million*
Proposed final dividend of RMB0.24190 per ordinary share (2016: RMB0.19444)	**3,913**	3,145

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. **Earnings per share attributable to ordinary equity holders of the parent**

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 16,174,735,425 (2016: 16,174,735,425) in issue during the year.

The calculation of basic earnings per share is based on:

	2017	2016
Profit attributable to ordinary equity holders of the parent (RMB million)		
-From continuing operations	**17,913**	17,100
-From a discontinued operation	**3,030**	110
	20,943	17,210
Less: Interest on perpetual medium-term notes (RMB million)(i)	**(300)**	(300)
Dividend relating to preference shares (RMB million)(ii)	**(718)**	(718)
	19,925	16,192
Attributable to:		
-From continuing operations (RMB million)	**16,895**	16,082
-From a discontinued operation (RMB million)	**3,030**	110
	19,925	16,192
Weighted average number of ordinary shares in issue (million)	**16,175**	16,175
Basic earnings per share (RMB per share)		
-From continuing operations	**1.04**	0.99
-From a discontinued operation	**0.19**	0.01
	1.23	1.00

(i) The medium-term notes (the "MTN") issued by the Company in 2014 were classified as equity instruments with deferrable accumulative interest distribution and payment. Interest of RMB300 million on the MTN which has been generated during the year was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2017.

(ii) The preference shares issued by the Company in 2015 were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. As the conditions of mandatory distribution were triggered, a dividend amounting to RMB718 million on the preference shares was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2017.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

12. **Trade and other receivables**

	2017	2016
	RMB million	*RMB million*
Trade and bills receivables (note a)	**80,187**	93,071
Impairment	**(10,881)**	(9,882)
Trade and bills receivables — net	**69,306**	83,189
Retentions	**64,392**	55,762
Long-term receivables	**92,943**	80,043
Prepayments	**16,290**	19,103
Deposits	**20,753**	22,046
Other receivables	**30,771**	25,900
	294,455	286,043
Less: non-current portion		
Retentions	**(33,927)**	(27,437)
Long-term receivables	**(74,598)**	(65,732)
Prepayments	**(3,108)**	(1,191)
Deposits	**(1,077)**	(1,198)
	(112,710)	(95,558)
Current portion	**181,745**	190,485

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

	2017	2016
	RMB million	*RMB million*
Within 6 months	**47,570**	64,139
6 months to 1 year	**8,907**	5,864
1 year to 2 years	**7,838**	7,977
2 years to 3 years	**3,222**	2,942
Over 3 years	**1,769**	2,267
	69,306	83,189

13. Trade and other payables

	2017	2016
	RMB million	*RMB million*
Trade and bills payables (note a)	**212,740**	187,794
Advances from customers	**61,293**	56,522
Deposits from suppliers	**20,468**	14,671
Retentions	**14,967**	13,841
CCCC Finance deposits	**8,340**	8,132
Other taxes	**11,718**	6,886
Payroll and social security	**2,056**	2,452
Accrued expenses and others	**11,666**	12,146
	343,248	302,444
Less: non-current portion		
- Retentions	**(10,261)**	(9,339)
- Other taxes	**(91)**	(115)
- Others	**(193)**	—
	(10,545)	(9,454)
Current portion	**332,703**	292,990

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

	2017	2016
	RMB million	*RMB million*
Within 1 year	**191,288**	173,832
1 year to 2 years	**15,710**	8,713
2 years to 3 years	**2,816**	3,176
Over 3 years	**2,926**	2,073
	212,740	187,794

14. **Pledge of assets**

(a) At 31 December 2017, the restricted deposits were RMB2,880 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:

	2017	2016
	RMB million	*RMB million*
Trade and other receivables	**14,859**	18,910
Inventories	**4,013**	2,945
Property, plant and equipment	**—**	358
Prepaid land lease payments	**1,628**	822
Intangible assets	**119,600**	112,860
	140,100	135,895

15. **Commitments**

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

	2017	2016
	RMB million	*RMB million*
Intangible assets - concession assets	**115,133**	105,331
Property, plant and equipment	**139**	3,153
	115,272	108,484

16. **Events after the reporting period**

On 29 March 2018, the board of directors of the Company resolved that a final dividend of RMB0.24190 per share, totaling approximately RMB3,913 million, is to be distributed to the shareholders, subject to approval of the shareholders at the forthcoming annual general meeting. Such final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

17. **Comparative amounts**

The comparative statement of profit or loss has been re-presented as if the operation discontinued during current year had been discontinued at the begining of the comparative period (note 9).

18. **Approval of the financial statements**

The financial statements were approved and authorised for issue by the board of directors on 29 March 2018.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the year ended 31 December 2017.

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

The Company has adopted the Model Code contained in Appendix 10 to the Hong Kong Listing Rules. The Company has made specific inquiry with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2017.

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 Hong Kong Listing Rules for the year ended 31 December 2017.

DISTRIBUTIONS AND DIVIDENDS

For the year of 2017, net distributable profit to owners of the Company was approximately RMB19,563 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and IFRS, whichever is lower. The Board has proposed a final dividend of RMB0.24190 (including tax) per share (totaling approximately RMB3,913 million which represents approximately 20% of the above-mentioned distributable net profit attributable to owners of the Company), which is subject to approval by the Shareholders at the forthcoming AGM. The proposed dividend distribution will be expected to distribute to all Shareholders on Friday, 17 August 2018, subject to the provisions of the Articles of Association, on the basis of total issued share capital of the Company of 16,174,735,425 shares.

Further details in relation to the date of the AGM, the qualification for the right to attend the AGM, the qualification for the proposed final dividends and the closure of register of member for H shares will be disclosed by the Company after the arrangement of AGM is finalised.

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

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

According to the Shanghai Listing Rules, the listed issuer may, prior to disclosure of its annual report for the previous year, estimate reasonably the total amount of day-to-day related party transaction (as defined under the Shanghai Listing Rules) under each category for the current full year and submit the estimated total amount to the board of directors or shareholders' general meeting for consideration and approval. Upon approval, day-to-day related party transactions conducted by the issuer will be exempted from certain review and disclosure requirements under the Shanghai Listing Rules.

As a Shanghai Stock Exchange listed issuer, the Company, in accordance with the Shanghai Listing Rules, estimates reasonably that the total amount of day-to-day related party transactions for the year of 2018 will not exceed RMB8,115 million. The Company will closely monitor the respective related party transactions. If any related party transaction constitutes a connected transaction (as defined under the Hong Kong Listing Rules), and is subject to reporting, announcement or independent Shareholders' approval requirements (as applicable), the Company will, as soon as possible after the terms of the respective connected transaction have been agreed, take immediate steps to ensure compliance with the Hong Kong Listing Rules.

Pursuant to Rule 10.2.5 of the Shanghai Listing Rules, any related party transaction conducted by a listed issuer with the transaction amount exceeding RMB30 million as well as accounting for more than 5% of the absolute value of a listed issuer's latest audited net assets, shall be approved by its shareholders. As the estimated total amount of day-to-day related party transactions, after aggregation with other transaction amounts of related party transactions pursuant to the Shanghai Listing Rules, exceed RMB30 million but is lower than 5% of the absolute value of the Company's latest audited net assets, the estimated total amount of day-to-day related party transactions is exempted from the requirements of Shareholders' approval by way of ordinary resolution at the AGM.

ESTIMATED CAP FOR THE INTERNAL GUARANTEES OF THE GROUP IN 2018

According to the Shanghai Listing Rules, a listed company, with the amount of guarantees aggregated over a period of twelve consecutive months exceeding 50% of its latest audited net assets and with the absolute amount exceeding RMB50 million, or when providing guarantees to enterprises with asset-to-liability ratio exceeding 70%, shall submit the transaction of granting guarantees to the shareholders' general meeting for consideration and approval, as well as make a timely disclosure.

The Company estimated that the cap for the internal guarantees of the Company in 2018 will amount to RMB62,530 million, among which, RMB54,600 million will be provided by the Company to its wholly-owned subsidiaries, RMB7,500 million will be provided by the Company to its non wholly-owned subsidiaries, and RMB430 million will be provided by the Company's wholly-owned subsidiaries to their respective subsidiaries. The resolution in relation to the estimated cap for the internal guarantees of the Group in 2018 will be valid from the date of passing the resolution at the AGM until the conclusion date of the next annual general meeting of the Company. To the best knowledge and belief of the Company, none of those companies receiving guarantees is a connected person of the Company.

The aforementioned resolution, which has been resolved at the sixth meeting of the fourth session of the Board held on 29 March 2018, is subject to approval by the Shareholders by way of an ordinary resolution at the AGM. The Board also proposed to the Shareholders to authorise the management of the Company to carry out relevant formalities when providing internal guarantees within the approved amount.

AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee of the Company is comprised of Mr. NGAI Wai Fung, Mr. LIU Maoxun, Mr. HUANG Long and Mr. ZHENG Changhong, and is chaired by Mr. NGAI Wai Fung. The audit and internal control committee of the Company has reviewed the annual results of the Company.

AUDITORS

Ernst & Young and Ernst & Young Hua Ming LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2017, respectively. The financial figures in this announcement extracted from the Group's consolidated Financial Statements for the year ended 31 December 2017 have been agreed by the Company's international auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with

International Standards on Auditing,International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL REPORT

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

The annual report of the Company for the year ended 31 December 2017 which contains all the information required by the Hong Kong Listing Rules including audited financial statements will be despatched to Shareholders on or before Monday, 30 April 2018 and will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ccccltd.cn).

DEFINITIONS

In this announcement, unless the content otherwise requires, the following expressions have the following meanings:

"AGM"	the annual general meeting of the Company for the year 2017 to be held in 2018
"Articles of Association"	the articles of associations of the Company, approved on 8 October 2006, and as amended thereafter
"Board"	the board of directors of the Company
"Company" or '"CCCC"	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries
"CCCC Dredging"	CCCC Dredging (Group) Co., Ltd., a subsidiary of the Company
"CCCC Financial Leasing"	CCCC Financial Leasing Co., Ltd. a subsidiary of the Company
"CCCC Fund"	CCCC Fund Management Co., Ltd., a subsidiary of the Company

"CCCG"	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 63.84% equity interest in the Company
"CCCG HK"	CCCG (HK) Holding Limited, a wholly-owned subsidiary of CCCG
"Director(s)"	the director(s) of the Company
"experts in five areas"	the strategy of being "experts in five areas" proposed by CCCG, is the optimisation and re-building of CCCG based on its existing businesses, markets and resources. That is, to build CCCG to be a world-famous engineering contractor, an urban complex developer and operator, a distinctive real estate developer, an integrated infrastructure investor and a general contractor of offshore heavy equipment and port machinery manufacturing and system integration. As an important holding subsidiary of CCCG, CCCC is the significant implementor of such strategy
"equity transfer of ZPMC"	the transfer of an aggregate of 29.99% equity interests in ZPMC by the Company and its subsidiaries, Zhen Hua Engineering Company Limited (振華工程有限公司) and Zhen Hwa Harbour Construction Co. Ltd. (振華海灣工程有限公司) to CCCG and CCCG HK on 18 July 2017, of which the registration procedures was completed on 27 December 2017
"Group"	the Company itself and all of its subsidiaries
"Hong Kong dollars"	the lawful currency of Hong Kong
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"RMB" or "Renminbi"	the lawful currency of the PRC
"SASAC"	State-owned Assets Supervisor and Administration Commission of the State Council

"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Shareholders"	the shareholders of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"USD"	United States dollars, the lawful currency of the United States of America
"ZPMC"	Shanghai Zhenhua Heavy Industries Co., Ltd. (上海振華重工(集團)股份有限公司), a company incorporated on 14 February 1992 in the PRC and listed on the Shanghai Stock Exchange, and a non-wholly owned subsidiary of CCCG
"%"	percent

Note: Any discrepancies between the amounts herein and the amounts set out in the tables herein are due to rounding.

By Order of the Board
China Communications Construction Company Limited
ZHOU Changjiang
Company Secretary

Beijing, the PRC
29 March 2018

As at the date of this announcement, the Directors are LIU Qitao, CHEN Fenjian, FU Junyuan, CHEN Yun, LIU Maoxun, Qi Xiaofei, HUANG Long#, ZHENG Changhong# and NGAI Wai Fung#.

 # Independent non-executive Directors