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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

H Share Stock Code :1800

We are
Building a Connected World

Annual Report 2012 (H Share)

We are Building a Connected World

Contents

Corporate Profile

The Company was incorporated on 8 October 2006 and was initiated and founded by CCCG (a state-owned enterprise under the SASAC). Its H shares were listed on the Main Board of the Hong Kong Stock Exchange with stock code of 1800.HK on 15 December 2006. It is the first ultra large state-owned transportation infrastructure group entering the overseas capital market. The Company's A shares were listed on the Shanghai Stock Exchange with stock code of 601800.SS on 9 March 2012, representing a leap-and-bound advance taken by the Company in the course of its development. CCCC was named one of the "Global 500" companies for five consecutive years (2008-2012) by *Fortune Magazine*. As the integrated strength of the Company grew further, its ranking moved up accordingly from 426 in 2008 to 216 in 2012, making CCCC ranked above average on the list.

As a leading transportation infrastructure group in the PRC, the Group is the industry leader in each of its four core businesses, namely infrastructure construction, infrastructure design, dredging and heavy machinery manufacturing. Leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken across a wide range of sectors over the past six decades, the Company is capable of providing integrated solutions throughout each stage of infrastructure projects for its customers. It is the largest port design and construction company in China, a leading company in road and bridge construction and design, a leading railway construction company, the largest dredging company (in terms of total capacity of suction hopper dredgers and cutter suction dredgers) in the world. The Company is also the world's largest container crane manufacturer and the largest international contractor and designer in China. The Company currently has 35 principal wholly-owned or controlled subsidiaries. The Company operates it businesses throughout China, including Hong Kong and Macau Special Administrative Regions, and has established its global presence in over 120 countries and regions.

Through participation in state-level engineering construction projects, the Group has set many records recognised as the "first", the "best" and the "most" in the history of port and bridge construction not only in the PRC but also the rest of Asia and around the world. Sutong Yangtze River Bridge, Shanghai Yangshan Deepwater Port and Yangtze River Mouth Deepwater Navigation Channel regulation project reflected the state-of-the-art standard not only in China, but also globally. The Company entered the railway market since the market opened and participated in the design and construction of approximately 70 national key railway projects successively, including Harbin-Dalian PDL, Beijing-Shanghai PDL, Lanzhou-Chongqing Railway, etc. Currently, the railway business of the Company encompasses multiple aspects such as infrastructure, bridge, tunnel, track laying and bridge erection, electrical service, surveillance and design, supervision, equipment manufacturing, etc.

The Group has actively participated in and competed for projects under external assistance and other international contracting projects. It has been included in the Engineering News Records' ("**ENR**") list of the world's top 225 international contractors consecutively since 1992 and remains ranking the first among the Chinese enterprises in ENR for six consecutive years in terms of revenue from overseas projects. Together with CHEC, CRBC and ZPMC, CCCC now enjoys a high reputation around the world.

CCCC places great emphasis on scientific research and development which would improve the Company's competency in operation. Following the direction of "making innovations and leapfrog advances in key areas supporting development and thus creating a better future" and leveraging on the tertiary interaction between the management level, execution level and application level, the Company established and perfected a three-level system in technological innovation which has a sound structure and high operation efficiency. A cluster of R&D facilities, with "26 centres, 16 laboratories and 15 institutes" (eight national level science and research centres, 18 provincial level science and research centres, eight provincial and ministerial level key laboratories, eight key laboratories of the Group, 15 scientific research institutes specialising in technological R&D) at its core, holds a leading position in the relevant scientific R&D fronts. The Company attaches great importance to cultivating talents and has spared no effort in nurturing teams of talents and cadres continuously. The Company retains two members of the Chinese Academy of Engineering, 13 National Reconnaissance Master and many other national senior engineers and experts. The Group also holds seven Post-Doctoral research centres.

The Group owns a diverse range of specialised equipment, including modern dredging vessels, dedicated transportation fleet for port machinery, various equipment for marine and onshore engineering, as well as various state-of-the-art machinery and equipment for investigation, design and research, which enables the Group to win and perform contracts for challenging large-scale complex projects.

The Company is committed to developing the transportation infrastructure business in the PRC and abroad as well as providing its customers with high quality services and products by consistently pursuing its corporate mission of "Trustworthy Service to Clients, High Quality Returns to Shareholders and Consistent Out-Performance" to pursue an even brighter future.

Performance Highlights

RMB million (except per share data)	**For the year ended 31December** **2012**	2011	Change (%)
Revenue	**295,321**	294,281	0.4
Gross Profit	**32,598**	27,908	16.8
Operating Profit	**19,189**	16,213	18.4
Profit attributable to owners of the Company	**12,248**	11,761	4.1
Earnings per share *(Note)*	**0.77**	0.79	–

RMB million	**As at 31December** **2012**	2011	Change (%)
Total assets	**433,815**	358,985	20.8
Total liabilities	**337,612**	277,965	21.5
Total equity	**96,203**	81,020	18.7
Capital and reserves attributable to owners of the Company	**86,749**	70,231	23.5

RMB million	**For the year ended 31December** **2012**	**% of total**	2011	Change (%)
New Contracts	**514,920**	**100.0**	457,848	12.5
Infrastructure Construction Business	**423,055**	**82.1**	364,671	16.0
– Port Construction	**62,051**	**12.1**	59,366	4.5
– Road and Bridge Construction	**98,932**	**19.2**	126,237	–21.6
– Railway Construction	**9,753**	**1.9**	–	–
– Investment Business	**125,021**	**24.3**	66,800	87.2
– Overseas Projects	**75,417**	**14.5**	80,828	–6.7
– Other Projects	**51,881**	**10.1**	31,440	65.0
Infrastructure Design Business	**23,570**	**4.6**	22,943	2.7
Dredging Business	**38,648**	**7.5**	37,539	3.0
Heavy Machinery Manufacturing Business	**24,615**	**4.8**	26,668	–7.7
Other Businesses	**5,032**	**1.0**	6,027	–16.5

RMB million	**As at 31 December** **2012**	**% of total**	2011	Change (%)
Backlog	**700,525**	**100.0**	601,912	16.4
Infrastructure Construction Business	**619,800**	**88.5**	512,000	21.1
Infrastructure Design Business	**34,000**	**4.9**	31,970	6.4
Dredging Business	**28,880**	**4.1**	27,952	3.3
Heavy Machinery Manufacturing Business	**16,255**	**2.3**	27,810	–41.6
Other Businesses	**1,590**	**0.2**	2,180	–27.1

Note: On 9 March 2012, the Company issued A shares, which were listed for trading on the Shanghai Stock Exchange. Subsequent to the completion of the issuance of A shares, the total share capital of the Company has changed from 14,825,000,000 shares to 16,174,735,425 shares.

Chairman's Statement

Dear Shareholders,

2012 was a challenging year for construction enterprises as the macro-environment of the transportation infrastructure construction market in the PRC deteriorated. In the face of adversity, the Company took initiatives to enhance its management in a comprehensive manner with quality improvement as the focus. The Company accelerated the adjustment of its business structure, strengthened the implementation of the overseas expansion strategy and strove to develop the investment business, so as to enhance its core competitiveness and risk-resistance capability. The Company achieved excellent operating results.

In 2012, revenue of the Group was RMB295,321 million, representing a year-on-year growth of 0.4%. Gross profit was RMB32,598 million, representing a year-on-year increase of 16.8%. Operating profit was RMB19,189 million, representing a year-on-year increase of 18.4%. Net profit attributable to owners of the Company was RMB12,248 million, representing a year-on-year increase of 4.1%. Basic earnings per share was RMB0.77. In 2012, the value of new contracts was RMB514,920 million, representing a year-on-year growth of 12.5%. As at 31 December 2012, the backlog of the Group amounted to RMB700,525 million, representing a year-on-year growth of 16.4%.

The Company was successfully listed on China's A share market in 2012, marking a remarkable leap in the Company's history of development. Among the "Forbes Global 2000", which assesses enterprises in terms of a range of comprehensive indicators, including turnover, profits, assets and market value, etc., the Company ranked 245th and topped other Chinese construction enterprises, which fully demonstrates the core competitiveness of the Company. The Company has been rated as a Grade A enterprise in the Operating Results Assessment of State-owned Enterprises conducted by the SASAC for the seventh consecutive year. Meanwhile, the Company is among the only three state-owned enterprises that are listed as both the "ten key contact enterprises for implementing the strategy of internationalised operations" and the "ten key contact enterprises for implementing the policy of developing the world's first class enterprises" confirmed by the SASAC.

While our work bore fruit, we are also aware of the upcoming challenges and uncertainties of the development environment. Looking ahead, the Company will face both internal and external challenges in 2013. Externally, the global economic growth is stagnant and the foundation for recovery is unstable. Despite a large demand from the domestic infrastructure construction market, the Company's growth in the market of its traditional tender business is still uncertain due to the narrow fundraising channels for construction projects. Internally, firstly, in view of the swift growth of our investment business in recent years, the

development for the next stage will, to a certain extent, be subject to the liability capacity and capital structure of the Company. Secondly, as losses were incurred for the heavy machinery manufacturing business again in 2012 and the foundation for recovery of the sector is still shaky in 2013, we must figure out how to rise from the bottom so that the development of the Company will not be further slowed down. Thirdly, the profitability of the dredging business improved slowly. The internal use of vessel equipment and resources within the Group needs to be further optimised.

In this regard, we need to focus on the following aspects in 2013:

Firstly, the Company will fully implement the overseas expansion strategy. With the platform of "one body with two wings", branches and subsidiaries at all levels will further promote and strengthen the overseas business by enhancing synergy and continually consolidating and improving the profitability of the overseas business.

Secondly, apart from enhancing the selection of new projects for the investment business, the Company will also speed up the progress of projects under construction to reap more investment gains and realise assets in stock appropriately in order to fund new investment businesses with gains from the existing investment business.

Thirdly, for the infrastructure construction business, the Company will persist in enhancing the quality and level of development of the traditional business, continue increasing the gross profit margin, strengthen the management of cash flows from the operating activities, enhance synergy and business added-value by adopting different measures and transform its growth pattern.

Fourthly, the Company will make use of the position as the leader of the industry chain of our infrastructure design business to create new business models, particularly EPC projects, and enrich the traditional design business to fully demonstrate the added-value of design in the service chain for the ultimate purpose of attaining breakthrough in profitability.

Fifthly, for the dredging business, on top of solidifying its market position in the PRC, the Company will also quicken its pace in entering the overseas dredging market and open up new market proactively through business model innovation. Meanwhile, the coordination and management of vessels, equipment and resources within the Group will be enhanced to achieve lower costs and better efficiency.

Sixthly, the Company will actively expand the market of the heavy machinery manufacturing business and strive to increase its revenue, to reduce operating costs and to probe for the diversification of its business for the purpose of achieving a turnaround in 2013.

Seventhly, the Company will strengthen its management, including striving to improve the cash flows from operating activities by stepping up in managing its trade receivables and controlling the inventory scale. Besides, the Company will exercise stringent control over fixed asset investment and devote its limited resources to operations with high returns. The Company will also manage its liability exposure by improving the capital structure.

Dear shareholders, 2013 is a crucial year for the Twelfth Five-Year Plan to leverage on its past experience and prepare for future development. In the face of the opportunities and challenges, management of all levels and all the staff of the Company will gather themselves up and work hand in hand to fully strengthen the capability and level of development of the Company, and realise higher returns for the shareholders. May we have the continuous support from all our shareholders and all the people and friends who have paid long-term attention to us!

Zhou Jichang
Chairman

Beijing, the PRC
26 March 2013

Xiangshan Cross-sea Bridge

It is an important component of the Zhejiang Province Coastal Expressway and the expressway network of Ningbo. With a total length of 47 kilometres, the main bridge is a double-tower double-plane cable-stayed bridge with 5-span continuous steel box girder.

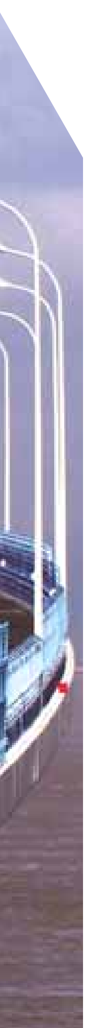
Business Overview

In 2012, China's economy rebounded from the bottom. The pace of transportation infrastructure investment in China was slow at the beginning but picked up later, evidenced by the gradually increasing number of new projects opening for tendering per quarter. The scale of infrastructure investment and the number of new projects opening for tendering both peaked during the fourth quarter. The Company took different initiatives to speed up the development of its investment business while steadily developing its core businesses. Meanwhile, benefited from the implementation of the overseas expansion strategy in recent years, the production and operations of the Company maintained a healthy and stable growth with new records made in performance indicators.

In 2012, revenue of the Group was RMB295,321 million, representing a year-on-year increase of 0.4%; the profit attributable to owners of the Company was RMB12,248 million, representing a year-on-year increase of 4.1%. The value of new contracts amounted to RMB514,920 million, representing a year-on-year increase of 12.5%. As at 31 December 2012, the backlog was RMB700,525 million, representing a year-on-year increase of 16.4%.

I. Business Review

In 2012, amid the complex and varied economic climate in China, infrastructure investment, which is one of the three pillars of economic growth in China, surged again with a general improvement in the investment conditions during the second half. In particular, the investment in highway construction and coastal construction slackened while the investment in the inland waterways construction continued to accelerate and reached another new height in terms of scale. After four rounds of adjustment planning, railway construction witnessed a significant rebound in the second half. Under the urbanisation process, the market for other infrastructure construction projects, including municipal projects and subway projects, remained relatively active. Nevertheless, the investment in transportation infrastructure in China on the whole still lagged in 2012. The development of project construction enterprises was faced with a series of challenges as the market competition got keener.



In 2012, lacking the momentum for a general rebound, the global economy grew weakly. However, in observance of the development tread, the proactive continuous work of governments all over the world on improving the livelihoods and public infrastructures, and the accelerating continuous urbanisation, both offered abundant market opportunities to international contractors.

In the face of pressure and difficulty, the Company proactively responded to the challenges by speeding up the adjustment of its asset structure, business structure and market structure while focusing on the development of its core businesses, and reaped certain results through the joint efforts of its subsidiaries and branches at all levels.

Firstly, the Company achieved phased results in the implementation of the overseas expansion strategy. In 2012, the value of new contracts from overseas business reached USD14,999 million, representing approximately 18.8% of the Group's new contract value. The revenue of core businesses overseas amounted to RMB38,950 million, representing approximately 13.2% of the Company's revenue of core businesses. Last year, the profitability of overseas projects increased significantly. The overseas businesses led the subsidiaries to "go global" and provided powerful support to the other business segments of the Company, thus creating synergy and maximizing the overall interests of the Company.

Secondly, in view of the changes in the development of the Chinese market, the Company spent great effort in accelerating the development of the investment business according to its development strategies. In 2012, 25 newly signed investment contracts with a total investment amount of RMB125,021 million effectively boosted the development of the core businesses. The profitability of the projects was boosted by consolidating the integrated strengths of the Company in investment and financing, design, construction and management. The investment business has gradually transformed from the incubation stage to the benefit enhancement stage.

I. Business Review (Continued)

1. Infrastructure Construction Business

In 2012, revenue from infrastructure construction projects completed by the Group was RMB229,401 million, representing a year-on-year growth of 1.0%. The value of new infrastructure construction contracts entered into by the Group amounted to RMB423,055 million, representing a year-on-year increase of 16.0%. The value of new infrastructure construction contracts in terms of port construction, road and bridge projects, railway construction, investment business of BOT/BT projects, overseas infrastructure construction, and other projects amounted to RMB62,051 million, RMB98,932 million, RMB9,753 million, RMB125,021 million, RMB75,417 million and RMB51,881 million, respectively, representing 14.7%, 23.4%, 2.3%, 29.6%, 17.8% and 12.2% of the total value of new infrastructure construction contracts. As at 31 December 2012, the backlog was RMB619,800 million, representing a year-on-year increase of 21.1%.

(1) Port Construction

In 2012, the value of new contracts of the Group for Mainland China port infrastructure projects reached RMB62,051 million, representing a year-on-year increase of 4.5%, and accounting for 14.7% of the infrastructure construction business.

As the Twelfth Five-Year Plan commenced, China's water transportation construction market was in a stage of steady and slow development. Port constructions in conventional areas, e.g. Yangtze River Delta and Pearl River Delta regions, picked up moderately, development plans of "five points and one line" in Liaoning and coastal economic areas of Hebei and Shandong were upgraded to national strategic development plans, and the scale of port constructions in Bohai Rim continued to be large. The landscape of water transportation construction market further diversified: though the container port constructions at core hubs were carried out at a slow pace, the port developments in second-tier and third-tier cities remained active and the demands for specialised terminal constructions, particularly energy centres, heavy machinery centres, heavy chemical industry centres, remained strong. Currently, the upgrading of the shipping industry to national strategic development plans will further facilitate the transition of China from a major shipping country to a powerful shipping country, while the water transportation construction market will remain active to a certain extent within a certain period of time.

In 2012, the Group won the following new projects: the EPC project of Phase IV of Huanghua Port (Coal Terminal) in Hebei, the west Breakwater and cofferdam construction for Hulushan Bay of Changxing Island in Dalian, hydraulic structure works of Phase III in Nansha zone of Guangzhou Port, Ore Terminal project of Phase III in Hebei Caofeidian and the terminal project at Dongjiakouzui, Qingdao, etc.

(2) Road and Bridge Construction

In 2012, the value of new contracts of the Group for Mainland China road and bridge projects reached RMB98,932 million, representing a year-on-year decrease of 21.6%, and accounting for 23.4% of the infrastructure construction business.

In the first half of 2012, affected by the adjustment to the macro-economic policy and the tightening monetary policies, the number of new tendering projects declined significantly in the expressway construction market. Meanwhile, the construction of provincial expressways and urban connecting lines was relatively active. However, difficulties in obtaining construction fund have slowed down the construction progress of the projects. In the second half, thanks to the promotion of the governments at all levels, the investment in expressway construction recovered. Despite a gradual increase in the number of new projects opening for tendering subsequent to the third quarter, the scale of new projects opening for tendering for the year still shrinked as compared with 2011.

I. Business Review (Continued)

1. Infrastructure Construction Business (Continued)

(2) Road and Bridge Construction (Continued)

In 2012, the Group won the following new projects: Section SS-2 of S215 Sanchakou-Shache Expressway in Xinjiang, section 1 and 4 of civil engineering of Phase I for Xiangyang Section of Baokang-Yichang Expressway in Hubei, the western expressway and interchange project in Changchun, rapid reconstruction project of East Jianghai Avenue in Nantong and civil engineering project of Wangdong Yangtze River Bridge in Anhui, etc.

(3) Railway Construction

In 2012, the value of new contracts of the Group for Mainland China railway construction projects reached RMB9,753 million, accounting for 2.3% of the infrastructure construction business.

In 2012, the Ministry of Railways of the PRC adjusted the railway infrastructure investment planning upward for four times in response to the needs for economic development in the PRC. Railway investment rebounded from the bottom in June and picked up the pace month by month during the second half, totaling RMB518,500 million for the whole year. The number of new railway construction projects opening for tendering significantly increased in the fourth quarter. With good preparation, the Company obtained new orders again. As the reform to separate the Ministry of Railways' functions as the administrator and operator of China's railway system proceeds, the market force will play a bigger role in railway construction, thereby providing the Company with more opportunities to take part in railway construction.

In 2012, the Group won the following new projects: Section 2 of Station works of Xi'an-Jiangyou section (in Shannxi) of newly-constructed Xicheng Railway, Section 3 and 4 of Station works of Chongqing-Wanzhou Railway, Section 3 of Station works of Chengdu-Chuanzhusi section of Chenglan Railway and Dazhun-Shuohuang Railway, etc.

(4) Investment Business (BOT/BOO and BT projects, etc.)

In 2012, the value of new contracts of the Group for Mainland China investment business amounted to RMB125,021 million, representing a year-on-year increase of 87.2%, and accounting for 29.6% of the infrastructure construction business.

In 2012, owing to the downturn of the conventional markets, demands for infrastructure construction adopting the construction mode of BOT/BT investment and financing projects from local governments increased significantly. By making timely adjustments to its marketing strategies, strengthening its liaison with local governments and capitalising on the strength of its entire industrial chain, the Company entered into a batch of BOT and BT projects with higher expected gains. Meanwhile, the Company successfully entered into the integrated development project in Zhuhai Hengqin New Area through mixed efforts. The project will be carried out by phased investment, phased sales and rolling development, which will further enrich the project operation modes of the investment business of the Company.

I. Business Review (Continued)

1. Infrastructure Construction Business (Continued)

(4) Investment Business (BOT/BOO and BT projects, etc.) (Continued)

As the scale of investment business grew rapidly, the Company also strengthened its control on project risks. In order to develop the investment business in a prudent manner and ensure that risks are under control, the Company, strictly adhering to the principle of "The Five Don'ts", insisted on not undertaking investment projects which fall outside its core businesses, for which loans are not secured, guarantees are not provided or rates of investment return are below relevant standards or which exceed its capability. At the same time, the Research Report on the Development Direction of the Investment Business of CCCC, which was compiled based on the current development of the investment business of the Company, and the Report on the Control over the Overall Investment Scale in 2012, which analysed the assets and liabilities of the Company, determined the development scale that was reasonably affordable by the investment business of the Company and further clarified its future development direction.

As at 31 December 2012, among the BOT projects of the Group, assets with an originally value of RMB14,076 million have been put into operation, assets with an original value of RMB22,277 million are in progress and projects with a contractual value of RMB83,385 million are about to enter the construction period.

In 2012, the Group won the following new projects: integrated development project in Zhuhai Hengqin New Area, the BOT project of Daozhen-Weng'an expressway in Guizhou, the BOT project of Guiyang-Weng'an expressway in Guizhou, the BOT project of Yanhe-Dejiang Expressway in Guizhou and the BT project of newly built port construction in Haikou, etc.

(5) Overseas Projects

In 2012, the value of new contracts for overseas projects of the infrastructure construction business entered into by the Group amounted to USD11,678 million (equivalent to approximately RMB75,417 million), representing a year-on-year decrease of 6.7%, and accounting for 17.8% of its infrastructure construction business.

In 2012, the Company set up the Overseas Business Department to shape an overseas business development platform of "one body with two wings" for CCCC. The Overseas Business Department will advance the existing foundation and proactively provide guidance on achieving a more even and effective allocation of resources within the Group with a view to driving the overseas business to a maximum to realise a better and quicker development. Besides, an overseas investment platform, CCCI, was established after years of preparation. CCCC International Holding Limited successfully entered into the Jamaican North-South Highway, which is the its first attempt on investing in an infrastructure project overseas.

As the Company's profitability of projects under construction grew in line with the rapid growth of the scale of overseas infrastructure construction, the proportion of profit contribution is expected to further increase. Meanwhile, during the course of "going global", the Company had continuously improved management and further enhanced its capability of risk prevention and contingency planning so as to lay a solid foundation for the implementation and promotion of the overseas expansion strategy.

In 2012, new projects won by the Group mainly included Hong Kong connection line project of Hong Kong-Zhuhai-Macau Bridge, the EPC project of railway in Ethiopia, Mombasa-Nairobi Standard Gauge Railway project, the EPC project of Nigerian Lekki Port and Yaounde-Douala Highway construction project in Cameroon, etc.

I. Business Review (Continued)

1. Infrastructure Construction Business (Continued)

(6) Other Projects

In 2012, the value of new contracts for other projects in Mainland China entered into by the Group reached RMB51,881 million, representing a year-on-year increase of 65.0%, and accounting for 12.2% of its infrastructure construction business.

In 2012, the Company achieved a remarkable performance in projects such as municipal projects, urban rail transit, housing construction and hydropower engineering projects, and achieved a strong increase in the value of new contracts, which provided a favourable supplement to its core businesses.

2. Infrastructure Design Business

In 2012, revenue from the infrastructure design business of the Group was RMB16,468 million, representing a year-on-year increase of 9.7%. The value of new infrastructure design contracts entered into by the Group reached RMB23,570 million, representing a year-on-year increase of 2.7%. As at 31 December 2012, the backlog was RMB34,000 million, representing a year-on-year increase of 6.4%.

Categorised by project type, the values of new contracts for survey and design, project supervision, EPC engineering and other projects amounted to RMB8,642 million, RMB547 million, RMB10,188 million and RMB4,193 million respectively, representing 36.7%, 2.3%, 43.2% and 17.8% of the total value of new infrastructure design contracts, respectively, as compared to 41.3%, 5.1%, 50.9% and 2.7% respectively recorded in the corresponding period of 2011.

In the first half of 2012, the number of new projects opening for tendering declined due to the macro-economic control policies of China. The market got warmer during the second half as the government speeded up in project approval. In response to the market condition this year, the Company continuously renovated its operation mechanism and took greater effort to explore overseas markets. By exerting the overall strengths of the Group, the Company solidified the market position of its infrastructure design business. The value of new contracts was basically comparable to that of the corresponding period of the previous year.

In 2012, new projects won by the Group mainly included the EPC project of reconstruction of Oil Refinery Terminal in Hainan, the survey and design contract for Section SJ1 of Shenzhen Section of Shenzhen Outer ring road, preliminary design contract for four Lhasa Expressway in Sichuan, survey and preliminary design contract of refining-chemical integration terminal in Guangdong and the design contract of Phase III of Huanghua Port in Hebei, etc.

3. Dredging Business

In 2012, revenue from the dredging business of the Group was RMB32,027 million, representing a year-on-year decline of 0.9%. The value of new dredging contracts entered into by the Group reached RMB38,648 million, representing a year-on-year increase of 3.0%. As at 31 December 2012, the backlog was RMB28,880 million, representing a year-on-year increase of 3.3%.

In 2012, six special-purpose large vessels started to serve in the Group's dredger fleets, providing an additional capacity of approximately 50 million cubic meters under standard operating conditions. As at 31 December 2012, the Group's dredging capacity amounted to approximately 720 million cubic metres under standard operating conditions.

I. Business Review (Continued)

3. Dredging Business (Continued)

In 2012, under the influences of several factors, the reclamation market in China entered a temporary pausing cushion period, which was evidenced by a decline in market demand in certain months and a lack of capital for certain projects. In the second half, the number of new orders gradually increased as the market condition quickly recovered and important infrastructure projects along Yangtze River estuary and Nanjing Channel were put on agenda.

According to the Official Reply concerning Ocean Functional Zoning for 2010-2020 published by the State Council in 2012 for 11 provinces and municipals in the coastal area, a total indicative area of more than 240,000 hectares will be reclaimed in districts including Liaoning, Hebei, Tianjin and Shandong. The continuous growth of the market for reclamation, coast and breakwater construction will attract more players to enter the market. Hence, the dredging business will face opportunities as well as challenges.

In 2012, new projects won by the Group mainly included the Phase I of 12.5m deep-water channel construction of Yangtze River below Nanjing, reclamation project of in Nangang industrial zone in Tianjin, reclamation project of Nanhui Dongtan in Shanghai, reclamation and soft foundation treatment project of the promoter region of east new area in Taizhou and Phase III of reclamation and soft foundation treatment project of Nansha Port in Guangzhou, etc.

4. Heavy Machinery Manufacturing Business

In 2012, revenue from the heavy machinery manufacturing business of the Group was RMB19,317 million, representing a year-on-year decrease of 4.2%. The value of new heavy machinery manufacturing contracts entered into by the Group reached RMB24,615 million, representing a year-on-year decrease of 7.7%. As at 31 December 2012, the backlog was RMB16,255 million, representing a year-on-year decrease of 41.6%.

Despite the basically stable performance of the global port machinery market in 2012, it was still difficult to reach the peak order volume recorded prior to the outbreak of the financial crisis. The prospect of the offshore heavy machinery market remains promising with enormous development potential and market prospects. However, given the large capital investment in offshore heavy machinery projects, customers were relatively cautious in procurement and it took longer for the Company to record new orders.

In 2012, new projects won by the Group mainly included eight quayside container cranes and 38 automatic rail-mounted gantry cranes for US, 12 quayside container cranes and 40 rubber-tyred gantry cranes for Sri Lanka, nine quayside container cranes and 25 automatic rail-mounted gantry cranes for Dubai, United Arab Emirates, six quayside container cranes and 32 automatic rail-mounted gantry cranes for US and 14 quayside container cranes for Rotterdam, Netherlands, etc.

II. Business Outlook

Globally, given that the average annual growth of the transportation infrastructure market is estimated to be over 8%, the investment in transportation infrastructure will continue to be the limelight of the industry. While Asia continues to dominate the infrastructure market, emerging markets including Latin America, Africa and Middle East will also become more and more influential in the market. As an ultra large multi-disciplinary group among the "World Top 500 Companies" with over 30 years of rich experience in undertaking overseas projects, the Company has an excellent track record in cooperating in and competing for the Chinese foreign economic assistance projects and international contracting projects and its brand enjoys a high reputation around the world. Supported by the national policy and guided by the Company's "going global" overseas business expansion strategy, the Company will brave the competition from international contractors and further expand its market share and business scale to achieve better efficiency.

II. Business Outlook (Continued)

Domestically, the highway construction and water transportation construction markets will witness keener competition, though the total investment in these sectors will tend to stay flat. The railway construction market showed a rebound. As the reform to separate the Ministry of Railways' functions as the administrator and operator of China's railway system proceeds, the market force will play a bigger role in railway construction, thereby further improving the competition landscape of the market. Urbanisation will be the major growth engine for future economic development in China. The construction of infrastructure, such as urban roads, bridges, subways, water resources and underground pipeline networks, and the proliferation of integrated urban development projects comprising commercial, residential and transportation functions will present more market opportunities for the Company to exert its strengths in the traditional business and explore emerging businesses.

III. Business Plan for the New Year

The goal of the value of new contracts to be entered into by the Group for 2013 is RMB525,500 million and the stretch goal for the Company is RMB578,000 million; the goal of sales revenue is RMB344,000 million and the stretch goal for the Company is RMB378,400 million.

IV. Technology Innovation

In 2012, the innovation capability of the Company continued to grow. With the support of the National Development and Reform Commission and the Ministry of Transport of the PRC, the construction of two engineering centres progressed smoothly according to the Official Reply of the National Development and Reform Commission concerning the Preparation and Construction of the Highway and Long Bridge Construction National Research Centre and the Dredging Technology and Equipment National Research Centre. Meanwhile, progress has been made for the preparation and construction of the "State Key Laboratory of Deepwater Port Engineering Structure", which has maintained the Company's leading technological position in the industry. In addition, the Company further explored new ways to enhance its innovation capability by promoting the collaboration of enterprises and schools in scientific research.

By fully capitalising on its strength in technical innovation, the Company encouraged the integration of production, teaching and research in actively pursuing the research and development of technologies. In 2012, the projects of the "Research and Development of a 12,000-ton Offshore Crane" and the "Automated Container Port Loading and Unloading System" were classified as ultra large technology research and development projects as they were forward-looking and strategically important in the industry, while 20 global, strategic and forward-looking projects, including the projects of the "Fatigue Life Evaluation and Study on Durability Enhancement and Restoration Technologies of In-service Concrete Bridges under a Non-marine Environment", the "Study on Key Technologies of the Construction of the Jacket Foundation of Offshore Wind Farms" and the "Study on Key Technologies of the Immersed Tube Tunnel Installation and Construction for the Hong Kong-Zhuhai-Macao Bridge Project", were listed as key scientific research and development projects of the Company. These research and development projects will play an important role in the technological support to the industrial structural adjustment and major projects under construction of the Company.

Remarkable results have been achieved in technology innovation. In 2012, the Company continued its efforts in obtaining patents for its technological achievements and standardising its advanced technologies. During the year, the Company won various awards including three prizes for National Science and Technology Progress and 91 provincial and ministerial level science technology progress awards, and was granted 413 patents.

Hong Kong-Zhuhai-Macao Bridge

It is a mega cross-sea project involving integrated construction of bridge, island and tunnel. The photo below shows the rendering of the cross-sea bridge.

Management's Discussion and Analysis

The following section should be read in conjunction with the audited consolidate financial statements of the Group and accompanying notes herein.

Overview

For the year 2012, revenue of the Group increased by 0.4% to RMB295,321 million, among which revenue from external customers attributed to the regions other than the PRC amounted to RMB38,950 million (excluding revenue from sales to foreign customers in heavy machinery manufacturing business) in 2012, representing a year-on-year increase of 21.1%. The value of the Group's new contracts in 2012 was RMB514,920 million, representing a year-on-year increase of 12.5%. As at 31 December 2012, the backlog for the Group was RMB700,525 million, representing an increase of 16.4% over that as at 31 December 2011.

Gross profit in 2012 amounted to RMB32,598 million, representing an increase of RMB4,690 million, or 16.8%, from RMB27,908 million in 2011. Gross profit from infrastructure construction business and infrastructure design business increased by 21.6% and 16.4%, respectively, from 2011; while the gross profit from dredging business kept stable from 2011, and the gross profit from heavy machinery manufacturing business and other businesses decreased by 8.0% and 10.2%, respectively from 2011. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business, heavy machinery manufacturing business and other businesses in 2012 were 9.7%, 25.7%, 14.2%, 5.0% and 9.0%, respectively, as compared with 8.0%, 24.3%, 14.1%, 5.2% and 9.7% in 2011.

Mainly as a result of the growth in gross profit, operating profit in 2012 amounted to RMB19,189 million, representing an increase of RMB2,976 million, or 18.4%, from RMB16,213 million in 2011. Operating profit from infrastructure construction business and infrastructure design business increased by 25.0% and 18.1%, respectively, from 2011; operating profit from dredging business and other businesses decreased by 5.4% and 21.1%, respectively, from 2011; meanwhile, heavy machinery manufacturing business recorded operating loss of RMB125 million in 2012, as compared with operating profit of RMB110 million in 2011.

For the year 2012, profit attributable to owners of the Company amounted to RMB12,248 million, representing an increase of RMB487 million, or 4.1%, from RMB11,761 million in 2011.

For the year 2012, earnings per share of the Group was RMB0.77, as compared with RMB0.79 for the year 2011.

The following is a comparison of financial results between the years ended 31 December 2012 and 2011.

Consolidated Results of Operations

Revenue

Revenue in 2012 increased by 0.4% to RMB295,321 million, from RMB294,281 million in 2011. The growth was mainly attributable to the increases in the revenue from the infrastructure construction business and infrastructure design business, amounting to RMB2,333 million and RMB1,460 million (all before elimination of inter-segment transactions), respectively, representing a growth rate of 1.0% and 9.7%, respectively. Meanwhile, revenue from dredging business, heavy machinery manufacturing business and other businesses decreased by RMB294 million, RMB849 million and RMB223 million, or 0.9%, 4.2% and 3.3%, respectively, from 2011.

Consolidated Results of Operations (Continued)

Cost of Sales and Gross Profit

Cost of sales in 2012 amounted to RMB262,723 million, representing a decrease of RMB3,650 million, or 1.4%, from RMB266,373 million in 2011. Decreases in cost of sales from infrastructure construction business, dredging business, heavy machinery manufacturing business and other businesses amounted to RMB1,609 million, RMB294 million, RMB764 million and RMB157 million (all before elimination of inter-segment transactions), respectively, representing a decrease of 0.8%, 1.1%, 4.0% and 2.6%, respectively. Meanwhile, for the year 2012, cost of sales from infrastructure design business increased by RMB862 million, or 7.6% from 2011.

Cost of sales consisted mainly of cost of raw materials and consumables used, subcontracting costs, employee benefit expenses and rentals. For the year 2012, cost of raw materials and consumables used, subcontracting costs and rentals decreased by 2.3%, 0.2% and 25.4%, respectively while employee benefit expenses increased by 12.7% from 2011.

For the year 2012, the revenue increased slightly while the cost of sales decreased. As a result, gross profit in 2012 amounted to RMB32,598 million, representing an increase of RMB4,690 million, or 16.8%, from RMB27,908 million in 2011. Gross profit margin increased to 11.0% in 2012 from 9.5% in 2011, primarily due to the increase in gross profit margin of infrastructure construction business.

Operating Profit

Operating profit in 2012 amounted to RMB19,189 million, representing an increase of RMB2,976 million, or 18.4%, from RMB16,213 million in 2011. The increase was mainly due to the increase in gross profit.

For the year 2012, operating profit from infrastructure construction business and infrastructure design business increased by RMB2,689 million and RMB360 million (all before elimination of inter-segment transactions and unallocated cost), representing a growth rate of 25.0% and 18.1%, respectively, from 2011; operating profit from dredging business and other businesses decreased by RMB198 million and RMB34 million, or 5.4% and 21.1% (before elimination of inter-segment transactions and unallocated cost), from 2011; heavy machinery manufacturing business recorded operating loss of RMB125 million in 2012, as compared with operating profit of RMB110 million (before elimination of inter-segment transactions and unallocated cost) in 2011.

Operating profit margin increased to 6.5% in 2012 from 5.5% in 2011.

Finance Income

Finance income in 2012 amounted to RMB1,627 million, representing a decrease of RMB366 million from RMB1,993 million in 2011, mainly because that the Group recorded RMB930 million gain on debt restructuring of Iraq loans in 2011, which was partially offset by the increased interest income in 2012.

Consolidated Results of Operations (Continued)

Finance Costs, net

Net finance costs in 2012 amounted to RMB5,411 million, representing an increase of RMB2,056 million, or 61.3%, from RMB3,355 million in 2011. This increase of finance cost was primarily attributable to the increase in the volume of borrowings as well as the decrease in net foreign exchange gains on borrowings.

Share of Profit of Jointly Controlled Entities

Share of profit of jointly controlled entities in 2012 amounted to RMB49 million, as compared with RMB75 million in 2011.

Share of Profit of Associates

Share of profit of associates in 2012 amounted to RMB61 million, as compared with RMB98 million in 2011.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax in 2012 amounted to RMB15,515 million, representing an increase of RMB491 million, or 3.3%, from RMB15,024 million in 2011.

Income Tax Expense

Income tax expense in 2012 amounted to RMB3,783 million, representing an increase of RMB736 million, or 24.2%, from RMB3,047 million in 2011. Effective tax rate for the Group in 2012 increased to 24.4% from 20.3% in 2011, mainly because that fewer subsidiaries enjoyed preferential tax rate in 2012, as well as that the impact of tax rate differences between some oversea countries and the PRC increased as a result of the growing development in oversea businesses.

Loss/Profit Attributable to Non-Controlling Interests

Loss attributable to non-controlling interests in 2012 amounted to RMB516 million, as compared with profit attributable to non-controlling interests of RMB216 million in 2011, mainly attributable to the loss of ZPMC in 2012, which is a non-wholly-owned subsidiary of the Company.

Profit Attributable to Owners of the Company

As a result of the foregoing factors, profit attributable to owners of the Company in 2012 amounted to RMB12,248 million, representing an increase of RMB487 million, or 4.1%, from RMB11,761 million in 2011.

Profit margin with respect to profit attributable to owners of the Company was 4.1% in 2012, as compared with 4.0% in 2011.

Discussion of Segment Operations

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the years ended 31 December 2012 and 2011.

	Revenue		Gross Profit		Gross Profit Margin		Operating Profit/(loss)[(1)]		Operating Profit Margin	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
Business	**2012 (RMB million)**	2011 (RMB million)	**2012 (RMB million)**	2011 (RMB million)	**2012 (%)**	2011 (%)	**2012 (RMB million)**	2011 (RMB million)	**2012 (%)**	2011 (%)
Infrastructure Construction	**229,401**	227,068	**22,157**	18,215	**9.7**	8.0	**13,451**	10,762	**5.9**	4.7
% of total	**75.6**	75.4	**68.2**	64.8	**–**	–	**69.7**	64.4	**–**	–
Infrastructure Design	**16,468**	15,008	**4,239**	3,641	**25.7**	24.3	**2,344**	1,984	**14.2**	13.2
% of total	**5.4**	5.0	**13.0**	12.9	**–**	–	**12.1**	11.8	**–**	–
Dredging	**32,027**	32,321	**4,548**	4,548	**14.2**	14.1	**3,502**	3,700	**10.9**	11.4
% of total	**10.5**	10.7	**14.0**	16.2	**–**	–	**18.1**	22.1	**–**	–
Heavy Machinery Manufacturing	**19,317**	20,166	**971**	1,056	**5.0**	5.2	**(125)**	110	**(0.6)**	0.5
% of total	**6.4**	6.7	**3.0**	3.8	**–**	–	**(0.6)**	0.7	**–**	–
Other businesses	**6,462**	6,685	**583**	649	**9.0**	9.7	**127**	161	**2.0**	2.4
% of total	**2.1**	2.2	**1.8**	2.3	**–**	–	**0.7**	1.0	**–**	–
Subtotal	**303,675**	301,248	**32,498**	28,109	**–**	–	**19,299**	16,717	**–**	–
Intersegment elimination and unallocated profit/(costs)	**(8,354)**	(6,967)	**100**	(201)	**–**	–	**(110)**	(504)	**–**	–
Total	**295,321**	294,281	**32,598**	27,908	**11.0**	9.5	**19,189**	16,213	**6.5**	5.5

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

Discussion of Segment Operations (Continued)

Infrastructure Construction Business

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

The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2012 and 2011.

	Years ended 31 December	
	2012	2011
	(RMB million)	(RMB million)
Revenue	**229,401**	227,068
Cost of sales	**(207,244)**	(208,853)
Gross profit	**22,157**	18,215
Selling and marketing expenses	**(75)**	(68)
Administrative expenses	**(9,018)**	(8,079)
Other income, net	**387**	694
Segment result	**13,451**	10,762
Depreciation and amortisation	**3,934**	3,624

Revenue. Revenue from the infrastructure construction business in 2012 was RMB229,401 million, representing a slight increase of RMB2,333 million, or 1.0%, as compared with RMB227,068 million in 2011. The value of new contracts entered into for the infrastructure construction business in 2012 was RMB423,055 million, representing an increase of RMB58,384 million, or 16.0%, as compared with RMB364,671 million in 2011. No single project accounted for more than 5% of the Group's total revenue in 2012 or 2011.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2012 was RMB207,244 million, representing a decrease of RMB1,609 million, or 0.8%, as compared with RMB208,853 million in 2011. Cost of sales as a percentage of revenue decreased to 90.3% in 2012 from 92.0% in 2011.

Gross profit from the infrastructure construction business in 2012 grew by RMB3,942 million, or 21.6%, to RMB22,157 million from RMB18,215 million in 2011. Gross profit margin increased to 9.7% in 2012 from 8.0% in 2011, mainly attributable to the better structure of infrastructure construction business, in which projects with higher gross profit margin, such as overseas projects and BOT & BT projects are getting higher proportions, as well as the enhanced project management of the Group.

Discussion of Segment Operations (Continued)

Infrastructure Construction Business (Continued)

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2012 were RMB75 million, representing an increase of RMB7 million as compared with RMB68 million in 2011.

Administrative expenses. Administrative expenses for the infrastructure construction business in 2012 were RMB9,018 million, representing an increase of RMB939 million, or 11.6%, as compared with RMB8,079 million in 2011, mainly attributable to the increase in cost of administrative staff, as well as increase in provision for impairment of trade and other receivables. Administrative expenses as a percentage of revenue increased to 3.9% in 2012 from 3.6% in 2011.

Other income, net. Other net income for the infrastructure construction business was RMB387 million in 2012, as compared with RMB694 million in 2011.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2012 was RMB13,451 million, representing an increase of RMB2,689 million, or 25.0%, as compared with RMB10,762 million in 2011. Segment result margin increased to 5.9% in 2012 from 4.7% in 2011.

Infrastructure Design Business

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

The following table sets out the principal profit and loss information for infrastructure design business for the years ended 31 December 2012 and 2011.

	Years ended 31 December	
	2012 (RMB million)	2011 (RMB million)
Revenue	**16,468**	15,008
Cost of sales	**(12,229)**	(11,367)
Gross profit	**4,239**	3,641
Selling and marketing expenses	**(157)**	(139)
Administrative expenses	**(1,763)**	(1,567)
Other income, net	**25**	49
Segment result	**2,344**	1,984
Depreciation and amortisation	**208**	185

Discussion of Segment Operations (Continued)

Infrastructure Design Business (Continued)

Revenue. Revenue from the infrastructure design business in 2012 was RMB16,468 million, representing an increase of RMB1,460 million, or 9.7%, as compared with RMB15,008 million in 2011. This growth was primarily attributable to the increase in the aggregate value of design contracts, including comprehensive contracts, which was in turn driven by higher demand for the Group's specialised design skills and experience in complex projects. The value of new contracts entered into for the infrastructure design business in 2012 was RMB23,570 million, representing an increase of RMB627 million, or 2.7%, as compared with RMB22,943 million in 2011.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2012 was RMB12,229 million, representing an increase of RMB862 million, or 7.6%, as compared with RMB11,367 million in 2011. Cost of sales as a percentage of revenue decreased to 74.3% in 2012 from 75.7% in 2011.

Gross profit from the infrastructure design business in 2012 was RMB4,239 million, representing an increase of RMB598 million, or 16.4%, as compared with RMB3,641 million in 2011. Gross profit margin increased to 25.7% in 2012 from 24.3% in 2011.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business in 2012 were RMB157 million, representing an increase of RMB18 million as compared with RMB139 million in 2011.

Administrative expenses. Administrative expenses for the infrastructure design business in 2012 were RMB1,763 million, representing an increase of RMB196 million, or 12.5%, as compared with RMB1,567 million in 2011. Administrative expenses as a percentage of revenue increased to 10.7% in 2012 from 10.4% in 2011.

Other income, net. Other net income for the infrastructure design business in 2012 was RMB25 million, as compared with RMB49 million in 2011.

Segment result. As a result of the above, segment result for the infrastructure design business in 2012 was RMB2,344 million, representing an increase of RMB360 million, or 18.1%, as compared with RMB1,984 million in 2011. Segment result margin increased to 14.2% in 2012 from 13.2% in 2011.

Dredging Business

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

The following table sets out the principal profit and loss information for the dredging business for the years ended 31 December 2012 and 2011.

	Years ended 31 December	
	2012 (RMB million)	2011 (RMB million)
Revenue	**32,027**	32,321
Cost of sales	**(27,479)**	(27,773)
Gross profit	**4,548**	4,548
Selling and marketing expenses	**(26)**	(22)
Administrative expenses	**(1,329)**	(1,260)
Other income, net	**309**	434
Segment result	**3,502**	3,700
Depreciation and amortisation	**1,505**	1,246

Discussion of Segment Operations (Continued)

Dredging Business (Continued)

Revenue. Revenue from the dredging business in 2012 was RMB32,027 million, representing a decrease of RMB294 million, or 0.9%, as compared with RMB32,321 million in 2011. The revenue decrease was primarily due to the slowed down coastal line reclamation activities under the tightened macro economy in the first half of 2012. The value of new contracts entered into for the dredging business in 2012 was RMB38,648 million, representing an increase of RMB1,109 million, or 3.0%, as compared with RMB37,539 million in 2011.

Cost of sales and gross profit. Cost of sales for the dredging business in 2012 was RMB27,479 million, representing a decrease of RMB294 million, or 1.1%, as compared with RMB27,773 million in 2011. Cost of sales as a percentage of revenue for the dredging business in 2012 was 85.8%, as compared with 85.9% in 2011.

Gross profit from the dredging business in 2012 was RMB4,548 million, as compared with RMB4,548 million in 2011. Gross profit margin for the dredging business increased slightly to 14.2% in 2012 from 14.1% in 2011.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2012 were RMB26 million, representing an increase of RMB4 million from RMB22 million in 2011.

Administrative expenses. Administrative expenses for the dredging business in 2012 were RMB1,329 million, representing an increase of RMB69 million, or 5.5%, as compared with RMB1,260 million in 2011. Administrative expenses as a percentage of revenue slightly increased to 4.1% in 2012 from 3.9% in 2011.

Other income, net. Other net income for the dredging business in 2012 was RMB309 million, representing a decrease of RMB125 million from RMB434 million in 2011, primarily because that the Group recorded RMB242 million gain on disposal of a subsidiary in 2011.

Segment result. As a result of the above, segment result for the dredging business in 2012 was RMB3,502 million, representing a decrease of RMB198 million, or 5.4%, as compared with RMB3,700 million in 2011. Segment result margin decreased to 10.9% in 2012 from 11.4% in 2011.

Discussion of Segment Operations (Continued)

Heavy Machinery Manufacturing Business

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

The following table sets out the principal profit and loss information for the heavy machinery manufacturing business for the years ended 31 December 2012 and 2011.

	Years ended 31 December	
	2012	2011
	(RMB million)	(RMB million)
Revenue	**19,317**	20,166
Cost of sales	**(18,346)**	(19,110)
Gross profit	**971**	1,056
Selling and marketing expenses	**(96)**	(113)
Administrative expenses	**(1,312)**	(1,397)
Other income, net	**312**	564
Segment result	**(125)**	110
Depreciation and amortisation	**1,280**	1,375

Revenue. Revenue from the heavy machinery manufacturing business in 2012 was RMB19,317 million, representing a decrease of RMB849 million, or 4.2%, as compared with RMB20,166 million in 2011. This decrease was primarily due to lower new contract value entered for heavy machinery manufacturing business in 2012. The value of new contracts entered into for the heavy machinery manufacturing business in 2012 was RMB24,615 million, representing a decrease of RMB2,053 million, or 7.7%, as compared with RMB26,668 million in 2011.

Cost of sales and gross profit. Cost of sales for the heavy machinery manufacturing business in 2012 was RMB18,346 million, representing a decrease of RMB764 million, or 4.0%, as compared with RMB19,110 million in 2011. Cost of sales as a percentage of revenue increased to 95.0% in 2012 from 94.8% in 2011.

Gross profit from the heavy machinery manufacturing business in 2012 was RMB971 million, representing a decrease of RMB85 million, or 8.0%, as compared with RMB1,056 million in 2011. Gross profit margin decreased to 5.0% in 2012 from 5.2% in 2011. Revenue from certain operations with high gross profit margin increased in 2012, however, the write-down of inventories of ZPMC led to a decrease in segment gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the heavy machinery manufacturing business in 2012 were RMB96 million, representing a decrease of RMB17 million from RMB113 million in 2011.

Discussion of Segment Operations (Continued)

Heavy Machinery Manufacturing Business (Continued)

Administrative expenses. Administrative expenses for the heavy machinery manufacturing business in 2012 were RMB1,312 million, representing a decrease of RMB85 million, or 6.1%, as compared with RMB1,397 million in 2011. Administrative expenses as a percentage of revenue for the heavy machinery manufacturing business was 6.8% in 2012, as compared with 6.9% in 2011.

Other income, net. Other net income for the heavy machinery manufacturing business in 2012 was RMB312 million, representing a decrease of RMB252 million from RMB564 million in 2011, mainly due to decreased gains on disposal of equipments and properties.

Segment result. As a result of the above, segment result for the heavy machinery manufacturing business in 2012 was RMB125 million loss, as compared with RMB110 million profit in 2011.

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the years ended 31 December 2012 and 2011.

	Years ended 31 December	
	2012 (RMB million)	2011 (RMB million)
Revenue	**6,462**	6,685
Cost of sales	**(5,879)**	(6,036)
Gross profit	**583**	649

Revenue. Revenue from the other businesses in 2012 was RMB6,462 million, representing a decrease of RMB223 million, or 3.3%, as compared with RMB6,685 million in 2011.

Cost of sales and gross profit. Cost of sales for the other businesses in 2012 was RMB5,879 million, representing a decrease of RMB157 million, or 2.6%, as compared with RMB6,036 million in 2011. Cost of sales as a percentage of revenue slightly increased from 90.3% in 2011 to 91.0% in 2012.

Gross profit from the other businesses in 2012 was RMB583 million, representing a decrease of RMB66 million, or 10.2%, as compared with RMB649 million in 2011. Gross profit margin decreased to 9.0% in 2012 from 9.7% in 2011, mainly due to the change of structure in other businesses.

Liquidity and Capital Resources

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 31 December 2012, the Group had unutilised credit facilities in the amount of RMB410,388 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange has provided additional financing flexibility. In March 2012, the Group successfully completed A share IPO in Chinese domestic capital market and got listed on Shanghai Stock Exchange, which provides another financing platform for the Group. The Group has also supplemented its financial resources with proceeds raised from issuing corporate bond in August 2012 and two tranches of debentures in June and July 2012.

Cash Flow Data

The following table presents selected cash flow data from the Company's consolidated cash flow statements for the years ended 31 December 2012 and 2011.

	Years ended 31 December	
	2012	2011
	(RMB million)	(RMB million)
Net cash generated from operating activities	**13,339**	1,767
Net cash used in investing activities	**(19,504)**	(14,037)
Net cash generated from financing activities	**28,922**	18,842
Net increase in cash and cash equivalents	**22,757**	6,572
Cash and cash equivalents at beginning of period	**45,234**	38,843
Exchange gains/(losses) on cash and cash equivalents	**1**	(181)
Cash and cash equivalents at end of period	**67,992**	45,234

Cash flow from operating activities

During the year 2012, net cash generated from operating activities was RMB13,339 million, as compared with RMB1,767 million in 2011, which is primarily attributable to increased gross profit margin and changes in working capital, in particular, due to changes in contract work-in-progress, as well as combined effect of changes in trade and other payables and trade and other receivables. During the year 2012, increase in contract work-in-progress was RMB3,070 million, as compared with RMB10,581 million in 2011. In 2012, trade and other receivables increased by RMB20,763 million, while such effect was mostly offset by increase in trade and other payables of RMB19,427 million; as a comparison, in 2011, trade and other receivables increased by RMB19,656 million, while trade and other payables increased by RMB15,082 million.

Liquidity and Capital Resources (Continued)

Cash Flow Data (Continued)

Cash flow from investing activities

Net cash used in investing activities in 2012 was RMB19,504 million as compared with RMB14,037 million in 2011. The increase of RMB5,467 million, or 38.9%, was primarily attributable to the increase in purchases of intangible assets and purchases of available-for-sale financial assets, which was then partially offset by the increase in proceeds from disposal of available-for-sale financial assets.

In 2012, the purchases of intangible assets amounted to RMB11,922 million, representing an increase of RMB3,888 million from 2011, mainly due to the increase of investment in BOT projects. The Group's purchases of available-for-sale financial assets amounted to RMB8,015 million in 2012, while proceeds from disposal of available-for-sale financial assets amounted to RMB7,026 million, resulting in net cash used of RMB989 million in investment in available-for-sale financial assets.

Cash flow from financing activities

Net cash generated from financing activities in 2012 was RMB28,922 million, representing an increase of RMB10,080 million from RMB18,842 million in 2011, primarily attributable to the impact of the increase in proceeds from borrowings of RMB45,102 million, as well as the proceeds from issuance of A shares in 2012 of RMB4,864 million, which was then partially offset by the increase in repayment of borrowings of RMB34,286 million.

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipments and vessels, and the building of plants. The following table set forth the Group's capital expenditure by business for the years ended 31 December 2012 and 2011.

	Years ended 31 December	
	2012 (RMB million)	2011 (RMB million)
Infrastructure Construction Business	**18,461**	13,967
– BOT projects	**12,772**	8,879
Infrastructure Design Business	**349**	293
Dredging Business	**2,896**	2,832
Heavy Machinery Manufacturing Business	**511**	896
Other	**69**	33
Total	**22,286**	18,021

Capital expenditure in 2012 was RMB22,286 million, as compared with RMB18,021 million in 2011. The increase of RMB4,265 million or 23.7% was primarily attributable to the increase of capital expenditure in BOT projects.

Liquidity and Capital Resources (Continued)

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the years ended 31 December 2012 and 2011.

	Years ended 31 December	
	2012 (Number of days)	2011 (Number of days)
Turnover of average trade and bills receivables[1]	**63**	61
Turnover of average trade and bills payables[2]	**140**	119

(1) Average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.

(2) Average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

The following table sets forth an ageing analysis of trade and bills receivables as at 31 December 2012 and 2011.

	As at 31 December	
	2012 (RMB million)	2011 (RMB million)
Less than 6 months	**42,110**	42,302
6 months to 1 year	**5,101**	5,126
1 year to 2 years	**4,080**	3,959
2 years to 3 years	**1,702**	912
Over 3 years	**1,167**	1,066
Total	**54,160**	53,365

The Group's credit terms with its customers for the year ended 31 December 2012 remained the same as that for the year ended 31 December 2011. 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. Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 31 December 2012, the Group had a provision for impairment of RMB2,964 million, as compared with RMB2,456 million as at 31 December 2011.

Liquidity and Capital Resources (Continued)

Working Capital (Continued)

Trade and bills receivables and trade and bills payables (Continued)

The following table sets forth an ageing analysis of trade and bills payables as at December 2012 and 2011.

	As at 31 December	
	2012 (RMB million)	2011 (RMB million)
Within 1 year	**98,440**	89,240
1 year to 2 years	**5,812**	5,118
2 years to 3 years	**1,370**	880
Over 3 years	**604**	430
Total	**106,226**	95,668

The Group's credit terms with its suppliers for the year ended 31 December 2012 remained the same as that for the year ended 31 December 2011. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Retentions

The following table sets forth the fair value of the retentions as at 31 December 2012 and 2011.

	As at 31 December	
	2012 (RMB million)	2011 (RMB million)
Current	**16,464**	10,412
Non-current	**16,633**	15,686
Total	**33,097**	26,098

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 31 December 2012 and 2011.

	As at 31 December	
	2012	2011
	(RMB million)	(RMB million)
Within 1 year	**69,187**	54,289
Between 1 year and 2 years	**16,956**	9,386
Between 2 years and 5 years	**21,078**	19,273
Over 5 years	**37,024**	23,097
Total borrowings	**144,245**	106,045

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Japanese Yen and Hong Kong dollars. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2012 and 2011.

	As at 31 December	
	2012	2011
	(RMB million)	(RMB million)
Renminbi	**125,922**	87,417
U.S. dollar	**15,260**	15,749
Euro	**951**	1,145
Japanese yen	**839**	865
Hong Kong dollar	**766**	785
Others	**507**	84
Total borrowings	**144,245**	106,045

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 31 December 2012 was 44.4%, as compared with 42.9% as at 31 December 2011.

The Group pledged its assets as securities for certain bank borrowings and other borrowings. Please refer to Note 24(a) of the audited financial statements for details.

Indebtedness (Continued)

Contingent Liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

	As at 31 December	
	2012	2011
	(RMB million)	(RMB million)
Pending lawsuits[(1)]	**463**	617
Outstanding loan guarantees[(2)]	**246**	268
Total	**709**	885

(1) The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for above pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resource 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.

(2) The Group has acted as the guarantor for various external borrowings made by certain jointly controlled entities of the Group and certain third party entities.

Market Risks

The Group is exposed to various types of market risks, including changes in interest rate risks and foreign exchange risks in the normal course of business.

Marco-economy Risk

The Group's businesses are closely related to the development of macro-economy, especially for infrastructure design, infrastructure construction and heavy machinery manufacturing business, of which the industry development is subject to the effects of macroeconomic factors including investment scale of social fixed assets and the process of urbanisation.

In recent years, the national economy has kept a rapid growth and the global economy has gradually come out of the shadow of financial crisis and is in the process of recovering. However, the possibility of periodic fluctuations of macro-economy cannot be eliminated. If the global macro-economy is in the down cycle or the national economic growth speed significantly slows down, there will be a gliding risk in the operation performance of the Group.

Market Risks (Continued)

Market Risk

The Group conducts its business in over 120 countries and regions, with major overseas business in Africa, Southeast Asia, Eurasia, Latin America and Middle East. Due to various factors, the political and economic conditions in Africa, Eurasia and Middle East are usually subject to uncertainty. If the political and economic conditions of such countries and regions change adversely, or there are frictions or disputes in the diplomatic and economic relations among the PRC government and governments of such relevant countries and regions, the overseas business of the Group in such countries and regions would be exposed to certain risks.

Interest rate risk

The Group's exposure to changes in interest rates is mainly due to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2012, approximately RMB76,211 million (as at 31 December 2011: RMB66,101 million) of the Group's borrowings were at variable rates.

Foreign exchange risk

The Group's functional currency of a majority of the entities within the Group is Renminbi with most of the Group's transactions settled in Renminbi. The Group uses, however, foreign currencies to settle the Group's invoices from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. In addition, the Group generates revenue from certain construction contracts denominated in foreign currencies and a significant proportion of the Group's bank borrowings are denominated in foreign currencies, particularly the U.S. dollar, Hong Kong dollar and the Japanese Yen. Renminbi is not freely convertible into other foreign currencies and conversion of the Renminbi into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. In July 2005, the PRC government introduced a managed floating exchange rate system to allow Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2% against the U.S. dollar. As at 31 December 2012, Renminbi had appreciated by approximately 30% against the U.S. dollar since July 2005. The PRC government may in the future make further adjustments to the exchange rate system. When Renminbi appreciates, the value of foreign currency denominated assets will decline against Renminbi.

Fluctuations in foreign exchange currency rates could adversely affect the Group by decreasing any revenues from the Group's sales on contracts which are denominated in foreign currencies and increasing the Group's borrowings which are denominated in foreign currencies.

During the years ended 31 December 2012 and 2011, certain subsidiaries within the Group used foreign currency forward contracts for transactions with domestic and overseas registered banks, to hedge the Group's exposure to foreign currency risk on individual transactions primarily vis-à– vis U.S. dollar, Japanese Yen, and the Euro.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale financial assets or other financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Dalian LNG Dock

With a total length of 446 metres, it is currently the largest open LNG terminal in China and is capable of parking the world's current biggest LNG carrier.

Report of the Board of Directors

The Board ("**Board**") of the Directors ("**Directors**", each a "**Director**") of the Company is pleased to present its report together with the audited financial statements of the Group prepared in accordance with IFRS for the year ended 31 December 2012.

Principal Business

We are a leading transportation infrastructure group in the PRC and are principally engaged in the infrastructure construction, infrastructure design, dredging and heavy machinery manufacturing businesses.

Results

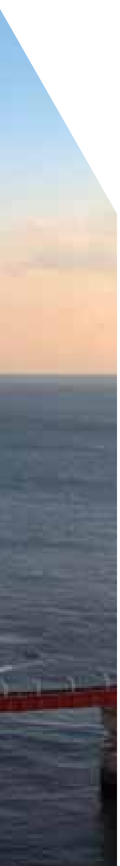
Results of the Group for the year ended 31 December 2012 and the financial position of the Company and the Group as at 31 December 2012 are set out in the audited financial statements in this annual report.

Dividends

In order to comply with the relevant requirements of CSRC on increasing shareholders' return of listed companies, set up a clear profit distribution system and improve the transparency of the profit distribution, shareholders of the Company have passed a resolution approving the Shareholders' Return Plan at the 2011 Annual General Meeting. According to the Shareholders' Return Plan, the Company will adopt a consistent and stable profit distribution policy, which will emphasise on investors' reasonable investment return while ensuring the Company's sustainable development. The Company shall, after making full provision to statutory reserve and surplus reserve, distribute to its shareholders no less than 10% of the distributable profits realised for such year in cash. The Company may further propose share dividends while ensuring the full payment of cash dividends. Certain amendments to the Articles of Association has also been made to reflect the Shareholders' Return Plan.

On 26 March 2013, the Board recommended a final dividend of RMB0.1847 (including tax) per share (amounting to approximately RMB2,988 million in total) for the year ended 31 December 2012. The recommended final dividends are subject to shareholders' approval at the annual general meeting to be held on 28 June 2013. The recommended final dividends distribution will be made based on the Company's entire issued share capital of 16,174,735,425 shares. The final dividends are expected to be paid to shareholders whose names appear on the register of members of the Company at the opening of business on 10 July 2013. The register of members will be closed from 5 July 2013 to 10 July 2013 (both days inclusive), during which period no transfers will be registered.

Dividends will be denominated and declared in Renminbi and will be paid to holders of H Shares in Hong Kong dollars. The relevant exchange rate is determined at RMB0.80799 equivalent to HKD1.00 as the middle rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on the date when such dividends were declared.



Under relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and in line with the market practice regarding dividends distribution for A Shares, the Company will publish a separate announcement in respect of its final dividends distribution for A Shares after the Company's annul general meeting for 2012, which, among others, will set out the record date and ex-rights date of dividend distribution for A Shares.

Pursuant to relevant laws and regulations including the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and the Regulations for the implementation of the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法實施條例》), and the letter dated 28 June 2011 from the State Administration of Taxation to the Inland Revenue Department of Hong Kong, as a withholding agent, the Company is required to withhold and pay the individual income tax at the tax rate of 10% in general on behalf of the individual H shareholders. For individual H shareholders who are citizens from countries under agreements to be entitled to tax rates lower than 10%, the Company can process applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to relevant regulations, and upon approval by the tax authorities, over withheld tax amounts will be refunded. For individual H shareholders receiving dividends who are citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the Company will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and no application procedures will be necessary. For individual H shareholders receiving dividends who are citizens from countries without taxation agreements with the PRC or are under other situations, the Company will withhold the individual income tax at a tax rate of 20% when distributing dividends.

Dividends (Continued)

For the non-resident enterprise shareholders of the Company, pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》), the Company shall continue to withhold and pay 10% enterprise income tax when the Company distributes the 2012 final dividend to non-resident enterprise shareholders whose names appear on the Company's H share register of members in accordance with its previous practice.

The Company will withhold for payment of the income tax strictly in accordance with the relevant laws or requirements of the relevant government departments and strictly based on what has been registered on the Company's register of members for H shares at the opening of business on 10 July 2013. Investors and potential investors in the H shares of the Company are recommended to consult their professional tax advisors if they are in any doubt as to the implications of the above mechanism of withholding, and the Company does not accept responsibility for any effect the above mechanism of withholding may have on any person.

Share Capital

On 30 January 2012, China Securities Regulatory Commission issued the approval document (Zheng Jian Xu Ke [2012] No. 125) and approved the Company's initial public offering of ordinary shares (A shares). New shares issued by the Company were listed for trading on Shanghai Stock Exchange on 9 March 2012 with a total amount of 1,349,735,425 shares. After then, the share capital of the Company remained unchanged.

The following table shows the structure of the share capital of the Company immediately before the A share offering and as at 31 December 2012:

		Shareholding structure			
		Immediately before the A share issue		**As at 31 December 2012**	
No.	**Item**	**Number of share**	**Percentage**	**Number of share**	**Percentage**
1	Domestic shares				
	(a) CCCG	10,397,500,000	70.13%	–	–
2	A Share				
	(a) CCCG	–	–	10,324,907,306 *(Note)*	63.83%
	(b) other A Share shareholders	–	–	1,422,328,119	8.80%
3	H shares	4,427,500,000	29.87%	4,427,500,000	27.37%
	Total	**14,825,000,000**	**100.00%**	**16,174,735,425**	**100.00%**

Note: CCCG increased its shareholding in the Company twice in 2012, by purchasing 9,999,972 A Shares on 18 October 2012 and 9,999,927 A Shares on 20 November 2012, respectively.

Use of Proceeds from the Company's Initial Public Offering

The net proceeds from the Company's issuance of new shares at the time of its listing on the Hong Kong Stock Exchange in December 2006 amounted to approximately RMB17,878 million. All the proceeds have been used as at 31 December 2011 in accordance with the proposed plans as set out in the Company's listing prospectus.

The net proceeds from the Company's issuance of A shares at the time of its listing on the Shanghai Stock Exchange in March 2012 amounted to approximately RMB4,864 million. Approximately RMB1,840 million had been applied by 31 December 2012 in accordance with the proposed plans as set out in the Company's listing prospectus.

Public Float

As at the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Hong Kong Listing Rules and as agreed with the Hong Kong Stock Exchange.

Directors, Supervisors and Senior Management of the Company

The following table sets out certain information concerning the Directors, supervisors ("**Supervisors**", each a "**Supervisor**") and senior management of the Company as at the date of this annual report.

Name	Age	Position in the Company	Date of Appointment	Emoluments in the year ended 31 December 2012 (RMB'000) (before taxes) *(Note)*
ZHOU Jichang	62	Executive Director and Chairman of the Board	29 December 2009	1,057
LIU Qitao	55	Executive Director and President	1 December 2010 appointed as President, 24 January 2011 appointed as Executive Director	1,057
FU Junyuan	51	Executive Director and Chief Financial Officer	29 December 2009	937
ZHANG Changfu	67	Non-executive Director	29 December 2009	101
LU Hongjun	63	Independent Non-executive Director	29 December 2009	104
YUAN Yaohui	67	Independent Non-executive Director	29 December 2009	127
ZOU Qiao	66	Independent Non-executive Director	29 December 2009	104
LIU Zhangmin	63	Independent Non-executive Director	29 December 2009	133
LEUNG Chong Shun	47	Independent Non-executive Director	24 January 2011	112
LIU Xiangdong	54	Chairman of the Supervisory Committee	18 June 2010	937
XU Sanhao	58	Supervisor	18 June 2010	937
WANG Yongbin	47	Supervisor (representative of the employees)	18 June 2010	583
CHEN Yun	49	Vice president	29 December 2009	937
CHEN Yusheng	57	Vice president	29 December 2009	937
HOU Jinlong	60	Vice president	29 December 2009	956
CHEN Fenjian	50	Vice president	29 December 2009	956
ZHU Bixin	47	Vice president	29 December 2009	937
YANG Liqiang	56	Vice president	29 December 2009	937
LIU Wensheng	52	Secretary of the Board, Company Secretary and Chief Economist	29 December 2009	887

Note: Please refer to Note 40 of the audited financial statements for details of the emoluments of the Directors and Supervisors in 2012. The emoluments payable to the Directors and Supervisors are determined with reference to responsibilities, years of service and performance of each individual, the results of the Group and prevailing market rate.

Directors, Supervisors and Senior Management of the Company (Continued)

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2012 are set out below:

Name	**Basis salaries, housing allowances and other allowances** (RMB'000)	**Contributions to pension plans** RMB'000	**Discretionary bonuses** RMB'000	**Total** RMB'000
CHEN Yun	463	33	441	937
CHEN Yusheng	464	33	440	937
HOU Jinlong	465	33	458	956
CHEN Fenjian	462	33	461	956
ZHU Bixin	463	33	441	937
YANG Liqiang	465	33	439	937
LIU Wensheng	410	33	444	887

The biographical details of the Directors, Supervisors and senior management of the Company are set out in the "Profiles of Directors, Supervisors and Senior Management" in this annual report.

Independence of the Independent Non-executive Directors

The Company has confirmed its receipt of a confirmation from each of the independent non-executive directors of the Company of his independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers all of its independent non-executive directors to be independent.

Board Committees

Committees under the Board include Strategy Committee, Audit Committee, Remuneration and Appraisal Committee, and Nomination Committee. The composition of each committee is set out in the "Corporate Governance Report" in this annual report.

Material Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2012, the interests or short positions of every person (other than Directors, Supervisors and chief executives of the Company) who has an interest or short position in the shares, underlying shares and debentures of the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name of shareholder	Number of shares held	Type of shares	Percentage of the respective type of shares (%)	Percentage of the total number of shares in issue (%)	Capacity in which the shares are held
CCCG	10,324,907,306	A Shares	87.89	63.83	Beneficial Owner
Merrill Lynch (Asia Pacific) Limited	525,000,000	H Shares	13.64	3.25	Corporate Interest
	528,912,000 (short position)	H Shares	13.74	3.27	Corporate Interest
Merrill Lynch Far East Limited	525,000,000	H Shares	13.64	3.25	Corporate Interest
	528,912,000 (short position)	H Shares	13.74	3.27	Corporate Interest
Merrill Lynch International Holdings Inc.	525,000,000	H Shares	13.64	3.25	Corporate Interest
	528,912,000 (short position)	H Shares	13.74	3.27	Corporate Interest
Merrill Lynch International Incorporated	525,000,000	H Shares	13.64	3.25	Corporate Interest
	528,912,000 (short position)	H Shares	13.74	3.27	Corporate Interest
JPMorgan Chase & Co.	316,757,084	H Shares	7.15	1.96	Beneficial Owner/Investment Manager/Custodian corporation/approved lending agent
	11,022,017 (short position)	H Shares	0.25	0.07	Beneficial Owner
	265,339,868 (lending pool)	H Shares	5.99	1.64	Custodian corporation/approved lending agent
Blackrock, Inc.	272,882,878	H Shares	6.16	3.25	Interest of controlled corporation
	40,116,251 (short position)	H Shares	0.90	3.27	Interest of controlled corporation

Save as stated above, as at 31 December 2012, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of the Company, or as otherwise notified to the Company or the Stock Exchange.

Material Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

As at 31 December 2012, there were 19,838 H shareholders and 63,259 A shareholders as shown on the register of members of the Company. As at 20 March 2013, there were 19,563 H shareholders and 63,054 A shareholders as shown on the register of members of the Company. Particulars of the top 10 shareholders of the Company as at 31 December 2012 were as follows:

	Name of shareholder	Nature of shares held	Percentage	Number	Number of share subject to trading restriction	Number of shares pledged or frozen
1	CCCG	State-owned shares	63.83	10,324,907,306	10,304,907,407	–
2	HKSCC NOMINEES LIMITED Note 1	Foreign legal entities	26.95	4,359,665,420	–	Unknown
3	National Council for Social Security Fund	State-owned shares	0.57	92,592,593	92,592,593	Unknown
4	China Shipping Investment Co., Ltd.	Others	0.57	92,592,000	92,592,000	Unknown
5	Sany Heavy Industry Co., Ltd.	Others	0.34	55,555,000	55,555,000	Unknown
6	高華–匯豐– Goldman, Sachs & Co.	Others	0.26	41,908,396	–	Unknown
7	Shanghai Port & Shipping Equity Investment Co., Ltd.	Others	0.23	37,037,000	37,037,000	Unknown
8	交通銀行–博時新興成長股票型證券投資基金	Others	0.22	35,191,980	–	Unknown
9	BOC International (China) Limited	Others	0.21	34,096,642	–	Unknown
10	Credit Suisse (Hong Kong) Limited	Others	0.18	29,308,568	–	Unknown

Note 1: HKSCC NOMINEES LIMITED are holding H Shares of the Company on behalf of various shareholders of the Company.

Directors and Supervisors Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2012, none of the Directors, Supervisors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at 31 December 2012, the Company had not granted its Directors or Supervisors, chief executives of the Company or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for shares or debentures.

Competing Business

None of the Directors, directly or indirectly, has any interest which constitutes or may constitute a competing business of the Company.

Financial, Business and Family Relations of Directors, Supervisors and Senior Management

There are no relationships among the Directors, Supervisors and senior management including financial, business, family or other material relationships.

Directors' and Supervisors' Interests in Contracts

Except for Mr. LIU Qitao and Mr. LEUNG Chong Shun, each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years and may be re-elected upon expiry of the term. The term of the service contracts of Mr. LIU Qitao and Mr. LEUNG Chong Shun commenced from 24 January 2011, when their respective appointment was approved by the shareholders, until the expiry of the term of office of the second session of Board, and they may be re-elected upon expiry of their term.

None of the Directors or Supervisors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Apart from the service contracts with the Company or its subsidiaries (if applicable), in the year ended 31 December 2012 as well as at the end of the year, none of the Directors or Supervisors was materially interested, whether directly or indirectly, in any contract of significance in relation to the Company's business to which the Company, its subsidiary or holding company or a subsidiary of the Company's holding company is a party.

Purchase, Sale and Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the reporting period.

Summary of Financial Information for the Last Five Years

The tables below set out a summary of the operating results, assets and liabilities of the Group for each of the years in the five-year period ended 31 December 2012.

Consolidated Income Statement

	2012 **RMB million**	2011 RMB million	2010 RMB million	2009 RMB million	2008 RMB million
Revenue	**295,321**	294,281	272,734	226,920	178,889
Gross profit	**32,598**	27,908	23,247	21,705	17,858
Profit before income tax	**15,515**	15,024	12,081	10,314	9,831
Profit for the year	**11,732**	11,977	9,638	8,004	7,876
Attributable to:					
– owners of the Company	**12,248**	11,761	9,599	7,200	6,075
– non-controlling interests	**(516)**	216	39	804	1,801
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)					
– basic	**0.77**	0.79	0.65	0.49	0.41
– diluted[Note]	**0.77**	0.79	0.65	0.49	0.41
Dividends	**2,988**	2,902	2,372	1,720	1,453

Note: The Company completed an issuance of 1,349,735,425 A shares on the Shanghai Stock Exchange on 9 March 2012, resulting in a change of the Company's share capital.

Summary of Financial Information for the Last Five Years (Continued)

Consolidated Balance Sheet

	As at 31 December (RMB Million)				
	2012	2011	2010	2009	2008
Total assets	**433,815**	358,985	310,633	264,058	218,098
Total liabilities	**337,612**	277,965	236,712	197,829	165,929
Capital and reserves attributable to owners of the Company	**86,749**	70,231	62,990	54,614	41,171
Non-controlling interests	**9,454**	10,789	10,931	11,615	10,998

Notes:

(a) The financial figures for the year 2011 and 2012 were extracted from the 2012 consolidated financial statements.

(b) The financial figures for the year 2008 to 2010 were extracted from the 2011 Annual Report. No retrospective adjustment for adoption of IFRS 1 (Amendment) in 2011 was made on the financial figures for the year 2008 and 2009. And no retrospective adjustments for the common control combinations in 2012 (as detailed and defined in Note 22(d) to the consolidated financial statements) were made on the financial figures for the year 2008 to 2010.

Bank Loans and Other Borrowings

Please refer to Note 24 of the audited financial statements for details of bank loans and other borrowings of the Group.

Fixed Assets

Please refer to Note 6 of the audited financial statements for movements in the property, plant and equipment of the Group for the year ended 31 December 2012.

Capitalised Interest

Please refer to Note 34 of the audited financial statements for details of the capitalised interest of the Group for the year ended 31 December 2012.

Reserves

Please refer to Note 22 of the audited financial statements for details of the movements in the reserves of the Company and the Group for the year ended 31 December 2012.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2012 amounted to approximately RMB3,039 million.

Donations

For the year ended 31 December 2012, the Group made charitable and other donations in a total amount of approximately RMB13 million.

Subsidiaries, Jointly Controlled Entities and Associates

Please refer to Notes 10, 11, 12 and 45 of the audited financial statements for details of the Company's subsidiaries and the Group's interests in jointly controlled entities and associates as at 31 December 2012.

Change in Equity

Please refer to Notes 20 and 22 of the audited financial statements for detail of changes in equity.

Retirement Benefits

Please refer to Note 26 of the audited financial statements for details of retirement benefits.

Pre-emptive Rights

There are no provisions for pre-emptive rights in the Articles of Association which require the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

Major Customers and Suppliers

The diversified business structure of the Company had provided an extensive base of suppliers and customers with low concentration. There is no reliance of the Company on a single supplier or customer. During the year 2012, the sales of the Group to the five largest customers amounted to RMB17,075 million, representing less than 30% of the Group's revenue; the aggregate purchase from the five largest suppliers by the Group amounted to RMB3,358 million, representing less than 30% of the Group's aggregate purchase for the year.

Connected Transactions

Formation of a Joint Venture

Reference is made to the announcement of the Company dated 17 September 2012 in relation to the formation of CCCC Finance Company Limited, the announcement dated 11 January 2013 in relation to the supplemental agreement regarding the formation of CCCC Finance Company Limited, the supplemental circular of the extraordinary general meeting dated 18 January 2013, the poll results announcement of the extraordinary general meeting dated 21 February 2013 and the announcement dated 26 February 2013 in relation to a revised supplemental agreement with CCCG in relation to the formation of CCCC Finance Company Limited.

The Company entered into a capital contribution agreement with CCCG on 17 September 2012, pursuant to which, the Company agreed to contribute RMB1,425 million in cash and CCCG agreed to contribute RMB75 million in cash to set up a joint venture company with a tentative name of CCCC Finance Company Limited. The registered capital of CCCC Finance Company Limited would be RMB1.5 billion. As CCCG is a controlling shareholder of the Company and a connected person of the Company, the formation of CCCC Finance Company Limited constitutes a connected transaction of the Company. The establishment of CCCC Finance Company Limited will provide more efficient and professional finance services to the Group, and is an important measure to enhance fund management, to strengthen the competitiveness of the Group and to realise the strategic position of the Group as a world class enterprise with international competitiveness.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the transaction contemplated under the capital contribution agreement exceeds 0.1% but is less than 5%, accordingly, such transaction was subject to the reporting and announcement requirements, but was exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

On 26 February 2013, the Company entered into a new supplemental agreement with CCCG to amend certain terms of the aforesaid capital contribution agreement in accordance with the recent changes and development of relevant policies of China Banking Regulatory Commission and the People's Bank of China. According to the new supplemental agreement, the registered capital of CCCC Finance Company Limited will be increased to RMB3.5 billion and the registered capital is to be contributed in cash with 5% (equivalent to RMB175 million) by CCCG and the remaining 95% (equivalent to RMB3,325 million) by the Company. The board of directors of CCCC Finance Company Limited shall consist of five directors and shall be elected by its shareholders at the shareholders' general meeting.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the transaction contemplated under the new supplemental agreement exceeds 0.1% but is less than 5%, accordingly, such transaction was subject to the reporting and announcement requirements, but was exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As at the date of this annual report, CCCC Finance Company Limited has not been established yet.

Connected Transactions (Continued)

Construction Agreement

On 10 October 2012, CCCC First Harbor Engineering Fourth Construction Company Limited ("**Fourth Construction Company**"), an indirectly wholly-owned subsidiary of the Company and China Communications (Bazhong) Investment & Development Co., Ltd. ("**Bazhong Investment Development**"), an indirectly wholly-owned subsidiary of CCCG entered into a construction agreement ("**Construction Agreement**"). Pursuant to the Construction Agreement, Fourth Construction Company has agreed to provide road construction service to Bazhong Investment Development and will charge Bazhong Investment Development for the construction service at a consideration of RMB503 million. Bazhong Investment Development will pay 10% of the consideration within 10 days of the execution of the Construction Agreement as pre-payment, and will, based on the construction progress, pay the remaining fees once every month.

As required for management and operation of project, Bazhong Investment Development was established after winning of a government-initiated bid for a road construction project, which is located at Bazhong city of Sichuan province. As Bazhong Investment Development does not engage in road construction business, Fourth Construction Company entered into the Construction Agreement with Bazhong Investment Development, pursuant to which, Fourth Construction Company has agreed to provide road construction service to Bazhong Investment Development. The Company considered that it could benefit the Company by providing such service to Bazhong Investment Development as the Company could enjoy the profits from the service provided.

CCCG is the controlling shareholder of the Company and therefore, is a connected person of the Company under the Hong Kong Listing Rules. As Bazhong Investment Development is an indirectly wholly owned subsidiary of CCCG, it is therefore a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transaction under the Construction Agreement constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the transaction under the Construction Agreement exceeds 0.1% but is less than 5%, the transaction under the Construction Agreement was only subject to the reporting and announcement requirements, but was exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The construction obligation under the Construction Agreement has been fulfilled within the term of the Construction Agreement and the Group has recorded a revenue of RMB503 million for the year 2012.

Others

Except the aforesaid connected transactions, the Group did not enter into any other connected transactions or continuing connected transactions which require the compliance with the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For related party transactions discussed in Note 44 of the audited financial statements which are also connected transactions under Chapter 14A of the Hong Kong Listing Rules, the Company had made disclosure when required under the Hong Kong Listing Rules.

Employees

As at 31 December 2012, the Group had 94,629 employees that had signed labor contracts with the Group. The Group was responsible for the expenses of 35,424 retired employees. The breakdown of employees as at 31 December 2012 was as follows:

(a) categorised by major

Major	Number of Employees	Percentage
Management	30,035	31.74%
Specialist	40,355	42.64%
Technician	15,070	15.93%
Others	9,169	9.69%
Total	94,629	100.0%

(b) categorised by degree held

	Number of Employees	Percentage
Master and above	5,353	5.66%
Bachelor	43,350	45.81%
Junior college degree	19,442	20.54%
Associate degree	7,756	8.20%
Junior high school degree and other	18,728	19.79%
Total	94,629	100.0%

In accordance with applicable regulations, the Group makes contributions to the employees' pension plan, medical insurance plan, unemployment insurance plan, maternity insurance plan and personal injury insurance plan. The amount of contributions is based on the specified percentages of employees' aggregate salaries as provided for by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group also provides voluntary benefits to current employees and retired employees. Current employees of the Group are also entitled to performance-based annual bonus.

Compliance with Corporate Governance Code

Please see the section headed "Corporate Governance Report" set out in this annual report for details of our compliance with the Corporate Governance Code.

Material Legal Proceedings

As at 31 December 2012, as far as the Directors are aware, except as disclosed in Note 42 of the audited financial statements, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

Auditors

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company were appointed as the international and domestic auditors of the Company for the year ended 31 December 2012, respectively. PricewaterhouseCoopers has audited the accompanying financial statements, which have been prepared in accordance with IFRS. The Company has retained PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company since the date of its listing.

By order of the Board
Zhou Jichang
Chairman of the Board

Beijing, the PRC
26 March 2013

"Tongcheng"

It is the largest self-propelled trailing suction hopper dredger designed and built in China with a storage capacity of 18,343 cubic metres and a deepening capacity of 85 metres.

Report of the Supervisory Committee

I. Work Performed by the Supervisory Committee

During the reporting period, the Company held four supervisory committee meetings, which are detailed as follows:

1. The third meeting of the second session of the Supervisory Committee was held on 26 March 2012 to consider the Resolution on Considering the Drafts of the Annual Results Announcement and Annual Report of the Company for 2011, the Resolution on Considering the Financial Statements of the Company for 2011, the Resolution on the Profit Distribution and Dividend Payment Proposal of the Company for 2011, the Resolution on Considering the Day-to-Day Related-party Transactions of the Company for 2012, the Resolution on Considering the 2011 Report of the Supervisory Committee of the Company, the Resolution on Considering the 2011 Assessment Report on Internal Control of CCCC, the Resolution on Considering the Special Report on the Deposit and Use of Proceeds from the Initial Public Offering of A Shares and the Resolution on Placing Part of the Proceeds as Fixed Deposit.

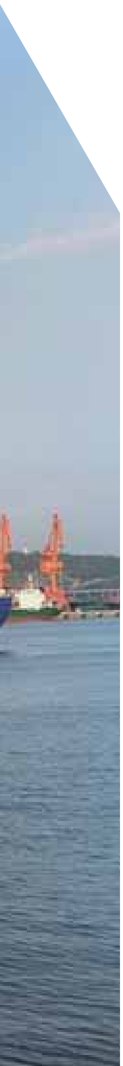
2. The fourth meeting of the second session of the Supervisory Committee was held on 25 April 2012 to consider the Resolution on the Quarterly Report of the Company for the First Quarter of 2012.

3. The fifth meeting of the second session of the Supervisory Committee was held on 28 August 2012 to consider the Resolution on Considering the Drafts of the Interim Results Announcement and Interim Report of the Company for 2012 and the Resolution on Considering the Special Report on the Deposit and Actual Use of Proceeds of the Company.

4. The sixth meeting of the second session of the Supervisory Committee was held on 30 October 2012 to consider the Resolution on Considering the Quarterly Report of the Company for the Third Quarter of 2012.

II. Independent Opinions of the Supervisory Committee on the Legal Compliance of the Operations of the Company in 2012

During the reporting period, through the supervision on the Directors and senior management of the Company, the Supervisory Committee was of the opinion that the Board operated in strict compliance with the Company Law, Securities Law, the Articles of Association and other relevant laws, regulations and requirements and operated lawfully. Significant operational decisions made by the Company were reasonable and the procedures were legitimate and valid. To further regulate the operations, the Company established and refined its internal management system and internal control system. Directors and senior management of the Company had duly performed their duties with dedication, diligence and responsibility in strict compliance with the laws and regulations of the state, the Articles of Association, resolutions of the shareholders' meeting and resolutions of the Board meeting. The Supervisory Committee was not aware of any act of the Directors or senior management of the Company which was in violation of any laws, regulations and the Articles of Association or was detrimental to the interests of the Company and its shareholders.



III. Independent Opinions of the Supervisory Committee on the Review of the Financial Positions of the Company

Members of the Supervisory Committee examined and supervised the financial positions of the Company through the debriefing report of the responsible person of the financial department of the Company, reviewing the financial statements, regular reports of the Company, auditor's report issued by the external auditor and on-site investigation of material investments and financing projects resolved by the Board. The Supervisory Committee was of the opinion that the financial system of the Company was comprehensive and the expenses made were reasonable. The standard unqualified auditor's reports were issued by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company on the financial statements prepared in accordance with International Financial Reporting Standards and China Accounting Standards for Business Enterprises, respectively. The Supervisory Committee was of the opinion that the financial statements gave an objective, true and fair view of the financial positions and operating results of the Company for the year 2012 in accordance with relevant accounting standards.

IV. Independent Opinions of the Supervisory Committee on the Use of Proceeds

During the reporting period, there was no change in the fund raising projects of the Company. The use of proceeds was in compliance with the requirements of the relevant laws and regulations and the Articles of Association. No acts were found to be detrimental to the interests of the Company and its shareholders.

V. Independent Opinions of the Supervisory Committee on Material Acquisition and Disposal of Assets of the Company

During the reporting period, the Supervisory Committee duly supervised the material acquisition, disposal of assets, merger and consolidation made by the Company and was of the opinion that the above activities had been conducted at fair prices in accordance with legal procedures. The Supervisory Committee was not aware of any circumstances that were detrimental to the interests of the shareholders or resulted in a dissipation of assets of the Company.

VI. Independent Opinions of the Supervisory Committee on Related-Party/ Connected Transactions of the Company

During the reporting period, the Supervisory Committee duly supervised the related-party/connected transactions of the Company and was of the opinion that all the related-party/connected transactions made by the Company were in compliance with the rules and regulations under the Company Law, Securities Law, Share Listing Rules of Shanghai Stock Exchange, and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; as well as the provisions under the Articles of Association and Rules for the Management of Related-party Transactions of CCCC. All related-party/connected transactions of the Company were conducted at fair market prices after thorough discussion and cautious decision-making by the Board and the management under the principle of making compensation for equal value. No acts were found to be in violation of open and fair principles and legal approval procedures were followed. No acts were detrimental to the interests of the Company and the minority shareholders.

VII. Review of the Supervisory Committee on the Self-assessment Report on Internal Control

During the reporting period, the Supervisory Committee of the Company reviewed the Self-assessment Report on Internal Control and considered that the Company had complied with the Company Law and relevant requirements of the China Securities Regulatory Commission and Shanghai Stock Exchange, upheld the fundamental principles of internal control, established and perfected the internal control system that covered every part of the Company's operations with reference to its actual conditions and ensured the orderly function of the Company's production and operation. At the same time, the Company has established a complete internal control structure that ensures the effective supervision and implementation of the Company's internal control system. In 2012, the Company's key internal control activities were regulated, conducted in compliance with the law and were valid without any instance of breaching the relevant requirements of the national securities regulatory authorities and the Company's internal control system. To sum up, the Supervisory Committee of the Company considered that the 2012 Self-assessment Report on Internal Control reflected the actual situation of the establishment, improvement and operation of the Company's internal control system in a comprehensive, objective and truthful manner and thus no dissenting opinion was given.

Development and Construction Project for Eastern Coastal New Town in Shantou

With a total investment of about RMB20 billion, the project is positioned to be the integrated service centre, central business district, administrative and cultural centre and ecological coastal new town in East Guangdong area.

Corporate Governance Report

Overview

As a both H shares and A shares listed company, the Company operates in strict compliance with the requirements of the applicable laws, administrative regulations and regulatory documents, including the Company Law, the Securities Law and the relevant rules and regulations of the Hong Kong Stock Exchange in relation to corporate information disclosure and the management and services of investors' relations. In addition, the Company amended the Articles of Association and the related internal governance rules in 2011 according to the requirements of the laws and regulations of the Code of Corporate Governance for Listed Companies, Rules for Shareholders' General Meetings of Listed Companies, the Guidelines for the Articles of Association of Listed Companies (as Amended in 2006) and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (as Amended in 2008). As a result, the Company has set up a corporate governance system that complies with the regulatory requirements for domestic listed companies and has further enhanced its corporate governance standard. During the reporting period, the Company had effectively implemented the corporate governance rules, including the Articles of Association, the Rules of Procedures for Shareholders' General Meetings, the Rules of Procedures for Board Meetings, the Working Manual of Independent Directors, the Rules of Procedures for the Supervisory Committee Meetings and the Working Rules of the President. The shareholders' general meetings, Board meetings and Supervisory Committee meetings are convened independently and efficiently with their respective duties and obligations fully fulfilled.

Compliance with the Corporate Governance Code

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions as set out in the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Hong Kong Listing Rules) for the three months ended 31 March 2012. The Board believes that the Company complied with all code provisions of the Corporate Governance Code and Corporate Governance Report (the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering a period after 1 April 2012, the "**New CG Code**") as set out in Appendix 14 to the Hong Kong Listing Rules for the year ended 31 December 2012 with the exception of Code Provision A.5.1.

Code Provision A.5.1 of the New CG Code stipulates that a nomination committee should, among others, comprise a majority of independent non-executive directors. Throughout the year ended 31 December 2012, the Board consisted of nine Directors, including three executive directors, one non-executive director and five independent non-executive directors. Before the New CG Code became effective, the Nomination Committee consisted of three executive directors, one non-executive director and one independent non-executive director.

As a commitment to retain high level of corporate governance and continuous efforts to comply with the Hong Kong Listing Rules, the Board had appointed two additional independent non-executive directors to the Nomination Committee. Currently, the Nomination Committee consists of seven Directors, including three executive directors, one non-executive director and three independent non-executive directors. In addition, the Company will re-elect the members to the Nomination Committee as soon as practicable to ensure full compliance with the New CG Code.

The Board of Directors

(1) Composition of the Board of Directors

As at 31 December 2012, the Board consists of nine directors, including three executive directors, one non-executive director and five independent non-executive directors. Members of the Board were as follows:

Chairman of the Board: Zhou Jichang

President: Liu Qitao

Executive directors: Zhou Jichang, Liu Qitao, Fu Junyuan

Non-executive director: Zhang Changfu

Independent non-executive directors: Lu Hongjun, Yuan Yaohui, Zou Qiao, Liu Zhangmin and Leung Chong Shun

The Company has appointed a sufficient number of independent non-executive directors in compliance with Rule 3.10A of the Hong Kong Listing Rules which requires independent non-executive directors shall represent at least one-third of the board of a listed company.

The Company has received the confirmation on independence from each of the independent non-executive directors for the year 2012 and the Company considers each independent non-executive director independent.

Pursuant to the Articles of Association, the term of office of Directors (including independent non-executive directors) is three years, which is renewable upon re-election and re-appointment and each independent non-executive director shall not serve that position for more than six years continuously in order to ensure his independence.

(2) Shareholders' General Meeting

In 2012, the Company held one shareholders' general meeting. All Directors had attended the shareholders' general meeting.

(3) Board Meetings

In 2012, the Company held eight board meetings to discuss the fundamental system, the internal control system, the establishment of branches, fund raising and investment opportunities of the Company. The table below sets out the details of attendance record of board meetings in 2012:

Director	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Zhou Jichang	8	0	100%
Liu Qitao	6	2	75%
Fu Junyuan	7	1	88%
Zhang Changfu	6	2	75%
Lu Hongjun	7	1	88%
Yuan Yaohui	8	0	100%
Zou Qiao	7	1	88%
Liu Zhangmin	8	0	100%
Leung Chong Shun	8	0	100%

The Board of Directors (Continued)

(4) Responsibilities and Operations of the Board

The principal responsibilities of the Board are, among other things, making decisions on business strategies, business plans and material investment plans, formulating annual financial budgets, proposing profit distribution plans, appointing and dismissing the President of the Company and implementing shareholders' resolutions. There are currently four committees established under the Board, being the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. Each committee has its operation rules and reports to the Board regularly.

The roles of the Chairman of the Board and chief executive officer of the Company are performed by separate persons and the division of power between the Board and senior management strictly complies with the Company's Articles of Association and relevant regulations. The Chairman of the Board is responsible for ensuring that the Directors perform their duties properly and ensuring discussions on material matters on a timely basis. Pursuant to the Articles of Association, the President is responsible to the Board and is delegated the authority to, among other things, oversee the operation and management of the Company, implement the decisions of the Board, carry out investment plans and establish an internal management system. While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, the Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive directors of the Company. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, financing and financial reporting, internal controls, communication with shareholders and corporate governance.

(5) Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules as the code for securities transactions by its Directors and Supervisors. After specific enquiries to all Directors and Supervisors, the Company confirms that the Directors and Supervisors complied with the standards set out in the Model Code for the year ended 31 December 2012.

(6) Directors' Training

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has provided a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and A Guide on Directors' Duties issued by the Companies Registry of Hong Kong to each newly appointed Director to ensure that he/she is fully aware of his/her responsibilities and obligations under the Hong Kong Listing Rules and other regulatory requirements.

The Company Secretary reports from time to time the latest changes and development of the Hong Kong Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as organises seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities. During 2012, the Company Secretary undertook over 15 hours of professional training to update his skills and knowledge.

The Board of Directors (Continued)

(6) Directors' Training (Continued)

During the year 2012, there were three in-house seminars conducted covering the topics of director's duties under Appendix 10 and Appendix 14 of the Hong Kong Listing Rules and new inside information disclosure requirements under the Hong Kong Listing Rules and the SFO. All Directors attended the seminars. In addition, our Directors have attended the following directors' training seminars during the year 2012:

No.	Seminars	Organiser	Attendees
1.	2012 Fifth Training Session for Directors and Supervisors	The CSRC Beijing Bureau and the Listed Companies Association of Beijing	Fu Junyuan Zhang Changfu
2.	2012 First Directors' Training Session on "Training Class for Controlling Shareholders and Chairmen" (Prevention of Insider Trading)	The CSRC Beijing Bureau and the China Listed Companies Association	Zhou Jichang
3.	The 23rd Session of Qualification Training for Independent Directors	Shanghai Stock Exchange	Leung Chong Shun
4.	Internal seminar	CCCC	Zhou Jichang Fu Junyuan Yuan Yaohui

(7) Committees under the Board

(a) Strategy Committee

The main duties of the Strategy Committee include, among other things, reviewing proposals and making recommendations to the Board regarding the Company's strategic development plans, annual budgets, capital allocation plans, significant mergers and acquisitions and significant financing plans.

The Strategy Committee currently consists of five members, namely Zhou Jichang, Liu Qitao, Fu Junyuan, Lu Hongjun and Leung Chong Shun, and is chaired by Zhou Jichang. Two out of five members of the Strategy Committee are independent non-executive directors.

The Strategy Committee held one meeting in 2012 to confirm the plan of initial public offering of A shares and the merge with Road & Bridge International Co., Ltd., as well as to provide recommendations and advise on significant matters of the Company such as the mid-long term development plan of the Company. All members of the Strategy Committee had attended the meeting. The table below sets out the details of attendance record of meetings of Strategy Committee in 2012:

Director	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Zhou Jichang	1	0	100%
Liu Qitao	1	0	100%
Fu Junyuan	1	0	100%
Lu Hongjun	1	0	100%
Leung Chong Shun	1	0	100%

The Board of Directors (Continued)

(7) Committees under the Board (Continued)

(b) Audit Committee

The main duties of the Audit Committee include, among other things,

- being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- monitoring the integrity of financial statements of the Company and the Company's annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained therein; and
- overseeing the Company's financial reporting system and internal control procedures, including but not limited to, review of financial controls, internal control and risk management systems, consideration of action on any findings of major investigations of internal control matters as delegated by the Board or at its own initiative and management's response thereto, and review of the Company's financial and accounting policies and practices.

The Audit Committee currently consists of three members, namely Liu Zhangmin, Lu Hongjun and Zou Qiao, and is chaired by Liu Zhangmin. All of the members of the Audit Committee are independent non-executive directors.

The Audit Committee held five meetings in 2012 to review and consider the audited annual financial statements of 2011, quarterly financial reports of 2012 and the interim financial report of 2012, the auditors' remunerations in 2012 and relevant connected transaction matters. The table below sets out the details of attendance record of meetings of Audit Committee in 2012:

Director	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Zhangmin	5	0	100%
Lu Hongjun	5	0	100%
Zou Qiao	4	1	80%

The Board of Directors (Continued)

(7) Committees under the Board (Continued)

(c) Remuneration and Appraisal Committee

The main duties of the Remuneration and Appraisal Committee include, among other things:

- making recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of a formal and transparent process for developing policy on such remuneration;

- having the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment) and make recommendations relating to the remuneration of independent non-executive directors to the Board; and

- review and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration and Appraisal Committee currently consists of three members, namely Yuan Yaohui, Zhang Changfu and Liu Zhangmin, and is chaired by Yuan Yaohui. Two out of three members of the Remuneration and Appraisal Committee are independent non-executive directors.

The Remuneration and Appraisal Committee held three meetings in 2012 to review and discuss the Resolution on Amending the Interim Measures for the Administration of the Remuneration and Appraisal of the Senior Management of CCCC and the Resolution on the Proposal of Matters Related to the Remuneration and Appraisal of the Senior Management of the Company for 2011. The table below sets out the details of attendance record of meetings of Remuneration and Appraisal Committee in 2012:

Director	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Yuan Yaohui	3	0	100%
Zhang Changfu	3	0	100%
Liu Zhangmin	3	0	100%

Zou Qiao and Leung Chong Shun were also present at the last meeting held on 30 October 2012.

The Board of Directors (Continued)

(7) Committees under the Board (Continued)

(d) Nomination Committee

The main duties of the Nomination Committee include, among other things, studying the recruiting standard and procedure in respect of nomination of Directors and President and reviewing the credentials of Director or President candidates and make recommendations to the Board.

The Directors were nominated by criteria such as personal integrity, work experience relating to the Company's core business, performance track record, professional background, familiarity with corporate governance requirements for listed companies, etc.

The Nomination Committee currently consists of seven members, namely Zhou Jichang, Liu Qitao, Fu Junyuan, Zhang Changfu, Yuan Yaohui, Zou Qiao and Leung Chong Shun, and is chaired by Zhou Jichang. Three out of seven members of the Nomination Committee are independent non-executive directors.

The Nomination Committee held one meeting in 2012 to review the Board structure. The table below sets out the details of attendance record of meeting of Nomination Committee in 2012:

Director	Number of Meetings Attended in Person	Number of Meetings Attended of Proxy	Attendance Rate
Zhou Jichang	1	0	100%
Liu Qitao	1	0	100%
Fu Junyuan	1	0	100%
Zhang Changfu	1	0	100%
Yuan Yaohui	1	0	100%
Zou Qiao	1	0	100%
Leung Chong Shun	1	0	100%

Supervisory Committee

The Supervisory Committee is responsible for supervising the Board, its individual members and senior management to safeguard against any potential abuse of authority by the Board, its individual members and senior management so as to protect the interests of the Company and its shareholders as a whole. The Supervisory Committee of the Company consists of three members, Liu Xiangdong, Xu Sanhao and Wang Yongbin (representative of the employees). The term of office for supervisors is three years which is renewable upon re-election.

The Supervisory Committee held four meetings in 2012 to consider and approve the 2011 Report of the Supervisory Committee, the 2011 Assessment Report on Internal Control of CCCC, the Special Report on the Deposit and Use of Proceeds from the Initial Public Offering of A Shares, the Quarterly Reports of the Company for the First and Third Quarter of 2012, etc. The table below sets out the details of attendance record of meetings of Supervisory Committee in 2012:

Supervisor	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Liu Xiangdong	4	0	100%
Xu Sanhao	3	1	75%
Wang Yongbin	4	0	100%

Auditors' Remuneration

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company are appointed as the international and domestic auditors of the Company, respectively. PricewaterhouseCoopers Zhong Tian CPAs Limited Company is also appointed as the auditor of ZPMC, a subsidiary of the Company. Breakdown of the remuneration to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company for audit services provided and other non-audit service assignments for the year ended 31 December 2012 are as follows:

	RMB'000
Audit services	27,750
Audit-related services	9,400
Non-audit services:	
– Tax consulting service	2,942
– Other service	735
Total	40,827

The Board recommends to re-appoint PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP (previously PricewaterhouseCoopers Zhong Tian CPAs Limited Company) as the international and domestic auditors of the Company for the year of 2013, respectively, which is subject to shareholders' approval at the forthcoming annual general meeting.

Internal Control, Internal Control Self-Appraisal Report and Corporate Social Responsibility Report

The Board takes ultimate responsibility for the internal control of the Group, and reviews the effectiveness of the system through the Audit Committee. The Audit Committee has reviewed the effectiveness of internal control system of the Group, which covers, among other things, financial, operational and compliance controls and risk management functions.

The Company attaches great importance to internal control and its corporate social responsibility. The 2012 Internal Control Self-Appraisal Report of CCCC and the 2012 Corporate Social Responsibility Report of CCCC have been published on the website of the Hong Kong Stock Exchange by way of overseas regulatory announcements as well as on the Company's website.

Accountability of the Directors in relation to Financial Statements

The Directors are responsible for overseeing the preparation of the financial statements for each fiscal period. In preparing the financial statements for the year ended 31 December 2012, the Directors have selected appropriate accounting policies and applied them consistently and made prudent and reasonable judgment and estimates so as to give a true and fair view of the state of affairs of the Company and of the results and cash flow for that fiscal year.

Shareholders' Rights

The Company is committed to pursue active dialogue with shareholders as well as to provide disclosure of information concerning the Group's material developments to shareholders, investors and other stakeholders.

The annual general meeting of the Company serves as an effective forum for communication between shareholders and the Board. Notice of the annual general meeting together with the meeting materials are dispatched to all shareholders not less than 45 days prior to the annual general meeting. The Chairman of the Board and Chairman of Strategy Committee, Audit Committee, Remuneration and Appraisal Committee and Nomination Committee, or in their absence, other members of the respective Committees, are invited to the annual general meeting to answer questions from shareholders. External auditors are also invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Shareholders' Rights (Continued)

The shareholders individually or jointly holding more than 10% of total shares of the Company can make a request of convening a shareholders' general meeting. Shareholders individually or jointly holding more than 3% of shares of the Company shall have the right to submit proposals to the Company to a shareholders' general meeting. Shareholders individually or jointly holding more than 3% of shares of the Company may bring forward provisional proposals and submit the same in writing to the convener ten days prior to the shareholders' general meeting.

Vote of shareholders at general meeting will be taken by poll in accordance with the Hong Kong Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the inception of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of Association, a special general meeting can be convened upon written request from any two or more members holding in aggregate not less than one-tenth of the paid up capital of the Company which as at the date of the deposit of the request carries voting right at general meetings of the Company. Such request must state the objects of the meeting and must be signed by the requisitionists and deposited at the office of the Company.

Enquiries directed to the Board or the Company are facilitated by email to ir@ccccltd.cn or through the online messaging system on the Company's website. All the Company's announcements, press releases and conducive corporate information are made available on the Company's website to enhance the transparency of the Company.

Amendments to Articles of Association of the Company

On 6 June 2012, the shareholders approved the proposed amendments to the Articles of Association at the 2011 Annual General Meeting by a special resolution. Particulars of the amendments are as below:

- Introduce a new article as article 234 of the Articles of Association, "The Company will implement a sustainable and stable profit distribution policy so as to place emphasis on the reasonable investment return to the investors while securing the sustainable development of the Company."

- Introduce a new article as article 236 of the Articles of Association, "The profit distributed in cash by the Company for each year shall not be less than 10% of the distributable profit realised in such year. The Board of the Company shall make plan regarding the profit distribution in cash. If the Board fails to make such plan regarding profit distribution in cash, the reasons shall be disclosed in the regular report and the independent directors shall express their independent opinion on so."

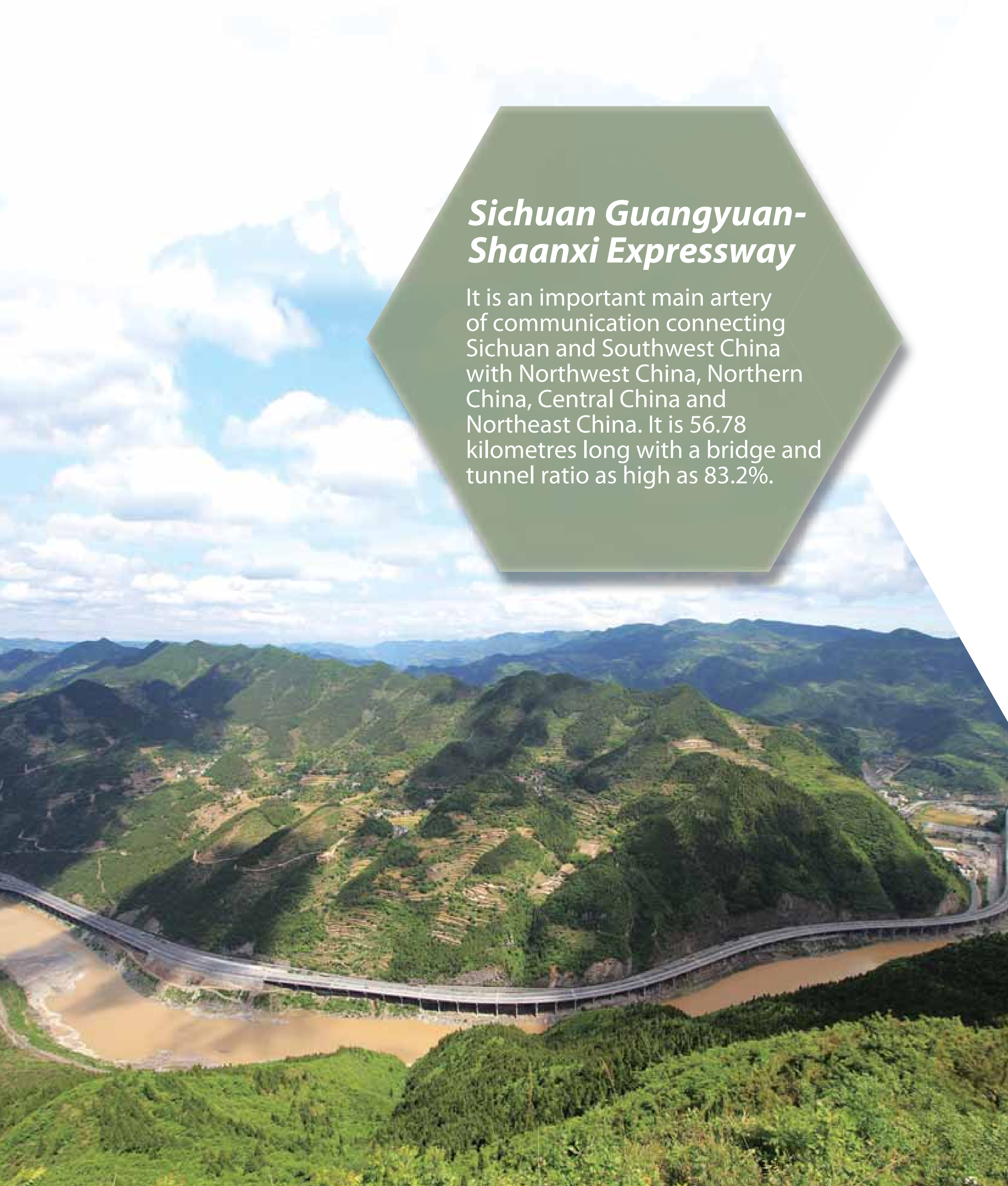
- Add a second paragraph to the article 238 of the Articles of Association, "If the Company does need adjust its profits distribution plan based on its production and operation conditions, investment plan and long-term development needs, the revised profit distribution plan may not breach the relevant provisions set out by the CSRC and the stock exchange(s) where the shares of the Company are listed, and such revised profits distribution plan shall be approved at the general meeting."

- Amend the numbering of the articles of the Articles of Association accordingly where the above amendments may result in variation of such numbering.

The latest Articles of Association of the Company can be found on the HKEx website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.ccccltd.cn).

Investor Relations

Please see the chapter headed "Investor Relations" for detailed information.



Sichuan Guangyuan-Shaanxi Expressway

It is an important main artery of communication connecting Sichuan and Southwest China with Northwest China, Northern China, Central China and Northeast China. It is 56.78 kilometres long with a bridge and tunnel ratio as high as 83.2%.

Profile of Directors, Supervisors and Senior Management

Board of Directors

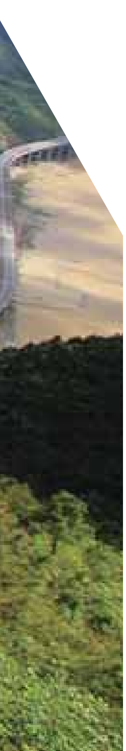
The Company's second session of the Board consists of nine directors, including five Independent Non-executive Directors; and the profiles of the Directors are as follows:

Mr. Zhou Jichang, born in 1950, Chinese nationality with no overseas permanent residence, is an Executive Director and the Chairman of the Board of the Company. Mr. Zhou also serves as the chairman of the board and general manager of CCCG, and the chairman of the board of ZPMC (resigned since 18 September 2012). He joined the Company in January 1977 with in-depth knowledge of the industries in which the Company operates and extensive operational and managerial experience. Mr. Zhou held positions as the deputy president of the First Highway Survey & Design Institute of the former China Road and Bridge Corporation, general manager and chairman of the board of China Road and Bridge Construction Company (the predecessor of CRBC Group), general manager of CRBC Group. Mr. Zhou graduated from Tongji University with a major in bridge, road and tunnel construction. He is a Senior Engineer. Mr. Zhou has been serving as the chairman of the board of CCCG since December 2005 and as general manager of CCCG since August 2006. He has been serving as an Executive Director and the Chairman of the Company since September 2006, and was re-elected in December 2009.

Mr. Liu Qitao, born in 1957, Chinese nationality with no overseas permanent residence, is an Executive Director and the President of the Company. Mr. Liu also serves as the director of CCCG. He has in-depth knowledge and extensive managerial and operational experience. Mr. Liu held positions as deputy head of No.13 Bureau of Sinohydro, assistant to general manager and deputy general manager with China National Water Resources and Hydropower Engineering Corporation and acted as general manager of its department of overseas operations, deputy general manager at Sinohydro Corporation and the chairman of the board of Sinohydro International Engineering Co., Ltd., director and general manager of Sinohydro Group Ltd. Mr. Liu graduated from Dalian Institute of Technology (now named as Dalian University of Technology) with a bachelor's degree in water conservancy and hydropower engineering construction, and is qualified as a Constructor. He is a professor equivalent senior engineer and is entitled to the special government allowance awarded by the State Council. Mr. Liu has been serving as the President of the Company since December 2010 and as an Executive Director of the Company since January 2011.

Mr. Fu Junyuan, born in 1961, Chinese nationality with no overseas permanent residence, is an Executive Director and the Chief Financial Officer of the Company. Mr. Fu also serves as a non-executive director of China Merchants Bank Co., Ltd., director and vice chairman of Jiang Tai Insurance Brokers Limited. Mr. Fu has extensive operational and financial management experience, and worked for over ten years at the financial bureau and auditing bureau of the Ministry of Transportation. He held positions as chief accountant of CHEC Group, chief accountant and non-executive director of CCCG. Mr. Fu holds a doctor's degree in business administration from Beijing Jiaotong University. He is a Senior Accountant. Mr. Fu has been serving as an Executive Director and the Chief Financial Officer of the Company since September 2006, and was re-elected in December 2009.

Mr. Zhang Changfu, born in 1945, Chinese nationality with no overseas permanent residence, is a Non-executive Director of the Company. Mr. Zhang also serves as the vice chairman of China Iron and Steel Association and has been appointed as an external director of China Metallurgical Group Corporation. He has extensive experience in corporate administration. Mr. Zhang worked at No. 19 Metallurgical Construction Corporation for various positions. He also held positions as head of the Administration Office and Service Bureau of State Bureau of Metallurgical Industry, the deputy head and head of Service Administration Bureau of State Economic and Trade Commission, and head of Service Administration Bureau under the SASAC. Mr. Zhang graduated from Beijing Iron and Steel Institute (now named as University of Science and Technology Beijing) and obtained a bachelor's degree in engineering. He is a Senior Economist. Mr. Zhang has been serving as a Non-executive Director of the Company since June 2008, and was re-elected in December 2009.



Board of Directors (Continued)

Mr. Lu Hongjun, born in 1949, Chinese nationality, is an Independent Non-executive Director of the Company. Mr. Lu also serves as the principal and the professor of Shanghai Institute of International Finance, an external director of Jin Jiang International Holdings Co., Ltd. He set up Human Resource Assessment Program in China in the 1980's and had conducted extensive research on assessment centre and corporate leadership development. Mr. Lu was an independent director of Shanghai Dragon Corporation and independent non-executive director of Shanghai New Huang Pu Real Estate Co. Ltd. Mr. Lu has been serving as an Independent Non-executive Director of the Company since September 2006, and was re-elected in December 2009.

Mr. Yuan Yaohui, born in 1945, Chinese nationality with no overseas permanent residence, is an Independent Non-executive Director of the Company. Mr. Yuan also serves as a director of Shenzhen Airport Co., Ltd. and a director of Shenzhen Yantian Port Group Co., Ltd. He has extensive experience in both public policy making and corporate administration. Mr. Yuan held positions as the deputy general manager and general manager of Changhe Aircraft Industries Group, head of the Economic and Trade Commission of Jiangxi Province, the deputy president of Air China International Corporation (now named as Air China Limited), and head of the policy and regulation department of the General Administration of Civil Aviation of China. Mr. Yuan graduated from the Beijing Institute of Technology with a bachelor's degree in wireless engineering. He is a professor equivalent Senior Engineer and is entitled to the special government allowance awarded by the State Council. Mr. Yuan has been serving as an Independent Non-executive Director of the Company since September 2006, and was re-elected in December 2009.

Mr. Zou Qiao, born in 1946, Chinese nationality with no overseas permanent residence, is an Independent Non-executive Director of the Company. Mr. Zou also serves as external director of Sinosteel Co., Ltd. He has extensive experience in corporate administration. Mr. Zou worked at No. 16 Metallurgy Corporation of the Ministry of Metallurgy for various positions. Mr. Zou held positions as the deputy head of the infrastructure bureau and head of the investment and operation department of China National Nonferrous Metals Industry Corporation, head of Industry Administration Division of State Nonferrous Metal Industry Bureau, the deputy general manager of China Nonferrous Metals Construction Group Co., Ltd., the deputy general manager of China Nonferrous Metal Mining and Construction (Group) Co., Ltd., and the deputy general manager of China Nonferrous Metal Mining (Group) Co., Ltd. Mr Zou graduated from Xi'an Metallurgy and Construction Institute (now named as Xi'an University of Architecture and Technology) with a bachelor's degree in industrial and civil construction. He is a professor equivalent Senior Engineer. Mr. Zou has been serving as an Independent Non-executive Director of the Company since June 2008, and was re-elected in December 2009.

Mr. Liu Zhangmin, born in 1949, Chinese nationality with no overseas permanent residence, is an Independent Non-executive Director of the Company. Mr. Liu also serves as an independent non-executive director of China First Heavy Industries Co., Ltd., independent non-executive director of China Yangtze Power Co., Ltd., and an external director of China Shipping (Group) Company. He has extensive experience in corporate administration and financial management. Mr. Liu worked for Second Automotive Works in various positions including deputy manager of Standard Component Factory, deputy director of supply department, deputy director and director of finance department of Second Automotive Works. He worked at Dongfeng Motor Corporation for a variety of positions, including head of finance department, assistant to general manager, deputy general manager and chief accountant. He also served as executive director and president of Dongfeng Motor Group Co., Ltd. Mr. Liu graduated from Beijing Mechanical Industry Management College with a major in financial accounting of industrial enterprises. He is a senior accountant. Mr. Liu has been serving as an Independent Non-executive Director of the Company since December 2009.

Board of Directors (Continued)

Mr. Leung Chong Shun, born in 1965, Chinese nationality, permanent resident of Hong Kong Special Administrative Region, is an Independent Non-executive Director of the Company. Mr. Leung also serves as an independent non-executive director of China National Materials Co., Ltd., Lijun International Pharmaceutical (Holding) Co., Ltd., and China Metal Recycling (Holdings) Limited, respectively. Mr. Leung has been admitted as a solicitor since 1991 and has extensive experience in legal practice of corporate finance, mergers and acquisitions and initial public offerings. He served as chief representative in Beijing Office of Woo Kwan Lee & Lo and participated in various initial public offerings and acquisition projects for H share and red-chip companies of the PRC. Mr. Leung graduated from the University of Hong Kong and obtained a bachelor's degree in Law with honors. He is qualified as a solicitor in Hong Kong and England. Mr. Leung has been serving as an Independent Non-executive Director of the Company since January 2011.

Supervisory Committee

The Company's second session of the Supervisory Committee consists of three Supervisors, including two shareholder representative Supervisors and one employee representative Supervisor. Profiles of the Supervisors are as follow:

Mr. Liu Xiangdong, born in 1958, Chinese nationality with no overseas permanent residence, is a Supervisor of the Company. Mr. Liu held a number of positions at the former State Economy and Trade Commission and the former Ministry of Domestic Trade of the PRC, and served as an inspector of the Enterprises Reform Bureau of SASAC. Mr. Liu holds a master's degree in science from Hunan University. He has extensive management experience. Mr. Liu has been serving as a Supervisor and the Chairman of the Supervisory Committee since September 2006, and was re-elected in June 2010.

Mr. Xu Sanhao, born in 1954, Chinese nationality with no overseas permanent residence, is a Supervisor of the Company. Mr. Xu has extensive operational and management experience. Mr. Xu was deputy general manager of CRBC Group. Mr. Xu graduated from Jilin Industry University with a major in automotive application. He is a Senior Engineer. Mr. Xu has been serving as a Supervisor of the Company since September 2006, and was re-elected in June 2010.

Mr. Wang Yongbin, born in 1965, Chinese nationality with no overseas permanent residence, joined the Company in July 2001 and has extensive management experience in finance and audit. Mr. Wang is a Supervisor and head of the auditing department of the Company. Mr. Wang also serves as a supervisor of Zhenhua Logistics Group, CCCC Investment Co., Ltd., Zhen Hua (Shenzhen) Engineering Co., Ltd., and Shanghai Zhenshalongfu Machinery Co., Ltd. Mr. Wang graduated from Changsha Communications University with a bachelor's degree in project finance and accounting. He is a Senior Accountant. Mr. Wang has been serving as a Supervisor of the Company since September 2006, and was re-elected in June 2010.

Senior Management

The Company's senior management consists of nine members with the profiles as follow (profiles of Liu Qitao and Fu Junyuan, who also serve as the Directors of the Company, are stated above):

Mr. Chen Yun, born in 1963, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. He served as the chairman of the board of Azingo Limited (resigned since June 2012, while Azingo Limited was renamed as CCCI). He also serves as chairman of CCCC Dredging Technology and Equipment National Research Centre Limited and chairman of CCCC Ocean Engineering Vessel Technology Research Centre Limited. Mr. Chen joined the Company in September 1998 and has extensive operational and management experience. He held positions as general manager of assets management division of CHEC Group, deputy general manager of CHEC Group, and vice president of CCCG. Mr. Chen graduated from East China Institute of Water Conservancy (now named as Hohai University) with a bachelor's degree in harbour and channel engineering. He also holds a master's degree in business administration from Tsinghua University. He is a Senior Engineer. Mr. Chen has been serving as a Vice President of the Company since September 2006.

Mr. Chen Yusheng, born in 1955, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. Mr. Chen also serves as the chairman of the board of Beijing United Development Co., Ltd. He joined the Company in June 1999 and has extensive operational and management experience. Mr. Chen held positions as the assistant president and the deputy general manager of CRBC Group, and the vice president of CCCG. Mr. Chen graduated from Central Communist Party School with a major in politics and law. He is a Senior Economist. Mr. Chen has been serving as a Vice President of the Company since September 2006.

Mr. Hou Jinlong, born in 1952, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. Mr. Hou is also a member of the Expert Commission of the Ministry of Transport, a member of the Technical Expert Commission of the Ministry of Housing and Urban-Rural Development and chairman of the board of CCCC Highway and Long Bridge Construction National Research Centre Limited. He joined the Company in September 1970 and has extensive operational and management experience. Mr. Hou held positions as chief engineer of the Second Highway Engineering Bureau of CRBC Group, general manager of the First Highway Engineering Bureau of CRBC Group, a vice president of CCCG. Mr. Hou graduated from Chongqing Construction Engineering College with a major in bridge and tunnel. He also holds a master's degree in road and railway engineering from Southeast University of China. He is a professor equivalent Senior Engineer and is entitled to the special governmental allowance awarded by the State Council. Mr. Hou has been serving as a Vice President of the Company since September 2006.

Senior Management (Continued)

Mr. Chen Fenjian, born in 1962, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. Mr. Chen also serves as chairman of the board of Chuwa Bussan Co., Ltd. He joined the Company in August 1983 and has extensive operational and management experience. Mr. Chen held positions as the deputy head and head of Fourth Navigational Engineering Bureau of CHEC Group, and vice president of CCCG. Mr. Chen graduated from Changsha Communications University with a bachelor's degree in harbour and channel engineering. He also holds a master's degree in business administration from Guanghua School of Management of Peking University. He is a professor equivalent Senior Engineer. Mr. Chen has been serving as a Vice President of the Company since September 2006.

Mr. Zhu Bixin, born in 1965, Chinese nationality with no overseas permanent residence, is a Vice President of the Company. Mr. Zhu also served as the chairman of the board of CCCC Real Estate Co. Ltd. (resigned since December 2012). He joined the Company in April 1995 and has extensive operational and management experience. Mr. Zhu held positions as head of trade union of CRBC Group and the vice president of CCCG. Mr. Zhu graduated from Chongqing Jiaotong College (now named as Chongqing Jiaotong University) with a bachelor's degree in transportation management. He also holds a master's degree in business administration from Peking University, and a doctor's degree in science and engineering from University of Science and Technology of China. He is a Senior Economist. Mr. Zhu has been serving as a Vice President of the Company since September 2006.

Mr. Yang Liqiang, born in 1956, Chinese nationality with no overseas permanent residence, is a Vice President and head of trade union of the Company. Mr. Yang also serves as chairman of the board of Zhenhua Logistics Group. He has extensive management experience, and worked in the Ministry of Communications for over ten years. Mr. Yang then held positions as head of trade union of CHEC Group and head of the trade union of CCCG. Mr. Yang holds a master's degree in economics from China University of Geosciences. Mr. Yang has been serving as a Vice President and head of trade union of the Company since September 2006.

Mr. Liu Wensheng, born in 1960, Chinese nationality with no overseas permanent residence, is the Secretary of the Board, the Company Secretary and the Chief Economist of the Company. Mr. Liu also serves as a director of ZPMC, the chairman of the board of F&G, and the chairman of CCCI. He has extensive operational and management experience and held positions as the deputy general manager of CHEC Tianjin Dredging Bureau, the deputy chief economist of CHEC Group and general manager of its corporate planning department, and chief economist of CCCG. Mr. Liu graduated from Dalian Maritime College (now named as Dalian Maritime University) with a bachelor's degree in engineering. He is a Senior Engineer. Mr. Liu has been serving as the Secretary of the Board, the Company Secretary and the Chief Economist of the Company since September 2006.

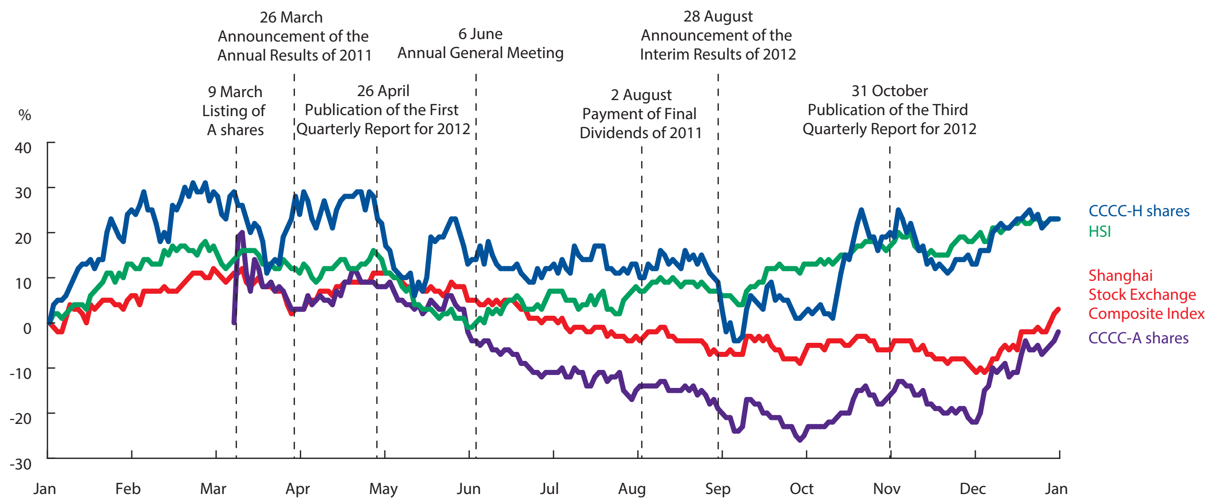
The Norway Steel Bridge to be shipped

The Norway Hardanger steel bridge is the longest bridge in Norway and the ninth largest suspension bridge in the world. ZPMC undertook the construction of the 7,800-ton main steel structure of the bridge.

Investor Relations

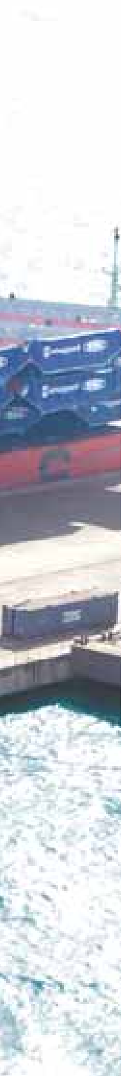
Capital Market Review

The closing price of the Company's H shares on 31 December 2012 was HKD7.48, representing an increase of 23.23% as compared to the closing price on 30 December 2011. On 9 March 2012, the Company issued its A shares, which were listed for trading on the Shanghai Stock Exchange. The closing price of the Company's A shares on 31 December 2012 was RMB5.30, representing a decrease of 1.85% as compared to the offering price on 9 March 2012.



Efficient and Interactive Investor Communications

The Company maintained active communications with investors in a candid and practical manner with an initiative and open stance and established a comprehensive investor relations service system.



(1) Roadshows

In 2012, results briefings were timely held upon announcement of the annual and interim results, at which the Company detailed its latest operating results to the investors and communicated and exchanged opinions with its investors extensively. To facilitate the overseas investors' understanding of its business development, the Company conducted two global non-deal roadshows in March and September. These roadshows were led by Chairman and the Executive Director who was also CFO as well as the Company Secretary, in visits to nearly 100 investors across various regions such as Hong Kong and the U.S., and fruitful results were achieved in terms of communication.

(2) Reception of investors

In 2012, the Company exchanged ideas with nearly 300 institutional investors through 160 one-to-one investment meetings and 15 investor group conferences. The Company's executives had joined the communication activities with investors to respond to enquiries of visitors in an earnest and honest manner whenever time permits. Such arrangement was highly praised by the investors. Meanwhile, with more than 80,000 shareholders from various categories, the Company arranged dedicated staff to attend to calls to the IR hotline and handle the IR mailbox. During the year, hundreds of different kinds of enquiries were handled, thus effectively enhancing the understanding of different types of investors towards the business of the Company.

Efficient and Interactive Investor Communications (Continued)

(3) Attending strategy sessions and overseas investors conferences organised by investment institutions

In 2012, the Company took the initiative to participate in 12 investment strategy report sessions and overseas investors conferences organised by domestic and international investment institutions. Through nearly 60 one-to-one meetings and group conferences, the Company interviewed over 170 investors to exchange ideas with them over the macro-economy of the PRC, the development prospect of the industry the Company is engaged in and the development of the Company's operations, etc. Efficiency was maximised by communicating with such large number of investors within a relatively short period of time.

List of the Company's major investor relations activities in 2012

Month	Activity	Organiser
January	DB Access China Conference	Deutsche Bank
	A share IPO roadshow	CCCC
March	2011 Annual Results Announcement	CCCC
	• Analysts Briefing	
	• Press Conference	
	Non-deal roadshow	CCCC
April	First Quarterly Report for 2012	CCCC
May	10th BOCI Investors Conference	BOCI
	17th CLSA Forum	CLSA
June	8th Annual China Conference	JP Morgan
	3rd Industrial Summit	Morgan Stanley
	Investment Strategy Exchange Conference	CICC
	CITIC Strategy Conference	CITIC Securities
August	2012 Interim Results Announcement	CCCC
	• Analysts Briefing	
	• Press Conference	
September	Non-deal roadshow	CCCC
	2012 Autumn Strategy Conference	UBS Securities
October	Third Quarterly Report for 2012	CCCC
November	19th China Economic Development Forum	BNP Paribas
	2012 China Investment Summit	Bank of America – Merrill Lynch
	Asia-Pacific Industrials, Infrastructure, Transportation Conference	Macquarie
	2012 CICC Investment Forum	CICC

During the communication with investors, the Company tried its best to satisfy the demands for investigation and research of investors, research institutions and financial media by answering each question seriously. In the communication process, other than fully fulfilling our information disclosure responsibility by communicating our business strategies and operation performance to investors, we also proactively listened to the questions and suggestions raised by investors. We prepared the Market Weekly and Summary of Roadshows to pass the questions raised by investors to the management in a timely and comprehensive manner. Through our work and services, an effective and interactive bridge of communication was built between the investors from the capital market and the Company.

Timely and Accurate Information Disclosure

Coupled with the issuance of A shares by the Company, the Company compiled and published the Measures for Management of Information Disclosure, the Responsibility System for Material Errors in Information Disclosure in Regular Reports and a series of rules and regulations regarding strengthening the management of internal control to enhance its information disclosure. The Company endeavours to enhance its information disclosure through system restraint.

During the reporting period, on top of the information disclosure in regular annual and interim results, the Company also published additional quarterly reports to facilitate timely understanding of investors towards the Company's operations. Secondly, for discloseable important decisions and significant matters, the Company would publish impromptu announcements on the Shanghai Stock Exchange side by side with overseas regulatory announcements on the Hong Kong Stock Exchange to ensure fairness and consistency in information acquired by domestic and overseas investors, protect the interests of different types of investors and reduce market risks. Besides, with respect to media coverage on matters of concern of investors, the Company would master the basic condition and publish clarification announcements in a timely manner in accordance with the listing rules of Hong Kong and Shanghai so that different types of investors could acquire the most comprehensive and timely information from the Company at the earliest possible time. Last but not least, operational information, such as important daily activities and successful bids, was announced through the Company's website and newsletter (online version) to make full use of the fast, extensive and low-cost nature of the internet.

All in all, the information release and publication system comprising regular reports, impromptu announcements and the Company's website has offered a comprehensive and concrete channel for different types of investors and people who are interested in the development of the Company to acquire information about the Company and further shortened the distance between the Company and investors.

Continuous Improvement of Investor Relations

Through the activities above, we strengthened communications between the management and the investors from the capital market, and enhanced the transparency of the operation and management of the Company. In 2012, the Company was named as one of the Best IR Companies by *Institutional Investor*, an American magazine, and received the "Listed Company with the Best Investor Relationship Management" award from the Overseas Summit Forum of Chinese Listed Companies & Presenting Ceremony of China Securities Golden Bauhinia Awards. The Company was also successfully listed as one of the 2012 Top 100 Hong Kong Listed Companies. Moreover, at the end of 2012, the Shanghai Stock Exchange and China Securities Index Co., Ltd. jointly announced that, from 2013 onwards, the Company would become a component of 57 indexes, including the SSE 180 Index, SSE 50 Index, Shanghai-Shenzhen 300 Index and CSI 100 Index. All these achievements are recognition from investors of our unremitting efforts in investor relations management in the past year, which further reinforced the sound image of the Company on capital market.

The Company will continue to highly value its investor relations work and further improve its information disclosure to continually increase the transparency of the Company in 2013. Investor relation management will be taken as a sustainable development strategy. We are committed to maximising shareholders' return through a good multichannel and multi-level communication with investors that features equality, sincerity and mutual respect.

Independent Auditor's Report

pwc

羅兵咸永道

To the shareholders of China Communications Construction Company Limited
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Communications Construction Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 70 to 180, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2013

Balance Sheets

	Note	Group As at 31 December 2012 RMB million	 2011 RMB million (Restated) *(Note 1)*	Company As at 31 December 2012 RMB million	 2011 RMB million
ASSETS					
Non-current assets					
Property, plant and equipment	*6*	**56,811**	55,163	**49**	54
Lease prepayments	*7*	**7,961**	8,138	**–**	211
Investment properties	*8*	**988**	451	**–**	–
Intangible assets	*9*	**36,519**	23,902	**13**	18
Investments in subsidiaries	*10*	**–**	–	**67,745**	61,359
Investments in jointly controlled entities	*11*	**1,052**	948	**62**	62
Investments in associates	*12*	**3,811**	3,145	**2,004**	2,004
Deferred income tax assets	*25*	**2,338**	2,038	**100**	102
Available-for-sale financial assets	*14*	**14,464**	12,846	**7,913**	6,463
Trade and other receivables	*15*	**38,685**	28,940	**2,039**	2,646
		162,629	135,571	**79,925**	72,919
Current assets					
Inventories	*16*	**26,675**	22,603	**310**	1
Trade and other receivables	*15*	**111,869**	100,283	**12,026**	8,900
Loans to subsidiaries	*10*	**–**	–	**20,077**	11,135
Amounts due from subsidiaries	*10*	**–**	–	**7,944**	7,190
Amounts due from customers for contract work	*17*	**57,983**	54,261	**5,094**	4,475
Other financial assets at fair value through profit or loss		**37**	49	**–**	–
Available-for-sale financial assets	*14*	**1,500**	–	**500**	–
Derivative financial instruments	*18*	**49**	62	**23**	–
Restricted bank deposits	*19(a)*	**5,581**	922	**1**	3
Cash and cash equivalents	*19(b)*	**67,492**	45,234	**29,693**	18,200
		271,186	223,414	**75,668**	49,904
Total assets		**433,815**	358,985	**155,593**	122,823

The accompanying notes are an integral part of these financial statements.

	Note	Group As at 31 December 2012 RMB million	Group As at 31 December 2011 RMB million (Restated) *(Note 1)*	Company As at 31 December 2012 RMB million	Company As at 31 December 2011 RMB million
EQUITY					
Capital and reserves attributable to owners of the Company					
Share capital	*20*	**16,175**	14,825	**16,175**	14,825
Share premium	*20(a)*	**19,656**	13,853	**19,656**	13,853
Other reserves	*22*	**47,930**	38,651	**27,739**	27,477
Proposed final dividend	*39*	**2,988**	2,902	**2,988**	2,902
		86,749	70,231	**66,558**	59,057
Non-controlling interests		**9,454**	10,789	**–**	–
Total equity		**96,203**	81,020	**66,558**	59,057
LIABILITIES					
Non-current liabilities					
Borrowings	*24*	**75,058**	51,756	**22,284**	10,440
Deferred income		**1,021**	642	**–**	–
Deferred income tax liabilities	*25*	**3,100**	2,348	**1,740**	1,394
Retirement benefit obligations	*26*	**1,956**	2,034	**38**	42
Trade and other payables	*23*	**2,672**	2,097	**1,591**	2,683
		83,807	58,877	**25,653**	14,559
Current liabilities					
Trade and other payables	*23*	**165,591**	146,896	**16,293**	11,607
Amounts due to subsidiaries	*10*	**–**	–	**31,861**	23,900
Amounts due to customers for contract work	*17*	**15,253**	14,741	**672**	565
Current income tax liabilities		**3,223**	2,634	**19**	17
Borrowings	*24*	**69,187**	54,289	**14,532**	13,088
Derivative financial instruments	*18*	**28**	58	**–**	25
Retirement benefit obligations	*26*	**189**	330	**5**	5
Provisions for other liabilities and charges	*27*	**334**	140	**–**	–
		253,805	219,088	**63,382**	49,207
Total liabilities		**337,612**	277,965	**89,035**	63,766
Total equity and liabilities		**433,815**	358,985	**155,593**	122,823
Net current assets		**17,381**	4,326	**12,286**	697
Total assets less current liabilities		**180,010**	139,897	**92,211**	73,616

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 70 to 180 were approved by the Board of Directors on 26 March 2013 and were signed on its behalf.

Zhou Jichang	**Fu Junyuan**
Director	*Director*

Consolidated Income Statement

	Note	Year ended 31 December 2012 RMB million	 2011 RMB million (Restated) *(Note 1)*
Revenue	*5*	**295,321**	294,281
Cost of sales	*31*	**(262,723)**	(266,373)
Gross profit		**32,598**	27,908
Other income	*28*	**1,753**	1,883
Other gains, net	*29*	**439**	637
Selling and marketing expenses	*31*	**(611)**	(625)
Administrative expenses	*31*	**(14,069)**	(12,943)
Other expenses	*30*	**(921)**	(647)
Operating profit		**19,189**	16,213
Finance income	*33*	**1,627**	1,993
Finance costs, net	*34*	**(5,411)**	(3,355)
Share of profit of jointly controlled entities		**49**	75
Share of profit of associates		**61**	98
Profit before income tax		**15,515**	15,024
Income tax expense	*35*	**(3,783)**	(3,047)
Profit for the year		**11,732**	11,977
Attributable to:			
– Owners of the Company		**12,248**	11,761
– Non-controlling interests		**(516)**	216
		11,732	11,977
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	*38*	**0.77**	0.79
– Diluted	*38*	**0.77**	0.79

The accompanying notes are an integral part of these financial statements. Details of the aggregate amounts of the dividends paid and proposed to owners of the Company during the year 2012 and 2011 are set out in Note 39.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2012	2011
	RMB million	RMB million
		(Restated)
		(Note 1)
Profit for the year	**11,732**	11,977
Other comprehensive income/(expenses)		
Changes in fair value of available-for-sale financial assets, net of deferred tax		
– Gains/(losses) arising during the year	**1,408**	(2,201)
– Release of investment revaluation reserve upon disposal of available-for-sale financial assets	**–**	(27)
Changes in equity of jointly controlled entity	**1**	–
Currency translation differences	**77**	(67)
Other comprehensive income/(expenses) for the year, net of tax	**1,486**	(2,295)
Total comprehensive income for the year	**13,218**	9,682
Total comprehensive income/(expenses) attributable to:		
– Owners of the Company	**13,725**	9,535
– Non-controlling interests	**(507)**	147
	13,218	9,682

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

		Attributable to owners of the Company						
	Note	**Share capital** RMB million	**Share premium** RMB million	**Other reserves** RMB million	**Retained earnings** RMB million	**Total** RMB million	**Non-controlling interests** RMB million	**Total equity** RMB million
Balance at 1 January 2011, as previously reported		14,825	13,853	12,522	21,790	62,990	10,931	73,921
Adjustments for adoption of merger accounting *(Note 22)*		–	–	31	–	31	–	31
Balance at 1 January 2011, as restated	*22*	14,825	13,853	12,553	21,790	63,021	10,931	73,952
Comprehensive income								
Profit for the year, as restated		–	–	–	11,761	11,761	216	11,977
Other comprehensive expenses								
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	(2,161)	–	(2,161)	(40)	(2,201)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax		–	–	(27)	–	(27)	–	(27)
Currency translation differences		–	–	(38)	–	(38)	(29)	(67)
Total other comprehensive expenses, net of tax		–	–	(2,226)	–	(2,226)	(69)	(2,295)
Total comprehensive (expenses)/ income, as restated		–	–	(2,226)	11,761	9,535	147	9,682
2010 final dividend		–	–	–	(2,372)	(2,372)	–	(2,372)
Dividends paid to non-controlling interests		–	–	–	–	–	(185)	(185)
Capital contribution from non-controlling interests		–	–	–	–	–	169	169
Cash contribution from CCCG		–	–	46	–	46	–	46
Acquisition of a subsidiary		–	–	4	(4)	–	–	–
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries		–	–	3	(2)	1	(273)	(272)
Transfer to statutory surplus reserve	*22*	–	–	426	(426)	–	–	–
Transfer to safety reserve	*22*	–	–	184	(184)	–	–	–
Balance at 31 December 2011, as restated		14,825	13,853	10,990	30,563	70,231	10,789	81,020

The accompanying notes are an integral part of these financial statements.

	Note	Attributable to owners of the Company					Non-controlling interests RMB million	Total equity RMB million
		Share capital RMB million	Share premium RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million		
Balance at 1 January 2012, as restated	*22*	**14,825**	**13,853**	**10,990**	**30,563**	**70,231**	**10,789**	**81,020**
Comprehensive income								
Profit/(loss) for the year		–	–	–	**12,248**	**12,248**	**(516)**	**11,732**
Other comprehensive income								
Changes in fair value of available-for-sale financial assets, net of deferred tax		–	–	**1,404**	–	**1,404**	**4**	**1,408**
Changes in equity of jointly controlled entity		–	–	**1**	–	**1**	–	**1**
Currency translation differences		–	–	**72**	–	**72**	**5**	**77**
Total other comprehensive income, net of tax		–	–	**1,477**	–	**1,477**	**9**	**1,486**
Total comprehensive income/ (expenses)		–	–	**1,477**	**12,248**	**13,725**	**(507)**	**13,218**
2011 final dividend		–	–	–	**(2,902)**	**(2,902)**	–	**(2,902)**
Dividends paid to non-controlling interests		–	–	–	–	–	**(125)**	**(125)**
Capital contribution from non-controlling interests		–	–	–	–	–	**144**	**144**
Cash contribution from CCCG		–	–	**18**	–	**18**	–	**18**
Issuance of A shares								
– Issue of shares for cash	*20*	**926**	**3,938**	–	–	**4,864**	–	**4,864**
– In exchange for shares in a subsidiary held by its non-controlling shareholders	*20*	**424**	**1,865**	**(1,462)**	–	**827**	**(827)**	–
Acquisition of CCMEC	*22*	–	–	**(16)**	–	**(16)**	–	**(16)**
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries		–	–	**2**	–	**2**	**(20)**	**(18)**
Transfer to statutory surplus reserve	*22*	–	–	**223**	**(223)**	–	–	–
Transfer to safety reserve	*22*	–	–	**383**	**(383)**	–	–	–
Balance at 31 December 2012		**16,175**	**19,656**	**11,615**	**39,303**	**86,749**	**9,454**	**96,203**

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2012 RMB million	2011 RMB million (Restated) *(Note 1)*
Cash flows from operating activities			
Cash generated from operations	*41(a)*	**16,558**	4,373
Income tax paid		**(3,219)**	(2,606)
Net cash generated from operating activities		**13,339**	1,767
Cash flows from investing activities			
Purchases of property, plant and equipment ("PPE")		**(7,131)**	(7,119)
Increase in lease prepayments		**(233)**	(957)
Purchases of intangible assets		**(11,922)**	(8,034)
Purchases of investment properties		**(327)**	–
Proceeds from disposal of PPE	*41(b)*	**596**	563
Proceeds from disposal of lease prepayments		**18**	259
Proceeds from disposal of intangible assets		**–**	415
Proceeds from disposal of investment properties		**–**	7
Additional investments in jointly controlled entities		**(52)**	(229)
Additional investments in associates		**(682)**	(353)
Acquisition of a subsidiary		**(16)**	(23)
Purchases of available-for-sale financial assets		**(8,015)**	(119)
Purchases of other financial assets at fair value through profit or loss		**–**	(30)
Proceeds from disposal of jointly controlled entities		**3**	147
Proceeds from disposal of associates		**72**	142
Proceeds from disposal of equity interests in subsidiaries		**–**	208
Proceeds from disposal of available-for-sale financial assets		**7,026**	221
Proceeds from disposal of other financial assets at fair value through profit or loss		**12**	35
Interest received		**726**	504
Dividends received		**421**	326
Net cash used in investing activities		**(19,504)**	(14,037)
Cash flows from financing activities			
Proceeds from borrowings		**119,735**	74,633
Repayments of borrowings		**(83,414)**	(49,128)
Proceeds from issuance of A shares		**4,864**	–
Interest paid		**(6,432)**	(4,016)
Changes in restricted bank deposits		**(2,938)**	–
Dividends paid to the Company's shareholders		**(2,902)**	(2,372)
Dividends paid to non-controlling interests of subsidiaries		**(135)**	(139)
Capital contribution from non-controlling interests		**144**	96
Cash contribution from CCCG		**18**	46
Additional investments in subsidiaries		**(18)**	(278)
Net cash generated from financing activities		**28,922**	18,842
Net increase in cash and cash equivalents		**22,757**	6,572
Cash and cash equivalents at beginning of year	*19*	**45,234**	38,843
Exchange gains/(losses) on cash and cash equivalents		**1**	(181)
Cash and cash equivalents at end of year	*19*	**67,992**	45,234

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

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. Upon the completion of the A shares issuance, all the then existing unlisted domestic shares have become A shares and tradeable on the Shanghai Stock Exchange (Note 20). The address of the Company's registered office is 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC.

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

In October 2012, the Group had completed the acquisition of the 100% equity interests in China Communications Materials & Equipment Company Limited ("CCMEC") from CCCG with a consideration of approximately RMB16 million. The transaction was regarded as a business combination under common control in a manner similar to pooling-of-interests and was accounted for with reference to the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for the Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements for the year ended 31 December 2011 and the financial position as at 31 December 2011 as disclosed in these consolidated financial statements have been restated as a result of adoption of merger accounting for the above business combinations under common control. Details of relevant statements of adjustments for the common control combinations on the Group's results for the year ended 31 December 2011 and the financial position as at 31 December 2011 are set out in Note 22(d).

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

These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2013.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(a) Amended standards adopted by the Group

The amendments to standards which are mandatory for the financial year beginning 1 January 2012 are as follows:

IAS 12 (Amendment)	"Income taxes"
IFRS 1 (Amendment)	"Severe hyperinflation and removal of fixed dates for first-time adopters"
IFRS 7 (Amendment)	"Disclosures – Transfers of financial assets"

The adoption of the above amendments did not have any material impact to the Group's consolidated financial statements or result in any significant changes in the Group's significant accounting policies.

(b) New and revised standards, amendments to standards and interpretations not yet effective for the year ended 31 December 2012 and have not been early adopted by the Group

	Effective for accounting periods beginning on or after
IAS 1 (Amendment), "Financial statement presentation – Other comprehensive income"	1 July 2012
IFRS 1 (Amendment), "First time adoption – Government loans"	1 January 2013
IFRS 7 (Amendment), "Financial instruments: Disclosures – Assets and liabilities offsetting"	1 January 2013
IFRS 10, "Consolidated financial statements"	1 January 2013
IFRS 11, "Joint arrangements"	1 January 2013
IFRS 12, "Disclosures of interests in other entities"	1 January 2013
Amendment to IFRSs 10, 11 and 12, "Transition guidance"	1 January 2013
IFRS 13, "Fair value measurement"	1 January 2013
IAS 19 (Amendment), "Employee benefits"	1 January 2013
IAS 27 (Revised 2011), "Separate financial statements"	1 January 2013
IAS 28 (Revised 2011), "Associates and joint ventures"	1 January 2013
IFRIC – Int 20 "Stripping costs in the production phase of a surface mine"	1 January 2013
IAS 32 (Amendment), "Financial instruments: Presentation – Assets and liabilities offsetting"	1 January 2014
IFRS 9, "Financial instruments"	1 January 2015
Amendment to IFRS 7 and IFRS 9, "Mandatory effective date and transition disclosures"	1 January 2015

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(b) New and revised standards, amendments to standards and interpretations not yet effective for the year ended 31 December 2012 and have not been early adopted by the Group (Continued)

The above standards, amendments or interpretation will be adopted by the Group in the years listed. Based on the current assessment, the Group anticipates that the application of the above revised standards, amendments and interpretation will have no material impact on the results and the financial position of the Group, except for the following set out below:

- IAS 19 (Amendment), "Employee benefits", eliminates the corridor approach and calculates finance costs on a net funding basis. The Group will retrospectively apply the standard from 1 January 2013 and is yet to assess IAS 19 (Amendment)'s full impact; and

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the part of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the consolidated income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and will apply the new standard when it becomes effective.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combination

The acquisition method of accounting is used to account for the acquisitions of subsidiaries of the Group, except for those acquisitions which are considered as a business combination under common control in a manner similar to pooling-of-interests and with reference to the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations".

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous end of the reporting period or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

Purchase method of accounting for non-common control combinations

The Group applies the acquisition method to account for non-common control business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2. Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combination (Continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

2.3 Jointly controlled entities

A jointly controlled entity is a joint venture where the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investment in a jointly controlled entity is accounted for under the equity method of accounting, whereby the investment is initially recorded at cost and is adjusted thereafter to recognise the Group's share of the post-acquisition results and distributions received of the jointly controlled entity, and other necessary alternations in the Group's proportionate interest in jointly controlled entity arising from changes in equity of jointly controlled entity that have not been included in the consolidated income statement.

2. Summary of Significant Accounting Policies (Continued)

2.3 Jointly controlled entities (Continued)

The Group's share of post-acquisition results after taxation of jointly controlled entities is included in the consolidated income statement.

In the Company's balance sheet, the investments in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

2.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

In the Company's balance sheet, the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President Office, which is chaired by the Chief Executive Officer and consists of senior management of the Company, that make strategic decisions.

2. Summary of Significant Accounting Policies (Continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance costs, net'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other gains, net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

2.6 *Foreign currency translation* (Continued)

(c) Group companies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.7 *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (Note 2.11), if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

–	Leasehold land classified as finance lease	Shorter of useful life or remaining lease term
–	Buildings	20-30 years
–	Machinery	5-10 years
–	Vessels	10-25 years
–	Motor vehicles	5 years
–	Other equipments	2-5 years

2. Summary of Significant Accounting Policies (Continued)

2.7 Property, plant and equipment (Continued)

Construction-in-progress represents buildings, vessels and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Costs include construction and acquisition costs, and interest charges arising from borrowings used to finance the assets during the construction period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and available for use. When the assets concerned become available for use, the costs are transferred to appropriate category of property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains, net' in the consolidated income statement.

2.8 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line method to write off the cost less accumulated impairment loss of the asset over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.9 Lease prepayments

Lease prepayments represent upfront prepayments made for the land use rights and are expensed in the consolidated income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the consolidated income statement.

2.10 Intangible assets

(a) Concession assets

The Group is engaged in certain service concession arrangements in which the Group carries out construction work (e.g. toll highways, bridges and ports) in exchange for a right for the Group to operate the asset concerned in accordance with pre-established conditions set by the granting authority. In accordance with the IFRIC Interpretation 12 Service Concession Arrangement (IFRIC 12), the assets under the concession arrangements may be classified as intangible assets or financial assets. The assets are classified as intangibles if the operator receives a right (a license) to charge users of the public service or as financial assets if paid by the granting authority. The Group classifies the non-current assets linked to the long-term investment in these concession arrangements as "concession assets" within intangible assets on the balance sheet if the intangible asset model is adopted. Once the underlying infrastructure of the concession arrangements is completed, the concession assets are amortised over the term of the concession using traffic flow method or straight-line method under the intangible asset model.

2. Summary of Significant Accounting Policies (Continued)

2.10 Intangible assets (Continued)

(b) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Trademark, patent and proprietary technologies

Separately acquired trademark, patent and proprietary technologies are shown at historical cost. Trademark, patent and proprietary technologies acquired in a business combination are recognised at fair value at the acquisition date. Trademark, patent and proprietary technologies have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3 to 17 years.

(d) Computer software

Computer software license costs recognised as assets are amortised over their estimated useful lives of 1 to 10 years.

2.11 Impairment of investments in subsidiaries, jointly controlled entities, associates and non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, jointly controlled entities or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entity or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. Summary of Significant Accounting Policies (Continued)

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'restricted bank deposit' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of it within 12 months of the end of the reporting period.

2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2. Summary of Significant Accounting Policies (Continued)

2.12 Financial assets (Continued)

2.12.2 Recognition and measurement (Continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. However, if the range of reasonable fair value estimate is significant and the probabilities of various estimates cannot be reasonably assessed, such financial assets are carried out at cost less accumulated impairment losses.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2. Summary of Significant Accounting Policies (Continued)

2.14 Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated income statement, the impairment loss is reversed through the consolidated income statement.

2.15 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Derivative instruments which do not qualify for hedge accounting are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the consolidated income statement within other gains, net.

2.16 Inventories

Inventories comprise raw materials, work in progress including properties under development, and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for services performed or products sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.18 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2. Summary of Significant Accounting Policies (Continued)

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Summary of Significant Accounting Policies (Continued)

2.23 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries or jurisdictions where the Company and its subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Summary of Significant Accounting Policies (Continued)

2.24 Employee benefits

(a) Pension obligations

The Group participates in both defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group provided supplementary pension subsidies to retired employees in Mainland China who retired prior to 1 January 2006. Such supplementary pension subsidies are considered to be defined benefit pension plans. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past-service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The net cumulative unrecognised actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions exceeding 10% of the present value of the defined benefit obligation are credited or charged to consolidated income statement immediately.

Past-service costs are recognised immediately as expense unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

2. Summary of Significant Accounting Policies (Continued)

2.24 Employee benefits (Continued)

(b) Other post-employment obligations

Some Group companies in Mainland China provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The net cumulative unrecognised actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions exceeding 10% of the present value of the defined benefit obligation are credited or charged to the consolidated income statement immediately. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Housing funds

All full-time employees of the Group in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(e) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(f) Share-based payments

The Group entered into cash-settled share-based payment transactions with certain directors, senior management officers and other employees, under which the entity receives services from employees as consideration for share appreciation rights ("SAR") granted by the Company.

Employee services received in exchange for cash-settled share-based payments, are recognised at the fair value of the liability incurred and are expensed over the vesting period. The liability is re-measured at each end of the reporting period to its fair value, with all changes recognised immediately in the consolidated income statement.

2. Summary of Significant Accounting Policies (Continued)

2.24 Employee benefits (Continued)

(f) Share-based payments (Continued)

The grant by the Company of SAR to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the fair value of the liability incurred, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding adjustment recognising the liability in the parent entity accounts.

2.25 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.27 Contract work

Contract costs are recognised in the consolidated income statement when incurred. When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

2. Summary of Significant Accounting Policies (Continued)

2.27 Contract work (Continued)

The Group uses the "percentage of completion method" to determine the appropriate amount to be recognised in a given period. Depending on the nature of contracts, the stage of completion is measured by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work. Costs incurred in the period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Contract work-in-progress is valued at the cost of the work done, plus a part of the expected profit upon completion of the project in proportion to the progress made and less progress billings and provisions. Provisions are recognised for expected losses on contract work-in-progress, as soon as they are foreseen, and deducted from the cost. The cost includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, borrowing costs directly attributable to the relevant contracts, rental charges, maintenance costs for the equipment used and other direct costs. The progress of a project is determined on the basis mentioned in preceding paragraph. Profits are not recognised unless a reliable estimate can be made of the result on completion of the project.

The balance of the value of contract work-in-progress and progress billings is determined on a project by project basis. On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset the "amounts due from customers for contract work" where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability the "amounts due to customers for contract work" where the opposite is the case.

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the construction contracts and the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from construction, design, dredging and manufacturing of heavy machinery contracts

Revenue from individual construction, design, dredging and manufacturing of heavy machinery contracts is recognised under the percentage of completion method, when the outcome of a contract can be estimated reliably and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work. Expected losses are fully provided on contracts when identified.

(b) Services rendered

Revenue for services rendered including surveying, transportations and logistics services is recognised when services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity.

2. Summary of Significant Accounting Policies (Continued)

2.28 Revenue recognition (Continued)

(c) Sales of products

Sales of products are recognised when a group's entity has delivered the products to the customer, and the customer has accepted the products and collectability of the related receivables is reasonably assured.

(d) Rental income

Rental income under operating leases of vessels and buildings is recognised on a straight-line basis over the lease term.

2.29 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.30 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.31 Leases

2.31.1 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) As a lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) As a lessor

Assets leased out under operating leases are included in property, plant and equipment and investment properties in the consolidated balance sheet.

2.31.2 Finance leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2. Summary of Significant Accounting Policies (Continued)

2.31 Leases (Continued)

2.31.2 Finance leases (Continued)

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over its expected useful life on a basis consistent with similar owned asset. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the expected useful life of the asset and the lease term.

2.32 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and developing of new or improved products and processes) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development cost is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of capitalised development cost is calculated using the straight-line method over its expected useful life from the date they are available for use.

2.33 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial Risk Management

3.1 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by finance department under policies approved by the Board of Directors. The department identifies, evaluates and considers to hedge financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific risks.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The functional currency of majority of the entities within the Group is RMB. Most of the Group's transactions are based and settled in RMB. Foreign currencies are used to settle the Group's revenue from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers, and certain expenses.

RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC Government.

Details of the Group's trade and other receivables, cash and bank balances, trade and other payables and borrowings as at 31 December 2012, denominated in foreign currencies, mainly United States Dollars ("USD"), are disclosed in Notes 15(j), 19(c), 23(b) and 24(h), respectively.

To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to currency risks, and a portion of those risks is hedged by using derivative financial instruments when management considers necessary.

As at 31 December 2012, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, post-tax profit for the year would have been approximately RMB331 million (2011: 5%, RMB662 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar – denominated trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. Profit is less sensitive to movement in RMB/US dollar exchange rates in 2012 than 2011 mainly because of the decreased amount of US dollar-denominated borrowings.

(ii) Fair value and cash flow interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Increases in interest rates will increase the cost of new borrowing and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. From time to time, the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings, although the Group did not consider it was necessary to do so in 2012 and 2011.

As at 31 December 2012, approximately RMB76,211 million (2011: RMB66,101 million) of the Group's borrowings were at variable rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 24. As at 31 December 2012, if interest rates on borrowings had been 0.25 percentage-point higher/lower with all other variables held constant, profit attributable to the owners of the Company for the year would have been RMB104 million lower/higher (2011: 0.25 percentage-point higher/lower, RMB96 million lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale financial assets or other financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarises the impact of increases/decreases of quoted price in open markets on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity price had increased/decreased by 10% with all other variables held constant:

	2012	2011
Increases/decreases in quoted price in open markets	**10%**	10%

	2012 **RMB million**	2011 RMB million
Impact on post-tax profit for the year	**4**	5
Impact on equity attributable to owners of the Company for the year	**1,308**	1,114

(b) Credit risk

The carrying amounts of cash and bank balances, trade and other receivables except for prepayments, derivative financial instruments, and the nominal value of the guarantees provided on liabilities as disclosed in Note 13 represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group holds substantially all of bank deposits in major financial institutions located in the PRC and certain overseas banks with proper credit ratings. Management believes these financial institutions are reputable and there is no significant credit risk of losses on such assets. The Group has policies that limit the amount of credit exposure to any financial institutions.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group's major customers are PRC Government agencies at the national, provincial and local levels, and other state-owned enterprises, which accounted for significant amount of the Group's total operating revenue during the year. The Group also has policies in place to ensure that services are rendered to customers with appropriate credit history and the Group performs periodic credit evaluation of its customers. With regard to overseas companies of inadequate creditworthiness, the Group usually demands letters of guarantee or letters of credit.

Moreover, impairments are recognised for the credit risk that is inherent in trade receivables from the domestic and overseas businesses. The maximum exposure to loss of trade receivables is equal to their total carrying amounts. The carrying amounts of trade receivables, showing separately those receivables that are past due or impaired, are disclosed in Note 15.

Transactions involving derivative financial instruments that hedge foreign exchange exposures are with counterparties that have good credit ratings, and the Group does not use derivative financial instruments for purposes other than risk management. The maximum exposure to credit risk at the reporting date is equal to the carrying amount of those derivatives classified as financial assets. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity risk

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

The Group's maturity analysis of borrowings that shows the remaining contractual maturities is disclosed in Note 24.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to capital intensive nature of the Group's business, the Group ensures that it maintains flexibility through keeping sufficient cash and cash equivalents and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and banks and other borrowings.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

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. The spot rate as at the end of the reporting period is used for the cash outflow calculation in relation to the amounts settled with foreign currencies. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	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 31 December 2012				
Borrowings (excluding finance lease liabilities)	**72,909**	**19,911**	**28,227**	**51,757**
Finance lease liabilities	**836**	**839**	**1,469**	**1,163**
Net-settled derivative financial instruments	**(10)**	**(10)**	**25**	**1**
Gross-settled derivative financial instruments – outflows	**1,886**	**–**	**–**	**–**
Gross-settled derivative financial instruments – inflows	**(1,921)**	**–**	**–**	**–**
Trade and other payables (excluding statutory and non-financial liabilities)	**119,759**	**3,005**	**–**	**–**
Financial guarantee contracts	**49**	**–**	**–**	**196**
	193,508	**23,745**	**29,721**	**53,117**
As at 31 December 2011, as restated				
Borrowings (excluding finance lease liabilities)	56,589	11,669	24,690	31,991
Finance lease liabilities	898	729	555	4
Net-settled derivative financial instruments	8	8	36	8
Gross-settled derivative financial instruments – outflows	4,310	–	–	–
Gross-settled derivative financial instruments – inflows	(4,391)	–	–	–
Trade and other payables (excluding statutory and non-financial liabilities)	107,672	2,274	–	–
Financial guarantee contracts	50	–	–	218
	165,136	14,680	25,281	32,221

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Company

	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 31 December 2012				
Borrowings	**15,506**	**3,270**	**8,981**	**17,103**
Net-settled derivative financial instruments	**(18)**	**(16)**	**11**	**1**
Trade and other payables (excluding statutory and non-financial liabilities)	**10,598**	**–**	**–**	**–**
Financial guarantee contracts	**12,283**	**3,135**	**1,165**	**7,591**
	38,369	**6,389**	**10,157**	**24,695**
As at 31 December 2011				
Borrowings	13,593	672	3,650	9,113
Net-settled derivative financial instruments	–	2	21	4
Trade and other payables (excluding statutory and non-financial liabilities)	8,106	74	–	–
Financial guarantee contracts	13,583	3,379	3,476	6,748
	35,282	4,127	7,147	15,865

The Company has no derivative financial instruments that will be settled on a gross basis.

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

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

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(d) Capital risk management (Continued)

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, including current and non-current borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

	2012	2011
	RMB million	RMB million
Total borrowings *(Note 24)*	**144,245**	106,045
Less: Cash and cash equivalents *(Note 19(b))*	**(67,492)**	(45,234)
Net debt	**76,753**	60,811
Total equity	**96,203**	81,020
Total capital	**172,956**	141,831
Gearing ratio	**44%**	43%

The gearing ratio as at 31 December 2012 increased 1% compared with that in 2011 primarily attributable to the increase in borrowings to meet the financing needs of projects.

(e) 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 cost and receivables may not be fully recoverable. The bank deposits in financial institutions in some of these countries are not freely convertible into other foreign currencies and the remittance of such bank deposits out of those countries is controlled. The Group has contingency plans to minimise the financial impact for unexpected turbulent situations, including safeguard of assets. The Group also has policies in place to limit the amounts to be settled in local currencies of these countries and to maintain minimum level of bank deposits in financial institutions of these countries.

As at 31 December 2012, 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 2011: less than 2.0% and 1.0%), respectively, of the respective balances on the consolidated 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.

3. Financial Risk Management (Continued)

3.2 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).

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

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

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2011.

	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	49	–	–	49
Derivative financial instruments – held for trading	–	62	–	62
Available-for-sale financial assets – Equity securities	11,033	109	–	11,142
Total assets	11,082	171	–	11,253
Liabilities				
Derivative financial instruments – held for trading	–	(58)	–	(58)
Total liabilities	–	(58)	–	(58)

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments in public companies listed on Shanghai, Shenzhen and Hong Kong Stock Exchanges classified as financial assets at fair value through profit or loss or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar 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; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all the resulting fair value estimates are included in level 2.

There were no transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

4. Critical Accounting Estimates, Assumptions and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Construction contracts

Revenue from individual contract is recognised under the percentage of completion method which requires estimation made by management. Because of the nature of the activity undertaken in construction, dredging and manufacturing of heavy machinery businesses, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods.

The Group reviews and revises the estimates of both contract revenue and contract costs in each contract budget as the contract progresses and regularly reviews the progress of the contracts. The Group also monitors the progress payments from customers against the contract terms, and periodically evaluates the creditworthiness of the customers. If circumstances arise which make it likely that a customer would default on all or part of its payments or otherwise fail to fulfil its performance obligations under the contract terms, the Group will reassess the outcome of the relevant contract and may revise the relevant estimates. The revision will be reflected in the consolidated income statement in the period in which the circumstances that give rise to the revision become known by the Group.

4.2 Income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

4.3 Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each end of the reporting period. However, if the range of reasonable fair value estimate is so significant that management are of the opinion that their fair value cannot be measured reliably, such financial instruments are carried out at cost less accumulated impairment losses.

The sensitively analysis in relation to the fluctuation of the fair value of financial instruments has been disclosed in Note 3.1(a)(iii).

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

4.4 Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 26.

If the discount rate used to increase/decrease by 10% from management's estimates with all other variables held constant, the carrying amount of pension obligations as at the end of the reporting period would have been RMB21 million (2011: RMB43 million) lower or RMB34 million (2011: RMB45 million) higher.

4.5 Impairment assessment on concession assets

The Group operates certain concession assets and their impairment is reviewed whenever events or changes in circumstances indicate that the carrying amounts of the concession assets may not be recoverable in accordance with the accounting policy stated in Note 2.10(a).

The recoverable amounts of the concession assets have been determined based on value-in-use method. The value-in-use calculations require the use of estimates on the projections of cash flows from the traffic volume and other income, deducting the necessary maintenance and operating costs incurred for the concession assets, and discount rates.

Based on management's best estimates, there was no impairment loss for concession assets recognised during the year. Where the expectation is different from the original estimate, such differences will impact the impairment assessment in the periods in which such estimate is changed.

4.6 Depreciation on property, plant and equipment

Depreciation on the Group's property, plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. The Group reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. The Group estimates the useful lives of property, plant and equipment based on historical experience, taking into account anticipated technological changes. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

4.7 Impairment of trade and other receivables

The impairment of trade and other receivables is primarily assessed based on current market conditions and prior experience by taking into account past due status, financial position of debtors and guarantees obtained for the outstanding debts, if any. The Group reviews the adequacy of impairment on a regular basis. Should there be any change in the assumptions and estimates, revisions to the provision for impairment of trade and other receivables would be required.

5. Segment Information

Management has determined the operating segments based on the reports reviewed by the President Office that are used to allocate resources 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:

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

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

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

(4) manufacturing of heavy machinery (the "Heavy Machinery Segment"); and

(5) 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 sale 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, intangible assets, inventories, receivables, amounts due from customers for contract work, cash and cash equivalents. They exclude deferred taxation, investments and derivative financial instruments.

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

Capital expenditure comprises mainly additions to property, plant and equipment (Note 6), lease prepayments (Note 7), investment properties (Note 8) and intangible assets (Note 9).

5. Segment Information (Continued)

The segment results for the year ended 31 December 2012 and other segment items included in the consolidated financial statements are as follows:

	For the year ended 31 December 2012						
	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	229,401	16,468	32,027	19,317	6,462	(8,354)	295,321
Inter-segment revenue	(2,243)	(1,265)	(3,946)	(737)	(163)	8,354	–
Revenue	227,158	15,203	28,081	18,580	6,299	–	295,321
Segment result	13,451	2,344	3,502	(125)	127	30	19,329
Unallocated costs							(140)
Operating profit							19,189
Finance income							1,627
Finance costs, net							(5,411)
Share of profit of jointly controlled entities							49
Share of profit of associates							61
Profit before income tax							15,515
Income tax expense							(3,783)
Profit for the year							11,732
Other segment items							
Depreciation	3,621	179	1,487	1,220	54	–	6,561
Amortisation	313	29	18	60	6	–	426
Write-down of inventories	5	–	–	145	–	–	150
Provision for foreseeable losses on construction contracts	302	–	8	188	–	–	498
Provision for impairment of trade and other receivables	376	114	126	65	8	–	689

5. Segment Information (Continued)

The segment results for the year ended 31 December 2011 and other segment items included in the consolidated financial statements, as restated, are as follows:

	For the year ended 31 December 2011 (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	227,068	15,008	32,321	20,166	6,685	(6,967)	294,281
Inter-segment revenue	(2,371)	(913)	(1,537)	(2,138)	(8)	6,967	–
Revenue	224,697	14,095	30,784	18,028	6,677	–	294,281
Segment result	10,762	1,984	3,700	110	161	(201)	16,516
Unallocated costs							(303)
Operating profit							16,213
Finance income							1,993
Finance costs, net							(3,355)
Share of profit of jointly controlled entities							75
Share of profit of associates							98
Profit before income tax							15,024
Income tax expense							(3,047)
Profit for the year							11,977
Other segment items							
Depreciation	3,386	161	1,223	1,272	61	–	6,103
Amortisation	238	24	23	103	5	–	393
Write-down of inventories	–	–	–	18	–	–	18
Provision for/(reversal of) foreseeable losses on construction contracts	209	–	(61)	145	–	–	293
Provision for/(reversal of) impairment of trade and other receivables	187	75	54	111	(7)	–	420

5. 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 31 December 2012 and capital expenditure for the year then ended are as follows:

	As at 31 December 2012						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Segment assets	267,342	12,672	56,101	47,593	4,169	(7,248)	380,629
Investments in jointly controlled entities							1,052
Investments in associates							3,811
Unallocated assets							48,323
Total assets							433,815
Segment liabilities	152,383	8,160	22,318	8,778	2,174	(7,278)	186,535
Unallocated liabilities							151,077
Total liabilities							337,612
Capital expenditure	18,461	349	2,896	511	69	–	22,286

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

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	380,629	186,535
Investments in jointly controlled entities	1,052	–
Investments in associates	3,811	–
Unallocated:		
Deferred income tax assets/liabilities	2,338	3,100
Current income tax liabilities	–	3,223
Current borrowings	–	69,187
Non-current borrowings	–	75,058
Available-for-sale financial assets	15,964	–
Other financial assets at fair value through profit or loss	37	–
Derivative financial instruments	49	28
Cash and other corporate assets/corporate liabilities	29,935	481
Total	433,815	337,612

5. Segment Information (Continued)

The segment assets and liabilities at 31 December 2011 and capital expenditure for the year then ended, as restated, are as follows:

	As at 31 December 2011 (Restated)						
	Construction RMB million	Design RMB million	Dredging RMB million	Heavy machinery RMB million	Others RMB million	Elimination RMB million	Total RMB million
Segment assets	222,339	13,471	41,744	46,219	3,808	(5,787)	321,794
Investments in jointly controlled entities							948
Investments in associates							3,145
Unallocated assets							33,098
Total assets							358,985
Segment liabilities	138,610	5,819	19,429	6,775	1,554	(5,609)	166,578
Unallocated liabilities							111,387
Total liabilities							277,965
Capital expenditure	13,967	293	2,832	896	33	–	18,021

Segment assets and liabilities at 31 December 2011, as restated, are reconciled to entity assets and liabilities as follows:

	Assets RMB million	Liabilities RMB million
Segment assets/liabilities	321,794	166,578
Investments in jointly controlled entities	948	–
Investments in associates	3,145	–
Unallocated:		
Deferred income tax assets/liabilities	2,038	2,348
Current income tax liabilities	–	2,634
Current borrowings	–	54,289
Non-current borrowings	–	51,756
Available-for-sale financial assets	12,846	–
Other financial assets at fair value through profit or loss	49	–
Derivative financial instruments	62	58
Cash and other corporate assets/corporate liabilities	18,103	302
Total	358,985	277,965

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

	2012 RMB million	2011 RMB million (Restated)
PRC (excluding Hong Kong and Macau)	**256,371**	262,130
Other regions	**38,950**	32,151
	295,321	294,281

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

6. Property, Plant and Equipment

Group

	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 2011						
Cost, as previously reported	13,740	14,535	36,468	5,167	9,880	79,790
Adjustments for adoption of merger accounting *(Note 22)*	12	–	5	3	–	20
Cost, as restated	13,752	14,535	36,473	5,170	9,880	79,810
Accumulated depreciation, as previously reported	(3,167)	(5,866)	(14,979)	(2,805)	–	(26,817)
Adjustments for adoption of merger accounting *(Note 22)*	(2)	–	(3)	(3)	–	(8)
Accumulated depreciation, as restated	(3,169)	(5,866)	(14,982)	(2,808)	–	(26,825)
Net book amount, as restated	10,583	8,669	21,491	2,362	9,880	52,985
Year ended 31 December 2011						
Opening net book amount, as previously reported	10,573	8,669	21,489	2,362	9,880	52,973
Adjustments for adoption of merger accounting *(Note 22)*	10	–	2	–	–	12
Opening net book amount, as restated	10,583	8,669	21,491	2,362	9,880	52,985
Additions	76	1,554	1,179	1,457	4,742	9,008
Disposals *(Note 41(b))*	(248)	(197)	(170)	(58)	–	(673)
Transfers	1,014	581	2,980	387	(4,962)	–
Transferred to investment properties *(Note 8)*	(40)	–	–	–	(35)	(75)
Depreciation charge *(Note 31)*	(541)	(1,547)	(2,435)	(1,559)	–	(6,082)
Closing net book amount	10,844	9,060	23,045	2,589	9,625	55,163
At 31 December 2011						
Cost	14,342	16,009	39,975	6,494	9,625	86,445
Accumulated depreciation	(3,498)	(6,949)	(16,930)	(3,905)	–	(31,282)
Net book amount, as restated	10,844	9,060	23,045	2,589	9,625	55,163

6. Property, Plant and Equipment (Continued)

Group (Continued)

	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
Year ended 31 December 2012						
Opening net book amount	10,833	9,060	23,042	2,588	9,625	55,148
Adjustments for adoption of merger accounting *(Note 22)*	11	–	3	1	–	15
Opening net book amount, as restated	10,844	9,060	23,045	2,589	9,625	55,163
Additions	117	1,290	1,538	1,793	4,110	8,848
Disposals *(Note 41(b))*	(21)	(61)	(221)	(126)	–	(429)
Transfers	1,851	1,448	3,228	97	(6,624)	–
Transferred to investment properties *(Note 8)*	(245)	–	–	–	–	(245)
Depreciation charge *(Note 31)*	(520)	(1,702)	(2,674)	(1,630)	–	(6,526)
Closing net book amount	12,026	10,035	24,916	2,723	7,111	56,811
At 31 December 2012						
Cost	15,929	18,389	43,635	7,827	7,111	92,891
Accumulated depreciation	(3,903)	(8,354)	(18,719)	(5,104)	–	(36,080)
Net book amount	12,026	10,035	24,916	2,723	7,111	56,811

Company

	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 2011						
Cost	23	32	51	100	1	207
Accumulated depreciation	(4)	(32)	(31)	(84)	–	(151)
Net book amount	19	–	20	16	1	56
Year ended 31 December 2011						
Opening net book amount	19	–	20	16	1	56
Additions	–	–	2	12	–	14
Depreciation charge	(1)	–	(7)	(8)	–	(16)
Closing net book amount	18	–	15	20	1	54
At 31 December 2011						
Cost	22	31	51	108	1	213
Accumulated depreciation	(4)	(31)	(36)	(88)	–	(159)
Net book amount	18	–	15	20	1	54
Year ended 31 December 2012						
Opening net book amount	18	–	15	20	1	54
Additions	–	–	2	6	1	9
Depreciation charge	(1)	–	(6)	(7)	–	(14)
Closing net book amount	17	–	11	19	2	49
At 31 December 2012						
Cost	22	31	53	114	2	222
Accumulated depreciation	(5)	(31)	(42)	(95)	–	(173)
Net book amount	17	–	11	19	2	49

6. Property, Plant and Equipment (Continued)

(a) Depreciation of the Group's property, plant and equipment of RMB5,920 million (2011: RMB5,424 million) has been charged in cost of sales, RMB572 million (2011: RMB491 million) in administrative expenses and RMB34 million (2011: RMB167 million) in selling and marketing expenses.

(b) Bank borrowings are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB1,562 million (2011: RMB1,561 million) (Note 24).

(c) As at 31 December 2012, 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 RMB2,130 million (2011: RMB2,056 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

(d) Vessels and machinery include the following amounts where the Group is a lessee under finance leases:

	2012 **RMB million**	2011 RMB million
Cost – Capitalised finance leases	**5,361**	3,388
Accumulated depreciation	**(967)**	(619)
Net book amount	**4,394**	2,769

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.

7. Lease Prepayments

	Group RMB million
At 1 January 2011	
Cost, as previously reported	8,131
Adjustments for adoption of merger accounting *(Note 22)*	31
Cost, as restated	8,162
Accumulated amortisation, as previously reported	(751)
Adjustments for adoption of merger accounting *(Note 22)*	–
Accumulated amortisation, as restated	(751)
Net book amount, as restated	7,411
Year Ended 31 December 2011	
Opening net book amount, as previously reported	7,380
Adjustments for adoption of merger accounting *(Note 22)*	31
Opening net book amount, as restated	7,411
Additions	1,096
Disposals	(187)
Amortisation charge *(Note 31)*	(182)
Closing net book amount, as restated	8,138
At 31 December 2011	
Cost	9,035
Accumulated amortisation	(897)
Net book amount, as restated	8,138
Year ended 31 December 2012	
Opening net book amount, as previously reported	8,108
Adjustments for adoption of merger accounting *(Note 22)*	30
Opening net book amount, as restated	8,138
Additions	233
Transferred to inventories	(211)
Disposals	(34)
Amortisation charge *(Note 31)*	(165)
Closing net book amount	7,961
At 31 December 2012	
Cost	8,993
Accumulated amortisation	(1,032)
Net book amount	7,961

7. Lease Prepayments (Continued)

	Company	
	2012	2011
	RMB million	RMB million
At 1 January		
Cost	**225**	225
Accumulated amortisation	**(14)**	(9)
Net book amount	**211**	216
For the year ended 31 December		
Opening net book amount	**211**	216
Transferred to inventories	**(211)**	–
Amortisation charge	**–**	(5)
Closing net book amount	**–**	211
At 31 December		
Cost	**–**	225
Accumulated amortisation	**–**	(14)
Net book amount	**–**	211

The Group's interests in leasehold land and land use rights, mainly in Mainland China, represent prepaid operating lease payments and their net book value are analysed as follows:

	Group	
	2012	2011
	RMB million	RMB million
Held on:		
Leases of over 50 years	**769**	805
Leases of between 10 to 50 years	**7,192**	7,333
	7,961	8,138

(a) Amortisation of the Group's lease prepayments of RMB32 million (2011: RMB21 million) has been charged in cost of sales and RMB133 million (2011: RMB161 million) in administrative expenses.

(b) As at 31 December 2012, the Group is in the process of applying for registration of the title certificates for certain of its leasehold land with an aggregate carrying value of approximately RMB188 million (2011: RMB361 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these leasehold land.

(c) Bank borrowings are secured by certain lease prepayments with an aggregate book carrying amount of approximately RMB410 million (2011: nil) (Note 24).

8. Investment Properties – Group

	2012 **RMB million**	2011 RMB million
At 1 January		
Cost, as previously reported	**588**	582
Adjustments for adoption of merger accounting *(Note 22)*	**22**	26
Cost, as restated	**610**	608
Accumulated depreciation, as previously reported	**(153)**	(195)
Adjustments for adoption of merger accounting *(Note 22)*	**(6)**	(6)
Accumulated depreciation, as restated	**(159)**	(201)
Net book amount, as restated	**451**	407
For the year ended 31 December		
Opening net book amount, as previously reported	**435**	387
Adjustments for adoption of merger accounting *(Note 22)*	**16**	20
Opening net book amount, as restated	**451**	407
Transferred from property, plant and equipment *(Note 6)*	**245**	75
Additions	**327**	–
Disposals	**–**	(10)
Depreciation charge *(Note 31)*	**(35)**	(21)
Closing net book amount	**988**	451
At 31 December		
Cost	**1,227**	610
Accumulated depreciation	**(239)**	(159)
Net book amount	**988**	451
Fair value at end of the year (a)	**3,615**	2,007

(a) The fair value of the Group's investment properties is based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent and professionally qualified valuers. Valuations are based on discounted projected cash flow, except for some properties outside Mainland China where active market information is available, and in these cases, valuations are based on current prices in an active market.

(b) Depreciation of the Group's investment properties of RMB35 million (2011: RMB21 million) has been charged to other expenses in the consolidated income statement.

9. Intangible Assets

Group

	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 2011						
Cost	15,189	301	283	134	269	16,176
Accumulated amortisation	(111)	–	(66)	(74)	(19)	(270)
Net book amount	15,078	301	217	60	250	15,906
Year ended at 31 December 2011						
Opening net book amount	15,078	301	217	60	250	15,906
Additions	8,879	5	33	27	4	8,948
Disposals	(712)	–	(2)	–	(27)	(741)
Amortisation charge *(Note 31)*	(133)	–	(31)	(21)	(26)	(211)
Closing net book amount	23,112	306	217	66	201	23,902
At 31 December 2011						
Cost	23,332	306	318	141	238	24,335
Accumulated amortisation	(220)	–	(101)	(75)	(37)	(433)
Net book amount	23,112	306	217	66	201	23,902
Year ended at 31 December 2012						
Opening net book amount	**23,112**	**306**	**217**	**66**	**201**	**23,902**
Additions	**12,772**	**2**	**52**	**35**	**17**	**12,878**
Amortisation charge *(Note 31)*	**(179)**	**–**	**(28)**	**(26)**	**(28)**	**(261)**
Closing net book amount	**35,705**	**308**	**241**	**75**	**190**	**36,519**
At 31 December 2012						
Cost	**36,104**	**308**	**367**	**194**	**255**	**37,228**
Accumulated amortisation	**(399)**	**–**	**(126)**	**(119)**	**(65)**	**(709)**
Net book amount	**35,705**	**308**	**241**	**75**	**190**	**36,519**

9. Intangible Assets (Continued)

Company

	Computer software RMB million
Year ended at 31 December 2011	
Opening net book amount	23
Amortisation charge	(5)
Closing net book amount	18
At 31 December 2011	
Cost	33
Accumulated amortisation	(15)
Net book amount	18
Year ended at 31 December 2012	
Opening net book amount	18
Amortisation charge	(5)
Closing net book amount	13
At 31 December 2012	
Cost	33
Accumulated amortisation	(20)
Net book amount	13

(a) As at 31 December 2012, concession assets represent assets under "Build-Operate-Transfer" service concession arrangements and mainly consist toll roads in the PRC, with cost of RMB13,827 million (2011: RMB13,520 million) generating operating income and RMB22,277 million (2011: RMB9,812 million) under construction.

(b) Amortisation of the Group's intangible assets of RMB184 million (2011: RMB136 million) has been charged in cost of sales, and RMB77 million (2011: RMB75 million) in administrative expenses.

(c) Certain bank borrowings are secured by concession assets with carrying amount of approximately RMB18,498 million (2011: RMB8,653 million) (Note 24).

(d) Goodwill is allocated to the Group's CGUs identified in accordance with operating segment. The goodwill relates to Heavy Machinery Segment and arose in connection with the Group's acquisition of 100% equity interest in Friede Goldman Unites, Ltd. ("F&G") in August 2010.

10. Subsidiaries – Company

	2012 **RMB million**	2011 RMB million
Non-current assets		
Listed investments, at cost	**6,671**	8,046
Unlisted investments, at cost	**61,074**	53,313
	67,745	61,359
Quoted market value of listed investments	**4,291**	9,725
Current assets		
Loans to subsidiaries *(Note a)*	**20,077**	11,135
Amounts due from subsidiaries *(Note b)*	**7,944**	7,190
Current liabilities		
Amounts due to subsidiaries *(Note c)*	**31,861**	23,900

(a) The loans to subsidiaries are unsecured, repayable within 1 year, and bear interest at rates ranging from 5.60% to 6.00% (2011: 4.57% to 6.65%) per annum.

(b) The amounts due from subsidiaries represent dividends receivable from subsidiaries.

(c) The amounts due to subsidiaries are unsecured, repayable within 1 year and bear interest at rates ranging from 0.35% to 3.00% (2011: 0.50% to 3.50%) per annum.

(d) Details of the principal subsidiaries as at 31 December 2012 are shown in Note 45(a).

11. Investments in Jointly Controlled Entities

	Group	
	2012 **RMB million**	2011 RMB million
Share of net assets	**1,094**	990
Less: Provision for impairment	**(42)**	(42)
	1,052	948

	Company	
	2012 **RMB million**	2011 RMB million
Investment cost	**104**	104
Less: Provision for impairment	**(42)**	(42)
	62	62

11. Investments in Jointly Controlled Entities (Continued)

(a) Movements of investments in jointly controlled entities are set out as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
At 1 January	**948**	857	**62**	62
Additions	**76**	229	**–**	–
Disposals	**(3)**	(198)	**–**	–
Transferred to available-for-sale financial assets, due to loss of jointly control	**(4)**	–	**–**	–
Share of profit or loss, net	**49**	75	**–**	–
Dividend distribution	**(14)**	(15)	**–**	–
At 31 December	**1,052**	948	**62**	62

(b) The Group's share of aggregate assets and liabilities, revenue and results of jointly controlled entities are set out as follows:

	As at 31 December	
	2012	2011
	RMB million	RMB million
Assets:		
Non-current assets	**1,491**	1,287
Current assets	**1,740**	1,513
	3,231	2,800
Liabilities:		
Non-current liabilities	**(388)**	(429)
Current liabilities	**(1,749)**	(1,381)
	(2,137)	(1,810)
Net assets	**1,094**	990

	Year ended 31 December	
	2012	2011
	RMB million	RMB million
Revenue	**1,594**	1,574
Profit less losses after tax	**49**	75

11. Investments in Jointly Controlled Entities (Continued)

(c) The particulars of the Group's principal jointly controlled entities are set out in Note 45(b).

(d) The Group and the Company act as the guarantors for various external borrowings made by certain jointly controlled entities as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Outstanding loan guarantees	**196**	218	**8**	9

There are no material contingent liabilities of the jointly controlled entities themselves.

12. Investments in Associates

	Group	
	2012	2011
	RMB million	RMB million
Share of net assets		
– Listed shares	**147**	149
– Unlisted shares	**3,669**	3,001
Less: Provision for impairment	**(5)**	(5)
	3,811	3,145
Market value of listed shares	**229**	320

	Company	
	2012	2011
	RMB million	RMB million
Investment cost	**2,004**	2,004
Less: Provision for impairment	**–**	–
	2,004	2,004

12. Investments in Associates (Continued)

(a) Movement of investments in associates are set out as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
At 1 January	**3,145**	2,830	**2,004**	2,004
Additions	**682**	353	**–**	–
Disposals	**(67)**	(113)	**–**	–
Transferred to available-for-sale financial assets, due to loss of significant influence	**(5)**	–	**–**	–
Share of profit or loss, net	**61**	98	**–**	–
Dividend distribution	**(5)**	(13)	**–**	–
Exchange reserve	**–**	(10)	**–**	–
At 31 December	**3,811**	3,145	**2,004**	2,004

(b) The Group's share of aggregate assets and liabilities, revenue and results of associates are set out as follows:

	As at 31 December	
	2012	2011
	RMB million	RMB million
Assets:		
Non-current assets	**6,860**	6,603
Current assets	**4,195**	3,239
	11,055	9,842
Liabilities:		
Non-current liabilities	**(4,103)**	(4,440)
Current liabilities	**(3,136)**	(2,252)
	(7,239)	(6,692)
Net assets	**3,816**	3,150

	Year ended 31 December	
	2012	2011
	RMB million	RMB million
Revenue	**2,751**	2,517
Profit less losses after tax	**61**	98

(c) The particulars of the Group's principal associates are set out in Note 45(c).

(d) There are no material contingent liabilities relating to the Group's interests in the associates, and no material contingent liabilities of the associates themselves.

13. Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

Group

	Loans and receivables RMB million	Assets at fair value through profit or loss RMB million	Available-for-sale financial assets RMB million	Total RMB million
Assets as per consolidated balance sheet				
31 December 2012				
Available-for-sale financial assets *(Note 14)*	**–**	**–**	**15,964**	**15,964**
Derivative financial instruments *(Note 18)*	**–**	**49**	**–**	**49**
Other financial assets at fair value through profit or loss	**–**	**37**	**–**	**37**
Trade and other receivables excluding prepayments *(Note 15)*	**136,567**	**–**	**–**	**136,567**
Cash and bank balances *(Note 19)*	**73,073**	**–**	**–**	**73,073**
Total	**209,640**	**86**	**15,964**	**225,690**
31 December 2011 (Restated)				
Available-for-sale financial assets *(Note 14)*	–	–	12,846	12,846
Derivative financial instruments *(Note 18)*	–	62	–	62
Other financial assets at fair value through profit or loss	–	49	–	49
Trade and other receivables excluding prepayments *(Note 15)*	115,567	–	–	115,567
Cash and bank balances *(Note 19)*	46,156	–	–	46,156
Total	161,723	111	12,846	174,680

13. Financial Instruments by Category (Continued)

Group (Continued)

	Liabilities at fair value through profit or loss RMB million	Other financial liabilities at amortised cost RMB million	Total RMB million
Liabilities as per consolidated balance sheet			
31 December 2012			
Borrowings (excluding finance lease liabilities) *(Note 24)*	**–**	**140,687**	**140,687**
Finance lease liabilities *(Note 24)*	**–**	**3,558**	**3,558**
Derivative financial instruments *(Note 18)*	**28**	**–**	**28**
Trade and other payables excluding statutory and non-financial liabilities *(Note 23)*	**–**	**122,431**	**122,431**
Total	**28**	**266,676**	**266,704**
31 December 2011 (Restated)			
Borrowings (excluding finance lease liabilities) *(Note 24)*	–	104,074	104,074
Finance lease liabilities *(Note 24)*	–	1,971	1,971
Derivative financial instruments *(Note 18)*	58	–	58
Trade and other payables excluding statutory and non-financial liabilities *(Note 23)*	–	109,769	109,769
Total	58	215,814	215,872

13. Financial Instruments by Category (Continued)

Company

	Loans and receivables RMB million	Assets at fair value through profit or loss RMB million	Available-for-sale financial assets RMB million	Total RMB million
Assets as per balance sheet				
31 December 2012				
Available-for-sale financial assets *(Note 14)*	**–**	**–**	**8,413**	**8,413**
Derivative financial instruments *(Note 18)*	**–**	**23**	**–**	**23**
Trade and other receivables excluding prepayments *(Note 15)*	**5,327**	**–**	**–**	**5,327**
Loans to subsidiaries *(Note 10)*	**20,077**	**–**	**–**	**20,077**
Amounts due from subsidiaries *(Note 10)*	**7,944**	**–**	**–**	**7,944**
Cash and bank balances *(Note 19)*	**29,694**	**–**	**–**	**29,694**
Total	**63,042**	**23**	**8,413**	**71,478**
31 December 2011				
Available-for-sale financial assets *(Note 14)*	–	–	6,463	6,463
Trade and other receivables excluding prepayments *(Note 15)*	5,506	–	–	5,506
Loans to subsidiaries *(Note 10)*	11,135	–	–	11,135
Amounts due from subsidiaries *(Note 10)*	7,190	–	–	7,190
Cash and bank balances *(Note 19)*	18,203	–	–	18,203
Total	42,034	–	6,463	48,497

13. Financial Instruments by Category (Continued)

Company (Continued)

	Liabilities at fair value through profit or loss RMB million	Other financial liabilities at amortised cost RMB million	Total RMB million
Liabilities as per balance sheet			
31 December 2012			
Borrowings *(Note 24)*	**–**	**36,816**	**36,816**
Amounts due to subsidiaries *(Note 10)*	**–**	**31,861**	**31,861**
Trade and other payables excluding statutory and non-financial liabilities *(Note 23)*	**–**	**10,598**	**10,598**
Total	**–**	**79,275**	**79,275**
31 December 2011			
Borrowings *(Note 24)*	–	23,528	23,528
Amounts due to subsidiaries *(Note 10)*	–	23,900	23,900
Derivative financial instruments *(Note 18)*	25	–	25
Trade and other payables excluding statutory and non-financial liabilities *(Note 23)*	–	10,722	10,722
Total	25	58,150	58,175

14. Available-for-sale Financial Assets

	Group		Company	
	2012 RMB million	2011 RMB million	**2012 RMB million**	2011 RMB million
At 1 January	**12,846**	15,452	**6,463**	8,362
Fair value gains/(losses)	**1,885**	(2,566)	**1,333**	(1,889)
Additions	**8,515**	135	**617**	–
Transferred from investments in jointly controlled entities and associates	**9**	–	**–**	–
Disposals	**(7,280)**	(175)	**–**	(10)
Impairment charge	**(11)**	–	**–**	–
At 31 December	**15,964**	12,846	**8,413**	6,463
Less: non-current portion	**14,464**	12,846	**7,913**	6,463
Current portion	**1,500**	–	**500**	–

14. Available-for-sale Financial Assets (Continued)

Available-for-sale financial assets include the following:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Non-current				
Listed equity securities, at fair value *(Note a)*				
– Mainland China	**13,006**	11,055	**7,781**	6,448
– Hong Kong	**75**	87	**–**	–
Unlisted equity investments, at cost *(Note b)*	**1,383**	1,704	**132**	15
	14,464	12,846	**7,913**	6,463
Current				
Other unlisted instruments, at fair value *(Note c)*	**1,500**	–	**500**	–
	15,964	12,846	**8,413**	6,463
Market value of listed securities	**13,096**	11,163	**7,781**	6,448

(a) These securities primarily represent promoters' shares held by the Group listed and traded in stock markets, of which one security of RMB124 million is subject to trading restrictions at the end of the reporting period. The fair value of freely traded shares was based on the closing quoted market prices, whereas the fair value of this security subject to trading restrictions was determined at a discount to the closing quoted market price.

(b) 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 out at cost less accumulated impairment losses, if any.

(c) 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.

Among these unlisted instruments, the amount of RMB500 million were classified as cash equivalents for the purposes of the consolidated statement of cash flows, as the Directors are of the opinion that such instruments are readily convertible to cash with insignificant risk of changes in value in accordance with relevant contract terms.

(d) Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
RMB	**15,562**	12,721	**8,413**	6,463
Hong Kong Dollars ("HKD")	**113**	125	**–**	–
USD	**289**	–	**–**	–
	15,964	12,846	**8,413**	6,463

15. Trade and Other Receivables

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Trade and bills receivables (a)	**54,160**	53,365	**1,066**	2,130
Less: Provision for impairment	**(2,964)**	(2,456)	**(21)**	(20)
Trade and bills receivables – net	**51,196**	50,909	**1,045**	2,110
Prepayments	**13,987**	13,656	**8,738**	6,040
Retentions	**33,085**	26,167	**3,049**	2,736
Deposits	**15,335**	12,031	**57**	46
Other receivables	**12,632**	8,675	**659**	289
Staff advances	**737**	646	**12**	8
Long-term receivables	**23,582**	17,139	**505**	317
	150,554	129,223	**14,065**	11,546
Less: non-current portion				
– Retentions	**(16,621)**	(15,755)	**(1,553)**	(2,348)
– Deposits	**(1,829)**	(916)	**–**	–
– Long-term receivables	**(19,644)**	(11,678)	**(486)**	(298)
– Prepayments for equipment	**(591)**	(591)	**–**	–
	(38,685)	(28,940)	**(2,039)**	(2,646)
Current portion	**111,869**	100,283	**12,026**	8,900

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

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Within 6 months	**42,110**	42,302	**716**	1,085
6 months to 1 year	**5,101**	5,126	**246**	985
1 year to 2 years	**4,080**	3,959	**103**	59
2 years to 3 years	**1,702**	912	**–**	–
Over 3 years	**1,167**	1,066	**1**	1
	54,160	53,365	**1,066**	2,130

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

15. Trade and Other Receivables (Continued)

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

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
		(Restated)		
Trade and bills receivables	**51,196**	50,909	**1,045**	2,110
Retentions	**33,097**	26,098	**3,049**	2,718
Deposits	**15,333**	12,030	**57**	46
Other receivables	**12,632**	8,675	**659**	289
Staff advance	**737**	646	**12**	8
Long-term receivables	**23,613**	17,071	**505**	317
	136,608	115,429	**5,327**	5,488

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 rate ranging from 6.15% to 6.55% per annum as at 31 December 2012 (2011: ranging from 6.65% to 7.05%) available to the Group for similar financial instruments.

(c) Retentions receivable represented amounts due from customers upon completion of the free maintenance period of the construction work, which normally last from one to two years. Deposits represented tender and performance bonds due from customers. Long-term receivables represented amounts due from customers for "Build-Transfer" projects and certain construction works with payment periods over one year. As of 31 December 2012, retentions receivable, deposits and long-term receivables of the Group totalling RMB71,079 million (2011: RMB54,687 million) were neither past due nor impaired, and RMB1,547 million (2011: RMB1,109 million) were past due/partially impaired with the provision of RMB624 million (2011: RMB459 million). These receivables of the Company amounting to RMB3,611 million (2011: RMB3,099 million) were neither past due nor impaired.

(d) The Group has entered into certain recourse and non-recourse factoring agreements with certain banks so as to obtain bank advances. As at 31 December 2012, relevant trade receivables, with recourse factoring clauses in the agreements, amounted to RMB1,840 million (2011: RMB5,850 million). In the opinion of the Directors, such transactions did not qualify for derecognition and were accounted for as secured borrowings (Note 24). In addition, as at 31 December 2012, trade receivables of RMB10,747 million (2011: RMB7,155 million) had been transferred to the banks in accordance with relevant non-recourse factoring agreements. Relevant trade 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.

(e) As at 31 December 2012, bills receivables – bank acceptance notes of RMB314 million (2011: RMB55 million) were discounted with banks, and RMB1,520million (2011: RMB1,409 million) were endorsed to suppliers. Relevant bills receivables 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.

(f) As of 31 December 2012, trade and bills receivables of the Group amounting to RMB4,060million (2011: RMB2,096 million) were neither past due nor impaired. Trade and bills receivables of the Company amounting to RMB227 million (2011: RMB1,121 million) were neither past due nor impaired as of 31 December 2012.

15. Trade and Other Receivables (Continued)

(g) As of 31 December 2012, trade and bills receivables of RMB40,906 million (2011: RM43,143 million) were past due but not impaired. These receivables relate to a number of customers for whom there is no recent history of default. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The ageing analysis of these trade and bills receivables is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Within 6 months	**37,044**	39,921	**702**	881
6 months to 1 year	**1,917**	1,745	**30**	2
1 year to 2 years	**1,286**	1,230	**37**	60
2 years to 3 years	**589**	181	**–**	–
Over 3 years	**70**	66	**–**	–
	40,906	43,143	**769**	943

(h) As of 31 December 2012, trade and bills receivables of RMB9,194 million (2011: RMB8,126 million) were impaired and provided for. The provision amounted to RMB2,964 million as of 31 December 2012 (2011: RMB2,456 million). The amount of individually impaired receivables was RMB617 million (2011: RMB211 million) with the provision of RMB316 million (2011: RMB125 million). The individually impaired trade receivables relate to customers that were in financial difficulties or customers that were in default or delinquency in payments. The Directors are of the opinion that only a portion of the receivables is expected to be recovered. The ageing analysis of these receivables (net of impairment provision) is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Within 6 months	**1,408**	1,392	**–**	46
6 months to 1 year	**2,334**	1,957	**3**	–
1 year to 2 years	**1,937**	1,844	**46**	–
2 years to 3 years	**488**	352	**–**	–
Over 3 years	**63**	125	**–**	–
	6,230	5,670	**49**	46

15. Trade and Other Receivables (Continued)

(i) Movements on provision for impairment of trade receivables are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
At 1 January	**2,456**	2,133	**20**	3
Provision for the year	**1,091**	1,017	**1**	20
Receivables written off during the year as uncollectible	**(18)**	(7)	**–**	–
Released	**(565)**	(687)	**–**	(3)
At 31 December	**2,964**	2,456	**21**	20

The provision and release of provision for impaired receivables have been included in administrative expenses in the consolidated income statement (Note 31). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(j) The carrying amount of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
RMB	**134,599**	114,479	**12,610**	9,563
USD	**9,300**	9,658	**441**	369
United Arab Emirates Dirham	**901**	644	**–**	–
EUR	**581**	300	**556**	1,157
Central African CFA Franc BEAC	**531**	198	**–**	–
Saudi Riyal	**485**	215	**–**	–
Japanese Yen ("JPY")	**495**	481	**–**	–
Other currencies	**3,662**	3,248	**458**	457
	150,554	129,223	**14,065**	11,546

(k) The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

16. Inventories

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Raw materials	**15,408**	14,886	**–**	1
Work in progress	**10,463**	7,273	**310**	–
Finished goods	**804**	444	**–**	–
	26,675	22,603	**310**	1

Bank borrowings are secured by certain work in progress with an aggregate book carrying amount of approximately RMB111 million (2011: nil) (Note 24).

17. Contract Work-in-progress

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Contract costs incurred and recognised profit (less recognised losses)	**1,042,697**	854,037	**73,736**	72,393
Less: Progress billings	**(999,967)**	(814,517)	**(69,314)**	(68,483)
	42,730	39,520	**4,422**	3,910
Representing:				
Amounts due from customers for contract work	**57,983**	54,261	**5,094**	4,475
Amounts due to customers for contract work	**(15,253)**	(14,741)	**(672)**	(565)
	42,730	39,520	**4,422**	3,910

	Group	
	Year ended 31 December	
	2012	2011
	RMB million	RMB million
Contract revenue recognised as revenue in the year	**265,038**	264,966

18. Derivative Financial Instruments

Group

	2012		2011	
	Assets	**Liabilities**	Assets	Liabilities
	RMB million	**RMB million**	RMB million	RMB million
Forward foreign exchange contracts – held for trading	**49**	**(28)**	62	(58)

Company

	2012		2011	
	Assets	**Liabilities**	Assets	Liabilities
	RMB million	**RMB million**	RMB million	RMB million
Forward foreign exchange contracts – held for trading	**23**	**–**	–	(25)

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2012 were RMB2,091 million (2011: RMB4,573 million).

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

19. Cash and Bank Balances

		Group		**Company**	
		2012	2011	**2012**	2011
		RMB million	RMB million (Restated)	**RMB million**	RMB million
Restricted bank deposits	*(a)*	**5,581**	922	**1**	3
Cash and cash equivalents	*(b)*	**67,492**	45,234	**29,693**	18,200
		73,073	46,156	**29,694**	18,203

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	Group		**Company**	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Cash and cash equivalents	**67,492**	45,234	**29,693**	18,200
Available-for-sale financial assets *(Note 14(c))*	**500**	–	**500**	–
Cash and cash equivalents	**67,992**	45,234	**30,193**	18,200

(a) As at 31 December 2012, restricted bank deposits mainly included pledged bank deposits as securities for bank borrowings (Note 24 (a)) and deposits for issuance of bank acceptance notes, performance bonds and letters of credit to customers.

19. Cash and Bank Balances (Continued)

(b) Cash and cash equivalents

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Cash on hand	**165**	166	**1**	2
Bank deposits				
– Term deposits with initial term of over three months *(i)*	**454**	633	**105**	105
– Other bank deposits	**66,873**	44,435	**29,587**	18,093
Cash and cash equivalents	**67,492**	45,234	**29,693**	18,200

(i) Term deposits with initial term of over three months were treated as cash and cash equivalents as the Directors consider those deposits were readily convertible to known amounts of cash, subject to an insignificant risk of changes in value and kept for cash management purpose.

(ii) The maximum exposure to credit risk approximates the carrying amounts of the Group's cash and cash equivalents at the end of the reporting period.

(iii) The weighted average effective interest rate on bank deposits was 3.64% per annum as at 31 December 2012 (2011: 2.95% per annum).

(c) The carrying amount of cash and bank balances are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
– RMB	**55,108**	36,052	**26,101**	16,236
– USD	**11,373**	5,453	**2,947**	1,234
– Central African CFA Franc BEAC	**1,748**	429	**–**	–
– Angolan Kwanza	**1,480**	739	**–**	–
– EUR	**642**	804	**350**	490
– Malaysian Ringgit	**403**	663	**–**	–
– HKD	**329**	296	**245**	172
– Singapore Dollar	**310**	198	**–**	–
– Others	**1,680**	1,522	**51**	71
	73,073	46,156	**29,694**	18,203

(d) The Group's cash and bank balances denominated in RMB are deposited with banks in Mainland China. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC Government.

As at 31 December 2012, less than 5% (2011: less than 4%) of the cash and bank balances denominated in other foreign currencies held by the Group are deposited with banks in countries which have foreign exchange control and are not freely convertible into other currencies or remitted out of those countries.

20. Share Capital and Premium

	2012 Number of shares (thousands)	2012 Nominal value (RMB'000)	2011 Number of shares (thousands)	2011 Nominal value (RMB'000)
Registered, issued and fully paid				
Unlisted domestic shares of RMB1.00 each	–	–	10,397,500	10,397,500
A shares of RMB1.00 each	**11,747,235**	**11,747,235**	–	–
H shares of RMB1.00 each	**4,427,500**	**4,427,500**	4,427,500	4,427,500
At 31 December	**16,174,735**	**16,174,735**	14,825,000	14,825,000

(a) The Company was incorporated on 8 October 2006, with an initial registered share capital of RMB10,800 million, divided into 10,800,000,000 domestic shares with a nominal value of RMB1.00 each which were issued to CCCG, the parent company.

In December 2006, the Company completed an H share listing on the Hong Kong Stock Exchange and 4,025,000,000 H shares with a nominal value of RMB1.00 each were issued at HKD4.6 (equivalent to approximately RMB4.63) each. The Company raised net proceeds of approximately RMB17,878 million (equivalent to HKD17,772 million) from the issuance of H shares, of which paid-up share capital was RMB4,025 million and share premium was approximately RMB13,853 million. Upon the issuance of H shares, 402,500,000 domestic shares (10% of the number of H shares issued) were converted into H shares and transferred to the National Social Security Fund.

In December 2010, the Company and Road & Bridge International Co., Ltd. ("CRBC International"), a former A share listed company and a subsidiary of the Company, entered into an agreement (the "Merger Agreement") in relation to a proposed merger of CRBC International with the Company.

In March 2012, the Company completed an A share listing on the Shanghai Stock Exchange. In this connection, the Company issued 1,349,735,425 A shares with a nominal value of RMB1.00 each, of which 925,925,925 A shares were issued at RMB5.4 each to domestic investors by way of public offering. The Company raised net proceeds of approximately RMB4,864 million of which paid-up share capital was RMB926 million and share premium was approximately RMB3,938 million.

In the meantime, with reference to the Merger Agreement, the Company issued 423,809,500 A Shares in exchange for all the CRBC International shares held by the CRBC International non-controlling shareholders. As a result, the Company recognised additional issuance of share in equity of approximately RMB2,289 million, of which paid-up share capital was RMB424 million and share premium was approximately RMB1,865 million. Accordingly, the carrying amount of CRBC International's non-controlling interest amounting to RMB827 million was adjusted to reflect the change in the non-controlling interest's ownership interest in CRBC International. The difference of RMB1,462 million between the amount by which the non-controlling interest was adjusted and the fair value of the consideration paid was recognised in equity – other reserves (Note 22) in the consolidated financial statements.

Upon the completion of this A share issuance and listing, the then existing 10,397,500,000 domestic shares have become A shares and tradeable on the Shanghai Stock Exchange on the same conditions in all respects as those of the previous A shares of CRBC International. 92,592,593 A shares (10% of the number of new A shares issued by public offering) were transferred to the National Social Security Fund.

As a result, the Company's share capital increased from RMB14,825,000,000 to RMB16,174,735,425, comprising 11,747,235,425 A shares and 4,427,500,000 H shares, representing approximately 72.6% and 27.4% of the registered capital, respectively.

21. Cash-settled Share-based Payments

The Group has adopted a cash-settled shared-based payment arrangement, also known as SAR plan (the "Plan"), which was approved by the Annual General Meeting on 18 June 2010. The Plan provides for the grant of SAR to eligible participants as approved by the Company's Board of Directors. The validity period of the Plan is ten years.

Under the Plan, the holders of SAR are entitled the rights to receive an amount in respect of the appreciation in market value of the Company's H Shares from the date of grant of SAR and the date of exercise. No shares will be issued under the Plan and therefore the Company's equity interests will not be diluted as a result of the issuance of SAR.

The total amount of the SAR granted under the Plan shall not exceed 10% of the total share capital of the Company, and the SAR granted to any eligible participants in any 12 months period shall not exceed 1% of the total issued share capital. The exercise period of all SAR commences after a vesting period of two years and ends on a date which is not later than 5 years from the date of grant of the SAR. Since each of the last day of the second, third and fourth anniversary from the date of grant, the total number of SAR exercisable in a particular year shall not exceed one-third of the total number of SAR granted to the respective eligible participants.

The Board of Directors of the Company granted approximately 61.83 million of SAR of the Company on 8 August 2010. The expiry date of all these SAR is 7 August 2015. Movements in the number of SAR granted by the Company during the year ended 31 December 2012 are set out as follows:

	For the year ended 31 December 2012 Number of units of SAR						
Category	**Exercise price**	**Outstanding as at 1 January 2012**	**Granted during the year**	**Exercised during the year**	**Expired during the year**	**Forfeited during the year**	**Outstanding as at 31 December 2012**
Directors and key management of the Company	**HKD7.43**	**18,371,138**	**–**	**–**	**–**	**(6,894,036)**	**11,477,102**
Management of subsidiaries of the Company	**HKD7.43**	**41,893,493**	**–**	**–**	**–**	**(15,956,942)**	**25,936,551**
		60,264,631	**–**	**–**	**–**	**(22,850,978)**	**37,413,653**

	For the year ended 31 December 2011 Number of units of SAR						
Category	Exercise price	Outstanding as at 1 January 2011	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Outstanding as at 31 December 2011
Directors and key management of the Company	HKD7.43	18,999,310	–	–	–	(628,172)	18,371,138
Management of subsidiaries of the Company	HKD7.43	43,834,373	–	–	–	(1,940,880)	41,893,493
		62,833,683	–	–	–	(2,569,052)	60,264,631

21. Cash-settled Share-based Payments (Continued)

The fair values of SAR as at 31 December 2012 as determined using the binomial valuation model ranged from RMB1.4665 per unit to RMB1.8263 per unit (2011: from RMB0.8415 per unit to RMB1.4253 per unit). The significant inputs into the model were spot price of HKD7.48 (equivalent to approximately RMB6.07) as at 31 December 2012 (2011: HKD6.07, equivalent to approximately RMB4.92), vesting period, volatility of the underlying stock, risk-free interest rate, forfeiture rate, dividend yield and early exercise factor. The expected volatility of 50% (2011: 50%) is estimated based on the past share prices of the Company's H Shares at year end.

The amount that was credited to the consolidated income statement and included in employee benefit expenses for the year in relation to the above SAR transactions was RMB30 million (2011: charged to the consolidated income statement, RMB21 million) (Notes 32).

As at 31 December 2012, the total carrying amount of the liabilities arising from SAR transactions included in other payables in the consolidated balance sheet amounted to RMB5 million (2011: RMB35 million) (Note 23). There were no exercisable SAR in 2012 and 2011.

As at 31 December 2012, the weighted average remaining contractual life was 2.7 years (2011: 3.7 years).

22. Other Reserves

Group

	Capital reserve *(Note a)*	Statutory surplus reserve	Investment revaluation reserve	Safety reserve	Exchange reserve	Retained earnings	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Balance at 1 January 2011, as previously reported	2,243	760	8,722	741	56	21,790	34,312
Adjustments for adoption of merger accounting	31	–	–	–	–	–	31
Balance at 1 January 2011, as restated	2,274	760	8,722	741	56	21,790	34,343
Profit for the year	–	–	–	–	–	11,761	11,761
Currency translation differences	–	–	–	–	(38)	–	(38)
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	(2,161)	–	–	–	(2,161)
Release of investment revaluation reserve upon disposal of available-for-sale financial assets, net of deferred tax	–	–	(27)	–	–	–	(27)
Cash contribution from CCCG *(Note a)*	46	–	–	–	–	–	46
Acquisition of a subsidiary	4	–	–	–	–	(4)	–
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries	3	–	–	–	–	(2)	1
2010 final dividend	–	–	–	–	–	(2,372)	(2,372)
Transfer to statutory surplus reserve *(Note b)*	–	426	–	–	–	(426)	–
Transfer to safety reserve *(Note c)*	–	–	–	184	–	(184)	–
At 31 December 2011, as restated	2,327	1,186	6,534	925	18	30,563	41,553

22. Other Reserves (Continued)

Group (Continued)

	Capital reserve *(Note a)* RMB million	Statutory surplus reserve RMB million	Investment revaluation reserve RMB million	Safety reserve RMB million	Exchange reserve RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2012, as restated	2,327	1,186	6,534	925	18	30,563	41,553
Profit for the year	–	–	–	–	–	12,248	12,248
Currency translation differences	–	–	–	–	72	–	72
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	1,404	–	–	–	1,404
Cash contribution from CCCG *(Note a)*	18	–	–	–	–	–	18
Acquisition of CCMEC	(16)	–	–	–	–	–	(16)
Issuance of A shares in exchange for the shares in a subsidiary held by its non-controlling shareholders	(1,462)	–	–	–	–	–	(1,462)
Transaction with non-controlling interests resulting from acquisition of equity interests in certain subsidiaries	2	–	–	–	–	–	2
Changes in equity of jointly controlled entity included	1	–	–	–	–	–	1
2011 final dividend	–	–	–	–	–	(2,902)	(2,902)
Transfer to statutory surplus reserve *(Note b)*	–	223	–	–	–	(223)	–
Transfer to safety reserve *(Note c)*	–	–	–	383	–	(383)	–
At 31 December 2012	**870**	**1,409**	**7,938**	**1,308**	**90**	**39,303**	**50,918**

Company

	Capital reserve RMB million	Statutory surplus reserve RMB million	Investment revaluation reserve RMB million	Safety reserve RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2011	21,172	764	5,547	6	2,420	29,909
Profit for the year	–	–	–	–	4,213	4,213
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	(1,417)	–	–	(1,417)
Cash contribution from CCCG *(Note a)*	46	–	–	–	–	46
2010 final dividend	–	–	–	–	(2,372)	(2,372)
Transfer to statutory surplus reserve *(Note b)*	–	426	–	–	(426)	–
At 31 December 2011	21,218	1,190	4,130	6	3,835	30,379

22. Other Reserves (Continued)

Company (Continued)

	Capital reserve RMB million	Statutory surplus reserve RMB million	Investment revaluation reserve RMB million	Safety reserve RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2012	21,218	1,190	4,130	6	3,835	30,379
Profit for the year	–	–	–	–	2,224	2,224
Changes in fair value of available-for-sale financial assets, net of deferred tax	–	–	1,000	–	–	1,000
Cash contribution from CCCG *(Note a)*	18	–	–	–	–	18
2011 final dividend	–	–	–	–	(2,902)	(2,902)
Acquisition of CCMEC	8	–	–	–	–	8
Transfer to statutory surplus reserve *(Note b)*	–	223	–	–	(223)	–
At 31 December 2012	**21,244**	**1,413**	**5,130**	**6**	**2,934**	**30,727**

(a) Capital Reserve

Capital reserve primarily arose upon incorporation of the Company on 8 October 2006 when the Company took over the assets and liabilities relating to the principal operations and businesses (the "Core Operations") of CCCG. The net value of the Core Operations transferred to the Company from CCCG was converted into the Company's share capital of RMB10,800,000,000 of RMB1.00 each with the then existing reserves eliminated and the resulting difference dealt with in the capital reserve of the Group.

Cash contribution from CCCG in 2012 represents equity contributions from the parent company, CCCG, in cash. In accordance with the notice issued by Ministry of Finance, this amount is to be accounted for as capital reserve of the Company and it is not to be distributed as dividend. In future, when the Company increases its share capital, the capital reserve may be converted into shares of the Company to be held by CCCG, provided appropriate conditions are met. The conversion is however subject to obtaining prior approval from the relevant government authorities and shareholders.

(b) Statutory Surplus Reserve

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to appropriate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC enterprises ("PRC GAAP") and regulations applicable to the Company, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to owners. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

For the year ended 31 December 2012, the Board of Directors proposed appropriation 10% (2011: 10%) of the Company's profit after tax as determined under the PRC GAAP, of RMB223 million (2011: RMB426 million) to the statutory surplus reserve.

22. Other Reserves (Continued)

(c) Safety Reserve

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside an amount to a safety reserve at different rates ranging from 1.5% to 2% of the total construction contract revenue recognised for the year. The reserve can be utilised for improvements of safety on the construction work, and the amounts utilised are charged to the consolidated income statement as incurred.

(d) Business combinations under common control

The Group adopts merger accounting for common control combinations in respect of the acquisition of CCMEC as mentioned in Note 1. Statements of adjustments for business combinations under common control on the consolidated balance sheet as at 31 December 2011 and the Group's results for the year then ended are as follows:

	As at 1 January 2011			
	As previously reported	Acquisition of CCMEC	Elimination *(Note i)*	As restated
	RMB million	RMB million	RMB million	RMB million
Property, plant and equipment	52,973	12	–	52,985
Lease prepayments	7,380	31	–	7,411
Investment properties	387	20	–	407
Deferred income tax assets	1,602	18	–	1,620
Trade and other receivables	108,600	39	(23)	108,616
Cash and cash equivalents	38,826	17	–	38,843
Other assets	100,865	–	–	100,865
Total assets	310,633	137	(23)	310,747
Capital and reserves attributable to owners of the Company	62,990	31	–	63,021
Non-controlling interests	10,931	–	–	10,931
Total equity	73,921	31	–	73,952
Deferred income tax liabilities	2,360	9	–	2,369
Retirement benefit obligations	2,398	7	–	2,405
Current income tax liabilities	2,091	1	–	2,092
Trade and other payables	133,554	89	(23)	133,620
Other liabilities	96,309	–	–	96,309
Total liabilities	236,712	106	(23)	236,795

22. Other Reserves (Continued)

(d) Business combinations under common control (Continued)

	As at 31 December 2011			
	As previously reported	Acquisition of CCMEC	Elimination *(Note i)*	As restated
	RMB million	RMB million	RMB million	RMB million
Property, plant and equipment	55,148	15	–	55,163
Lease prepayments	8,108	30	–	8,138
Investment properties	435	16	–	451
Deferred income tax assets	2,024	14	–	2,038
Trade and other receivables	129,206	44	(27)	129,223
Cash and cash equivalents	45,121	113	–	45,234
Other assets	118,738	–	–	118,738
Total assets	358,780	232	(27)	358,985
Capital and reserves attributable to owners of the Company	70,206	25	–	70,231
Non-controlling interests	10,739	50	–	10,789
Total equity	80,945	75	–	81,020
Deferred income tax liabilities	2,343	5	–	2,348
Retirement benefit obligations	2,358	6	–	2,364
Current income tax liabilities	2,634	–	–	2,634
Trade and other payables	148,874	146	(27)	148,993
Other liabilities	121,626	–	–	121,626
Total liabilities	277,835	157	(27)	277,965

22. Other Reserves (Continued)

(d) Business combinations under common control (Continued)

	For the year ended 31 December 2011			
	As previously reported	Acquisition of CCMEC	Elimination (Note ii)	As restated
	RMB million	RMB million	RMB million	RMB million
Revenue	294,281	20	(20)	294,281
Cost of sales	(266,374)	(19)	20	(266,373)
Gross profit	27,907	1	–	27,908
Other income	1,877	6	–	1,883
Other gains, net	637	–	–	637
Selling and marketing expenses	(624)	(1)	–	(625)
Administrative expenses	(12,933)	(10)	–	(12,943)
Other expenses	(646)	(1)	–	(647)
Operating profit	16,218	(5)	–	16,213
Others	(1,189)	–	–	(1,189)
Profit before income tax	15,029	(5)	–	15,024
Income tax expense	(3,046)	(1)	–	(3,047)
Profit for the period	11,983	(6)	–	11,977
Profit attributable to owners of the Company	11,767	(6)	–	11,761

(i) Adjustments to eliminate the inter-group balances as at 31 December 2011.

(ii) Adjustments to eliminate the inter-group transactions for the year ended 31 December 2011.

No other significant adjustments were made to the net assets and net profit of any entities as a result of the common control combinations to achieve consistency of accounting policies.

23. Trade and Other Payables

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Trade and bills payables *(a)*	**106,226**	95,668	**9,058**	7,234
Advances from customers	**38,019**	32,715	**4,185**	3,241
Deposits from suppliers	**10,778**	8,986	**3,068**	2,738
Other taxes	**5,705**	4,656	**106**	172
Social security	**1,006**	845	**27**	22
Accrued expenses	**468**	265	**40**	48
Accrued payroll	**356**	341	**7**	6
Share appreciation rights *(Note 21)*	**5**	35	**5**	35
Others	**5,700**	5,482	**1,388**	794
	168,263	148,993	**17,884**	14,290
Less: non-current portion				
– Deposits from suppliers	**(2,672)**	(2,097)	**(1,591)**	(2,683)
Current portion	**165,591**	146,896	**16,293**	11,607

23. Trade and Other Payables (Continued)

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

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Within 1 year	**98,440**	89,240	**8,967**	7,081
1 year to 2 years	**5,812**	5,118	**90**	97
2 years to 3 years	**1,370**	880	**1**	38
Over 3 years	**604**	430	**–**	18
	106,226	95,668	**9,058**	7,234

(b) The carrying amount of trade and other payables are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
RMB	**140,376**	126,771	**15,130**	11,244
USD	**19,966**	13,337	**19**	5
EUR	**1,495**	1,454	**1,213**	1,212
HKD	**1,182**	850	**–**	–
Saudi Riyal	**850**	911	**–**	–
JPY	**544**	611	**–**	–
Central African CFA Franc BEAC	**509**	368	**–**	–
Other currencies	**3,341**	4,691	**1,522**	1,829
	168,263	148,993	**17,884**	14,290

At 31 December 2012, other currencies mainly consist of Libyan Dinar, Sri Lanka Rupee, Macanese Pataca and Ethiopian Birr.

24. Borrowings

		Group		Company	
		2012	2011	**2012**	2011
	Note	**RMB million**	RMB million	**RMB million**	RMB million
Non-current					
Long-term bank borrowings					
– secured	*(a)*	**29,736**	23,397	**–**	–
– unsecured		**10,052**	8,887	**211**	346
		39,788	32,284	**211**	346
Other borrowings					
– secured	*(a)*	**965**	200	**–**	–
– unsecured		**153**	184	**153**	164
Corporate bonds	*(b)*	**21,920**	9,930	**21,920**	9,930
Medium term notes	*(c)*	**5,990**	5,984	**–**	–
Non-public debt instrument	*(e)*	**3,495**	1,995	**–**	–
Finance lease liabilities	*(l)*	**2,747**	1,179	**–**	–
Total non-current borrowings		**75,058**	51,756	**22,284**	10,440
Current					
Current portion of long-term bank borrowings					
– secured	*(a)*	**3,693**	2,429	**–**	–
– unsecured		**6,036**	4,637	**114**	118
		9,729	7,066	**114**	118
Short-term bank borrowings					
– secured	*(a)*	**19,622**	22,578	**–**	–
– unsecured		**31,373**	20,203	**8,912**	10,187
		50,995	42,781	**8,912**	10,187
Other borrowings					
– secured	*(a)*	**1,752**	100	**–**	–
– unsecured		**111**	500	**11**	11
Corporate bonds	*(b)*	**409**	187	**409**	187
Medium term notes	*(c)*	**266**	277	**–**	–
Debentures	*(d)*	**5,086**	2,585	**5,086**	2,585
Non-public debt instrument	*(e)*	**28**	1	**–**	–
Finance lease liabilities	*(l)*	**811**	792	**–**	–
Total current borrowings		**69,187**	54,289	**14,532**	13,088
Total borrowings		**144,245**	106,045	**36,816**	23,528

24. Borrowings (Continued)

(a) As at 31 December 2012, these borrowings were secured by the Group's property, plant and equipment (Note 6), concession assets (Note 9), trade and bills receivables (Note 15), term deposits (Note 19(a)), lease prepayment (Note 7), inventories (Note 16) and guarantees provided by certain subsidiaries of the Group, the Company and one third party (2011: secured by the Group's property, plant and equipment, concession assets, trade receivables and guarantees provided by certain subsidiaries of the Group and the Company).

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

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

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

(c) The Group issued the following medium term notes as approved by National Association of Financial Market Institutional Investors ("NAFMII") of the PRC:

– medium term notes at a nominal value of RMB2,200 million issued in March and 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;

– 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) As approved by the People's Bank of China, the Group issued the following debentures:

– two tranches of debentures were issued in September 2010 and March 2011, respectively, at the same nominal value of RMB2,500 million, totaling RMB5,000 million, with maturities of one year from the issue date. The interest rates were 2.97% and 4.36% per annum, respectively. The two tranches of debentures have been fully paid off in accordance with relevant settlement schedules;

– another two tranches of debentures were issued in June and July 2012, respectively, at the same nominal value of RMB2,500 million, totaling RMB5,000 million, with maturities of one year from the issue date. The interest rate is 3.40% and 3.56% per annum, respectively.

The debentures are stated at amortised cost.

24. Borrowings (Continued)

(e) As approved by NAFMII, the Group issued a 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. The Group issued another 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.

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

(f) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
6 months or less	**94,241**	77,616	**8,415**	12,375
6 – 12 months	**11,445**	5,290	**5,991**	584
1 – 5 years	**22,026**	14,668	**8,186**	2,250
Over 5 years	**16,533**	8,471	**14,224**	8,319
	144,245	106,045	**36,816**	23,528

(g) The Group's borrowings were repayable as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Bank borrowings				
– Within 1 year	**60,724**	49,847	**9,026**	10,305
– Between 1 and 2 years	**9,798**	8,721	**113**	118
– Between 2 and 5 years	**7,707**	8,431	**95**	200
– Over 5 years	**22,283**	15,132	**3**	28
	100,512	82,131	**9,237**	10,651
Others, excluding finance lease liabilities				
– Within 1 year	**7,652**	3,650	**5,506**	2,783
– Between 1 and 2 years	**6,394**	11	**2,099**	11
– Between 2 and 5 years	**12,174**	10,320	**6,021**	2,122
– Over 5 years	**13,955**	7,962	**13,953**	7,961
	40,175	21,943	**27,579**	12,877
	140,687	104,074	**36,816**	23,528

24. Borrowings (Continued)

(g) The Group's borrowings were repayable as follows: (Continued)

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Wholly repayable within 5 years				
– Bank borrowings	**77,844**	65,431	**9,020**	10,348
– Others, excluding finance lease liabilities	**26,167**	13,927	**13,572**	4,861
	104,011	79,358	**22,592**	15,209
Wholly repayable after 5 years				
– Bank borrowings	**22,668**	16,700	**217**	303
– Others, excluding finance lease liabilities	**14,008**	8,016	**14,007**	8,016
	36,676	24,716	**14,224**	8,319
	140,687	104,074	**36,816**	23,528

(h) The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
RMB	**125,922**	87,417	**35,930**	22,491
USD	**15,260**	15,749	**560**	572
EUR	**951**	1,145	**109**	161
JPY	**839**	865	**217**	304
HKD	**766**	785	**–**	–
Others	**507**	84	**–**	–
	144,245	106,045	**36,816**	23,528

(i) Borrowings of the Group, excluding corporate bonds, medium term notes, debentures, non-public debt instrument and finance lease liabilities, bear interest at effective rates ranging from 1.37% to 7.69% per annum at the end of the reporting period(2011: 0.65% to 11.00%).

24. Borrowings (Continued)

(j) 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:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Carrying amount				
– Bank borrowings	**39,789**	32,277	**211**	346
– Others	**35,269**	19,479	**22,073**	10,094
	75,058	51,756	**22,284**	10,440
Fair value				
– Bank borrowings	**39,186**	32,175	**199**	333
– Others	**36,007**	19,419	**21,855**	10,070
	75,193	51,594	**22,054**	10,403

The fair values of borrowings are estimated based on discounted cash flow approach using the prevailing market rates of interest available to the Group for financial instruments with similar terms and characteristics at the respective ends of reporting periods.

(k) The Group has the following undrawn borrowing facilities:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Floating rate				
– Expiring within one year	**145,403**	156,367	**39,901**	40,673
– Expiring beyond one year	**264,985**	36,892	**218,272**	29,333
	410,388	193,259	**258,173**	70,006

24. Borrowings (Continued)

(l) 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.

	2012 **RMB million**	2011 RMB million
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**836**	898
Later than 1 year and no later than 5 years	**2,308**	1,284
Later than 5 years	**1,163**	4
	4,307	2,186
Future finance charges on finance leases	**(749)**	(215)
Present value of finance lease liabilities	**3,558**	1,971
The present value of finance lease liabilities is as follows:		
No later than 1 year	**811**	792
Later than 1 year and no later than 5 years	**1,961**	1,177
Later than 5 years	**786**	2
	3,558	1,971

25. Deferred Income Tax

(a) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
		(Restated)		
Deferred tax assets:				
– Deferred tax assets to be recovered after more than 12 months	**1,989**	1,724	**100**	102
– Deferred tax assets to be recovered within 12 months	**349**	314	**–**	–
	2,338	2,038	**100**	102
Deferred tax liabilities:				
– Deferred tax liabilities to be settled after more than 12 months	**(3,011)**	(2,343)	**(1,740)**	(1,394)
– Deferred tax liabilities to be settled within 12 months	**(89)**	(5)	**–**	–
	(3,100)	(2,348)	**(1,740)**	(1,394)
Deferred tax liabilities (net)	**(762)**	(310)	**(1,640)**	(1,292)

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
At 1 January, as previously reported	**(319)**	(758)	**(1,292)**	(1,711)
Adjustment for adoption of merger accounting	**9**	9	**–**	–
At 1 January, as restated	**(310)**	(749)	**(1,292)**	(1,711)
Recognised in the income statement *(Note 35)*	**25**	101	**(15)**	(53)
Recognised in other comprehensive income	**(477)**	338	**(333)**	472
At 31 December	**(762)**	(310)	**(1,640)**	(1,292)

25. Deferred Income Tax (Continued)

(b) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Liabilities

	Group			
	Available-for-sale financial assets RMB million	**Investments in subsidiaries** RMB million	**Others** RMB million	**Total** RMB million
At 1 January 2011, as previously reported	(2,524)	–	(322)	(2,846)
Adjustment for adoption of merger accounting	–	–	(9)	(9)
At 1 January 2011, as restated	(2,524)	–	(331)	(2,855)
Charged to the consolidated income statement	–	(89)	(250)	(339)
Credited to other comprehensive income	282	–	–	282
At 31 December 2011, as restated	(2,242)	(89)	(581)	(2,912)
At 1 January 2012, as previously reported	**(2,242)**	**(89)**	**(576)**	**(2,907)**
Adjustment for adoption of merger accounting	**–**	**–**	**(5)**	**(5)**
At 1 January 2012, as restated	**(2,242)**	**(89)**	**(581)**	**(2,912)**
Charged to the consolidated income statement	**–**	**(80)**	**(40)**	**(120)**
Charged to other comprehensive income	**(489)**	**–**	**–**	**(489)**
At 31 December 2012	**(2,731)**	**(169)**	**(621)**	**(3,521)**

	Company		
	Available-for-sale financial assets RMB million	**Others** RMB million	**Total** RMB million
At 1 January 2011	(1,844)	(13)	(1,857)
Charged to the income statement	–	(9)	(9)
Credited to other comprehensive income	472	–	472
At 31 December 2011	(1,372)	(22)	(1,394)
At 1 January 2012	**(1,372)**	**(22)**	**(1,394)**
Charged to the income statement	**–**	**(13)**	**(13)**
Charged to other comprehensive income	**(333)**	**–**	**(333)**
At 31 December 2012	**(1,705)**	**(35)**	**(1,740)**

25. Deferred Income Tax (Continued)

(b) The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances within the same tax jurisdiction, is as follows: (Continued)

Deferred Tax Assets:

	Group							
	Provision for impairment of assets RMB million	Depreciation and amortisation RMB million	Provision for foreseeable contract losses RMB million	Provision for employee benefits RMB million	Tax losses RMB million	Discount of long-term receivable RMB million	Others RMB million	Total RMB million
At 1 January 2011, as previously reported	506	42	126	491	305	356	262	2,088
Adjustment for adoption of merger accounting	18	–	–	–	–	–	–	18
At 1 January 2011, as restated	524	42	126	491	305	356	262	2,106
Credited/(charged) to the consolidated income statement	92	30	(34)	50	(41)	193	150	440
Credited to other comprehensive income	–	–	–	–	–	–	56	56
At 31 December 2011, as restated	616	72	92	541	264	549	468	2,602
At 1 January 2012, as previously reported	**602**	**72**	**92**	**541**	**264**	**549**	**468**	**2,588**
Adjustment for adoption of merger accounting	**14**	**–**	**–**	**–**	**–**	**–**	**–**	**14**
At 1 January 2012, as restated	**616**	**72**	**92**	**541**	**264**	**549**	**468**	**2,602**
Credited/(charged) to the consolidated income statement	**142**	**(55)**	**(24)**	**(56)**	**72**	**17**	**49**	**145**
Credited to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**12**	**12**
At 31 December 2012	**758**	**17**	**68**	**485**	**336**	**566**	**529**	**2,759**

25. Deferred Income Tax (Continued)

(b) The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances within the same tax jurisdiction, is as follows: (Continued)

Deferred Tax Assets: (Continued)

	Provision for impairment of assets RMB million	Depreciation and amortisation RMB million	Company Provision for employee benefits RMB million	Others RMB million	Total RMB million
At 1 January 2011	14	–	22	110	146
(Charged)/credited to the income statement	(1)	–	4	(47)	(44)
At 31 December 2011	13	–	26	63	102
Charged to the income statement	**–**	**–**	**(1)**	**(1)**	**(2)**
At 31 December 2012	**13**	**–**	**25**	**62**	**100**

(c) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2012, the Group did not recognise deferred tax assets of RMB1,268 million (2011: RMB737 million) in respect of tax losses amounting to RMB5,343 million (2011: RMB2,949 million) as at 31 December 2012 as the Directors believes it is more likely than not that such tax losses would not be utilised before they expire.

As at 31 December 2012, the tax losses with no deferred tax assets recognised carried forward are as follows:

	2012 RMB million	2011 RMB million
Year of expiry of tax losses		
2013	**3**	3
2014	**865**	866
2015	**1,385**	1,066
2016	**980**	1,014
2017	**2,161**	–
	5,394	2,949

(d) As at 31 December 2012, the unrecognised deferred income tax liabilities were RMB15 million (2011: RMB13 million), relating to income tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 31 December 2012 amounted to RMB100 million (2011: RMB88 million).

26. Retirement Benefit Obligations

The Group provided supplementary pension subsidies and medical benefits to its normal retired or early retired employees in Mainland China who retired prior to 1 January 2006, which are considered to be defined benefit plans, and recognised a liability for the unfunded employee benefit obligations in the consolidated balance sheet.

The amount of retirement benefit obligations recognised in the consolidated balance sheet are determined as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Present value of defined benefits obligations	**2,315**	2,543	**42**	46
Unrecognised actuarial losses	**(170)**	(179)	**1**	1
Liability in the balance sheet	**2,145**	2,364	**43**	47
Less: current portion	**(189)**	(330)	**(5)**	(5)
	1,956	2,034	**38**	42

The movement of retirement benefit obligations during the year is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
At 1 January, as previously reported	**2,364**	2,398	**47**	49
Adjustments for adoption of merger accounting	**–**	7	**–**	–
At 1 January, as restated	**2,364**	2,405	**47**	49
Payment	**(271)**	(281)	**(5)**	(4)
Interest cost	**87**	120	**1**	2
Actuarial losses	**39**	144	**–**	–
Effect of settlement	**(74)**	(24)	**–**	–
At 31 December	**2,145**	2,364	**43**	47

26. Retirement Benefit Obligations (Continued)

(a) The above obligations were determined based on actuarial valuation performed by an independent actuary, Towers Watson, Hong Kong, using the projected unit credit method, and the following data:

(i) Discount rates adopted (per annum):

	2012	2011
	3.50%	3.50%

(ii) Early-retirees' salary and supplementary benefits inflation rate: 10% (2011: 10%);

(iii) Medical cost trend rate: 4%–8% (2011: 4%–8%);

(iv) Mortality: Average life expectancy of residents in the PRC;

(v) Medical costs paid to early retirees are assumed to continue until the death of the retirees.

(b) The amounts recognised in the consolidated income statement are as follows:

	2012 RMB million	2011 RMB million
Interest cost	**87**	120
Actuarial losses	**39**	144
Effect of settlement	**(74)**	(24)
Total, included in employee benefit expenses *(Note 32)*	**52**	240

Total charge was included in administrative expenses.

27. Provisions for Other Liabilities and Charges – Group

	Guarantee RMB million	**Pending Lawsuits** RMB million	**Others** RMB million	**Total** RMB million
At 1 January 2011	40	91	20	151
Charged to the consolidated income statement:				
– Additional provisions	–	34	4	38
Utilised/reversed during the year	(40)	(2)	(7)	(49)
At 31 December 2011	–	123	17	140
Charged to the consolidated income statement:				
– Additional provisions	**–**	**213**	**27**	**240**
Utilised/reversed during the year	**–**	**(42)**	**(4)**	**(46)**
At 31 December 2012	**–**	**294**	**40**	**334**

28. Other Income

	2012 **RMB million**	2011 RMB million (Restated)
Rental income	**287**	306
Income from sale of materials	**206**	152
Dividend income on available-for-sale financial assets		
– Listed equity securities	**349**	270
– Unlisted equity investments	**56**	33
Government grants	**251**	246
Others	**604**	876
	1,753	1,883

29. Other gains, net

	2012 **RMB million**	2011 RMB million
Gains on disposal of property, plant and equipment	**167**	336
Gains on disposal of lease prepayments	**7**	170
Gains on disposal of intangible assets	**–**	52
(Losses)/gains on disposal of other financial assets at fair value through profit or loss	**(7)**	4
Fair value gains/(losses) from other financial assets at fair value through profit or loss	**7**	(17)
Net gains on derivative financial instruments:		
– Foreign exchange forward contracts	**71**	90
Gains on disposal of available-for-sale financial assets	**123**	46
Net foreign exchange gains/(losses) *(Note 36)*	**66**	(409)
Net gains on disposal of subsidiaries, jointly controlled entities and associates	**5**	365
	439	637

30. Other Expenses

	2012 **RMB million**	2011 RMB million (Restated)
Depreciation and other costs relating to assets being leased out	**159**	198
Cost of sale of materials	**221**	152
Others	**541**	297
	921	647

31. Expenses by Nature

	2012 RMB million	2011 RMB million (Restated)
Raw materials and consumables used	**98,728**	101,047
Subcontracting costs	**83,079**	83,234
Employee benefits expenses	**27,441**	24,345
Rentals	**13,663**	18,327
Business tax and other transaction taxes	**7,753**	8,254
Fuel	**6,053**	6,551
Depreciation of property, plant and equipment and investment properties *(Notes 6, 8)*	**6,561**	6,103
Transportation costs	**4,709**	4,864
Cost of goods sold	**3,360**	3,411
Research and development costs	**2,332**	2,314
Travel	**2,408**	2,210
Repair and maintenance expenses	**1,758**	1,685
Utilities	**1,201**	1,142
Insurance	**238**	502
Provision for impairment of trade and other receivables	**689**	420
Provision for foreseeable losses on construction contracts	**498**	293
Amortisation of intangible assets *(Note 9)*	**261**	211
Amortisation of lease prepayments *(Note 7)*	**165**	182
Write-down of inventories	**150**	18
Auditors' remuneration	**40**	38
Other expenses	**16,316**	14,790
Total cost of sales, selling and marketing expenses and administrative expenses	**277,403**	279,941

32. Employee Benefit Expenses

	2012 RMB million	2011 RMB million (Restated)
Salaries, wages and bonuses	**18,821**	16,432
Pension costs – defined contribution plans *(Note a)*	**2,252**	2,224
Pension costs – defined benefit plans *(Note 26(b))*	**52**	240
Housing benefits *(Note b)*	**1,018**	992
Share appreciation rights *(Note 21)*	**(30)**	21
Welfare, medical and other expenses	**5,328**	4,436
	27,441	24,345

32. Employee Benefit Expenses (Continued)

(a) The Group participates in certain defined contribution pension plans and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

No forfeited contributions were available as at 31 December 2012 and 2011 to reduce future contributions.

Contributions totalling RMB656 million (2011: RMB458 million) payable to various retirement benefit plans as at 31 December 2012 are included in trade and other payable.

(b) These represent contributions to the government-sponsored housing funds in Mainland China, at different rates of the employees' basic salary depending on the applicable local regulations.

33. Finance Income

	2012 **RMB million**	2011 RMB million
Interest income:		
– Bank deposits	**627**	423
– Unwinding of discount of long-term receivables	**876**	556
Gain on debt restructuring of Iraq Loans *(a)*	**–**	930
Others	**124**	84
	1,627	1,993

(a) In the 1980's, the predecessor operations of CCCG borrowed certain loans ("Iraq Loans") to finance certain construction projects in Iraq. As the Iraqi Government did not settle the outstanding receivables for such projects due to the Gulf war in 1990, these loans had not been repaid according to the original loan agreements. In 2010, the PRC and Iraqi Governments entered into a bilateral agreement for the Iraqi Government to settle the overdue amounts owed to Chinese enterprises, and the Ministry of Finance of the PRC issued a guideline relating to the settlement of the Iraq Loans based on the bilateral agreement. In 2011, a debt restructuring agreement was entered into with China Orient Management Corporation, the lender, in accordance with the principles as set out in the guideline. According to the debt restructuring agreement, 80% of the Iraq Loans balance (principal and accrued interest) as at 31 December 2004 was waived, and the remaining balance together with interest will be repayable semi-annually by installments ("New Iraq Loan"). Accordingly, the difference between the Iraq Loans extinguished and the New Iraq Loan assumed under the debt restructuring agreement, amounting to RMB930 million, was recognised as "finance income" in the consolidated income statement in 2011.

34. Finance Costs, Net

	2012 RMB million	2011 RMB million
Interest expense incurred	**6,884**	4,494
Less: Capitalised interest expense	**(2,013)**	(1,379)
Net interest expense	**4,871**	3,115
Representing:		
– Bank borrowings	**3,288**	1,905
– Other borrowings	**143**	48
– Corporate bonds	**746**	519
– Medium term notes	**312**	407
– Debentures	**110**	138
– Non-public debt instrument	**145**	1
– Finance lease liabilities	**127**	97
	4,871	3,115
Net foreign exchange gains on borrowings *(Note 36)*	**(35)**	(872)
Others	**575**	1,112
	5,411	3,355

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 RMB2,013 million (2011: RMB1,379 million) were capitalised in 2012, of which approximately RMB719 million (2011: RMB679 million) was charged to contract work-in-progress, approximately RMB956 million (2011: RMB368 million) was included in cost of concession assets, approximately RMB328million (2011: RMB332 million) was included in cost of construction-in-progress, and approximately RMB10 million (2011: nil) was included in property, plant and equipment as at 31 December 2012. A generally capitalisation rate of 4.98% (2011: 5.27%) per annum was used, representing the costs of the borrowings used to finance the qualifying assets.

35. Taxation

(a) Income Tax Expense

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% (2011: 25%) of the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for a few subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 12.5% to 15% (2011: 12% to 24%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2011: 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 the year at the appropriate rates of taxation prevailing in the countries in which these companies operate.

35. Taxation (Continued)

(a) Income Tax Expense (Continued)

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

	2012 RMB million	2011 RMB million (Restated)
Current income tax		
– PRC enterprise income tax	**3,315**	2,976
– Others	**493**	172
	3,808	3,148
Deferred income tax *(Note 25(a))*	**(25)**	(101)
Income tax expense	**3,783**	3,047

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2012 RMB million	2011 RMB million (Restated)
Profit before income tax	**15,515**	15,024
Less: Share of profits of jointly controlled entities and associates	**(110)**	(173)
	15,405	14,851
Tax calculated at PRC statutory tax rate of 25% (2011: 25%)	**3,851**	3,713
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(433)**	(556)
Income not subject to tax	**(202)**	(312)
Additional tax concession on research and development costs	**(185)**	(215)
Expenses not deductible for tax purposes	**148**	180
Utilisation of previously unrecognised tax losses	**(25)**	(17)
Tax losses for which no deferred income tax asset was recognised	**629**	254
Income tax expense	**3,783**	3,047

35. Taxation (Continued)

(a) Income Tax Expense (Continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2012			2011		
	Before tax RMB million	**Tax charge RMB million**	**After tax RMB million**	Before tax RMB million	Tax credit RMB million	After tax RMB million
Fair value gains/(losses) on available-for-sale financial assets	**1,885**	**(477)**	**1,408**	(2,566)	338	(2,228)
Changes in equity of jointly controlled entity included	**1**	**–**	**1**	–	–	–
Currency translation differences	**77**	**–**	**77**	(67)	–	(67)
Other comprehensive income	**1,963**	**(477)**	**1,486**	(2,633)	338	(2,295)
Current tax		**–**			–	
Deferred tax *(Note 25)*		**(477)**			338	
		(477)			338	

(b) Business Tax ("BT") and Related Taxes

Certain revenue of the Group are subject to BT at rates ranging from 3% to 5% of the service fee income received and receivable. In addition, the Group is subject to city construction tax ("CCT") and educational surcharge ("ES") based on 1% to 7% and 3% of BT payable, respectively.

(c) Value-Added Tax ("VAT") and Related Taxes

Certain revenue of the Group are subject to output VAT generally calculated at 17% of the product selling prices. An input credit is available whereby input VAT previously paid on purchases of raw materials or semi-finished products can be used to offset the output VAT to determine the net VAT payable. Certain products of the subsidiaries are subject to output VAT calculated at 6% of the product selling prices with no input credit. The subsidiaries are also subject to CCT and ES based on 1% to 7% and 3% of net VAT payable, respectively.

36. Net Foreign Exchange Gains

The exchange differences credited to the consolidated income statement are included as follows:

	2012 RMB million	2011 RMB million
Finance costs *(Note 34)*	**35**	872
Other gains – net *(Note 29)*	**66**	(409)
	101	463

37. Profit Attributable to Owners of the Company

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB2,224 million (2011: RMB4,213 million).

38. 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 year.

	2012	2011 (Restated)
Profit attributable to owners of the Company (RMB million)	**12,248**	11,761
Weighted average number of ordinary shares in issue (million)	**15,950**	14,825
Basic earnings per share (RMB per share)	**0.77**	0.79

(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 years ended 31 December 2012 and 2011.

39. Dividends

	2012 RMB million	2011 RMB million
Proposed final dividend of RMB0.1847 per ordinary share (2011: RMB0.1794)	**2,988**	2,902

The dividends paid in 2012 and 2011 were RMB2,902 million (RMB0.1794 per ordinary share) and RMB2,372 million (RMB0.16 per ordinary share) respectively. A dividend in respect of the year ended 31 December 2012 of RMB0.1847 per ordinary share, amounting to a total dividend of RMB2,988 million, is to be approved at the annual general meeting on 28 June 2013. These financial statements do not reflect this dividend payable.

40. Directors' and Supervisors' Emoluments

(a) Directors' and Supervisors' Emoluments

	2012 RMB'000	2011 RMB'000
Directors and supervisors		
– Basis salaries, housing allowances and other allowances	**3,422**	3,422
– Contributions to pension plans	**198**	180
– Discretionary bonuses	**2,569**	2,167
	6,189	5,769

The emoluments of every director and supervisor for the year ended 31 December 2012 are set out below:

Name	**Basis salaries, housing allowances and other allowances RMB'000**	**Contributions to pension plans RMB'000**	**Discretionary bonuses RMB'000**	**Total RMB'000**
Executive directors				
Mr. Zhou Jichang	**541**	**33**	**483**	**1,057**
Mr. Liu Qitao	**530**	**33**	**494**	**1,057**
Mr. Fu Junyuan	**464**	**33**	**440**	**937**
Non-executive director				
Mr. Zhang Changfu	**101**	**–**	**–**	**101**
Independent non-executive directors				
Mr. Liu Zhangmin	**133**	**–**	**–**	**133**
Mr. Yuan Yaohui	**127**	**–**	**–**	**127**
Mr. Zou Qiao	**104**	**–**	**–**	**104**
Mr. Lu Hongjun	**104**	**–**	**–**	**104**
Mr. Leung Chong Shun	**112**	**–**	**–**	**112**
Supervisors				
Mr. Liu Xiangdong	**464**	**33**	**440**	**937**
Mr. Xu Sanhao	**465**	**33**	**439**	**937**
Mr. Wang Yongbin	**277**	**33**	**273**	**583**
	3,422	**198**	**2,569**	**6,189**

40. Directors' and Supervisors' Emoluments (Continued)

(a) Directors' and Supervisors' Emoluments (Continued)

The emoluments of every director and supervisor for the year ended 31 December 2011 are set out below:

Name	Basis salaries, housing allowances and other allowances RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
Mr. Zhou Jichang	539	30	392	961
Mr. Liu Qitao	528	30	403	961
Mr. Fu Junyuan	462	30	372	864
Non-executive director				
Mr. Zhang Changfu	111	–	–	111
Independent non executive directors				
Mr. Liu Zhangmin	139	–	–	139
Mr. Yuan Yaohui	130	–	–	130
Mr. Lu Hongjun	111	–	–	111
Mr. Zou Qiao	114	–	–	114
Mr. Leung Chong Shun	86	–	–	86
Supervisors				
Mr. Liu Xiangdong	463	30	371	864
Mr. Xu Sanhao	463	30	371	864
Mr. Wang Yongbin	276	30	258	564
	3,422	180	2,167	5,769

During the year, no directors, supervisors or senior management of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

40. Directors' and Supervisors' Emoluments (Continued)

(b) Five Highest Paid Individuals

None of the Directors' emoluments as disclosed in Note 40(a) above was included in the emoluments paid to the five highest paid individuals. The five individuals whose emoluments were the highest in the Group during the year are as follows:

	2012 **RMB'000**	2011 RMB'000
Basic salaries, housing allowances, and other allowances and benefits in kind	**3,092**	2,095
Contributions to pension plans	**210**	527
Discretionary bonuses	**3,481**	4,121
	6,783	6,743

The emoluments of the above individuals fall within the following bands:

	2012	2011
– HKD1,000,001 to HKD1,500,000 (equivalent to approximately RMB810,851 to RMB1,216,275)	**–**	–
– HKD1,500,001 to HKD2,000,000 (equivalent to approximately RMB1,216,276 to RMB1,621,700)	**5**	5
	5	5

41. Cash Generated from Operations

(a) Cash Generated from Operations

	2012 RMB million	2011 RMB million (Restated)
Profit for the year	**11,732**	11,977
Adjustments for:		
– Income tax expense	**3,783**	3,047
– Depreciation of property, plant and equipment and investment properties	**6,561**	6,103
– Amortisation of intangible assets and lease prepayments	**426**	393
– Gains on disposal of property, plant and equipment	**(167)**	(336)
– Reversal of share-based payment provision *(Note 21)*	**(30)**	21
– Fair value gains on derivative financial instruments	**(17)**	(4)
– Fair value (gains)/losses on other financial assets at fair value through profit or loss	**(7)**	17
– Gains on disposal of subsidiaries	**–**	(328)
– Net gains on disposal of lease prepayments	**(7)**	(170)
– Net gains on disposal of intangible assets	**–**	(52)
– Gains on disposal of available-for-sale financial assets	**(123)**	(46)
– Losses/(gains) on disposal of other financial assets at fair value through profit or loss	**7**	(4)
– Gains on disposal of associates	**(5)**	(29)
– Gains on disposal of jointly controlled entities	**–**	(8)
– Write-down of inventories	**150**	18
– Provision for impairment of trade and other receivables	**689**	420
– Provision for foreseeable losses on construction contracts	**498**	293
– Provision for impairment on available-for-sale financial assets	**11**	–
– Dividend income from available-for-sale financial assets	**(405)**	(303)
– Gain on debt restructuring of Iraq Loans	**–**	(930)
– Interest income	**(1,627)**	(1,063)
– Interest expenses	**4,871**	3,115
– Share of profit of jointly controlled entities	**(49)**	(75)
– Share of profit of associates	**(61)**	(98)
– Net foreign exchange gains on borrowings	**(35)**	(872)
	26,195	21,086
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Inventories	**(3,864)**	(1,369)
– Trade and other receivables	**(20,763)**	(19,656)
– Contract work-in-progress	**(3,070)**	(10,581)
– Restricted bank deposits	**(1,721)**	(203)
– Retirement benefit obligations	**(219)**	(40)
– Trade and other payables	**19,427**	15,082
– Derivative financial instruments	**–**	(23)
– Provisions for other liabilities and charges	**194**	(11)
– Deferred income	**379**	88
Cash generated from operations	**16,558**	4,373

41. Cash Generated from Operations (Continued)

(b) Proceeds from disposal of PPE

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2012 **RMB million**	2011 RMB million
Net book amount *(Note 6)*	**429**	673
Gains on disposal of property, plant and equipment	**167**	336
Less: Trade and other receivables	**–**	(446)
Proceeds from disposal of property, plant and equipment	**596**	563

42. Contingencies

	Group		**Company**	
	2012 **RMB million**	2011 RMB million	**2012** **RMB million**	2011 RMB million
Pending lawsuits *(Note a)*	**463**	617	**–**	–
Outstanding loan guarantees *(Note b)*	**246**	268	**24,166**	27,186
	709	885	**24,166**	27,186

(a) The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision as set out in Note 27 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 lawsuits in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

(b) The Group and the Company have acted as the guarantors for various external borrowings made by certain subsidiaries, jointly controlled entities of the Group (Note 44) and certain third party entities.

43. Commitments

(a) Capital Commitments

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

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Property, plant and equipment	**2,972**	3,187	**2,972**	3,055
Intangible assets – concession assets	**–**	800	**–**	–
	2,972	3,987	**2,972**	3,055

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

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Property, plant and equipment	**4,859**	3,593	**–**	–
Intangible assets – concession assets	**83,385**	45,817	**–**	1,945
	88,244	49,410	**–**	1,945

(b) Operating Lease Commitments – the Group as Lessee

The Group leases various offices, warehouses, residential properties, machinery and vessels under non-cancelable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
No later than 1 year	**910**	1,047	**78**	65
Later than 1 year and no later than 5 years	**1,055**	1,509	**56**	46
Later than 5 years	**455**	203	**–**	–
	2,420	2,759	**134**	111

(c) Lease Payments Receivable

The Group rents out various offices under non-cancelable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

43. Commitments (Continued)

(c) Lease Payments Receivable (Continued)

The future aggregate minimum lease payments receivable under non-cancelable operating leases are as follows:

	Group	
	2012	2011
	RMB million	RMB million
		(Restated)
No later than 1 year	**156**	113
Later than 1 year and no later than 5 years	**326**	187
Later than 5 years	**310**	94
	792	394

The Company has no lease payments receivable.

44. 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 consolidated financial statements, the following is a summary of 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 year and balances arising from related party transactions as at 31 December 2012.

44. Related-party Transactions (Continued)

(a) Related Party Transactions

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

	2012 RMB million	2011 RMB million
Transactions with CCCG		
– Rental expense	**49**	49
– Property maintenance expenses	**56**	56
– Acquisition of CCMEC	**16**	–
Transactions with fellow subsidiaries		
– Revenue from provision of construction services	**503**	–
– Revenue from provision of other services	**4**	–
– Sales of machinery	**1**	–
– Sales of lease prepayment	**–**	201
Transactions with jointly controlled entities and associates		
– Revenue from provision of construction services	**900**	321
– Subcontracting fee charges	**1,086**	478
– Purchase of materials	**91**	13
– Services charges	**127**	84
– Other costs	**15**	6
– Sales of machinery	**110**	435
– Revenue from rental income	**3**	6

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

(b) Key Management Compensation

	2012 RMB'000	2011 RMB'000
Basis salaries, housing allowances and other allowances	**6,614**	6,685
Contributions to pension plans	**429**	389
Others	**5,693**	4,794
	12,736	11,868

44. Related-party Transactions (Continued)

(c) Year-end Balances with Related Parties

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Trade and other receivables				
Trade receivables due from				
– Fellow subsidiaries	**151**	–	**–**	–
– Jointly controlled entities and associates	**536**	469	**372**	371
– Subsidiaries	**–**	–	**335**	15
Long-term receivables due from				
– Fellow subsidiaries	**–**	800	**–**	–
Prepayments				
– Subsidiaries	**–**	–	**8,096**	5,447
– Jointly controlled entities and associates	**83**	397	**–**	–
Other receivables due from				
– Fellow subsidiaries	**677**	–	**–**	–
– Jointly controlled entities and associates	**152**	140	**–**	–
– Subsidiaries	**–**	–	**254**	–
	1,599	1,806	**9,057**	5,833
Loans to subsidiaries	**–**	–	**20,077**	11,135
Amounts due from subsidiaries	**–**	–	**7,944**	7,190

The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties in 2012 and 2011.

44. Related-party Transactions (Continued)

(c) Year-end Balances with Related Parties (Continued)

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million (Restated)	**RMB million**	RMB million
Trade and other payables				
Trade and bills payable due to				
– Fellow subsidiaries	**–**	–	**–**	–
– Jointly controlled entities and associates	**307**	209	**–**	–
– Subsidiaries	**–**	–	**8,226**	6,569
Advanced from customers				
– Jointly controlled entities and associates	**273**	14	**–**	–
– Subsidiaries	**–**	–	**619**	149
Other payables due to				
– Fellow subsidiaries	**484**	252	**171**	118
– Jointly controlled entities and associates	**38**	56	**–**	–
– Subsidiaries	**–**	–	**1,028**	618
	1,102	531	**10,044**	7,454
Amount due to subsidiaries	**–**	–	**31,861**	23,900
Amounts due from customers for contract work with				
– Jointly controlled entities and associates	**461**	284	**20**	271
Outstanding loan guarantees provided by the Group				
– Jointly controlled entities	**196**	218	**8**	9
– Subsidiaries	**–**	–	**24,166**	27,177
Outstanding bond guarantees provided by CCCG	**22,329**	10,117	**22,329**	10,117

The payables bear no interest.

44. Related-party Transactions (Continued)

(d) Transactions and Year-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:

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Transactions with other government-related entities				
– Interest from bank deposits	**469**	244	**166**	78
– Interest on bank borrowings	**5,550**	4,154	**630**	369

	Group		Company	
	2012	2011	**2012**	2011
	RMB million	RMB million	**RMB million**	RMB million
Balances with other government-related entities				
– Restricted bank deposits	**5,208**	848	**1**	3
– Cash and cash equivalents	**55,286**	38,587	**27,397**	16,694
	60,494	39,435	**27,398**	16,697
– Borrowings	**83,747**	72,607	**8,741**	8,989

45. Particulars of Principal Subsidiaries, Jointly Controlled Entities and Associates

(a) Subsidiaries

As at 31 December 2012, the Company had direct and indirect interests in the following principal subsidiaries:

Name	Place of incorporation	Type of legal entity	Issued/ paid in capital (in million)	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
Listed –						
Shanghai Zhenhua Heavy Industry Co., Ltd.	the PRC	Joint stock limited company	RMB4,390	28.83%	17.40%	Manufacturing of heavy machinery in the PRC
Unlisted –						
China Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB1,715	50%	50%	Infrastructure construction in the PRC and other regions
China Road and Bridge Corporation.	the PRC	Limited liability company	RMB1,761	96.37%	3.63%	Infrastructure construction in the PRC and other regions
CCCC First Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB3,837	100%	–	Infrastructure construction in the PRC
CCCC Second Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB2,087	100%	–	Infrastructure construction in the PRC
CCCC Third Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB2,859	100%	–	Infrastructure construction in the PRC
CCCC Fourth Harbour Engineering Co., Ltd.	the PRC	Limited liability company	RMB2,130	100%	–	Infrastructure construction in the PRC
CCCC First Highway Engineering Bureau Co., Ltd.	the PRC	Limited liability company	RMB1,936	100%	–	Infrastructure construction in the PRC
CCCC Second Highway Engineering Bureau Co., Ltd.	the PRC	Limited liability company	RMB1,470	100%	–	Infrastructure construction in the PRC
CCCC Third Highway Engineering Bureau Co., Ltd.	the PRC	Limited liability company	RMB600	100%	–	Infrastructure construction in the PRC
CCCC Fourth Highway Engineering Bureau Co., Ltd.	the PRC	Limited liability company	RMB369	100%	–	Infrastructure construction in the PRC
Road & Bridge International Co., Ltd.	the PRC	Limited liability company	RMB1,684	100%	–	Infrastructure construction in the PRC
CCCC Tunnel Engineering Co., Ltd.	the PRC	Limited liability company	RMB598	99.33%	0.67%	Infrastructure construction in the PRC
CCCC Investment Co., Ltd.	the PRC	Limited liability company	RMB7,131	100%	–	Investment holding in the PRC
CCCC First Harbour Consultants Co., Ltd.	the PRC	Limited liability company	RMB475	100%	–	Infrastructure design in the PRC
CCCC Second Harbour Consultants Co., Ltd.	the PRC	Limited liability company	RMB292	100%	–	Infrastructure design in the PRC

45. Particulars of Principal Subsidiaries, Jointly Controlled Entities and Associates (Continued)

(a) Subsidiaries (Continued)

Name	Place of incorporation	Type of legal entity	Issued/ paid in capital (in million)	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
CCCC Third Harbour Consultants Co., Ltd.	the PRC	Limited liability company	RMB519	100%	–	Infrastructure design in the PRC
CCCC-FHDI Engineering Co., Ltd.	the PRC	Limited liability company	RMB384	100%	–	Infrastructure design in the PRC
CCCC First Highway Consultants Co., Ltd.	the PRC	Limited liability company	RMB516	100%	–	Infrastructure design in the PRC
CCCC Second Highway Consultants Co., Ltd.	the PRC	Limited liability company	RMB661	100%	–	Infrastructure design in the PRC
China Highway Engineering Consulting Group Co., Ltd.	the PRC	Limited liability company	RMB356	100%	–	Infrastructure design in the PRC
CCCC Road and Bridge Consultants Co., Ltd.	the PRC	Limited liability company	RMB100	100%	–	Infrastructure design in the PRC
CCCC Tianjin Dredging Co., Ltd.	the PRC	Limited liability company	RMB4,596	100%	–	Dredging in the PRC
CCCC Shanghai Dredging Co., Ltd.	the PRC	Limited liability company	RMB6,199	100%	–	Dredging in the PRC
CCCC Guangzhou Dredging Co., Ltd.	the PRC	Limited liability company	RMB4,036	100%	–	Dredging in the PRC
CCCC Xi'an Road Construction Machinery Co., Ltd.	the PRC	Limited liability company	RMB328	54.31%	45.69%	Manufacturing of road building machinery in the PRC
Zhenhua Logistics Group	the PRC	Sino-foreign Joint venture	USD52	37.49%	24.29%	Transportation and logistics in the PRC
China Highway Vehicle & Machinery Co., Ltd.	the PRC	Limited liability company	RMB149	100%	–	Trading of motor vehicles spare parts in the PRC
Chuwa Bussan Co., Ltd.	Japan	Sino-foreign joint venture	JPY 60	75%	–	Trading of machinery in Japan
CCCC Shanghai Equipment Engineering Co., Ltd.	the PRC	Limited liability company	RMB10	55%	–	Maintenance and repairing of port machinery in the PRC
CCCC International Holding Limited	Hong Kong	Limited liability company	–*	100%	–	Investment holding in the PRC
China Communications Materials & Equipment Company Limited	the PRC	Limited liability company	RMB34	100%	–	Trading of construction materials and equipment in the PRC

* The paid-in capital of this company is HKD1,000.

45. Particulars of Principal Subsidiaries, Jointly Controlled Entities and Associates (Continued)

(b) Jointly Controlled Entities

As at 31 December 2012, the Company had interests in the following principal jointly controlled entities (all are unlisted):

Name	Place of incorporation	Type of legal entity	Issued/ paid in capital (in million)	Attributable equity interest: Directly held	Attributable equity interest: Indirectly held	Principal activities and place of operation
Jiangsu Longyuan Zhenhua Ocean Engineering Co., Ltd.	the PRC	Limited liability company	RMB260	–	50%	Ocean engineering in the PRC
Beijing Capital Expressway Development Co., Ltd.	the PRC	Limited liability company	RMB100	50%	–	Highway construction and operation in the PRC
Tianjin Northern Petrochemicals Terminal Co., Ltd	the PRC	Limited liability company	RMB227	–	50%	Storage and transportation of oil in the PRC
Chongqing Zhongxian-Fengdu Expressway Co., Ltd.	the PRC	Limited liability company	RMB390	–	40%	Highway construction and operation in the PRC
Tangshan Dredging Project Co., Ltd	the PRC	Limited liability company	RMB67	–	45%	Dredging in the PRC
Guangdong Dachangqing Engineering Construction Co., Ltd *	the PRC	Limited liability company	RMB200	–	60%	Dredging in the PRC

* Although the Group's equity interests in the jointly controlled entity are more than 50%, the Group does not have unilateral control over the jointly controlled entity.

45. Particulars of Principal Subsidiaries, Jointly Controlled Entities and Associates (Continued)

(c) Associates

As at 31 December 2012, the Company had interests in the following principal associates (all are unlisted):

Name	Place of incorporation	Type of legal entity	Issued/ paid in capital (in million)	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities and place of operation
TaiYuan-ZhongWei-YinChuan Railway Co., Ltd. *	the PRC	Limited liability company	RMB10,500	16.03%	–	Railway construction and operation in the PRC
Shenhua Shanghai Dredging Project Co., Ltd.	the PRC	Limited liability company	RMB600	–	50%	Dredging in the PRC
Tianjin Ganghang Engineering Co., Ltd.	the PRC	Limited liability company	RMB260	–	49%	Manufacturing of machinery in the PRC
Chongqing Wanli Wanda Expressway Co., Ltd.	the PRC	Limited liability company	RMB410	–	40%	Expressway construction and operation in the PRC
Beijing CEDC Corporation **	British Virgin Islands	Limited liability company	– ***	–	65.8%	Investment in the PRC
Chongqing Tongyong Expressway Co., Ltd.	the PRC	Limited liability company	RMB512	–	40%	Expressway construction and operation in the PRC

* Although the Group held less than 20% equity interests in these associates as disclosed above, the Group has significant influence over these associates.

** Although the Group's equity interests in the associate are more than 50%, the Group held 37.5% voting rights and only has significant influence over the associate.

*** The paid in capital of the associate was USD50,000.

46. Holding Company

The Company's directors regard CCCG, a company established in the PRC, as the immediate and ultimate holding company of the Company.

Terms & Glossaries

"Articles of Association"	the articles of associations of the Company, approved on 8 October 2006, and as amended thereafter
"BOT"	build, operate and transfer
"BT"	build and transfer
"Company" or "CCCC"	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries
"CCCG"	China Communications Construction Group (Limited), a wholly state – owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 63.83% equity interest in the Company
"CCCI"	CCCC International Holding Limited, a wholly-owned subsidiary of the Company (originally named as Azingo Limited)
"CHEC"	China Harbour Engineering Company Ltd., a wholly-owned subsidiary of the Company
"CHEC Group"	China Harbour Engineering Company (Group), one of the predecessors of the Company
"CRBC"	China Road & Bridge Corporation, a wholly-owned subsidiary of the Company
"CRBC International"	Road & Bridge International Co., Ltd. (中交路橋建設有限公司), a wholly-owned subsidiary of the Company (originally named as 路橋集團國際建設股份有限公司)
"CRBC Group"	China Road and Bridge Corporation, one of the predecessors of the Company
"Twelfth Five-Year Plan"	the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015) promulgated by the State Council on the Eleventh National People's Congress in 2010
"F&G"	Friede Goldman United, Ltd.
"GDP"	gross domestic product
"Group"	the Company itself and all of its subsidiaries
"Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

"IFRS"	International Financial Reporting Standards promulgated by the International Accounting Standard Board ("IASB"). IFRS includes International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Ministry of Finance"	the Ministry of Finance of the PRC
"PRC" or "China" or "Mainland China"	the People's Republic of China excluding, for the purpose of this annual report only, Hong Kong, Macau and Taiwan
"RMB" or "Renminbi"	the lawful currency of the PRC
"SASAC"	State-owned Assets Supervisor and Administration Commission of the State Council
"SFO"	Securities and Future Ordinance
"State Council"	the State Council of the PRC
"terminal"	an assigned area in which containers and cargo are prepared for loading onto a vessel, train, truck or plane or are stacked immediately after discharge from the vessel, train, truck or plane
"U.S."	United States of America
"U.S. dollars" or "USD"	United States dollars, the lawful currency of the U.S.
"ZPMC"	Shanghai Zhenhua Heavy Industry Co., Ltd (originally named as Shanghai Zhenhua Port Machinery Company Limited), a company incorporated on 14 February 1992 in the PRC and listed on the Shanghai Stock Exchange, which the Company owns, directly and indirectly, a controlling equity interest of approximately 46.2%

Note: Any discrepancies between the amounts herein and the amounts set out in the tables herein are due to rounding.

Corporate Information

I. Corporate Information

Legal name of the Company in Chinese: 中國交通建設股份有限公司
Legal Chinese abbreviation of the Company: 中國交建
Legal name of the Company in English: China Communications Construction Company Limited
Legal English abbreviation of the Company: CCCC
Legal representative of the Company: ZHOU Jichang

II. Contact Person and Contact Details

Secretary to the Board of the Company: LIU Wensheng
Address: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Tel: 8610-82016562
Fax: 8610-82016524
E-mail: ir@ccccltd.cn

III. Basic Information

Registered address of the Company:
85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088

Office address of the Company:
85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088

Company website: http://www.ccccltd.cn
E-mail: ir@ccccltd.cn

IV. Information Disclosure and Place Available for Inspection

Newspapers designated by the Company for disclosure of information (A Shares):
China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by China Securities Regulatory Commission for publishing annual reports of A Shares:
www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing annual reports of H Shares:
www.hkexnews.hk

Place available for inspection of the Company's annual reports of A Shares:
85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Place available for inspection of the Company's annual reports of H Shares:
Room 2805, 28th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong, China

V. Basic Information on Shares of the Company

Listing place of A Shares: Shanghai Stock Exchange
Abbreviation of A Shares: 中國交建
Stock code of A Shares: 601800

Listing place of H Shares: The Stock Exchange of Hong Kong Limited
Abbreviation of H Shares: CHINA COMM CONS
Stock code of H Shares: 01800

VI. Other Information of the Company

Registration date of the Company: 5 July 2012
Legal person business license registration number: 100000000040563
Tax registration number: 110105710934369
Organisation code: 71093436-9

Domestic Auditors:
PricewaterhouseCoopers Zhong Tian CPAs Limited Company
11th Floor PricewaterhouseCoopers Centre, Building 2, Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, China
Signing auditors: CHEN Jing and GENG Xin

International Auditors:
PricewaterhouseCoopers
22nd Floor, Prince's Building, Central, Hong Kong

Sponsor performing continuous supervisory duty during the reporting period:
BOC International (China) Limited
200 Yincheng Zhong Rd.(M), Pudong District, Shanghai, China
Signing representative of sponsor: TIAN Jin and CHEN Xingzhu
Period of continuous supervision: 9 March 2012 to 31 December 2014

Sponsor performing continuous supervisory duty during the reporting period:
Guotai Junan Securities Co., Ltd.
618 Shangcheng Road, Pudong District, Shanghai, China
Signing representative of sponsor: LIU Xin and YE Ke
Period of continuous supervision: 9 March 2012 to 31 December 2014

Financial consultant performing continuous supervisory duty during the reporting period:
CITIC Securities Company Limited
CITIC Securities Tower, 48 Xinyuan Nan Road, Chaoyang District, Beijing, China
Signing chief financial consultant: GAO Yuxiang and FAN Donghai
Period of continuous supervision: 9 March 2012 to 31 December 2013

Hong Kong legal advisors:
Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square, Hong Kong

PRC legal advisors:
Jia Yuan Law Firm
F407, Ocean Plaza, 158 Fuxing Men Nei Avenue, Beijing, China

Authorised representatives of H Shares:
FU Junyuan, LIU Wensheng

H Share registrar:
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

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

Room 2805, 28th Floor, Convention Plaza Office Tower,
1 Harbour Road, Wanchai, Hong Kong