Unaudited Condensed Consolidated Interim Balance Sheet

	Note	Unaudited 30 June 2014 RMB million	Audited 31 December 2013 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	7	**59,692**	55,619
Lease prepayments		**9,063**	8,273
Investment properties		**738**	752
Intangible assets	8	**68,921**	54,592
Investments in joint ventures		**1,151**	1,019
Investments in associates		**8,103**	6,780
Deferred income tax assets		**2,841**	2,612
Available-for-sale financial assets	9	**13,345**	13,913
Trade and other receivables	10	**68,721**	55,032
Held-to-maturity financial assets		**330**	–
		232,905	198,592
Current assets			
Inventories		**44,283**	32,850
Trade and other receivables	10	**139,409**	129,870
Amounts due from customers for contract work	11	**83,957**	66,131
Other financial assets at fair value through profit or loss		**169**	191
Available-for-sale financial assets	9	**7,267**	4,203
Derivative financial instruments	12	**27**	121
Restricted bank deposits	13	**7,177**	4,249
Cash and cash equivalents		**72,751**	81,238
		355,040	318,853
Total assets		**587,945**	517,445

Unaudited Condensed Consolidated Interim Balance Sheet (Continued)

	Note	Unaudited 30 June 2014 RMB million	Audited 31 December 2013 RMB million
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	**61,180**	55,995
Proposed final dividend	25	**–**	3,035
		97,011	94,861
Non-controlling interests		**11,470**	9,980
Total equity		**108,481**	104,841
LIABILITIES			
Non-current liabilities			
Borrowings	14	**123,742**	99,157
Deferred income		**2,466**	1,884
Deferred income tax liabilities		**5,774**	2,893
Retirement benefit obligations		**1,867**	1,809
Trade and other payables	15	**5,543**	2,126
		139,392	107,869
Current liabilities			
Trade and other payables	15	**209,052**	198,064
Amounts due to customers for contract work	11	**18,196**	15,096
Current income tax liabilities		**2,402**	3,246
Borrowings	14	**109,909**	87,818
Derivative financial instruments	12	**41**	11
Retirement benefit obligations		**102**	144
Provisions for other liabilities and charges		**370**	356
		340,072	304,735
Total liabilities		**479,464**	412,604
Total equity and liabilities		**587,945**	517,445
Net current assets		**14,968**	14,118
Total assets less current liabilities		**247,873**	212,710

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 2014 RMB million	2013 RMB million (Restated)
Revenue	6	**158,561**	141,037
Cost of sales	16	**(141,925)**	(126,781)
Gross profit		**16,636**	14,256
Other income	17	**687**	1,047
Other gains, net	18	**459**	284
Selling and marketing expenses	16	**(220)**	(207)
Administrative expenses	16	**(6,463)**	(6,055)
Other expenses	19	**(235)**	(356)
Operating profit	6	**10,864**	8,969
Finance income	20	**1,592**	1,072
Finance costs, net	21	**(4,819)**	(2,861)
Share of post-tax profits/(losses) of joint ventures		**6**	(3)
Share of post-tax profits of associates		**133**	41
Profit before income tax		**7,776**	7,218
Income tax expense	22	**(1,745)**	(1,453)
Profit for the period		**6,031**	5,765
Attributable to:			
– Owners of the Company		**6,020**	5,722
– Non-controlling interests		**11**	43
		6,031	5,765
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	23	**0.37**	0.35
– Diluted	23	**0.37**	0.35

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information. Details of the aggregate amounts of the dividends paid and proposed to owners of the Company for the six months ended 30 June 2014 and 30 June 2013 are set out in Note 25.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
		(Restated)
Profit for the period	**6,031**	5,765
Other comprehensive (expenses)/income		
Item that will not be reclassified subsequently to profit or loss		
Actuarial losses on retirement benefit obligations	**(76)**	–
Items that may be reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets, net of deferred tax		
– Losses arising during the period	**(653)**	(938)
– Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**(195)**	(80)
– Reclassification of investment revaluation reserve due to impairment of available-for-sale financial assets	**–**	113
Currency translation differences	**52**	(58)
Other comprehensive expenses for the period, net of tax	**(872)**	(963)
Total comprehensive income for the period	**5,159**	4,802
Total comprehensive income/(expenses) attributable to:		
– Owners of the Company	**5,164**	4,723
– Non-controlling interests	**(5)**	79

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

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

	Unaudited						
	Attributable to owners of the Company						
	Share capital RMB million	Share premium RMB million	Other reserve RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 1 January 2014	**16,175**	**19,656**	**11,408**	**47,622**	**94,861**	**9,980**	**104,841**
Profit for the period	–	–	–	6,020	6,020	11	6,031
Other comprehensive (expenses)/income							
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	(735)	–	(735)	82	(653)
Release of investment revaluation reserve upon disposal of available-for-sale assets	–	–	(104)	–	(104)	(91)	(195)
Actuarial losses on retirement benefit obligations	–	–	(76)	–	(76)	–	(76)
Currency translation differences	–	–	59	–	59	(7)	52
Total other comprehensive expenses, net of tax	–	–	(856)	–	(856)	(16)	(872)
Total comprehensive (expenses)/income for the period ended 30 June 2014	–	–	(856)	6,020	5,164	(5)	5,159
2013 final dividend	–	–	–	(3,035)	(3,035)	–	(3,035)
Dividends paid to non-controlling interests	–	–	–	–	–	(2)	(2)
Capital contribution from non-controlling interests	–	–	–	–	–	472	472
Cash contribution from government	–	–	20	–	20	–	20
Share of other comprehensive income of a joint venture	–	–	1	–	1	–	1
Acquisition of subsidiaries	–	–	–	–	–	1,025	1,025
Transfer to safety reserve	–	–	155	(155)	–	–	–
Balance at 30 June 2014	**16,175**	**19,656**	**10,728**	**50,452**	**97,011**	**11,470**	**108,481**

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

	Unaudited						
	Attributable to owners of the Company						
	Share capital RMB million	Share premium RMB million	Other reserve RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 1 January 2013, as restated	16,175	19,656	11,538	39,290	86,659	9,454	96,113
Profit for the period, as restated	–	–	–	5,722	5,722	43	5,765
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, as restated	–	–	(999)	5,722	4,723	79	4,802
2012 final dividend	–	–	–	(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, as restated	16,175	19,656	10,700	41,804	88,335	9,401	97,736

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 **2014** **RMB million**	 2013 RMB million (Restated)
Net cash used in operating activities	26(a)	**(17,522)**	(10,622)
Net cash used in investing activities	26(b)	**(26,000)**	(17,869)
Net cash generated from financing activities	26(c)	**34,950**	20,195
Net decrease in cash and cash equivalents		**(8,572)**	(8,296)
Cash and cash equivalents at 1 January		**81,238**	68,003
Exchange gains/(losses) on cash and cash equivalents		**85**	(154)
Cash and cash equivalents at 30 June		**72,751**	59,553

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. ("CCCG"), the parent company and a state-owned enterprise established in the PRC. The H shares of the Company were listed on the Stock Exchange of Hong Kong Limited on 15 December 2006 and the A shares of the Company were listed on the Shanghai Stock Exchange on 9 March 2012. The address of the Company's registered office is 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC.

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

In July 2013, the Group completed the acquisition of a 95% equity interest in CCCC Real Estate Qingdao Chengyang Property Limited ("Qingdao Chengyang") from CCCC Real Estate Company Limited, which is a wholly-owned subsidiary of CCCG, with a consideration of RMB47.5 million. Upon completion of the acquisition, the Group held 100% equity interest in Qingdao Chengyang. As the Group and CCCC Real Estate Company Limited are controlled and ultimately owned by CCCG, accordingly, the transaction is regarded as a business combination under common control in a manner similar to pooling-of-interests. Consequently, the comparative information has been restated to as if Qingdao Chengyang has been under the control of the Group since the beginning of the earliest period presented.

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 2014 was approved for issue by the Board of Directors on 26 August 2014.

These condensed consolidated interim financial information has been reviewed, not audited.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial information for the six months ended 30 June 2014 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 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 2013, as described in those annual consolidated financial statements.

(a) Amendments to standards and interpretation adopted by the Group

The following amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 January 2014.

	Effective for accounting periods beginning on or after
Amendments to IAS 32, 'Financial instruments: Presentation' on asset and liability offsetting	1 January 2014
Amendments to IFRS 10, 12 and IAS 27 'Consolidation for investment entities'	1 January 2014
Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures	1 January 2014
Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' – 'Novation of derivatives'	1 January 2014
IFRIC 21 'Levies'	1 January 2014

The adoption of the above did not have any material impact on the Group's results for the six months ended 30 June 2014 and the Group's financial position as at 30 June 2014.

(b) New and amended standards not yet adopted by the Group

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing the condensed consolidated interim financial information.

	Effective for accounting periods beginning on or after
Amendment to IAS 19 regarding defined benefit plans	1 July 2014
Annual improvements 2012, which includes changes to: IFRS 2, 3, 8, 9, IAS 16, 24, 37, 38, 39	1 July 2014
Annual improvements 2013, which includes changes to: IFRS 3, 13, IAS 40	1 July 2014
IFRS 14 'Regulatory Deferral Accounts'	1 January 2016
Amendment to IFRS 11 on accounting for acquisitions of interests in joint operation	1 January 2016
Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 27 'Separate financial statements'	1 January 2016
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017
IFRS 9 'Financial Instruments'	1 January 2018

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

3. ACCOUNTING POLICIES (Continued)

(b) New and amended standards not yet adopted by the Group (Continued)

The Group has commenced an assessment of the related impact to the Group, and anticipates that the adoption of above new and amended standards will have no material impact on the results and financial position of the Group, except for the following set out below:

- IFRS 15, "Revenue from Contracts with Customers", establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) identify the contracts with customer; (2) identify separate performance obligations in a contract; (3) determine the transaction price; (4) allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes to an 'asset-liability' approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition. The standard is not effective until 1 January 2017. As the implementation of IFRS 15 is complex, the Group is yet to assess IFRS 15's full impact and will apply the new standard when it becomes effective.

- IFRS 9, "Financial instruments", replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it includes an expected credit losses model that replaces the incurred loss impairment model used today; it also includes an improved hedge accounting model to better align hedge accounting with the risk management activities. The standard is not effective until 1 January 2018. The Group is yet to assess IFRS 9's full impact and will apply the new standard when it becomes effective.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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 the 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 2013, with the exception of changes in estimates that are required in determining depreciation on property, plant and equipment and impairment of trade and other receivables.

In order to present a fairer view of the financial position and operating results of the Group and provide more reliable and accurate accounting information, the Group revised the accounting estimates on the useful lives and residual value of property, plant and equipment, and the impairment of trade and other receivables. The change in accounting estimates have been approved in March 2014 by the Board of Directors, and adopted from 1 January 2014.

(a) Depreciation on property, plant and equipment

The depreciation period and estimated residual value of certain property, plant and equipment are revised to align with their actual useful lives and residual value.

The table below shows the details of estimated useful lives and estimated residual value of property, plant and equipment before and after 1 January 2014:

	Before 1 January 2014			After 1 January 2014		
Category of property, plant and equipment	**Estimated Useful lives (years)**	**Estimated residual value (%)**	**Annual depreciation rate (%)**	**Estimated Useful lives (years)**	**Estimated residual value (%)**	**Annual depreciation rate (%)**
Buildings	20-30 years	–	3.3-5	20-40 years	–	2.5-5
Machinery	5-10 years	–	10-20	5-20 years	–	5-20
Vessels	10-25 years	By reference to the price of scrap steel	n/a	10-25 years	5-10	3.6-9.5

These changes in accounting estimates are expected to reduce the Group's depreciation expense and then increase the Group's profit before income tax for the six months ended 30 June 2014 by approximately RMB476 million.

(b) Impairment of trade and other receivables

Based on current market and economic conditions and prior experience of impairment of trade and other receivables, the Group revised the criteria for grouping the receivables with similar credit risk characteristics. Where the impairment of trade and other receivables is provided for based on the ageing of these receivables, the group of ageing is refined and the proportion of impairment provision applied is also revised.

These changes in accounting estimates are expected to reduce the Group's impairment of trade and other receivables and then increase the Group's profit before income tax for the six months ended 30 June 2014 by approximately RMB167 million.

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

5. FINANCIAL RISK MANAGEMENT

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 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 2013.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

(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 2014 (unaudited)				
Borrowings (excluding finance lease liabilities)	**115,806**	**27,340**	**53,749**	**95,747**
Finance lease liabilities	**810**	**565**	**1,579**	**769**
Net-settled derivative financial instruments	**1**	**–**	**17**	**–**
Gross-settled derivative financial instruments				
– outflows	**4,768**	**–**	**–**	**–**
Gross-settled derivative financial instruments				
– inflows	**(4,860)**	**–**	**–**	**–**
Trade and other payables (excluding statutory				
and non-financial liabilities)	**147,569**	**6,243**	**–**	**–**
Financial guarantee contracts	**–**	**–**	**137**	**264**
	264,094	**34,148**	**55,482**	**96,780**
As at 31 December 2013				
Borrowings (excluding finance lease liabilities)	93,216	18,391	46,301	73,144
Finance lease liabilities	882	645	1,333	915
Net-settled derivative financial instruments	(3)	(3)	16	1
Gross-settled derivative financial instruments				
– outflows	3,811	–	–	–
Gross-settled derivative financial instruments				
– inflows	(3,937)	–	–	–
Trade and other payables (excluding statutory				
and non-financial liabilities)	145,839	2,694	–	–
Financial guarantee contracts	–	–	115	147
	239,808	21,727	47,765	74,207

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(a) Liquidity risk (Continued)

The Group entered into the guarantee contracts for bank borrowings made by certain joint ventures and associates. 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.

(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 denominated in local currencies 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 2014, 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 2013: 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 level has 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 2014.

	Level 1 RMB million (Unaudited)	Level 2 RMB million (Unaudited)	Level 3 RMB million (Unaudited)	Total RMB million (Unaudited)
Assets				
Financial assets at fair value through profit or loss	**169**	**–**	**–**	**169**
Derivative financial instruments				
– held for trading	**–**	**27**	**–**	**27**
Available-for-sale financial assets				
– equity securities	**11,878**	**–**	**–**	**11,878**
– other unlisted instruments (Note 9(b))	**–**	**7,267**	**–**	**7,267**
Total assets	**12,047**	**7,294**	**–**	**19,341**
Liabilities				
Derivative financial instruments				
– held for trading	**–**	**(41)**	**–**	**(41)**
Total liabilities	**–**	**(41)**	**–**	**(41)**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 RMB million (Audited)	Level 2 RMB million (Audited)	Level 3 RMB million (Audited)	Total RMB million (Audited)
Assets				
Financial assets at fair value through profit or loss	191	–	–	191
Derivative financial instruments				
– held for trading	–	121	–	121
Available-for-sale financial assets				
– equity securities	12,471	–	–	12,471
– other unlisted instruments (Note 9(b))	–	4,203	–	4,203
Total assets	12,662	4,324	–	16,986
Liabilities				
Derivative financial instruments				
– held for trading	–	(11)	–	(11)
Total liabilities	–	(11)	–	(11)

For the six months ended 30 June 2014, there were no transfer between levels for the Group's financial assets and liabilities that are measured at fair value.

There were no other changes in valuation techniques during the period.

For the six months ended 30 June 2014, there were no reclassifications of financial assets.

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 and other unlisted instruments. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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 the service and product perspectives. Management assesses the performance of the following five operating segments:

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

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

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

(d) 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 consolidated 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 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, investment properties, intangible assets, inventories, receivables, amounts due from customers for contract work, and cash and cash equivalents. They exclude deferred taxation, investments, available-for-sale financial assets, held-to-maturity financial assets and derivative financial instruments.

Segment liabilities comprise primarily payables and amounts due to customers for contract work. They exclude taxation, borrowings, deferred income, retirement benefit obligations and derivative financial instruments.

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 2014 and other segment items included in the unaudited condensed consolidated interim financial information are as follows:

	For the six months ended 30 June 2014 (Unaudited)						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Total gross segment revenue	128,854	7,879	13,172	10,923	2,657	(4,924)	158,561
Inter-segment revenue	(2,582)	(237)	(1,652)	(84)	(369)	4,924	–
Revenue	126,272	7,642	11,520	10,839	2,288	–	158,561
Segment result	7,870	1,066	973	1,073	2	13	10,997
Unallocated cost							(133)
Operating profit							10,864
Finance income							1,592
Finance costs, net							(4,819)
Share of post-tax profits of joint ventures							6
Share of post-tax profits of associates							133
Profit before income tax							7,776
Income tax expense							(1,745)
Profit for the period							6,031
Other segment items							
Depreciation	2,301	92	432	563	14		3,402
Amortisation	207	15	12	45	22		301
Write-down of inventories	–	–	–	42	–		42
Provision for foreseeable losses on construction contracts	85	–	–	93	–		178
(Reversal of)/provision for impairment of trade and other receivables	(147)	(47)	186	(105)	–		(113)

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) (Restated)						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Others RMB million	Elimination RMB million	Total 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	120	(296)	8,822
Unallocated income							147
Operating profit							8,969
Finance income							1,072
Finance costs, net							(2,861)
Share of post-tax profits of joint ventures							(3)
Share of post-tax profits of associates							41
Profit before income tax							7,218
Income tax expense							(1,453)
Profit for the period							5,765
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 amounts provided to the President Office with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are presented based on the operating segments they are associated with.

The segment assets and liabilities at 30 June 2014 and capital expenditure for the six months then ended are as follows:

	As at 30 June 2014 (Unaudited)						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Segment assets	399,865	18,503	60,696	52,031	7,106	(11,222)	526,979
Investments in joint ventures							1,151
Investments in associates							8,103
Unallocated assets							51,712
Total assets							587,945
Segment liabilities	197,831	11,074	22,374	10,096	3,211	(10,851)	233,735
Unallocated liabilities							245,729
Total liabilities							479,464
Capital expenditure	20,285	137	674	2,038	7		23,141

Segment assets and liabilities at 30 June 2014 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	526,979	233,735
Investments in joint ventures	1,151	–
Investments in associates	8,103	–
Unallocated:		
Deferred income tax assets/liabilities	2,841	5,774
Current income tax liabilities	–	2,402
Current borrowings	–	109,909
Non-current borrowings	–	123,742
Available-for-sale financial assets	20,612	–
Held-to-maturity financial assets	330	–
Other financial assets at fair value through profit or loss	169	–
Derivative financial instruments	27	41
Cash and other corporate assets/corporate liabilities	27,733	3,861
Total	587,945	479,464

6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2013 and capital expenditure for the year then ended are as follows:

	As at 31 December 2013 (Audited)						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Segment assets	336,233	15,058	61,970	46,117	4,804	(10,048)	454,134
Investments in joint ventures							1,019
Investments in associates							6,780
Unallocated assets							55,512
Total assets							517,445
Segment liabilities	185,972	10,661	23,470	5,899	2,063	(9,685)	218,380
Unallocated liabilities							194,224
Total liabilities							412,604
Capital expenditure	25,523	269	804	253	19		26,868

Segment assets and liabilities at 31 December 2013, are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	454,134	218,380
Investments in joint ventures	1,019	–
Investments in associates	6,780	–
Unallocated:		
Deferred income tax assets/liabilities	2,612	2,893
Current income tax liabilities	–	3,246
Current borrowings	–	87,818
Non-current borrowings	–	99,157
Available-for-sale financial assets	18,116	–
Other financial assets at fair value through profit or loss	191	–
Derivative financial instruments	121	11
Cash and other corporate assets/corporate liabilities	34,472	1,099
Total	517,445	412,604

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 2014 RMB million (Unaudited)	2013 RMB million (Unaudited)
PRC (excluding Hong Kong and Macau)	**131,633**	115,411
Other regions	**26,928**	25,626
	158,561	141,037

Other regions primarily include countries in Africa, Middle East and South East Asia. 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 2014 (Unaudited)					
	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 2014						
Opening net book amount	12,537	10,282	23,578	3,423	5,799	55,619
Additions	79	831	377	1,052	1,639	3,978
Disposals	(93)	(42)	(25)	(99)	–	(259)
Acquisition of subsidiaries	1,441	215	20	28	2,036	3,740
Transfer	25	57	84	11	(177)	–
Transferred to investment properties	(2)	–	–	–	–	(2)
Depreciation	(266)	(1,020)	(959)	(1,139)	–	(3,384)
Closing net book amount	13,721	10,323	23,075	3,276	9,297	59,692
At 30 June 2014						
Cost	18,353	20,979	44,341	10,533	9,297	103,503
Accumulated depreciation	(4,632)	(10,656)	(21,266)	(7,257)	–	(43,811)
Net book amount	13,721	10,323	23,075	3,276	9,297	59,692

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	For the six months ended 30 June 2013 (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 2013						
Opening net book amount	12,026	10,035	24,917	2,723	7,111	56,812
Additions	95	557	446	915	1,304	3,317
Disposals	(19)	(71)	(424)	(40)	–	(554)
Transfer	403	52	1,070	34	(1,559)	–
Disposal of a subsidiary	(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	24,464	2,778	6,847	55,668
At 30 June 2013						
Cost	15,955	18,790	43,991	8,497	6,847	94,080
Accumulated depreciation	(4,035)	(9,131)	(19,527)	(5,719)	–	(38,412)
Net book amount	11,920	9,659	24,464	2,778	6,847	55,668

(a) Bank borrowings are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB359 million (31 December 2013: RMB374 million) (Note 14(a)).

(b) As at 30 June 2014, the Group is in the process of applying for registration of the ownership certificates for certain of its properties with an aggregate book carrying amount of approximately RMB1,866 million (31 December 2013: RMB2,126 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 2014 RMB million (Unaudited)	31 December 2013 RMB million (Audited)
Cost – Capitalised finance leases	**5,533**	5,309
Accumulated depreciation	**(1,455)**	(1,029)
Net book amount	**4,078**	4,280

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 2014 (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 2014						
Opening net book amount	**53,814**	**308**	**219**	**85**	**166**	**54,592**
Additions	**13,399**	**–**	**1**	**44**	**–**	**13,444**
Acquisition of subsidiaries	**–**	**1,080**	**–**	**2**	**–**	**1,082**
Disposals	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Amortisation charge (Note 16)	**(153)**	**–**	**(11)**	**(17)**	**(15)**	**(196)**
Closing net book amount	**67,060**	**1,388**	**209**	**113**	**151**	**68,921**
At 30 June 2014						
Cost	**67,810**	**1,388**	**368**	**271**	**265**	**70,102**
Accumulated amortisation	**(750)**	**–**	**(159)**	**(158)**	**(114)**	**(1,181)**
Net book amount	**67,060**	**1,388**	**209**	**113**	**151**	**68,921**

	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	–	–	–	(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

(a) As at 30 June 2014, concession assets represent assets under "Build-Operate-Transfer" service concession arrangements and mainly consist of toll roads in the PRC, with cost of RMB34,629 million (31 December 2013: RMB25,403 million) generating operating income, and RMB33,181 million (31 December 2013: RMB29,008 million) under construction.

(b) As at 30 June 2014, certain bank borrowings are secured by concession assets with carrying amount of approximately RMB35,784 million (31 December 2013: RMB28,548 million) (Note 14(a)).

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	RMB million (Unaudited)
At 1 January 2014	
Balance at 1 January 2014	**18,116**
Fair value losses	**(961)**
Additions	**7,821**
Disposals	**(4,364)**
Balance at 30 June 2014	**20,612**
Less: non-current portion	**(13,345)**
Current portion	**7,267**

	RMB million (Unaudited) (Restated)
At 1 January 2013	
Balance at 1 January 2013	15,962
Fair value losses	(1,259)
Additions	7,839
Disposals	(1,754)
Balance at 30 June 2013	20,788
Less: non-current portion	(12,860)
Current portion	7,928

Available-for-sale financial assets include the following:

	As at	
	30 June 2014 RMB million (Unaudited)	31 December 2013 RMB million (Audited)
Non-current		
Listed equity securities, at fair value		
– Mainland China	**11,239**	12,403
– Hong Kong	**639**	68
Unlisted equity investments, at cost	**1,467**	1,442
	13,345	13,913
Current		
Other unlisted instruments, at fair value (b)	**7,267**	4,203
	20,612	18,116

(a) The Group reclassified available-for-sale investment gains, net of deferred tax, of RMB195 million (six months ended 30 June 2013: investment gains of RMB80 million and investment losses of RMB113 million) upon disposal from other comprehensive income into the condensed consolidated interim income statement.

(b) Other unlisted 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 2014, bank borrowings are secured by certain unlisted instruments with carrying amount of approximately RMB3,930 million (31 December 2013: RMB3,980 million) (Note 14(a)).

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

10. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Trade and bills receivables (a)	**64,976**	62,153
Less: provision for impairment	**(3,865)**	(3,802)
Trade and bill receivables – net	**61,111**	58,351
Prepayments	**19,769**	14,826
Retentions	**39,572**	36,710
Deposits	**20,543**	18,766
Other receivables	**19,780**	16,976
Staff advances	**1,145**	740
Long-term receivables	**46,210**	38,533
	208,130	184,902
Less: non-current portion		
– Retentions	**(21,656)**	(19,162)
– Deposits	**(4,302)**	(3,514)
– Long-term receivables	**(41,150)**	(31,012)
– Prepayments for equipment	**(1,613)**	(1,344)
	(68,721)	(55,032)
Current portion	**139,409**	129,870

Refer to Note 30(c) for receivables due from related parties.

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

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Within 6 months	**46,518**	48,147
6 months to 1 year	**8,194**	5,865
1 year to 2 years	**4,922**	4,762
2 years to 3 years	**2,981**	1,603
3 years to 4 years	**1,185**	846
4 years to 5 years	**430**	265
Over 5 years	**746**	665
	64,976	62,153

Majority of the Group's revenue is 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.

10. TRADE AND OTHER RECEIVABLES (Continued)

(b) The fair values of trade and other receivables are as follows:

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Trade and bills receivables	**61,111**	58,351
Retentions	**39,553**	36,741
Deposits	**20,543**	18,778
Other receivables	**19,780**	16,976
Staff advance	**1,145**	740
Long-term receivables	**46,210**	38,576
	188,342	170,162

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.

(c) 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 2014, relevant trade receivables, with recourse factoring clauses in the agreements, amounted to RMB2,284 million (31 December 2013: RMB1,922 million). In the opinion of Directors, such transactions did not qualify for derecognition of receivables and were accounted as secured borrowings (Note 14(a)). In addition, as at 30 June 2014, trade receivables of RMB10,768 million (31 December 2013: RMB13,293 million) had been transferred to the banks in accordance with relevant non-recourse factoring agreements. Relevant receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.

(d) During the year ended 31 December 2013, a subsidiary of the Group was involved in a product quality dispute arising from the ordinary business. In March 2014, a contractor exercised a letter of guarantee provided by the subsidiary and consequently EUR23.41 million (equivalent to approximately RMB197 million) in the subsidiary's bank account was deducted and passed to the contractor.

Having reviewed the claim and taking into account legal advice received, the subsidiary is planning to recover the amount from the contractor through legal procedures. Therefore, the amount has been recorded in "other receivables". The Directors do not consider the pending claim will give rise to any material adverse impact to the financial position of the Group.

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

11. CONTRACT WORK-IN-PROGRESS

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Contract costs incurred and recognised profit (less recognised losses)	**1,468,520**	1,224,864
Less: progress billings	**(1,402,759)**	(1,173,829)
Contract work-in-progress	**65,761**	51,035
Representing:		
Amounts due from customers for contract work	**83,957**	66,131
Amounts due to customers for contract work	**(18,196)**	(15,096)
	65,761	51,035

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Contract revenue recognised as revenue in the period	**142,881**	129,152

12. DERIVATIVE FINANCIAL INSTRUMENTS

	As at			
	30 June 2014		31 December 2013	
	Assets	**Liabilities**	Assets	Liabilities
	RMB million	**RMB million**	RMB million	RMB million
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Forward foreign exchange contracts				
– held for trading	**27**	**(41)**	121	(11)

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2014 were RMB4,894 million (31 December 2013: RMB3,957 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 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Restricted bank deposits	**7,177**	4,249

As at 30 June 2014, restricted bank deposits mainly included pledged bank deposits as securities for bank borrowings (Note 14 (a)) and deposits for issuance of bank acceptance notes, performance bonds and letters of credit to customers.

14. BORROWINGS

	Note	As at 30 June 2014 RMB million (Unaudited)	31 December 2013 RMB million (Audited)
Non-current			
Long-term bank borrowings			
– secured	(a)	**58,817**	48,296
– unsecured		**28,354**	17,625
		87,171	65,921
Other borrowings			
– secured	(a)	**1,531**	1,561
– unsecured		**1,936**	1,443
Corporate bonds	(b)	**19,841**	19,834
Medium term notes	(c)	**3,791**	3,797
Non-public debt instrument	(e)	**7,094**	4,294
Financial lease liabilities	(g)	**2,378**	2,307
Total non-current borrowings		**123,742**	99,157
Current			
Current portion of long-term bank borrowings			
– secured	(a)	**3,462**	4,893
– unsecured		**2,517**	2,630
		5,979	7,523
Short-term bank borrowings			
– secured	(a)	**16,841**	17,820
– unsecured		**64,645**	44,406
		81,486	62,226
Other borrowings			
– secured	(a)	**90**	117
– unsecured		**4,130**	2,860
Corporate bonds	(b)	**3,045**	2,509
Medium term notes	(c)	**77**	2,459
Debentures	(d)	**12,144**	7,152
Non-public debt instrument	(e)	**2,197**	2,122
Finance lease liabilities	(g)	**761**	850
Total current borrowings		**109,909**	87,818
Total borrowings		**233,651**	186,975

(a) As at 30 June 2014, these borrowings were secured by the Group's property, plant and equipment (Note 7), concession assets (Note 8), unlisted financial instruments (Note 9(b)), inventories, trade receivables (Note 10(c)), receivables to be recognised in the future according to sales and construction contracts, term deposits (Note 13), lease prepayment and guarantees provided by certain subsidiaries of the Group, the Company and third parties (31 December 2013: secured by the Group's property, plant and equipment, concession assets, unlisted financial instruments, inventories, trade receivables, receivables to be recognised in the future according to sales and construction contracts, term deposits, lease prepayment and guarantees provided by certain subsidiaries of the Group, the Company and third parties).

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 August 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. On 18 August 2014, the bonds of RMB2,100 million have been fully paid off.

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 4.0% per annum. As at 30 June 2014, these medium term notes have been fully paid off;

- 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 NAFMII, three tranches of debentures were issued in April, May and August 2013, respectively, at nominal values of RMB2,000 million, RMB2,000 million and RMB3,000 million, respectively, totalling RMB7,000 million, with maturities of 270 days from issuance. The interest rate is 3.75%, 3.85% and 4.60% per annum, respectively. As at 30 June 2014, these three tranches of debentures have been fully paid off.

- As approved by NAFMII, four tranches of debentures were issued in February, March, April, and June 2014, respectively, at nominal values of RMB3,000 million, RMB3,000 million, RMB3,000 million and RMB3,000 million, respectively, totalling RMB12,000 million, with maturities of 180 days, 270 days, 270 days and 270 days from issuance respectively. The interest rate is 5.50%, 5.20% and 5.05% and 4.80% per annum, respectively.

The debentures are stated at amortised cost.

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.

- A tranche of non-public debt instrument with a nominal value of RMB800 million in April 2013, with a maturity of five years from issuance, bearing interest at a rate of 6.00% per annum.

- A tranche of non-public debt instrument with a nominal value of RMB500 million in October 2013, with a maturity of five years from issuance, bearing interest at a rate of 6.65% per annum.

- A tranche of non-public debt instrument with a nominal value of RMB500 million in March 2014, with a maturity of three years from issuance, bearing interest at a rate of 7.10% per annum.

- A tranche of non-public debt instrument with a nominal value of RMB800 million in May 2014, with a maturity of three years from issuance, bearing interest at a rate of 6.35% per annum.

- A tranche of non-public debt instrument with a nominal value of RMB800 million in June 2014, with a maturity of three years from issuance, bearing interest at a rate of 7.00% per annum.

- A tranche of non-public debt instrument with a nominal value of RMB700 million in June 2014, with a maturity of three years from issuance, bearing interest at a rate of 6.50% 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) A customer of the Group has obtained a long term borrowing facility from a bank. The bank borrowing is effective 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 repayments 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 2014, 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 as of 30 June 2014 (31 December 2013: nil).

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

14. BORROWINGS (Continued)

(g) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Gross finance lease liabilities – minimum lease payments		
– No later than 1 year	**810**	882
– Later than 1 year and no later than 5 years	**2,144**	1,978
– Later than 5 years	**769**	915
	3,723	3,775
Future finance charges on finance leases	**(584)**	(618)
Present value of finance lease liabilities	**3,139**	3,157
The present value of finance lease liabilities is as follows:		
– No later than 1 year	**761**	850
– Later than 1 year and no later than 5 years	**1,686**	1,673
– Later than 5 years	**692**	634
	3,139	3,157

(h) Movement in borrowings is analysed as follows:

	RMB million
	(Unaudited)
Six months ended 30 June 2014	
Opening amount as at 1 January 2014	**186,975**
Proceeds from borrowings	**100,119**
Acquisition of subsidiaries	**3,015**
Finance lease liabilities	**401**
Repayments of borrowings, interests and finance lease liabilities	**(58,078)**
Net foreign exchange losses on borrowings (Note 21)	**175**
Accrued interest on borrowings	**1,044**
Closing amount as at 30 June 2014	**233,651**

	RMB million
	(Unaudited)
	(Restated)
Six months ended 30 June 2013	
Opening amount as at 1 January 2013	144,245
Proceeds from borrowings	61,510
Finance lease liabilities	293
Repayments of borrowings, interests and finance lease liabilities	(38,915)
Disposal of a subsidiary	(194)
Net foreign exchange gains on borrowings (Note 21)	(300)
Accrued interest on borrowings	937
Closing amount as at 30 June 2013	167,576

14. BORROWINGS (Continued)

(i) 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 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Carrying amount		
– Bank borrowings	**87,171**	65,921
– Others	**36,571**	33,236
	123,742	99,157
Fair value		
– Bank borrowings	**86,686**	65,224
– Others	**36,016**	32,643
	122,702	97,867

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Floating rate:		
– Expiring within one year	**119,830**	115,608
– Expiring beyond one year	**296,007**	294,741
	415,837	410,349

15. TRADE AND OTHER PAYABLES

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Trade and bills payables (a)	**125,923**	126,415
Advance from customers	**51,477**	43,127
Deposits from suppliers	**18,955**	15,308
Other taxes	**7,559**	6,854
Dividend payables	**2,768**	–
Social security	**1,069**	984
Accrued payroll	**439**	480
Accrued expenses	**257**	228
Others	**6,148**	6,794
	214,595	200,190
Less: non-current portion		
– Deposits from suppliers	**(5,543)**	(2,126)
Current portion	**209,052**	198,064

Refer to Note 30(c) for payables due to related parties.

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

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Within 1 year	**116,266**	115,799
1 year to 2 years	**5,924**	8,002
2 years to 3 years	**2,703**	1,595
Over 3 years	**1,030**	1,019
	125,923	126,415

16. EXPENSES BY NATURE

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
		(Restated)
Raw materials and consumables used	**47,112**	45,926
Subcontracting costs	**51,033**	42,561
Employee benefits expenses	**15,170**	13,492
Rentals	**6,923**	6,247
Business tax and other transaction taxes	**3,870**	3,607
Depreciation of property, plant and equipment and investment properties	**3,402**	3,568
Fuel	**2,993**	3,224
Cost of goods sold	**2,315**	1,768
Research and development costs	**1,017**	575
Repair and maintenance expenses	**900**	816
Utilities	**583**	642
Transportation costs	**557**	560
Insurance	**529**	117
Amortisation of intangible assets (Note 8)	**196**	132
Provision for foreseeable losses on construction contracts	**178**	62
Amortisation of lease prepayments	**105**	81
Write-down of inventories	**42**	127
(Reversal of)/provision for impairment of trade and other receivables	**(113)**	223
Others	**11,796**	9,315
Total cost of sales, selling and marketing expenses and administrative expenses	**148,608**	133,043

17. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Rental income	**152**	164
Dividend income on available-for-sale financial assets		
– Listed equity securities	**44**	436
– Unlisted equity investments	**87**	27
Government grants	**79**	62
Others	**325**	358
	687	1,047

18. OTHER GAINS, NET

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Gains on disposal of available-for-sale financial assets	**255**	175
Gains on disposal of property, plant and equipment	**71**	61
Gains on disposal of lease prepayments	**–**	75
Gains on disposal of a subsidiary	**–**	148
Gains on disposal of associates	**6**	–
(Losses)/gains on derivative financial instruments:		
– Foreign exchange forward contracts	**(102)**	44
Net foreign exchange gains/(losses)	**233**	(218)
Others	**(4)**	(1)
	459	284

19. OTHER EXPENSES

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Depreciation and other costs relating to assets being leased out	**63**	94
Provision for impairment of available-for-sale financial assets	**–**	150
Others	**172**	112
	235	356

20. FINANCE INCOME

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Interest income:		
– Bank deposits	**458**	280
– Unwinding of discount of long-term receivables	**994**	739
Others	**140**	53
	1,592	1,072

21. FINANCE COSTS, NET

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Interest expense incurred	**5,584**	3,832
Less: capitalised interest expense	**(1,357)**	(1,058)
Net interest expense	**4,227**	2,774
Representing:		
– Bank borrowings	**2,895**	1,663
– Other borrowings	**213**	95
– Corporate bonds	**565**	550
– Medium term notes	**77**	156
– Non-public debt instrument	**183**	123
– Finance lease liabilities	**116**	79
– Debentures	**178**	108
	4,227	2,774
Net foreign exchange losses/(gains) on borrowings (Note 14)	**175**	(300)
Others	**417**	387
	4,819	2,861

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 RMB1,357 million (six months ended 30 June 2013: RMB1,058 million) were capitalised in the six months period ended 30 June 2014, of which approximately RMB673 million was charged to contract work-in-progress, approximately RMB597 million was included in cost of concession assets, and approximately RMB87 million was included in cost of construction-in-progress (six months ended 30 June 2013: RMB340 million was charged to contract work-in-progress, RMB598 million was included in cost of concession assets, RMB116 million was included in cost of construction-in-progress, and RMB4 million was included in cost of property, plant and equipment). A general capitalisation rate of 4.37% per annum (six months ended 30 June 2013: 4.80%) was used, representing the costs of the borrowings used to finance the qualifying assets.

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% (2013: 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 15% (2013: 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% (2013: 16.5%) on the estimated assessable profit for the year.

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.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit.

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

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Current income tax		
– PRC enterprise income tax	**1,585**	1,512
– Others	**95**	51
	1,680	1,563
Deferred income tax	**65**	(110)
Income tax expense	**1,745**	1,453

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	
	2014	2013
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to owners of the Company (RMB million)	**6,020**	5,722
Weighted average number of ordinary shares in issue (millions)	**16,175**	16,175
Basic earnings per share (RMB per share)	**0.37**	0.35

(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 2014 and 2013.

24. OTHER RESERVES

	Capital reserve RMB million (Unaudited)	Statutory surplus reserve RMB million (Unaudited)	Remeasurement reserve RMB million (Unaudited)	Investment revaluation reserve RMB million (Unaudited)	Safety reserve RMB million (Unaudited)	Exchange reserve RMB million (Unaudited)	Total RMB million (Unaudited)
Balance at 1 January 2014	**464**	**2,516**	**8**	**7,015**	**1,448**	**(43)**	**11,408**
Changes in fair value of available-for-sale financial assets, net of deferred tax	**–**	**–**	**–**	**(735)**	**–**	**–**	**(735)**
Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**–**	**–**	**–**	**(104)**	**–**	**–**	**(104)**
Actuarial losses on retirement benefit obligations	**–**	**–**	**(76)**	**–**	**–**	**–**	**(76)**
Currency translation differences	**–**	**–**	**–**	**–**	**–**	**59**	**59**
Cash contribution from government	**20**	**–**	**–**	**–**	**–**	**–**	**20**
Share of other comprehensive income of a joint venture	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Transfer to safety reserve	**–**	**–**	**–**	**–**	**155**	**–**	**155**
Balance at 30 June 2014	**485**	**2,516**	**(68)**	**6,176**	**1,603**	**16**	**10,728**

	Capital reserve RMB million (Unaudited)	Statutory surplus reserve RMB million (Unaudited)	Remeasurement reserve RMB million (Unaudited)	Investment revaluation reserve RMB million (Unaudited)	Safety reserve RMB million (Unaudited)	Exchange reserve RMB million (Unaudited)	Total RMB million (Unaudited)
Balance at 1 January 2013	917	1,409	(124)	7,938	1,308	90	11,538
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	857	1,409	(124)	6,996	1,529	33	10,700

25. DIVIDENDS

A dividend in respect of the year ended 31 December 2013 of RMB0.18762 per ordinary share, totalling RMB3,035 million was approved by the Company's shareholders in the Annual General Meeting on 18 June 2014. As at 30 June 2014, 2013 final dividend was yet to be fully paid off.

No interim dividend for the six months ended 30 June 2014 was declared by the Board of Directors (six months ended 30 June 2013: nil).

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

(a) Cash flows from operating activities:

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
		(Restated)
Cash used in operations	**(14,593)**	(7,949)
Income tax paid	**(2,929)**	(2,673)
Net cash used in operating activities	**(17,522)**	(10,622)

(b) Cash flows from investing activities:

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Purchases of property, plant and equipment	**(3,966)**	(2,904)
Increase in lease prepayments	**(356)**	(123)
Purchases of intangible assets	**(12,845)**	(4,571)
Proceeds from disposal of property, plant and equipment	**330**	567
Proceeds from disposal of lease prepayments	**–**	77
Proceeds from disposal of intangible assets	**1**	–
Purchases of available-for-sale financial assets	**(7,821)**	(7,848)
Proceeds from disposal of a subsidiary	**–**	206
Investment in CCCC Finance Company Limited ("CCCC Finance")	**–**	(3,325)
Acquisition of subsidiaries	**(5,721)**	(925)
Additional investments in associates	**(1,224)**	(1,036)
Additional investments in joint ventures	**(139)**	(63)
Proceeds from disposal of available-for-sale financial assets	**4,384**	1,322
Proceeds from disposal of joint ventures	**3**	–
Proceeds from disposal of associates	**8**	–
Interest received	**573**	328
Proceeds from disposal of other financial assets at fair value through profit or loss	**18**	9
Proceeds from government grants related to assets	**633**	–
Dividends received	**122**	417
Net cash used in investing activities	**(26,000)**	(17,869)

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

(c) Cash flows from financing activities:

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
		(Restated)
Proceeds from borrowings	**100,119**	61,510
Repayments of borrowings	**(57,458)**	(38,517)
Interest paid	**(5,001)**	(3,280)
Changes in restricted bank deposits	**(2,895)**	456
Dividends paid to the Company's shareholders	**(267)**	–
Additional investments from minority shareholders of subsidiaries	**472**	36
Others	**(20)**	(10)
Net cash generated from financing activities	**34,950**	20,195

27. CONTINGENCIES

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Pending lawsuits (a)	**554**	439
Outstanding loan guarantees (b)	**401**	262
	955	701

(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 joint ventures and associates of the Group (refer to details in Note 30(d)).

28. CAPITAL COMMITMENTS

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

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Property, plant and equipment	**247**	1,857

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

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Property, plant and equipment	**4,331**	5,006
Intangible assets – concession assets	**84,585**	88,829
	88,916	93,835

29. BUSINESS COMBINATIONS

The Group acquired 45% equity interest in Sanya Phoenix Island International Cruise Terminal Development Co., Ltd. ("Phoenix Island Cruise Terminal") from Sanya Phoenix Island Investment Group Co., Ltd., a third party of the Group, for a total consideration of RMB1,000 million in cash. In addition, Sanya YuSheng Investment Co., Ltd. ("Sanya Yusheng"), a third party of the Group, who holds 10% equity interest in Phoenix Island Cruise Terminal, entrusts the Group to exercise the voting rights of 10% held by Sanya Yusheng. The acquisition was completed on 28 March 2014.

The Group holds 45% equity interest in Phoenix Island Cruise Terminal and the voting rights of 10% equity interest held by Sanya Yusheng, therefore the Group will hold the voting right of 55% in total and consolidate Phoenix Island Cruise Terminal upon the completion of the acquisition.

Upon the completion of the above acquisition, Phoenix Island Cruise Terminal acquired from Zhejiang Guodu Holding Co., Ltd. and Hainan Dayang Infrastructure Investment Co., Ltd., third parties of the Group, their 100% equity interests in Sanya Phoenix Island Development Co., Ltd. ("Phoenix Island Development") and Sanya Phoenix Island Real Estate Co., Ltd. ("Phoenix Island Real Estate") for a total consideration of RMB2,999 million and RMB962 million in cash, respectively. The acquisitions were completed on 9 April 2014 and 15 April 2014, respectively.

Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate are together referred as "Phoenix entities". The Phoenix entities are incorporated in Hainan province, PRC, and are primarily engaged in the infrastructure development in Phoenix island in Hainan province.

At respective acquisition dates, the fair value of the net assets and liabilities in Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate amounted to RMB1,681 million, RMB2,762 million and RMB363 million, respectively. The goodwill amounting to RMB244 million, RMB237 million and RMB599 million arising from the above acquisitions respectively are generated from the expected economic effects resulting from exploiting the platform of infrastructure developments in phoenix island in Hainan province.

The following tables summarise the consideration paid for Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate and the amounts of the assets acquired, liabilities assumed and the non-controlling interests recognised at the acquisition dates.

29. BUSINESS COMBINATIONS (Continued)

(a) Acquisition of Phoenix Island Cruise Terminal

	At 28 March 2014 RMB million
Purchase consideration	
– cash paid	1,000

Amounts of identifiable assets acquired, liabilities assumed and non-controlling interests recognised:

Property, plant and equipment	2,124
Lease prepayments	236
Trade and other receivables	24
Trade and other payables	(161)
Deferred income tax liabilities	(542)
Total identifiable net assets	1,681
Non-controlling interest	(925)
Goodwill (Note 8)	244
	1,000

The fair value of trade and other receivables is RMB24 million and includes trade receivables with a fair value of RMB5 million. The gross contractual amount for trade receivables due is RMB5 million, none of the receivables is expected to be uncollectible.

The Group has chosen to recognise the non-controlling interest at the proportion of net assets acquired shared by the non-controlling interests.

(b) Acquisition of Phoenix Island Development

	At 9 April 2014 RMB million
Purchase consideration	
– cash paid	2,999

Amounts of identifiable assets acquired and liabilities assumed:

Cash and cash equivalents	167
Inventories	6,342
Trade and other receivables	1,405
Deferred income tax assets	156
Borrowings	(2,055)
Trade and other payables	(898)
Current income tax liabilities	(407)
Deferred income tax liabilities	(1,948)
Total identifiable net assets	2,762
Goodwill (Note 8)	237
	2,999

The fair value of trade and other receivables is RMB1,405 million and includes trade receivables with a fair value of RMB116 million. The gross contractual amount for trade receivables due is RMB116 million, none of the receivables is expected to be uncollectible.

29. BUSINESS COMBINATIONS (Continued)

(c) Acquisition of Phoenix Island Real Estate

	At 15 April 2014 RMB million
Purchase consideration	
– cash paid	**962**

Amounts of identifiable assets acquired and liabilities assumed:

Inventories	**997**
Trade and other receivables	**4**
Trade and other payables	**(39)**
Deferred income tax liabilities	**(599)**
Total identifiable net assets	**363**
Goodwill (Note 8)	**599**
	962

The fair value of trade and other receivables is RMB4 million and no trade receivables included.

The total acquisition-related costs for Phoenix Island Cruise Terminal, Phoenix Island Development and Phoenix Island Real Estate are RMB7 million, which have been included in administrative expenses in the condensed consolidated interim income statement for the period ended 30 June 2014.

Net cash outflow in respect of the acquisition of the Phoenix entities is analysed as follows:

Purchase consideration	
– cash paid	**4,961**
Less: Cash and cash equivalents in acquired subsidiaries	**(167)**
Net cash outflow on acquisition	**4,794**

The acquired businesses contributed revenue of RMB3 million and net losses of RMB73 million to the Group for the period from acquisition dates to 30 June 2014. If the acquisition had occurred on 1 January 2014, consolidated revenue and consolidated losses for the six months period ended 30 June 2014 would have been RMB364 million and RMB391 million respectively.

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 2014 and balances arising from related party transactions as at 30 June 2014.

(a) Related party transactions

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

	Six months ended 30 June	
	2014	2013
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Transactions with CCCG		
– Rental expenses	**25**	25
– Property maintenance expenses	**26**	26
– Deposits placed with CCCC Finance and interest income	**1**	–
Transactions with fellow subsidiaries		
– Revenue from provision of construction services	**406**	480
– Deposits placed with CCCC Finance and interest income	**453**	–
– Other costs	**1**	3
Transactions with joint ventures and associates		
– Revenue from provision of construction services	**1,850**	1,260
– Subcontracting fee charges	**506**	452
– Purchase of materials	**56**	61
– Services charges	**5**	60
– Other costs	**4**	–
– Revenue from rental income	**2**	–
– Sales of machinery	**–**	4
– Disposal of property, plant and equipment	**–**	381

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

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

30. RELATED-PARTY TRANSACTIONS (Continued)

(b) Key management compensation

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Basic salaries, housing allowances and other allowances	**3,614**	3,283
Contributions to pension plans	**263**	228
Others	**444**	273
	4,321	3,784

(c) Balances with related parties

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
	(Unaudited)	(Audited)
Trade and other receivables		
Trade receivables due from		
– Fellow subsidiaries	**447**	346
– Joint ventures and associates	**642**	813
Long-term receivables due from		
– Joint ventures and associates	**122**	89
Prepayments to		
– Joint ventures and associates	**9**	64
Other receivables due from		
– Joint ventures and associates	**809**	570
	2,029	1,882
Trade and other payables		
Trade and bills payables due to		
– Fellow subsidiaries	**2**	1
– Joint ventures and associates	**563**	683
Advanced from customers with		
– Joint ventures and associates	**1,091**	972
Dividend payables due to		
– CCCG	**1,937**	–
Other payables due to		
– CCCG	**941**	943
– Fellow subsidiaries	**254**	652
– Joint ventures and associates	**38**	49
	4,826	3,300
Amounts due from customers for contract work with		
– Joint ventures and associates	**568**	253
Amounts due to customers for contract work with		
– Joint ventures and associates	**85**	117

30. RELATED-PARTY TRANSACTIONS (Continued)

(d) Guarantees

	As at 30 June 2014 RMB million (Unaudited)	As at 31 December 2013 RMB million (Audited)
Outstanding loan guarantees provided by the Group to		
– Joint ventures	**167**	143
– Associates	**234**	119
Outstanding bond guarantees provided by CCCG to the Company	**22,885**	22,343

(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 2014 RMB million (Unaudited)	Six months ended 30 June 2013 RMB million (Unaudited)
Transactions with other government-related entities		
– Interest from bank deposits	**223**	248
– Interest on bank borrowings	**3,858**	2,491

	As at 30 June 2014 RMB million (Unaudited)	As at 31 December 2013 RMB million (Audited)
Balances with other government-related entities		
– Restricted bank deposits	**5,231**	3,559
– Cash and cash equivalents	**56,946**	53,309
	62,177	56,868
– Borrowings	**168,182**	131,606

31. SUBSEQUENT EVENTS

As approved by NAFMII, a tranche of debentures was issued on 8 August 2014, at a nominal value of RMB3,000 million, with maturity of 270 days from issuance. The interest rate is 4.68% per annum.