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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 2020**

FINANCIAL HIGHLIGHTS^{Notes}

Revenue of the Group for the six months ended 30 June 2020 amounted to RMB245,410 million, representing an increase of RMB5,949 million, or 2.5%, from RMB239,461 million for the corresponding period of 2019.

Gross profit for the six months ended 30 June 2020 amounted to RMB28,511 million, representing an increase of RMB411 million, or 1.5%, from RMB28,100 million for the corresponding period of 2019.

Operating profit for the six months ended 30 June 2020 amounted to RMB13,543 million, representing a decrease of RMB2,183 million, or 13.9%, from RMB15,726 million for the corresponding period of 2019.

Profit attributable to owners of the parent for the six months ended 30 June 2020 amounted to RMB5,517 million, representing a decrease of RMB3,264 million, or 37.2%, from RMB8,781 million for the corresponding period of 2019.

Basic earnings per share for the six months ended 30 June 2020 amounted to RMB0.28, as compared with RMB0.48 for the corresponding period of 2019.

The value of new contracts of the Group for the six months ended 30 June 2020 amounted to RMB533,094 million, representing an increase of 7.3% from RMB496,975 million for the corresponding period of 2019.

As at 30 June 2020, the backlog for the Group amounted to RMB2,259,504 million.

- Notes:*
1. Due to the adjustment of shareholding, the results of CCCC Tianhe were consolidated into the consolidated financial statements of the Company in June 2020, and included under other businesses segment. Meanwhile, the Company has made the adjustments to the data for the same period of last year.
 2. In calculating the amount of earnings per share for the six months ended 30 June 2020, the 9,024,000 H shares repurchased in the first half of the year have been excluded, and the interests/dividends with an aggregate amount of approximately RMB1,050 million shall be excluded from earnings.
 3. 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 2020 as follows.

CHAIRMAN’S STATEMENT

In the first half of the year, the Company stood the severe test of the epidemic, pushed work and production resumption in an orderly manner and achieved a steady rise in the gross profit margin of the principal business of domestic engineering projects. The Group recorded the operating revenue of RMB245,410 million, representing a year-on-year increase of 2.5%. From the perspective of quarter-on-quarter growth rate, the growth rate of the operating revenue for the second quarter increased significantly as compared with the first quarter. However, as affected by the suspension of work and production of some projects and the impact of free passage of domestic toll roads on the Company’s investments in concession projects in the early stage of the epidemic, net profit attributable to the shareholders of the Company amounted to RMB5,517 million, representing a year-on-year decrease of 37.2%, and earnings per share was RMB0.28. As the epidemic prevention and control has achieved substantial results, domestic projects have basically returned to normal operation since May. Market expansion was carried out smoothly with sufficient order backlog, and new contracts value amounted to RMB533,094 million, representing a year-on-year increase of 7.3%. As of 30 June 2020, the backlog amounted to RMB2,259,504 million, providing strong support and guarantee for sustained and steady development of the Company.

As an important holding subsidiary of CCCG, the Company played a decisive role in the business performance of CCCG. In 2020, CCCG ranked the 78th in the Fortune Global 500. In the Operating Results Assessment of Centrally-administered State-owned Enterprises conducted by the SASAC, CCCG has been rated as a Grade A enterprise for the 15th consecutive years, also the only one centrally-administered state-owned enterprise in the construction industry that has been rated as a Grade A enterprise for the 15th consecutive years. CCCG ranked the 4th in ENR’s Top International Contractors and remained the first among the Chinese enterprises in such global ranking for the 14th consecutive years.

In the first half of the year, there were still some issues restricting the high-quality development of the Company's production and operation, which was due to the new problems brought about by the epidemic, and also the "old problems" accumulated in development or the new development of the "old problems". Firstly, it was due to the impact of the epidemic. In the early stage of the epidemic, some projects under construction experienced construction suspension or semi-suspended construction, the road tolls of the concession projects significantly decreased, and the overseas business suffered a significant decline due to the global epidemic. Secondly, it was due to the overweight asset structure. The operational assets have a longer cycle, the highways and mid-and-long term investment have a higher proportion, and some ship machinery equipment and old equipment are idle or inefficient. Thirdly, it was due to disproportionate profit structure. The traditional businesses have higher proportion but lower profit margin, while emerging businesses still have not become new profit growth points, and the high finance costs of investment business have squeezed the profit space of the principal business. Fourthly, it was due to a lack of vitality. System and mechanism reforms have not yet achieved substantial breakthroughs, the concept of "waiting, relying and taking" still exists, and the vitality of development is to be released at a faster pace.

In the second half of the year, the Company still faces many internal and external challenges and undertakes multiple tasks including epidemic prevention and control, poverty alleviation and growth stabilization. The Company will adhere to the general keynote of seeking progress while maintaining stability and the main line of high-quality development, and implement the requirements of "two strivings" of the SASAC, aiming to accomplish the target for the year with unwavering faith. The Company will make plan coordinately, grasp the key points and take targeted measures, striving to obtain good performance in the second half of the year and ensure a successful conclusion of the Thirteenth Five-Year Plan. The main measures and requirements are as follows:

The first is to uphold the "double bottom lines" thinking for overall planning and consolidate a "stable" foundation for achieving the target for the year and promoting high-quality development. Risk prevention and stable growth will be placed in an equally important position, the responsibility as a central enterprise will be performed earnestly, and stable operation in general will be maintained, so as to provide strong support to social and economic development with the Company's stable and healthy development. The Company will adhere to its strategies, focus on the strategy of being "experts in five areas" and the positioning of playing "three roles" to stride forward with full confidence and all efforts and boost confidence in growth with all employees' support. More efforts will be put on risk prevention, and epidemic risks, financial risks, investment and operation risks, safety, environmental protection and stability risks, Sino-US economic and trade frictions and other risks will be actively and properly coped with, making sure that no material and systematic risks will be incurred.

The second is to take multiple measures to win the “two battles” of epidemic prevention and control as well as production and operation, and develop an “up” momentum for achieving the target for the year and promoting high-quality development. The Company will conduct epidemic prevention and control at home and abroad with consistent prudence. Overseas epidemic prevention and control will be carried out in a solid and meticulous manner adhering to the principle of “good planning, precise prevention and long-term development”. For domestic epidemic prevention and control, regular prevention and control measures will be adopted under the principle of “preventing imported cases and the resurgence of domestic epidemic”. All efforts should be exerted to accomplish the target for the year and promote stable development of high quality. The Company will put more emphasis on quality and efficiency enhancement, conduct stronger and better investment, grasp market increment, spare no effort to step up the pace and improve productivity, and highlight the guiding role of appraisal. Meanwhile, the Company will strengthen strategic planning and develop the Fourteenth Five-Year Plan with high quality, aiming to marking more forward-looking strategies and consolidating and expanding the leading position in strategy.

The third is to coordinately and orderly speed up the “two-wheel drive” of reform and innovation, and build an “excellent” mechanism for achieving the target for the year and promoting high-quality development. Efforts should be made to rapidly and steadily advance the effective implementation of the reform, further clarify the division of authority and responsibility of the headquarters reform, promote the delegation of authority to subsidiaries, and improve the Company’s operation efficiency. Overseas reform will be conducted in a steady and orderly way under the principle of “practice and progressivity”. The market-oriented operational mechanism will be improved constantly with a focus on the improvement on the corporate governance structure, mixed ownership reform and the three system reform. The Company will focus on promoting substantial results of innovation, and highlight scientific and technological innovation, comprehensive digital transformation, and institutional and mechanism innovation in the field of science and technology.

The fourth is to firmly facilitate the “two-way integration” of Party building and business operation so as to create “dynamic” joint forces for achieving the target for the year and promoting high-quality development. Leveraging the special program of “Year for Strengthening and Deepening the Party Building of Central Enterprises” and guided by the contact points for the Party building of state-owned enterprises, the Company will perform its duty well. Being true to the original aspiration and direction and armed with political awareness and strict implementation, the Company will march toward its mission unswervingly. Adhering to the two “consistent implementation principles”, the Company will undertake the mission and responsibility as a central enterprise earnestly, striving to ensure the effective implementation of each job with persistent hard work and dedication as well as improved working practices and status.

2020 is a year to build a moderately prosperous society in all respects and the concluding year of the Thirteenth Five-Year Plan, and also a key stage for the Company’s high-quality development. The Company will rally more closely around the Party Central Committee with Comrade Xi Jinping as the core, and make every effort to firmly accomplish the target for the year so as to make greater contribution to the building of a moderately prosperous society in all respects, the centenary of the founding of the Party and the “Two Centenary Goals”.

MAIN BUSINESS

The Company is a leading transportation infrastructure enterprise in the PRC and its core businesses are infrastructure construction, infrastructure design and dredging. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, river basin, road and bridge, railway, tunnel, rail transit, municipal infrastructure, housing construction, environmental protection and land reclamation at home and abroad. The Company is engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the decades.

BUSINESS MODEL

The business operation process of the Company mainly includes collecting project information, pre-qualification, bidding, executing projects, and delivering projects to customers after completion. The Company has formulated a comprehensive project management system that covers the entire contract process, including the preparation of tenders, bidding price, project organization planning, budget management, contract management, contract performance, project supervision, contract changes, and project completion and delivery. Among which, the Company's infrastructure construction, infrastructure design and dredging business all fall within the scope of the construction industry, and the main project operation process is basically consistent with the above description.

When the Company prepares the project quotation, it carries out a detailed study on the proposed bidding project, including technical and commercial conditions and requirements of the tender followed by a site visit. The Company also invites quotations from suppliers and sub-contractors for various items or activities in respect of the tender. The Company analyses and collects the above information to calculate the costs of each item in the project lists and then marks up gross profit to be obtained according to a certain percentage to calculate the bidding price to the client.

After the project is awarded and the contract is signed, the Company usually collects prepayment at 10% to 30% of the total contract amount before the project commences, and then settles the payment on a monthly or regular basis according to the progress. Payments from customers are usually settled within 1 to 3 months.

At the same time as the above business was carried out, the Company began to develop infrastructure investment projects in 2007 to obtain investment profits apart from those from reasonable design and construction, so as to realize the transformation and upgrading from contractors and manufacturers to investors and operators. After years of development, the scale of investment business has steadily expanded, and the investment returns have increased year by year, which is driving the Company's sustainable and healthy development. For details, please refer to the section headed "Management's Discussion and Analysis".

CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Strong Advantages in the Fields of Principal Businesses

The Group is the world's largest port, road and bridge design and construction company, the world's largest dredging company. It is also the largest international contractor and the largest highway investor in China, and owns the largest engineering fleet in the world. The Group has 37 principal wholly-owned or holding subsidiaries, and operates businesses in China's all provinces, cities, autonomous regions, Hong Kong Special Administrative Region and Macau Special Administrative Region and 139 countries and regions across the world.

The Group is the world's largest port design and construction company and has a leading professional ability and a complete industry chain. It undertakes the design and construction of most of medium and large ports in coastal zones since the founding of PRC, and participates in the design and construction of many large ports overseas, fostering a strong competitiveness and brand influence. In China, there are limited market players that can compete with the Group.

The Group is the world's largest road and bridge design and construction company and realizes the infrastructure industry layout with full lifecycle, whole-process and integrated services, covering from single industry chain to whole industry chain (planning, feasibility study, investment and financing, survey and design, project construction, operation and maintenance, and asset disposal), from domestic market to overseas market and from road to civil engineering industry. In the field of design and construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges, the Group has leading technologies, adequate financial capacity, outstanding project performance, abundant resource reserves and a good reputation. As social capitals are entering the infrastructure industry at a faster pace amid the country's greater efforts to deepen the reform of investment and financing circulation system, competitors of the Group are not limited to large central enterprises and local based state-owned infrastructure enterprises only, and strong private enterprises, financial institutions and other social capitals will also participate in the competition.

The Group is one of the largest railway construction company in China and has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and the two traditional railway infrastructure enterprises – China Railway Group Limited and China Railway Construction Limited in terms of market shares in China. However, as to the overseas market, the Company has successfully entered the railway construction markets in Africa and Southeast Asia, and several major railway projects have been completed or operated or are under construction, becoming a heavyweight in the market. With regard to the railway infrastructure design, the Group entered the market during the “Eleventh Five-Year” period and it is now making efforts to further improve the market influence and stays in the market cultivation stage currently.

The Group is the world's largest dredging company and enjoys absolute influence in China's coastal dredging market. After years of development, it has strong competitiveness in core equipment, professional advantage, technological strength, credit rating, public image and industry brand, and builds a full industry chain of planning, consultation, investment, design, construction and operation in the fields of port dredging, channel dredging, land reclamation, pre-dredging and post-dredging services and environmental protection. Currently, the Group has the largest and most advanced dredging team in China and ranks the first in the global market in terms of the total capacity of trailing suction hopper dredgers and total installed power of cutter suction dredgers.

(II) Core Competitiveness Improvement Driven by Technological Innovation

The Company attaches great importance to technological innovation, continuously improves the technological innovation system and strengthens efforts to achieve breakthrough in core technologies. It is committed to improving the independent innovation capability, continuously deepening the technology system reform, enhancing technological innovation incentive and talent pool construction, taking multiple measures to promote the strategy of innovation-driven development and staying determined to advancing the high-quality development by technological innovation.

The Company has established the leading group for technological innovation and core technology breakthrough and puts great efforts to overcome technology bottleneck. It has a “three-level and three-type” platform system that integrates fundamental application research, technology research and development, and engineering and industrialization research. Meanwhile, the Company builds the high-end technology think tank comprised of academicians of Chinese Academy of Engineering, to serves as the brain trust of the Company and the platform for introducing external high-end technology and promoting technology cooperation.

The Company makes significant breakthrough in technologies regarding road construction and maintenance under complicated natural conditions, expressway in high-cold permafrost regions, long-span bridge, long and large mountain tunnel, underwater tunnel, highway-railway bridge, offshore deep-water port, rapid island building in open seas, deep-water submerged tube tunnel, installation and construction of wind power infrastructure, and ranks among the top in the international market. The core technology of super-large diameter tunnel shield machine manufacturing breaks the foreign technology blockade, realizes the domestication and industrialization of the whole machine, and is comparable to top-ranking enterprises of European and American markets. Applied technologies including BIM, Beidou satellite and high-resolution remote sensing witness rapid development and maintain the leading position in the industry domestically.

(III) New Achievements in Business Qualification

The Group obtains several extra-grade, grade A and comprehensive grade A qualifications for the main businesses.

The Group has obtained a total of 33 extra-grade qualifications, including 9 extra-grade qualifications for general contracting of port and waterway engineering construction, 22 extra-grade qualifications for general contracting of road project construction, 1 extra-grade qualification for general contracting of architectural engineering construction and 1 extra-grade qualification for general contracting of municipal utilities project construction. The Group now has obtained more than 750 qualifications for major engineering contracting and more than 200 qualifications for engineering consulting, survey and design, including 8 comprehensive grade A qualifications for engineering design, and several qualifications for business such as supervision, surveying and mapping, testing, and external operations.

BUSINESS OVERVIEW

In the first half of 2020, the Company coordinated epidemic prevention and work resumption under the impact of COVID-19. With the encouragement to face difficulties and the determination to forge ahead, it endeavored to nurture new opportunities amid crises and usher in new pages in the changing environment, and made every attempt to minimize the impact of COVID-19. Owing to these arduous efforts, all works were promoted in an orderly manner, and the business operation indicators recovered gradually since the second quarter and took on the trend of steady growth.

In the first half of 2020, the value of new contracts of the Group amounted to RMB533,094 million, representing a year-on-year increase of 7.3%. As at 30 June 2020, the backlog of the Group amounted to RMB2,259,504 million.

In the first half of 2020, the value of new contracts from overseas markets of the Group amounted to RMB116,338 million (equivalent to approximately USD16,880 million), representing a year-on-year increase of 3.7% and accounting for 22% of the Group's new contract value. Statistics showed that as at 30 June 2020, the Company operated businesses in 139 countries and regions, in which, a total of 855 foreign contracting engineering projects were under construction, with a total contract value of approximately USD141,100 million.

In the first half of 2020, the confirmed contract value from PPP investment projects of the Group amounted to RMB77,777 million (wherein: the contract value of share-participation projects recognized in proportion of shareholding amounted to RMB24,975 million), representing a year-on-year increase of 15.7% and accounting for 15% of the Group's new contract value. The value of construction and installation contracts to be undertaken by the Group was estimated to be RMB87,484 million.

I. BUSINESS REVIEW AND MARKET STRATEGIES

(I) Domestic Market

In the first half of 2020, the whole country promoted the epidemic prevention and the economic and social development in a coordinated manner. China's economy witnessed a rebound from the previous slowdown, and returned to positive growth in the second quarter from a negative one; major economic indicators got back on the track of growth, and the economy recovered steadily. The GDP recorded a year-on-year decline of 1.6% in the first half of 2020, rebounding by 5.2 percentage points from the first quarter. Fixed asset investment in infrastructure declined by 2.7%, and the decline was 3.6 percentage points lower than that from January to May. Specifically, investment in road transport business and railway transport business grew by 0.8% and 2.6% respectively, while such investment from January to May decreased by 2.9% and 8.8% respectively. Investment in water management grew by 0.4%, compared to the decline of 2.0% from January to May. Investment in public facility management decreased by 6.2%, and the decrease contracted by 2.1 percentage points.

To cope with the impact of COVID-19 and the economic slowdown pressure, the country announced a series of favorable policies in the first half of 2020, including special local government bonds, tax cuts and fee reductions, reducing the proportion of capital in PPP projects and encouraging infrastructure REITs pilot program, all of which brought new opportunities to the industry. Owing to the implementation of reverse stimulation policies including national fiscal and financial policies and multiple measures adopted by local governments to ensure steady growth and the vigorous promotion of new infrastructure construction, new urbanization, major transportation and water projects, new industries, new segments and new growth drivers are taking shape and developing rapidly, and the construction market embraces opportunities to grow for recovering from and offsetting the negative impact and opens greater space for development.

In the first half of 2020, the Company adhered to the principle of seeking progress while ensuring stability and promoted all works in an orderly manner by centering on two themes, epidemic prevention and work resumption. As the epidemic control maintained a stable development in the country, the Company focused on key projects to meet production objectives, and work resumption recorded progress month on month, with the "Super Project" completing the installation of the first submerged tube of Shenzhen-Zhongshan Bridge, Yongding River Beijing Section realizing water supply along the whole line for the first time in 25 years and Xinjiang Wuyu Project Tianshan Tunnel getting ready for the main construction. In market operation and development, the Company centered on the core of high-quality development and focused on the five major directions, "overseas development", "bay area layout", "urbanization", "network building" and "people orientation", to seize new opportunities for each segment to develop. While conducting careful analysis on the existing

markets for seizing opportunities to grow for recovering from and offsetting negative impacts and consolidating the shares in traditional advantageous markets, the Company leveraged relevant supporting policies of the country to explore potential opportunities and to vigorously develop market space in new fields of urban construction, eco-environment protection, “new infrastructure” and public health.

(II) Overseas Market

In the first half of 2020, the COVID-19 pandemic spread rapidly across the world, forcing many countries to suspend nearly all kinds of activities, greatly affecting all parts of the global industry chain and increasing the default risk of certain countries. International tendering activities and international exchange activities were delayed to different extent, which postponed or dragged the progress of international cooperation projects and subjected projects to greater risk. The overseas operation was faced with greater uncertainty due to the most serious China-US tension since the establishment of diplomatic relations, which was aggravated by increasing geopolitical conflicts. Despite of these, major economies across the world still adopted investment and infrastructure development as the important solution to boost economy. China offered stronger support to the construction of “Belt and Road Initiative”. Currently, 138 countries and over 30 international organizations have signed 200 cooperation documents with China to promote the “Belt and Road Initiative”. Accelerating the facilities connectivity becomes the key area and the core of “Belt and Road Initiative”; the financial integration of domestic and overseas financial institutions achieves notable results; the going out strategy and the high-quality development is in a period of important strategic opportunities, which shows a bright prospect.

In the first half of 2020, the Company was committed to two major tasks, stabilizing production and operation and implementing epidemic prevention and control. On the one hand, it strengthened the joint prevention mechanism for fighting the virus, conducted regular epidemic prevention and organized construction and production in an orderly manner. On the other hand, it focused on interconnection, overseas railway business and international cooperation in production capacity, and was awarded by a number of large projects with value exceeding USD300 million, including Singapore Tuas Integrated Waste Treatment Plant EPC Project Section I – Phase I, the ARC Construction Project of the Airside Connecting Channel of Singapore Changi Airport Terminal 5 and Cambodia Sihanoukville Land Reclamation Project. The value of new contracts from overseas market remained basically the same as the level of the corresponding period of last year. In addition, the Company developed and carried out the overall plan of “Overseas Reform Year”, and introduced a series of reform measures promoting the incremental development of overseas business to continuously boost the high quality development of overseas market.

(III) Business Summary

1. Infrastructure Construction Business

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

In the first half of 2020, the value of new infrastructure construction contracts entered into by the Group amounted to RMB478,051 million, representing a year-on-year increase of 8.5%. Wherein, the value of new contracts from overseas markets amounted to RMB115,096 million (equivalent to approximately USD16,700 million); the confirmed value of new contracts from PPP investment projects amounted to RMB75,864 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB85,661 million. As at 30 June 2020, the backlog amounted to RMB2,050,029 million.

Categorised by project type and location, the value of new contracts in terms of port construction, road and bridge construction, railway construction, municipal and environmental projects, etc., and overseas projects amounted to RMB22,032 million, RMB117,430 million, RMB1,164 million, RMB222,329 million and RMB115,096 million, representing 5%, 25%, 0.2%, 46% and 24% of the total value of new infrastructure construction contracts, respectively.

(1) Port Construction

In the first half of 2020, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB22,032 million, representing a year-on-year increase of 81.3%, and accounting for 5% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from PPP investment projects amounted to RMB3,029 million. The increase in the value of new contracts was mainly attributable to the increased demand for coastal and inland water transportation construction and the increase of participation in construction in relation to regional ports under PPP model.

In the first half of 2020, according to the data published by the Ministry of Transport, fixed assets investment in coastal and inland water transportation construction completed amounted to approximately RMB56,827 million, representing a year-on-year increase of 6.8%. Driven by such policies as construction of a strong transportation network, water transportation investment has shown a slight growth. The Company devotes to developing the inland water market, deeply cultivates the national strategic area, and promotes the construction of a powerful transportation country in terms of water transportation under

the assistance of dual engine of “market stock + investment”, thus consolidating its leading position in port and waterway projects. The Company successfully entered into agreements in relation to the Huanghua Port Ore Terminal Project, the PPP Project of Huangma Work Zone and Lingang New City Work Zone (Phase I) in the Urban Harbor District of Huai’an Port in Jiangsu Province and the Zaozhuang Section of the Class II Navigation Channel Renovation Project of the Beijing – Hangzhou Grand Canal, etc..

In the second half of 2020, the water transportation investment is expected to continue its good momentum and play an important role in the steady growth of transportation construction. The coastal markets are mainly concentrated in the Yangtze River Delta, the Pearl River Delta, Fujian province and Hainan province, with opportunities emerging on the fields of hub ports, LNG terminal construction and smart port upgrades. Inland water market opportunities will mainly come from subdivisions such as the upgrading of waterway, artificial canals, new sea channels and navigation hubs.

(2) *Road and Bridge Construction*

In the first half of 2020, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB117,430 million, representing a decrease of 15.1%, and accounting for 25% of that of the infrastructure construction business. Wherein, the confirmed contract value from PPP investment projects amounted to RMB26,136 million. The decrease in the value of new contracts was mainly attributable to the slowdown in bidding of some large-scale projects and the control of number of long-term investment projects such as concession projects newly entered into by the Company as a result of the COVID-19 epidemic.

In the first half of 2020, according to the data published by the Ministry of Transport, the fixed assets investment in road transport construction amounted to approximately RMB1,014,800 million, representing an increase of 6.8%. Highway construction is key to transportation infrastructure. However, due to the impact of COVID-19 epidemic, bidding activities in the first quarter were delayed to varying degrees. In the second quarter, the resumption of work and production increased significantly, and reserve projects have been gradually conducted. Backed by the encouragement of counter-cyclical policies, a combination of “construction of a strong transportation network”, “fixing weakness” and “new infrastructure” has been launched, policies such as the reduction of the proportion of project capital and the new regulations on special debt have effectively expanded the financing channels for transportation infrastructure, therefore further enhanced the growth rate of expressway investment projects led by local governments.

In the first half of 2020, the Company carried out in-depth brand management, fine management and high-end management, and acquired various representative highway projects including the Reconstruction and Expansion Project of Nanjing Section of Provincial Highway 126, the main project of the Hebei Section of the Beijing-Xiongan

New Area Expressway, and the BOT Project of Guiyang-Jinsha-Gulin (Guizhou and Sichuan Conjunction) Highway in Guizhou Province, thereby further strengthened our competitive advantages in the traditional main business. At the same time, with overall planning, we won the bid of the super-long-span G228 Dandong Line Rushankou Bridge and the super-long-span Dianxihe Bridge over Miyu Expressway in Yunnan province, which further highlighted our market position in the field of long and large bridges.

The planned annual investment on highway was basically the same as last year and planned to remain stable. With the improvement of the epidemic prevention situation, investment in the highway industry will remain high in the second half of 2020. Investment will mainly focus on new types of bridges such as road network encryption, long tunnels on mountain roads, river and sea crossing bridges, road-rail bridges.

(3) *Railway Construction*

In the first half of 2020, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB1,164 million, representing a decrease of 59.6%, and accounting for 0.2% of that of the infrastructure construction business. In particular, the confirmed value of contracts from PPP investment projects amounted to RMB1,040 million.

According to the plan of China Railway Group, the fixed-assets investment in railway in 2020 will be RMB800,000 million, and the completed fixed-assets investment in railway in the first half of 2020 amounted to approximately RMB325,900 million, representing an year-on-year increase of 1.2%. In the second half of 2020, most of the high-speed railways in the “eight verticals and eight horizontals” key projects will start construction successively, and the super project Sichuan-Tibet Railway will also be fully implemented. In addition, in August, China Railway introduced the Program of Building National Strength in Railway Transportation in the New Era, which sets out the development targets and main tasks of the Chinese railway in 2035 and 2050, and describes the blueprint for the development of the Chinese railway in the new Era. The Company will enhance the development of the railway market, improve the layout and business planning of key projects, striving to gain breakthroughs in performance.

(4) *Municipal and Environmental Projects, etc.*

The Group actively participated in urban infrastructure construction for rail transit, ecological and environmental protection, urban comprehensive pipe gallery, housing construction, sponge city, etc., extensively, with considerable influence in the market.

In the first half of 2020, the value of new contracts of the Group for municipal and environmental projects, etc. in Mainland China reached RMB222,329 million, representing a year-on-year increase of 22.4%, and accounting for 46% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from PPP investment projects was RMB41,057 million. The increase in the value of new contracts was mainly attributable to emerging sectors including rail transit, ecological and environmental protection, municipal construction and housing construction.

In the first half of 2020, the Company, with a focus on whole transportation, whole city and whole water transport, successfully captured the best market share by leveraging the advantages of the entire industry chain and integrated services, seized the opportunities for development of new urbanization and rail transit construction, deeply integrated urban areas development, infrastructure construction, ecological and environmental protection construction, municipal public services, investment and financing and other fields. The Company's new business showed outstanding performance. We completed urban complex projects with CCCC's characteristics such as the Northern New City in Wanzhou District, Chongqing City, the Project in Zaoyuan Region of Linyi West Town in Shandong Province, and the Yinhu Resettlement Housing Project in Fuyang District, Hangzhou City, which further enhanced the brand influence of "CCCC Urban". We successfully won the bid for Chengdu Rail Transit Line 30 Project, realizing the sustainable development of the rail transit business in Chengdu, and contributing to the Company's stronger and better growth in rail transit business. We successively implemented comprehensive water environment improvement projects in provinces including Hubei, Hebei and Henan, practiced the concept of ecological civilization construction to build a beautiful China, and promoted the rapid development of environmental business.

(5) Overseas Projects

In the first half of 2020, the value of new contracts of the Group for overseas projects in the infrastructure construction business amounted to RMB115,096 million (equivalent to approximately USD16,700 million), representing a year-on-year increase of 8.8%, and accounting for 24% of that of the infrastructure construction business. In particular, the confirmed value of contracts from PPP investment projects amounted to RMB4,602 million, and in the first half of the year, 15 new projects were entered into with each contract value of over USD300 million and a total contract value of USD9,939 million, accounting for 59% of total value of all overseas new contracts of the Group.

Categorised by project type, the value of overseas new infrastructure construction contracts for municipal and environmental, roads and bridges, port construction, rail transit and housing, etc accounted for 37%, 36%, 15%, 10% and 2% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Africa, Southeast Asia, Oceania, Hong Kong/Macau/Taiwan, South America and other regions accounted for 34%, 24%, 10%, 8%, 1% and 23% of the value of new contracts for overseas projects, respectively.

In the first half of 2020, the Company unswervingly adhered to the concept of high-quality joint construction of the “Belt and Road Initiative” and high standards, people’s livelihood, and sustainable development, deepened the business expansion of the territorial market, detailed research on the layout of professional fields, and analyzed market developments at each stages, thus major progress has been made in the promotion of large-scale projects. Kenya’s first highway investment project agreement was signed, which further expanded the connotation of the China-Africa Development Community. The Company successfully won the bid of the Project for the First Section of Maya Railway in Mexico, which became a model for third-party market cooperation between China and Europe.

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..

In the first half of 2020, the value of new contracts of the Group in infrastructure design business reached RMB15,888 million, representing a year-on-year decrease of 17.8%. Wherein, the value of new contracts from overseas markets amounted to RMB434 million (equivalent to approximately USD63 million), the confirmed contract value from PPP investment projects amounted to RMB823 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB790 million. As at 30 June 2020, the backlog amounted to RMB85,852 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 RMB5,099 million, RMB307 million, RMB8,076 million and RMB2,406 million, representing 32%, 2%, 51% and 15% of the value of new contracts for infrastructure design business, respectively, as compared with 42%, 2%, 54% and 2%, respectively recorded for the corresponding period of 2019.

In the first half of 2020, the scale of domestic survey and design projects obtained by the Company increased when compared with the same period of 2019, mainly due to the rapid launch of new infrastructure projects that owns higher growth space for infrastructure design and benefits first as the effects of a series of policies to maintain steady growth released gradually. As a leading transportation infrastructure design group in the industry, the Company undertaken the survey and design tenders for large passage projects in the central and western regions and certain urbanization construction projects, and continuously promoted planning, consulting and design with the trend of full-process consulting and high-quality services and an integrated mode of project management, aiming to improve design benefit increment.

3. Dredging Business

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

In the first half of 2020, the value of new contracts of the Group in dredging business reached RMB34,735 million, representing a year-on-year increase of 12.6%. Wherein, the value of new contracts from overseas markets amounted to RMB765 million (equivalent to approximately USD111 million), the confirmed contract value from PPP investment projects amounted to RMB1,090 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB1,033 million. As at 30 June 2020, the backlog amounted to RMB113,330 million.

In the first half of 2020, according to the vessel purchase plan, no large vessel was newly constructed with special purpose to serve in the Group's dredger fleets. As at 30 June 2020, the Group's dredging capacity amounted to approximately 785 million cubic meters under standard operating conditions.

In the first half of 2020, the Company put considerable inputs in fields of whole transportation and whole water transport and achieved satisfactory results. Its position in the traditional dredging market was strengthened by a number of contracts, including Zhanjiang Port 300,000-ton Channel Reconstruction and Expansion Project, Panjin Port Rongxing Port Area 100,000-ton Channel Project and Guangzhou Port Deepwater Channel Expansion Project. With the further improvement of CCCC model highlighting "driving watershed management integration by investor integration", the Company promoted the watershed management, actively explored the "comprehensive development of large watershed + comprehensive management of reclaimed water + comprehensive urban development" EOD model, continuously expanded the industrial development of watershed management, carried a number of signature environmental projects including Heze Black and Odorous Water Treatment Project and Tangshan Clean Water Project. As a result, the market share witnessed a significant improvement. The environmental protection upgrading still had a great impact on the land reclamation business, but relevant major projects that are in compliance with national policies and regulations, including Donghaidao Industrial Land Soft Foundation Project (Phase II), are now in progress.

In June, the National Development and Reform Commission and the Ministry of Natural Resources jointly released the Overall Plan for National Important Ecosystem Protection and Restoration Projects (2021-2035) (《全國重要生態系統保護和修復重大工程總體規劃(2021-2035年)》), which is determined to comprehensively strengthen ecosystem protection and restoration work in key areas of Yellow River, Yangtze River and coastal zones. According to the plan, markets will be in active regions including the Guangdong-

Hong Kong-Macau Greater Bay Area and the Yangtze River Delta and in some cities in the upper reaches of the Yangtze River and along the Yellow River; industry trends will emerge from areas of comprehensive watershed management and development, city black and odorous water treatment, urban wastewater treatment plant standard improvement and upgrading and supporting pipe network construction and operation.

4. Other Businesses

In the first half of 2020, the value of new other business contracts entered into by the Group amounted to RMB4,420 million, representing a year-on-year decrease of 27.1%. As at 30 June 2020, the backlog amounted to RMB10,293 million.

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 of Huangma Work Zone and Lingang New City Work Zone (Phase I) in the Urban Harbor District of Huai'an Port in Jiangsu Province	3,029
2	Lot A and Lot B of EPC Project for Western Port Pool Terminal 8~11# of Lusi Work Zone of Nantong Port in Jiangsu Province	2,129
3	Project for Public Entrance Channel of Dananhai Eastern Bank and Breakwater of Public Wharf in Jieyang Port, Guangdong Province	1,231
4	Water Transportation Project of Phase I of Metal Ores Terminal (Continued Construction) in the Bulk Cargo Area of Huanghua Port, Hebei Province	1,200
5	EPC Project of Embankment and Breakwater of Supporting Terminal for Vinyl Oil Refining Expansion Project in Hainan Province	1,050

Road and Bridge Construction

No.	Contract Name	Contract Value
1	BOT Project of Guiyang-Jinsha-Gulin (Guizhou and Sichuan Conjunction) Highway in Guizhou Province	9,999
2	BOT Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong – Daozhen (Chongqing Section) Highway in Chongqing	9,687
3	“Construction and maintenance integration” services for rural highways in Jingzhou, Hubei Province (second tranche)	3,429
4	Construction Project of Reconstruction and Expansion Works (Jiangning Section) of Nanjing Section of Provincial Highway 126 in Jiangsu Province	2,962
5	EPC Project of the Baiyinchagan-Anye section of the Jining-Arongqi connecting line of Erenhot-Guangzhou Expressway, in Mongolia Autonomous Region	2,405

Railway Construction

No.	Contract Name	Contract Value
1	PPP Project of High-speed East Station and Supporting Road Construction in Changzhi, Shanxi Province	1,040

Municipal and Environmental Projects, etc.

No.	Contract Name	Contract Value
1	EPC Project of Connection Works for Coastal Expressway Qianhai Section and Nanping Expressway in Shenzhen	15,900
2	EPC Project of Infrastructure Construction for Zaoyuan Region of Linyi West Town in Shandong Province	13,900
3	PPP Project of New Urbanization Construction for Northern New City in Wanzhou District in Chongqing	13,647
4	Comprehensive Urban Development Project in Yongning Area (Zone B of Medical City), Wenjiang District, Chengdu, Sichuan Province	7,447
5	Lot I of Intensive Construction for the Offshore Wind Power Project in Guangdong Province	5,899

Overseas Projects

No.	Contract Name	Contract Value
1	Phase I of Lot 1 of EPC Project for Tuas Comprehensive Waste Treatment Plant in Singapore	7,512
2	Water Conservancy Project in Moamba, Mozambique	5,713
3	Reclamation Project in Manila Bay, Philippines	5,038
4	BOT Project of Expressway in Nairobi, Kenya	4,602
5	ARC Construction Project of the Airside Connecting Channel of Singapore Changi Airport Terminal 5	3,711

2. *Infrastructure Design Business*

No.	Contract Name	Contract Value
1	Comprehensive Remediation and Phase II Project of the North Coast Zone in Xiaodao Bay, Qingdao, Shandong Province	910
2	General Contracting for the Survey, Design and Construction of the Lot 1 of the Infrastructure Project (Phase I) of the Eastern Industrial Park in Yibin Lingang Economic and Technological Development Zone, Sichuan Province	720
3	EPC General Contracting Project for Water Environment Comprehensive Treatment of Yiai Lake in Huanggang, Hubei Province	538
4	PPP Project for National and Provincial Highway Surface Reconstruction (in Linfen) in Shanxi Province	496
5	EPC Project for Wind Tower Tubes and Supporting Equipment of Heavy Equipment Base in Yangkou Town, Rudong County, Jiangsu Province	352

3. Dredging Business

No.	Contract Name	Contract Value
1	Construction Project for Building Heze as A Model City on Urban Black-odor Water Treatment in Shandong Province	2,176
2	Project (Phase I) for Comprehensive Water Treatment, Ecosystem Restoration, Environment Improvement and Integrated Industry Development of Ji Canal River (Jizhou Section) in Tianjin	1,556
3	EPC Project of River Improvement and Supporting Construction for Wanfu River Comprehensive Water Treatment Project Phase I in Heze, Shandong Province	1,524
4	EPC Project (Lot II) of Water Ecological Treatment (Phase I) Project for Jin River in Chengdu, Sichuan Province	1,475
5	PPP Project for Urban Sewage System Improvement (Phase II) in Wuhu, Anhui Province	1,344

II. BUSINESS PLAN AND PROSPECT

According to statistics, the value of new contracts of the Group reached RMB533,094 million in the first half of 2020, indicating 51% of the annual target has been realized and meeting expectations. The revenue amounted to RMB245,410 million, indicating 41% of annual target has been realized and meeting expectations.

In the second half of 2020, domestically, the pandemic prevention and control will become regular, and there is the possibility of resurgence of the outbreak, which will have a great impact on the business operation of enterprises, but will not change the basic fact that “opportunities co-exist with and outweigh challenges”. To guard against economic downturn, China continues to strengthen the ability of macro policy in making the counter-cyclical adjustment, promote the policies for ensuring stability on the six fronts and security in the six areas, carry out a series of major reform initiatives, make full use of the advantages of China’s super-large market and domestic demand potential to create a new development pattern where domestic and foreign markets can boost each other and domestic market dominates, and take multiple measures to consolidate the positive momentum of economic recovery.

Globally, development of the pandemic in the world is of great uncertainty, and the world's economy is in a deep recession. Many countries will adopt infrastructure construction to stimulate and boost economic development in the first place, but deglobalization and trade protectionism escalate further. The relationship between China and the United State is subject to the most serious challenge since the establishment of diplomatic relations; geopolitical conflicts intensify; the industry chain and supply chain cycle is blocked. The international environment to which China's enterprises are faced with are more complex, and the overseas development is subject to increasing uncertainty and instability.

In the second half of 2020, the Company will actively respond to the country's strategic arrangement of boosting domestic demands and make the domestic market as the primary market for hedging the impact of the pandemic and promoting high-quality and steady growth. While strengthening the core competitiveness of traditional businesses to maintain the leading position in the market, it will respond to the local demands and invest more resources in national central cities, metropolitan circles and city clusters. The Company will take an active part in national strategies including protection of the Yangtze River and the Yellow River and Baiyangdian and Huai River watershed management, and vigorously promote the development of new businesses of eco-environment protection and ocean engineering. It will step up efforts to develop the spot exchange market, and, particularly, invest more in emerging businesses including house building and municipal works to seize more growth opportunities and further improve the proportion of spot items, thus reducing the core businesses' dependence on investment. In the course of developing overseas market, the Company will comprehensively review the existing overseas development layout, re-assess, further improve and upgrade the overseas risk management system by taking account of the current situation, and prevent and control risks while ensuring "stability", so that it will firmly hold the bottom line of high-quality development and effectively prevent uncontrollable events and disruptive risks.

III. MAJOR PRODUCTION AND OPERATIONAL DATA *(Unit: RMB million)*

(I) Completed and Accepted Projects during the Reporting Period

Total number of projects		N/A	
Total contract value		163,550	
		Number	Contract Value
Categorised by region	Domestic	N/A	140,231
	Overseas	N/A	23,319
Categorised by business type	Infrastructure construction	399	132,780
	Infrastructure design	1,247	9,882
	Dredging	160	12,175
	Others	N/A	8,713

(II) Projects under Construction during the Reporting Period

Total number of projects	N/A
Total value of projects	3,584,921

		Number	Contract Value
Categorised by region	Domestic	N/A	2,752,538
	Overseas	N/A	832,383
Categorised by business type	Infrastructure construction	4,727	3,223,821
	Infrastructure design	20,011	187,928
	Dredging	1,961	159,511
	Others	N/A	13,661

Note: In order to improve management efficiency, the Company has amended and optimized the statistic specification of the statistical system of operating data in the first half of the year. During the Reporting Period, the statistical data of projects under construction has excluded the projects which have completed and entered their final stage.

(III) Investment Projects

Investment business links both sides of supply and demand, and is closely related to the macro situation, policy changes and market trends. Affected by the changes in investment environment across China, PPP has gradually moved from a rational return to a standardized and high-quality development stage along with policy adjustments in the past two years. The percentage of projects in line with the essence of PPP mode and green and people-benefit projects increased significantly. In the first half of 2020, the approval on investment projects slowed down as a result of the pandemic. However, a variety of countercyclical policy tools have been implemented, such as the special debt quotas issued by the Ministry of Finance in advance and reduced project capital, which expanded business financing channels.

In the first half of 2020, staying focused on the creation of project lifecycle value and overall value, the Company took investment as an important means for maximizing the overall value, constantly accelerated the adjustment and upgrading of regional layout, resource layout and industry layout, and made significant breakthrough. On the basis of consolidating the traditional advantage in transportation infrastructure, it took multiple measures to develop new fields, new segments and new models, including health and wellness tourism, characteristic town, cold chain logistics and intelligent parking, and promoted the implementation of Yichang Tourism Town Project, the project of cold chain area of Guangzhou railway container central station, and Hainan Sanya Blue Line Project, all of which served as an important driver for accelerating new and old growth engine conversion and realizing multi-dimension development.

At the beginning of August, the National Development and Reform Commission and the China Securities Regulatory Commission released the Notice of Promoting the Reporting Work Related to the Pilot Program of Real Estate Investment Trusts (REITs) in the Infrastructure Field (the “Notice”) and the Guidelines for Publicly Offered Infrastructure Securities Investment Funds (for Trial Implementation) in succession, which indicated that China’s infrastructure REITs officially set sail. The Notice underlines the focus on key regions and key industries and requires that project investments should generate good returns. According to statistics, as at 30 June 2020, 20 toll road projects within the scope of consolidated financial statements of the Company were in the operation period, and after operation and cultivation, some of these projects have met the requirements of the Notice on the REITs pilot program. In the second half of 2020, the Company will actively submit applications to participate in the first round of infrastructure REITs pilot program. On the one hand, it will make good use of the existing assets, improve the asset structure, reduce finance charges and raise funds to invest in new infrastructure projects. On the other hand, it will leverage the demonstration effect of an infrastructure-focused state-owned enterprise, make efforts to build a model for PPP+REITs operation which other market players can draw lessons from, thereby making contribution to the long-term and healthy development of infrastructure REITs market.

1. Investment Projects Newly Entered into

In the first half of 2020, the Company strengthened rigid management on investments, made reasonable allocation of long-term, mid-term and short-term investments, concentrated in advantageous regions such as national central cities, metropolitan areas and urban agglomerations, aiming to create a more scientific and reasonable investment layout. The confirmed value of contracts from PPP investment projects was RMB77,777 million. The value of construction and installation contracts to be undertaken was estimated to be RMB87,484 million, among which, the confirmed values of contracts from BOT projects, government paid projects and urban comprehensive development projects were RMB26,356 million, RMB41,846 million and RMB9,575 million respectively, accounting for 34%, 54% and 12% 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 RMB543,453 million, wherein, the accumulative completed investment amounted to RMB206,250 million with cumulatively RMB60,529 million have been recovered.

The total investment value of contracts for urban comprehensive development projects entered into by the Group was estimated to be RMB317,440 million, among which, RMB82,308 million of investment amount had been completed cumulatively, RMB70,043 million of sales amount had been realised and RMB48,770 million had been received by the Group.

3. Concession Projects

As at 30 June 2020, 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 RMB442,476 million, wherein, the accumulative completed investment amounted to RMB232,006 million. 20 concession projects together with 12 share-participation projects had been put into operations. Due to the impact of free passage of domestic toll roads in the early stage of the epidemic, the operating revenue and the net loss in the first half of 2020 was RMB1,401 million and RMB2,720 million, respectively.

(1) Investment Projects Newly Entered into in the First Half of 2020

No.	Project Name	Project Type	Investment Budget Estimate	Contract Value according to Shareholding Ratio of CCCC	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
1	PPP Project of New Urbanization Construction for Northern New City in Wanzhou District in Chongqing	PPP	18,197	13,647	12,508	No	Yes	8	12
2	BOT Project of Guiyang-Jinsha-Gulin (Guizhou and Sichuan Conjunction) Highway in Guizhou Province	BOT	32,493	9,999	23,511	Yes	No	4	30
3	BOT Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong - Daozhen (Chongqing Section) Highway in Chongqing	BOT	64,577	9,687	10,937	Yes	No	5	35
4	Comprehensive Urban Development Project in Yongning Area (Zone B of Medical City), Wenjiang District, Chengdu, Sichuan Province	Comprehensive urban development	8,274	7,447	4,691	No	Yes	5	10
5	BOT Project of Expressway in Nairobi, Kenya	BOT	4,602	4,602	4,602	Yes	Yes	3	27
6	PPP Project of Huangma Work Zone and Lingang New City Work Zone (Phase I) in the Urban Harbor District of Huai'an Port in Jiangsu Province	PPP	3,564	3,029	2,017	No	Yes	3	21
7	Others		<u>67,000</u>	<u>29,366</u>	<u>29,218</u>				
	Total		<u>198,707</u>	<u>77,777</u>	<u>87,484</u>				

(2) *Concession Projects under Development*^{Note}

No.	Project Name	Contract Value			Accumulated Investment Value
		Total Investment Budget Estimate	Confirmed according to Shareholding Ratio	Investment Amount in the first half of 2020	
1	Lianzhou-Fogang Highway in Guangdong Province	41,096	41,096	3,262	17,751
2	Taihangshan Highway in Hebei Province	47,000	14,570	-	Share participation
3	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	13,643	13,643	1,241	2,732
4	Kaiping-Yangchun Expressway in Guangdong Province	13,711	12,740	-	Share participation
5	Shiqian-Yuping (Dalong) Expressway in Guizhou Province	12,407	12,407	1,029	5,738
6	CCCC Jiangyu Expressway in Guizhou	11,019	11,019	1,396	6,089
7	Jianhe-Rongjiang Section of Yanhe-Rongjiang Expressway in Guizhou Province	17,816	10,672	-	Share participation
8	Highways including Urumchi-Yuli Highway in Xinjiang	70,841	10,616	-	Share participation
9	Phase I of PPP Project of Urumchi Rail Transit Line 4	16,249	8,287	-	Share participation
10	West Line of Urumqi Ring Expressway in Xinjiang	15,300	7,803	-	69
11	PPP Project for Fangcheng-Tanghe Section of Jiaozuo-Tanghe Highway in Henan Province	7,788	7,009	-	-
12	CCCC Yulin-Zhanjiang Expressway in Guangdong Province	6,842	6,842	5,854	5,802
13	Libo-Rongjiang Expressway in Guizhou Province	10,480	6,288	-	Share participation
14	G575 Expressway in Xinjiang	6,017	6,017	266	1,368
15	Hechang Section of Sanhuan Expressway in Chongqing	10,077	5,139	1,704	8,678
16	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Highway in Fujian Province	4,708	4,708	423	4,422
17	Hefei-Zongyang Section of G3W Dezhou-Shangrao Expressway in Anhui Province	9,228	4,522	-	Share participation
18	South Section of Ring Expressway in Wanzhou, Chongqing	4,151	4,151	245	470
19	Project of West Tianjin Section of Tianjin- Shijiazhuang Expressway	3,165	3,165	203	1,157
	Others	137,841	44,980	2,717	10,140
	Total	<u>459,379</u>	<u>235,674</u>	<u>18,340</u>	<u>64,416</u>

Note: The breakdown of concession projects under development do not include the concession projects acquired overseas.

(3) *Concession Projects in Operation Period*

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	27,225	177	30	2.5
2	Daozhen-Weng'an Expressway in Guizhou Province	26,499	164	30	4.5
3	Guigang-Longan Highway in Guangxi Province	17,695	89	30	1.0
4	Jiangkou-Weng'an Expressway in Guizhou Province	14,251	174	30	4.5
5	Guiyang-Qianxi Expressway in Guizhou Province	9,200	116	30	3.5
6	Hubei Jiatong Section Project of Wuhan-Shenzhen Expressway in Hubei Province	8,972	100	30	3.8
7	Zhongxian-Wanzhou Expressway in Chongqing	7,603	13	30	3.5
8	Yanhe-Dejiang Expressway in Guizhou Province	7,566	20	30	4.5
9	Guiyang-Duyun Expressway in Guizhou Province	7,424	153	30	9.3
10	Tongzhou-Daxing Section Project of the Capital Region Ring Expressway	6,294	39	25	2.0
11	Yongchuan-Jiangjin Expressway in Chongqing	5,997	13	30	5.5
12	Jiulongpo-Yongchuan Highway in Chongqing	5,222	26	30	2.5
13	South-North Highway in Jamaica	5,132	88	50	4.5
14	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	4,829	23	30	2.5
15	Xianning-Tongshan Expressway in Hubei Province	3,128	30	30	6.5
16	Qingxi Bridge and Connecting Line in Guangdong Province	2,888	85	25	1.8
17	Jiayu North Section of Wuhan-Shenzhen Expressway in Hubei Province	2,622	41	30	1.5
18	Yicheng-Houma Expressway in Shanxi Province	2,405	39	30	12.5
19	Malong Connecting Line of Xuanwei-Qujing Expressway in Yunnan Province	2,050	5	30	2.5
20	Qingshuihe-Dafanpu Section of National Highway G109 in Inner Mongolia Autonomous Region	588	6	26	11.5

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
21	Fengdu-Zhongxian Expressway in Chongqing	Share participation	-	30	2.5
22	Youyang-Yanhe Expressway in Chongqing	Share participation	-	30	3.5
23	Wangjiang-Qianjiang Expressway in Anhui Province	Share participation	-	25	3.5
24	Tongliang-Yongchuan Expressway in Chongqing	Share participation	-	30	3.2
25	Chongqing Wanzhou-Sichuan Dazhou, Wanzhou-Hubei Lichuan Expressways	Share participation	-	30	4.5
26	Tongliang-Hechuan Expressway in Chongqing	Share participation	-	30	4.5
27	Fengdu-Fuling Expressway in Chongqing	Share participation	-	30	5.5
28	Fengdu-Shizhu Expressway in Chongqing	Share participation	-	30	5.5
29	Foshan-Guangming Expressway in Guangdong Province	Share participation	-	27	10.5
30	Yulin-Jiaxian Expressway in Shaanxi Province	Share participation	-	30	5.5
31	Guiyang-Weng'an Expressway in Guizhou Province	Share participation	-	30	3.5
32	Tongcheng-Jieshang Expressway in Hubei Province	Share participation	-	30	4.8
	Total	<u>167,590</u>	<u>1,401</u>	<u>/</u>	<u>/</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview

For the six months ended 30 June 2020, revenue of the Group amounted to RMB245,410 million, representing an increase of 2.5% from RMB239,461 million in the corresponding period of 2019. Among which, revenue derived from overseas markets amounted to RMB37,939 million, accounted for 15.5% of the total revenue, representing a year-on-year decrease of 16.2%. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 86.3%, 5.4%, 6.4% and 1.9% of the total revenue for the six months ended 30 June 2020, respectively.

Gross profit for the six months ended 30 June 2020 amounted to RMB28,511 million, representing an increase of 1.5% from RMB28,100 million in the corresponding period of 2019. Gross profit margin decreased to 11.6% for the six months ended 30 June 2020 as compared to 11.7% for the six months ended 30 June 2019.

Operating profit for the six months ended 30 June 2020 amounted to RMB13,543 million, representing a decrease of 13.9%, from RMB15,726 million in the corresponding period of 2019.

For the six months ended 30 June 2020, profit attributable to owners of the parent amounted to RMB5,517 million, representing a decrease of 37.2% from RMB8,781 million in the corresponding period of 2019. For the six months ended 30 June 2020, earnings per share of the Group was RMB0.28, compared with RMB0.48 in the corresponding period of 2019.

For the second quarter result of 2020, revenue, gross profit and operating profit from Mainland China are significantly increased, comparing with the first quarter result of 2020.

The following is a comparison of financial results between the six months ended 30 June 2020 and 2019.

Consolidated Results of Operations

Revenue

Revenue for the six months ended 30 June 2020 increased by 2.5% to RMB245,410 million from RMB239,461 million in the corresponding period of 2019. Revenue from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB218,839 million, RMB13,628 million, RMB16,122 million and RMB4,791 million (all before elimination of inter-segment transactions), representing an increase of 3.0%, 3.1%, 3.3% and 1.0% respectively.

Cost of Sales and Gross Profit

Cost of sales for the six months ended 30 June 2020 amounted to RMB216,899 million, representing an increase of 2.6%, from RMB211,361 million in the corresponding period of 2019. Cost of sales from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB194,834 million, RMB11,690 million, RMB14,079 million and RMB4,312 million (all before elimination of inter-segment transactions) respectively, representing an increase of 3.3%, 6.1%, 1.3% and a decrease of 0.0%, 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 2020, cost of raw materials and consumables used, subcontracting costs and employee benefit expenses increased by 2.3%, 3.9% and 2.3%, respectively.

As a result of the increase in both revenue and cost of sales for the six months ended 30 June 2020, gross profit for the six months ended 30 June 2020 amounted to RMB28,511 million, representing an increase of 1.5% from RMB28,100 million in the corresponding period of 2019. Gross profit from infrastructure construction business, dredging business and other business increased by 0.9%, 19.1% and 10.9% respectively, while gross profit from infrastructure design business decreased by 12.0%, from the corresponding period of 2019. Gross profit margin decreased to 11.6% for the six months ended 30 June 2020 as compared to 11.7% for the six months ended 30 June 2019. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 11.0%, 14.2%, 12.7% and 10.0%, respectively, as compared with 11.2%, 16.7%, 11.0% and 9.1% in the corresponding period of 2019.

Administrative expenses

Administrative expenses for the six months ended 30 June 2020 amounted to RMB14,288 million, representing an increase of 2.4% from RMB13,947 million in the corresponding period of 2019. This growth was primarily attributable to the increase in employee benefit expenses and research and development costs.

Other income

Other income for the six months ended 30 June 2020 amounted to RMB2,323 million, representing a decrease of 7.3% from RMB2,505 million in the corresponding period of 2019. This decrease was primarily attributable to the decrease in dividend income.

Other gains, net

Other gains for the six months ended 30 June 2020 amounted to RMB246 million, representing a decrease of 80.5% from RMB1,260 million in the corresponding period of 2019. This decrease was primarily attributable to the decrease in gains on disposal of subsidiaries.

Impairment losses on financial and contract assets, net

Impairment losses on financial and contract assets for the six months ended 30 June 2020 amounted to RMB1,985 million, representing an increase of 120.1% from RMB902 million in the corresponding period of 2019. This growth was primarily attributable to the longer aging of trade and other receivables.

Operating Profit

Operating profit for the six months ended 30 June 2020 amounted to RMB13,543 million, representing a decrease of 13.9% from RMB15,726 million in the corresponding period of 2019. The decrease was mainly due to the decrease in other gains and increase in impairment losses on financial and contract assets.

For the six months ended 30 June 2020, operating profit from infrastructure construction business, infrastructure design business, dredging business and other businesses decreased by 11.1%, 29.0%, 24.6% and 62.9% (all before elimination of inter-segment transactions and unallocated cost) respectively from the corresponding period of 2019.

Due to decrease in other gains and increase in impairment losses on financial and contract assets, operating profit margin decreased to 5.5% for the six months ended 30 June 2020 from 6.6% in the corresponding period of 2019.

Finance Income and Costs, net

Finance income for the six months ended 30 June 2020 amounted to RMB5,143 million, representing an increase of 42.6% as compared with RMB3,616 million in the corresponding period of 2019. Net finance costs amounted to RMB8,615 million, representing an increase of 13.0% as compared with RMB7,627 million in the corresponding period of 2019.

As of 30 June 2020, the net finance income and costs amounted to RMB3,472 million, representing a decrease of 13.4% as compared with RMB4,011 million in the corresponding period of 2019. The decrease was mainly attributable to the larger increase in interest of investment projects over the increase in the interest expenses of borrowings as the business expands.

Share of Loss of Joint Ventures

Share of loss of joint ventures for the six months ended 30 June 2020 amounted to RMB395 million, as compared with share of profit of RMB286 million in the corresponding period of 2019. The loss was mainly due to the increased loss of expressway concession projects influenced by COVID-19.

Share of Loss of Associates

Share of loss of associates for the six months ended 30 June 2020 amounted to RMB138 million, as compared with share of profit of RMB46 million in the corresponding period of 2019. The loss was mainly due to the increased loss of expressway concession projects influenced by COVID-19.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax for the six months ended 30 June 2020 amounted to RMB9,538 million, representing a decrease of 20.8% from RMB12,047 million in the corresponding period of 2019.

Income Tax Expense

Income tax expense for the six months ended 30 June 2020 amounted to RMB2,692 million, representing an increase of 18.5% from RMB2,271 million in the corresponding period of 2019. Effective tax rate for the Group for the six months ended 30 June 2020 increased to 28.2% from 18.9% in the corresponding period of 2019, mainly due to a decrease in deferred income tax assets recognized for concession projects, an increase in tax for certain urban comprehensive development projects and an increase in non-taxable share of losses from joint ventures and associates.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests for the six months ended 30 June 2020 amounted to RMB1,329 million compared with RMB995 million in the corresponding period of 2019. The increase is mainly due to the increasing interest from perpetual bonds and dividend for non-controlling shareholders.

Discussion of Segment Operations

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the six months ended 30 June 2020 and 2019.

Business	Revenue		Gross Profit		Gross Profit Margin		Operating Profit ⁽¹⁾		Operating Profit Margin	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(%)	(%)	(RMB million)	(RMB million)	(%)	(%)
Infrastructure Construction	218,839	212,434	24,005	23,787	11.0	11.2	11,980	13,473	5.5	6.3
% of total	86.3	86.4	84.3	84.6	-	-	89.6	86.0	-	-
Infrastructure Design	13,628	13,220	1,938	2,203	14.2	16.7	663	934	4.9	7.1
% of total	5.4	5.4	6.8	7.8	-	-	5.0	6.0	-	-
Dredging	16,122	15,614	2,043	1,715	12.7	11.0	522	692	3.2	4.4
% of total	6.4	6.3	7.2	6.1	-	-	3.9	4.4	-	-
Other businesses	4,791	4,745	479	432	10.0	9.1	206	556	4.3	11.7
% of total	1.9	1.9	1.7	1.5	-	-	1.5	3.6	-	-
Subtotal	253,380	246,013	28,465	28,137	-	-	13,371	15,655	-	-
Intersegment elimination and unallocated profit/ (costs)	(7,970)	(6,552)	46	(37)	-	-	172	71	-	-
Total	<u>245,410</u>	<u>239,461</u>	<u>28,511</u>	<u>28,100</u>	<u>11.6</u>	<u>11.7</u>	<u>13,543</u>	<u>15,726</u>	<u>5.5</u>	<u>6.6</u>

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

Infrastructure Construction Business

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

The following table sets out the principal profit and loss information for the infrastructure construction business for the six months ended 30 June 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	(RMB million)	(RMB million)
Revenue	218,839	212,434
Cost of sales	(194,834)	(188,647)
Gross profit	24,005	23,787
Selling and marketing expenses	(161)	(159)
Administrative expenses	(12,651)	(11,749)
Other income, net	787	1,594
Segment result	<u>11,980</u>	<u>13,473</u>
Depreciation and amortisation	<u>4,754</u>	<u>4,611</u>

Revenue. Revenue from the infrastructure construction business for the six months ended 30 June 2020 was RMB218,839 million, representing an increase of 3.0% from RMB212,434 million in the corresponding period of 2019.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business for the six months ended 30 June 2020 was RMB194,834 million, representing an increase of 3.3% from RMB188,647 million in the corresponding period of 2019. Cost of sales as a percentage of revenue slightly increased to 89.0% for the six months ended 30 June 2020 from 88.8% in the corresponding period of 2019.

Gross profit from the infrastructure construction business for the six months ended 30 June 2020 grew by 0.9% to RMB24,005 million from RMB23,787 million in the corresponding period of 2019, mainly attributable to increase of revenue from mainland China projects. Gross profit margin decreased to 11.0% for the six months ended 30 June 2020 from 11.2% in the corresponding period of 2019, primarily due to the suspension of some domestic and overseas projects and the impact of free passage of domestic toll roads as a result of the epidemic, as well as the estimated losses recognized for certain overseas projects.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business for the six months ended 30 June 2020 were RMB161 million, as compared with RMB159 million in the corresponding period of 2019.

Administrative expenses. Administrative expenses including impairment losses on financial and contract assets for the infrastructure construction business were RMB12,651 million for the six months ended 30 June 2020, representing an increase of 7.7% from RMB11,749 million in the corresponding period of 2019, mainly attributable to increase of employee benefit expenses, research and development costs and impairment losses. Administrative expenses including impairment losses on financial and contract assets as a percentage of revenue increased to 5.8% for the six months ended 30 June 2020 from 5.5% in the corresponding period of 2019.

Other income, net. Other net income for the infrastructure construction business decreased to RMB787 million for the six months ended 30 June 2020 from RMB1,594 million in the corresponding period of 2019, mainly attributable to gains on disposal of subsidiaries in 2019.

Segment result. As a result of the above, segment result for the infrastructure construction business for the six months ended 30 June 2020 was RMB11,980 million, representing a decrease of 11.1% from RMB13,473 million in the corresponding period of 2019. Segment result margin decreased to 5.5% for the six months ended 30 June 2020 from 6.3% in the corresponding period of 2019.

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 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	(RMB million)	<i>(RMB million)</i>
Revenue	13,628	13,220
Cost of sales	<u>(11,690)</u>	<u>(11,017)</u>
Gross profit	1,938	2,203
Selling and marketing expenses	(140)	(137)
Administrative expenses	(1,270)	(1,269)
Other income, net	<u>135</u>	<u>137</u>
Segment result	<u>663</u>	<u>934</u>
Depreciation and amortization	<u>212</u>	<u>213</u>

Revenue. Revenue from the infrastructure design business for the six months ended 30 June 2020 was RMB13,628 million, representing an increase of 3.1% from RMB13,220 million in the corresponding period of 2019, mainly attributable to growing scale of comprehensive contracts.

Cost of sales and gross profit. Cost of sales for the infrastructure design business for the six months ended 30 June 2020 was RMB11,690 million, representing an increase of 6.1% from RMB11,017 million in the corresponding period of 2019. Cost of sales as a percentage of revenue increased to 85.8% for the six months ended 30 June 2020 from 83.3% in the corresponding period of 2019.

Gross profit from the infrastructure design business for the six months ended 30 June 2020 decreased to RMB1,938 million from RMB2,203 million in the corresponding period of 2019. Gross profit margin decreased to 14.2% for the six months ended 30 June 2020 from 16.7% in the corresponding period of 2019, mainly attributable to the increased proportion of revenue generated from comprehensive contracts, which have lower gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business for the six months ended 30 June 2020 increased to RMB140 million from RMB137 million in the corresponding period of 2019.

Administrative expenses. Administrative expenses including impairment losses on financial and contract assets for the infrastructure design business for the six months ended 30 June 2020 were RMB1,270 million, representing an increase of 0.1% from RMB1,269 million in the corresponding period of 2019. Administrative expenses including impairment losses on financial and contract assets as a percentage of revenue decreased to 9.3% for the six months ended 30 June 2020 from 9.6% in the corresponding period of 2019.

Other income, net. Other net income for the infrastructure design business for the six months ended 30 June 2020 was RMB135 million, as compared with RMB137 million in the corresponding period of 2019.

Segment result. As a result of the above, segment result for the infrastructure design for the six months ended 30 June 2020 was RMB663 million, representing a decrease of 29.0% from RMB934 million in the corresponding period of 2019. Segment result margin decreased to 4.9% for the six months ended 30 June 2020 from 7.1% in the corresponding period of 2019.

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 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	(RMB million)	(RMB million)
Revenue	16,122	15,614
Cost of sales	<u>(14,079)</u>	<u>(13,899)</u>
Gross profit	2,043	1,715
Selling and marketing expenses	(63)	(65)
Administrative expenses	(1,652)	(1,320)
Other income, net	<u>194</u>	<u>362</u>
Segment result	<u>522</u>	<u>692</u>
Depreciation and amortisation	<u>606</u>	<u>611</u>

Revenue. Revenue from the dredging business for the six months ended 30 June 2020 was RMB16,122 million, representing an increase of 3.3% from RMB15,614 million in the corresponding period of 2019.

Cost of sales and gross profit. Cost of sales for the dredging business for the six months ended 30 June 2020 was RMB14,079 million, representing an increase of 1.3% as compared with RMB13,899 million in the corresponding period of 2019. Cost of sales as a percentage of revenue for the dredging business for the six months ended 30 June 2020 decreased to 87.3% from 89.0% in the corresponding period of 2019.

Gross profit from the dredging business for the six months ended 30 June 2020 was RMB2,043 million, representing an increase of 19.1% from RMB1,715 million in the corresponding period of 2019. Gross profit margin for the dredging business increased to 12.7% for the six months ended 30 June 2020 from 11.0% in the corresponding period of 2019, mainly attributable to decreased proportion of lower gross profit margin business.

Selling and marketing expenses. Selling and marketing expenses for the dredging business for the six months ended 30 June 2020 were RMB63 million, as compared with RMB65 million in the corresponding period of 2019.

Administrative expenses. Administrative expenses including impairment losses on financial and contract assets for the dredging business for the six months ended 30 June 2020 were RMB1,652 million, representing an increase of 25.2% from RMB1,320 million in the corresponding period of 2019, mainly due to individual loss allowance for certain customers with credit risk increased significantly. Administrative expenses including impairment losses on financial and contract assets as a percentage of revenue increased to 10.2% for the six months ended 30 June 2020 from 8.5% in the corresponding period of 2019.

Other income, net. Other net income for the dredging business for the six months ended 30 June 2020 decreased to RMB194 million from RMB362 million in the corresponding period of 2019, mainly attributable to the decrease in dividend income.

Segment result. As a result of the above, segment result for the dredging business for the six months ended 30 June 2020 was RMB522 million, representing a decrease of 24.6% from RMB692 million in the corresponding period of 2019. Segment result margin decreased to 3.2% for the six months ended 30 June 2020 from 4.4% in the corresponding period of 2019.

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 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	(RMB million)	(RMB million)
Revenue	4,791	4,745
Cost of sales	(4,312)	(4,313)
Gross profit	479	432

Revenue. Revenue from the other businesses for the six months ended 30 June 2020 was RMB4,791 million, representing an increase of 1.0% from RMB4,745 million in the corresponding period of 2019.

Cost of sales and gross profit. Cost of sales for the other businesses for the six months ended 30 June 2020 was RMB4,312 million, compared with RMB4,313 million in the corresponding period of 2019. Cost of sales as a percentage of revenue decreased to 90.0% for the six months ended 30 June 2020 from 90.9% in the corresponding period of 2019.

Gross profit from the other businesses for the six months ended 30 June 2020 was RMB479 million, representing an increase of 10.9% from RMB432 million in the corresponding period of 2019. Gross profit margin increased to 10.0% for the six months ended 30 June 2020 from 9.1% in the corresponding period of 2019.

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 2020, the Group had unutilized credit facilities in the amount of RMB1,018,126 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 Group's consolidated cash flow statements for the six months ended 30 June 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	(RMB million)	(RMB million)
Net cash used in operating activities	(40,565)	(40,304)
Net cash used in investing activities	(42,226)	(29,014)
Net cash generated from financing activities	84,520	44,169
Net increase/(decrease) in cash and cash equivalents	1,729	(25,149)
Cash and cash equivalents at beginning of period	118,908	127,811
Exchange gains on cash and cash equivalents	236	35
Cash and cash equivalents at end of period	120,873	102,697

Cash flow from operating activities

For the six months ended 30 June 2020, net cash used in operating activities increased to RMB40,565 million from RMB40,304 million in the corresponding period of 2019.

Cash flow from investing activities

Net cash used in investing activities for the six months ended 30 June 2020 increased to RMB42,226 million from RMB29,014 million in the corresponding period of 2019. The increase of 45.5% was primarily attributable to the increase in expenditure from purchases of intangible assets and long-term assets, and purchases of financial assets at fair value through profit or loss.

Cash flow from financing activities

Net cash generated from financing activities for the six months ended 30 June 2020 was RMB84,520 million, representing an increase of 91.4% from RMB44,169 million in the corresponding period of 2019. The increase was primarily attributable to the increase in proceeds from perpetual securities and proceeds from bank and other borrowings.

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipment and vessels, and the building of plants. The following table set forth the Group's capital expenditure by business for the six months ended 30 June 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	<i>(RMB million)</i>	<i>(RMB million)</i>
Infrastructure Construction Business	21,418	19,128
– BOT projects	15,730	12,695
Infrastructure Design Business	232	333
Dredging Business	658	476
Other	517	853
Total	<u>22,825</u>	<u>20,790</u>

Capital expenditure for the six months ended 30 June 2020 was RMB22,825 million, as compared with RMB20,790 million in the corresponding period of 2019. The increase of 9.8% was primarily attributable to the increase of capital expenditure in infrastructure construction business.

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the six months ended 30 June 2020 and the year ended 31 December 2019.

	As at	
	Six months ended	Twelve months ended
	30 June	31 December
	2020	2019
	<i>(Number of days)</i>	<i>(Number of days)</i>
Turnover of average trade and bills receivables ⁽¹⁾	75	62
Turnover of average trade and bills payables ⁽²⁾	<u>227</u>	<u>196</u>

- (1) For the six months ended 30 June 2020, 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 2019, 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 2020, 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 2019, 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 2020 and 31 December 2019.

	As at	
	30 June	31 December
	2020	2019
	<i>(RMB million)</i>	<i>(RMB million)</i>
Less than 6 months	67,256	67,623
6 months to 1 year	14,374	8,305
1 year to 2 years	11,808	13,914
2 years to 3 years	7,029	5,433
Over 3 years	4,424	4,136
	<hr/>	<hr/>
Total	<u>104,891</u>	<u>99,411</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 2020, the Group had a provision for impairment of RMB14,868 million, as compared with RMB13,904 million as at 31 December 2019.

The following table sets forth an ageing analysis of trade and bills payables as at 30 June 2020 and 31 December 2019.

	As at	
	30 June	31 December
	2020	2019
	<i>(RMB million)</i>	<i>(RMB million)</i>
Within 1 year	238,981	241,739
1 year to 2 years	15,875	20,813
2 years to 3 years	7,510	9,903
Over 3 years	<u>6,001</u>	<u>5,504</u>
Total	<u><u>268,367</u></u>	<u><u>277,959</u></u>

The Group's credit terms with its suppliers for the six months ended 30 June 2020 remained the same as that for the year ended 31 December 2019. 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 2020 and 31 December 2019.

	As at	
	30 June	31 December
	2020	2019
	<i>(RMB million)</i>	<i>(RMB million)</i>
Current	18,600	19,472
Non-current	<u>30,966</u>	<u>30,265</u>
Total	<u><u>49,566</u></u>	<u><u>49,737</u></u>

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 30 June 2020 and 31 December 2019.

	As at	
	30 June 2020 <i>(RMB million)</i>	31 December 2019 <i>(RMB million)</i>
Within 1 year	120,952	76,379
1 year to 2 years	53,457	43,362
2 years to 5 years	74,454	64,382
Over 5 years	<u>187,024</u>	<u>157,304</u>
Total borrowings	<u><u>435,887</u></u>	<u><u>341,427</u></u>

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Japanese Yen, Euro, Hong Kong dollars and others. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 30 June 2020 and 31 December 2019.

	As at	
	30 June 2020 <i>(RMB million)</i>	31 December 2019 <i>(RMB million)</i>
Renminbi	415,821	319,288
U.S. dollar	12,594	14,537
Japanese Yen	4,131	3,892
Euro	1,887	1,490
Hong Kong dollar	517	1,169
Others	<u>937</u>	<u>1,051</u>
Total borrowings	<u><u>435,887</u></u>	<u><u>341,427</u></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 2020 was 50.6%, as compared with 42.9% as at 31 December 2019.

Contingent Liabilities

	As at	
	30 June 2020	31 December 2019
	(RMB million)	(RMB million)
Pending lawsuits ⁽¹⁾	1,273	1,201
Outstanding loan guarantees ⁽²⁾	<u>7,347</u>	<u>6,944</u>
Total	<u><u>8,620</u></u>	<u><u>8,145</u></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 RMB1,273 million (31 December 2019: RMB1,201 million), mainly related to disputes with customers and subcontractors, 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.

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

The companies in the Group which are engaged in the real estate business provide guarantees to banks for the mortgage loans of the property buyers. As at 30 June 2020, the outstanding balance of guarantees provided by the Group was approximately RMB3,776 million (31 December 2019: RMB3,994 million).

- (3) The Group has entered into certain agreements with certain financial institution so as to establish asset-backed securities (ABS) and asset-backed notes (ABN). As at 30 June 2020, certain of the ABS and ABN in issue with an aggregate amount of RMB10,857 million (31 December 2019: RMB10,387 million) included the ABS and ABN issued to preferential investors of an aggregate amount of RMB8,367 million (31 December 2019: RMB7,919 million). Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and fixed return at the due date is not sufficient. The directors of the Company evaluated the possibilities and assumed that the obligations of liquidity supplementary payments is low.

Market Risks

The Group is exposed to various types of market risks, including macro-economy risk, price risk, 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 urbanization.

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 were in the down cycle or the national economic growth speed significantly slowed down, there would be a gliding risk in the operation performance of the Group.

Market risk

The Group conducts its business in 139 countries and regions, with major overseas business in Africa, Southeast Asia, Oceania, Hong Kong, Macao, Taiwan and South America. If the political and economic conditions of such countries and regions changed 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 2020 and 2019, the Group's borrowings at variable rates were mainly denominated in RMB, USD, JPY, Euro and Hong Kong dollars.

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

Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group, and makes decisions with reference to the latest market conditions. From time to time, the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings.

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.

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.

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 investments designated at fair value through other comprehensive income, 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.

Force Majeure Risks

The infrastructure construction business and dredging business principally engaged by the Group are mostly outdoor work. Natural disasters including rainstorm, flooding, earthquake, typhoon, tsunami and fire and public health emergency such as epidemic occurred on the construction sites may cause damages to the site workers as well as property, and adversely affect the quality and progress of relevant businesses of the Group. Thus, force majeure may cause risks on affecting regular productions and operations or on increasing the operation costs.

Since the outbreak of the COVID-19 epidemic in January 2020, Mainland China and other countries and regions have adopted measures to prevent and control the epidemic. The impact of the COVID-19 epidemic on the Group's operations was mainly reflected in the slowdown of project progress as a result of the delay in project resumption caused by the epidemic. The extent of the impact will depend on factors such as the situation of the epidemic, macro policies and the progress of work and production resumption of enterprises, etc..

The Group has strengthened its efforts on the prevention and control of the COVID-19 epidemic through implementing various policies and arrangements of the central government, and meanwhile steadily promoted the resumption of the projects. The Group will closely monitor the situation of the epidemic and continuously assess its impact on the financial positions and operating results of the Group in the future.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 Unaudited RMB million	2019 Unaudited RMB million
Revenue	4	245,410	239,461
Cost of sales		<u>(216,899)</u>	<u>(211,361)</u>
Gross profit		28,511	28,100
Other income	4	2,323	2,505
Other gains, net	4	246	1,260
Selling and marketing expenses		(449)	(458)
Administrative expenses		(14,288)	(13,947)
Impairment losses on financial and contract assets, net		(1,985)	(902)
Other expenses		<u>(815)</u>	<u>(832)</u>
Operating profit		13,543	15,726
Finance income	6	5,143	3,616
Finance costs, net	7	(8,615)	(7,627)
Share of profits and losses of:			
– Joint ventures		(395)	286
– Associates		<u>(138)</u>	<u>46</u>
Profit before tax	5	9,538	12,047
Income tax expense	8	<u>(2,692)</u>	<u>(2,271)</u>
Profit for the period		<u>6,846</u>	<u>9,776</u>
Attributable to:			
– Owners of the parent		5,517	8,781
– Non-controlling interests		<u>1,329</u>	<u>995</u>
		<u>6,846</u>	<u>9,776</u>
Earnings per share attributable to ordinary equity holders of the parent			
Basic	10	<u>RMB0.28</u>	<u>RMB0.48</u>
Diluted	10	<u>RMB0.28</u>	<u>RMB0.48</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	Unaudited <i>RMB million</i>	Unaudited <i>RMB million</i>
Profit for the period	<u>6,846</u>	<u>9,776</u>
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Actuarial losses on retirement benefit obligations	(1)	(21)
Share of other comprehensive loss of joint ventures and associates	–	(2)
Changes in fair value of equity investments designated at fair value through other comprehensive income	<u>(1,010)</u>	<u>5,257</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>(1,011)</u>	<u>5,234</u>
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Cash flow hedges	4	2
Share of other comprehensive loss of joint ventures and associates	(7)	(180)
Exchange differences on translation of foreign operations	<u>(847)</u>	<u>(36)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(850)</u>	<u>(214)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>(1,861)</u>	<u>5,020</u>
Total comprehensive income for the period	<u>4,985</u>	<u>14,796</u>
Attributable to:		
– Owners of the parent	3,652	13,794
– Non-controlling interests	<u>1,333</u>	<u>1,002</u>
	<u>4,985</u>	<u>14,796</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2020

		30 June 2020	31 December 2019
		Unaudited	Audited
	<i>Notes</i>	RMB million	RMB million
Non-current assets			
Property, plant and equipment		60,828	60,400
Investment properties		4,140	3,973
Right-of-use assets		14,356	13,623
Intangible assets		236,802	219,227
Investments in joint ventures		26,987	24,715
Investments in associates		30,331	26,683
Financial assets at fair value through profit or loss		7,235	6,723
Debt investments at amortised cost		162	111
Equity investments designated at fair value through other comprehensive income		24,238	25,018
Contract assets		30,966	30,265
Trade and other receivables	<i>11</i>	210,595	178,037
Deferred tax assets		6,219	5,270
		<hr/>	<hr/>
Total non-current assets		652,859	594,045
Current assets			
Inventories		70,173	62,613
Trade and other receivables	<i>11</i>	244,296	223,768
Contract assets		132,748	116,236
Financial assets at fair value through profit or loss		3,363	415
Debt investments at amortised cost		24	–
Derivative financial instruments		665	799
Restricted bank deposits and time deposits with an initial term of over three months		7,555	6,630
Cash and cash equivalents		120,873	118,908
		<hr/>	<hr/>
Total current assets		579,697	529,369
Current liabilities			
Trade and other payables	<i>12</i>	369,809	362,901
Contract liabilities		79,370	82,992
Tax payable		4,439	5,929
Derivative financial instruments		2	12
Interest-bearing bank and other borrowings		120,952	76,379
Retirement benefit obligations		126	126
		<hr/>	<hr/>
Total current liabilities		574,698	528,339
Net current assets		4,999	1,030
		<hr/>	<hr/>
Total assets less current liabilities		657,858	595,075
		<hr/>	<hr/>

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

30 June 2020

		30 June 2020	31 December 2019
	<i>Notes</i>	Unaudited RMB million	Audited RMB million
Total assets less current liabilities		<u>657,858</u>	<u>595,075</u>
Non-current liabilities			
Trade and other payables	12	25,002	23,743
Interest-bearing bank and other borrowings		314,935	265,048
Deferred income		1,088	1,111
Deferred tax liabilities		6,245	6,345
Retirement benefit obligations		957	993
Provisions		<u>2,397</u>	<u>1,425</u>
Total non-current liabilities		<u>350,624</u>	298,665
Net assets		<u>307,234</u>	<u>296,410</u>
Equity			
Equity attributable to owners of the parent			
Share capital		16,175	16,175
Share premium		19,656	19,656
Treasury shares		(40)	–
Financial instruments classified as equity		30,423	30,423
Reserves		<u>161,842</u>	<u>163,662</u>
		228,056	229,916
Non-controlling interests		<u>79,178</u>	<u>66,494</u>
Total equity		<u>307,234</u>	<u>296,410</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2020

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Financial instruments	Other reserves	Retained earnings	Total		
				classified as equity					
				Unaudited					
Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
<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>	<i>RMB million</i>	
As at 31 December 2019	16,175	19,656	-	30,423	35,316	128,583	230,153	66,226	296,379
Business combination under common control	-	-	-	-	(49)	(188)	(237)	268	31
As at 31 December 2019	16,175	19,656	-	30,423	35,267*	128,395*	229,916	66,494	296,410
Profit for the period	-	-	-	-	-	5,517	5,517	1,329	6,846
Other comprehensive income/(loss) for the period:									
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(1,010)	-	(1,010)	-	(1,010)
Cash flow hedges, net of tax	-	-	-	-	4	-	4	-	4
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	(7)	-	(7)	-	(7)
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	-	(1)	-	(1)	-	(1)
Exchange differences on translation of foreign operations	-	-	-	-	(851)	-	(851)	4	(847)
Total comprehensive income for the period	-	-	-	-	(1,865)	5,517	3,652	1,333	4,985
Final 2019 dividend declared	-	-	-	-	-	(3,765)	(3,765)	-	(3,765)
Interests on perpetual securities (i)	-	-	-	-	-	(663)	(663)	(1,470)	(2,133)
Dividends on preference shares	-	-	-	-	-	(718)	(718)	-	(718)
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	(969)	(969)
Shares repurchased (ii)	-	-	(40)	-	-	-	(40)	-	(40)
Share of other reserves of joint ventures and associates	-	-	-	-	(2)	-	(2)	-	(2)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	1,074	1,074
Acquisition of subsidiaries	-	-	-	-	-	-	-	1,706	1,706
Issuance of perpetual securities	-	-	-	-	-	-	-	17,715	17,715
Redemption of perpetual securities	-	-	-	-	-	-	-	(6,706)	(6,706)
Transaction with non-controlling interests	-	-	-	-	(1)	-	(1)	1	-
Transfer to safety production reserve	-	-	-	-	395	(395)	-	-	-
Transfer to retained earnings due to disposal of equity investments designated at fair value through other comprehensive income	-	-	-	-	(3)	3	-	-	-
Others	-	-	-	-	(42)	(281)	(323)	-	(323)
As at 30 June 2020	<u>16,175</u>	<u>19,656</u>	<u>(40)</u>	<u>30,423</u>	<u>33,749*</u>	<u>128,093*</u>	<u>228,056</u>	<u>79,178</u>	<u>307,234</u>

* As at 30 June 2020, these reserve accounts comprise the consolidated reserves of RMB161,842 million (31 December 2019: RMB163,662 million) in the interim condensed consolidated statement of financial position.

- (i) The Company accrued interest on perpetual securities totalling RMB702 million, of which RMB39 million was distributed to CCCC Finance Company Limited, a subsidiary of the Company.
- (ii) From 28 May 2020 to 9 June 2020, the Company repurchased a total of 9,024,000 H shares. As at 30 June 2020, the repurchased shares have not been cancelled and are accounted for as treasury shares.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2019

	Attributable to owners of the parent						Non- controlling interests	Total equity
	Share capital	Share premium	Financial instruments classified as equity	Other reserves	Retained earnings	Total		
	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million
As at 31 December 2018	16,175	19,656	24,426	26,312	110,609	197,178	42,504	239,682
Business combination under common control	-	-	-	(49)	(93)	(142)	270	128
As at 31 December 2018	16,175	19,656	24,426	26,263	110,516	197,036	42,774	239,810
Profit for the period	-	-	-	-	8,781	8,781	995	9,776
Other comprehensive income/(loss) for the period:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	5,257	-	5,257	-	5,257
Cash flow hedges, net of tax	-	-	-	2	-	2	-	2
Share of other comprehensive loss of joint ventures and associates	-	-	-	(182)	-	(182)	-	(182)
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	(21)	-	(21)	-	(21)
Exchange differences on translation of foreign operations	-	-	-	(43)	-	(43)	7	(36)
Total comprehensive income for the period	-	-	-	5,013	8,781	13,794	1,002	14,796
Final 2018 dividend declared	-	-	-	-	(3,733)	(3,733)	-	(3,733)
Interests on perpetual securities	-	-	-	-	(528)	(528)	(1,136)	(1,664)
Dividends on preference shares	-	-	-	-	(718)	(718)	-	(718)
Dividends to non-controlling shareholders	-	-	-	-	-	-	(30)	(30)
Share of other reserves of joint ventures and associates	-	-	-	1	-	1	-	1
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	407	407
Acquisition of subsidiaries	-	-	-	-	-	-	70	70
Disposal of subsidiaries	-	-	-	-	-	-	(10)	(10)
Issuance of perpetual securities	-	-	-	-	-	-	998	998
Transaction with non-controlling interests	-	-	-	(16)	-	(16)	(65)	(81)
Transfer to safety production reserve	-	-	-	180	(180)	-	-	-
Transfer to retained earnings due to disposal of equity investments designated at fair value through other comprehensive income	-	-	-	(242)	242	-	-	-
As at 30 June 2019	<u>16,175</u>	<u>19,656</u>	<u>24,426</u>	<u>31,199</u>	<u>114,380</u>	<u>205,836</u>	<u>44,010</u>	<u>249,846</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 Unaudited RMB million	2019 Unaudited RMB million
Cash flows from operating activities			
Profit before tax		9,538	12,047
Adjustments for:			
– Depreciation of property, plant and equipment and investment properties	5	4,265	4,242
– Amortisation of right-of-use assets	5	787	642
– Amortisation of intangible assets	5	803	877
– Gains on disposal of items of property, plant and equipment	4	(46)	(29)
– Gains on disposal of joint ventures and associates	4	(9)	–
– Fair value gains on financial assets at fair value through profit or loss	4	(172)	(26)
– Losses/(gains) on derivative financial instruments	4	188	(328)
– Gains on disposal of financial assets at fair value through profit or loss	4	(1)	(6)
– Gains on disposal of subsidiaries	4	(2)	(740)
– Dividend income from financial assets at fair value through profit or loss	4	(60)	(67)
– Dividend income from equity investments designated at fair value through other comprehensive income	4	(682)	(884)
– Dividend income on derivative financial instruments		(105)	–
– Other income from investing activities		(2)	(51)
– Share of losses/(profits) of joint ventures and associates		533	(332)
– Write-down of inventories to net realisable value	5	–	1
– Provision for impairment of contract assets	5	60	197
– Provision for impairment of trade and other receivables	5	1,925	705
– Interest income	6	(5,143)	(3,616)
– Interest expenses	7	7,923	6,619
– Net foreign exchange losses/(gains) on borrowings	7	49	(13)
		19,849	19,238

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

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	<i>RMB million</i>	<i>RMB million</i>
Increase in inventories	(11,624)	(6,191)
Increase in contract assets	(17,973)	(18,113)
(Increase)/decrease in restricted bank deposits	(104)	31
Increase in trade and other receivables	(30,557)	(15,494)
Increase/(decrease) in trade and other payables	5,309	(516)
Decrease in contract liabilities	(3,197)	(17,956)
Decrease in retirement benefit obligations	(36)	(55)
Increase/(decrease) in provisions	972	(114)
(Decrease)/increase in deferred income	(23)	71
	<hr/>	<hr/>
Cash used in operations	(37,384)	(39,099)
Interest income from operating activities	1,658	1,758
Income tax paid	(4,839)	(2,963)
	<hr/>	<hr/>
Net cash flows used in operating activities	(40,565)	(40,304)

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

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	RMB million	RMB million
Cash flows from investing activities		
Purchases of items of property, plant and equipment	(5,125)	(4,428)
Additions to right-of-use assets	(982)	(965)
Purchases of investment properties	(90)	–
Purchases of intangible assets	(14,122)	(12,838)
Purchases of other long-term assets	(13,157)	(6,248)
Proceeds from disposal of items of property, plant and equipment	279	594
Proceeds from disposal of right-of-use assets	7	14
Proceeds from disposal of intangible assets	2,710	13
Additional investments in associates	(4,943)	(3,504)
Additional investments in joint ventures	(2,055)	(1,415)
Net (outflow)/inflow of cash in respect of the acquisition of subsidiaries	(303)	75
Net inflow/(outflow) of cash in respect of the disposal of subsidiaries	137	(14)
Net inflow of cash in respect of the disposal of joint ventures and associates	127	6
Purchases of equity investments designated at fair value through other comprehensive income	(328)	(17)
Purchases of financial assets at fair value through profit or loss	(4,026)	(932)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	59	281
Proceeds from disposal of financial assets at fair value through profit or loss	811	98
Loans to joint ventures, associates and a third party	(4,094)	(2,718)
Repayment of loans from joint ventures and associates	1,600	2,019
Interest received	432	280
Changes in time deposits with an initial term of over three months	(821)	(1,580)
Cash consideration received for concession assets	1,028	1,727
Dividends received	630	538
	<hr/>	<hr/>
Net cash flows used in investing activities	(42,226)	(29,014)

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

For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
		Unaudited	Unaudited
<i>Notes</i>		RMB million	<i>RMB million</i>
Cash flows from financing activities			
	Capital contribution from non-controlling shareholders	1,074	407
	Dividends paid to non-controlling shareholders	(172)	(7)
	Dividends paid to equity holders of the parent	(2,736)	–
	Proceeds from perpetual securities	17,715	998
	Interest paid for perpetual securities	(378)	(344)
	Withdrawal of perpetual securities	(6,748)	–
	Proceeds from bank and other borrowings	157,485	94,928
	Repayment of bank and other borrowings	(73,705)	(44,269)
	Interest paid for bank and other borrowings	(7,242)	(6,827)
	Transaction with non-controlling interests	–	(81)
	H share repurchase	(40)	–
	Principal portion of lease payments	(733)	(636)
	Net cash flows from financing activities	84,520	44,169
	Net increase/(decrease) in cash and cash equivalents	1,729	(25,149)
	Cash and cash equivalents at beginning of period	118,908	127,811
	Effect of foreign exchange rate changes, net	236	35
	Cash and cash equivalents at end of period	120,873	102,697

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

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 (Limited). (“**CCCCG**”), 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 and dredging 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 information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does 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 2019, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim condensed consolidated financial information is 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 information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised IFRSs for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2020. The amount of reduction in the lease payments arising from rent concessions was not material. The amendment did not have significant impact on the Group's interim condensed consolidated financial information.

- (d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. Operating segment information

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

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

- (a) infrastructure construction of ports, roads, bridges, railways, municipal and environmental engineering and others (the “**Construction**”);
- (b) infrastructure design of ports, roads, bridges, railways and others (the “**Design**”);
- (c) dredging (the “**Dredging**”);
- (d) others

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, investment properties, right-of-use assets, intangible assets, inventories, receivables, contract assets, equity investments designated at fair value through other comprehensive income, debt investments at amortised cost, financial assets at fair value through profit or loss, derivative financial instruments and cash and cash equivalents. They exclude deferred tax assets, investments in joint ventures and associates, the assets of the headquarter of the Company and the assets of CCCC Finance Company Limited (“**CCCC Finance**”), a subsidiary of the Company.

Segment liabilities comprise primarily payables, derivative financial instruments and contract liabilities. They exclude deferred tax liabilities, tax payable, borrowings, the liabilities of the headquarter of the Company and the liabilities of CCCC Finance.

Capital expenditure comprises mainly additions to property, plant and equipment, investment properties, right-of-use assets and intangible assets.

The segment results for the six months ended 30 June 2020 and other segment information included in the unaudited interim condensed consolidated financial statements are as follows:

	For the six months ended 30 June 2020					
	Construction	Design	Dredging	Others	Eliminations	Total
	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million	Unaudited RMB million
Total gross segment revenue	218,839	13,628	16,122	4,791	(7,970)	245,410
Intersegment sales	(2,331)	(1,698)	(308)	(3,633)	7,970	-
Revenue	216,508	11,930	15,814	1,158	-	245,410
Segment results	11,980	663	522	206	102	13,473
Unallocated income						70
Operating profit						13,543
Finance income						5,143
Finance costs, net						(8,615)
Share of profits and losses of joint ventures and associates						(533)
Profit before tax						9,538
Income tax expense						(2,692)
Profit for the period						6,846
Other segment information						
Depreciation	3,438	134	463	230	-	4,265
Amortisation	1,316	78	143	53	-	1,590
Impairment losses recognised/ (reversed) in the statement of profit or loss:						
Trade and other receivables	1,339	176	400	10	-	1,925
Contract assets	40	(2)	22	-	-	60
Capital expenditure	21,418	232	658	517	-	22,825

The segment results for the six months ended 30 June 2019 and other segment information included in the unaudited interim condensed consolidated financial statements are as follows:

	For the six months ended 30 June 2019					
	Construction	Design	Dredging	Others	Eliminations	Total
	Unaudited <i>RMB million</i>	Unaudited <i>RMB million</i>	Unaudited <i>RMB million</i>	Unaudited <i>RMB million</i>	Unaudited <i>RMB million</i>	Unaudited <i>RMB million</i>
Total gross segment revenue	212,434	13,220	15,614	4,745	(6,552)	239,461
Intersegment sales	(1,900)	(1,513)	(229)	(2,910)	6,552	–
Revenue	<u>210,534</u>	<u>11,707</u>	<u>15,385</u>	<u>1,835</u>	<u>–</u>	<u>239,461</u>
Segment results	13,473	934	692	556	(27)	15,628
Unallocated income						<u>98</u>
Operating profit						15,726
Finance income						3,616
Finance costs, net						(7,627)
Share of profits and losses of joint ventures and associates						<u>332</u>
Profit before tax						12,047
Income tax expense						<u>(2,271)</u>
Profit for the period						<u><u>9,776</u></u>
Other segment information						
Depreciation	3,357	127	478	280	–	4,242
Amortisation	1,254	86	133	46	–	1,519
Write-down of inventories	1	–	–	–	–	1
Impairment losses recognised/ (reversed) in the statement of profit or loss:						
Trade and other receivables	607	145	95	(142)	–	705
Contract assets	166	4	26	1	–	197
Capital expenditure	<u>19,128</u>	<u>333</u>	<u>476</u>	<u>853</u>	<u>–</u>	<u>20,790</u>

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

The segment assets and liabilities as at 30 June 2020 are as follows:

	As at 30 June 2020					Total Unaudited RMB million
	Construction Unaudited RMB million	Design Unaudited RMB million	Dredging Unaudited RMB million	Others Unaudited RMB million	Eliminations Unaudited RMB million	
	Segment assets	<u>946,618</u>	<u>49,545</u>	<u>96,681</u>	<u>83,747</u>	
Investments in joint ventures						26,987
Investments in associates						30,331
Other unallocated assets						<u>84,579</u>
Total assets						<u>1,232,556</u>
Segment liabilities	<u>441,134</u>	<u>25,255</u>	<u>44,131</u>	<u>6,022</u>	<u>(60,854)</u>	455,688
Unallocated liabilities						<u>469,634</u>
Total liabilities						<u>925,322</u>

Segment assets and liabilities as at 30 June 2020 are reconciled to total assets and liabilities as follows:

	Assets Unaudited RMB million	Liabilities Unaudited RMB million
Segment assets/liabilities	1,090,659	455,688
Investments in joint ventures	26,987	–
Investments in associates	30,331	–
Unallocated:		
Deferred tax assets/liabilities	6,219	6,245
Tax payable	–	4,439
Current borrowings	–	120,952
Non-current borrowings	–	314,935
Other corporate assets/corporate liabilities	<u>78,360</u>	<u>23,063</u>
Total assets/liabilities	<u>1,232,556</u>	<u>925,322</u>

The segment assets and liabilities as at 31 December 2019 are as follows:

	As at 31 December 2019					Total <i>RMB million</i>
	Construction <i>RMB million</i>	Design <i>RMB million</i>	Dredging <i>RMB million</i>	Others <i>RMB million</i>	Eliminations <i>RMB million</i>	
Segment assets	<u>856,078</u>	<u>46,613</u>	<u>96,232</u>	<u>72,271</u>	<u>(85,350)</u>	985,844
Investments in joint ventures						24,715
Investments in associates						26,683
Other unallocated assets						<u>86,172</u>
Total assets						<u>1,123,414</u>
Segment liabilities	<u>437,713</u>	<u>28,753</u>	<u>40,463</u>	<u>5,368</u>	<u>(52,447)</u>	459,850
Unallocated liabilities						<u>367,154</u>
Total liabilities						<u>827,004</u>

Segment assets and liabilities as at 31 December 2019 are reconciled to total assets and liabilities as follows:

	Assets <i>RMB million</i>	Liabilities <i>RMB million</i>
Segment assets/liabilities	985,844	459,850
Investments in joint ventures	24,715	–
Investments in associates	26,683	–
Unallocated:		
Deferred tax assets/liabilities	5,270	6,345
Tax payable	–	5,929
Current borrowings	–	76,379
Non-current borrowings	–	265,048
Other corporate assets/corporate liabilities	<u>80,902</u>	<u>13,453</u>
Total assets/liabilities	<u>1,123,414</u>	<u>827,004</u>

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	RMB million	RMB million
Mainland China	207,471	194,202
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	37,939	45,259
	245,410	239,461

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

(b) Non-current assets

	30 June	31 December
	2020	2019
	Unaudited	Audited
	RMB million	RMB million
Mainland China	292,063	275,510
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	30,784	26,080
	322,847	301,590

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

Information about major customers

No revenue was derived from services or sales to a single customer which accounted for 10% or more of the Group's revenue, including the provision of services or sales to a group of entities which are known to be under common control with any single customer during the six months ended 30 June 2020 and 2019.

4. Revenue, other income and other gains, net

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020 Unaudited <i>RMB million</i>	2019 Unaudited <i>RMB million</i>
Revenue from contracts with customers		
Construction	218,839	212,434
Design	13,628	13,220
Dredging	16,122	15,614
Others	4,791	4,745
Intersegment eliminations	<u>(7,970)</u>	<u>(6,552)</u>
	<u>245,410</u>	<u>239,461</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2020

Segments	Construction Unaudited RMB million	Design Unaudited RMB million	Dredging Unaudited RMB million	Others Unaudited RMB million	Total Unaudited RMB million
Type of goods or services					
Infrastructure construction services	205,788	7,457	–	10	213,255
Infrastructure design services	365	4,233	247	5	4,850
Dredging services	–	–	14,831	–	14,831
Others	<u>10,355</u>	<u>240</u>	<u>736</u>	<u>1,143</u>	<u>12,474</u>
Total revenue from contracts with customers	<u><u>216,508</u></u>	<u><u>11,930</u></u>	<u><u>15,814</u></u>	<u><u>1,158</u></u>	<u><u>245,410</u></u>
Geographical markets					
Mainland China	180,844	11,511	13,958	1,158	207,471
Other regions (primarily including Australia, Hong Kong and countries in Africa, Middle East and South East Asia)	<u>35,664</u>	<u>419</u>	<u>1,856</u>	<u>–</u>	<u>37,939</u>
Total revenue from contracts with customers	<u><u>216,508</u></u>	<u><u>11,930</u></u>	<u><u>15,814</u></u>	<u><u>1,158</u></u>	<u><u>245,410</u></u>
Timing of revenue recognition					
Services transferred over time	206,212	11,690	15,074	15	232,991
Services transferred at a point in time	2,639	–	–	–	2,639
Merchandise transferred at a point in time	<u>7,657</u>	<u>240</u>	<u>740</u>	<u>1,143</u>	<u>9,780</u>
Total revenue from contracts with customers	<u><u>216,508</u></u>	<u><u>11,930</u></u>	<u><u>15,814</u></u>	<u><u>1,158</u></u>	<u><u>245,410</u></u>

For the six months ended 30 June 2019

Segments	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>
Type of goods or services					
Infrastructure construction services	200,895	6,429	–	175	207,499
Infrastructure design services	567	5,233	258	27	6,085
Dredging services	–	–	12,651	–	12,651
Others	9,072	45	2,476	1,633	13,226
Total revenue from contracts with customers	<u>210,534</u>	<u>11,707</u>	<u>15,385</u>	<u>1,835</u>	<u>239,461</u>
Geographical markets					
Mainland China	167,293	11,187	13,887	1,835	194,202
Other regions (primarily including Australia, Hong Kong and countries in Africa, Middle East and South East Asia)	43,241	520	1,498	–	45,259
Total revenue from contracts with customers	<u>210,534</u>	<u>11,707</u>	<u>15,385</u>	<u>1,835</u>	<u>239,461</u>
Timing of revenue recognition					
Services transferred over time	201,752	11,664	12,949	213	226,578
Services transferred at a point in time	3,192	–	–	–	3,192
Merchandise transferred at a point in time	5,590	43	2,436	1,622	9,691
Total revenue from contracts with customers	<u>210,534</u>	<u>11,707</u>	<u>15,385</u>	<u>1,835</u>	<u>239,461</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2020

Segments	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>
Revenue from contracts with customers					
External customers	216,508	11,930	15,814	1,158	245,410
Intersegment sales	<u>2,331</u>	<u>1,698</u>	<u>308</u>	<u>3,633</u>	<u>7,970</u>
	218,839	13,628	16,122	4,791	253,380
Intersegment adjustments and eliminations	<u>(2,331)</u>	<u>(1,698)</u>	<u>(308)</u>	<u>(3,633)</u>	<u>(7,970)</u>
Total revenue from contracts with customers	<u><u>216,508</u></u>	<u><u>11,930</u></u>	<u><u>15,814</u></u>	<u><u>1,158</u></u>	<u><u>245,410</u></u>

For the six months ended 30 June 2019

Segments	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>
Revenue from contracts with customers					
External customers	210,534	11,707	15,385	1,835	239,461
Intersegment sales	<u>1,900</u>	<u>1,513</u>	<u>229</u>	<u>2,910</u>	<u>6,552</u>
	212,434	13,220	15,614	4,745	246,013
Intersegment adjustments and eliminations	<u>(1,900)</u>	<u>(1,513)</u>	<u>(229)</u>	<u>(2,910)</u>	<u>(6,552)</u>
Total revenue from contracts with customers	<u><u>210,534</u></u>	<u><u>11,707</u></u>	<u><u>15,385</u></u>	<u><u>1,835</u></u>	<u><u>239,461</u></u>

Other income

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	RMB million	RMB million
Rental income	319	430
Revenue from consulting services	168	167
Dividend income from equity investments designated at fair value through other comprehensive income		
– Listed equity instruments	632	841
– Unlisted equity instruments	50	43
Government grants	318	170
Dividend income from financial assets at fair value through profit or loss	60	67
Income from sale of scraps	55	53
Others	721	734
	<u>2,323</u>	<u>2,505</u>

Other gains, net

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	RMB million	RMB million
Gains on disposal of items of property, plant and equipment	46	29
Gains on disposal of subsidiaries	2	740
Gains on disposal of joint ventures and associates	9	–
Fair value gains/(losses), net:		
– Financial assets at fair value through profit or loss	172	26
– Derivative financial instruments – transactions not qualifying as hedges	(188)	328
Foreign exchange difference, net	428	131
Gains on disposal of financial assets at fair value through profit or loss	1	6
Losses on derecognition of financial assets at amortised cost	(224)	–
	<u>246</u>	<u>1,260</u>

5. Profit before tax

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	RMB million	RMB million
Raw materials and consumables used*	72,627	70,983
Cost of goods sold	7,890	6,855
Subcontracting costs	85,147	81,912
Employee benefit expenses*:		
– Salaries, wages and bonuses	14,978	13,561
– Pension costs – defined contribution plans	1,189	1,628
– Housing benefits	997	909
– Welfare, medical and other expenses	8,274	8,756
	25,438	24,854
Equipment and plant usage costs	5,733	5,921
Business tax and other transaction tax	634	688
Fuel	1,333	1,457
Research and development costs (including raw materials and consumables used, employee benefit expenses, depreciation and amortisation)	5,565	5,232
Repair and maintenance expenses	976	877
Utilities	684	748
Depreciation of property, plant and equipment and investment properties*	4,265	4,242
Amortisation of right-of-use assets	787	642
Amortisation of intangible assets*	803	877
Write-down of inventories to net realisable value	–	1
Impairment of financial and contract assets, net:		
– Impairment of trade and other receivables	1,925	705
– Impairment of contract assets	60	197

* Including the raw materials and consumables used, employee benefit expenses, depreciation and amortisation charged for research and development activities, and those cost and expenses are also summarised in the item of “Research and development costs”.

6. Finance income

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	<i>RMB million</i>	<i>RMB million</i>
Interest income from:		
– Bank deposits	370	376
– Receivables from Public-Private-Partnership (“PPP”) contracts	2,343	1,388
– Loan receivables	1,292	570
– Others	1,138	1,282
	<u>5,143</u>	<u>3,616</u>

7. Finance costs, net

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	<i>RMB million</i>	<i>RMB million</i>
Total interest expense	9,421	7,568
Less: Interest capitalised	<u>(1,498)</u>	<u>(949)</u>
Net interest expense	7,923	6,619
Net foreign exchange losses/(gains) on borrowings	49	(13)
Loss on derecognition of financial assets at amortised cost	–	360
Others	643	661
	<u>8,615</u>	<u>7,627</u>

(a) **Interest capitalised**

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	RMB million	RMB million
Inventories	433	222
Concession assets	1,015	696
Construction-in-progress	50	31
	<u>1,498</u>	<u>949</u>

8. Income tax

Most of the companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (six months ended 30 June 2019: 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 taxed at a preferential rate of 15% (six months ended 30 June 2019: 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 2019: 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 2020 and 2019 at the appropriate rates of taxation prevailing in the jurisdictions in which these companies operate.

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

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	RMB million	RMB million
Current income tax		
– PRC enterprise income tax	3,047	1,921
– Others	302	352
	<u>3,349</u>	<u>2,273</u>
Deferred income tax	(657)	(2)
Total tax charge for the period	<u>2,692</u>	<u>2,271</u>

9. Dividends

A dividend in respect of the year ended 31 December 2019 of RMB0.23276 (including tax) per ordinary share, totalling RMB3,765 million was approved by the Company's shareholders in the annual general meeting on 17 June 2020.

The above approval has triggered the mandatory clauses about the distribution of interest relating to perpetual securities and the distribution of dividends relating to preference shares issued by the Company, totalling RMB663 million and RMB718 million respectively.

No interim dividend for the six months ended 30 June 2020 was declared by the Board of Directors (six months ended 30 June 2019: Nil).

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

(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	
	2020	2019
	Unaudited	Unaudited
Profit attributable to ordinary equity holders of the parent (RMB million)	5,517	8,781
Less: Interest on perpetual securities (RMB million) (i)	(332)	(264)
Dividend relating to preference shares (RMB million) (ii)	(718)	(718)
	<u>4,467</u>	<u>7,799</u>
Weighted average number of ordinary shares in issue (million) (iii)	<u>16,174</u>	<u>16,175</u>
Basic earnings per share (RMB per share)	<u>0.28</u>	<u>0.48</u>

(i) The perpetual securities issued by the Company were classified as equity instruments with deferrable accumulative dividend distribution and payment. Interest of RMB332 million on the perpetual securities which has been generated but not declared from 1 January 2020 to 30 June 2020 was deducted from earnings when calculating the earnings per share amount for the six months ended 30 June 2020.

(ii) The preference shares issued by the Company were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. Dividend of RMB718 million on the preference shares was deducted from earnings when calculating the earnings per share amount for the six months ended 30 June 2020.

(iii) The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

(b) *Diluted*

The diluted earnings per share amounts were the same as the basic earnings per share amounts as there were no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2020 and 2019.

11. Trade and other receivables

	30 June 2020 Unaudited RMB million	31 December 2019 Audited RMB million
Trade and bills receivables (<i>note a</i>)	119,759	113,315
Impairment	<u>(14,868)</u>	<u>(13,904)</u>
	104,891	99,411
Long-term receivables	253,420	217,812
Impairment	<u>(3,301)</u>	<u>(2,788)</u>
	250,119	215,024
Other receivables:		
Prepayments	25,291	26,091
Deposits	24,397	23,093
Others	<u>52,847</u>	<u>40,641</u>
	102,535	89,825
Impairment	<u>(2,654)</u>	<u>(2,455)</u>
	99,881	87,370
	454,891	401,805
Portion classified as non-current		
Long-term receivables	202,353	172,224
Other receivables:		
Prepayments	3,599	4,319
Deposits	1,522	1,446
Others	<u>3,121</u>	<u>48</u>
	210,595	178,037
Current portion	244,296	223,768

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

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

	30 June	31 December
	2020	2019
	Unaudited	Audited
	<i>RMB million</i>	<i>RMB million</i>
Within 6 months	67,256	67,623
6 months to 1 year	14,374	8,305
1 year to 2 years	11,808	13,914
2 years to 3 years	7,029	5,433
Over 3 years	4,424	4,136
	<u>104,891</u>	<u>99,411</u>

12. Trade and other payables

	30 June 2020 Unaudited RMB million	31 December 2019 Audited RMB million
Trade and bills payables (<i>note a</i>)	268,367	277,959
Deposits from suppliers	28,994	27,984
Retentions	30,533	28,042
Deposits in CCCC Finance	11,697	5,374
Other taxes	23,668	22,637
Payroll and social security	2,525	2,625
Accrued expenses and others	29,027	22,023
	394,811	386,644
Portion classified as non-current		
Retentions	21,506	20,016
Other taxes	132	153
Others	3,364	3,574
	25,002	23,743
Current portion	369,809	362,901

(a) The aging analysis of trade and bills payables is as follows:

	30 June 2020 Unaudited RMB million	31 December 2019 Audited RMB million
Within 1 year	238,981	241,739
1 year to 2 years	15,875	20,813
2 years to 3 years	7,510	9,903
Over 3 years	6,001	5,504
	268,367	277,959

13. Commitments

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

	30 June 2020 Unaudited RMB million	31 December 2019 Audited RMB million
Intangible assets – concession assets	143,697	100,846
Property, plant and equipment	<u>1,247</u>	<u>1,231</u>
	<u>144,944</u>	<u>102,077</u>

14. Pledge of assets

- (a) As at 30 June 2020, the restricted deposits were RMB4,412 million (31 December 2019: RMB4,308 million).
- (b) Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are as follows:

	30 June 2020 Unaudited RMB million	31 December 2019 Audited RMB million
Property, plant and equipment	96	110
Investment properties	1,041	1,079
Right-of-use-assets	6,347	6,040
Concession assets and trade receivables from PPP projects	217,218	183,235
Inventories	1,611	2,408
Trade and other receivables (excluding PPP projects)	<u>6,642</u>	<u>15,989</u>
	<u>232,955</u>	<u>208,861</u>

15. Events after the reporting period

On 8 July 2020, the Board of Directors of the Company has reviewed and approved the proposal on the full redemption of the 2015 non-public issuance of preferred shares of RMB14.5 billion. According to this proposal, the Company intended to redeem the first tranche of preferred shares issued in August 2015 on 26 August 2020, with a par value of RMB9 billion, and to redeem the second tranche of preferred shares issued in October 2015 on 16 October 2020, with a par value of RMB5.5 billion. The redemption price of the preferred shares is the face value of the preferred shares plus the current dividends that have been decided to be paid but not yet paid.

On 26 August 2020, the Company has redeemed the first tranche of preferred shares issued in August 2015. The redemption price of the preferred shares is RMB9,459 million, including the face value of RMB9 billion and the current dividends of RMB459 million.

16. Approval of the interim condensed consolidated financial information

The interim condensed consolidated financial information for the six months ended 30 June 2020 was approved for issue by the Board of Directors on 28 August 2020.

OTHER INFORMATION

Purchase, Sale or Redemption of Securities

During the period from 1 January 2020 to 30 June 2020, the Company repurchased a total of 9,024,000 H shares on the Hong Kong Stock Exchange at an aggregate consideration of approximately HKD44.19 million (excluding commission and other expenses), pursuant to the general mandate granted to the Board at the 2019 second extraordinary general meeting, 2019 first A shareholders' class meeting and 2019 first H shareholders' class meeting held by the Company on 15 November 2019. Details of the repurchase are as follows:

Month/year	Number of H shares purchased	Price paid per H share		Aggregate consideration HKD
		Highest HKD	Lowest HKD	
05/2020	5,000,000	4.93	4.77	24,206,700
06/2020	4,024,000	4.99	4.94	19,983,645
Total	9,024,000	/	/	44,190,345

Save as disclosed above, during the period from 1 January 2020 to 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

On 8 July 2020, the Board of the Company has reviewed and approved the proposal on the full redemption of the 2015 non-public issuance of preference shares of RMB14.5 billion. According to this proposal, the Company intended to redeem the first tranche of preference shares issued in August 2015 on 26 August 2020, with a par value of RMB9 billion, and to redeem the second tranche of preference shares issued in October 2015 on 16 October 2020, with a par value of RMB5.5 billion. The redemption price of the preference shares is the face value of the preference shares plus the current dividends that have been decided to be paid but not yet paid.

On 26 August 2020, the Company has redeemed the first tranche of preference shares issued in August 2015. The redemption price of the preference shares is RMB9,459 million, including the face value of RMB9 billion and the current dividends of RMB459 million.

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

As at 30 June 2020, none of the Directors, Supervisors or chief executive 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 2020, the Company had not granted the Directors, or Supervisors or the chief executive 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 2020.

Change of Directors, Supervisors and Senior Management

On 13 February 2020, due to change of work, Mr. Qi Xiaofei reported to the Board to resign as a non-executive Director of the Company and cease to be a member of the strategy and investment committee of the Board, which has taken effect on the same day. For details, please refer to the announcement of the Company dated 13 February 2020.

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 2020 to 30 June 2020.

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 2020. 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 8 July 2020, 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 17 August 2020 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 2020.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CCCC Tianhe”	CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd. (中交天和機械設備製造有限公司), a subsidiary of the Company as at the date of this announcement
“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 57.96% equity interest in the Company

“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
“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
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB” or “Renminbi”	the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“Supervisor(s)”	the supervisor(s) of the Company
“three roles”	the positioning of playing “three roles” proposed by CCCG, including being responsible for government and economic and social development, taking deep participation in regional economic development and serving as a quality provider of government procurement of public services

“two strivings” striving for the continuous and rapid increase in the performance of most central enterprises and striving for the positive increase in the performance of central enterprises in general which were clearly proposed by the SASAC at a meeting for arranging the work in the second half of 2020

“USD” United States dollars, the lawful currency of the United States of America

“%” percent

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

Beijing, the PRC
28 August 2020

As at the date of this announcement, the Directors of the Company are LIU Qitao, SONG Hailiang, LIU Maoxun, HUANG Long[#], ZHENG Changhong[#] and NGAI Wai Fung[#].

[#] *Independent non-executive Director*