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

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1800)**

**ANNOUNCEMENT OF INTERIM RESULTS FOR  
THE SIX MONTHS ENDED 30 JUNE 2018**

**FINANCIAL HIGHLIGHTS**<sup>Notes</sup>

Revenue of the Group from continuing operations for the six months ended 30 June 2018 amounted to RMB207,586 million, representing an increase of RMB28,740 million, or 16.1%, from RMB178,846 million for the corresponding period of 2017.

Gross profit of the Group from continuing operations for the six months ended 30 June 2018 amounted to RMB27,859 million, representing an increase of RMB3,962 million, or 16.6%, from RMB23,897 million for the corresponding period of 2017.

Operating profit from continuing operations for the six months ended 30 June 2018 amounted to RMB15,041 million, representing an increase of RMB949 million, or 6.7%, from RMB14,092 million for the corresponding period of 2017.

Profit attributable to owners of the parent for the six months ended 30 June 2018 amounted to RMB8,257 million, representing an increase of RMB389 million, or 4.9%, from RMB7,868 million for the corresponding period of 2017.

Basic earnings per share for the six months ended 30 June 2018 amounted to RMB0.46, as compared with RMB0.43 for the corresponding period of 2017.

The value of new contracts of the Group for the six months ended 30 June 2018 amounted to RMB428,768 million, representing an increase of 1.7% from RMB421,700 million for the corresponding period of 2017.

As at 30 June 2018, the backlog for the Group amounted to RMB1,546,682 million.

- Notes:
1. Upon the completion of the equity transfer of ZPMC on 27 December 2017, ZPMC was classified as a discontinued operation and the comparative statement of profit or loss in the first half of 2017 for the Group has been re-presented.
  2. To fully reflect market changes, the figures of ZPMC were excluded in the value of new contracts for the corresponding period of 2017.
  3. In calculating the amount of earnings per share for the six months ended 30 June 2018, the interests/dividends with an aggregate amount of approximately RMB868 million shall be excluded from earnings.
  4. Any discrepancies between the amounts herein and the amounts set out in the tables herein are due to rounding.

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” for the six months ended 30 June 2018 as follows.

## **CHAIRMAN’S STATEMENT**

In the first half of 2018, under the overall principle of making progress while maintaining stability, the strategy of “experts in five areas” and the position of “three roles”, the Company put forth effort to improve the quality, profitability and core competitiveness, and continuously optimized the industrial layout, improved the industry chain and strengthened the development foundation. It achieved good results of deep integration of party building work and businesses, and a steady development with sound momentum.

In the first half of 2018, the revenue of the Group was 207,586 million, representing an increase of 16.1%; the profit attributable to owners of the parent was RMB8,257 million, representing an increase of 4.9%; the earnings per share were RMB0.46. The value of new contracts reached RMB428,768 million, up by 1.7%. As of 30 June 2018, the backlog amounted to RMB1,546,682 million.

As an important holding subsidiary of CCCG, the Company played a decisive role in the business performance of CCCG. In 2018, CCCG ranked 91st 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 thirteen consecutive years; CCCG has ranked the 3rd in ENR’s Top International Contractors and remained the first among the Chinese enterprises in the global ranking for twelve consecutive years.

In the first half of 2018, the Company thoroughly explored the traditional market in line with the national strategy, industrial development and market demands, and the principle of consolidating the foundation. In addition, it replaced the old with the new, actively developed new businesses and new models, and gradually increased the proportion of businesses in the emerging industry.

We continuously improved the competitiveness of cash construction, optimized high-end market layout, and firmly grasped infrastructure construction opportunities from development of Xiong’an New Area, Guangdong-Hong Kong-Macao Greater Bay Area, Hainan Free Trade Area (Port), Yangtze River Economic Zone and Beijing-Tianjin-Hebei coordinated development.

We actively responded to the adjustment of regulation policies in the field of PPP. We reasonably managed investment schedules and strictly controlled investment risks. We implemented differentiated management and made a breakthrough in moving into cities, with full entry into environmental protection fields, including comprehensive treatment of rivers and lakes, treatment of black and odorous water bodies, and construction of ecological water systems.

As a leader of “the Belt and Road”, we thoroughly explored key country markets and accelerated the implementation of infrastructure interconnection projects. We focused on intergovernmental cooperation, investment and financing projects and large integrated projects to promote global development of industries with infrastructure advantages. The number of country markets in the world reached 135.

We thoroughly carried out the “project management year” event to place a stress on proper implementation of major projects, overseas projects and new business form project, and improve project standardization systems. We promoted the informationalized “pass-through project” and made progress in BI system, intelligent construction site and financial cloud.

We adhered to the principle of innovation-driven development. We optimized the resource allocation by model innovation, improved the productivity and added value of products by scientific and technological innovation, enhanced the management efficiency and risk control ability by management innovation, and expanded the funding channels to reduce cost of funds by financial innovation, thus providing sustained power for the development of the Company.

At present, the situation is complicated and changeable at home and abroad, with a combination of instabilities and uncertainties. In the second half of 2018, we will continue to unswervingly promote the establishment of a world-class enterprise with high-quality development, and fully seize the market opportunities from remedying weaknesses in the domestic infrastructure industry. We will focus on planning and carrying out work from the following five aspects:

Firstly, maintain growth, carry out accurate implementation and manage operations, focus on opportunities from development of municipal construction, water conservancy and environmental protection and infrastructures of western and central China, enhance traditional main businesses, accelerate the development of new drivers, strengthen industrial cooperation and devote every effort to achieving the goal of steady growth.

Secondly, enhance the quality and profitability, take multiple measures to enhance management, and strengthen the foundation for high-quality development. Subdivide the categories of accounts receivable and inventories, and formulate breakdown schemes by categories. Implement the requirement of “reducing leverage and debt”, improve special schemes and ensure the implementation. Enhance project management, vigorously improve project construction, construction site arrangements, field operation, the supervision and inspection level, so as to ensure an improvement in the overall project management and control level of the Company.

Thirdly, promote intensification and optimize the allocation of resources. Effectively eliminate the influence of fluctuations of bulk material prices on the profitability of an enterprise; enhance capital concentration management, and focus on resolving the issues on high loan balances and deposit balances; enhance the level of centralized purchase of insurances to effectively control insurance costs; plan centralized payment of taxes to reduce the enterprise tax burden.

Fourthly, prevent risks, carry out the development in a safe manner, and ensure that key processes are stable and controllable. Pay great attention to, forecast, fully control and carry out strict inspection and rectification for the security risk, default risk, investment risk, overseas risk and capital risk.

Fifthly, enhance party building work and promote deep integration of party building work and production and management. Firmly develop “four types of consciousness”, conscientiously implement “two maintenance tasks”, promote the formulation of systems for and normally

launch a drive to “Two Studies, One Action”, carry out the education themed on “remain true to our original aspiration and keep our mission firmly in mind”, enhance moral construction and development of leading groups, endeavor to stimulate the enthusiasm, initiative and creativity of cadres, employees and responsible persons.

The year 2018 is the first year after the 19th CPC National Congress as well as the 40th anniversary of the reform and opening up and a key transitional year for completion by the Company of tasks under the 13th Five-Year Plan. Facing new problems and the new trend in the complicated and changeable situation, the Company will gather strength to overcome difficulties in a more stirring, practical and steady manner in the second half of 2018, so as to ensure that annual targets and tasks are fully completed.

## **BUSINESS OVERVIEW**

In the first half of 2018, the Company thoroughly explored the traditional market in line with the national strategy, industrial development and market demands, and actively developed new businesses and new models, thus achieving steady development with sound momentum.

In the first half of 2018, the value of new contracts entered into by the Group amounted to RMB428,768 million, representing an increase of 1.7%. As at 30 June 2018, the backlog of the Group amounted to RMB1,546,682 million.

In the first half of 2018, the value of Group’s new contracts from overseas markets amounted to RMB121,571 million (equivalent to approximately USD17,991 million), representing 28% of the Group’s new contract value. According to statistics, as of 30 June 2018, the Company conducted its business in 135 countries and regions, of which a total of 1,036 foreign contracting engineering projects were under construction, with a total contract amount of approximately USD123,100 million.

In the first half of 2018, the confirmed contract value from PPP investment projects of the Group amounted to RMB64,767 million (wherein: the confirmed contract value of share-participation projects on a shareholding pro-rata basis amounted to RMB20,439 million), accounting for 15% of the value of new contracts of the Group, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB116,286 million.

## **I. BUSINESS REVIEW AND MARKET STRATEGIES**

### **(I) Domestic Market**

In the first half of 2018, China continued to witness a steady economic development, with a prudent and neutral monetary policy and preliminary results in financial risk prevention and control. The economy of China was resilient, with a 6.8% growth in GDP. The fixed-asset investment in infrastructure increased by 7.3%, with a significant decrease in growth rate from the corresponding period of 2017. Wherein, the investment in environment management industry, the road transport industry and the public facility management industry increased by 35.4%, 10.9% and 5.8%, respectively, while the investment in the rail transport industry decreased 10.3% on a year-on-year basis. On one

hand, the size of infrastructure investment has been at a high level over the years, but affected by leverage reduction and cleanup of the PPP project pool, the investment growth rate declined significantly; in addition, the traditional water transportation project market was on the decline, and railway investment was stagnant. On the other hand, there was strength for future progress in market development, with greater investment in the disadvantaged fields represented by ecological civilization construction and ecological environmental protection, and optimized structure of fixed asset investment.

In the first half of 2018, under the overall principle of making progress while maintaining stability, the Company made greater efforts in operation and expansion in traditional businesses and sectors, thoroughly tapped the market potential, and gained a firm foothold in the expressway market and the port market. It seized market opportunities including integration, reconstruction and upgrade of strategic thoroughfares in key areas and regional ports, and construction of a modern integrated traffic and transport system, so as to achieve business growth. In terms of expansion of new businesses, it made solid progress in transformation and upgrade with gradual increase in its market shares in rail transit, comprehensive treatment of river basins, inland waterway construction and maintenance.

In July, in response to uncertainty of external environment, the state put forward a more proactive fiscal policy and a prudent monetary policy maintained to an appropriate degree. Accelerating the issue of local government bonds of RMB1.35 trillion in the year will facilitate the implementation of infrastructure projects under construction. It will maintain an appropriate social financing size and reasonable and sufficient liquidity, and ensured smooth implementation of a transmission mechanism for monetary policy. It will put greater efforts to remedy disadvantages in the infrastructure field and on the basis of ensuring the projects under construction, promote the construction and reserve of a series of significant projects in the fields of railways, highway, rail transit and water conservancy for environmental protection and consolidated the positive momentum for private investments.

## **(II) Overseas market**

In 2018, the global economy was recovering as a whole. With steady implementation of the “Belt and Road” initiative, the PRC and countries involved in the “Belt and Road” initiative became more active. There were bigger opportunities in the international market.

Meanwhile, we pay attention to the greater instability and uncertainty of future economic development resulting from trade frictions between China and the United States and a more complex situation of the global economy and politics. The Company was under larger pressure in advancement of the projects under construction and the new projects, as a result of increase in uncertainties in regime change of certain countries. It was hard to overcome market entry barriers, as certain developed countries strengthened their protectionist policies against the backdrop of rising trade protectionism in the world.

In the first half of 2018, the Company continuously improved its ability to integrate industries in the chain, and made new progress and achievements according to national strategic measures including the “Belt and Road” initiative, the “three networks and industrialization” program in Africa, international industrial cooperation and “six corridors

and six channels serving multiple countries and ports”. It accelerated global market arrangement and smoothly promoted the launch of major projects in South Asia, South America and West-central Africa Region, with the number of country markets in the world reaching 135. With the value of new contracts involved in “the Belt and Road” reaching USD9,566 million, ranking high among Chinese enterprises. John Holland, which joined the Group in 2015, gave full play to its collaborative advantages in infrastructure construction, railway and housing construction. It developed rapidly, benefiting from a new round of infrastructure construction opportunities in Australia. The value of its new contracts was at a record high of USD5,000 million, which further shows the leading position of the Company in the “Belt and Road” initiative.

### **(III) 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, railway construction, municipal and environmental projects, etc., and overseas projects, etc.

In the first half of 2018, the value of new contracts of the Group in infrastructure construction business amounted to RMB381,483 million, representing an increase of 1.4%. Wherein, the value of new contracts from overseas markets amounted to RMB118,334 million (equivalent to approximately USD17,512 million); the confirmed contract value from PPP investment projects amounted to RMB62,605 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB113,316 million. As at 30 June 2018, the backlog amounted to RMB1,405,041 million.

Categorised by project type and location, the value of new contracts in terms of port construction, road and bridge, railway construction, municipal and environmental projects, etc., and overseas projects amounted to RMB14,166 million, RMB156,171 million, RMB5,935 million, RMB86,877 million and RMB118,334 million, representing 4%, 41%, 1%, 23% and 31% of that of infrastructure construction business, 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 the PRC. With compelling competitive edges, the Group encountered relatively limited substantive competitors.

In the first half of 2018, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB14,166 million, representing an increase of 2.3% and accounting for 4% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from PPP investment projects was RMB3,848 million. The slight increase in the value of new contracts was mainly attributable to participation of the Company in construction in relation to regional ports under PPP model.

In the first half of 2018, according to the data published by the Ministry of Transport, the fixed assets investment in coastal and inland transportation construction amounted to approximately RMB51,146 million, representing a decrease of 9.0%. Adversely affected by the port construction demand being close to saturation, industrial overcapacity, insufficient investment of local governments and other factors, the investment in the traditional water transportation construction market centered on coastal port construction declined dramatically, while the investment scale of inland water transportation remained at a high level.

With deeper initiation of the Yangtze River Economic Zone strategy and publication of “The Opinion on Comprehensively Promoting the Development of Green Transport”, the waterway transport construction market and the market of projects for comprehensive treatment of river basins with the aim of development of green transport, upgrade of water transportation system and speed-up of multimodal transport will provide new development support for the market of water transportation construction projects.

## **(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 the first half of 2018, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB156,171 million, representing an increase of 23.5%, and accounting for 41% of that of the infrastructure construction business. Wherein, the confirmed contract value from PPP investment projects amounted to RMB21,633 million. The rapid increase in the value of new contracts was mainly attributable to the Company’s steady shares in the traditional market, and increased projects under PPP model.

In the first half of 2018, according to the data published by the Ministry of Transport, the fixed assets investment in road transport construction amounted to approximately RMB906,500 million, representing an increase of 1.0%. Affected by leverage reduction and cleanup of the PPP project pool, the progress in the road project implementation slowed down.

The Company thoroughly explored traditional markets to develop the core competitiveness, consolidate and maintain its leading position in the domestic market in terms of traditional road and bridge businesses. It followed up the implementation of many large and high-tech

expressway projects, including Jilin-Songtong Expressway, National Highway 109 in Tibet, Luanchuan-Shuanglong Section of Zhengzhou-Xixia Expressway. Meanwhile, it actively responded to policy change and continuously optimized arrangements in the regions in which it invested. It actively participated in the construction and operation of the expressway network in western and central China, and steadily developed PPP investment projects in developed regions including Jiangsu and Zhejiang provinces. It continuously optimized its market arrangements in key regions of the state through investment.

### **(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, it has been estimated that the railway contract value of the Company has accounted for more than half of the overseas railway contract value of Chinese enterprises, and showed vital market influence.

In the first half of 2018, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB5,935 million, representing an increase of 35.6%, and accounting for 1% of that of the infrastructure construction business. Wherein, the confirmed contract value from PPP investment projects amounted to RMB400 million.

According to the latest plan of China Railway Corporation, the fixed assets investment in railway in 2018 will be more than RMB800,000 million, and the railway construction investment in the second half of 2018 is expected to reach a record level, and progress is expected to be made in construction of railways in western and central China and interurban railways.

### **(4) *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 the first half of 2018, the value of new contracts of the Group for municipal and environmental projects, etc. in Mainland China reached RMB86,877 million, representing a decrease of 12.1%, and accounting for 23% of that of the infrastructure construction business. The confirmed value of contracts from PPP investment projects was RMB23,081 million. The decrease in the value of new contracts was mainly attributable to adjustment of investment budget, strict control of new projects and measures for compliance by the Company due to fluctuations in rail transit projects operated under the PPP model in certain regions, against the backdrop of macro policies of the state for prevention and control of local debts and PPP standardization in the first half of 2018.



According to the data of the National Bureau of Statistics in the first half of 2018, the investment in water resources, environment and public facilities management business grew by 6.3%. Wherein, the new project opportunities for investment in public facilities such as municipal facilities and water supply facilities were mainly based on the PPP model.

In the first half of 2018, the Company accelerated the integration of traditional business resources, and gave full play to professional advantages, and reasonably used the PPP model. It gradually improved its industrial arrangements, with development of various businesses including businesses in the field of environmental protection, intelligent transport and characteristic town, thus having a vast potential for future development.

#### **(5) Overseas Projects**

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

In the first half of 2018, the value of new contracts of the Group for overseas projects in the infrastructure construction business amounted to RMB118,334 million (equivalent to approximately USD17,512 million), representing a decrease of 10.9%, and accounting for 31% of that of the infrastructure construction business. Wherein, the confirmed contract value from PPP investment projects amounted to RMB13,643 million. In addition, 9 projects were entered into with each new contract value over USD300 million and a total contract value of USD12,202 million, accounting for 68% of total value of all overseas new contracts of the Group.

Categorised by project type, the value of overseas new infrastructure construction contracts for roads and bridges, municipal, railways, port construction, housing and other projects accounted for 33%, 30%, 17%, 8% and 12% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Oceania, Hong Kong/Macau/Taiwan, Southeast Asia, Africa, South America and other countries accounted for 29%, 26%, 22%, 16%, 2% and 5% of the value of new contracts for overseas projects, respectively.

Based on the large East Coast Rail Link Project in Malaysia which were obtained in the corresponding period of 2017, the Company continued to make positive progress in major projects in the first half of 2018 and such market expansion met its expectations. The Company strengthened high-end connections, with substantial progress in the BOT Project of Phnom Penh Sihanoukville Expressway in Cambodia, Phase II Project of Nairobi-Naivasha Standard Gauge Railway and Water Resources Comprehensive Project in Petorca, Chile. It expanded its industry to the field of port operation through strategic investment in Brazil Sao Luis Port Corporation, thus improving the industry chain. It accelerated global market arrangement and recently developed its businesses in Croatia, East Timor and Dominica, with business operation in 135 countries and regions globally.

In the second half of 2018, the Company will continue to promote a shift from prioritized development of overseas businesses to prioritized, high-quality and synergetic development; adhere to the management principle of overall planning and adjustment of measures to local conditions; make greater efforts to expand key markets; promote the launch of infrastructure interconnection projects; and focus on intergovernmental cooperation projects, investment and financing projects and large integrated projects to promote global development of industries with infrastructure advantages.

## **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 the first half of 2018, the value of new contracts of the Group in infrastructure design business reached RMB23,647 million, representing an increase of 47.6%. Wherein, the value of new contracts from overseas markets amounted to RMB527 million (equivalent to approximately USD78 million). As at 30 June 2018, the backlog amounted to RMB72,390 million.

Categorised by project type, the value of new contracts for survey and design, project supervision, EPC general contracting and other projects (including PPP projects) amounted to RMB4,169 million, RMB852 million, RMB7,327 million and RMB11,299 million, representing 18%, 3%, 31% and 48% of the value of new contracts for infrastructure design business, respectively, as compared with 42%, 4%, 41% and 13%, respectively recorded for the corresponding period of 2017.

In the first half of 2018, the value of new contracts for survey and design projects obtained by the Company was basically on a par with last year. The Company undertook turnkey projects of consulting, design and general construction contracting of channels and junctions including Beijing-Hangzhou Canal, Chongqing Port and Liujiang River, and design works in PPP investment projects for expressways.

### 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 the first half of 2018, the value of new contracts of the Group in dredging business reached RMB20,012 million, representing a decrease of 23.5%. Wherein, the value of new contracts from overseas markets amounted to RMB2,534 million (equivalent to approximately USD375 million); the confirmed contract value from PPP investment projects amounted to RMB2,162 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB2,970 million. As at 30 June 2018, the backlog amounted to RMB65,750 million.

In the first half of 2018, according to a vessel purchase plan, there was no large vessel constructed with special purpose to serve in the Group's dredger fleets. As of 30 June 2018, the Group's dredging capacity amounted to approximately 780 million cubic meters under standard operating.

In the first half of 2018, the market development suffered and the progress in implementing large channel dredging projects was slow due to sustained downturn in the traditional dredging business market, protection of sea areas and coastal zones and intensified control of sea reclamation. Under market pressure, the Company gave full play to its unique advantages, actively expanded national key strategic projects, and focused on market opportunities in the field of ecological and environmental protection, thus achieving good performance. It promoted comprehensive development and extension of Jinjiang River and Tuojiang River projects towards both banks. It created and showed the "CCCC model" and "CCCC quality" of river basin treatment projects including Baiyangdian and Yongding River. It promoted the launch and implementation of projects of dredging and renovation of sea areas and coastal zones, including the EPC project of comprehensive treatment of water environment in Tieshi District of Qianhai in Shenzhen, and the project of comprehensive treatment in Shenzhen Bay. It won the bid for the PPP Project of Painted Surface Treatment and Soft Foundation Treatment in East New District of Taizhou in Zhejiang Province, and the PPP project for the construction works of the ecological water system in Gongyi City. In the next step, the Company will give full play to its advantages as a leading company under the guidance of "One Body and Two Wings", enhance the development of key regions, and will shift its market focus from solely China to both China and foreign countries.

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

## 1. Infrastructure Construction Business

### Port Construction

No.	Contract Name	Contract Value
1	PPP Project for Phase I of First Batch of Works for New Operation Area in Chongqing Port	2,454
2	Project of No.11 and 12 Universal Berths and Barge Berths in Xinsha Port Area of Guangzhou Port	1,146
3	Combination Project for the Embankment from Waiwenwu Polder Dyke to Xiasha in National Highway 228 of Changle, Fujian	941
4	Lot IV of Civil Works for Main Project of Minjiang River Qianwei Section Navigation-power Junction in Sichuan	743
5	Lot III of Civil Works for Second-line Shiplock Project of Honghua Hydro-Junction in Liujiang River, Guangxi	674

### Road and Bridge Construction

No.	Contract Name	Contract Value
1	BOT Project of Guiyang-Huangping Highway in Guizhou	8,570
2	Turnkey Project for Luanchuan-Shuanglong Section of Zhengzhou-Xixia Expressway	4,509
3	Project of Sonid Right Banner-Huade Section of Sonid Right Banner-Zhangjiakou Link for Erenhot-Guangzhou Expressway	3,845
4	Lot C1 of Construction Project of Chengkou-Kaizhou Expressway in Chongqing	2,083
5	Lot K1 of EPC project of Kangding Section of Kangding-Xinduqiao Expressway in Sichuan	1,564

### **Railway Construction**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
1	RLTJ-2 Lot of Rizhao-Linyi Section of New South Shandong High Speed Railway	1,942
2	Pre-station Project of the New Intercity Railway Between Beijing and Xiong'an	1,479
3	Contracting Project for East Ring Road Pre-station Project of New Chongqing Railway Hub	880
4	Civil Construction Project of S1 Line Phase I of Municipal Railway in Taizhou, Zhejiang	654
5	Pre-station Project of Lot GGTJ-13 of the New Railway Between Guiyang and Guangzhou	437

### **Municipal and Environmental Projects, etc.**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
1	PPP Project for Road and Bridge Works and Supporting Works for Zhongshan East Road, Shantou	5,774
2	EPC Project of Comprehensive Treatment of Water Environment in Tieshi District, Qianhai, Shenzhen	2,800
3	Lot CX-WX2 of Lake Taihu Tunnel Project of Changzhou-Wuxi Section of Suzhou-Wuxi-Changzhou Southern Expressway	2,709
4	PPP Project of Huancao Lake Comprehensive Development (Phase I) in Suzhou Xiangcheng Economic and Technology Development Zone, Jiangsu	2,708
5	“Thousands of Rivers” Comprehensive Treatment PPP Project in Nanxun District, Huzhou, Zhejiang	2,221

### **Overseas Projects**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
1	Hong Kong's Integrated Waste Management Facility Phase I	27,201
2	BOT Project of Phnom Penh-Port of Sihanoukville Expressway in Cambodia	13,643
3	Preliminary Works of West Gate Tunnel, Melbourne, Australia	12,526
4	Subway Tunnel and Platform Project in Melbourne, Australia	8,116
5	Urban Water Supply Project in East Polonnaruwa, Sri Lanka	2,399

## 2. Infrastructure Design Business

No.	Contract Name	Contract Value
1	“Upgrade from Class 3 to Class 2” EPC Project of Jining-Taierzhuang Waterway of Beijing-Hangzhou Canal	2,381
2	Reconstruction EPC Project of Huxi Waterway of Beijing-Hangzhou Canal	1,064
3	EPC Project for Reconstruction and Expansion Project of Luohuang Work Zone in Jiangjin Harbor District, Chongqing Port	639
4	Phase I of Technical Transformation Works for Bulk Cargo Technique Project in Orchard Work Zone, Main City Port Area, Chongqing Port	325
5	Lot I of EPC Project of Relocation of Hazardous Chemical Terminal and Oil and Gas Pipelines in Anqing, Anhui	278

## 3. Dredging Business

No.	Contract Name	Contract Value
1	PPP Project of Painted Surface Treatment and Soft Foundation Treatment in East New District, Taizhou, Zhejiang	1,405
2	Lot IV of Widening Project of Deep Waterway in Guangzhou Port	670
3	Sand Filling Works of Main Factory Area in Refining-Chemical Integration Project in Gulei, Zhangzhou, Fujian	567
4	Phase II of Reclamation Project of Lianhe Area in the South of Xiang'an, Fujian	523
5	2018 Maintenance and Dredging Project of Waterways in Huanghua Port	502

## II. BUSINESS PLAN

In the first half of 2018, according to statistics, the value of new contracts entered into by the Group amounted to RMB428,768 million, accomplishing 45% of our goal, which was in line with the Group's forecast. Revenue amounted to RMB207,586 million, accomplishing 42% of our goal, which was in line with the Group's forecast.

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

### (I) Completed and Accepted Projects During the Reporting Period

Total quantity of projects	N/A
Total contract value	70,621

<b>Categorised by region</b>	<b>Quantity (Project)</b>	<b>Amount</b>
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Domestic	N/A	61,528
Overseas	N/A	9,093

<b>Categorised by business type</b>		
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Infrastructure construction	232	60,357
Infrastructure design	789	3,486
Dredging	63	4,106
Others	N/A	2,673

## **(II) Projects under Construction During the Reporting Period**

<b>Total quantity of projects</b>	N/A
<b>Total value of projects</b>	3,343,093

<b>Categorised by region</b>	<b>Quantity (Project)</b>	<b>Amount</b>
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Domestic	N/A	2,487,662
Overseas	N/A	855,431

<b>Categorised by business type</b>		
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Infrastructure construction	10,150	2,973,083
Infrastructure design	18,919	180,448
Dredging	1,379	182,913
Others	N/A	6,648

The Company received a letter from Malaysia Rail Link SDN BHD, the employer, which required an immediate suspension of the Contract under the East Coast Rail Link Project (the “ECRL Project”) until further instructions. The Company has suspended all works under the Contract in respect of the ECRL Project as required upon the receipt of the letter from the employer. Meanwhile, the Company will take initiative to protect its legitimate rights and interests as a general contractor for design and construction pursuant to the contractual terms of the ECRL Project. According to the operating budget, the suspension of the ECRL Project will not have a significant impact on the Company’s operating performance in 2018.

## **(III) Investment Projects**

In the first half of 2018, progress in the launch of PPP investment projects slowed down due to prevention of financial risks, prevention and control of local debts, new policies on investment regulation, cleanup of the PPP project pool and other factors. In the second half of 2018, with the completion of project cleanup, the launch of compliance projects will be accelerated. On the whole, the year 2018 will be a key year for the shift of focus of PPP

projects from “quantity” to “quality”. At present, the PRC mainly relies on fixed assets investment to boost economic growth. The investment gap is relatively large in the public field under urbanization. The government will take “control” and “relaxation” measures for PPP development.

In the first half of 2018, the Company enhanced its efforts to analyze and study national policies and market situation, innovated investment models, and enhanced its ability to develop markets; further expanded financing channels, properly treated unfinished projects, effectively reduced leverage and secured the optimal cost of funds; enhanced the evaluation in the process and post-evaluation to effectively control investment risks; improved the management and control efficiency and the management benefit, thus realizing high-quality development of investment businesses.

### **1. Investment Projects Newly Entered into**

In the first half of 2018, the Company actively responded to the adjustment of regulation policies, reasonably managed investment schedules and implemented differentiated management. The confirmed value of contracts from PPP investment projects was RMB64,767 million. The value of construction and installation contracts to be undertaken was estimated to be RMB116,286 million. The confirmed values of contracts from BOT projects, government paid projects and urban comprehensive development projects were RMB26,062 million, RMB37,209 million and RMB1,496 million respectively, accounting for 40%, 58% and 2% of that from PPP investment projects respectively.

### **2. Government paid Projects and Urban Comprehensive Development Projects**

The total value of contracts for government paid projects entered into by the Group amounted to RMB322,539 million, wherein, the accumulative completed investment amounted to RMB125,354 million, with cumulatively RMB52,937 million having been recovered.

The total investment value of contracts for urban comprehensive development projects entered into by the Group was estimated to be RMB246,532 million, among which, RMB60,866 million of investment amount had been completed cumulatively, RMB41,779 million of sales amount had been realized and RMB32,620 million had been received by the Group.

### **3. Concession Projects**

As at 30 June 2018, according to statistics (the consolidated items contracted and financed by the Group, and the latest statistics shall prevail if there was any change), the total investment amount of the Group’s contracted BOT projects was estimated to be RMB380,102 million, wherein, the accumulative completed investment amounted to RMB180,021 million, and the uncompleted investment amounted to RMB200,081 million. 16 concession projects together with 12 share-participation projects had been put into operations, and the operating revenue in the first half of 2018 was RMB2,188 million.



**(1) Investment Projects Newly Entered into in the First Half of 2018 (Unit: RMB Million)**

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value	Expected Construction and Operating	Project Consolidated or Not	Construction Period	Toll Collection/ Operation/ Procurement Period	
				according to Shareholding Ratio of CCCC	Cost				
1	Project of Phnom Penh-Port of Sihanoukville Expressway in Cambodia	BOT	13,643	13,643	12,042	Yes	Yes	4	50
2	Guiyang-Huangping Highway in Guizhou	BOT	21,974	8,570	15,985	Yes	No	3	30
3	Road and Bridge Works and Supporting Works for Zhongshan East Road, Shantou	PPP	6,415	5,774	4,521	No	Yes	3	17
4	Others	—	114,434	36,780	83,738	—	—	—	—
<b>Total</b>			<b>156,466</b>	<b>64,767</b>	<b>116,286</b>				

**(2) Concession Projects under Development (Unit: RMB Million)**

No.	Project Name	Total Investment Budget Estimate	Contract Value	Investment	Accumulated Investment Value
			according to Shareholding Ratio	Amount in the First Half of 2018	
1	Lianzhou-Fogang Highway in Guangdong Province	23,106	23,106	2,806	4,615
2	Guigang-Long'an Highway in Guangxi Province	19,021	19,021	2,018	7,515
3	Taihangshan Highway in Hebei Province	47,000	14,570	—	Share participation
4	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	13,643	13,643	Construction not yet commenced	Construction not yet commenced
5	Kaiping-Yangchun Expressway in Guangdong Province	13,711	12,740	—	Share participation
6	Jianhe-Rongjiang Section of Yanhe-Rongjiang Expressway in Guizhou Province	17,816	10,672	—	Share participation

No.	Project Name	Total Investment Budget Estimate	Contract Value		Accumulated Investment Value
			Confirmed according to Shareholding Ratio	Investment Amount in the First Half of 2018	
7	Highways including Urumchi-Yuli Highway in Xinjiang	70,841	10,616	—	Share participation
8	Phase I of Urumchi Rail Transit Line 4	16,249	8,287	—	Share participation
9	West Line of Urumqi Ring Expressway in Xinjiang	15,300	7,803	8	8
10	Libo-Rongjiang Expressway in Guizhou Province	10,480	6,288	—	Share participation
11	Tongzhou-Daxing Section of the Capital Region Ring Expressway	12,162	6,203	2,286	8,737
12	G575 Expressway in Xinjiang	6,017	6,017	221	1,665
13	Hechang Section of Sanhuan Expressway in Chongqing	10,077	5,139	1,463	4,455
14	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Highway in Fujian Province	4,708	3,672	674	2,045
15	Hefei-Zongyang Section of G3W Dezhou-Shangrao Expressway in Anhui Province	9,228	4,522	—	Share participation
16	South Section of Ring Expressway in Wanzhou, Chongqing	4,151	4,151	Construction not yet commenced	Construction not yet commenced
17	Jiayu North Section of Wuhan-Shenzhen Expressway in Hubei Province	3,802	3,802	1,089	2,413
18	Others	<u>143,813</u>	<u>41,525</u>	<u>2,304</u>	<u>6,030</u>
<b>Total</b>		<b><u>441,125</u></b>	<b><u>201,777</u></b>	<b><u>12,869</u></b>	<b><u>37,483</u></b>

Note: There is a difference between the data in the table and that of the same period of the previous year, mainly due to the fact that the calculation method is changed from the statistical data to financial data in the current period, and the data in the consolidated statements is offset and the carrying amount of the intangible assets is adjusted according to the actual situation.

**(3) Concession Projects in Operation Period (Unit: RMB Million)**

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
1	New Songming-Kunming Expressway, Xuanwei-Qujing Expressway, and Mengzi-Wenshan-Yanshan Expressway in Yunnan Province	28,537	341	30	0.6
2	Daozhen-Weng'an Expressway in Guizhou Province	26,211	313	30	2.5
3	Jiangkou-Weng'an Expressway in Guizhou Province	15,913	325	30	2.5
4	Yanhe-Dejiang Expressway in Guizhou Province	10,700	46	30	2.5
5	Guiyang-Qianxi Expressway in Guizhou Province	9,128	252	30	2.0
6	Hubei Jiatong Section Project of Wuhan-Shenzhen Expressway in Hubei Province	8,779	28	30	1.9
7	Zhongxian-Wanzhou Expressway in Chongqing	7,505	53	30	1.6
8	Guiyang-Duyun Expressway in Guizhou Province	7,423	389	30	7.5
9	Yongchuan-Jiangjin Expressway in Chongqing	5,972	33	30	3.5
10	Jiulongpo-Yongchuan Highway in Chongqing	4,987	58	30	0.5
11	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	4,754	151	30	0.5
12	South-North Highway in Jamaica	4,788	86	50	2.5
13	Xianning-Tongshan Expressway in Hubei Province	3,091	36	30	4.5
14	Yicheng-Houma Expressway in Shanxi Province	2,391	63	30	10.5
15	Malong Connecting Line of Xuanwei-Qujing Expressway in Yunnan Province	1,772	4	30	0.5
16	Qingshuihe-Dafanpu Section of National Highway G109 in Inner Mongolia Autonomous Region	587	10	26	8.7

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
17	Wangjiang-Qianjiang Expressway in Anhui Province	Share participation	—	25	2.5
18	Fengdu-Zhongxian Expressway in Chongqing	Share participation	—	30	1.5
19	Fengdu-Fuling Expressway in Chongqing	Share participation	—	30	4.5
20	Fengdu-Shizhu Expressway in Chongqing	Share participation	—	30	4.5
21	Tongliang-Hechuan Expressway in Chongqing	Share participation	—	30	3.5
22	Tongliang-Yongchuan Expressway in Chongqing	Share participation	—	30	2.2
23	Chongqing Wanzhou-Sichuan Dazhou, Wanzhou-Hubei Lichuan Expressways	Share participation	—	30	3.5
24	Youyang-Yanhe Expressway in Chongqing	Share participation	—	30	2.5
25	Foshan-Guangming Expressway in Guangdong Province	Share participation	—	27	9.5
26	Guiyang-Weng'an Expressway in Guizhou Province	Share participation	—	30	2.5
27	Tongcheng-Jieshang Expressway in Hubei Province	Share participation	—	30	3.8
28	Yulin-Jiaxian Expressway in Shaanxi Province	Share participation	—	30	4.5
	<b>Total</b>	<b><u>142,538</u></b>	<b><u>2,188</u></b>		

Note: There is a difference between the data in the table and that of the same period of the previous year, mainly due to the fact that the calculation method is changed from the statistical data to financial data in the current period, and the data in the consolidated statements is offset and the carrying amount of the intangible assets is adjusted according to the actual situation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### Overview

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% of the total issued share capital of ZPMC. The comparative statement of profit or loss in 2017 interim results has been represented.

For the six months ended 30 June 2018, revenue of the Group from continuing operations amounted to RMB207,586 million, representing an increase of 16.1% from RMB178,846 million in the corresponding period of 2017. Among which, revenue derived from overseas markets amounted to RMB43,024 million, accounted for 20.7% of the total revenue, representing a year-on-year increase of 24.1%. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 85.3%, 5.0%, 7.1% and 2.6% of the total revenue from continuing operations for the six months ended 30 June 2018, respectively.

Gross profit from continuing operations for the six months ended 30 June 2018 amounted to RMB27,859 million, representing an increase of 16.6% from RMB23,897 million in the corresponding period of 2017. For the six months ended 30 June 2018, gross profit from infrastructure construction business and other business increased by 20.5% and 25.2% respectively, while gross profit from dredging business decreased by 13.0% and gross profit from infrastructure design business remained the same. For the six months ended 30 June 2018, gross profit margin for infrastructure construction business, infrastructure design business, dredging business and other businesses were 12.7%, 18.7%, 12.5% and 9.1% respectively, as compared with 12.3%, 20.3%, 15.0% and 9.7% in the corresponding period of 2017.

Mainly as a result of the growth in gross profit, operating profit for the six months ended 30 June 2018 amounted to RMB15,041 million, representing an increase of 6.7%, from RMB14,092 million in the corresponding period of 2017.

For the six months ended 30 June 2018, profit attributable to owners of the parent amounted to RMB8,257 million, representing an increase of 4.9% from RMB7,868 million in the corresponding period of 2017. For the six months ended 30 June 2018, earnings per share of the Group was RMB0.46, compared with RMB0.43 in the corresponding period of 2017.

The following is a comparison of financial results between the six months ended 30 June 2018 and 2017.

## **Consolidated Results of Continuing Operations**

### ***Revenue***

Revenue for the six months ended 30 June 2018 increased by 16.1% to RMB207,586 million from RMB178,846 million in the corresponding period of 2017. Revenue from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB184,328 million, RMB10,898 million, RMB15,355 million and RMB5,608 million (all before elimination of inter-segment transactions), representing a year-on-year growth rate of 16.5%, 8.5%, 4.2% and 33.5% respectively.

### ***Cost of Sales and Gross Profit***

Cost of sales for the six months ended 30 June 2018 amounted to RMB179,727 million, representing an increase of 16.0%, from RMB154,949 million in the corresponding period of 2017. Cost of sales from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB160,867 million, RMB8,856 million, RMB13,435 million and RMB5,096 million (all before elimination of inter-segment transactions) respectively, representing an increase of 16.0%, 10.7%, 7.2% and 34.4%, respectively.

Cost of sales consisted mainly of cost of raw materials and consumables used, subcontracting costs and employee benefit expenses. For the six months ended 30 June 2018, cost of raw materials and consumables used, subcontracting costs and employee benefit expenses increased by 14.6%, 12.2% and 11.9%, respectively.

As a result of the increase in both revenue and cost of sales for the six months ended 30 June 2018, gross profit for the six months ended 30 June 2018 amounted to RMB27,859 million, representing an increase of 16.6% from RMB23,897 million in the corresponding period of 2017. Gross profit from infrastructure construction business and other business increased by 20.5% and 25.2%, respectively, from the corresponding period of 2017; while gross profit from dredging business decreased by 13.0% and gross profit from infrastructure design business remained the same, respectively, from the corresponding period of 2017. Gross profit margin remained 13.4% for the six months ended 30 June 2018 as compared with corresponding period of 2017. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 12.7%, 18.7%, 12.5% and 9.1%, respectively, as compared with 12.3%, 20.3%, 15.0% and 9.7% in the corresponding period of 2017.

### ***Administrative expenses***

Administrative expenses for the six months ended 30 June 2018 amounted to RMB13,991 million, representing an increase of 23.4% from RMB11,339 million in the corresponding period of 2017. This growth was primarily attributable to the increase in employee benefit expenses and research and development costs.

### ***Operating Profit***

Operating profit for the six months ended 30 June 2018 amounted to RMB15,041 million, representing an increase of 6.7% from RMB14,092 million in the corresponding period of 2017. The increase was mainly due to the increase in gross profit.

For the six months ended 30 June 2018, operating profit from infrastructure construction business increased by 10.4% from the corresponding period of 2017; operating profit from infrastructure design business, dredging business and other businesses decreased by 13.2%, 39.8% and 21.8% (all before elimination of inter-segment transactions and unallocated cost), respectively from the corresponding period of 2017.

Operating profit margin decreased to 7.2% for the six months ended 30 June 2018 from 7.9% in the corresponding period of 2017.

### ***Finance Income***

Finance income for the six months ended 30 June 2018 amounted to RMB1,719 million, representing an increase of 15.1% from RMB1,493 million in the corresponding period of 2017.

### ***Finance Costs, net***

Net finance costs for the six months ended 30 June 2018 amounted to RMB5,517 million, representing an increase of 18.0% from RMB4,674 million in the corresponding period of 2017. The increase was mainly due to the increase in total borrowings and increase in net foreign exchange difference from borrowings in foreign currencies.

### ***Share of Loss of Joint Ventures***

Share of loss of joint ventures for the six months ended 30 June 2018 amounted to RMB27 million, as compared with RMB187 million in the corresponding period of 2017.

### ***Share of Profit of Associates***

Share of profit of associates for the six months ended 30 June 2018 amounted to RMB86 million, as compared with RMB36 million in the corresponding period of 2017.

### ***Profit before Income Tax***

As a result of the foregoing factors, profit before income tax for the six months ended 30 June 2018 amounted to RMB11,302 million, representing an increase of 5.0% from RMB10,760 million in the corresponding period of 2017.

### ***Income Tax Expense***

Income tax expense for the six months ended 30 June 2018 amounted to RMB2,598 million, representing a slight decrease of 1.9% from RMB2,647 million in the corresponding period of 2017. Effective tax rate for the Group for the six months ended 30 June 2018 decreased to 23.0% from 24.6% in the corresponding period of 2017.

### *Profit Attributable to Non-Controlling Interests*

Profit attributable to non-controlling interests for the six months ended 30 June 2018 amounted to RMB447 million compared with RMB317 million in the corresponding period of 2017.

### *Profit Attributable to Owners of the parent*

Profit attributable to owners of the parent for the six months ended 30 June 2018 amounted to RMB8,257 million compared with RMB7,868 million in the corresponding period of 2017.

Profit margin with respect to profit attributable to owners of the parent decreased to 4.0% for the six months ended 30 June 2018 from 4.4% in the corresponding period of 2017.

### **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 six months ended 30 June 2018 and 2017.

	Revenue		Gross Profit		Gross Profit Margin		Operating Profit/(loss) <sup>(1)</sup>		Operating Profit Margin	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June	
<b>Business</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(%)</i>	<i>(%)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(%)</i>	<i>(%)</i>
Infrastructure Construction	<b>184,328</b>	158,158	<b>23,461</b>	19,469	<b>12.7</b>	12.3	<b>12,763</b>	11,562	<b>6.9</b>	7.3
% of total	<b>85.3</b>	84.5	<b>84.0</b>	80.6	—	—	<b>86.3</b>	80.7	—	—
Infrastructure Design	<b>10,898</b>	10,040	<b>2,042</b>	2,042	<b>18.7</b>	20.3	<b>846</b>	975	<b>7.8</b>	9.7
% of total	<b>5.0</b>	5.4	<b>7.3</b>	8.5	—	—	<b>5.7</b>	6.8	—	—
Dredging	<b>15,355</b>	14,740	<b>1,920</b>	2,208	<b>12.5</b>	15.0	<b>719</b>	1,195	<b>4.7</b>	8.1
% of total	<b>7.1</b>	7.9	<b>6.9</b>	9.2	—	—	<b>4.9</b>	8.3	—	—
Other businesses	<b>5,608</b>	4,200	<b>512</b>	409	<b>9.1</b>	9.7	<b>465</b>	595	<b>8.3</b>	14.2
% of total	<b>2.6</b>	2.2	<b>1.8</b>	1.7	—	—	<b>3.1</b>	4.2	—	—
Subtotal	<b>216,189</b>	187,138	<b>27,935</b>	24,128	—	—	<b>14,793</b>	14,327	—	—
Intersegment elimination and unallocated profit/(costs)	<b>(8,603)</b>	(8,292)	<b>(76)</b>	(231)	—	—	<b>248</b>	(235)	—	—
Total	<b>207,586</b>	178,846	<b>27,859</b>	23,897	<b>13.4</b>	13.4	<b>15,041</b>	14,092	<b>7.2</b>	7.9

(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 six months ended 30 June 2018 and 2017.

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue	<b>184,328</b>	158,158
Cost of sales	<b><u>(160,867)</u></b>	<u>(138,689)</u>
Gross profit	<b>23,461</b>	19,469
Selling and marketing expenses	<b>(155)</b>	(99)
Administrative expenses	<b>(11,026)</b>	(8,663)
Other income, net	<b><u>483</u></b>	<u>855</u>
Segment result	<b><u><u>12,763</u></u></b>	<u><u>11,562</u></u>
Depreciation and amortisation	<b><u><u>3,816</u></u></b>	<u><u>3,360</u></u>

**Revenue.** Revenue from the infrastructure construction business for the six months ended 30 June 2018 was RMB184,328 million, representing an increase of 16.5% from RMB158,158 million in the corresponding period of 2017. This growth was primarily attributable to the increase of revenue generated from overseas projects, investment projects and road construction projects. No single project accounted for more than 5% of the Group's total revenue for the six months ended 30 June 2018 and 2017.

**Cost of sales and gross profit.** Cost of sales for the infrastructure construction business for the six months ended 30 June 2018 was RMB160,867 million, representing an increase of 16.0% from RMB138,689 million in the corresponding period of 2017. Cost of sales as a percentage of revenue slightly decreased to 87.3% for the six months ended 30 June 2018 from 87.7% in the corresponding period of 2017.

Gross profit from the infrastructure construction business for the six months ended 30 June 2018 grew by 20.5% to RMB23,461 million from RMB19,469 million in the corresponding period of 2017. Gross profit margin slightly increased to 12.7% for the six months ended 30 June 2018 from 12.3% in the corresponding period of 2017.

**Selling and marketing expenses.** Selling and marketing expenses for the infrastructure construction business for the six months ended 30 June 2018 were RMB155 million, as compared with RMB99 million in the corresponding period of 2017.

**Administrative expenses.** Administrative expenses for the infrastructure construction business were RMB11,026 million for the six months ended 30 June 2018, representing an increase of

27.3% from RMB8,663 million in the corresponding period of 2017. The increase was mainly attributable to the increase in employee benefit expenses and research and development costs. Administrative expenses as a percentage of revenue increased to 6.0% for the six months ended 30 June 2018 from 5.5% in the corresponding period of 2017.

**Other income, net.** Other net income for the infrastructure construction business decreased to RMB483 million for the six months ended 30 June 2018 from RMB855 million in the corresponding period of 2017, 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 for the six months ended 30 June 2018 was RMB12,763 million, representing an increase of 10.4% from RMB11,562 million in the corresponding period of 2017. Segment result margin decreased to 6.9% for the six months ended 30 June 2018 from 7.3% in the corresponding period of 2017.

### ***Infrastructure Design Business***

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

The following table sets out the principal profit and loss information for infrastructure design business for the six months ended 30 June 2018 and 2017.

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Revenue	<b>10,898</b>	10,040
Cost of sales	<u><b>(8,856)</b></u>	<u>(7,998)</u>
Gross profit	<b>2,042</b>	2,042
Selling and marketing expenses	<b>(150)</b>	(135)
Administrative expenses	<b>(1,135)</b>	(942)
Other income, net	<u><b>89</b></u>	<u>10</u>
Segment result	<u><b>846</b></u>	<u>975</u>
Depreciation and amortisation	<u><b>132</b></u>	<u>118</u>

**Revenue.** Revenue from the infrastructure design business for the six months ended 30 June 2018 was RMB10,898 million, representing an increase of 8.5% from RMB10,040 million in the corresponding period of 2017.

**Cost of sales and gross profit.** Cost of sales for the infrastructure design business for the six months ended 30 June 2018 was RMB8,856 million, representing an increase of 10.7% from RMB7,998 million in the corresponding period of 2017. Cost of sales as a percentage of revenue increased to 81.3% for the six months ended 30 June 2018 from 79.7% in the corresponding period of 2017.

Gross profit from the infrastructure design business for the six months ended 30 June 2018 was RMB2,042 million, remaining the same with gross profit in the corresponding period of 2017. Gross profit margin decreased to 18.7% for the six months ended 30 June 2018 from 20.3% in the corresponding period of 2017, mainly attributable to the fluctuation of overall port construction market and the increased proportion of revenue generated from comprehensive contracts, which have lower gross profit margin.

**Selling and marketing expenses.** Selling and marketing expenses for the infrastructure design business for the six months ended 30 June 2018 increased to RMB150 million from RMB135 million in the corresponding period of 2017.

**Administrative expenses.** Administrative expenses for the infrastructure design business for the six months ended 30 June 2018 were RMB1,135 million, representing an increase of 20.5% from RMB942 million in the corresponding period of 2017. Administrative expenses as a percentage of revenue increased to 10.4% for the six months ended 30 June 2018 from 9.4% in the corresponding period of 2017, mainly attributable to the increase in employee benefit expenses due to the increased number of employees, which is led by business expansion.

**Other income, net.** Other net income for the infrastructure design business for the six months ended 30 June 2018 was RMB89 million, as compared with RMB10 million in the corresponding period of 2017.

**Segment result.** As a result of the above, segment result for the infrastructure design for the six months ended 30 June 2018 was RMB846 million, representing a decrease of 13.2% from RMB975 million in the corresponding period of 2017. Segment result margin decreased to 7.8% for the six months ended 30 June 2018 from 9.7% in the corresponding period of 2017.

### ***Dredging Business***

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

The following table sets out the principal profit and loss information for the dredging business for the six months ended 30 June 2018 and 2017.

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue	<b>15,355</b>	14,740
Cost of sales	<u><b>(13,435)</b></u>	<u>(12,532)</u>
Gross profit	<b>1,920</b>	2,208
Selling and marketing expenses	<b>(56)</b>	(26)
Administrative expenses	<b>(1,355)</b>	(1,221)
Other income, net	<u><b>210</b></u>	<u>234</u>
Segment result	<u><b>719</b></u>	<u>1,195</u>
Depreciation and amortisation	<u><b>501</b></u>	<u>560</u>

**Revenue.** Revenue from the dredging business for the six months ended 30 June 2018 was RMB15,355 million, representing an increase of 4.2% from RMB14,740 million in the corresponding period of 2017.

**Cost of sales and gross profit.** Cost of sales for the dredging business for the six months ended 30 June 2018 was RMB13,435 million, representing an increase of 7.2% as compared with RMB12,532 million in the corresponding period of 2017. Cost of sales as a percentage of revenue for the dredging business for the six months ended 30 June 2018 increased to 87.5% from 85.0% in the corresponding period of 2017.

Gross profit from the dredging business for the six months ended 30 June 2018 was RMB1,920 million, representing a decrease of 13.0% from RMB2,208 million in the corresponding period of 2017. Gross profit margin for the dredging business decreased to 12.5% for the six months ended 30 June 2018 from 15.0% in the corresponding period of 2017, mainly attributable to the increase in price of raw materials such as fuel, and the fluctuation of market environment.

**Selling and marketing expenses.** Selling and marketing expenses for the dredging business for the six months ended 30 June 2018 were RMB56 million, as compared with RMB26 million in the corresponding period of 2017.

**Administrative expenses.** Administrative expenses for the dredging business for the six months ended 30 June 2018 were RMB1,355 million, representing an increase of 11.0% from RMB1,221 million in the corresponding period of 2017. Administrative expenses as a percentage of revenue increased to 8.8% for the six months ended 30 June 2018 from 8.3% in the corresponding period of 2017, mainly attributable to the increase in employee benefit expenses.

**Other income, net.** Other net income for the dredging business for the six months ended 30 June 2018 decreased to RMB210 million from RMB234 million in the corresponding period of 2017.

**Segment result.** As a result of the above, segment result for the dredging business for the six months ended 30 June 2018 was RMB719 million, representing a decrease of 39.8% from RMB1,195 million in the corresponding period of 2017. Segment result margin decreased to 4.7% for the six months ended 30 June 2018 from 8.1% in the corresponding period of 2017.

### ***Other Businesses***

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the six months ended 30 June 2018 and 2017.

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue	<b>5,608</b>	4,200
Cost of sales	<u><b>(5,096)</b></u>	<u>(3,791)</u>
Gross profit	<u><b>512</b></u>	<u>409</u>

**Revenue.** Revenue from the other businesses for the six months ended 30 June 2018 was RMB5,608 million, representing an increase of 33.5% from RMB4,200 million in the corresponding period of 2017. The rise in revenue was mainly due to the increase of trading business for the six months ended 30 June 2018.

**Cost of sales and gross profit.** Cost of sales for the other businesses for the six months ended 30 June 2018 was RMB5,096 million, representing an increase of 34.4% from RMB3,791 million in the corresponding period of 2017. Cost of sales as a percentage of revenue increased to 90.9% for the six months ended 30 June 2018 from 90.3% in the corresponding period of 2017.

Gross profit from the other businesses for the six months ended 30 June 2018 was RMB512 million, representing an increase of 25.2% from RMB409 million in the corresponding period of 2017. Gross profit margin decreased to 9.1% for the six months ended 30 June 2018 from 9.7% in the corresponding period of 2017.

### **Liquidity and Capital Resources**

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other

capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 30 June 2018, the Group had unutilised credit facilities in the amount of RMB835,300 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 six months ended 30 June 2018 and 2017.

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>(RMB million)</b>	<b>(RMB million)</b>
Net cash used in operating activities	<b>(33,045)</b>	(2,088)
Net cash used in investing activities	<b>(18,825)</b>	(20,166)
Net cash generated from financing activities	<b><u>31,204</u></b>	<u>14,505</u>
Net increase in cash and cash equivalents	<b>(20,666)</b>	(7,749)
Cash and cash equivalents at beginning of period	<b>129,197</b>	108,720
Exchange gains/(losses) on cash and cash equivalents	<b><u>120</u></b>	<u>(363)</u>
Cash and cash equivalents at end of period	<b><u>108,651</u></b>	<u>100,608</u>

### ***Cash flow from operating activities***

For the six months ended 30 June 2018, net cash used in operating activities increased to RMB33,045 million from RMB2,088 million in the corresponding period of 2017, primarily due to the increase in trade and other receivables and the one-off large portion of advance payment of certain large projects during the corresponding period in 2017. For the six months ended 30 June 2018, trade and other receivables increased by RMB29,229 million, as compared with the amount of increase of RMB14,813 million in the corresponding period of 2017.

### ***Cash flow from investing activities***

Net cash used in investing activities for the six months ended 30 June 2018 decreased to RMB18,825 million from RMB20,166 million in the corresponding period of 2017. The decrease of 6.6% was primarily attributable to the increase in proceeds from disposal of other financial assets at fair value through profit or loss and receipt of the cash consideration from governments for concession projects.

### ***Cash flow from financing activities***

Net cash generated from financing activities for the six months ended 30 June 2018 was RMB31,204 million, representing an increase of 115.1% from RMB14,505 million in the corresponding period of 2017. The increase was primarily attributable to the decrease in repayments of bank and other borrowings.

## ***Capital Expenditure***

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipments and vessels, and the building of plants. The following table set forth the Group's capital expenditure by business for the six months ended 30 June 2018 and 2017.

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Infrastructure Construction Business	<b>18,808</b>	17,686
— BOT projects	<b>13,148</b>	11,812
Infrastructure Design Business	<b>165</b>	138
Dredging Business	<b>597</b>	612
Other	<b>682</b>	366
Total	<b><u>20,252</u></b>	<b><u>18,802</u></b>

Capital expenditure for the six months ended 30 June 2018 was RMB20,252 million, as compared with RMB18,802 million in the corresponding period of 2017. The increase of 7.7% was primarily attributable to the increase of capital expenditure in BOT projects of infrastructure construction business.

## ***Working Capital***

### *Trade and bills receivables and trade and bills payables*

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the six months ended 30 June 2018 and the year ended 31 December 2017.

	As at	
	Six months ended 30 June 2018 (Number of days)	Twelve months ended 31 December 2017 (Number of days)
Turnover of average trade and bills receivables <sup>(1)</sup>	63	61
Turnover of average trade and bills payables <sup>(2)</sup>	<u>211</u>	<u>183</u>

(1) For the six months ended 30 June 2018, average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the six-month period plus trade and bills receivables net of provisions at the end of the six-month period divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 180. For the twelve months ended 31 December 2017, average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.

(2) For the six months ended 30 June 2018, average trade and bills payables equals trade and bills payables at the beginning of the six-month period plus trade and bills payables at the end of the six-month period divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 180. For the twelve months ended 31 December 2017, average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

The following table sets forth an ageing analysis of trade and bills receivables, net of provision, as at 30 June 2018 and 2017.

	As at	
	30 June 2018 (RMB million)	31 December 2017 (RMB million)
Less than 6 months	45,156	47,570
6 months to 1 year	16,826	8,907
1 year to 2 years	8,218	7,838
2 years to 3 years	3,227	3,222
Over 3 years	<u>2,946</u>	<u>1,769</u>
Total	<u>76,373</u>	<u>69,306</u>



Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 30 June 2018, the Group had a provision for impairment of RMB10,997 million, as compared with RMB10,881 million as at 31 December 2017.

The following table sets forth an ageing analysis of trade and bills payables as at 30 June 2018 and the year ended 31 December 2017.

	<b>As at</b>	
	<b>30 June 2018</b>	31 December 2017
	<i>(RMB million)</i>	<i>(RMB million)</i>
Within 1 year	<b>191,119</b>	191,288
1 year to 2 years	<b>10,843</b>	15,710
2 years to 3 years	<b>3,849</b>	2,816
Over 3 years	<b><u>3,107</u></b>	<u>2,926</u>
Total	<b><u>208,918</u></b>	<u>212,740</u>

The Group's credit terms with its suppliers for the six months ended 30 June 2018 remained the same as that for the year ended 31 December 2017. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

### ***Retentions***

The following table sets forth the fair value of the retentions as at 30 June 2018 and the year ended 31 December 2017.

	<b>As at</b>	
	<b>30 June 2018</b>	31 December 2017
	<i>(RMB million)</i>	<i>(RMB million)</i>
Current	<b>35,771</b>	30,465
Non-current	<b><u>29,725</u></b>	<u>33,927</u>
Total	<b><u>65,496</u></b>	<u>64,392</u>

## Indebtedness

### *Borrowings*

The following table sets out the maturities of the Group's total borrowings as at 30 June 2018 and the year ended 31 December 2017.

	As at	
	30 June 2018 (RMB million)	31 December 2017 (RMB million)
Within 1 year	90,504	82,680
1 year to 2 years	29,812	36,380
2 years to 5 years	46,406	32,831
Over 5 years	<u>127,363</u>	<u>109,311</u>
Total borrowings	<u>294,085</u>	<u>261,202</u>

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 30 June 2018 and the year ended 31 December 2017.

	As at	
	30 June 2018 (RMB million)	31 December 2017 (RMB million)
Renminbi	270,617	239,569
U.S. dollar	15,671	14,144
Japanese Yen	3,866	3,786
Hong Kong dollar	1,628	1,692
Euro	1,404	1,488
Others	<u>899</u>	<u>523</u>
Total borrowings	<u>294,085</u>	<u>261,202</u>

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 30 June 2018 was 46.8%, as compared with 39.1% as at 31 December 2017.

## Contingent Liabilities

	As at	
	30 June 2018 (RMB million)	31 December 2017 (RMB million)
Pending lawsuits <sup>(1)</sup>	645	689
Outstanding loan guarantees <sup>(2)</sup>	<u>8,151</u>	<u>7,912</u>
Total	<u>8,796</u>	<u>8,601</u>

(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 of RMB645 million (31 December 2017: RMB689 million) 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 guarantor for several external borrowings made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the financial guarantee.

During 2017, the Group completed the disposal of 99% equity interest in Guizhou Zhong Jiao Gui Weng Expressway Limited Company (“Zhong Jiao Gui Weng”) and hence lost the control of the company. Upon completion of this disposal, the residual interest in Zhong Jiao Gui Weng are stated as the investment in an associate under the equity method of accounting. As at 30 June 2018, the above amount included in the Group’s guarantees for the borrowings of RMB 6,440 million (31 December 2017: RMB 6,325 million) in respect of Zhong Jiao Gui Weng. Meanwhile Zhong Jiao Gui Weng has pledged its 100% highway toll rights and all relevant benefits to secure the borrowings.

After the assessment of the financial position of these joint ventures and associates, the Directors concluded there is no significant default risk and no provision for such guarantees are required.

## 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.

### Macro-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 macroeconomic factors including investment scale of social fixed assets and the process of urbanisation.

In recent years, the national economy has kept a stable 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 135 countries and regions, with major overseas business in Southeast Asia, South Asia, Africa, Oceania and South America. If the political and economic conditions of such countries and regions change adversely, daily operation of the Group in those regions could be affected, and 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 the six months ended 30 June 2018 and 2017, the Group's borrowings at variable rates were mainly denominated in RMB, USD, JPY, Hong Kong Dollars and Euro.

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.

As at 30 June 2018, the Group's borrowings of approximately RMB175,817 million (31 December 2017: RMB161,014 million) were at variable rates. As at 30 June 2018, if interest rates on borrowings had been 1.00 percentage-point higher/lower with all other variables held constant, pre-tax profit for the six months ended 30 June 2018 would have been decreased/increased by RMB879 million (31 December 2017: 1.00 percentage point higher/lower, RMB1,610 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 30 June 2018, net assets of the Group, including trade and other receivables, cash and bank balances, trade and other payables and borrowings in an aggregate of RMB13,435 million, 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 30 June 2018, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the six months ended 30 June 2018 would have been decreased/increased by approximately RMB267 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 equity instruments at fair value through other comprehensive income, 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.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2018*

		For the six months ended 30 June	
	Notes	2018 Unaudited RMB million	2017 Unaudited RMB million <i>Restated</i>
<b>Continuing operations</b>			
Revenue from contracts with customers	3,5	207,586	178,846
Cost of sales	6	(179,727)	(154,949)
<b>Gross profit</b>		<b>27,859</b>	23,897
Other income	5	1,895	1,751
Other gains, net	5	193	718
Selling and marketing expenses		(462)	(344)
Administrative expenses		(13,991)	(11,339)
Other expenses		(453)	(591)
<b>Operating profit</b>		<b>15,041</b>	14,092
Finance income	7	1,719	1,493
Finance costs, net	8	(5,517)	(4,674)
Share of profits and losses of:			
- Joint ventures		(27)	(187)
- Associates		86	36
<b>Profit before tax from continuing operations</b>	6	<b>11,302</b>	10,760
Income tax expense	9	(2,598)	(2,647)
<b>Profit for the period from continuing operations</b>		<b>8,704</b>	8,113
<b>Discontinued operation</b>			
Profit for the period from a discontinued operation	11	—	72
<b>Profit for the period</b>		<b>8,704</b>	8,185
<b>Attributable to:</b>			
- Owners of the parent		8,257	7,868
- Non-controlling interests		447	317
		<b>8,704</b>	8,185
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
Basic			
-For profit for the period	12	RMB 0.46	RMB 0.43
-For profit from continuing operations	12	RMB 0.46	RMB 0.43
Diluted			
-For profit for the period	12	RMB 0.46	RMB 0.43
-For profit from continuing operations	12	RMB 0.46	RMB 0.43

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2018*

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>Unaudited</b>	Unaudited
	<b><i>RMB million</i></b>	<i>RMB million</i>
		<i>Restated</i>
<b>Profit for the period</b>	<b><u>8,704</u></b>	<b><u>8,185</u></b>
<b>Other comprehensive (loss)/income</b>		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Actuarial (losses)/gains on retirement benefit obligations	(36)	20
Net loss on equity instruments at fair value through other comprehensive income	(1,950)	—
Share of other comprehensive loss of joint ventures and associates	(29)	—
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Changes in fair value of available-for-sale investments		
- Gains arising during the period	—	3,453
- Release of investment revaluation reserve upon disposal of available-for-sale investments	—	(108)
Cash flow hedges	2	2
Share of other comprehensive income of joint ventures and associates	—	(24)
Exchange differences on translation of foreign operations	(13)	(8)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b><u>(2,026)</u></b>	<b><u>3,335</u></b>
<b>Total comprehensive income for the period</b>	<b><u>6,678</u></b>	<b><u>11,520</u></b>
<b>Attributable to:</b>		
- Owners of the parent	6,232	11,202
- Non-controlling interests	446	318
	<b><u>6,678</u></b>	<b><u>11,520</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

		30 June 2018 Unaudited RMB million	31 December 2017 Audited RMB million
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment		53,822	52,751
Investment properties		3,496	2,275
Prepaid land lease payments		8,007	7,230
Intangible assets		173,029	161,158
Investments in joint ventures		12,794	11,133
Investments in associates		20,817	19,409
Other financial assets at fair value through profit or loss		4,589	3,451
Debt instruments at amortised cost		155	—
Equity instruments at fair value through other comprehensive income		22,228	—
Available-for-sale investments		—	25,908
Held-to-maturity investments		—	104
Trade and other receivables	13	122,705	112,710
Deferred tax assets		4,475	4,214
Total non-current assets		426,117	400,343
<b>Current assets</b>			
Inventories		47,200	40,536
Contract assets		112,181	—
Amounts due from contract customers		—	89,577
Trade and other receivables	13	203,681	181,745
Other financial assets at fair value through profit or loss		781	2,878
Derivative financial instruments		461	488
Restricted bank deposits and time deposits with an initial term of over three months		5,798	5,124
Cash and cash equivalents		108,651	129,197
Total current assets		478,753	449,545
<b>Current liabilities</b>			
Trade and other payables	14	275,668	332,703
Contract liabilities		98,906	—
Amounts due to contract customers		—	27,175
Tax payable		3,081	3,994
Derivative financial instruments		2	10
Interest-bearing bank and other borrowings		90,504	82,680
Retirement benefit obligations		149	149
Total current liabilities		468,310	446,711
<b>Net current assets</b>		<b>10,443</b>	<b>2,834</b>
<b>Total assets less current liabilities</b>		<b>436,560</b>	<b>403,177</b>



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

30 June 2018

		<b>30 June 2018</b>	31 December 2017
		<b>Unaudited</b>	Audited
	Notes	<b>RMB million</b>	<b>RMB million</b>
<b>Total assets less current liabilities</b>		<u><b>436,560</b></u>	<u>403,177</u>
<b>Non-current liabilities</b>			
Trade and other payables	14	<b>13,676</b>	10,545
Interest-bearing bank and other borrowings		<b>203,581</b>	178,522
Deferred income		<b>1,079</b>	669
Deferred tax liabilities		<b>5,295</b>	5,969
Retirement benefit obligations		<b>1,188</b>	1,198
Provisions		<u><b>755</b></u>	<u>680</u>
Total non-current liabilities		<u><b>225,574</b></u>	<u>197,583</u>
<b>Net assets</b>		<u><u><b>210,986</b></u></u>	<u><u>205,594</u></u>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>16,175</b>	16,175
Share premium		<b>19,656</b>	19,656
Financial instruments classified as equity		<b>19,431</b>	19,431
Reserves		<u><b>126,241</b></u>	<u>125,660</u>
		<b>181,503</b>	180,922
<b>Non-controlling interests</b>		<u><b>29,483</b></u>	<u>24,672</u>
<b>Total equity</b>		<u><u><b>210,986</b></u></u>	<u><u>205,594</u></u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the parent (Unaudited)							
	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
<b>As at 31 December 2017</b>	<b>16,175</b>	<b>19,656</b>	<b>19,431</b>	<b>28,443*</b>	<b>97,217*</b>	<b>180,922</b>	<b>24,672</b>	<b>205,594</b>
Adjustment on adoption of IFRS 9, net of tax (Note 2.2)	—	—	—	85	(718)	(633)	(9)	(642)
<b>As at 1 January 2018</b>	<b>16,175</b>	<b>19,656</b>	<b>19,431</b>	<b>28,528</b>	<b>96,499</b>	<b>180,289</b>	<b>24,663</b>	<b>204,952</b>
Profit for the period	—	—	—	—	8,257	8,257	447	8,704
<b>Other comprehensive income for the period:</b>								
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	—	—	—	(1,950)	—	(1,950)	—	(1,950)
Cash flow hedges, net of tax	—	—	—	2	—	2	—	2
Share of other comprehensive loss of joint ventures and associates	—	—	—	(29)	—	(29)	—	(29)
Actuarial loss on retirement benefit obligations, net of tax	—	—	—	(36)	—	(36)	—	(36)
Exchange differences on translation of foreign operations	—	—	—	(12)	—	(12)	(1)	(13)
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,025)</b>	<b>8,257</b>	<b>6,232</b>	<b>446</b>	<b>6,678</b>
Final 2017 dividends declared	—	—	—	—	(3,913)	(3,913)	—	(3,913)
Dividends on perpetual medium-term notes	—	—	—	—	(300)	(300)	(339)	(639)
Dividends on preference shares	—	—	—	—	(718)	(718)	—	(718)
Dividends paid to non-controlling interests	—	—	—	—	—	—	(26)	(26)
Capital addition of non-controlling interests	—	—	—	—	—	—	1,407	1,407
Acquisition of subsidiaries	—	—	—	—	—	—	533	533
Disposal of subsidiaries	—	—	—	—	—	—	(8)	(8)
Financial instruments classified as equity	—	—	—	—	—	—	2,718	2,718
Transaction with non-controlling interests	—	—	—	(87)	—	(87)	87	—
Transfer to safety production reserve	—	—	—	83	(83)	—	2	2
<b>As at 30 June 2018</b>	<b>16,175</b>	<b>19,656</b>	<b>19,431</b>	<b>26,499*</b>	<b>99,742*</b>	<b>181,503</b>	<b>29,483</b>	<b>210,986</b>

\* As at 30 June 2018, these reserve accounts comprise the consolidated reserve of RMB 126,241 million (31 December 2017: RMB 125,660 million) in the consolidated statement of financial position.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

*For the six months ended 30 June 2018*

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June	
		2018 Unaudited RMB million	2017 Unaudited RMB million
<b>Cash flows from operating activities</b>			
Profit before tax			
- From continuing operations		11,302	10,760
- From a discontinued operation	11	—	110
Adjustments for:			
- Depreciation of property, plant and equipment and investment properties		3,733	4,165
- Amortisation of intangible assets and prepaid land lease payments		859	627
- Gains on disposal of available-for-sale financial investments	5	—	(245)
- Gains on disposal of items of property, plant and equipment	5	(26)	(36)
- Gains from business combinations achieved in stages	5	(236)	—
- Gains on disposal of joint ventures and associates	5	—	(418)
- Changes in fair value of other financial assets at fair value through profit or loss	5	(91)	(70)
- Changes in fair value of derivative financial instruments		21	(9)
- Gains on disposal of other financial assets at fair value through profit or loss	5	(2)	(2)
- Gains on disposal of subsidiaries	5	(19)	—
- Investment income from derivative financial instruments	5	(40)	—
- Dividend income on other financial assets at fair value through profit or loss	5	(22)	—
- Dividend income on equity instruments at fair value through other comprehensive income	5	(638)	—
- Dividend income on available-for-sale financial investments	5	—	(557)
- Investment income from debt instruments at amortised cost	5	(4)	—
- Investment income from held-to-maturity financial assets	5	—	(8)
- Share of (gains)/losses of joint ventures and associates		(59)	138
- Write-down/(reversal) of provision against inventories	6	(1)	104
- Provision for foreseeable losses on construction contracts		326	213
- Provision for impairment of contract assets	6	144	—
- Provision for impairment of trade and other receivables		1,038	844
- Provision for impairment of concession assets	6	—	101
- Provision for impairment of available-for-sale investments	6	—	13
- Interest income		(1,719)	(1,570)
- Interest expenses		5,259	5,180
- Other income from investing activities		(15)	(25)
- Other gains from investing activities	5	—	(31)
- Net foreign exchange losses on borrowings		95	(162)
		<b>19,905</b>	<b>19,122</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(CONTINUED)**

*For the six months ended 30 June 2018*

	Notes	For the six months ended 30 June	
		2018 Unaudited RMB million	2017 Unaudited RMB million
<b>Cash flows from operating activities (continued)</b>			
Increase in inventories		(5,946)	(3,214)
Increase in contract assets		(23,683)	—
Increase in amounts due from contract customers		—	(23,279)
Decrease/(increase) in restricted bank deposits		(736)	523
Increase in trade and other receivables		(29,229)	(14,813)
Increase in contract liabilities		9,179	—
Decrease in amounts due to contract customers		—	(2,824)
(Decrease)/increase in trade and other payables		(694)	24,667
Decrease in retirement benefit obligations		(77)	(85)
Increase in provisions		75	178
Increase in deferred income		410	134
Cash (used in)/generated from operations		(30,796)	409
Interest income		1,157	857
Income tax paid		(3,406)	(3,354)
Net cash flows used in operating activities		(33,045)	(2,088)
<b>Cash flows from investing activities</b>			
Purchases of items of property, plant and equipment		(4,077)	(5,305)
Additions to prepaid land lease payments		(848)	(373)
Purchases of intangible assets		(13,401)	(9,966)
Purchase of investment properties		—	(24)
Purchases of equity instruments at fair value through other comprehensive income		(447)	—
Proceeds from disposal of items of property, plant and equipment		257	199
Proceeds from disposal of prepaid land lease payments		3	—
Proceeds from disposal of intangible assets		46	1
Additional investments in associates		(1,415)	(1,674)
Additional investments in joint ventures		(2,346)	(184)
Purchases of available-for-sale investments		—	(793)
Purchases of other financial assets at fair value through profit or loss		(2,963)	(2,700)
Proceeds from disposal of available-for-sale investments		—	315
Proceeds from disposal of other financial assets at fair value through profit or loss		5,014	2
Acquisition of subsidiaries		800	(435)
Proceeds from disposal of subsidiaries, joint ventures and associates		67	185
Proceeds from disposal of equity instruments at fair value through other comprehensive income		3	—

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(CONTINUED)**

*For the six months ended 30 June 2018*

		For the six months ended 30 June	
		2018	2017
	Notes	Unaudited RMB million	Unaudited RMB million
<b>Cash flows from investing activities (continued)</b>			
Proceeds from disposal of other debt instruments		56	—
Loans to joint ventures, associates and third parties		(6,116)	(4,368)
Repayment of loans from joint ventures and associates		3,116	3,269
Advance receipt from non-controlling interests for transfer out shares in a subsidiary		—	555
Interest received		309	737
Changes in time deposits with an initial term of over three months		62	(254)
Cash consideration received of concession assets		2,520	100
Dividends received		535	522
Other income from investing activities		—	25
		<u>—</u>	<u>25</u>
Net cash flows used in investing activities		<u>(18,825)</u>	<u>(20,166)</u>
<b>Cash flows from financing activities</b>			
Proceeds from bank and other borrowings		68,781	73,913
Proceeds from financial instruments classified as equity		2,718	—
Repayments of bank and other borrowings		(37,755)	(56,325)
Interest paid		(6,047)	(5,866)
Dividends paid to equity holders of the parent		—	(275)
Dividends paid to non-controlling interests of subsidiaries		(90)	(216)
Loans from parent company		—	500
Loans from non-controlling interests		—	1,100
Loans from joint ventures, associates and fellow subsidiaries		90	422
Capital contribution from non-controlling interests		1,407	1,252
Other financings		2,100	—
		<u>2,100</u>	<u>—</u>
Net cash flows from financing activities		<u>31,204</u>	<u>14,505</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(20,666)</u>	<u>(7,749)</u>
Cash and cash equivalents at beginning of period		129,197	108,720
Effect of foreign exchange rate changes, net		120	(363)
		<u>120</u>	<u>(363)</u>
<b>Cash and cash equivalents at end of period</b>		<u><u>108,651</u></u>	<u><u>100,608</u></u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Corporate and group information

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

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

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

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim financial reporting”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

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

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a 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 standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption to contracts that were not completed as at 1 January 2018. The Group has assessed and 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 contracts not yet completed as at 1 January 2018, so there is no transitional adjustments recognised against the opening balance of retained earnings as at 1 January 2018. The comparative information for each of the primary financial statements and disclosures for the comparative period in the notes to the financial statements are presented based on the requirements of IAS11, IAS18 and related interpretations.

The Group's principal activities mainly consist of the construction contracting business and contracts for services business. The Group recognises revenue when or as the entity satisfies a performance obligation by transferring a promised goods or service to a customer. An asset is transferred when the customer obtains control of that asset. The Group recognises revenue on the following basis:

(a) Construction contracts

The Group determines that construction contract satisfies the performance obligation over time, for the construction contracts' performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group recognises revenues over time based on the percentage of completion, using input methods in accordance with IFRS 15, which is largely consistent with previous accounting treatment. If the percentage of completion cannot be reasonably determined and the cost incurred by the Group is expected to be compensated, the Group recognises revenues according to the cost amount incurred, until the percentage of completion can be reasonably determined. Therefore, the adoption of IFRS 15 did not have a material impact on the timing and amount of revenue recognition from construction contracts.

(b) Contracts for services

The Group determines that contracts for services satisfies the performance obligation over time, for the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. The Group recognises revenues over time based on the percentage of completion in accordance with IFRS 15, which is largely consistent with previous accounting treatment. Therefore, the adoption of IFRS 15 did not have a material impact on the timing and amount of revenue recognition from contracts for services.

(c) Sale of goods

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, which is largely consistent with previous accounting treatment. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amount of revenue recognition from sale of goods.

(d) Presentation and disclosure requirements

As required for the condensed interim financial statements, the Group disaggregated 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. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 3 for the disclosure on disaggregated revenue.



Furthermore, reclassifications were made as at 1 January 2018 to be consistent with the terminology used under IFRS 15. A reconciliation between the carrying amounts under IAS 18 and IAS 11 to the balances reported under IFRS 15 as of 1 January 2018 is as follows:

	<b>As previously stated Under IAS 18, 11</b>	<b>Reclassification</b>	<b>Restated Under IFRS 15</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Amounts due from contract customers	89,577	(89,577)	—
Contract assets	—	89,577	89,577
Amounts due to contract customers	(27,175)	27,175	—
Trade and other payables	(343,248)	61,293	(281,955)
Contract liabilities	—	(88,468)	(88,468)

### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has not restated comparative information for the prior period for financial instruments in the scope of IFRS 9. Therefore, the comparative information for the prior period is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in below.

#### **Changes to classification and measurement**

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (SPPI).

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R)) have been replaced by:

- Debt instruments at amortised cost (AC)
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

The Group's accounting policies for financial instruments are as follows:

*Debt instruments:*

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's debt instruments at amortized cost and trade and other receivables excluding prepayments.
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. Debt instruments in this category are the Group's debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell.
- Debt instruments at FVPL include those debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. This category would also include those debt instruments the Group has elected to irrevocably designate as FVPL.

*Other financial instruments*

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition, includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to designate upon initial recognition or transition as FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's equity instruments, which the Group intends to hold for the foreseeable future, were classified as AFS.
- Other financial instruments at FVPL comprise derivative instruments and equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

**Changes to the impairment calculation**

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

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. The impairment is based on the ECLs associated with the probability of cash default.

The Group's accounting policies for financial instruments impairment method are as follows:

The Group 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 contract assets and trade and other receivables excluding prepayments. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the expected credit loss is based on the 12-month. The 12-month expected credit loss is the portion of lifetime that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the impairment will be based on the lifetime expected credit loss.

If the financial asset meets the definition of purchased or originated credit impaired, the impairment is based on the change in the ECLs over the life of the asset.

The adoption of the expected credit loss requirements of IFRS 9 resulted in an increase in impairment provisions of the Group's debt financial assets, as disclosed within this note set out below. The increase in provisions as at the initial adoption date resulted in adjustment to retained earnings.

#### Changes to hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of the entire forward contract in the Group's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of IFRS 9 had no significant impact on the Group's financial statements.

Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. Therefore, upon adoption of IFRS 9, the net gain or loss on cash flow hedges was presented under 'Other comprehensive income not to be reclassified to profit or loss in subsequent periods'. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

	IAS 39 measurement			Remeasurement			IFRS 9	
	Category	Amount	Re-	Expected	Other	Amount	Category	
	RMB million	RMB million	classification	credit loss	RMB million	RMB million	RMB million	RMB million
<b>Financial assets</b>								
Cash and cash equivalents, restricted bank deposits and time deposits	L&R	134,321	—	—	—	134,321	AC	
Trade and other receivables, excluding prepayments	L&R	270,222	—	(494)	—	269,728	AC	
Available-for-sale investments	AFS	25,908	(25,908)	—	—	N/A		
To: Debt instruments at fair value through other comprehensive income	i)	N/A	(55)	—	—	—		
To: Equity instruments at fair value through other comprehensive income	ii)	N/A	(24,393)	—	—	—		
To: Other financial assets at fair value through profit or loss	iii)	N/A	(1,460)	—	—	—		
Held-to-maturity investments	HTM	104	(104)	—	—	N/A		
To: Debt instruments at amortised cost	iv)	N/A	(104)	—	—	—		
Debt instruments at amortised cost		N/A	104	—	—	104	AC	
From: Held-to-maturity investments	iv)	—	104	—	—	N/A		
Other financial assets at fair value through profit or loss	FVPL	6,329	1,374	—	137	7,840	FVPL	
To: Equity instruments at fair value through other comprehensive income	v)	N/A	(86)	—	—	—		
From: Available-for-sale investments	iii)	—	1,460	—	137	N/A		
Derivative financial instruments	FVPL	488	—	—	—	488	FVPL	
Debt instruments at fair value through other comprehensive income		N/A	55	—	—	55	FVOCI	
From: Available-for-sale investments	i)	—	55	—	—	N/A		
Equity instruments at fair value through other comprehensive income		N/A	24,479	—	142	24,621	FVOCI	
From: Available-for-sale investments	ii)	—	24,393	—	142	N/A		
From: Other financial assets at fair value through profit or loss	v)	—	86	—	—	—		
		<u>437,372</u>	<u>—</u>	<u>(494)</u>	<u>279</u>	<u>437,157</u>		
<b>Non-financial assets</b>								
Contract assets		89,577	—	(628)	—	88,949		
Deferred tax assets		4,214	—	261	—	4,475		
Deferred tax liabilities		(5,969)	—	—	(60)	(6,029)		
<b>Net assets</b>		<u>525,194</u>	<u>—</u>	<u>(861)</u>	<u>219</u>	<u>524,552</u>		

- (i) As of 1 January 2018, the Group has assessed its Iraqi Treasury which had previously been classified as AFS debt instruments. The Group concluded that this instrument is managed within a business model of collecting contractual cash flows and selling the financial assets. Accordingly, the Group has classified it as debt instruments measured at fair value through other comprehensive income.
- (ii) As of 1 January 2018, the Group has elected the option to irrevocably designate some of its previous available for sale equity instruments as equity instruments at fair value through other comprehensive income.
- (iii) As of 1 January 2018, the Group has classified a portion of its financial instruments to other financial asset at fair value through profit or loss as those financial instruments did not meet the SPPI criterion and the Company elected to apply the FVPL option.
- (iv) As of 1 January 2018, the Group did not have any debt instruments that did not meet the SPPI criterion within its held-to-maturity instruments. Therefore, it elected to classify all of these instruments as debt instruments measured at amortised cost.
- (v) As of 1 January 2018, the Group has elected the option to irrevocably designate some of its previous other financial assets at fair value through profit or loss as equity instruments at fair value through other comprehensive income.

The reconciliation of the impairment provision of financial assets and contract assets by adopting IFRS 9 as at the initial applicable date of 1 January 2018 is as follows:

	<b>Impairment provision under IAS 39 RMB million</b>	<b>Remeasurement RMB million</b>	<b>Impairment provision under IFRS 9 RMB million</b>
Trade and other receivables, excluding prepayments	(13,185)	(494)	(13,679)
Contract assets	<u>—</u>	<u>(628)</u>	<u>(628)</u>
Total	<u><u>(13,185)</u></u>	<u><u>(1,122)</u></u>	<u><u>(14,307)</u></u>

The impact of the Group's financial statement of equity by adopting IFRS 9 as at the initial applicable date of 1 January 2018 is as follows:

	<b>Opening balances</b>			
	<b>Attributable to owners of the parent</b>			Non-controlling interests
	Retained earnings	Other Reserve	Total	
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
As at 31 December 2017	97,217	28,443	125,660	24,672
Increase in provision for contract assets and trade and other receivables excluding prepayments, net of tax	(852)	—	(852)	(9)
Gains of remeasurement of equity instruments, net of tax	<u>134</u>	<u>85</u>	<u>219</u>	<u>—</u>
As at 1 January 2018	<u>96,499</u>	<u>28,528</u>	<u>125,027</u>	<u>24,663</u>

### **Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions**

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 had adopted the amendments from 1 January 2018. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any significant impact on the Group's consolidated financial statements.

### **Amendments to IAS 40 Transfers of Investment Property**

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 had adopted the amendments prospectively from 1 January 2018. The amendments do not have any significant impact on the Group's financial statements.

## IFRIC 22 Foreign Currency Transactions and Advance Consideration

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 Group had adopted IFRIC 22 from 1 January 2018. The adoption of IFRIC 22 do not have any significant impact on the Group's financial statements.

## Annual Improvements 2014-2016 Cycle

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 had been adopted by the Group for the prior year's financial statements, the Group had adopted the amendments retrospectively from 1 January 2018. None of the amendments 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.

## 2.3 Issued but not yet effective International Financial Reporting Standards

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

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or its Joint Venture</i> <sup>2</sup>
IFRS 16	<i>Leases</i> <sup>1</sup>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> <sup>1</sup>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i> <sup>1</sup>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> 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 as follows:

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 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.

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

*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. Revenue from contracts with customers

Segments	For the six months ended 30 June 2018				
	Construction Unaudited <i>RMB million</i>	Design Unaudited <i>RMB million</i>	Dredging Unaudited <i>RMB million</i>	Others Unaudited <i>RMB million</i>	Total Unaudited <i>RMB million</i>
<b>Type of goods or service</b>					
Infrastructure Construction	175,799	—	—	—	175,799
Infrastructure Design	—	8,921	—	—	8,921
Dredging	—	—	11,701	—	11,701
Others	3,651	—	3,468	4,046	11,165
<b>Total revenue from contracts with customers</b>	<b>179,450</b>	<b>8,921</b>	<b>15,169</b>	<b>4,046</b>	<b>207,586</b>
<b>Geographical markets</b>					
Mainland China	136,890	8,457	15,169	4,046	164,562
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	42,560	464	—	—	43,024
<b>Total revenue from contracts with customers</b>	<b>179,450</b>	<b>8,921</b>	<b>15,169</b>	<b>4,046</b>	<b>207,586</b>
<b>Timing of revenue recognition</b>					
Services transferred over time	175,799	8,921	11,701	—	196,421
Merchandise transferred at a point in time	3,651	—	3,468	4,046	11,165
<b>Total revenue from contracts with customers</b>	<b>179,450</b>	<b>8,921</b>	<b>15,169</b>	<b>4,046</b>	<b>207,586</b>

<b>Segments</b>	For the six months ended 30 June 2017				
	Construction Unaudited <i>RMB million</i> <i>Restated</i>	Design Unaudited <i>RMB million</i> <i>Restated</i>	Dredging Unaudited <i>RMB million</i> <i>Restated</i>	Others Unaudited <i>RMB million</i> <i>Restated</i>	Total Unaudited <i>RMB million</i> <i>Restated</i>
<b>Type of goods or service</b>					
Infrastructure Construction	150,288	—	—	—	150,288
Infrastructure Design	—	8,676	—	—	8,676
Dredging	—	—	13,819	—	13,819
Others	2,413	—	54	3,596	6,063
<b>Total revenue from contracts with customers</b>	<b>152,701</b>	<b>8,676</b>	<b>13,873</b>	<b>3,596</b>	<b>178,846</b>
<b>Geographical markets</b>					
Mainland China	118,021	8,676	13,873	3,596	144,166
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	34,680	—	—	—	34,680
<b>Total revenue from contracts with customers</b>	<b>152,701</b>	<b>8,676</b>	<b>13,873</b>	<b>3,596</b>	<b>178,846</b>
<b>Timing of revenue recognition</b>					
Services transferred over time	150,288	8,676	13,819	—	172,783
Merchandise transferred at a point in time	2,413	—	54	3,596	6,063
<b>Total revenue from contracts with customers</b>	<b>152,701</b>	<b>8,676</b>	<b>13,873</b>	<b>3,596</b>	<b>178,846</b>

The Group recognised impairment losses on trade and bills receivables and contract assets arising from contracts with customers, included under administrative expenses in the statement of profit or loss, amounting to RMB 1,182 million and RMB 775 million for the six months ended 30 June 2018 and 2017, respectively.

#### **4. 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 11, 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 others segment 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 tax assets, investments in joint ventures and associates, equity instruments at fair value through other comprehensive income, available-for-sale investments, held-to-maturity investments, debt instruments at amortised cost, 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, contract liabilities and amounts due to contract customers. They exclude deferred tax liabilities, 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 six months ended 30 June 2018 and other segment information included in the unaudited interim condensed consolidated financial statements are as follows:

	<b>For the six months ended 30 June 2018</b>					
	<b>Construction</b>	<b>Design</b>	<b>Dredging</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Total gross segment revenue	184,328	10,898	15,355	5,608	(8,603)	207,586
Inter-segment revenue	<u>(4,878)</u>	<u>(1,977)</u>	<u>(186)</u>	<u>(1,562)</u>	<u>8,603</u>	<u>—</u>
<b>Revenue</b>	<b><u>179,450</u></b>	<b><u>8,921</u></b>	<b><u>15,169</u></b>	<b><u>4,046</u></b>	<b><u>—</u></b>	<b><u>207,586</u></b>
Segment results	12,763	846	719	465	(76)	14,717
Unallocated income						<u>324</u>
Operating profit						15,041
Finance income						1,719
Finance costs, net						(5,517)
Share of profits and losses of joint ventures and associates						<u>59</u>
<b>Profit before tax from continuing operations</b>						<b>11,302</b>
Income tax expense						<u>(2,598)</u>
<b>Profit for the period from continuing operations</b>						<b><u>8,704</u></b>
<b>Other segment information</b>						
Depreciation	3,020	107	486	120	—	3,733
Amortisation	796	25	15	23	—	859
Write-down of inventories	(1)	—	—	—	—	(1)
Provision for impairment of trade and other receivables	745	107	167	19	—	1,038
Provision for foreseeable losses on construction contracts	220	—	106	—	—	326
Provision for impairment of contract assets	135	2	7	—	—	144
Capital expenditure	<u>18,808</u>	<u>165</u>	<u>597</u>	<u>682</u>	<u>—</u>	<u>20,252</u>

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

	For the six months ended 30 June 2017					
	Construction	Design	Dredging	Others	Eliminations	Total
	Unaudited <i>RMB million</i> <i>Restated</i>	Unaudited <i>RMB million</i> <i>Restated</i>	Unaudited <i>RMB million</i> <i>Restated</i>	Unaudited <i>RMB million</i> <i>Restated</i>	Unaudited <i>RMB million</i> <i>Restated</i>	Unaudited <i>RMB million</i> <i>Restated</i>
Total gross segment revenue	158,158	10,040	14,740	4,200	(8,292)	178,846
Inter-segment revenue	(5,457)	(1,364)	(867)	(604)	8,292	—
<b>Revenue</b>	<u>152,701</u>	<u>8,676</u>	<u>13,873</u>	<u>3,596</u>	<u>—</u>	<u>178,846</u>
Segment results	11,562	975	1,195	595	(352)	13,975
Unallocated income						117
Operating profit						14,092
Finance income						1,493
Finance costs, net						(4,674)
Share of profits and losses of joint ventures and associates						(151)
<b>Profit before tax from continuing operations</b>						10,760
Income tax expense						(2,647)
<b>Profit for the period from continuing operations</b>						<u>8,113</u>
<b>Other segment information</b>						
Depreciation	2,870	101	539	53	—	3,563
Amortisation	490	17	21	50	—	578
Write-down of inventories	2	—	—	12	—	14
Provision for foreseeable losses on construction contracts	176	—	2	—	—	178
Provision for impairment of trade and other receivables	558	54	102	61	—	775
Provision for impairment of concession assets	101	—	—	—	—	101
Provision for impairment of available-for-sale investments	13	—	—	—	—	13
Capital expenditure	<u>17,686</u>	<u>138</u>	<u>612</u>	<u>366</u>	<u>—</u>	<u>18,802</u>

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

The segment assets and liabilities at 30 June 2018 are as follows:

	<b>As at 30 June 2018</b>					
	<b>Construction</b>	<b>Design</b>	<b>Dredging</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment assets	<u>662,147</u>	<u>33,477</u>	<u>75,874</u>	<u>45,691</u>	<u>(35,308)</u>	781,881
Investments in joint ventures						12,794
Investments in associates						20,817
Unallocated assets						<u>89,378</u>
<b>Total assets</b>						<u><b>904,870</b></u>
Segment liabilities	<u>343,360</u>	<u>21,786</u>	<u>33,922</u>	<u>8,991</u>	<u>(34,982)</u>	373,077
Unallocated liabilities						<u>320,807</u>
<b>Total liabilities</b>						<u><b>693,884</b></u>

Segment assets and liabilities at 30 June 2018 are reconciled to entity assets and liabilities as follows:

	<b>Assets</b> <b>Unaudited</b> <i>RMB million</i>	<b>Liabilities</b> <b>Unaudited</b> <i>RMB million</i>
Segment assets/liabilities	<b>781,881</b>	<b>373,077</b>
Investments in joint ventures	<b>12,794</b>	—
Investments in associates	<b>20,817</b>	—
Unallocated:		
Deferred tax assets/liabilities	<b>4,475</b>	<b>5,295</b>
Tax payable	—	<b>3,081</b>
Current borrowings	—	<b>90,504</b>
Non-current borrowings	—	<b>203,581</b>
Equity instruments at fair value through other comprehensive income	<b>22,228</b>	—
Debt instruments at amortised cost	<b>155</b>	—
Other financial assets at fair value through profit or loss	<b>5,370</b>	—
Derivative financial instruments	<b>461</b>	<b>2</b>
Cash and other corporate assets/corporate liabilities	<u><b>56,689</b></u>	<u><b>18,344</b></u>
<b>Total</b>	<u><b>904,870</b></u>	<u><b>693,884</b></u>

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

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



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

	Assets Audited <i>RMB million</i>	Liabilities Audited <i>RMB million</i>
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	<u>88,790</u>	<u>12,985</u>
Total	<u><u>849,888</u></u>	<u><u>644,294</u></u>

### Geographical information

(a) Revenue from external customers

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>Unaudited</b>	Unaudited
	<b><i>RMB million</i></b>	<i>RMB million</i>
		<i>Restated</i>
Mainland China	<b>164,562</b>	144,166
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	<u><b>43,024</b></u>	<u>34,680</u>
	<u><u><b>207,586</b></u></u>	<u><u>178,846</u></u>

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

Revenue from the individual countries or regions other than the PRC was not material during the six months ended 30 June 2018 and 2017.

(b) Non-current assets

	<b>30 June 2018</b>	31 December 2017
	<b>Unaudited</b>	Audited
	<b><i>RMB million</i></b>	<i>RMB million</i>
Mainland China	<b>219,519</b>	205,176
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	<u><b>18,835</b></u>	<u>18,238</u>
	<u><b>238,354</b></u>	<u>223,414</u>

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

Non-current assets in the individual countries or regions other than the PRC are not material as at 30 June 2018 and 31 December 2017.

**Information about a major customer**

No revenue was derived from services or sales to a single customer accounted for 10% or more of the Group's revenue, including services or sales to a group of entities which are known to be under common control with that customer during the six months ended 30 June 2018 and 2017.

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

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

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

	For the six months ended 30 June	
	2018 Unaudited <i>RMB million</i>	2017 Unaudited <i>RMB million</i> <i>Restated</i>
<b>Revenue</b>		
Construction	184,328	158,158
Design	10,898	10,040
Dredging	15,355	14,740
Others	5,608	4,200
Eliminations	<u>(8,603)</u>	<u>(8,292)</u>
	<u>207,586</u>	<u>178,846</u>
<b>Other income</b>		
Rental income	350	216
Dividends income from equity instruments at fair value through other comprehensive income		
- Listed equity instruments	600	—
- Unlisted equity instruments	38	—
Dividend income from available-for-sale investments		
- Listed equity instruments	—	547
- Unlisted equity instruments	—	10
Government grants	208	131
Investment income from derivative financial instruments	40	—
Dividend income from other financial assets at fair value through profit or loss	22	—
Income from sale of waste and materials	34	20
Income from held-to-maturity financial assets	—	8
Income from debt instruments at amortised cost	4	—
Others	<u>599</u>	<u>819</u>
	<u>1,895</u>	<u>1,751</u>
<b>Other gains, net</b>		
Gains on disposal of available-for-sale investments	—	245
Gains on disposal of items of property, plant and equipment	26	36
Gains on disposal of subsidiaries	19	—
Gains on disposal of joint ventures and associates	—	418
Changes in fair value of other financial assets at fair value through profit or loss	91	70
Changes in fair value of derivative financial instruments		
- Foreign exchange forward contracts	(21)	13
Foreign exchange difference, net	(160)	(97)
Gains on disposal of other financial assets at fair value through profit or loss	2	2
Gains from business combinations achieved in stages	236	—
Others	<u>—</u>	<u>31</u>
	<u>193</u>	<u>718</u>

## 6. Profit before tax

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

	For the six months ended 30 June	
	2018 Unaudited <i>RMB million</i>	2017 Unaudited <i>RMB million</i> <i>Restated</i>
Raw materials and consumables used	57,593	50,254
Cost of goods sold	7,018	2,124
Subcontracting costs	65,258	58,178
Employee benefit expenses:		
- Salaries, wages and bonuses	11,890	10,125
- Pension costs — defined contribution plans	1,516	1,383
- Housing benefits	818	754
- Welfare, medical and other expenses	6,383	6,156
	<u>20,607</u>	<u>18,418</u>
Minimum lease payments under operating leases	6,361	6,406
Business tax and other transaction tax	744	744
Fuel	1,855	1,715
Research and development costs	4,774	3,441
Repair and maintenance expenses	963	868
Utilities	773	584
Depreciation of property, plant and equipment and investment properties	3,733	3,563
Amortisation of intangible assets	791	453
Amortisation of land lease payments	68	125
Provision/(reversal) of provision against inventories, net	(1)	14
Provision for foreseeable losses on construction contracts	326	178
Provision for impairment of trade and other receivables	1,038	775
Provision for impairment of contract assets	144	—
Provision for impairment of concession assets	—	101
Provision for impairment of available-for-sale investments	—	13

**7. Finance income**

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>Unaudited</b>	Unaudited
	<b><i>RMB million</i></b>	<i>RMB million</i>
		<i>Restated</i>
Interest income:		
- Bank deposits	473	468
- Interest of build and transfer project	562	507
- Others	684	518
	<u>1,719</u>	<u>1,493</u>

**8. Finance costs, net**

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>Unaudited</b>	Unaudited
	<b><i>RMB million</i></b>	<i>RMB million</i>
		<i>Restated</i>
Total interest expense	6,426	5,908
Less: Interest capitalised (a)	<u>(1,040)</u>	<u>(1,245)</u>
Net interest expense	5,386	4,663
Net foreign exchange losses/(gains) on borrowings	95	(106)
Others	36	117
	<u>5,517</u>	<u>4,674</u>

(a) Interest capitalised

	For the six months ended 30 June	
	2018 Unaudited <i>RMB million</i>	2017 Unaudited <i>RMB million</i> <i>Restated</i>
Contract work-in-progress	—	(103)
Inventories	(528)	(549)
Concession assets	(494)	(562)
Construction-in-progress	(18)	(31)
	<u>(1,040)</u>	<u>(1,245)</u>

9. 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% (six months ended 30 June 2017: 25%) of the assessable income of each of these companies during the period as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC subsidiaries of the Company, which were exempted from tax or taxed at a preferential rate of 15% (six months ended 30 June 2017: 15%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profit for the period.

Taxation for other companies of the Group has been calculated on the estimated assessable profit for the six months ended 30 June 2018 and 2017 at the appropriate rates of taxation prevailing in the jurisdictions in which these companies operate.

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

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>Unaudited</b>	Unaudited
	<b>RMB million</b>	<b>RMB million</b>
		<i>Restated</i>
Current income tax		
- PRC enterprise income tax	<b>2,268</b>	2,040
- Others	<b>225</b>	547
	<b>2,493</b>	2,587
Deferred income tax	<b>105</b>	98
Total tax charge for the period from continuing operations	<b>2,598</b>	2,647
Total tax charge for the period from a discontinued operation	<b>—</b>	38
	<b>2,598</b>	2,685

## 10. Dividends

A dividend in respect of the year ended 31 December 2017 of RMB 0.24190 (including tax) per ordinary share, totalling RMB 3,913 million was approved by the Company's shareholders in the annual general meeting on 21 June 2018.

The above approval has triggered the mandatory clauses about distribution of interests/dividends relating to perpetual medium-term notes and preference shares issued by the Company, totalling RMB 300 million and RMB 718 million respectively.

No interim dividend for the six months ended 30 June 2018 was declared by the Board of Directors (six months ended 30 June 2017: nil).

## 11. Discontinued operation

On 18 July 2017, the Group entered into an equity transfer agreement with CCCG, pursuant to which the Company and China Harbour Engineering Co., Ltd. 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) Holding Limited. 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 was covered in other segments of the Group, and ZPMC was classified as a discontinued operation.

The results of ZPMC for the prior period are presented below:

	For the six months ended 30 June 2017 Unaudited <i>RMB million</i>
Revenue	10,560
Eliminations of inter-segment revenue	<u>(126)</u>
	10,434
Cost of sales	(9,109)
Eliminations of inter-segment costs	<u>126</u>
	(8,983)
Other income	79
Other gains, net	(13)
Selling and marketing expenses	(52)
Administrative expenses	(873)
Other expenses	(34)
Finance income	77
Finance costs, net	(538)
Share of profits and losses of joint ventures and associates	<u>13</u>
Profit from a discontinued operation	110
Income tax:	
-Related to pre-tax profit	<u>(38)</u>
Profit for the period from a discontinued operation	<u><u>72</u></u>
Attributable to:	
- Owners of the parent	91
- Non-controlling interests	<u>(19)</u>
	<u><u>72</u></u>



The net cash flows incurred by ZPMC for the prior period are as follows:

	For the six months ended 30 June 2017 Unaudited <i>RMB million</i>
Net cash generated from operating activities	46
Net cash used in investing activities	(899)
Net cash used in financing activities	<u>(216)</u>
Net increase in cash and cash equivalents	<u><u>(1,069)</u></u>
Earnings per share:	
- Basic, from a discontinued operation	—
- Diluted, from a discontinued operation	—

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

	For the six months ended 30 June 2017 Unaudited
Profit attributable to ordinary equity holders of the parent from a discontinued operation (RMB million)	91
Weighted average number of ordinary shares in issue (million)	16,175

## 12. Earnings per share

### (a) Basic

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

	For the six months ended 30 June	
	2018 Unaudited	2017 Unaudited
Profit attributable to ordinary equity holders of the parent (RMB million)		
-From continuing operations	8,257	7,777
-From a discontinued operation	—	91
	<u>8,257</u>	<u>7,868</u>
Less: Interest on perpetual medium-term notes (RMB million) (i)	(150)	(150)
Dividend relating to preference shares (RMB million) (ii)	(718)	(718)
	<u>7,389</u>	<u>7,000</u>
Attributable to:		
-From continuing operations (RMB million)	7,389	6,909
-From a discontinued operation (RMB million)	—	91
	<u>7,389</u>	<u>7,000</u>
Weighted average number of ordinary shares in issue (million)	<u>16,175</u>	<u>16,175</u>
Basic earnings per share		
-From continuing operations (RMB per share)	0.46	0.43
-From a discontinued operation (RMB per share)	—	—
	<u>0.46</u>	<u>0.43</u>

(i) The medium-term notes (the “MTN”) issued by the Company on 18 December 2014 were classified as equity instruments with deferrable accumulative dividend distribution and payment. Dividend on the MTN which has been generated but not declared from 1 January 2018 to 30 June 2018 was deducted from earnings when calculating the earnings per share amount for the six months ended 30 June 2018.

(ii) The preference shares issued by the Company in September and October 2015 were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. Dividend of RMB 718 million on the preference shares was deducted from earnings when calculating the earnings per share amount for the six months ended 30 June 2018.

### (b) Diluted

The diluted earnings per share amount was the same as the basic earnings per share amount as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2018 and 2017.

### 13. Trade and other receivables

	<b>30 June 2018</b>	31 December 2017
	<b>Unaudited</b>	Audited
	<i>RMB million</i>	<i>RMB million</i>
Trade and bills receivables (Note a)	<b>87,370</b>	80,187
Impairment	<u>(10,997)</u>	<u>(10,881)</u>
Trade and bills receivables - net	<u><b>76,373</b></u>	<u>69,306</u>
Retentions	<b>65,496</b>	64,392
Long-term receivables	<b>112,047</b>	92,943
Prepayments	<b>19,534</b>	16,290
Deposits	<b>18,082</b>	20,753
Other receivables	<u><b>34,854</b></u>	<u>30,771</u>
	<b>326,386</b>	294,455
Less: non-current portion		
- Retentions	<b>(29,725)</b>	(33,927)
- Long-term receivables	<b>(88,319)</b>	(74,598)
- Prepayments	<b>(3,029)</b>	(3,108)
- Deposits	<u><b>(1,632)</b></u>	<u>(1,077)</u>
	<u><b>(122,705)</b></u>	<u>(112,710)</u>
Current portion	<u><u><b>203,681</b></u></u>	<u><u>181,745</u></u>

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

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

	<b>30 June 2018</b>	31 December 2017
	<b>Unaudited</b>	Audited
	<b><i>RMB million</i></b>	<i>RMB million</i>
Within 6 months	45,156	47,570
6 months to 1 year	16,826	8,907
1 year to 2 years	8,218	7,838
2 years to 3 years	3,227	3,222
Over 3 years	<u>2,946</u>	<u>1,769</u>
	<u><b>76,373</b></u>	<u><b>69,306</b></u>

#### 14. Trade and other payables

	<b>30 June 2018</b>	31 December 2017
	<b>Unaudited</b>	Audited
	<b><i>RMB million</i></b>	<i>RMB million</i>
Trade and bills payables (Note a)	208,918	212,740
Advances from customers	—	61,293
Deposits from suppliers	24,879	20,468
Retentions	16,026	14,967
CCCC Finance deposits	6,541	8,340
Other taxes	11,343	11,718
Payroll and social security	2,128	2,056
Others	<u>19,509</u>	<u>11,666</u>
	<b>289,344</b>	343,248
<b>Less: non-current portion</b>		
- Retentions	(10,606)	(10,261)
- Other taxes	(59)	(91)
- Others	<u>(3,011)</u>	<u>(193)</u>
	<u><b>(13,676)</b></u>	<u><b>(10,545)</b></u>
<b>Current portion</b>	<u><b>275,668</b></u>	<u><b>332,703</b></u>

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

	<b>30 June 2018</b>	31 December 2017
	<b>Unaudited</b>	Audited
	<b><i>RMB million</i></b>	<i>RMB million</i>
Within 1 year	<b>191,119</b>	191,288
1 year to 2 years	<b>10,843</b>	15,710
2 years to 3 years	<b>3,849</b>	2,816
Over 3 years	<b><u>3,107</u></b>	<u>2,926</u>
	<b><u>208,918</u></b>	<u>212,740</u>

## 15. Commitments

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

	<b>30 June 2018</b>	31 December 2017
	<b>Unaudited</b>	Audited
	<b><i>RMB million</i></b>	<i>RMB million</i>
Intangible assets - concession assets	<b>103,653</b>	115,133
Property, plant and equipment	<b><u>106</u></b>	<u>139</u>
	<b><u>103,759</u></b>	<u>115,272</u>

## 16. Pledge of assets

- (a) At 30 June 2018, the restricted deposits were RMB 3,616 million (31 December 2017: RMB 2,880 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:

	<b>30 June 2018</b>	31 December 2017
	<b>Unaudited</b>	Audited
	<b><i>RMB million</i></b>	<i>RMB million</i>
Trade and other receivables	<b>17,459</b>	14,859
Inventories	<b>4,047</b>	4,013
Investment properties	<b>839</b>	—
Prepaid land lease payments	<b>2,126</b>	1,628
Intangible assets	<b><u>121,663</u></b>	<u>119,600</u>
	<b><u>146,134</u></b>	<u>140,100</u>

**17. Events after the reporting period**

In July 2018, the Company received a letter from Malaysia Rail Link SDN BHD, the employer, which required an immediate suspension of the Contract under the East Coast Rail Link Project (the “ECRL Project”) until further instructions. In the opinion of the Directors of the Company, the suspension of the ECRL Project will not have a significant impact on these interim financial statements of the Group.

**18. Comparative amounts**

The comparative statement of profit or loss has been re-presented as if the operation discontinued during the comparative period had been discontinued at the beginning of the comparative period (note 11).

**19. Approval of the interim condensed consolidated financial statements**

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been approved for issue by the Board of Directors on 28 August 2018.

## **OTHER INFORMATION**

### **Purchase, Sale or Redemption of Securities**

During the period from 1 January 2018 to 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

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

As at 30 June 2018, none of the Directors, Supervisors or the chief executive officer of the Company had any interest or short position in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

As at 30 June 2018, the Company had not granted the Directors, or Supervisors or the chief executive officer of the Company, or their respective spouses or children below the age of 18, any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them had ever exercised any such right to subscribe for shares or debentures.

### **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 six months ended 30 June 2018.

### **Compliance with Model Code for Securities Transactions by Directors and Supervisors**

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules to govern securities transactions by Directors and Supervisors. Having made specific enquiry to all Directors and Supervisors, the Company confirms that the Directors and Supervisors have complied with the Model Code throughout the period from 1 January 2018 to 30 June 2018.

## **Review by the Audit and Internal Control Committee**

The audit and internal control committee of the Board currently comprises NGAI Wai Fung, LIU Maoxun, HUANG Long and ZHENG Changhong, and is chaired by NGAI Wai Fung. The audit and internal control committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2018. The audit and internal control committee has also discussed matters such as the accounting policies and practices adopted by the Company and internal control with the senior management of the Company.

## **Interim Dividend**

On 2 August 2018, the Board approved the dividend distribution plan for the preference shares issued by the Company in the PRC. For the 90,000,000 preference shares of the Company issued in September 2015, the dividend is RMB5.10 per share (tax inclusive) and for the 55,000,000 preference shares of the Company issued in October 2015, the dividend is RMB4.70 per share (tax inclusive). For details of the distribution plan, please refer to the announcement of the Company dated 21 August 2018 in relation to the distribution of dividend for the preference shares issued in the PRC.

Save as disclosed above, the Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2018.

## **DEFINITIONS**

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

“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
“CCCG”	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 59.91% 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
“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

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

Beijing, the PRC  
28 August 2018

*As at the date of this announcement, the Directors are LIU Qitao, FU Junyuan, CHEN Yun, LIU Maoxun, QI Xiaofei, HUANG Long<sup>#</sup>, ZHENG Changhong<sup>#</sup> and NGAI Wai Fung<sup>#</sup>.*

<sup>#</sup> *Independent non-executive Director*