

Unaudited Condensed Consolidated Interim Balance Sheet

| | Note | Unaudited 30 June 2013 RMB million | Audited 31 December 2012 RMB million (Restated) |
|---|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 55,667 | 56,811 |
| Lease prepayments | | 7,794 | 7,961 |
| Investment properties | | 768 | 988 |
| Intangible assets | 8 | 41,552 | 36,519 |
| Investments in jointly controlled entities | | 930 | 1,052 |
| Investments in associates | | 5,150 | 3,811 |
| Deferred income tax assets | | 2,538 | 2,377 |
| Available-for-sale financial assets | 9 | 12,862 | 14,464 |
| Trade and other receivables | 10 | 45,809 | 38,685 |
| | | 173,070 | 162,668 |
| Current assets | | | |
| Inventories | | 32,845 | 26,675 |
| Trade and other receivables | 10 | 122,579 | 111,869 |
| Amounts due from customers for contract work | 11 | 74,206 | 57,983 |
| Other financial assets at fair value through profit or loss | | 27 | 37 |
| Available-for-sale financial assets | 9 | 7,928 | 1,500 |
| Derivative financial instruments | 12 | 51 | 49 |
| Restricted bank deposits | 13 | 3,652 | 5,581 |
| Cash and cash equivalents | | 59,508 | 67,492 |
| | | 300,796 | 271,186 |
| Total assets | | 473,866 | 433,854 |

Unaudited Condensed Consolidated Interim Balance Sheet (Continued)

| | Note | Unaudited 30 June 2013 RMB million | Audited 31 December 2012 RMB million (Restated) |
|---|------|--|--|
| EQUITY | | | |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | | 16,175 | 16,175 |
| Share premium | | 19,656 | 19,656 |
| Other reserves | 24 | 10,653 | 8,503 |
| Retained earnings | | 41,815 | 39,295 |
| Proposed final dividend | 25 | – | 2,988 |
| | | 88,299 | 86,617 |
| Non-controlling interests | | 9,401 | 9,454 |
| Total equity | | 97,700 | 96,071 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 14 | 86,930 | 75,058 |
| Deferred income | | 997 | 1,021 |
| Deferred income tax liabilities | | 2,813 | 3,100 |
| Retirement benefit obligations | | 2,064 | 2,127 |
| Trade and other payables | 15 | 3,898 | 2,672 |
| | | 96,702 | 83,978 |
| Current liabilities | | | |
| Trade and other payables | 15 | 184,737 | 165,591 |
| Amounts due to customers for contract work | 11 | 11,541 | 15,253 |
| Derivative financial instruments | 12 | 35 | 28 |
| Current income tax liabilities | | 2,096 | 3,223 |
| Borrowings | 14 | 80,596 | 69,187 |
| Retirement benefit obligations | | 142 | 189 |
| Provisions for other liabilities and charges | | 317 | 334 |
| | | 279,464 | 253,805 |
| Total liabilities | | 376,166 | 337,783 |
| Total equity and liabilities | | 473,866 | 433,854 |
| Net current assets | | 21,332 | 17,381 |
| Total assets less current liabilities | | 194,402 | 180,049 |

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

| | Note | Unaudited Six months ended 30 June | |
|--|------|---------------------------------------|-----------------------------------|
| | | 2013 RMB million | 2012 RMB million (Restated) |
| Revenue | 6 | 141,037 | 124,829 |
| Cost of sales | 16 | (126,781) | (111,280) |
| Gross profit | | 14,256 | 13,549 |
| Other income | 17 | 1,047 | 891 |
| Other gains, net | 18 | 284 | 27 |
| Selling and marketing expenses | 16 | (204) | (273) |
| Administrative expenses | 16 | (6,052) | (5,681) |
| Other expenses | 19 | (356) | (375) |
| Operating profit | | 8,975 | 8,138 |
| Finance income | 20 | 1,072 | 663 |
| Finance costs, net | 21 | (2,861) | (2,553) |
| Share of (losses)/profits of jointly controlled entities | | (3) | 13 |
| Share of profits of associates | | 41 | 42 |
| Profit before income tax | | 7,224 | 6,303 |
| Income tax expense | 22 | (1,453) | (1,380) |
| Profit for the period | | 5,771 | 4,923 |
| Attributable to: | | | |
| – Owners of the Company | | 5,728 | 5,018 |
| – Non-controlling interests | | 43 | (95) |
| | | 5,771 | 4,923 |
| Earnings per share for profit attributable to owners of the Company (expressed in RMB per share) | | | |
| – Basic | 23 | 0.35 | 0.32 |
| – Diluted | 23 | 0.35 | 0.32 |

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information. Details of the aggregate amounts of dividends paid and proposed to owners of the Company are set out in Note 25.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

| | Unaudited | |
|--|--------------------------|---------------------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | RMB million | RMB million (Restated) |
| Profit for the period | 5,771 | 4,923 |
| Other comprehensive (expenses)/income | | |
| <i>Items that may be reclassified to profit or loss</i> | | |
| Changes in fair value of available-for-sale financial assets, net of deferred tax | | |
| – Losses arising during the period | (938) | (220) |
| – Release of investment revaluation reserve upon disposal of available-for-sale financial assets | (80) | – |
| – Reclassification of investment revaluation reserve due to impairment of available-for-sale financial assets | 113 | – |
| Currency translation differences | (58) | 44 |
| Total items that may be reclassified subsequently to profit or loss | (963) | (176) |
| Other comprehensive expenses for the period, net of tax | (963) | (176) |
| Total comprehensive income for the period | 4,808 | 4,747 |
| Total comprehensive income/(expenses) attributable to: | | |
| – Owners of the Company | 4,729 | 4,828 |
| – Non-controlling interests | 79 | (81) |

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2013 (Unaudited)

| | Note | Attributable to owners of the Company | | | | | Non-controlling interests | Total equity |
|---|------|---------------------------------------|---------------|----------------|-------------------|---------------|---------------------------|---------------|
| | | Share capital | Share premium | Other reserves | Retained earnings | Total | | |
| | | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million |
| Balance at 1 January 2013, as previously reported | | 16,175 | 19,656 | 11,615 | 39,303 | 86,749 | 9,454 | 96,203 |
| Adjustments for adoption of IAS 19 (2011) | 3 | - | - | (124) | (8) | (132) | - | (132) |
| Balance at 1 January 2013, as restated | | 16,175 | 19,656 | 11,491 | 39,295 | 86,617 | 9,454 | 96,071 |
| Comprehensive income | | | | | | | | |
| Profit for the period | | - | - | - | 5,728 | 5,728 | 43 | 5,771 |
| Other comprehensive (expenses)/income | | | | | | | | |
| Changes in fair value of available-for-sale financial assets, net of deferred tax | | - | - | (975) | - | (975) | 37 | (938) |
| Release of investment revaluation reserve upon disposal of available-for-sale financial assets | | - | - | (80) | - | (80) | - | (80) |
| Reclassification of investment revaluation reserve due to impairment of available-for-sale financial assets | | - | - | 113 | - | 113 | - | 113 |
| Currency translation differences | | - | - | (57) | - | (57) | (1) | (58) |
| Total other comprehensive (expenses)/income, net of tax | | - | - | (999) | - | (999) | 36 | (963) |
| Total comprehensive (expenses)/income for the period ended 30 June 2013 | | - | - | (999) | 5,728 | 4,729 | 79 | 4,808 |
| 2012 final dividend | 25 | - | - | - | (2,987) | (2,987) | - | (2,987) |
| Dividends paid to non-controlling interests | | - | - | - | - | - | (3) | (3) |
| Capital contribution from non-controlling interests | | - | - | - | - | - | 36 | 36 |
| Acquisition of a subsidiary | | - | - | - | - | - | 205 | 205 |
| Disposal of a subsidiary | | - | - | (60) | - | (60) | (370) | (430) |
| Transfer to safety reserve | | - | - | 221 | (221) | - | - | - |
| Balance at 30 June 2013 | | 16,175 | 19,656 | 10,653 | 41,815 | 88,299 | 9,401 | 97,700 |

**Unaudited Condensed Consolidated
Interim Statement of Changes in Equity (Continued)**

| For the six months ended 30 June 2012 (Unaudited) | | | | | | | | |
|---|------|---------------------------------|---------------------------------|----------------------------------|-------------------------------------|----------------------|---|--------------------------------|
| Attributable to owners of the Company | | | | | | | | |
| | Note | Share capital RMB million | Share premium RMB million | Other reserves RMB million | Retained earnings RMB million | Total RMB million | Non- controlling interests RMB million | Total equity RMB million |
| Balance at 1 January 2012, as previously reported | | 14,825 | 13,853 | 10,990 | 30,563 | 70,231 | 10,789 | 81,020 |
| Adjustments for adoption of IAS 19 (2011) | 3 | – | – | (95) | (42) | (137) | – | (137) |
| Balance at 1 January 2012, as restated | | 14,825 | 13,853 | 10,895 | 30,521 | 70,094 | 10,789 | 80,883 |
| Comprehensive income | | | | | | | | |
| Profit/(loss) for the period, as restated | | – | – | – | 5,018 | 5,018 | (95) | 4,923 |
| Other comprehensive (expenses)/income | | | | | | | | |
| Changes in fair value of available-for-sale financial assets, net of deferred tax | | – | – | (240) | – | (240) | 20 | (220) |
| Currency translation differences | | – | – | 50 | – | 50 | (6) | 44 |
| Total other comprehensive (expenses)/income | | – | – | (190) | – | (190) | 14 | (176) |
| Total comprehensive (expenses)/income for the period ended 30 June 2012, as restated | | – | – | (190) | 5,018 | 4,828 | (81) | 4,747 |
| 2011 final dividend | | – | – | – | (2,902) | (2,902) | – | (2,902) |
| Dividends paid to non-controlling interests | | – | – | – | – | – | (26) | (26) |
| Issuance of A shares | | | | | | | | |
| – Issue of shares for cash | | 926 | 3,938 | – | – | 4,864 | – | 4,864 |
| – In exchange for shares in a subsidiary held by its non-controlling shareholders | | 424 | 1,865 | (1,462) | – | 827 | (827) | – |
| Capital contribution from non-controlling interests | | – | – | – | – | – | 9 | 9 |
| Transfer to safety reserve | | – | – | 212 | (212) | – | – | – |
| Balance at 30 June 2012, as restated | | 16,175 | 19,656 | 9,455 | 32,425 | 77,711 | 9,864 | 87,575 |

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Cash Flows

| | Note | Unaudited Six months ended 30 June | |
|---|-------|---------------------------------------|-----------------------------------|
| | | 2013 RMB million | 2012 RMB million (Restated) |
| Net cash used in operating activities | 26(a) | (10,606) | (5,280) |
| Net cash used in investing activities | 26(b) | (17,869) | (11,070) |
| Net cash generated from financing activities | 26(c) | 20,145 | 23,964 |
| Net (decrease)/increase in cash and cash equivalents | | (8,330) | 7,614 |
| Cash and cash equivalents at the beginning of the period | | 67,992 | 45,234 |
| Exchange (losses)/gains on cash and cash equivalents | | (154) | 3 |
| Cash and cash equivalents at the end of the period | | 59,508 | 52,851 |

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

China Communications Construction Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 8 October 2006 as a joint stock company with limited liability under the Company Law of the PRC as part of the group reorganisation of China Communications Construction Group Ltd. (“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, dredging, manufacturing of heavy machinery and other businesses.

In October 2012, the Group completed the acquisition of 100% equity interests in China Communications Materials & Equipment Company Limited (“CCMEC”) from CCCC, with a consideration of approximately RMB16 million. The transaction was regarded as a business combination under common control in a manner similar to pooling-of-interests and was accounted for with reference to the principles of merger accounting under Hong Kong Accounting Guideline 5, “Merger Accounting for the Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants. As a result, financial statement items of CCMEC for comparative period have been included in the annual consolidated financial statements of the Group for the year ended 31 December 2012, as if the combination had occurred from the date when the Company and CCMEC first came under the control of CCCC. Consequently, the consolidated financial statements for the period ended 30 June 2012 and the financial position as at 30 June 2012 as disclosed in this condensed consolidated interim financial information have also been restated to reflect the impact of the above business combination under common control. More relevant information about the common control combinations has been disclosed in the annual consolidated financial statements for the year ended 31 December 2012.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This condensed consolidated interim financial information for the six months ended 30 June 2013 was approved for issue by the Board of Directors on 27 August 2013.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2012, as described in those annual consolidated financial statements.

(a) New and revised standards, amendments to standards and interpretations adopted by the Group

- IAS 19 (2011) "Employee benefits" amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:
 - (i) This amendment eliminated the "corridor approach" adopted by the Group previously, in which the net cumulative unrecognised actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions exceeding 10% of the present value of the defined benefit obligation are credited or charged to consolidated income statement immediately.
 - (ii) Actuarial gains and losses (remeasurement) are recognised in the consolidated balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. They are not recycled subsequently. Accumulated actuarial gains or losses are included in "remeasurement reserve" in other reserves (Note 24).
 - (iii) Statements of adjustments for adoption of IAS 19 (2011) are as follows:

Effect on consolidated balance sheet

| | As at 31 December 2012 | | |
|--------------------------------|--|---|-----------------------------------|
| | As previously reported RMB million | Adoption of IAS 19 (2011) RMB million | As restated RMB million |
| Deferred income tax assets | 2,338 | 39 | 2,377 |
| Other reserves | 11,615 | (124) | 11,491 |
| Retained earnings | 39,303 | (8) | 39,295 |
| Retirement benefit obligations | 2,145 | 171 | 2,316 |

| | As at 1 January 2012 | | |
|--------------------------------|--|---|-----------------------------------|
| | As previously reported RMB million | Adoption of IAS 19 (2011) RMB million | As restated RMB million |
| Deferred income tax assets | 2,038 | 42 | 2,080 |
| Other reserves | 10,990 | (95) | 10,895 |
| Retained earnings | 27,661 | (42) | 27,619 |
| Retirement benefit obligations | 2,364 | 179 | 2,543 |

The restated retirement benefit obligations as at 1 January 2012 and 31 December 2012 were determined based on actuarial valuation performed by an independent actuary, Towers Watson, Hong Kong.

The adoption of IAS 19 (2011) did not have a material impact on the consolidated interim balance sheet as at 30 June 2013 and the consolidated interim income statements for the six months ended 30 June 2013 and 2012, since the actuarial assumptions remain almost unchanged during the six-months periods as assessed by management. As a result, no actuarial gains or losses were recognised in the six months ended 30 June 2013 and 2012.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

3. ACCOUNTING POLICIES (Continued)

(a) New and revised standards, amendments to standards and interpretations adopted by the Group (Continued)

- IFRS 13, "Fair value measurement". IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosure for financial assets (Note 5).

There are no other new and revised standards, amendments to standards and interpretations that are effective for the first time for this interim period that have a material impact on the Group.

(b) New and revised standards, amendments to standards and interpretation not effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group

The International Accounting Standards Board ("IASB") has issued certain new and revised standards, amendments to standards and interpretation which are not yet effective for the year ending 31 December 2013.

Based on the current assessment, the Group anticipates that the application of these new and revised standards, amendments to standards and interpretation will have no material impact on the results and the financial position of the Group, except for the following area:

- IFRS 9, "Financial instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities. It replaces the part of IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the consolidated income statement, unless this creates an accounting mismatch. The standard is not effective until 1 January 2015. As IFRS 9 may be subject to future revisions and the implementation of which is complex, the Group is yet to assess IFRS 9's full impact and will apply the new standard when it becomes effective.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim financial information requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012.

The risk management objectives and practices are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2012.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.1 Financial risk factors (Continued)

(a) Liquidity risk

Liquidity risk encompasses the risk that the Group cannot meet its financial obligations in full.

The table below analyses the Group's non-derivative financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates, and the amounts disclosed in the table are the contractual undiscounted cash flows.

| | Less than 1 year RMB million | Between 1 and 2 years RMB million | Between 2 and 5 years RMB million | Over 5 years RMB million |
|--|------------------------------------|---|---|--------------------------------|
| As at 30 June 2013 | | | | |
| Borrowings (excluding finance lease liabilities) | 85,723 | 19,329 | 36,335 | 64,433 |
| Finance lease liabilities | 811 | 787 | 1,414 | 1,033 |
| Net-settled derivative financial instruments | (11) | (10) | 17 | 1 |
| Gross-settled derivative financial instruments | | | | |
| – outflows | 4,325 | – | – | – |
| Gross-settled derivative financial instruments | | | | |
| – inflows | (4,428) | – | – | – |
| Trade and other payables (excluding statutory and non-financial liabilities) | 127,213 | 4,256 | – | – |
| Financial guarantee contracts | 80 | – | 32 | 134 |
| | 213,713 | 24,362 | 37,798 | 65,601 |
| As at 31 December 2012 | | | | |
| Borrowings (excluding finance lease liabilities) | 72,909 | 19,911 | 28,227 | 51,757 |
| Finance lease liabilities | 836 | 839 | 1,469 | 1,163 |
| Net-settled derivative financial instruments | (10) | (10) | 25 | 1 |
| Gross-settled derivative financial instruments | | | | |
| – outflows | 1,886 | – | – | – |
| Gross-settled derivative financial instruments | | | | |
| – inflows | (1,921) | – | – | – |
| Trade and other payables (excluding statutory and non-financial liabilities) | 119,759 | 3,005 | – | – |
| Financial guarantee contracts | 80 | – | 32 | 134 |
| | 193,539 | 23,745 | 29,753 | 53,055 |

The Group entered into the guarantee contracts for bank borrowings made by certain jointly controlled entities and third party entities. For issued financial guarantee contracts, the maximum amounts of guarantees are allocated to the earliest periods in which the respective guarantees could be called. The directors of the Company are of the opinion that those guarantees are not likely to be crystallised in the foreseeable future.

Derivative financial instruments comprise forward foreign exchange contracts used by the Group to hedge the exposure to foreign currency risk.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(b) Business environment in emerging economies

The Group has business operations in a number of overseas countries, including countries in Africa, Middle East and South Asia. Management has identified some of the overseas countries that are exposed to or may expose to political and social turbulence which may lead to unexpected or accelerated changes in political, social and economic environments, and these changes may result in adverse effect on the Group's operations and assets in these countries. Any political or social turbulence or unexpected or accelerated changes in political, social and economic environments may lead to delays or suspension of construction projects and consequently outstanding construction related costs and receivables may not be fully recoverable. The bank deposits in financial institutions in some of these countries are not freely convertible into other foreign currencies and the remittance of such bank deposits out of those countries is controlled. The Group has contingency plans to minimise the financial impact for unexpected turbulent situations, including safeguard of assets. The Group also has policies in place to limit the amounts to be settled in local currencies of these countries and to maintain minimum level of bank deposits in financial institutions of these countries.

As at 30 June 2013, the balance of contract work-in-progress relating to existing construction projects and bank deposits in these countries in Africa and Middle East represent less than 2.0% and 1.0% (31 December 2012: less than 2.0% and 1.0%), respectively, of the respective balances on the unaudited condensed consolidated interim balance sheet. Management continuously monitors the development and changes in political, social and economic environments of these countries. Whenever there is any indication of impairment exists, management will perform impairment assessment of the outstanding assets. Based on current assessment, management does not expect any material losses of outstanding assets in these countries. Future environment may differ from management's current assessment.

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2013.

| | Level 1 RMB million | Level 2 RMB million | Level 3 RMB million | Total RMB million |
|---|------------------------|------------------------|------------------------|----------------------|
| Assets | | | | |
| Financial assets at fair value through profit or loss | 27 | – | – | 27 |
| Derivative financial instruments | | | | |
| – held for trading | – | 51 | – | 51 |
| Available-for-sale financial assets | | | | |
| – Equity securities | 11,475 | – | – | 11,475 |
| – Other unlisted debt instruments (Note 9(b)) | – | 7,928 | – | 7,928 |
| Total assets | 11,502 | 7,979 | – | 19,481 |
| Liabilities | | | | |
| Derivative financial instruments | | | | |
| – held for trading | – | (35) | – | (35) |
| Total liabilities | – | (35) | – | (35) |

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012.

| | Level 1 RMB million | Level 2 RMB million | Level 3 RMB million | Total RMB million |
|---|------------------------|------------------------|------------------------|----------------------|
| Assets | | | | |
| Financial assets at fair value through profit or loss | 37 | – | – | 37 |
| Derivative financial instruments | | | | |
| – held for trading | – | 49 | – | 49 |
| Available-for-sale financial assets | | | | |
| – Equity securities | 12,957 | 124 | – | 13,081 |
| – Other unlisted debt instruments (Note 9(b)) | – | 1,500 | – | 1,500 |
| Total assets | 12,994 | 1,673 | – | 14,667 |
| Liabilities | | | | |
| Derivative financial instruments | | | | |
| – held for trading | – | (28) | – | (28) |
| Total liabilities | – | (28) | – | (28) |

For the six months ended 30 June 2013, there was no transfer between levels for the Group's financial assets and liabilities that are measured at fair value.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Valuation techniques used to derive Level 2 fair values

Level 2 financial instruments comprise forward foreign exchange contracts, equity securities with trading limitations and other unlisted instruments. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. The fair value of equity securities with trading limitations is determined with reference to quoted market prices or dealer quotes for similar instruments. Other techniques, such as discounted cash flow analysis, are used to determine fair value for other unlisted instruments.

There was no change in valuation techniques during the period.

6. SEGMENT INFORMATION

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

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

- (a) infrastructure construction of ports, roads, bridges, and railways (the "Construction Segment");
- (b) infrastructure design of ports, roads and bridges (the "Design Segment");
- (c) dredging (the "Dredging Segment");
- (d) manufacturing of heavy machinery (the "Heavy Machinery Segment"); and
- (e) others (the "Others Segment").

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

Sales between segments are carried out on terms with reference to the selling price 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 income statement.

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

Segment assets consist primarily of property, plant and equipment, lease prepayments, intangible assets, inventories, receivables, amounts due from customers for contract work, cash and cash equivalents. They exclude deferred taxation, investments and derivative financial instruments.

Segment liabilities comprise primarily payables and amounts due to customers for contract work. They exclude items such as taxation and borrowings.

Capital expenditure comprises mainly additions to property, plant and equipment (Note 7), lease prepayments, investment properties and intangible assets (Note 8).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2013 and other segment items included in the unaudited condensed consolidated interim financial information are as follows:

| | For the six months ended 30 June 2013 (Unaudited) | | | | | | Total RMB million |
|--|---|-----------------------|-------------------------|-----------------------------------|-----------------------|----------------------------|----------------------|
| | Construction RMB million | Design RMB million | Dredging RMB million | Heavy Machinery RMB million | Others RMB million | Elimination RMB million | |
| Total gross segment revenue | 111,514 | 7,737 | 13,847 | 10,797 | 1,151 | (4,009) | 141,037 |
| Inter-segment revenue | (1,534) | (365) | (1,630) | (213) | (267) | 4,009 | - |
| Revenue | 109,980 | 7,372 | 12,217 | 10,584 | 884 | - | 141,037 |
| Segment result | 5,990 | 1,030 | 1,687 | 291 | 126 | (296) | 8,828 |
| Unallocated income | | | | | | | 147 |
| Operating profit | | | | | | | 8,975 |
| Finance income | | | | | | | 1,072 |
| Finance costs, net | | | | | | | (2,861) |
| Share of losses of jointly controlled entities | | | | | | | (3) |
| Share of profits of associates | | | | | | | 41 |
| Profit before income tax | | | | | | | 7,224 |
| Income tax expense | | | | | | | (1,453) |
| Profit for the period | | | | | | | 5,771 |
| Other segment items | | | | | | | |
| Depreciation | 2,099 | 91 | 798 | 569 | 11 | - | 3,568 |
| Amortisation | 137 | 15 | 10 | 30 | 21 | - | 213 |
| Write-down of inventories | - | - | - | 127 | - | - | 127 |
| Provision for/(reversal of) foreseeable losses on construction contracts | 45 | - | (4) | 21 | - | - | 62 |
| Provision for impairment of trade and other receivables | 69 | 27 | 6 | 121 | - | - | 223 |
| Provision for impairment of available-for-sale financial assets | 150 | - | - | - | - | - | 150 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2012 and other segment items included in the unaudited condensed consolidated interim financial information, as restated, are as follows:

| | For the six months ended 30 June 2012 (Unaudited) (Restated) | | | | | | |
|--|--|-----------------------|-------------------------|--------------------------|-----------------------|----------------------------|----------------------|
| | Construction RMB million | Design RMB million | Dredging RMB million | Heavy | | Elimination RMB million | Total RMB million |
| | | | | Machinery RMB million | Others RMB million | | |
| Total gross segment revenue | 94,330 | 6,065 | 14,194 | 10,526 | 2,867 | (3,153) | 124,829 |
| Inter-segment revenue | (890) | (461) | (1,145) | (628) | (29) | 3,153 | – |
| Revenue | 93,440 | 5,604 | 13,049 | 9,898 | 2,838 | – | 124,829 |
| Segment result | 5,240 | 857 | 1,506 | 383 | 57 | 21 | 8,064 |
| Unallocated income | | | | | | | 74 |
| Operating profit | | | | | | | 8,138 |
| Finance income | | | | | | | 663 |
| Finance costs, net | | | | | | | (2,553) |
| Share of profits of jointly controlled entities | | | | | | | 13 |
| Share of profits of associates | | | | | | | 42 |
| Profit before income tax | | | | | | | 6,303 |
| Income tax expense | | | | | | | (1,380) |
| Profit for the period | | | | | | | 4,923 |
| Other segment items | | | | | | | |
| Depreciation | 1,684 | 82 | 674 | 590 | 27 | – | 3,057 |
| Amortisation | 142 | 13 | 10 | 28 | 6 | – | 199 |
| Write-down of inventories | – | – | – | 8 | – | – | 8 |
| (Reversal of)/provision for foreseeable losses on construction contracts | (74) | – | 6 | 53 | – | – | (15) |
| Provision for impairment of trade and other receivables | 137 | 19 | 68 | 28 | – | – | 252 |
| Provision for impairment of available-for-sale financial assets | 11 | – | – | – | – | – | 11 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (Continued)

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

The segment assets and liabilities at 30 June 2013 and capital expenditure for the six months then ended are as follows:

| | As at 30 June 2013 (Unaudited) | | | | | | Total RMB million |
|--|--------------------------------|-----------------------|-------------------------|-----------------------------------|-----------------------|----------------------------|----------------------|
| | Construction RMB million | Design RMB million | Dredging RMB million | Heavy Machinery RMB million | Others RMB million | Elimination RMB million | |
| Segment assets | 306,753 | 14,266 | 57,550 | 47,925 | 3,359 | (8,502) | 421,351 |
| Investments in jointly controlled entities | | | | | | | 930 |
| Investments in associates | | | | | | | 5,150 |
| Unallocated assets | | | | | | | 46,435 |
| Total assets | | | | | | | 473,866 |
| Segment liabilities | 172,815 | 8,007 | 20,590 | 4,910 | 1,917 | (8,023) | 200,216 |
| Unallocated liabilities | | | | | | | 175,950 |
| Total liabilities | | | | | | | 376,166 |
| Capital expenditure | 8,128 | 153 | 190 | 127 | 11 | - | 8,609 |

Segment assets and liabilities at 30 June 2013 are reconciled to entity assets and liabilities as follows:

| | Assets RMB million | Liabilities RMB million |
|---|-----------------------|----------------------------|
| Segment assets/liabilities | 421,351 | 200,216 |
| Investments in jointly controlled entities | 930 | - |
| Investments in associates | 5,150 | - |
| Unallocated: | | |
| Deferred income tax assets/liabilities | 2,538 | 2,813 |
| Current income tax liabilities | - | 2,096 |
| Current borrowings | - | 80,596 |
| Non-current borrowings | - | 86,930 |
| Available-for-sale financial assets | 20,790 | - |
| Other financial assets at fair value through profit or loss | 27 | - |
| Derivative financial instruments | 51 | 35 |
| Cash and other corporate assets/corporate liabilities | 23,029 | 3,480 |
| Total | 473,866 | 376,166 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2012 and capital expenditure for the year then ended, as restated, are as follows:

| | As at 31 December 2012 (Audited) (Restated) | | | | | | Total RMB million |
|--|---|-----------------------|-------------------------|--------------------------|-----------------------|----------------------------|----------------------|
| | Construction RMB million | Design RMB million | Dredging RMB million | Heavy | Others RMB million | Elimination RMB million | |
| | | | | Machinery RMB million | | | |
| Segment assets | 267,342 | 12,672 | 56,101 | 47,593 | 4,169 | (7,248) | 380,629 |
| Investments in jointly controlled entities | | | | | | | 1,052 |
| Investments in associates | | | | | | | 3,811 |
| Unallocated assets | | | | | | | 48,362 |
| Total assets | | | | | | | 433,854 |
| Segment liabilities | 152,478 | 8,192 | 22,357 | 8,778 | 2,174 | (7,278) | 186,701 |
| Unallocated liabilities | | | | | | | 151,082 |
| Total liabilities | | | | | | | 337,783 |
| Capital expenditure | 18,461 | 349 | 2,896 | 511 | 69 | – | 22,286 |

Segment assets and liabilities at 31 December 2012, as restated, are reconciled to entity assets and liabilities as follows:

| | Assets RMB million (Restated) | Liabilities RMB million (Restated) |
|---|-------------------------------------|--|
| Segment assets/liabilities | 380,629 | 186,701 |
| Investments in jointly controlled entities | 1,052 | – |
| Investments in associates | 3,811 | – |
| Unallocated: | | |
| Deferred income tax assets/liabilities | 2,377 | 3,100 |
| Current income tax liabilities | – | 3,223 |
| Current borrowings | – | 69,187 |
| Non-current borrowings | – | 75,058 |
| Available-for-sale financial assets | 15,964 | – |
| Other financial assets at fair value through profit or loss | 37 | – |
| Derivative financial instruments | 49 | 28 |
| Cash and other corporate assets/corporate liabilities | 29,935 | 486 |
| Total | 433,854 | 337,783 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (Continued)

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

| | Six months ended 30 June | |
|-------------------------------------|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| PRC (excluding Hong Kong and Macau) | 115,411 | 102,299 |
| Other regions | 25,626 | 22,530 |
| | 141,037 | 124,829 |

Other regions primarily include countries in Africa, South East Asia and Middle East. There are no material non-current assets attributed to other regions.

There are no differences from the last annual consolidated financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

7. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2013 (Unaudited)

| | Land and buildings | Machinery | Vessels and vehicles | Other equipment | Construction-in-progress | Total |
|--|---------------------------|--------------------|-----------------------------|------------------------|---------------------------------|--------------------|
| | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million |
| At 1 January 2013 | | | | | | |
| Opening net book amount | 12,026 | 10,035 | 24,916 | 2,723 | 7,111 | 56,811 |
| Additions | 95 | 557 | 446 | 915 | 1,304 | 3,317 |
| Disposals | (19) | (71) | (424) | (40) | - | (554) |
| Transfers | 403 | 52 | 1,070 | 34 | (1,559) | - |
| Disposal of a subsidiary (Note 27) | (431) | - | (69) | (12) | (9) | (521) |
| Transferred from investment properties | 163 | - | - | - | - | 163 |
| Depreciation | (317) | (914) | (1,476) | (842) | - | (3,549) |
| Closing net book amount | 11,920 | 9,659 | 24,463 | 2,778 | 6,847 | 55,667 |
| At 30 June 2013 | | | | | | |
| Cost | 15,955 | 18,790 | 43,990 | 8,497 | 6,847 | 94,079 |
| Accumulated depreciation | (4,035) | (9,131) | (19,527) | (5,719) | - | (38,412) |
| Net book amount | 11,920 | 9,659 | 24,463 | 2,778 | 6,847 | 55,667 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

| | For the six months ended 30 June 2012 (Unaudited) (Restated) | | | | | |
|---|--|--------------------------|--|-----------------------------------|---|----------------------|
| | Land and buildings RMB million | Machinery RMB million | Vessels and vehicles RMB million | Other equipment RMB million | Construction- in-progress RMB million | Total RMB million |
| At 1 January 2012 | | | | | | |
| Opening net book amount | 10,844 | 9,060 | 23,045 | 2,589 | 9,625 | 55,163 |
| Additions | 70 | 488 | 365 | 672 | 1,599 | 3,194 |
| Disposals | (29) | (24) | (124) | (60) | – | (237) |
| Transfers | 204 | 762 | 1,151 | 43 | (2,160) | – |
| Transferred to investment properties | (18) | – | – | – | – | (18) |
| Depreciation | (259) | (810) | (1,295) | (683) | – | (3,047) |
| Closing net book amount | 10,812 | 9,476 | 23,142 | 2,561 | 9,064 | 55,055 |
| At 30 June 2012 | | | | | | |
| Cost | 14,516 | 17,107 | 40,802 | 7,080 | 9,064 | 88,569 |
| Accumulated depreciation | (3,704) | (7,631) | (17,660) | (4,519) | – | (33,514) |
| Net book amount | 10,812 | 9,476 | 23,142 | 2,561 | 9,064 | 55,055 |

- (a) Bank borrowings are secured by certain property, plant and equipment with an aggregate carrying amount of approximately RMB1,552 million (31 December 2012: RMB1,562 million) (Note 14(a)).
- (b) As at 30 June 2013, the Group is in the process of applying for registration of the ownership certificates for certain of its properties with an aggregate carrying amount of approximately RMB2,119 million (31 December 2012: RMB2,130 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.
- (c) Vessels and machinery include the following amounts where the Group is a lessee under finance leases:

| | As at | |
|-----------------------------------|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Cost – Capitalised finance leases | 5,043 | 5,361 |
| Accumulated depreciation | (830) | (967) |
| Net book amount | 4,213 | 4,394 |

The Group leases various vessels and machinery under non-cancellable finance lease agreements and has the option to purchase these assets at minimal prices upon the expiry of the agreements.

Notes to the Unaudited Condensed
Consolidated Interim Financial Information (Continued)

8. INTANGIBLE ASSETS

| For the six months ended 30 June 2013 (Unaudited) | | | | | | |
|---|-------------------------------------|-------------------------|--|-------------------------------------|-----------------------|----------------------|
| | Concession assets RMB million | Goodwill RMB million | Trademark, patent and proprietary technologies RMB million | Computer software RMB million | Others RMB million | Total RMB million |
| At 1 January 2013 | | | | | | |
| Opening net book amount | 35,705 | 308 | 241 | 75 | 190 | 36,519 |
| Additions | 5,158 | – | 2 | 9 | – | 5,169 |
| Disposal of a subsidiary (Note 27) | – | – | – | (4) | – | (4) |
| Amortisation charge (Note 16) | (90) | – | (12) | (14) | (16) | (132) |
| Closing net book amount | 40,773 | 308 | 231 | 66 | 174 | 41,552 |
| At 30 June 2013 | | | | | | |
| Cost | 41,261 | 308 | 367 | 197 | 254 | 42,387 |
| Accumulated amortisation | (488) | – | (136) | (131) | (80) | (835) |
| Net book amount | 40,773 | 308 | 231 | 66 | 174 | 41,552 |

| For the six months ended 30 June 2012 (Unaudited) | | | | | | |
|---|-------------------------------------|-------------------------|--|-------------------------------------|-----------------------|----------------------|
| | Concession assets RMB million | Goodwill RMB million | Trademark, patent and proprietary technologies RMB million | Computer software RMB million | Others RMB million | Total RMB million |
| At 1 January 2012 | | | | | | |
| Opening net book amount | 23,112 | 306 | 217 | 66 | 201 | 23,902 |
| Additions | 4,488 | – | – | 6 | 2 | 4,496 |
| Amortisation charge (Note 16) | (76) | – | (12) | (11) | (13) | (112) |
| Closing net book amount | 27,524 | 306 | 205 | 61 | 190 | 28,286 |
| At 30 June 2012 | | | | | | |
| Cost | 27,820 | 306 | 302 | 143 | 240 | 28,811 |
| Accumulated amortisation | (296) | – | (97) | (82) | (50) | (525) |
| Net book amount | 27,524 | 306 | 205 | 61 | 190 | 28,286 |

- (a) As at 30 June 2013, concession assets represent assets under “Build-Operate-Transfer” service concession arrangements and mainly consist of toll roads in the PRC, with carrying amount of RMB13,338 million (as at 31 December 2012: RMB13,428 million) generating operating income and with carrying amount of RMB27,435 million (31 December 2012: RMB22,277 million) under construction.
- (b) As at 30 June 2013, certain bank borrowings are secured by concession assets with carrying amount of approximately RMB22,145 million (as at 31 December 2012: RMB18,498 million) (Note 14(a)).

*Notes to the Unaudited Condensed
Consolidated Interim Financial Information (Continued)*

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | RMB million (Unaudited) |
|--------------------------------|------------------------------------|
| At 1 January 2013 | |
| Balance at 1 January 2013 | 15,964 |
| Fair value losses | (1,259) |
| Additions | 7,839 |
| Disposals | (1,754) |
| Balance at 30 June 2013 | 20,790 |

| | RMB million (Unaudited) |
|--------------------------------|------------------------------------|
| At 1 January 2012 | |
| Balance at 1 January 2012 | 12,846 |
| Fair value losses | (299) |
| Additions | 5,566 |
| Disposals | (1,272) |
| Impairment charge (Note 19) | (11) |
| Balance at 30 June 2012 | 16,830 |

Available-for-sale financial assets include the following:

| | As at | |
|--|------------------------------------|--------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RMB million (Unaudited) | RMB million (Audited) |
| Non-current | | |
| Listed equity securities, at fair value | | |
| – Mainland China | 11,420 | 13,006 |
| – Hong Kong | 55 | 75 |
| Unlisted equity investments, at cost | 1,387 | 1,383 |
| | 12,862 | 14,464 |
| Current | | |
| Other unlisted debt instruments, at fair value (b) | 7,928 | 1,500 |
| | 20,790 | 15,964 |

- (a) The Group reclassified available-for-sale investments gains, net of deferred tax, of RMB80 million (six months ended 30 June 2012: Nil) and investment losses, net of deferred tax, of RMB113 million (six months ended 30 June 2012: Nil) from other comprehensive income into the consolidated income statement. Losses were due to impairments.
- (b) Other unlisted debt instruments represented wealth management products issued by financial institutions. Major investment targets of these products are bills issued by the People's Bank of China, debt securities issued by policy banks, debt securities issued by Chinese Government in the national financial market for institutional investors, and other financial instruments. As at 30 June 2013, bank borrowings are secured by certain unlisted debt instruments with carrying amount of approximately RMB3,980 million (31 December 2012: RMB1,000 million) (Note 14(a)).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

10. TRADE AND OTHER RECEIVABLES

| | As at | |
|--|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Trade and bills receivables (a) | 59,975 | 54,160 |
| Less: provision for impairment | (3,194) | (2,964) |
| Trade and bill receivables – net | 56,781 | 51,196 |
| Prepayments | 18,946 | 13,987 |
| Retentions | 33,320 | 33,085 |
| Deposits | 17,156 | 15,335 |
| Other receivables | 15,023 | 12,632 |
| Staff advances | 1,030 | 737 |
| Long-term receivables | 26,132 | 23,582 |
| | 168,388 | 150,554 |
| Less: non-current portion | | |
| – Retentions | (16,728) | (16,621) |
| – Deposits | (2,703) | (1,829) |
| – Long-term receivables | (22,603) | (19,644) |
| – Prepayments for investment and equipment (b) | (3,775) | (591) |
| | (45,809) | (38,685) |
| Current portion | 122,579 | 111,869 |

(a) Ageing analysis of trade and bills receivables is as follows:

| | As at | |
|--------------------|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Within 6 months | 45,421 | 42,110 |
| 6 months to 1 year | 6,738 | 5,101 |
| 1 year to 2 years | 4,437 | 4,080 |
| 2 years to 3 years | 1,854 | 1,702 |
| Over 3 years | 1,525 | 1,167 |
| | 59,975 | 54,160 |

The majority of the Group's revenues are generated through construction, design, dredging and heavy machinery contracts and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. For sales of products, a credit period ranging from 30 to 90 days may be granted to large or long-established customers with good repayment history. Revenues from small business, or new customers are normally expected to be settled shortly after provision of services or delivery of goods.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

10. TRADE AND OTHER RECEIVABLES (Continued)

- (b) As approved by the Board of Directors previously, the Company entered in a capital contribution agreement and a supplementary agreement with CCCG, pursuant to which, the Company and CCCG agreed to contribute RMB3,325 million and RMB175 million in cash, respectively, to set up a joint venture company with a tentative name of CCCC Finance Company Limited (“CCCC Finance”). Upon completion of this transaction, the equity interest of CCCC Finance owned by the Company and CCCG will be 95% and 5%, respectively. As at 30 June 2013, the set up of CCCC Finance was approved by the China Banking Regulatory Commission, while the registration with the industry and commerce administrative authorities was still in process. As a result, the Company’s contribution to CCCC Finance with an amount of RMB3,325 million was classified as a prepayment for investment and included in the non-current trade and other receivables in the consolidated balance sheet.
- (c) The fair values of trade and other receivables are as follows:

| | As at | |
|-----------------------------|---|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Trade and bills receivables | 56,781 | 51,196 |
| Retentions | 33,332 | 33,097 |
| Deposits | 17,219 | 15,333 |
| Other receivables | 15,023 | 12,632 |
| Staff advance | 1,030 | 737 |
| Long-term receivables | 26,221 | 23,613 |
| | 149,606 | 136,608 |

The carrying amounts of the current trade and other receivables approximate their fair value. The fair values of non-current trade and other receivables are based on projected cash flows discounted using a rate based on current market interest rates.

- (d) The Group has entered into certain recourse and non-recourse factoring agreements with certain banks so as to obtain bank advances. As at 30 June 2013, trade receivables with recourse factoring clauses in the agreements amounted to RMB1,951 million (31 December 2012: RMB1,840 million). In the opinion of Directors, such transactions did not qualify for derecognition of receivables and were accounted as secured borrowings (Note 14(a)). As at 30 June 2013, trade receivables of RMB4,341 million (31 December 2012: RMB10,747 million) have been transferred to the banks in accordance with the relevant non-recourse factoring agreements. The related receivables have been derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

11. CONTRACT WORK-IN-PROGRESS

| | As at | |
|--|---|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Contract costs incurred and recognised profit (less recognised losses) | 1,167,899 | 1,042,697 |
| Less: progress billings | (1,105,234) | (999,967) |
| | 62,665 | 42,730 |
| Representing: | | |
| Amounts due from customers for contract work | 74,206 | 57,983 |
| Amounts due to customers for contract work | (11,541) | (15,253) |
| | 62,665 | 42,730 |
| | | |
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | RMB million (Unaudited) | RMB million (Unaudited) |
| Contract revenue recognised as revenue in the period | 129,152 | 112,095 |

12. DERIVATIVE FINANCIAL INSTRUMENTS

| | As at | | | |
|--|---|--|--|---|
| | 30 June 2013 | | 31 December 2012 | |
| | Assets RMB million (Unaudited) | Liabilities RMB million (Unaudited) | Assets RMB million (Audited) | Liabilities RMB million (Audited) |
| Forward foreign exchange contracts – held for trading | 51 | (35) | 49 | (28) |

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2013 were RMB4,500 million (31 December 2012: RMB2,091 million).

The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative financial assets in the balance sheet.

13. RESTRICTED BANK DEPOSITS

As at 30 June 2013, the amount of restricted bank deposits was RMB3,652 million (31 December 2012: RMB5,581 million). Restricted bank deposits mainly included bank deposits for issuance of bank acceptance notes, performance bonds and letters of credit to customers. Bank deposits amounting to RMB618 million (31 December 2012: RMB938 million) pledged for bank borrowings are also classified as restricted bank deposits (Note 14(a)).

*Notes to the Unaudited Condensed
Consolidated Interim Financial Information (Continued)*

14. BORROWINGS

| | | As at | |
|--|------|--|--|
| | Note | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Non-current | | | |
| Long-term bank borrowings | | | |
| – secured | (a) | 39,188 | 29,736 |
| – unsecured | | 12,372 | 10,052 |
| | | 51,560 | 39,788 |
| Other borrowings | | | |
| – secured | (a) | 771 | 965 |
| – unsecured | | 546 | 153 |
| Corporate bonds | (b) | 21,927 | 21,920 |
| Medium term notes | (c) | 3,792 | 5,990 |
| Non-public debt instrument | (e) | 5,798 | 3,495 |
| Finance lease liabilities | (f) | 2,536 | 2,747 |
| | | 35,370 | 35,270 |
| Total non-current borrowings | | 86,930 | 75,058 |
| Current | | | |
| Current portion of long-term bank borrowings | | | |
| – secured | (a) | 4,978 | 3,693 |
| – unsecured | | 4,146 | 6,036 |
| | | 9,124 | 9,729 |
| Short-term bank borrowings | | | |
| – secured | (a) | 21,741 | 19,622 |
| – unsecured | | 38,402 | 31,373 |
| | | 60,143 | 50,995 |
| Other borrowings | | | |
| – secured | (a) | 264 | 1,752 |
| – unsecured | | 266 | 111 |
| Corporate bonds | (b) | 944 | 409 |
| Medium term notes | (c) | 2,299 | 266 |
| Debentures | (d) | 6,609 | 5,086 |
| Non-public debt instrument | (e) | 165 | 28 |
| Finance lease liabilities | (f) | 782 | 811 |
| | | 11,329 | 8,463 |
| Total current borrowings | | 80,596 | 69,187 |
| Total borrowings | | 167,526 | 144,245 |

- (a) As at 30 June 2013, these borrowings were secured by the Group's property, plant and equipment(Note 7(a)), lease prepayments, concession assets(Note 8(b)), available-for-sale financial assets(Note 9(b)), inventories, trade receivables(Note 10(d)), receivables to be recognised in the future according to sales and construction contracts, term deposits(Note 13), and guarantees provided by certain subsidiaries of the Group, the Company and a third party. As at 31 December 2012, borrowings were secured by the Group's property, plant and equipment, concession assets, trade and bills receivables, term deposits, lease prepayments, inventories and guarantees provided by certain subsidiaries of the Group, the Company and a third party.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

14. BORROWINGS (Continued)

- (b) As approved by China Securities Regulatory Commission document [2009] No. 761, the Company issued domestic corporate bonds with an aggregate principal amount of RMB10 billion in August 2009. RMB2,100 million of such bonds bears interest at a rate of 4.7% per annum with maturities through 2014, and RMB7,900 million bears interest at a rate of 5.2% per annum with maturities through 2019. The Company raised totally net proceeds of RMB9,910 million from the issuance.

As approved by China Securities Regulatory Commission document [2012] No. 998, the Company issued domestic corporate bonds with an aggregate principal amount of RMB12 billion in August 2012. RMB6 billion of such bonds bears interest at a rate of 4.4% per annum with maturities through 2017, RMB2 billion bears interest at a rate of 5.0% per annum with maturities through 2022 and RMB4 billion bears interest at a rate of 5.15% per annum with maturities through 2027. The Company raised totally net proceeds of RMB11,976 million from the issuance.

The corporate bonds are stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings. All corporate bonds are guaranteed by CCCG.

- (c) The Group issued the following medium term notes as approved by National Association of Financial Market Institutional Investors (“NAFMII”) of the PRC:
- medium term notes with a nominal value of RMB2,200 million issued in April 2009, with a maturity of five years from issuance. RMB1,800 million of such notes bears interest at a rate of 4.1% per annum, and the remaining RMB400 million bears interest at a rate of 4.0% per annum;
 - medium term notes with a nominal value of RMB3,800 million issued in February 2011, with a maturity of five years from issuance, bearing interest at a rate of 5.85% per annum.

The medium term notes are stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings.

- (d) The Group issued the following debentures:
- As approved by the People’s Bank of China, two tranches of debentures were issued in June and July 2012, respectively, at the same nominal value of RMB2,500 million, totalling RMB5,000 million, with maturities of one year from issuance. The interest rate is 3.40% and 3.56% per annum, respectively.
 - As approved by NAFMII, two tranches of debentures were issued in April and May 2013, respectively, at the same nominal value of RMB2,000 million, totalling RMB4,000 million, with maturities of 270 days from issuance. The interest rate is 3.75% and 3.85% per annum, respectively.

The debentures are stated at amortised cost.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

14. BORROWINGS (Continued)

- (e) As approved by NAFMII, the Group issued the following non-public instruments:
- A tranche of non-public debt instrument with a nominal value of RMB2,000 million in November 2011, with a maturity of three years from issuance, bearing interest at a rate of 6.46% per annum;
 - A tranche of non-public debt instrument with a nominal value of RMB1,500 million in October 2012, with a maturity of five years from issuance, bearing interest at a rate of 5.80% per annum;
 - A tranche of non-public debt instrument with a nominal value of RMB1,500 million in April 2013, with a maturity of five years from issuance, bearing interest at a rate of 5.10% per annum.

The non-public debt instrument is stated at amortised cost. Interest is payable once a year. Accrued interest is included in current borrowings.

- (f) Finance lease liabilities

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group.

| | As at | |
|--|---------------------|------------------|
| | 30 June 2013 | 31 December 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Audited) |
| Gross finance lease liabilities – minimum lease payments | | |
| No later than 1 year | 811 | 836 |
| Later than 1 year and no later than 5 years | 2,201 | 2,308 |
| Later than 5 years | 1,033 | 1,163 |
| | 4,045 | 4,307 |
| Future finance charges on finance leases | (727) | (749) |
| Present value of finance lease liabilities | 3,318 | 3,558 |
| The present value of finance lease liabilities is as follows: | | |
| No later than 1 year | 782 | 811 |
| Later than 1 year and no later than 5 years | 1,817 | 1,961 |
| Later than 5 years | 719 | 786 |
| | 3,318 | 3,558 |

*Notes to the Unaudited Condensed
Consolidated Interim Financial Information (Continued)*

14. BORROWINGS (Continued)

(g) Movements in borrowings is analysed as follows:

| | RMB million (Unaudited) |
|---|------------------------------------|
| Six months ended 30 June 2013 | |
| Opening amount as at 1 January 2013 | 144,245 |
| Proceeds from borrowings | 61,460 |
| Finance lease liabilities | 293 |
| Repayments of borrowings, interests and finance lease liabilities | (38,915) |
| Disposal of a subsidiary (Note 27) | (194) |
| Net foreign exchange gains on borrowings (Note 21) | (300) |
| Accrued interest on borrowings | 937 |
| Closing amount as at 30 June 2013 | 167,526 |
| Six months ended 30 June 2012 | |
| Opening amount as at 1 January 2012 | 106,045 |
| Proceeds from borrowings | 60,832 |
| Finance lease liabilities | 1,032 |
| Repayments of borrowings, interests and finance lease liabilities | (36,320) |
| Net foreign exchange losses on borrowings (Note 21) | 23 |
| Accrued interest on borrowings | 522 |
| Closing amount as at 30 June 2012 | 132,134 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

14. BORROWINGS (Continued)

- (h) The carrying amounts of current portion of long-term borrowings and short-term borrowings approximate their fair values.

The carrying amounts and fair values of the non-current borrowings are as follows:

| | As at | |
|-------------------|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Carrying amount | | |
| – Bank borrowings | 51,560 | 39,788 |
| – Others | 35,370 | 35,270 |
| | 86,930 | 75,058 |
| Fair value | | |
| – Bank borrowings | 49,798 | 39,186 |
| – Others | 34,556 | 36,007 |
| | 84,354 | 75,193 |

The Group has the following undrawn borrowing facilities:

| | As at | |
|----------------------------|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Floating rate: | | |
| – Expiring within one year | 147,369 | 145,403 |
| – Expiring beyond one year | 280,428 | 264,985 |
| | 427,797 | 410,388 |

- (i) In the first half year of 2013, a customer of the Group has obtained a long term borrowing facility from a bank. The bank borrowing was effective for a term of 25 years from 26 April 2013 to 25 April 2038. The customer, as a borrower, has pledged its self-owned asset to secure the bank borrowing. The Group has entered into the loan contract as a co-borrower to take up joint responsibility of loan repayment up to 25 April 2021. Pursuant to the terms of the borrowing contract, upon default in loan repayments by the customer, the bank is entitled to ask for early repayments of bank borrowings and the co-borrower can be liable to repay the outstanding borrowing principal together with accrued interest. Accordingly, if the customer defaults in loan repayments during joint borrowing period, it is possible for the Group to undertake the responsibility to repay the principal and interest.

During the six months period ended 30 June 2013, as there was no default in payments and the customer had pledged its asset to secure the bank borrowing, management considers that the likelihood of default in payments is not probable, and therefore no provision has been made for the said borrowing facility as of 30 June 2013.

*Notes to the Unaudited Condensed
Consolidated Interim Financial Information (Continued)*

15. TRADE AND OTHER PAYABLES

| | As at | |
|---------------------------------------|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Trade and bills payables (a) | 109,249 | 106,226 |
| Advance from customers | 49,936 | 38,019 |
| Deposits from suppliers | 12,766 | 10,778 |
| Other taxes | 5,702 | 5,705 |
| Dividend payables | 2,987 | – |
| Accrued payroll and social securities | 1,228 | 1,362 |
| Share appreciation rights | 6 | 5 |
| Others | 6,761 | 6,168 |
| | 188,635 | 168,263 |
| Less: non-current portion | | |
| – Deposits from suppliers | (3,898) | (2,672) |
| Current portion | 184,737 | 165,591 |

(a) The ageing analysis of the trade and bills payables were as follows:

| | As at | |
|--------------------|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Within 1 year | 100,528 | 98,440 |
| 1 year to 2 years | 7,011 | 5,812 |
| 2 years to 3 years | 1,140 | 1,370 |
| Over 3 years | 570 | 604 |
| | 109,249 | 106,226 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

16. EXPENSES BY NATURE

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Raw materials and consumables used | 45,926 | 39,758 |
| Subcontracting costs | 42,561 | 37,262 |
| Employee benefits | 13,490 | 10,874 |
| Rentals | 6,247 | 6,381 |
| Business tax and other transaction taxes | 3,607 | 3,285 |
| Depreciation of property, plant and equipment and investment properties | 3,568 | 3,057 |
| Fuel | 3,224 | 2,550 |
| Transportation costs | 560 | 1,974 |
| Cost of goods sold | 1,768 | 1,646 |
| Travel | 1,128 | 963 |
| Repair and maintenance expenses | 816 | 780 |
| Research and development costs | 575 | 658 |
| Utilities | 642 | 470 |
| Provision for impairment of trade and other receivables | 223 | 252 |
| Insurance | 117 | 224 |
| Amortisation of intangible assets (Note 8) | 132 | 112 |
| Amortisation of lease prepayments | 81 | 87 |
| Write-down of inventories | 127 | 8 |
| Provision for/(reversal of) foreseeable losses on construction contracts | 62 | (15) |
| Others | 8,183 | 6,908 |
| Total cost of sales, selling and marketing expenses and administrative expenses | 133,037 | 117,234 |

17. OTHER INCOME

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Rental income | 164 | 98 |
| Dividend income on available-for-sale financial assets | | |
| – Listed equity securities | 436 | 305 |
| – Unlisted equity investments | 27 | 39 |
| Government grants | 62 | 74 |
| Income from sale of materials | – | 35 |
| Others | 358 | 340 |
| | 1,047 | 891 |

*Notes to the Unaudited Condensed
Consolidated Interim Financial Information (Continued)*

18. OTHER GAINS, NET

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| Gains on disposal of property, plant and equipment | 61 | 81 |
| Gains on disposal of lease prepayments | 75 | 6 |
| Gains on disposal of a subsidiary | 148 | – |
| Net gains on derivative financial instruments: | | |
| – Foreign exchange forward contracts | 44 | 7 |
| Gains on disposal of available-for-sale financial assets | 175 | 8 |
| Net foreign exchange losses | (218) | (82) |
| Others | (1) | 7 |
| | 284 | 27 |

19. OTHER EXPENSES

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Provision for impairment of available-for-sale financial assets | 150 | 11 |
| Depreciation and other costs relating to assets being leased out | 94 | 83 |
| Cost of sale of materials | – | 37 |
| Others | 112 | 244 |
| | 356 | 375 |

20. FINANCE INCOME

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Interest income: | | |
| – Bank deposits | 280 | 259 |
| – Unwinding of discount of long-term receivables | 739 | 354 |
| Others | 53 | 50 |
| | 1,072 | 663 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

21. FINANCE COSTS, NET

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| Interest expense incurred | 3,832 | 3,074 |
| Less: capitalised interest expense | (1,058) | (690) |
| Net interest expense | 2,774 | 2,384 |
| Representing: | | |
| – Bank borrowings | 1,663 | 1,766 |
| – Other borrowings | 95 | 51 |
| – Corporate bonds | 550 | 259 |
| – Medium term notes | 156 | 165 |
| – Non-public debt instrument | 123 | 68 |
| – Finance lease liabilities | 79 | 49 |
| – Debentures | 108 | 26 |
| | 2,774 | 2,384 |
| Net foreign exchange (gains)/losses on borrowings (Note 14(g)) | (300) | 23 |
| Others | 387 | 146 |
| | 2,861 | 2,553 |

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. Borrowing costs of RMB1,058 million (six months ended 30 June 2012: RMB690 million) were capitalised in the six months period ended 30 June 2013, of which approximately RMB340 million (six months ended 30 June 2012: RMB204 million) was charged to contract work-in-progress, approximately RMB598 million (six months ended 30 June 2012: RMB298 million) was included in cost of concession assets, approximately RMB116 million (six months ended 30 June 2012: RMB183 million) was included in cost of construction-in-progress, and approximately RMB4 million (six months ended 30 June 2012: 5 million) was included in cost of property, plant and equipment as at 30 June 2013. A general capitalisation rate of 4.80% per annum (six months ended 30 June 2012: 5.75%) was used, representing the costs of the borrowings used to finance the qualifying assets.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

22. TAXATION

Most of companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2012: 25%) of the assessable income of each of these companies for the period as determined in accordance with the relevant PRC income tax rules and regulations, except for a few subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 12.5% to 15% (2012: 12.5% to 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% (2012: 16.5%) on the estimated assessable profit for six months ended 30 June.

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

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

| | Six months ended 30 June | |
|-----------------------------|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Current income tax | | |
| – PRC enterprise income tax | 1,512 | 1,165 |
| – Others | 51 | 142 |
| | 1,563 | 1,307 |
| Deferred income tax | (110) | 73 |
| Income tax expense | 1,453 | 1,380 |

23. EARNINGS PER SHARE

(a) Basic

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

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Profit attributable to owners of the Company (RMB million) | 5,728 | 5,018 |
| Weighted average number of ordinary shares in issue (millions) | 16,175 | 15,725 |
| Basic earnings per share (RMB per share) | 0.35 | 0.32 |

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2013 and 2012.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

24. OTHER RESERVES

| | Capital reserve RMB million | Statutory surplus reserve RMB million | Remeasurement reserve RMB million (Note 3) | Investment revaluation reserve RMB million | Safety reserve RMB million | Exchange reserve RMB million | Total RMB million |
|---|-----------------------------------|--|---|---|----------------------------------|------------------------------------|----------------------|
| Balance at 1 January 2013, as previously reported | 870 | 1,409 | - | 7,938 | 1,308 | 90 | 11,615 |
| Adjustments for adoption of IAS 19 (2011) (Note 3) | - | - | (124) | - | - | - | (124) |
| Balance at 1 January 2013, as restated | 870 | 1,409 | (124) | 7,938 | 1,308 | 90 | 11,491 |
| Changes in fair value of available-for-sale financial assets, net of deferred tax | - | - | - | (975) | - | - | (975) |
| Release of investment revaluation reserve upon disposal of available-for-sale financial assets | - | - | - | (80) | - | - | (80) |
| Reclassification of investment revaluation reserve due to impairment of available-for-sale financial assets | - | - | - | 113 | - | - | 113 |
| Currency translation differences | - | - | - | - | - | (57) | (57) |
| Disposal of a subsidiary | (60) | - | - | - | - | - | (60) |
| Transfer to safety reserve | - | - | - | - | 221 | - | 221 |
| Balance at 30 June 2013 | 810 | 1,409 | (124) | 6,996 | 1,529 | 33 | 10,653 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

24. OTHER RESERVES (Continued)

| | Capital reserve RMB million | Statutory surplus reserve RMB million | Remeasurement reserve RMB million (Note 3) | Investment revaluation reserve RMB million | Safety reserve RMB million | Exchange reserve RMB million | Total RMB million |
|---|-----------------------------------|--|---|---|----------------------------------|------------------------------------|----------------------|
| Balance at 1 January 2012, as previously reported | 2,327 | 1,186 | – | 6,534 | 925 | 18 | 10,990 |
| Adjustments for adoption of IAS 19 (2011) (Note 3) | – | – | (95) | – | – | – | (95) |
| Balance at 1 January 2012, as restated | 2,327 | 1,186 | (95) | 6,534 | 925 | 18 | 10,895 |
| Changes in fair value of available-for-sale financial assets, net of deferred tax | – | – | – | (240) | – | – | (240) |
| Currency translation differences | – | – | – | – | – | 50 | 50 |
| Issuance of A shares in exchange for shares in a subsidiary held by its non-controlling shareholders | (1,462) | – | – | – | – | – | (1,462) |
| Transfer to safety reserve | – | – | – | – | 212 | – | 212 |
| Balance at 30 June 2012, as restated | 865 | 1,186 | (95) | 6,294 | 1,137 | 68 | 9,455 |

25. DIVIDENDS

A dividend in respect of the year ended 31 December 2012 of RMB0.1847 per ordinary share, amounting to a total dividend of approximately RMB2,988 million was approved by the Company's shareholders in the Annual General Meeting on 28 June 2013. As at 30 June 2013, 2012 final dividend was yet to be paid off.

No interim dividend for the six months ended 30 June 2013 was declared by the Board of Directors (six months ended 30 June 2012: Nil).

*Notes to the Unaudited Condensed
Consolidated Interim Financial Information (Continued)*

26. SUPPLEMENTARY INFORMATION TO UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(a) Cash flows from operating activities:

| | Six months ended 30 June | |
|---------------------------------------|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Cash used in operations | (7,933) | (2,905) |
| Income tax paid | (2,673) | (2,375) |
| Net cash used in operating activities | (10,606) | (5,280) |

(b) Cash flows from investing activities:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Purchases of property, plant and equipment | (2,904) | (2,275) |
| Increase in lease prepayments | (123) | (164) |
| Purchases of intangible assets | (4,571) | (4,496) |
| Purchases of investment properties | – | (324) |
| Proceeds from disposal of property, plant and equipment | 567 | 318 |
| Purchases of available-for-sale financial assets | (7,848) | (5,561) |
| Proceeds from disposal of Zhenhua Logistics Group (Note 27) | 206 | – |
| Investment in CCCC Finance (Note 10(b)) | (3,325) | – |
| Acquisition of a subsidiary (i) | (925) | – |
| Additional investments in associates | (1,036) | (163) |
| Proceeds from disposal of available-for-sale financial assets | 1,322 | 903 |
| Interest received | 328 | 288 |
| Dividends received | 417 | 357 |
| Others | 23 | 47 |
| Net cash used in investing activities | (17,869) | (11,070) |

- (i) In January 2013, a subsidiary of the Company acquired 90% equity interest in a company from a third party. Assets and liabilities of the acquired company mainly comprise inventories, and other receivables and payables. Consideration for this acquisition was RMB1,850 million, among which RMB925 million has been paid during six months period ended 30 June 2013.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

26. SUPPLEMENTARY INFORMATION TO UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (Continued)

(c) Cash flows from financing activities:

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| Proceeds from borrowings | 61,460 | 60,832 |
| Repayments of borrowings | (38,517) | (35,899) |
| Proceeds from issuance of A shares | – | 4,864 |
| Interest paid | (3,280) | (2,252) |
| Changes in restricted bank deposits | 456 | (3,472) |
| Others | 26 | (109) |
| Net cash generated from financing activities | 20,145 | 23,964 |

27. DISPOSAL OF A SUBSIDIARY

In January 2013, the Group disposed its 36.78% equity interest in Zhenhua Logistics Group (“Zhenhua Logistics”), a former subsidiary, which was primarily engaged in transportation and logistics in the PRC, for a consideration of RMB409 million. The Group retained 25% equity interest in and has significant influence over Zhenhua Logistics. The investment has been reclassified to investments in associates in the consolidated balance sheet upon completion of the disposal.

Details of sales proceeds and gains on disposal are as follows:

| | RMB million |
|---|--------------------|
| | (Unaudited) |
| Sales proceeds: | |
| Cash received | 409 |
| Fair value of the remaining 25% share of Zhenhua Logistics on disposal date | 279 |
| Less: Net assets disposed – as shown below | (910) |
| Non-controlling interests | 370 |
| Gains on disposal (Note 18) | 148 |

**Notes to the Unaudited Condensed
Consolidated Interim Financial Information (Continued)**

27. DISPOSAL OF A SUBSIDIARY (Continued)

The details of the net assets disposal are as follows:

| | RMB million (Unaudited) |
|---|------------------------------------|
| Cash and cash equivalents | 203 |
| Property, plant and equipment (Note 7) | 521 |
| Lease prepayments | 207 |
| Intangible assets (Note 8) | 4 |
| Investments in jointly controlled entities | 148 |
| Investments in associates | 46 |
| Trade and other receivables | 795 |
| Other assets | 65 |
| Borrowings (Note 14 (g)) | (194) |
| Trade and other payables | (820) |
| Other liabilities | (65) |
| Net assets | 910 |
| Non-controlling interests | (370) |
| Net assets disposed | 540 |
| Sales proceeds – cash received | 409 |
| Less: Cash and cash equivalents of Zhenhua Logistics | (203) |
| Net cash inflow on disposal of Zhenhua Logistics (Note 26(b)) | 206 |

28. CONTINGENCIES

| | As at | |
|---------------------------------|---------------------|------------------|
| | 30 June 2013 | 31 December 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Audited) |
| Pending lawsuits (a) | 454 | 463 |
| Outstanding loan guarantees (b) | 246 | 246 |
| | 700 | 709 |

- (a) The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for above pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The Group does not include any pending lawsuit in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.
- (b) The Group has acted as the guarantors for various external borrowings made by certain jointly controlled entities of the Group (refer to details in Note 30(d)) and certain third party entities.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

29. CAPITAL COMMITMENTS

Capital expenditure approved but not contracted for at the balance sheet date is as follows:

| | As at | |
|-----------------------------------|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Property, plant and equipment (a) | 2,972 | 2,972 |

- (a) As at 30 June 2013 and 31 December 2012, capital expenditure approved but not contracted represented unused share proceeds of the Company's A Share issuance in March 2012. The intended use of the share proceeds, once approved, was to purchase property, plant and equipment. On 28 June 2013, the Board of Directors resolved a proposed change of use of the proceeds, according to which part of the proceeds will be used in investments in BOT projects and financing its working capital. This proposed change of plan is subject to shareholders' approval in the coming general meeting.

Capital expenditure contracted for but not yet incurred at the balance sheet date is as follows:

| | As at | |
|---------------------------------------|--|--|
| | 30 June 2013 RMB million (Unaudited) | 31 December 2012 RMB million (Audited) |
| Property, plant and equipment | 5,060 | 4,859 |
| Intangible assets – concession assets | 103,888 | 83,385 |
| | 108,948 | 88,244 |

30. RELATED-PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Company is controlled by CCCG, the parent company and a state-owned enterprise established in the PRC. CCCG is subject to the control of the PRC Government which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as the "government-related entities"). In accordance with IAS 24 "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC Government are regarded as related parties of the Group. On that basis, related parties include CCCG, other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence, and key management personnel of the Company and CCCG as well as their close family members. For the purpose of the related party transaction disclosures, management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the related party information disclosed elsewhere in the unaudited condensed interim consolidated financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other government-related entities, during the six months ended 30 June 2013 and balances arising from related party transactions as at 30 June 2013.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

30. RELATED-PARTY TRANSACTIONS (Continued)

(a) Related party transactions

The following transactions were carried out with related parties other than government-related entities:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| Transactions with CCCG | | |
| – Rental expenses | 25 | 25 |
| – Property maintenance expenses | 26 | 27 |
| Transactions with fellow subsidiaries | | |
| – Revenue from provision of construction services | 480 | – |
| – Other costs | 3 | – |
| Transactions with jointly controlled entities and associates | | |
| – Revenue from provision of construction services | 1,260 | 292 |
| – Disposal of property, plant and equipment | 381 | – |
| – Sales of machinery | 4 | 50 |
| – Revenue from rental income | – | 3 |
| – Subcontracting fee charges | 452 | 587 |
| – Purchase of materials | 61 | 16 |
| – Services charges | 60 | 103 |
| – Other costs | – | 5 |

These transactions are carried out on terms agreed with the counter parties in the ordinary course of business.

(b) Key management compensation

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Basic salaries, housing allowances and other allowances | 3,283 | 2,986 |
| Contributions to pension plans | 228 | 208 |
| Others | 273 | 273 |
| | 3,784 | 3,467 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

30. RELATED-PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

| | As at | |
|--|---------------------|------------------|
| | 30 June 2013 | 31 December 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Audited) |
| Trade and other receivables | | |
| Trade receivables due from | | |
| – Fellow subsidiaries | 325 | 151 |
| – Jointly controlled entities and associates | 682 | 536 |
| Prepayments to | | |
| – Jointly controlled entities and associates | 95 | 83 |
| Other receivables due from | | |
| – Fellow subsidiaries | – | 677 |
| – Jointly controlled entities and associates | 249 | 152 |
| | 1,351 | 1,599 |
| Trade and other payables | | |
| Trade and bills payables due to | | |
| – Jointly controlled entities and associates | 581 | 307 |
| Advanced from customers with | | |
| – Fellow subsidiaries | 40 | – |
| – Jointly controlled entities and associates | 801 | 273 |
| Other payables due to | | |
| – Fellow subsidiaries | 460 | 484 |
| – Jointly controlled entities and associates | 31 | 38 |
| | 1,913 | 1,102 |
| Amounts due from customers for contract work with | | |
| – Jointly controlled entities and associates | 346 | 461 |
| Amounts due to customers for contract work with | | |
| – Jointly controlled entities | 73 | – |

(d) Guarantees

| | As at | |
|---|---------------------|------------------|
| | 30 June 2013 | 31 December 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Audited) |
| Outstanding loan guarantees provided by the Group to jointly controlled entities | 196 | 196 |
| Outstanding bond guarantees provided by CCCG to the Company | 22,871 | 22,329 |

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

30. RELATED-PARTY TRANSACTIONS (Continued)

(e) Transactions and Period-end Balances with Other Government-Related Entities

The Group's major customers are PRC Government agencies and other government-related entities. A significant portion of revenue from provision of construction, design, dredging and other services, and sales of heavy machinery is conducted with other government-related entities. The Group also incurred some portion of subcontracting costs, rentals and purchases of materials and services from other government-related entities. These transactions are carried out on terms agreed with the counter parties in the ordinary course of business. As a result, a major portion of the Group's trade and other receivables and payables, as well as amount due from/due to customers for contract work, is with other government-related entities.

In addition, the Group has the following significant transactions and balances with other government-related entities:

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Unaudited) |
| Transactions with other government-related entities | | |
| – Interest from bank deposits | 248 | 188 |
| – Interest on bank borrowings | 2,491 | 2,451 |

| | As at | |
|--|---------------------|------------------|
| | 30 June 2013 | 31 December 2012 |
| | RMB million | RMB million |
| | (Unaudited) | (Audited) |
| Balances with other government-related entities | | |
| – Restricted bank deposits | 2,681 | 5,208 |
| – Cash and cash equivalents | 51,859 | 55,286 |
| | 54,540 | 60,494 |
| – Bank borrowings | 113,721 | 83,747 |

31. SUBSEQUENT EVENTS

- (a) In July 2013, CCCC Finance, a subsidiary of the Company, completed its registration with the industry and commerce administrative authorities and has been formally established. As the Company has the control over CCCC Finance, it will be fully consolidated in the Group's consolidated financial statements thereafter.
- (b) As approved by NAFMII, a tranche of debentures was issued on 9 August 2013 by the Company, with a nominal value of RMB3,000 million. The maturity of this tranche of debentures is 270 days from issuance and the interest rate is 4.60% per annum.