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To the board of directors of China Communications Construction Company Limited
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 34 to 77, which comprises the condensed consolidated statement of financial position of China Communications Construction Company Limited (the "Company") and its subsidiaries as at 30 June 2016 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
30 August 2016

Interim condensed consolidated statement of profit or loss

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 Unaudited RMB million	2015 Unaudited RMB million
Revenue	4	**182,313**	175,775
Cost of sales	5	**(160,279)**	(157,229)
Gross profit		**22,034**	18,546
Other income	4	**1,902**	1,301
Other gains, net	4	**148**	683
Selling and marketing expenses	5	**(347)**	(284)
Administrative expenses	5	**(10,047)**	(8,445)
Other expenses		**(444)**	(292)
Operating profit	3	**13,246**	11,509
Finance income	6	**1,769**	1,583
Finance costs, net	7	**(5,291)**	(4,531)
Share of profits of joint ventures		**12**	17
Share of profits and losses of associates		**(51)**	104
Profit before income tax		**9,685**	8,682
Income tax expense	8	**(2,273)**	(1,815)
Profit for the period		**7,412**	6,867
Attributable to:			
– Owners of the parent		**7,258**	6,812
– Non-controlling interests		**154**	55
		7,412	6,867
Earnings per share for profit attributable to ordinary equity holders of the parent (expressed in RMB per share)			
– Basic	10	**0.40**	0.41
– Diluted	10	**0.40**	0.41

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2016

	For the six months ended 30 June 2016 Unaudited RMB million	2015 Unaudited RMB million
Profit for the period	**7,412**	6,867
Other comprehensive income		
Other comprehensive income not to be reclassified subsequently to profit or loss in subsequent periods (net of tax):		
Actuarial (losses)/gains on retirement benefit obligations	**(9)**	1
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Changes in fair value of available-for-sale investments		
– (Losses)/gains arising during the period	**(1,194)**	1,486
– Release of investment revaluation reserve upon disposal of available-for-sale investments	**(43)**	(522)
Cash flow hedges	**3**	14
Share of other comprehensive income of a joint venture	**4**	(1)
Exchange differences on translation of foreign operations	**498**	(275)
Other comprehensive income for the period, net of tax	**(741)**	703
Total comprehensive income for the period	**6,671**	7,570
Attributable to:		
– Owners of the parent	**6,520**	7,538
– Non-controlling interests	**151**	32
	6,671	7,570

Interim condensed consolidated statement of financial position

30 June 2016

	Notes	30 June 2016 Unaudited RMB million	31 December 2015 Audited RMB million
Non-current assets			
Property, plant and equipment	11	**69,439**	67,973
Prepaid land lease payments		**10,048**	10,036
Investment properties		**1,986**	2,045
Intangible assets	12	**155,784**	141,345
Investments in joint ventures		**2,098**	1,967
Investments in associates		**10,923**	10,622
Deferred tax assets		**4,551**	4,169
Available-for-sale investments	13	**20,722**	22,322
Trade and other receivables	14	**70,091**	77,816
Held-to-maturity investments		**286**	280
Total non-current assets		**345,928**	338,575
Current assets			
Inventories		**54,017**	51,904
Trade and other receivables	14	**188,809**	167,914
Amounts due from contract customers	15	**81,292**	74,645
Financial assets at fair value through profit or loss		**109**	143
Available-for-sale investments	13	**100**	46
Derivative financial instruments	16	**46**	9
Pledged deposits and term deposits with an initial term of over three months	17	**6,773**	3,117
Cash and cash equivalents		**81,333**	94,960
Total current assets		**412,479**	392,738
Current liabilities			
Trade and other payables	19	**255,864**	257,379
Amounts due to contract customers	15	**22,948**	25,499
Current income tax liabilities		**2,531**	3,197
Interest-bearing bank and other borrowings	18	**96,243**	86,605
Derivative financial instruments	16	**131**	134
Retirement benefit obligations		**99**	113
Provisions		**167**	153
Total current liabilities		**377,983**	373,080
Net current assets		**34,496**	19,658
Total assets less current liabilities		**380,424**	358,233

	Notes	**30 June 2016 Unaudited RMB million**	31 December 2015 Audited RMB million
Total assets less current liabilities		**380,424**	358,233
Non-current liabilities			
Interest-bearing bank and other borrowings	18	**187,503**	168,578
Deferred income		**2,996**	4,396
Deferred tax liabilities		**7,352**	7,543
Retirement benefit obligations		**1,553**	1,589
Trade and other payables	19	**7,962**	7,121
Total non-current liabilities		**207,366**	189,227
Net assets		**173,058**	169,006
Equity			
Equity attributable to owners of the parent			
Share capital		**16,175**	16,175
Share premium		**19,656**	19,656
Financial instruments classified as equity		**19,431**	19,431
Reserves	20	**93,885**	91,462
		149,147	146,724
Non-controlling interests		**23,911**	22,282
Total equity		**173,058**	169,006

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2016

	Attributable to owners of the parent							
	Share capital RMB million	Share premium RMB million	Financial instruments classified as equity RMB million	Other reserve RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
As at 1 January 2016	**16,175**	**19,656**	**19,431**	**21,935**	**69,527**	**146,724**	**22,282**	**169,006**
Profit for the period	–	–	–	–	7,258	7,258	154	7,412
Other comprehensive income for the period:								
Changes in fair value of available-for-sale investments, net of tax	–	–	–	(1,182)	–	(1,182)	(12)	(1,194)
Release of investment revaluation reserve upon disposal of available-for-sale investments, net of tax	–	–	–	(43)	–	(43)	–	(43)
Cash flow hedges, net of tax	–	–	–	3	–	3	–	3
Share of other comprehensive income of a joint venture	–	–	–	4	–	4	–	4
Actuarial losses on retirement benefit obligations, net of tax	–	–	–	(9)	–	(9)	–	(9)
Exchange differences on translation of foreign operations	–	–	–	489	–	489	9	498
Total comprehensive income for the period	–	–	–	(738)	7,258	6,520	151	6,671
Final 2015 dividend declared	–	–	–	–	(3,079)	(3,079)	–	(3,079)
Interests on perpetual medium-term notes	–	–	–	–	(300)	(300)	–	(300)
Dividends on preference shares	–	–	–	–	(718)	(718)	–	(718)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(216)	(216)
Capital contribution from non-controlling interests	–	–	–	–	–	–	1,707	1,707
Acquisition of a subsidiary	–	–	–	–	–	–	75	75
Disposal of subsidiaries	–	–	–	–	–	–	(88)	(88)
Transfer to safety production reserve	–	–	–	240	(240)	–	–	–
As at 30 June 2016 (unaudited)	**16,175**	**19,656**	**19,431**	**21,437**	**72,448**	**149,147**	**23,911**	**173,058**

	Attributable to owners of the parent							
	Share capital RMB million	Share premium RMB million	Financial instruments classified as equity RMB million	Other reserve RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
As at 1 January 2015	16,175	19,656	4,986	18,200	57,514	116,531	15,081	131,612
Profit for the period	–	–	–	–	6,812	6,812	55	6,867
Other comprehensive income for the period:								
Changes in fair value of available-for-sale investments, net of tax	–	–	–	1,342	–	1,342	144	1,486
Release of investment revaluation reserve upon disposal of available-for-sale investments, net of tax	–	–	–	(358)	–	(358)	(164)	(522)
Cash flow hedges, net of tax	–	–	–	14	–	14	–	14
Share of other comprehensive income of a joint venture	–	–	–	(1)	–	(1)	–	(1)
Actuarial gains on retirement benefit obligations, net of tax	–	–	–	1	–	1	–	1
Exchange differences on translation of foreign operations	–	–	–	(272)	–	(272)	(3)	(275)
Total comprehensive income for the period	–	–	–	726	6,812	7,538	32	7,570
Final 2014 dividend declared	–	–	–	–	(2,778)	(2,778)	–	(2,778)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(110)	(110)
Capital contribution from non-controlling interests	–	–	–	–	–	–	540	540
Financial instruments classified as equity	–	–	(23)	–	–	(23)	6,706	6,683
Cash contribution from the government	–	–	–	1,216	–	1,216	–	1,216
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	–	–	–	(15)	(39)	(54)	(1)	(55)
Transfer to safety production reserve	–	–	–	334	(334)	–	–	–
As at 30 June 2015 (unaudited)	16,175	19,656	4,963	20,461	61,175	122,430	22,248	144,678

Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB million	RMB million
Cash flows from operating activities		
Cash used in operations	**(12,305)**	(4,924)
Income tax paid	**(3,278)**	(2,952)
Net cash flows used in operating activities	**(15,583)**	(7,876)
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(4,610)**	(3,917)
Additions to prepaid land lease payments	**(145)**	(562)
Purchases of intangible assets	**(16,970)**	(16,874)
Purchase of investment properties	**–**	(2)
Proceeds from disposal of items of property, plant and equipment	**185**	234
Proceeds from disposal of prepaid land lease payments	**83**	123
Proceeds from disposal of intangible assets	**1**	7
Purchases of available-for-sale investments	**(546)**	(4,120)
Purchases of senior perpetual capital securities	**(663)**	–
Purchases of financial assets at fair value through profit or loss	**(1)**	–
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	**–**	(55)
Acquisition of subsidiaries	**(77)**	(3,735)
Additional investments in associates	**(403)**	(426)
Additional investments in joint ventures	**(7)**	(40)
Proceeds from disposal of available-for-sale investments	**530**	7,783
Proceeds from disposal of associates	**–**	88
Disposal of subsidiaries	**(127)**	–
Interest received	**343**	472
Proceeds from disposal of financial assets at fair value through profit or loss	**–**	39
Proceeds from withdrawal upon maturity of held-to-maturity investments	**18**	–
Changes in term deposits with an initial term of over three months	**(2,625)**	–
Receipt of government grants	**724**	743
Dividends received	**329**	91
Net cash flows used in investing activities	**(23,961)**	(20,151)
Cash flows from financing activities		
Proceeds from borrowings	**100,322**	93,362
Repayments of borrowings	**(70,770)**	(63,463)
Interest paid	**(4,281)**	(6,076)
Changes in pledged deposits	**(863)**	92
Dividends paid to equity holders of the parent	**(269)**	(245)
Dividends paid to non-controlling interests of subsidiaries	**(223)**	(139)
Proceeds from issuance of unsubordinated guaranteed perpetual securities by a subsidiary	**–**	6,683
Capital contribution from non-controlling interests	**1,706**	540
Cash contribution from the government	**–**	1,216
Net cash flows generated from financing activities	**25,622**	31,970
Net (decrease)/increase in cash and cash equivalents	**(13,922)**	3,943
Cash and cash equivalents at 1 January	**94,960**	71,823
Effect of foreign exchange rate changes, net	**295**	(293)
Cash and cash equivalents at 30 June	**81,333**	75,473

1. CORPORATE AND GROUP INFORMATION

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

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

The interim condensed consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim financial reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new and revised standards effective as of 1 January 2016. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

The Group has adopted the following new and revised standards for the first time for the financial statements.

	Effective for accounting periods beginning on or after
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendment to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendment to IAS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Annual Improvements 2012-2014 Cycle	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to IAS 1 *Disclosure Initiative*	1 January 2016

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRSs. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any material impact on the Group.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any material impact on the Group.

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 *Agriculture*. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not have any bearer plants.

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRSs and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRSs electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendments clarify that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendments must be applied prospectively.

IFRS 7 *Financial Instruments: Disclosures*

(i) Servicing contracts

The amendments clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendments clarify that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendments must be applied retrospectively.

IAS 19 *Employee Benefits*

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 *Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any material impact on the Group.

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements*. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any material impact on the Group.

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1
- that specific line items in the statement of profit or loss, the statement of comprehensive income and the statement of financial position may be disaggregated
- that entities have flexibility as to the order in which they present the notes to financial statements
- that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position, the statement of profit or loss and the statement of other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group.

3. OPERATING SEGMENT INFORMATION

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

The President Office considers the business from the service and product perspectives. Management assesses the performance of the following 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) manufacture 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 interim condensed consolidated financial statements.

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

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

Segment assets consist primarily of property, plant and equipment, prepaid land lease payments, investment properties, intangible assets, inventories, receivables, amounts due from contract customers, and cash and cash equivalents. They exclude deferred taxation, investments, available-for-sale investments, held-to-maturity investments, financial assets at fair value through profit or loss and derivative financial instruments.

Segment liabilities comprise primarily payables and amounts due to contract customers. They exclude taxation, borrowings and derivative financial instruments.

Capital expenditure comprises mainly additions to property, plant and equipment (Note 11), prepaid land lease payments, investment properties and intangible assets (Note 12).

3. OPERATING SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2016 and other segment information included in the unaudited interim condensed consolidated financial statements are as follows:

	For the six months ended 30 June 2016						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Others RMB million	Eliminations RMB million	Total RMB million
Total gross segment revenue	152,283	9,973	12,393	11,938	2,449	(6,723)	182,313
Inter-segment revenue	(2,109)	(1,140)	(1,944)	(855)	(675)	6,723	–
Revenue	150,174	8,833	10,449	11,083	1,774	–	182,313
Segment results	10,679	1,097	1,275	769	53	(771)	13,102
Unallocated income							144
Operating profit							13,246
Finance income							1,769
Finance costs, net							(5,291)
Share of profits of joint ventures							12
Share of losses of associates							(51)
Profit before income tax							9,685
Income tax expense							(2,273)
Profit for the period							7,412
Other segment information							
Depreciation	2,757	89	453	621	66	–	3,986
Amortisation	390	18	12	60	37	–	517
Reversal of provision against inventories	–	–	–	(35)	–	–	(35)
Provision for foreseeable losses on construction contracts	141	–	–	195	–	–	336
Provision for impairment of trade and other receivables	482	47	42	93	439	–	1,103
Capital expenditure	21,548	154	535	539	49	–	22,825

3. OPERATING SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2015 and other segment information included in the unaudited interim condensed consolidated financial statements are as follows:

	For the six months ended 30 June 2015						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Others RMB million	Eliminations RMB million	Total RMB million
Total gross segment revenue	150,049	9,498	15,510	10,873	1,639	(11,794)	175,775
Inter-segment revenue	(2,167)	(256)	(8,808)	(269)	(294)	11,794	–
Revenue	147,882	9,242	6,702	10,604	1,345	–	175,775
Segment results	7,788	1,047	1,526	783	164	(25)	11,283
Unallocated income							226
Operating profit							11,509
Finance income							1,583
Finance costs, net							(4,531)
Share of profits of joint ventures							17
Share of profits of associates							104
Profit before income tax							8,682
Income tax expense							(1,815)
Profit for the period							6,867
Other segment information							
Depreciation	2,440	96	441	629	17	–	3,623
Amortisation	282	14	14	46	23	–	379
Write-down of inventories	–	–	–	18	–	–	18
Provision for foreseeable losses on construction contracts	41	–	21	142	–	–	204
Provision for impairment of trade and other receivables	65	53	379	87	6	–	590
Provision for impairment of fixed assets	5	–	–	–	–	–	5
Capital expenditure	30,598	141	983	948	64	–	32,734

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

The segment assets and liabilities at 30 June 2016 are as follows:

	As at 30 June 2016						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Others RMB million	Eliminations RMB million	Total RMB million
Segment assets	536,737	25,799	61,916	59,430	25,946	(28,533)	681,295
Investments in joint ventures							2,098
Investments in associates							10,923
Unallocated assets							64,091
Total assets							758,407
Segment liabilities	256,519	16,579	24,956	15,076	775	(28,444)	285,461
Unallocated liabilities							299,888
Total liabilities							585,349

Segment assets and liabilities at 30 June 2016 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	681,295	285,461
Investments in joint ventures	2,098	–
Investments in associates	10,923	–
Unallocated:		
Deferred income tax assets/liabilities	4,551	7,352
Current income tax liabilities	–	2,531
Current borrowings	–	96,243
Non-current borrowings	–	187,503
Available-for-sale investments	20,822	–
Held-to-maturity investments	286	–
Financial assets at fair value through profit or loss	109	–
Derivative financial instruments	46	131
Cash and other corporate assets/corporate liabilities	38,277	6,128
Total	758,407	585,349

3. OPERATING SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2015 are as follows:

	As at 31 December 2015						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy Machinery RMB million	Others RMB million	Eliminations RMB million	Total RMB million
Segment assets	502,171	22,931	61,320	58,323	20,747	(24,419)	641,073
Investments in joint ventures							1,967
Investments in associates							10,622
Unallocated assets							77,651
Total assets							731,313
Segment liabilities	255,770	15,219	24,061	14,826	1,338	(23,969)	287,245
Unallocated liabilities							275,062
Total liabilities							562,307

Segment assets and liabilities at 31 December 2015 are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	641,073	287,245
Investments in joint ventures	1,967	–
Investments in associates	10,622	–
Unallocated:		
Deferred income tax assets/liabilities	4,169	7,543
Current income tax liabilities	–	3,197
Current borrowings	–	86,605
Non-current borrowings	–	168,578
Available-for-sale investments	22,368	–
Financial assets at fair value through profit or loss	143	–
Derivative financial instruments	9	134
Cash and other corporate assets/corporate liabilities	50,962	9,005
Total	731,313	562,307

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2016	2015
	RMB million	RMB million
Mainland China	**142,852**	143,736
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	**39,461**	32,039
	182,313	175,775

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

Revenue from the individual countries or regions other than the PRC was not material during the six months ended 30 June 2016 and 2015.

(b) Non-current assets

	30 June 2016	31 December 2015
	RMB million	RMB million
Mainland China	**221,422**	207,392
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	**15,835**	14,007
	237,257	221,399

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

Non-current assets in the individual countries or regions other than the PRC are not material as at 30 June 2016 and 31 December 2015.

Information about a major customer

No revenue was derived from services or sales to a single customer accounted for 10% or more of the Group's revenue, including services or sales to a group of entities which are known to be under common control with that customer during the six months ended 30 June 2016 and 2015.

4. REVENUE, OTHER INCOME AND OTHER GAINS, NET

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

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

	For the six months ended 30 June	
	2016	2015
	RMB million	RMB million
Revenue		
Construction	**152,283**	150,049
Design	**9,973**	9,498
Dredging	**12,393**	15,510
Heavy Machinery	**11,938**	10,873
Others	**2,449**	1,639
Eliminations	**(6,723)**	(11,794)
	182,313	175,775
Other income		
Rental income	**298**	175
Dividend income on available-for-sale investments		
– Listed equity securities	**313**	415
– Unlisted equity investments	**5**	6
Government grants	**276**	146
Income from sale of waste and materials	**279**	359
Others	**731**	200
	1,902	1,301
Other gains, net		
Gains on disposal of available-for-sale investments	**84**	982
Gains on disposal of items of property, plant and equipment	**–**	23
Losses on disposal of prepaid land lease payments	**–**	(2)
Gains on disposal of associates	**7**	74
(Losses)/gains on derivative financial instruments:		
– Foreign exchange forward contracts	**(33)**	96
Net foreign exchange gains/(losses)	**51**	(551)
Others	**39**	61
	148	683

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016	2015
	RMB million	RMB million
Cost of sales		
Construction	**135,214**	136,834
Design	**8,024**	7,631
Dredging	**10,555**	13,254
Heavy Machinery	**10,316**	9,795
Others	**2,057**	1,484
Eliminations	**(5,887)**	(11,769)
	160,279	157,229
Subcontracting costs	**61,966**	54,783
Raw materials and consumables used	**51,557**	50,538
Employee benefit expenses	**19,044**	18,061
Lease expenses under operating lease	**6,050**	8,750
Fuel	**1,825**	2,817
Business tax and other transaction tax	**617**	4,397
Depreciation of property, plant and equipment and investment properties	**3,986**	3,623
Amortisation of intangible assets	**397**	275
Amortisation of prepaid land lease payments	**120**	104
Provision for impairment of trade and other receivables	**1,103**	590
(Reversal)/write-down of inventories	**(35)**	18
Provision for foreseeable losses on construction contracts	**336**	204
Research and development costs	**2,312**	1,752
Repair and maintenance expenses	**713**	1,525
Interest income	**(1,373)**	(1,483)
Government grant	**(276)**	(146)
Dividend income on available-for-sale investments	**(318)**	(421)
Gain on disposal of available- for-sale investments	**(84)**	(982)
Gain on disposal of associates	**(7)**	(74)
Foreign exchange differences, net	**330**	437

6. FINANCE INCOME

	For the six months ended 30 June	
	2016	2015
	RMB million	RMB million
Interest income:		
– Bank deposits	**351**	314
– Unwinding of discount of long-term receivables	**1,022**	1,169
Others	**396**	100
	1,769	1,583

7. FINANCE COSTS, NET

	For the six months ended 30 June	
	2016	2015
	RMB million	RMB million
Total interest expense	**6,428**	5,992
Less: Interest capitalised	**(1,736)**	(1,522)
Net interest expense	**4,692**	4,470
Net foreign exchange losses/(gains) on borrowings	**381**	(114)
Others	**218**	175
	5,291	4,531

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 RMB1,736 million (six months ended 30 June 2015: RMB1,522 million) were capitalised in the six months ended 30 June 2016, of which approximately RMB673 million was charged to contract work-in-progress, approximately RMB996 million was included in the cost of concession assets, and approximately RMB67 million was included in the cost of construction-in-progress (six months ended 30 June 2015: RMB451 million was charged to contract work-in-progress, approximately RMB1,004 million was included in the cost of concession assets, and approximately RMB67 million was included in the cost of construction-in-progress). A general capitalisation rate of 4.84% per annum (six months ended 30 June 2015: 5.30%) was used, representing the costs of the borrowings used to finance the qualifying assets.

8. INCOME TAX

Most of the companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2015: 25%) of the assessable income of each of these companies during the period as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries of the Company, which were exempted from tax or taxed at a preferential rate of 15% (2015: 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% (2015: 16.5%) on the estimated assessable profit for the period.

Taxation for other companies of the Group has been calculated on the estimated assessable profit for the six months ended 30 June 2016 at the appropriate rates of taxation prevailing in the jurisdictions in which these companies operate.

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

	For the six months ended 30 June	
	2016	2015
	RMB million	RMB million
Current income tax		
– PRC enterprise income tax	**2,217**	2,136
– Others	**232**	121
	2,449	2,257
Deferred income tax	**(176)**	(442)
Income tax expense	**2,273**	1,815

9. DIVIDENDS

A dividend in respect of the year ended 31 December 2015 of RMB0.19037 (including tax) per ordinary share, totalling RMB3,079 million was approved by the Company's shareholders in the annual general meeting on 16 June 2016.

The above approval has triggered the mandatory clauses about distribution of interest/dividend relating to perpetual medium-term notes and preference shares issued by the Company, totalling RMB300 million and RMB718 million respectively.

No interim dividend for the six months ended 30 June 2016 was declared by the Board of Directors (six months ended 30 June 2015: nil).

10. EARNINGS PER SHARE

(a) Basic

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

	For the six months ended 30 June	
	2016	2015
Profit attributable to ordinary equity holders of the parent (RMB million)	**7,258**	6,812
Less: Distribution relating to perpetual medium-term notes (RMB million) (Note i)	**(150)**	(150)
Distribution relating to preference share (RMB million) (Note ii)	**(718)**	–
Profit used to determine basic earnings per share (RMB million)	**6,390**	6,662
Weighted average number of ordinary shares in issue (million)	**16,175**	16,175
Basic earnings per share (RMB per share)	**0.40**	0.41

(i) The medium-term notes (the "MTN") issued by the Company on 18 December 2014 were classified as equity instruments with deferrable accumulative interest distribution and payment. Interest on the MTN which has been generated but not declared from 1 January 2016 to 30 June 2016 was deducted from earnings when calculating the earnings per share amount for the six months ended 30 June 2016.

(ii) The preference shares issued by the Company in September 2015 and October 2015 were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. Dividend of RMB718 million on the preference shares was deducted from earnings when calculating the earnings per share amount for the six months ended 30 June 2016.

(b) Diluted

The diluted earnings per share amount was the same as the basic earnings per share amount as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2016 and 2015.

11. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June 2016					
	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 2016, net of accumulated depreciation and impairment	**15,693**	**12,361**	**23,742**	**2,985**	**13,192**	**67,973**
Additions	**259**	**924**	**311**	**870**	**2,954**	**5,318**
Disposals	**(5)**	**(47)**	**(34)**	**(27)**	**(161)**	**(274)**
Acquisition of a subsidiary	**65**	**–**	**–**	**–**	**112**	**177**
Transfer	**266**	**382**	**525**	**37**	**(1,210)**	**–**
Transferred from investment properties	**164**	**–**	**–**	**–**	**–**	**164**
Depreciation provided during the period	**(356)**	**(1,452)**	**(1,032)**	**(1,121)**	**–**	**(3,961)**
Exchange realignment	**7**	**19**	**14**	**2**	**–**	**42**
At 30 June 2016, net of accumulated depreciation and impairment	**16,093**	**12,187**	**23,526**	**2,746**	**14,887**	**69,439**
At 30 June 2016						
Cost	**21,796**	**28,516**	**46,937**	**11,079**	**14,887**	**123,215**
Accumulated depreciation and impairment	**(5,703)**	**(16,329)**	**(23,411)**	**(8,333)**	**–**	**(53,776)**
Net carrying amount	**16,093**	**12,187**	**23,526**	**2,746**	**14,887**	**69,439**

	For the six months ended 30 June 2015					
	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 2015, net of accumulated depreciation and impairment	14,691	11,922	22,773	2,604	11,387	63,377
Additions	42	1,061	406	807	2,739	5,055
Disposals	(7)	(136)	(46)	(22)	–	(211)
Acquisition of a subsidiary	102	869	51	18	22	1,062
Transfer	2,156	(30)	865	23	(3,014)	–
Transferred from investment properties	2	–	–	–	–	2
Transferred from prepaid land lease payments	–	–	–	–	276	276
Depreciation provided during the period	(338)	(1,217)	(1,012)	(1,036)	–	(3,603)
Exchange realignment	(7)	(55)	(3)	(1)	–	(66)
Transferred to assets of a disposal group classified as held for sale	(203)	(64)	(1)	(1)	(27)	(296)
At 30 June 2015, net of accumulated depreciation and impairment	16,438	12,350	23,033	2,392	11,383	65,596
At 30 June 2015						
Cost	21,690	26,965	44,808	9,531	11,383	114,377
Accumulated depreciation and impairment	(5,252)	(14,615)	(21,775)	(7,139)	–	(48,781)
Net carrying amount	16,438	12,350	23,033	2,392	11,383	65,596

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Bank borrowings were secured by certain property, plant and equipment with an aggregate carrying amount of approximately RMB590 million (31 December 2015: RMB772 million) (Note 18(a)).

As at 30 June 2016, the Group is in the process of applying for the registration of the ownership certificates for certain of its properties with an aggregate carrying amount of approximately RMB4,208 million (31 December 2015: RMB3,931 million). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

The net carrying amount of the Group's fixed assets held under finance leases in the carrying amount of vessels and machinery at 30 June 2016 was RMB4,178 million (31 December 2015: RMB4,379 million).

12. INTANGIBLE ASSETS

	For the six months ended 30 June 2016					
	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 2016, net of accumulated amortisation and impairment	**134,056**	**6,016**	**913**	**235**	**125**	**141,345**
Additions	**16,737**	**–**	**3**	**84**	**37**	**16,861**
Transfer out/ disposals	**(2,229)**	**–**	**–**	**(5)**	**–**	**(2,234)**
Amortisation provided during the period (Note 5)	**(328)**	**–**	**(8)**	**(39)**	**(22)**	**(397)**
Exchange realignment	**–**	**209**	**–**	**–**	**–**	**209**
At 30 June 2016, net of accumulated amortisation and impairment	**148,236**	**6,225**	**908**	**275**	**140**	**155,784**
At 30 June 2016						
Cost	**150,020**	**6,275**	**1,107**	**531**	**316**	**158,249**
Accumulated amortisation and impairment	**(1,784)**	**(50)**	**(199)**	**(256)**	**(176)**	**(2,465)**
Net carrying amount	**148,236**	**6,225**	**908**	**275**	**140**	**155,784**

12. INTANGIBLE ASSETS (Continued)

	For the six months ended 30 June 2015					
	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 2015, net of accumulated amortisation	88,382	1,537	198	125	136	90,378
Additions	20,685	–	1	30	–	20,716
Acquisition of a subsidiary	–	4,719	743	112	23	5,597
Disposals	–	–	–	(5)	(2)	(7)
Amortisation provided during the period (Note 5)	(228)	–	(11)	(23)	(13)	(275)
Exchange realignment	–	(302)	(51)	(8)	(2)	(363)
Transferred to assets of a disposal group classified as held for sale	–	–	–	(1)	–	(1)
At 30 June 2015, net of accumulated amortisation	108,839	5,954	880	230	142	116,045
At 30 June 2015						
Cost	110,110	5,954	1,059	434	282	117,839
Accumulated amortisation	(1,271)	–	(179)	(204)	(140)	(1,794)
Net carrying amount	108,839	5,954	880	230	142	116,045

As at 30 June 2016, concession assets represent assets under "Build-Operate-Transfer" service concession arrangements and mainly consist of toll roads in Mainland China. Certain concession projects have been put into operations, the cost of the related concession assets amounted to RMB103,886 million (31 December 2015: RMB60,002 million). The cost of the concession assets where the related projects were under construction amounted to RMB46,134 million (31 December 2015: RMB75,559 million).

As at 30 June 2016, certain bank borrowings were secured by concession assets with a carrying amount of approximately RMB123,825 million (31 December 2015: RMB103,565 million) (Note 18(a)).

13. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 **RMB million**	31 December 2015 RMB million
Non-current		
Listed equity investments, at fair value (Note b)		
– Mainland China	**17,995**	20,025
– Hong Kong	**665**	642
Unlisted equity investments, at cost (Note c)	**2,062**	1,655
	20,722	22,322
Current		
Other unlisted investments, at fair value (Note d)	**100**	46
	20,822	22,368

(a) During the six months ended 30 June 2016, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB1,577 million (six months ended 30 June 2015: gain of RMB1,894 million), of which RMB43 million, net of tax (six months ended 30 June 2015: RMB522 million) was reclassified from other comprehensive income to the statement of profit or loss upon disposal of the relevant investments.

(b) These securities primarily represented promoter's shares listed and traded in stock markets, of which no securities were subject to trading restrictions at the end of the reporting period. The fair value of these securities was based on the quoted market prices at the end of the reporting period.

(c) Management is of the opinion that the range of reasonable fair value estimate for the unlisted equity investments is significant and the probabilities of various estimates cannot be reasonably assessed. Accordingly, such financial assets are carried at cost less accumulated impairment losses, if any.

(d) 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 the Chinese government in the national financial market for institutional investors, and other financial instruments.

(e) During the six months ended 30 June 2016, none of the above investments was transferred out to other categories of investments. During the six months ended 30 June 2015, certain investments of RMB900 million were transferred to investments in associates.

14. TRADE AND OTHER RECEIVABLES

	30 June 2016	31 December 2015
	RMB million	RMB million
Trade and bills receivables (Note a)	**79,628**	70,446
Impairment	**(8,231)**	(7,156)
Trade and bills receivables – net	**71,397**	63,290
Prepayments	**20,050**	20,530
Retention money	**53,115**	53,955
Deposits	**23,013**	20,810
Other receivables	**34,150**	29,841
Long-term receivables	**57,175**	57,304
	258,900	245,730
Less: non-current portion		
– Retention money	**(29,386)**	(28,576)
– Deposits	**(2,335)**	(1,939)
– Long-term receivables	**(37,445)**	(46,179)
– Prepayments for equipment	**(925)**	(1,122)
	(70,091)	(77,816)
Current portion	**188,809**	167,914

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

	30 June 2016	31 December 2015
	RMB million	RMB million
Within 6 months	**47,094**	45,508
6 months to 1 year	**12,200**	6,976
1 year to 2 years	**9,822**	9,191
2 years to 3 years	**4,565**	3,827
Over 3 years	**5,947**	4,944
	79,628	70,446

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.

(b) The carrying amounts of trade and other receivables approximate to their fair values.

(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 2016, the relevant outstanding trade receivables, with recourse factoring clauses in the agreements, amounted to RMB4,815 million (31 December 2015: RMB1,885 million). In the opinion of the Directors, such transactions did not qualify for derecognition of receivables and were accounted for as secured borrowings (Note 18(a)). In addition, as at 30 June 2016, outstanding trade receivables of RMB10,564 million (31 December 2015: RMB11,683 million) had been transferred to the banks in accordance with the relevant non-recourse factoring agreements. The 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.

14. TRADE AND OTHER RECEIVABLES (Continued)

(d) As at 30 June 2016, outstanding bills receivable – bank acceptance notes of RMB10 million (31 December 2015: RMB61 million) were endorsed to suppliers with rights of recourse. In the opinion of the Directors, such transactions did not qualify for derecognition. In addition, as at 30 June 2016, outstanding bills receivable – bank acceptance and commercial acceptance notes of RMB1,215 million (31 December 2015: RMB1,958 million) were endorsed to suppliers, and RMB152 million (31 December 2015: RMB418 million) were discounted with banks. The relevant bills receivable were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with those bank acceptance notes have been transferred and therefore qualified for derecognition.

15. CONTRACT WORK-IN-PROGRESS

	30 June 2016	31 December 2015
	RMB million	RMB million
Contract costs incurred and recognised profits (less recognised losses)	**1,909,561**	1,741,664
Less: progress billings	**(1,851,217)**	(1,692,518)
	58,344	49,146
Representing:		
Amounts due from contract customers	**81,292**	74,645
Amounts due to contract customers	**(22,948)**	(25,499)
	58,344	49,146

	For the six months ended 30 June	
	2016	2015
	RMB million	RMB million
Contract revenue recognised as revenue in the period	**167,919**	163,062

16. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2016		31 December 2015	
	Assets	**Liabilities**	Assets	Liabilities
	RMB million	**RMB million**	RMB million	RMB million
Forward foreign exchange contracts (Note a)				
– Held for trading	**2**	**(123)**	1	(122)
– Cash flow hedges	**8**	**(8)**	8	(12)
Total return swap (Note b)	**36**	**–**	–	–
	46	**(131)**	9	(134)

(a) The notional principal amount of the outstanding forward foreign exchange contracts at 30 June 2016 was RMB3,801 million (31 December 2015: RMB2,443 million).

In order to protect against exchange rate movements, John Holland Group Pty Ltd. (a subsidiary of the Company) has entered into forward exchange contracts to purchase United States Dollars ("USD"), Euros ("EUR"), Offshore Chinese Yuan ("CNH"), Great Britain Pound ("GBP"), Japanese Yen ("JPY") and New Zealand Dollars ("NZD") by Australian Dollars ("AUD"), and purchase AUD by NZD. These contracts are hedging recognised assets and liabilities, firm commitments and highly probable forecast transactions, and the contracts are timed to mature when items of plant and equipment or construction materials are to be shipped or when trade and other payables are due.

16. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(b) On 31 March 2016, CCCC International Holding Limited ("CCCI") (a subsidiary of the Company) entered into several financial contracts with independent financial institutions ("Subscribers"), who agreed to subscribe for the senior perpetual capital securities, in the aggregate principal amount of US$400 million ("Nominal Amount"), which were issued by a wholly-owned subsidiary ("Issuer") of Greentown China Holding Limited ("Greentown China") and were guaranteed by Greentown China (a fellow subsidiary of the Company).

According to the agreements, CCCI has paid a margin (the "Margin") of US$100 million, to the Subscribers on the effective date of the financial contract. Each Subscriber shall pay CCCI any amount of distribution by reference to the applicable Notional Amount on a semi-annual basis (the "Total Return Amount"). CCCI shall pay each Subscriber a fixed amount on a semi-annual basis, which is calculated at not more than 4% per annum with reference to the difference between the applicable notional amount and the applicable margin amount ("Fixed Amount").

In the event that the issuer redeems the securities on or before the scheduled termination date, (i) each subscriber shall pay CCCI the gains from such redemption (if any), any accrued but unpaid Total Return Amount due and the applicable margin; and (ii) CCCI shall pay each subscriber any loss from such redemption (if any), any accrued but unpaid Fixed Amount and any applicable costs.

In the event that the issuer fails to redeem the securities on the scheduled termination date, the subscribers will attempt to obtain bid quotations for such securities, then (i) each subscriber shall pay CCCI the amount at the respective reference obligation value (determined by reference to the highest quotation for the sale of the corresponding amount of the reference obligation; if no quotation, the value shall be zero), any accrued but unpaid Total Return Amount due, the applicable margin and any gains (after deducting applicable expenses); and (ii) CCCI shall pay each subscriber the respective notional amount, any accrued but unpaid Fixed Amount due, any applicable costs.

Greentown China is a non-wholly-owned subsidiary of CCCG, therefore Greentown China and the issuer are related parties of the Company, and the total return swap arrangement under the financial contracts in relation to the securities constitutes a related party transaction of the Company.

17. PLEDGED DEPOSITS AND TERM DEPOSITS WITH AN INITIAL TERM OF OVER THREE MONTHS

	30 June 2016 **RMB million**	31 December 2015 RMB million
Restricted bank deposits	**4,148**	2,438
Term deposits with initial term of over three months	**2,625**	679
	6,773	3,117

As at 30 June 2016, restricted bank deposits mainly included deposits for issuance of bank acceptance notes, performance bonds, letters of credit to customers, and mandatory reserve deposits placed with the People's Bank of China by CCCC Finance Company Limited ("CCCC Finance"), a subsidiary of the Company.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2016 RMB million	31 December 2015 RMB million
Non-current			
Long-term bank borrowings			
– secured	(a)	**96,849**	79,124
– unsecured	(b)	**55,206**	53,287
		152,055	132,411
Other borrowings			
– secured	(a)	**770**	700
– unsecured		**1,044**	1,451
Corporate bonds	(c)	**21,854**	19,857
Non-public debt instruments	(f)	**10,194**	12,192
Financial lease liabilities	(h)	**1,586**	1,967
		35,448	36,167
Total non-current borrowings		**187,503**	168,578
Current			
Current portion of long-term bank borrowings			
– secured	(a)	**1,741**	1,965
– unsecured	(b)	**15,134**	13,330
		16,875	15,295
Short-term bank borrowings			
– secured	(a)	**433**	2,215
– unsecured	(b)	**64,543**	58,637
		64,976	60,852
Other borrowings			
– secured	(a)	**45**	–
– unsecured		**562**	221
Corporate bonds	(c)	**881**	374
Medium-term notes	(d)	**–**	3,989
Debentures	(e)	**10,129**	5,023
Non-public debt instruments	(f)	**2,323**	308
Finance lease liabilities	(h)	**452**	543
		14,392	10,458
Total current borrowings		**96,243**	86,605
Total borrowings		**283,746**	255,183

(a) As at 30 June 2016, these borrowings were secured by the Group's property, plant and equipment (Note 11), prepaid land lease payments, concession assets (Note 12), trade receivables (Note 14(c)), properties under development and held for sale and completed properties held for sale (31 December 2015: secured by the Group's property, plant and equipment, prepaid land lease payments, concession assets, trade receivables, properties under development and held for sale and completed properties held for sale).

18. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(b) Unsecured borrowings include those guaranteed by certain subsidiaries of the Group, the Company and certain third parties.

(c) As approved by China Securities Regulatory Commission document [2009] No. 761, the Company issued domestic corporate bonds with an aggregate principal amount of RMB7,900 million in August 2009. These corporate bonds bear interest at a rate of 5.2% per annum with maturity through 2019. The Company raised net proceeds in total of RMB7,829 million from the issue date. These corporate bonds are guaranteed by CCCG.

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 maturity through 2017, RMB2 billion bears interest at a rate of 5.0% per annum with maturity through 2022 and RMB4 billion bears interest at a rate of 5.15% per annum with maturity through 2027. The Company raised net proceeds in total of RMB11,976 million from the issue date. These corporate bonds are guaranteed by CCCG.

As approved by China Securities Regulatory Commission document [2016] No. 162, one subsidiary of the Company issued corporate bonds with an aggregate principal amount of RMB2,000 million in February 2016, with maturity of five years from the issue date and an interest rate of 2.99% per annum. The subsidiary raised net proceeds in total of RMB1,991 million from the issue date.

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

(d) As approved by the National Association of Financial Market Institutional Investors ("NAFMII") of the PRC, the Group issued medium-term notes with a nominal value of RMB3,800 million in February 2011, with maturity of five years from the issue date, bearing interest at a rate of 5.85% per annum. The medium-term notes of RMB3,800 million have been fully repaid during the period.

(e) The Group issued the following debentures:

- As approved by NAFMII, two tranches of debentures were issued in October and November 2015, respectively, at nominal values of RMB3,000 million and RMB2,000 million, respectively, with maturity of 270 days and 360 days from the issue date respectively. The interest rates are 3.24% and 3.50% per annum, respectively. The debentures are stated at amortised cost with effective interest rates ranging from 3.25% to 3.76%.

- As approved by NAFMII, two tranches of debentures were issued in April and May 2016, respectively, at nominal values of RMB2,000 million and RMB3,000 million, respectively, with maturity of 360 days and 270 days from the issue date respectively. The interest rates are 3.70% and 2.99% per annum. The debentures are stated at amortised cost with effective interest rates ranging from 3.00% to 3.91%.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(f) The Group issued the following non-public debt instruments:

- A tranche of non-public debt instrument with a nominal value of RMB1,500 million was issued in October 2012, with maturity of five years from the issue date, bearing interest at a rate of 5.80% per annum.

- Two tranches of non-public debt instruments were issued in April 2013 and one tranche of non-public debt instrument was issued in October 2013, respectively, at nominal values of RMB1,500 million, RMB800 million and RMB500 million, respectively, totalling RMB2,800 million, with maturity of five years, five years and five years from the issue date, respectively. The interest rates are 5.10%, 6.00% and 6.65% per annum, respectively.

- Ten tranches of non-public debt instruments were issued in March, May, June, August and September 2014, respectively, at nominal values of RMB500 million, RMB800 million, RMB800 million, RMB700 million, RMB500 million, RMB500 million, RMB500 million, RMB1,000 million, RMB500 million and RMB100 million, respectively, totalling RMB5,900 million, with maturity of three years, three years, three years, three years, three years, three years, five years, five years, three years and three years from the issue date, respectively. The interest rates are 7.10%, 6.35%, 7.00%, 6.50%, 6.60%, 6.30%, 7.00%, 6.00%, 6.40%, and 5.60% per annum, respectively.

- A tranche of non-public debt instrument with a nominal value of RMB2,000 million was issued in August 2015, with maturity of five years from the issue date, bearing interest at a rate of 4.80% per annum.

The non-public debt instruments are stated at amortised cost with effective rates ranging from 4.95% to 7.10%. Interest is payable once a year. The accrued interest is included in current borrowings.

(g) The carrying amounts of the current portion of long-term borrowings and the current portion of short-term borrowings approximate to their fair values, as the impact of discounting is not significant.

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

	30 June 2016 RMB million	31 December 2015 RMB million
Carrying amount		
– Bank borrowings	**152,055**	132,411
– Other borrowings	**1,814**	2,151
– Corporate bonds	**21,854**	19,857
– Finance lease liabilities	**1,586**	1,967
– Non-public debt instruments	**10,194**	12,192
	187,503	168,578
Fair value		
Level 1		
– Corporate bonds	**22,406**	20,418
Level 2		
– Bank borrowings	**155,714**	133,352
– Other borrowings	**1,887**	1,987
– Finance lease liabilities	**1,586**	1,967
– Non-public debt instruments	**10,633**	13,048
	192,226	170,772

The fair values of borrowings included in level 2 are based on cash flows discounted using the prevailing market rates available to the Group for financial instruments with similar terms and characteristics at the end of the respective reporting periods.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(h) 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.

	30 June 2016 **RMB million**	31 December 2015 RMB million
Gross finance lease liabilities – minimum lease payments		
– No later than 1 year	**524**	656
– Later than 1 year and no later than 5 years	**1,505**	1,806
– Later than 5 years	**260**	385
	2,289	2,847
Future finance charges on finance leases	**(251)**	(337)
Present value of finance lease liabilities	**2,038**	2,510
Representing:		
– No later than 1 year	**452**	543
– Later than 1 year and no later than 5 years	**1,380**	1,592
– Later than 5 years	**206**	375
	2,038	2,510

19. TRADE AND OTHER PAYABLES

	30 June 2016 RMB million	31 December 2015 RMB million
Trade and bills payables (Note a)	**157,719**	156,279
Advances from customers	**56,311**	57,752
Deposits from suppliers	**13,868**	13,250
Retention money	**10,703**	9,706
Deposits from CCCG and fellow subsidiaries	**5,231**	7,237
Other taxes	**2,199**	7,090
Social security	**809**	1,268
Accrued payroll	**1,006**	752
Accrued expenses	**277**	242
Others	**15,703**	10,924
	263,826	264,500
Less: non-current portion		
– Retention money	**(7,962)**	(7,121)
Current portion	**255,864**	257,379

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

	30 June 2016 RMB million	31 December 2015 RMB million
Within 1 year	**145,447**	141,231
1 year to 2 years	**7,743**	9,683
2 years to 3 years	**2,759**	2,504
Over 3 years	**1,770**	2,861
	157,719	156,279

20. RESERVES

	Capital reserve RMB million	Statutory surplus reserve RMB million	General Reserve RMB million	Remeasurement reserve RMB million	Investment revaluation reserve RMB million	Hedging Reserve RMB million	Safety reserve RMB million	Exchange reserve RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2016	**3,463**	**3,768**	**389**	**(119)**	**12,467**	**(2)**	**1,552**	**417**	**69,527**	**91,462**
Profit for the period	–	–	–	–	–	–	–	–	7,258	7,258
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	(1,182)	–	–	–	–	(1,182)
Release of investment revaluation reserve upon disposal of available-for-sale investments, net of tax	–	–	–	–	(43)	–	–	–	–	(43)
Cash flow hedges, net of tax	–	–	–	–	–	3	–	–	–	3
Share of other comprehensive income of a joint venture	–	–	–	–	4	–	–	–	–	4
Actuarial losses on retirement benefit obligations, net of tax	–	–	–	(9)	–	–	–	–	–	(9)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	489	–	489
Final 2015 dividend declared	–	–	–	–	–	–	–	–	(3,079)	(3,079)
Interests on perpetual medium-term notes	–	–	–	–	–	–	–	–	(300)	(300)
Dividends on preference shares	–	–	–	–	–	–	–	–	(718)	(718)
Transfer to safety production reserve	–	–	–	–	–	–	240	–	(240)	–
At 30 June 2016	**3,463**	**3,768**	**389**	**(128)**	**11,246**	**1**	**1,792**	**906**	**72,448**	**93,885**

	Capital reserve RMB million	Statutory surplus reserve RMB million	General Reserve RMB million	Remeasurement reserve RMB million	Investment revaluation reserve RMB million	Hedging Reserve RMB million	Safety reserve RMB million	Exchange reserve RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2015	512	3,464	108	(83)	12,796	–	1,450	(47)	57,514	75,714
Profit for the period	–	–	–	–	–	–	–	–	6,812	6,812
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	1,342	–	–	–	–	1,342
Release of investment revaluation reserve upon disposal of available-for-sale investments, net of tax	–	–	–	–	(358)	–	–	–	–	(358)
Cash flow hedges, net of tax	–	–	–	–	–	14	–	–	–	14
Share of other comprehensive income of a joint venture	–	–	–	–	–	–	–	(1)	–	(1)
Actuarial gains on retirement benefit obligations, net of tax	–	–	–	1	–	–	–	–	–	1
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(272)	–	(272)
Final 2014 dividend declared	–	–	–	–	–	–	–	–	(2,778)	(2,778)
Cash contribution from government	1,216	–	–	–	–	–	–	–	–	1,216
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	(15)	–	–	–	–	–	–	–	(39)	(54)
Transfer to safety reserve	–	–	–	–	–	–	334	–	(334)	–
At 30 June 2015	1,713	3,464	108	(82)	13,780	14	1,784	(320)	61,175	81,636

21. CONTINGENCIES

	30 June 2016 RMB million	31 December 2015 RMB million
Pending lawsuits (Note a)	**2,867**	3,091
Outstanding loan guarantees (Note b)	**1,170**	895
	4,037	3,986

(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 the above pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The Group does not include any pending lawsuit in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

During the year ended 31 December 2013, a subsidiary of the Company was involved in a product quality dispute arising from the ordinary course of business. In September 2014, the contractor instituted a proceeding against the subsidiary, to claim a compensation relating to the product quality dispute, totalling GBP250 million (equivalent to approximately RMB2,230 million). As at 30 June 2016, the subsidiary was unable to ascertain the likelihood and reasonably estimate the outcome of the lawsuit based on advice of the legal counsel.

(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 23(c)) and a third party.

22. CAPITAL COMMITMENTS

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

	30 June 2016 RMB million	31 December 2015 RMB million
Intangible assets – concession assets	**96,127**	104,154
Property, plant and equipment	**3,257**	3,819
	99,384	107,973

23. 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 to 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.

23. RELATED PARTY TRANSACTIONS (Continued)

In addition to the related party information disclosed elsewhere in the unaudited interim condensed consolidated financial statements, 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 2016 and balances arising from related party transactions as at 30 June 2016.

(a) Related party transactions

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

	For the six months ended 30 June	
	2016	2015
	RMB million	RMB million
Transactions with CCCG		
– Rental expenses	**49**	47
– Deposits placed with CCCC Finance and interest income	**4,363**	–
Transactions with fellow subsidiaries		
– Revenue from the provision of construction services	**–**	26
– Deposits placed with CCCC Finance and interest income	**8,983**	4,618
– Other income	**20**	–
– Other costs	**1**	3
Transactions with joint ventures and associates		
– Revenue from the provision of construction services	**2,748**	3,880
– Sales of goods	**16**	36
– Subcontracting fee charges	**290**	162
– Purchase of materials	**142**	43
– Services charges	**16**	28
– Other costs	**43**	16
– Revenue from rental income	**85**	2
– Deposits placed with CCCC Finance and interest income	**490**	–

These transactions were carried out on terms agreed with the counterparties in the ordinary course of business.

(b) Key management compensation

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Basic salaries, housing allowances and other allowances	**3,449**	3,068
Contributions to pension plans	**279**	299
Others	**42**	502
	3,770	3,869

23. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	30 June 2016 RMB million	31 December 2015 RMB million
Trade and other receivables		
Trade receivables due from		
– Fellow subsidiaries	**–**	514
– Joint ventures and associates	**1,030**	486
	1,030	1,000
Long-term trade receivables due from		
– Fellow subsidiaries	**108**	106
– Joint ventures and associates	**756**	343
	864	449
Prepayments to		
– Joint ventures and associates	**13**	11
Other receivables due from		
– Fellow subsidiaries	**–**	–
– Joint ventures and associates	**2,674**	488
	2,674	488
	4,581	1,948

The receivables are unsecured in nature and bear no interest. No provisions are made against receivables from related parties during the six months ended 30 June 2016 and 2015.

Long-term receivables are expected to be received beyond one year. The remaining trade and other receivables are expected to be received within one year.

	30 June 2016 RMB million	31 December 2015 RMB million
Trade and other payables		
Trade and bills payables due to		
– Joint ventures and associates	**933**	730
Advances from customers		
– Fellow subsidiaries	**–**	220
– Joint ventures and associates	**945**	513
	945	733
Dividend payables due to		
– CCCG	**1,966**	–
Other payables due to		
– CCCG	**3,560**	4,219
– Fellow subsidiaries	**1,730**	3,018
– Joint ventures and associates	**62**	24
	5,352	7,261
	9,196	8,724

23. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

	30 June 2016 RMB million	31 December 2015 RMB million
Amounts due from contract customers		
– Joint ventures and associates	**287**	2,114
Amounts due to contract customers		
– Joint ventures and associates	**45**	225
– Fellow subsidiaries	**–**	286
Outstanding loan guarantees provided to		
– Joint ventures	**191**	182
– Associates	**960**	694
	1,151	876
Outstanding guarantees provided by CCCG	**20,723**	20,231

The payables are not secured and bear no interest. They are expected to be repaid within one year.

(d) Commitments with related parties

	30 June 2016 RMB million	31 December 2015 RMB million
Provision of construction services		
– Joint ventures and associates	**17,910**	27,503
Purchase of services		
– Joint ventures and associates	**94**	1,108
Operating lease		
– CCCG	**134**	269

(e) Transactions and 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 was generated from the provision of construction, design, dredging and other services, and the sale of heavy machinery conducted with other government-related entities. The Group also incurred some portions of subcontracting costs and rentals and made purchases of materials and services from other government-related entities. These transactions were carried out on terms agreed with the counterparties 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 amounts due from/due to contract customers, is with other government-related entities.

23. RELATED PARTY TRANSACTIONS (Continued)

(e) Transactions and balances with other government-related entities (Continued)

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

	For the six months ended 30 June 2016 RMB million	2015 RMB million
Transactions with other government-related entities		
– Interest from bank deposits	**278**	266
– Interest on bank borrowings	**4,439**	4,485
– Proceeds from borrowings	**90,167**	84,160

	30 June 2016 RMB million	31 December 2015 RMB million
Balances with other government-related entities		
– Restricted bank deposits	**2,608**	2,012
– Terms deposits with an initial term of over 3 months	**1,996**	250
– Cash and cash equivalents	**72,513**	82,076
– Borrowings	**224,390**	178,800
	301,507	263,138

24. FINANCIAL RISK MANAGEMENT

24.1 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 interim condensed consolidated financial statements do 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 2015.

There have been no changes in risk management or in any risk management policies since 31 December 2015.

24. FINANCIAL RISK MANAGEMENT (Continued)

24.1 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 end of the reporting period 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	Total RMB million
As at 30 June 2016					
Borrowings (excluding finance lease liabilities)	**121,047**	**36,854**	**70,180**	**148,362**	**376,443**
Finance lease liabilities	**524**	**564**	**941**	**260**	**2,289**
Trade and other payables (excluding statutory and non-financial liabilities)	**196,811**	**5,948**	**1,612**	**825**	**205,196**
Financial guarantee contracts	**1,170**	**–**	**–**	**–**	**1,170**
Net-settled derivative financial instruments	**60**	**3**	**–**	**–**	**63**
Gross-settled derivative financial instruments outflows					
– Cash flow hedges	**243**	**43**	**13**	**–**	**299**
Gross-settled derivative financial instruments inflows					
– Cash flow hedges	**(237)**	**(43)**	**(15)**	**–**	**(295)**
	319,618	**43,369**	**72,731**	**149,447**	**585,165**
As at 31 December 2015					
Borrowings (excluding finance lease liabilities)	94,779	44,667	56,529	151,928	347,903
Finance lease liabilities	656	626	1,180	385	2,847
Trade and other payables (excluding statutory and non-financial liabilities)	190,517	8,668	–	–	199,185
Financial guarantee contracts	895	–	–	–	895
Net-settled derivative financial instruments	8	7	–	–	15
Gross-settled derivative financial instruments outflows					
– Held for trading	1,753	–	–	–	1,753
– Cash flow hedges	635	–	–	–	635
Gross-settled derivative financial instruments inflows					
– Held for trading	(1,754)	–	–	–	(1,754)
– Cash flow hedges	(2)	–	–	–	(2)
	287,487	53,968	57,709	152,313	551,477

24. FINANCIAL RISK MANAGEMENT (Continued)

24.1 Financial risk factors (Continued)

(a) Liquidity risk (Continued)

The Group entered into guarantee contracts for bank borrowings made by certain joint ventures, associates and a third party. 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, the 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 a minimum level of bank deposits in financial institutions of these countries.

As at 30 June 2016, the balances of contract work-in-progress relating to existing construction projects and bank deposits in these countries in Africa, the Middle East and South Asia represent less than 6.0% and 3.0% (31 December 2015: less than 2.0% and 1.0%), of the Group's respective balances on the unaudited interim condensed consolidated statement of financial position. 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 on the outstanding assets in these countries. Future environment may differ from management's current assessment.

24.2 Fair value estimation

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

24. FINANCIAL RISK MANAGEMENT (Continued)

24.2 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2016.

	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	**109**	**–**	**–**	**109**
Derivative financial instruments				
– Forward foreign exchange contract	**–**	**10**	**–**	**10**
– Total revenue swap	**–**	**36**	**–**	**36**
Available-for-sale investments				
– Equity securities and other investments	**18,628**	**–**	**32**	**18,660**
– Other unlisted instruments	**–**	**100**	**–**	**100**
Total assets	**18,737**	**146**	**32**	**18,915**
Liabilities				
Derivative financial instruments				
– Forward foreign exchange contract	**–**	**(131)**	**–**	**(131)**
Total liabilities	**–**	**(131)**	**–**	**(131)**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	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	143	–	–	143
Derivative financial instruments				
– Forward foreign exchange contract	–	9	–	9
Available-for-sale investments				
– Equity securities and other investments	20,253	–	414	20,667
– Other unlisted instruments	–	46	–	46
Total assets	20,396	55	414	20,865
Liabilities				
Derivative financial instruments				
– Forward foreign exchange contract	–	(134)	–	(134)
Total liabilities	–	(134)	–	(134)

For the six months ended 30 June 2016 and 2015, there were no transfers of fair value measurements between level 1 and level 2 and no transfers in or out of level 3 for the Group's financial assets and liabilities.

For the six months ended 30 June 2016 and 2015, there were no changes in valuation techniques and no reclassifications of financial assets.

25. EVENTS AFTER THE REPORTING PERIOD

(a) As approved by China Securities Regulatory Commission, CCCC Dredging (Group) Co., Ltd. ("CCCC Dredging"), a subsidiary of the Company, issued two tranches of domestic corporate bonds on 7 July 2016. The first tranche is with a nominal amount of RMB3,000 million, interest rate of 3.01% per annum and with maturities of 5 years from issuance. The second tranche is with a nominal amount of RMB1,000 million, interest rate of 3.35% per annum and with maturities of 5 years from issuance, while CCCC Dredging has the right to adjust the nominal interest rate and the investors could sell back part or all of the bonds at the end of the third year.

(b) On 23 August 2016, the directors of the Company have approved the dividend distribution of approximately RMB718 million on the preference shares issued by the Company in September 2015 and October of 2015.

26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been approved for issue by the Board of Directors on 30 August 2016.