

## China State Construction International Holdings Limited

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# 中國建築國際集團有限公司 CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 3311)

## RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015, FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>2015</b>	2014	Change %
<b>RESULTS (HK\$'000)</b>			
Revenue	<b>37,913,159</b>	34,439,575	10.1%
Gross profit	<b>5,029,774</b>	4,743,092	6.0%
Gross profit margin	<b>13.3%</b>	13.8%	-3.6%
Profit attributable to owners of the Company	<b>4,153,072</b>	3,457,410	20.1%
<b>FINANCIAL INFORMATION PER SHARE</b>			
Earnings - basic (HK cents)	<b>103.16</b>	88.75	16.2%
Proposed final and interim and special paid dividends for the year (HK cents)	<b>33.00</b>	26.00	26.9%
Net assets (HK\$)	<b>5.24</b>	4.94	6.1%
<b>PROPOSED FINAL DIVIDEND</b>			
The Board recommends the payment of a final dividend of HK18.00 cents per share.			

## China State Construction International Holdings Limited

The board of directors (the “Board”) of China State Construction International Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015. The Group’s audited profit attributable to the owners of the Company for the year ended 31 December 2015 was HK\$4,153 million, representing an increase of 20.1% as compared to last year while basic earnings per share increased by 16.2% to HK103.16 cents.

### CONSOLIDATED INCOME STATEMENT

		For the year ended 31 December	
	Notes	2015 HK\$’000	2014 HK\$’000
Revenue	2	37,913,159	34,439,575
Costs of sales		(32,883,385)	(29,696,483)
Gross profit		5,029,774	4,743,092
Investment income, other income and other gains, net	4	832,800	475,339
Administrative, selling and other operating expenses		(995,527)	(1,033,140)
Share of profits of			
Joint ventures		423,728	294,345
Associates		72,462	23,787
Finance costs	5	(607,082)	(455,829)
Profit before tax		4,756,155	4,047,594
Income tax expenses, net	6	(654,526)	(659,716)
Profit for the year	7	4,101,629	3,387,878
Profit/(loss) for the year attributable to:			
Owners of the Company		4,153,072	3,457,410
Non-controlling interests		(51,443)	(69,532)
		4,101,629	3,387,878
Earnings per share (HK cents)	9		
Basic		103.16	88.75
Diluted		102.26	87.52

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	For the year ended 31 December	
	2015	2014
	HKS'000	HK\$'000
Profit for the year	<b>4,101,629</b>	<u>3,387,878</u>
<b>Other comprehensive (loss)/income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Release of investment revaluation reserve to income statement upon reclassification to associate/disposal of available-for-sale investments	(375,127)	(9,954)
Gain on fair value changes of available-for-sale investments, net of tax	362,652	4,838
Exchange differences arising on translation of foreign operations	(1,641,918)	(178,351)
Other comprehensive loss for the year, net of tax	<b>(1,654,393)</b>	<u>(183,467)</u>
Total comprehensive income for the year, net of tax	<b>2,447,236</b>	<u>3,204,411</u>
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	2,517,035	3,290,828
Non-controlling interests	(69,799)	(86,417)
	<b>2,447,236</b>	<u>3,204,411</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		As at 31 December	
		2015	2014
Notes		HK\$'000	HK\$'000
<b>Non-current Assets</b>			
		2,771,990	2,827,300
		36,991	38,073
		1,536,372	1,489,188
		269,816	273,022
		3,573,662	3,449,034
		3,800,193	2,104,943
		6,044,202	6,530,992
		280,951	187,320
		186,025	200,640
		577,664	577,664
		239,503	453,286
		281,858	411,838
	10	17,949,961	12,901,282
		108,043	-
		-	804,918
		<b>37,657,231</b>	<b>32,249,500</b>
<b>Current Assets</b>			
		35,817	17,176
		108,835	160,289
		418,915	66,544
		2,421,715	1,354,148
	10	18,170,163	12,542,067
		526,915	461,585
		1,104,082	-
		1,564,404	1,342,025
		41,271	11,559
		8,015,187	7,452,448
		<b>32,407,304</b>	<b>23,407,841</b>
		-	10,921,766
		<b>32,407,304</b>	<b>34,329,607</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (Continued)

		As at 31 December	
		2015	2014
		HK\$'000	HK\$'000
	Notes		
<b>Current Liabilities</b>			
Amounts due to customers for contract work		4,669,015	3,793,052
Trade payables, other payables and accruals	11	21,926,222	17,261,318
Deposits received and advances from customers		698,194	828,738
Amounts due to joint ventures		625,844	354,111
Amount due to an associate		-	26,480
Current tax payables		2,015,547	930,971
Borrowings	12	808,197	587,269
Obligations under finance leases		951	998
		<b>30,743,970</b>	<b>23,782,937</b>
Liabilities directly associated with assets classified as held for sale		-	7,438,135
		<b>30,743,970</b>	<b>31,221,072</b>
<b>Net Current Assets</b>		<b>1,663,334</b>	<b>3,108,535</b>
<b>Total Assets less Current Liabilities</b>		<b>39,320,565</b>	<b>35,358,035</b>
<b>Capital and Reserves</b>			
Share capital		101,408	100,310
Share premium and reserves		21,045,308	19,729,786
Equity attributable to owners of the Company		21,146,716	19,830,096
Non-controlling interests		100,262	167,566
		<b>21,246,978</b>	<b>19,997,662</b>
<b>Non-current Liabilities</b>			
Borrowings	12	13,085,694	10,361,804
Guaranteed notes payables		3,879,322	3,869,804
Deferred income		738,610	735,808
Deferred tax liabilities		367,242	389,477
Obligations under finance leases		2,719	3,480
		<b>18,073,587</b>	<b>15,360,373</b>
		<b>39,320,565</b>	<b>35,358,035</b>

**Notes:**

**1. Basis of Preparation of Consolidated Financial Statements**

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS 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.

(a) The adoption of amendments and improvements to existing standards

In the current year, the Group has applied the following amendments and improvements to existing Hong Kong Accounting Standards (“HKAS(s)”), HKFRS (hereinafter collectively referred to as the “new HKFRSs”) issued by the HKICPA.

Amendments to HKAS 19	Employee Benefits: Defined Benefit Plans – Employee Contributions
Annual Improvements Project	Annual Improvements to HKFRS 2010-2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRS 2011-2013 Cycle

The application of the above new HKFRSs in the current year has had no material impact on the Group’s results and financial position.

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

**1. Basis of Preparation of Consolidated Financial Statements (*continued*)**

(c) New standards, amendments and improvements to existing standards not yet effective

The Group has not early adopted the following new standards, amendments and improvements to existing standards that have been issued but are not yet effective.

Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Bearer Plants <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Annual Improvements Project	Annual Improvements 2012-2014 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> To be determined

The Group has not early adopted the above new standards, amendments and improvements to existing standards, and is in the assessment process whether there are substantial changes to the Group's accounting policies and presentation of the Group's consolidated financial statements.

**2. Revenue**

Revenue represents the revenue arising from construction contracts, facade contracting business, infrastructure investment projects, infrastructure operation, sales of building materials, machinery leasing, logistics services and insurance contracts.

An analysis of the revenue is as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Revenue from construction contracts	<b>21,676,285</b>	17,506,644
Revenue from infrastructure investment projects (note (a))	<b>13,008,014</b>	14,097,918
Revenue from facade contracting business	<b>1,784,380</b>	1,382,018
Revenue from infrastructure operation (note (b))	<b>946,031</b>	921,969
Others (note (c))	<b>498,449</b>	531,026
	<b><u>37,913,159</u></b>	<u>34,439,575</u>

Notes:

- (a) Revenue from infrastructure investment projects comprise of revenue generated from the provision of construction services under "build-transfer" ("BT") model and the corresponding interest income.
- (b) Revenue from infrastructure operation comprise of revenue from thermoelectricity business and toll road operation.
- (c) Revenue from others mainly comprise of revenue from project consultancy services, sales of building materials, machinery leasing, logistics services and insurance contracts.



**3. Segment Information**

The Group's reportable segments, based on information reported to the chief operating decision maker for the purposes of resources allocation and performance assessments, include geographical locations where the Group's subsidiaries operate, namely Hong Kong, Mainland China (other than Hong Kong and Macau), Macau and Overseas (mainly in the United Arab Emirates and India).

Far East Global Group Limited ("FEG"), a limited liability company incorporated in the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited, and its subsidiaries (together, the "FEG Group") is currently managed by a separate business team. The chief operating decision maker regards the FEG Group as a distinct reportable segment and assesses its performance based on its overall result.

Segment revenue and results for the years ended 31 December 2015 and 2014 are as follows:

	Segment revenue		Gross profit/(loss)		Segment results	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Reportable segment						
Hong Kong	16,183,532	15,284,749	957,560	1,010,830	833,437	898,999
Mainland China	14,631,020	15,516,909	3,635,761	3,575,493	3,528,357	3,305,605
Macau	5,314,227	2,255,899	268,605	96,334	730,828	328,282
Overseas	-	-	(16,219)	(27,954)	(28,386)	(53,627)
FEG Group	1,784,380	1,382,018	184,067	88,389	19,003	(114,998)
	<b>37,913,159</b>	<b>34,439,575</b>	<b>5,029,774</b>	<b>4,743,092</b>	<b>5,083,239</b>	<b>4,364,261</b>
Unallocated corporate expenses					(229,280)	(192,962)
Non-recurring investment income, other income and other gains, net					13,088	13,992
Share of profits of joint ventures					423,728	294,345
Share of profits of associates					72,462	23,787
Finance costs					(607,082)	(455,829)
Profit before tax					<b>4,756,155</b>	<b>4,047,594</b>

**4. Investment Income, Other Income and Other Gains, net**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Interest income on:		
Bank deposits	<b>67,865</b>	87,876
Debt securities	<b>5,557</b>	6,911
Imputed interest on amounts due from investee companies	<b>15,514</b>	14,317
Loan to a joint venture	<b>112,647</b>	45,557
Dividend income from:		
Unlisted available-for-sale investments	<b>15,458</b>	15,289
Gain on disposal of:		
Prepaid lease payments	<b>90,569</b>	-
Listed available-for-sale investments	-	13,992
Property, plant and equipment, net	<b>1,341</b>	-
Properties held for sale	<b>75,682</b>	244,166
Rental of properties	<b>9,041</b>	9,598
Service income	<b>26,832</b>	9,420
Gain on reclassification from available-for-sale investment to associate	<b>375,127</b>	-
Reversal of other payables and accruals	-	3,480
Others	<b>37,167</b>	24,733
	<b>832,800</b>	475,339

**5. Finance Costs**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans	<b>426,683</b>	700,730
Interest on guaranteed notes payables	<b>133,085</b>	133,085
Interest on other loans	-	74
Finance lease charges	<b>257</b>	272
Others	<b>57,932</b>	33,544
Total finance costs	<b>617,957</b>	867,705
Less: Amounts capitalised in concession operating rights	-	(87,197)
Amounts capitalised in amounts due from customers for contract work	-	(313,934)
Amounts capitalised in construction in progress	<b>(10,875)</b>	(10,745)
	<b>607,082</b>	455,829

**6. Income Tax Expenses, net**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Current tax:		
Hong Kong	<b>94,266</b>	93,475
Other jurisdictions	<b>667,686</b>	615,064
	<b>761,952</b>	708,539
Under/(Over)provision in prior years:		
Hong Kong	<b>1,106</b>	(1,498)
Other jurisdictions	<b>7,845</b>	(2,032)
	<b>8,951</b>	(3,530)
	<b>770,903</b>	705,009
Deferred tax, net	<b>(116,377)</b>	(45,293)
Income tax expenses for the year, net	<b>654,526</b>	659,716

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years.

Income taxes arising in other jurisdictions, mainly Mainland China, are calculated at the rates prevailing in the relevant jurisdictions.

**7. Profit for the Year**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Profit for the year has been arrived at after charging/ (crediting):		
Depreciation of property, plant and equipment	<b>331,820</b>	319,974
Less: Amounts capitalised in contracts in progress	<b>(192,710)</b>	(174,890)
	<b>139,110</b>	145,084
Rental income from investment properties, net of direct expenses	<b>(9,041)</b>	(9,598)
Employee benefits expense including directors' emoluments:		
Staff costs	<b>3,256,717</b>	2,818,649
Contributions to retirement benefit plans	<b>123,117</b>	85,432
Less: Amounts capitalised in contracts in progress	<b>(2,508,371)</b>	(2,050,941)
	<b>871,463</b>	853,140
Depreciation of investment properties	<b>1,003</b>	1,007
Amortisation of concession operating rights (included in costs of sales)	<b>180,863</b>	142,257
Amortisation of trademark and project backlogs	<b>14,615</b>	25,956
Amortisation of prepaid lease payments	<b>5,420</b>	6,077
Operating lease rentals in respect of:		
Plant and machinery	<b>409,444</b>	340,415
Land and buildings	<b>57,904</b>	34,694
	<b>467,348</b>	375,109
Less: Amounts included in contracts in progress costs	<b>(424,859)</b>	(347,265)
	<b>42,489</b>	27,844
Exchange loss, net	<b>20,126</b>	1,873
(Gain)/Loss on disposal of property, plant and equipment, net	<b>(1,341)</b>	4,156

**8. Dividends**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Dividends recognised as distributions during the year:		
2014 Final, paid – HK15.00 cents (2014: 2013 Final HK12.00 cents) per share	<b>601,863</b>	467,088
2015 Interim, paid – HK13.00 cents (2014: 2014 Interim HK11.00 cents) per share	<b>527,321</b>	428,163
2015 special, paid – HK2.00 cents per share	<b>81,126</b>	-
	<b>1,210,310</b>	<b>895,251</b>

The final dividend of HK18.00 cents (2014: HK15.00 cents) per share amounting to approximately HK\$730,137,000 (2014: HK\$601,863,000) in aggregate, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

**9. Earnings Per Share**

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share	<b>4,153,072</b>	<b>3,457,410</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>4,026,027</b>	3,895,850
Effect of dilutive potential ordinary shares in respect of share options	<b>35,387</b>	54,658
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>4,061,414</b>	<b>3,950,508</b>

10. Trade and Other Receivables

The analysis of trade and other receivables, including the aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date or the terms of the related contracts, is as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Trade receivables, net of allowance for doubtful debts, aged:		
0-30 days	<b>10,695,737</b>	5,373,856
31-90 days	<b>4,449,776</b>	3,030,702
Over 90 days	<b>17,230,944</b>	14,059,865
	<b>32,376,457</b>	22,464,423
Retention receivables	<b>2,577,509</b>	2,025,904
Other receivables	<b>1,166,158</b>	953,022
Trade and other receivables	<b>36,120,124</b>	25,443,349
Portion classified as current assets	<b>(18,170,163)</b>	(12,542,067)
Non-current portion (Note (a))	<b>17,949,961</b>	12,901,282

Notes:

- (a) The balances of non-current portion were mainly attributable to certain infrastructure investment projects (trading under BT model) on the Mainland China. The balances are secured by certain assets from employers as collateral and interest bearing in accordance with the relevant contract terms. The amount is expected to be gradually and fully recovered from 2017 to 2020, with approximately HK\$8,588,196,000 in 2017, HK\$8,146,093,000 in 2018, HK\$1,215,672,000 in 2019 to 2020. As a result, they are classified as non-current.
- (b) Included in the receivables aged over 90 days were receivable attributable to the infrastructure investment projects amounted to HK\$16,704,856,000 (2014: HK\$13,690,541,000).
- (c) Retention receivables are interest-free and recoverable at the end of the retention period of individual construction contracts ranging from 1 to 2 years. At 31 December 2015, the amount of retention receivables expected to be recovered after more than one year was approximately HK\$1,305,526,000 (2014: HK\$1,111,393,000).
- (d) Except for the receivable arising from construction contracts, including infrastructure investment projects trading under BT model, which are billed and payable in accordance with the terms of relevant agreements, the Group generally allows an average credit period of not exceeding 90 days (2014: 90 days) to its trade customers and the retention receivables are recoverable upon the expiry of defect liability period of construction.

**11. Trade Payables, Other Payables and Accruals**

An analysis of the trade payables, other payables and accruals, including the aging analysis of trade payables, presented based on the invoice date, is as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Trade payables, aged:		
0-30 days	<b>8,072,265</b>	5,826,387
31-90 days	<b>2,056,945</b>	2,584,934
Over 90 days	<b>3,740,657</b>	2,729,907
	<b>13,869,867</b>	11,141,228
Retention payables	<b>5,986,535</b>	4,282,776
Other payables and accruals	<b>2,069,820</b>	1,837,314
	<b>21,926,222</b>	17,261,318

The average credit period on trade and construction cost payables is 60 days (2014: 60 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame.

**12. Borrowings**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Bank loans, secured	<b>2,267,388</b>	2,462,752
Bank loans, unsecured	<b>11,626,503</b>	8,486,321
	<b>13,893,891</b>	10,949,073
Carrying amount repayable:		
Within one year	<b>808,197</b>	587,269
More than one year but not exceeding two years	<b>815,832</b>	1,065,761
More than two years but not more than five years	<b>10,663,147</b>	4,394,662
More than five years	<b>1,606,715</b>	4,901,381
	<b>13,893,891</b>	10,949,073
Less: Amount due within one year shown under current liabilities	<b>(808,197)</b>	(587,269)
Amount due after one year	<b>13,085,694</b>	10,361,804

The Group's bank loans are mainly denominated in Hong Kong dollar and Renminbi, all of which are functional currencies of the respective Group entities. The Group's secured bank loans are secured by land and building and concession operating rights of the Group.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK18.00 cents per share (2014: HK15.00 cents per share) to shareholders whose names appear on the register of members of the Company on 10 June 2016. Subject to the shareholders' approval of the proposed final dividend at the annual general meeting to be held on 1 June 2016, dividend warrants will be despatched on or about 4 July 2016.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining shareholders' eligibility to attend and vote at the annual general meeting, and entitlement to the final dividend, the register of members will be closed as set out below:

- (i) For determining eligibility to attend and vote at the annual general meeting:

Latest time to lodge transfer documents for registration	4:30 pm on 27 May 2016
Closure of register of members	30 May 2016 to 1 June 2016 (both days inclusive)
Record date	1 June 2016

- (ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on 8 June 2016
Closure of register of members	10 June 2016
Record date	10 June 2016

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the annual general meeting, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than the aforementioned latest time.



## **REVIEW OF OPERATION**

The year of 2015 saw a sluggish recovery in global economy. The complex macroeconomic situation and volatile geopolitics led to a significant slide in international trade and a dramatic surge in financial risks. Developed countries maintained a moderate and uneven economic pick-up, and U.S. enjoyed a steady economic growth. The economy of developing countries, however, slowed down in general due to various challenges arising from weakness in commodity prices, international capital outflows and structural adjustment. The economy of China experienced a steady growth in general and strived for a positive momentum in a stable manner although it was under the pressures of slowdown and deflation in the course of its transformation and upgrading.

In early 2015, the Group adopted an operation strategy of “**compliance and prudent development to support the robust and rapid development of the Company**”. The Company paid high attention to the compliance with laws and regulations of local governments to maintain sound operation. In the face of market changes, the Group leveraged its experiences to maintain the sustainability of its operation and cope with the new opportunities and challenges under the new economic trends in order to facilitate the healthy and rapid development of all lines of business of the Group.

### **Market Conditions**

The construction markets in Hong Kong and Macau continued to prosper in both residential and public sectors, resulting in higher pressure of shortage of resources. As entering into a key period for transformation, the economy of Mainland China was in a position to gain new growth momentum. The measures to maintain economic growth proved to be effective. Investments in infrastructure projects under such major strategies as “One Belt, One Road”, “Integration of Beijing-Tianjin-Hebei” and “Yangtze River Economic Zone” strategy maintained high growth rates. In the overseas market, the curtain wall market in North America recovered in the general.

#### *1. Hong Kong and Macau*

Hong Kong’s overall economy tended to be stable, while the Macau economy experienced a profound consolidation due to flagging gaming industry. The Group duly optimised its competition strategy to expand operation and successively secured new contracts of HK\$19,158 million for the whole year in Hong Kong and Macau. During the year, focusing on the high-end premium projects under the “Ten Mega Infrastructure” Projects in Hong Kong, the Group successfully secured the projects of some sections of Shatin to Central Link in Hong Kong, including Exhibition Station and Western Approach Tunnel Project of Shatin to Central Link; Central-Wanchai Bypass-Tunnel (West Section in Wanchai); and Construction Project of Cross Harbor Tunnel Railway (North South Corridor) of Shatin to Central Link as well as Construction of Public Rental Housing at Anderson Road Site C1 & Ancillary Facilities Block at Site C2 Phase 2. In Macau, the Group participated in the Construction of the Residential and Commercial Development Project of Nova City Phase 5 as one of the investors and was appointed as the general contractor of the project. The MGM Cotai Project jointly constructed by the subsidiaries in Hong Kong and Macau was in progress as scheduled while the superstructures of the two main towers had been completed in advance. Diversified distribution of investment in recent years achieved initial success, making a favorable profit contribution.

The Group has gradually achieved rational and integrated development in respect of construction projects through professional geographic coverage and regional collaboration. The Group has in place a professional integrated operating system with good bargaining power in tender, which creates an integration and strong complementarity between Hong Kong and Macau, and effectively strengthens general risk resistance capacity of the Group.

### *2. Mainland China*

Anticipating a slowdown in economic growth in China, the Group believed that China would further increase its investment in infrastructure projects, actively explored major projects, and entered into cooperation agreements through a “Headquarter to Headquarter” mode, thus targeting the high-end market in advance. The Group secured new contracts of HK\$48,249 million in aggregate during the whole year. Closely following the guidance of national policies, the Group actively innovated its investment and financing modes, and was successively awarded 9 Public-Private-Partnership (“PPP”) infrastructure investment projects with lower operation risk and decent return, including Highway Project, Bengbu, Anhui Province and Relocation Housing Projects with PPP model, Zhengzhou, Henan Province etc. Meanwhile, the Group proactively intensified the construction of urban underground pipeline net with key support from the state, and was awarded for the first time the Construction of Underground Intergrated Space, Central City of Optical Valley, Wuhan, Hubei Province. The award of such project served as a way for the Group to accumulate useful experience for the subsequent implementation of similar projects. Focusing on the leading role of innovation in business expansion, and combining on the core technological advantages of state-level demonstration base of “Construction Industrialisation”, the Group actively participated in the construction of affordable housing projects in Hefei, Anhui Province, and successfully acquired equity interest in Redevelopment Project in Ludan Village, Shenzhen, Cooperative Development Project in Qingshuihe, Shenzhen, and Land Project in Shiwulihe, Hefei, which were expected to generate a stable income.

### *3. Far East Global Group Limited (“FEG”)*

A full recovery of construction market in North America contributed to a continuous growth in curtain wall demand. With more private buildings being launched in Hong Kong and Macau, curtain wall business opportunities increased accordingly. Adhering to an operation strategy of “Big Market, Major Client, Large-scale Project”, FEG gave priority to development of projects with sound scale and brand effect, and was awarded various new projects including MGM National Harbor, Baltimore, USA, Vancouver Urban Resort, Vancouver, Canada and Centre of Excellence in Paediatrics in Kai Tak Development, Hong Kong.

Currently, projects of Wynn Palace Cotai, Macau, MGM Cotai and Louis XIII, Macau are progressing well, and curtain wall installation keeps pace with the progress of the main structure. Structure reorganisation and management capacity in North America are further enhanced, and progress of each project in progress is manageable.

### **Completed Projects during the Period**

In 2015, the Group completed 24 projects.

### **New Projects Awarded**

The Group secured 41 new projects in 2015, with an aggregate attributable contract value of HK\$70,089 million, of which the Hong Kong market accounted for 19.5%, Mainland China market accounted for 68.9%, the Macau market accounted for 7.8% and FEG accounted for 3.8%.

8 new projects were awarded during the first two months in 2016, resulting in an aggregate contract value of HK\$15,580 million.

### **Projects in Progress**

As at 31 December 2015, the Group had a total of 88 projects in progress, amounting to an aggregate attributable contract value of HK\$199,780 million. The attributable contract value of incomplete works was HK\$127,060 million. At the end of February 2016, the Group had an attributable contract value of HK\$214,288 million.

### **Corporate Governance**

The Group strictly complied with the laws and regulations. With effective monitoring by the Board and enhanced external communication, information is promptly released to enhance the transparency of operation, so as to improve the corporate governance standards. The Board is committed to maintain a high standard of business ethics, a healthy corporate culture and a good corporate practice. The Group established an all-round corporate system and optimised corporate governance to regulate its business operations. The Group also adjusted its strategies in line with market changes to better capitalise on the function and role of each dedicated decision-making team. The Group also strengthened the regional and specialised management capabilities of each business unit.

During the year, the Group has established a supervisory system to oversee the compliance of the outsourcing and procurement committees of different operation regions to ensure the decision-making of the Group on selection of contractors and procurement procedure are in compliance with regulations.

### **Risk Management**

Based on its general operation target, the Group has established a sound risk management system. Through formulating risk management strategy, it has basic risk management procedures in place for each operation management unit. With effective coordination among its information system, organisational function system and internal control system, the Group was able to nurture excellent risk management culture and implement comprehensive risk management with standardised system guarantee.

The Board of Directors of the Group continued to assess, determine and supervise risk management and internal control system of the Group, and was responsible for conducting timely tracking and assessing of strategic risks in respect of macro-economy, regional market and industry development which may affect strategic decisions. It also strived to prevent, control and supervise financial risks, market risks, operational risks and legal risks of the Group, and conducted risk assessment and management examination on major projects and projects with significant potential risks. The Intendance and Audit Department under the Board was in charge of specific works focusing on auditing the financial management, operation management and internal control of each business segment, reviewing the performance and efficiency of the system, monitoring the effectiveness of the risk management, as well as constantly improving the risk management system to enhance the Group's ability to cope with changes in business and external environment.

### **Financial Management**

Adhering to its prudent financial management principle, the Group focused on financial resources allocation to broaden financing channels and reduce financing costs. At the beginning of the year, the Group raised a syndicated loan of HK\$3,500 million in Hong Kong and successfully refinanced a loan due within the year. The Group paid close attention to the trend of exchange rates and interest rates, timely optimised financing structure, properly enhanced the proportion of RMB debts, strengthened the financing function of the Mainland, and deepened the "Headquarter-to-Headquarter" strategic cooperation between banks and the Group through the connectivity among senior management through contacting with the senior to finalise project financing progressively. The Group adjusted foreign exchange capital strategies in a timely manner, gave priority to the safety of projects' capital, slowed down the pace of foreign debts injection, and kept the smooth two-way flow of capital pool.

As of 31 December 2015, the Group had bank deposits of HK\$8,015 million and total borrowings of HK\$17,773 million, and a net gearing ratio of 45.9%, net drawdown of bank loans during the year amounted to HK\$3,115 million, and committed but unutilised credit facilities and other facilities amounted to HK\$24,649 million, of which available RMB loan amount equivalent to HK\$13,946 million.

### **Human Resources**

The Group has implemented a talent-based corporate invigoration strategy which incorporates both internal training and external recruitment through construction of human resources management system, achievement in reasonable and effective allocation of human resources and establishment of a professional, occupational and international talent team to meet the demand of strategic transformation and scientific development.

The Group focused on building up three talent teams of operation management, project management and specialty management by setting up an equal and open elite-oriented approach, combining the advantages of internal and external recruitment and internal training, relying on "management-specialty" bi-directional career development paths, optimising specialty position allocation and ranking structure and enhancing organisation ability comprehensively. The Group adhered to its "The Son of the Sea" campus recruitment program, improved quality model, controlled recruitment scale and carefully selected promising talents embracing the Group's culture, and strengthened external introduction of mid-to-high-end specialty talents in respond to the demand for business development.

### Capital Operation

Given the Group's excellent results and performance in the capital market, three international rating agencies maintained their rating of the Group as "investment grade". In February 2016, the long-term credit rating and senior unsecured note rating of the Group has been raised by Fitch from "BBB" to "BBB+" with outlook of "stable". During 2015, the Group has met the funding requirements of the investment projects in Mainland China through injecting foreign exchange capital, foreign debts and cross-border RMB capital pool with approximately HK\$4,700 million foreign exchange funds injected, and realised positive capital interaction between Hong Kong and the PRC through returning foreign debts and turning over profits with approximately HK\$3,200 million remitted.

### Technology Innovation

The Group has achieved remarkable technology innovation results in "Construction Industrialisation" for the year and was granted a total of 24 national patents, including 4 invention patents. Shenzhen Hailong Construction Products Co., Ltd., a company under the Group, has successfully passed the re-examination of national high and new technology enterprises and Anhui Hailong Construction Industrial Co., Ltd. was recognised as a national high and new technology enterprise. "Key Technology Research and Application of Hong Kong Construction Industrialisation", as a research result of Hong Kong construction industrialisation promoted and applied to Mainland China, was awarded 2015 China State Construction Engineering Corporation Science and Technology First Class Prize; "Construction Method of Overall Production of Glass Fiber Reinforced Cement and Pre-cast Concrete Structures" was approved as 2014-2015 national construction methods.

The Group has successfully implemented the "Construction Industrialisation" production supply chain system, and realised management and information sharing during the whole process from material application, procurement, stock-in, inventory, material requisition and finished goods inventory to sales and shipments, which could significantly improve the forecast accuracy of products and efficiently reduce costs of inventory, procurement and transaction to improve customer satisfaction and increase market share.

The investment project management system developed by the Group has been officially launched. The system focuses on cost and capital management with a core emphasis on contract management covering multiple investment models such as Build-Transfer ("BT"), Build-Operate-Transfer ("BOT") and PPP. The system covers the implementation of investment in preliminary stage, construction in middle stage and refined management in full life cycle in subsequent operation. By standardisation of business procedures and comparison and analysis decision, the Group will optimise multiple-layer management for various projects, allocate resources reasonably and efficiently, make profits and maximise the value of resources.

### Social Responsibility

The Group issues a corporate social responsibility report every year, striving to maintain "open and transparent" communication to enable stakeholders to fully understand the sustainable development of the Group. In pursuit of good corporate citizenship, the Group has been widely recognised and has been awarded the "Caring Company" logo by the Hong Kong Council of Social Service for consecutive 5 years.

In January 2015, over 100 staffs of the Group and their family members joined the largest charity walk in Hong Kong “2014/15 Hong Kong and Kowloon Walk for Millions by the Community Chest” to raise funds for “Family and Child Welfare Services”, which demonstrates the Group’s spirit of actively fulfilling its social responsibilities. The Group has also organised “China State Environmental Protection Day” for consecutive 10 years in order to enhance the awareness of environmental protection of employees in response to “World Environment Day”. The Group also jointly organised the “Geographical Tour to High Island Reservoir East Dam” with Sai Kung District Community Centre, a social enterprise, in 5 June in order to demonstrate the determination of the Group to develop into a social corporate and contributions of the Group for the promotion of eco-cultural protection.

### **Key Awards**

In March 2015, Widening of Fanling Highway-Tai Hang to Wo Hop Shek Interchange of the Group received a merit award of Civil Engineering Sites under the “Construction Industry Safety Award Scheme 2014/2015” organised by government authorities including the Labour Department.

In May, the Development Bureau of the HKSAR Government and the Construction Industry Council jointly organised “The 21st Considerate Contractors Site Award Scheme Award”. The Group received three merits of Considerate Contractors Site Awards; and one bronze and two merits of the Outstanding Environmental Management & Performance Awards in the Public Works - New Works category for its excellent performance in safety and environmental protection. In the “Construction Safety Week 2015”, which was carried out during the same period, the Group received a gold award and a merit award in “Qigong Display Competition” and a silver award of Innovative Safety Initiative Award.

In June, the Group was awarded the Safest Contractor in 2014 in the “Safety Contractor Award Scheme” organised by the property project department of MTR for its excellent performance in occupational health and safe management.

In July, in the annual poll of The Best Listed Companies in Asia organised by “Institutional Investor”, the Group was ranked top three in eight awards and was ranked first in the category of the “Most Respectable Companies”, which is indicative of the international capital market’s continual affirmation in respect of the Group’s corporate governance, investor relations and other aspects. The Group received silver award of annual report “Vision award” (types of commercial service) for the second consecutive year and was elected as one of the “Top 40 Chinese Annual Reports” from the League of American Communications Professionals, a world-renowned institution. The Central-Wanchai Bypass - Tunnel (West Section in Wanchai) of the Group was awarded silver award of Best Safety Enhancement Program for Working at Height in “Construction Safety Forum and Award Presentation Ceremony of 2015”.

In December, Main Contract Works for Proposed Residential Development at Austin Station Site D, Kowloon of the Group was awarded Excellent Safety Performance Award. It was the first time that MTR granted the housing construction project with excellent safety performance, reflecting safety management of the Group was fully recognised by MTR.

## **REVIEW OF FINANCIAL PERFORMANCE**

For the year ended 31 December 2015, the Group recorded revenue of HK\$37,913 million and profit attributable to owners of the Company for the year of HK\$4,153 million, representing a year-on-year increase of 10.1% and 20.1% respectively. Moreover, the Group began to reap the reward of its investments in Mainland China and generated net cash inflow from operating activities of HK\$300 million, marked the Group's first time positive net operating cash flow since its continuous increasing investment in Mainland China from 2011. With a proposed final dividend per share of HK18.00 cents and an interim dividend per share of HK13.00 cents and a special dividend of HK2.00 cents paid in the year, the total dividends for the year amount to HK33.00 cents per share, representing an increase of 26.9% as compared to last year.

### **Revenue, Gross Profit and Result**

#### **1. Hong Kong and Macau - Construction and Related Businesses**

##### *(a) Construction and related business – Hong Kong*

With the strong contract on hand over the last few years and satisfied new contract awarded for the year, Hong Kong segment continue to provide stable cash flow to the Group and delivered stable revenue of HK\$16,184 million, an increase of 5.9%. As provision have been made for the case of excess lead in drinking water, the Group's gross profit and result of this segment has slightly decreased by 5.3% and 7.3% respectively.

##### *(b) Construction and related business – Macau*

With the contribution from the major projects awarded last year and current year, Macau segment reported a significant growth of 135.6% and 178.8% year-on-year to HK\$5,314 million and HK\$269 million in terms of revenue and gross profit respectively. The revenue from all area maintain a healthy increment, the segment result increased by 122.6% to HK\$731 million. With the favorable payment term with employers, Macau segment have provided stable contribution to the Group's operating cash flow.

#### **2. Mainland China – Infrastructure Investment Projects and Construction Related Businesses**

We mainly focus on infrastructure investment projects in Mainland China. Although there is slowdown in economic growth in Mainland China, the Group continued delivering steady revenue of HK\$14,631 million, down 5.7%, supported by its strong reputation and employer's satisfaction in Mainland China. With the Group's strategies to target the high-end market, this segment recorded slightly growth in gross profit and result of 1.7% and 6.7% respectively. Following the successful completion of some of our "Build — Transfer" ("BT") projects, the Group has received buy-back payment of HK\$6,447 million (including the attributable share of such payment received by our joint venture investments), representing a year-on-year growth of 112.6%.

The Group has been continuously searching for new business opportunities with better payback periods and stable returns, and successfully awarded several PPP projects in Mainland China during the year.

##### *(a) Infrastructure Investment Projects*

Our investments in infrastructure projects span over different kinds of business, including investment and construction of affordable housing, toll road and toll bridge. We participated in these infrastructure projects by way of BT, Build-Operate-Transfer ("BOT"), Transfer-Operate-Transfer ("TOT") and PPP arrangements.

In 2015, infrastructure investment sector reported total revenue of HK\$13,008 million, drop 7.7% year-on-year. The decline was mainly caused by the completion of the construction of some major projects in prior year, and the construction of several new projects still in preliminary stage. Benefited from our strategy, which enable us to select project with higher profitability. Overall, the gross profit and result for this sector increased by 4.5% and 4.9% to HK\$3,083 million and HK\$2,998 million respectively.

The Group has actively reviewed the place of launching new infrastructure investment projects by assessing market conditions and ability of the government in different provinces, to bring strong momentum to the Group's infrastructure investment business. The Group also keep on fostering PPP project, to earn construction income and stable revenue from infrastructure project.

During the year, the contract value of new infrastructure investment projects awarded to the Group reached a record height to about HK\$45,830 million. Backed up by our stringent project selection criteria, the management envisages this sector will continue to deliver good performance to the Group in the future.

### *(b) Operating Infrastructure Projects*

The contribution from operating infrastructure projects, including thermoelectric plant, toll road, toll bridge and port (by joint venture investment) remained relatively stable, recorded revenue of HK\$946 million, gross profit of HK\$231 million and result of HK\$204 million.

### *(c) Construction related business*

With the growth of demand of construction industrialisation products, the Group set up a new pre-cast structures production plant in Anhui Province in last year and commenced production during the year, which has stimulated the performance of this segment. As a result, the revenue of this segment have increased 36.2% to HK\$677 million.

### 3. Far East Global Group Limited— Facade Contracting

With more private buildings being launched in Hong Kong and Macau, together with the recovery of construction market in North America, curtain wall business opportunities increased accordingly. As a result of effective resources allocation and cost control, FEG reported satisfactory performance in terms of revenue and result for the year under review.

## Cash Flows Analysis

The Group recorded its first time net operating cash inflow amounting HK\$300 million (2014: net cash outflow of HK\$1,689 million) over the past five years. Excluding the net expenditure for the BT projects of HK\$1,396 million (2014: HK\$4,138 million), the net cash generated from operating activities for the year was HK\$1,696 million (2014: HK\$2,449 million). The net cash outflow from investing activities was HK\$935 million (2014: HK\$2,091 million), and the net cash inflow from financing activities was HK\$1,309 million (2014: HK\$3,172 million).



### BUSINESS PROSPECTS

In 2016, the global economy will continue its slow growth and uneven development. However, construction industry will face both opportunities and challenges and new urbanisation will continue to be the greatest potential of China's economic development in the future. The Group will precisely capture the trend of macro economy and industrial market and formulate a prescient operating strategy to confront the external changes in operation environment.

#### Market Expectation

Hong Kong's economy is expected to retain its growth at a low level for sluggish overseas demand, but it is still with considerable foundation and energy. For avoiding the economy entering into "deflation", the government will launch more livelihood related projects, such as the third runway at airport, seawater desalination plant, Architectural Services Department's hospital project (including design), public rental housing program and so on. The construction market will maintain buoyant. In Macau, due to the concentrated economic structure, downturn of gaming industry in revenue and slowdown in private investment, the government investments will play the most important role.

Economy in mainland China will retain the growth at a moderate-to-high speed. The nation has clearly stated that supply side reform will be the new guiding ideology of economic development. The economic structure will be transformed into moderate-to-high end, and the growth pattern has been established, being the investment pulling-based, innovation driving-oriented and economic benefit-objected pattern which emphasises improving weakness of infrastructure, sustained increase of investment in public transportation, urban rail, high-speed rail, sponge cities and underground pipeline network, creating a large number of infrastructure investment opportunities.

With the curtain wall market in North America continuously recovering, Mega property development projects will be launched. Hotels in Macau are nearly completed and the market is shrinking, while glass curtain wall market in Hong Kong is promising. As for China's curtain wall market, it is still in a state of disorder competition, but high-end residential projects are tended to use glass curtain walls.

#### Operation Strategies

Committed to the operation strategy of "**Cost-effective Competition and High-quality management**" and with the implementation of the operation policy of "compliance and prudent development with pioneering innovation, dedicated to market and branding operation", the Group endeavored to build itself up as an integrated international conglomerate with comprehensive development in both construction and relevant investments, so as to continue enhance its corporate value and market competitiveness.

In respect of construction projects in Hong Kong and Macau, the Group will place great emphasis on consolidating the foundation of existing projects. It will continue to give preference to significant civil infrastructure and large-scale private commercial projects and identify competent cooperative partners in order to strive for another breakthrough in business expansion, continuously strengthen ability in crisis public relations and consolidate strong brand edges in Hong Kong and Macau. With initiative planning in integrated core technology and refined management, the Group will capitalise on its differentiated competitive edges against its competitors in order to obtain higher profitability and manage tendering risk effectively. By improving the overall ability of projects control, the Group aims to ensure stable and smooth project progress and alleviate cost pressure resulting from insufficient resources. While strengthening its principal construction business, the Group will continue to grasp contracting opportunities arising from new investments.

In respect of the Mainland investment business, the Group will promptly seize the window-period investment opportunities in infrastructure arising from “Structural Reform of the Supply Front” to successively innovate and upgrade the investment and finance model. By strictly following major strategies such as “One Belt, One Road”, “Integration of Beijing-Tianjin-Hebei” and “Yangtze River Economic Zone” of the Country, reinforcing cooperation with the internal divisions of China State Construction and fund and platform companies established by the government, increasing investments into the key cities and key districts, communicating with the local government in a way of “Headquarter to Headquarter”, comprehensively improving the marketing capability of high-end projects and continuously concerning the repurchase of self-operated projects, the Group strives to make investments distributed in both project reserve and capital recovery and shift from initial investment phase into revolving development phase.

FEG will further promote its brand and market expansion, proactively implement high-end projects in North America, Hong Kong and Macau, enhance management of in-hand projects and strengthen core competence in design and construction. At the same time of stabilising traditional curtain wall business, FEG will conduct a reliable and orderly study on business structural strategic transformation, striving to cultivate new revenue growth points as soon as possible.

### Management Model

According to its strategic control and management model, the Group will further optimise the allocation of duties, clearly define the scope of authorities and modify business flows to strengthen the leadership, risk management and key supervision of the headquarters and encourage proactive business management by regional teams. The Group will refine the cooperation mechanism among different departments so as to enlarge the general business scale, strengthen the profitability and entirely promote the in-depth implementation of the “Dual Core Driving Strategy of Construction Engagement and Investment” of the Group.

### COMPANY MISSION

The Group is dedicated to its longstanding operation philosophy of “**Exercise Caution in Details and Implementation; Build a Strong Foundation to Seek Greater Success**”. The Group will proactively adhere to its core value of “**Good Quality and Value Creation**”. Incorporating personal aspirations into its long-term corporate development, the Group will put tremendous efforts to ensure stable and sustainable development. It will strive to achieve a “**win-win situation**” with the employees, cooperative partners, shareholders and society and become a new role model in the new era. The Group will endeavour to develop into a “**leading corporation with competitive international complex construction and infrastructure investment**”.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## **CORPORATE GOVERNANCE**

During the year, the Company has applied and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the deviation as specified and explained below with considered reason for such deviation:

Under code provision A.2.1 (the roles of chairman and chief executive officer should be separate and should not be performed by the same individual). Mr. Zhou Yong has acted as Executive Director, Chairman and Chief Executive Officer of the Company since August 2013. The Company considered that both positions of chairman and chief executive officer require persons with in-depth knowledge and experience of the Group's business. If the positions occupied by unqualified persons, the Group's performance may be affected. At this time, the Company believed that vesting both of the roles in the same person enable more effective and efficient overall strategic planning for the Group; and will not impair the balance of power and authority of the Board. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

## **REVIEW OF ACCOUNTS**

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The financial figures on page 2 to page 15 in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

**ACKNOWLEDGEMENT**

I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to the shareholders for their strong support, and to the community for their enthusiastic help, and last but not least, to our staff for their dedicated efforts.

By Order of the Board  
**China State Construction  
International Holdings Limited**  
**Zhou Yong**  
*Chairman and Chief Executive Officer*

Hong Kong, 22 March 2016

*As at the date of this announcement, the Board comprises Mr. Zhou Yong (Chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew and Mr. Wu Mingqing as Executive Directors; and Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors*