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 2017, FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

FINANCIAL HIGHLIGHTS

	2017	2016	Change %
RESULTS (HK$'000)			
Group revenue	**50,152,524**	46,207,508	
Share of revenue of joint ventures	**4,674,940**	2,878,125	
	54,827,464	49,085,633	11.7
Gross profit margin	**15.2%**	12.9%	17.8
Profit from core business*	**5,072,521**	4,153,546	22.1
Profit attributable to owners of the Company	**5,490,091**	5,130,066	7.0
FINANCIAL INFORMATION PER SHARE			
Earnings - basic (HK cents)	**118.85**	119.51	-0.6
Net assets (HK$)	**7.62**	5.72	33.2

DIVIDEND

The Board proposed a final dividend of HK20 cents per share. Together with the interim dividend of HK15 cents per share, total cash dividends for the year were HK35 cents (2016: HK33 cents) per share.

* Excluding gain on fair value changes of investment properties, impairment loss on concession operating rights and loss on disposal of a subsidiary

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 2017. The Group's audited profit attributable to the owners of the Company for the year ended 31 December 2017 was HK$5,490 million, representing an increase of 7.0% as compared to last year while basic earnings per share decreased by 0.6% to HK118.85 cents.

CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended 31 December **2017** **HK$'000**	 2016 HK$'000
Revenue	3	**50,152,524**	46,207,508
Costs of sales		**(42,537,494)**	(40,224,630)
Gross profit		**7,615,030**	5,982,878
Investment income, other income and other gains, net	5	**747,678**	1,260,120
Administrative, selling and other operating expenses		**(1,394,668)**	(1,106,084)
Share of profits of			
Joint ventures		**731,380**	420,295
Associates		**160,300**	142,670
Finance costs	6	**(1,069,754)**	(688,159)
Profit before tax		**6,789,966**	6,011,720
Income tax expenses, net	7	**(1,255,662)**	(1,004,504)
Profit for the year	8	**5,534,304**	5,007,216
Profit/(loss) for the year attributable to:			
Owners of the Company		**5,490,091**	5,130,066
Non-controlling interests		**44,213**	(122,850)
		5,534,304	5,007,216
Earnings per share (HK cents)	10		
Basic		**118.85**	119.51
Diluted		**118.85**	119.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December	
	2017	2016
	HK$'000	HK$'000
Profit for the year	**5,534,304**	5,007,216
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	**-**	(1,123)
Gain on fair value changes of available-for-sale investments, net of tax	**4,171**	5,216
Exchange differences on translation of the Company and its subsidiaries	**1,798,074**	(1,832,912)
Exchange differences on translation of joint ventures	**466,340**	(277,346)
Exchange differences on translation of associates	**42,016**	(28,314)
Other comprehensive income/(loss) for the year, net of tax	**2,310,601**	(2,134,479)
Total comprehensive income for the year, net of tax	**7,844,905**	2,872,737
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	**7,803,426**	2,999,079
Non-controlling interests	**41,479**	(126,342)
	7,844,905	2,872,737

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2017 HK$'000	2016 HK$'000
Non-current Assets			
Property, plant and equipment		**3,818,806**	2,493,761
Investment properties		**4,750,265**	4,249,520
Interests in infrastructure project investments		**3,294,041**	1,495,041
Prepaid lease payments		**391,306**	315,097
Interests in joint ventures		**9,956,111**	4,949,241
Interests in associates		**4,570,740**	4,070,378
Concession operating rights		**5,414,282**	5,234,340
Deferred tax assets		**222,580**	225,006
Trademark, project backlogs and licences		**334,686**	175,190
Goodwill		**577,664**	577,664
Available-for-sale investments		**411,234**	228,370
Amounts due from investee companies		**204,061**	196,818
Trade and other receivables	11	**29,094,860**	21,820,299
		63,040,636	46,030,725
Current Assets			
Interests in infrastructure project investments		**44,346**	37,041
Inventories		**214,039**	131,365
Properties held for sale		**414,367**	414,209
Amounts due from customers for contract work		**10,979,356**	6,485,536
Trade and other receivables	11	**22,136,148**	17,643,865
Deposits and prepayments		**298,577**	428,612
Loans to joint ventures		**-**	628,816
Available-for-sale investments		**38,996**	-
Amounts due from joint ventures		**3,728,290**	2,847,361
Tax recoverable		**30,315**	42,263
Bank balances and cash		**17,593,203**	11,484,652
		55,477,637	40,143,720

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	As at 31 December 2017 HK$'000	2016 HK$'000
Current Liabilities			
Amounts due to customers for contract work		**5,438,063**	5,304,671
Trade payables, other payables and accruals	12	**33,193,966**	29,000,144
Deposits received and advances from customers		**1,330,600**	827,167
Amounts due to joint ventures		**2,231,753**	735,030
Amount due to an associate		**76,703**	-
Current tax payables		**3,247,384**	2,392,708
Borrowings	13	**2,580,590**	1,455,620
Obligations under finance leases		**865**	774
Guaranteed notes payables		**3,898,357**	-
		51,998,281	39,716,114
Net Current Assets		**3,479,356**	427,606
Total Assets less Current Liabilities		**66,519,992**	46,458,331
Capital and Reserves			
Share capital		**126,229**	112,203
Share premium and reserves		**37,961,400**	25,335,755
Equity attributable to owners of the Company		**38,087,629**	25,447,958
Non-controlling interests		**375,282**	222,360
		38,462,911	25,670,318
Non-current Liabilities			
Borrowings	13	**20,592,443**	15,849,056
Guaranteed notes payables		**6,206,053**	3,888,839
Deferred income		**809,431**	699,088
Deferred tax liabilities		**446,655**	348,891
Obligations under finance leases		**2,499**	2,139
		28,057,081	20,788,013
		66,519,992	46,458,331

Notes:

1. BASIS OF PREPARATION

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 on the historical cost convention, as modified by the revaluation of available-for-sale investments and investment properties, 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.

2. APPLICATION OF NEW AND REVISED STANDARDS, 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 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements 2014-2016 Cycle	Amendments to HKAS 12

The application of the above amendments and improvements in current year has had no material impact on the Group's results and financial position.

2. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS *(continued)*

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

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] No mandatory effective date yet determined but available for adoption

The Group will adopt the above standards, amendments and improvements to existing standards as and when they become effective. None of the above is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

2. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS *(continued)*

HKFRS 9 "Financial Instruments"

HKFRS 9, "Financial Instruments" replaces the whole of HKAS 39 "Financial Instruments: Recognition and Measurement". It addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) model rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost and contract assets under HKFRS 15 "Revenue from Contracts with Customers".

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new rules from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

2. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS *(continued)*

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

Step 1: Identify the contract(s) with customer;
Step 2: Identify separate performance obligations in a contract;
Step 3: Determine the transaction price;
Step 4: Allocate transaction price to performance obligations; and
Step 5: Recognise revenue when performance obligations is satisfied.

The core principle is that a company should recognise revenue when control of a good or service transfers to a customer. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Incremental costs incurred to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

The adoption of HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt HKFRS 15 using the modified retrospective approach, of which the cumulative impact of the adoption, if any, will be recognised in retained profits as of 1 January 2018 and comparatives will not be restated.

HKFRS 16 "Leases"

HKFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the statements of financial position for lessees. HKFRS 16 is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2019. The Group currently plans to adopt this new standard from 1 January 2019.

The Group is a lessee of certain premises and properties which are currently classified as operating leases. HKFRS 16 provides a new provision for the accounting treatment of leases when the Group is the lessee, almost all leases should be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to consolidated income statements in the initial years of the lease, and decreasing expenses during the latter part of the lease term.

3. Revenue

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

An analysis of the revenue is as follows:

	2017	2016
	HK$'000	HK$'000
Revenue from construction contracts	**23,013,812**	26,271,940
Revenue from infrastructure investment projects (note (a))	**23,433,638**	16,939,096
Revenue from facade contracting business	**2,231,189**	1,641,583
Revenue from infrastructure operation (note (b))	**792,449**	836,842
Others (note (c))	**681,436**	518,047
	50,152,524	46,207,508

Notes:

(a) Revenue from infrastructure investment projects mainly comprise of revenue generated from the provision of construction services under "Public-Private-Partnership" ("PPP") model, previously known as "Build-Transfer" 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, insurance contracts and rental income from investment properties.

4. 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 (i) the Group's share of revenue and results of joint ventures, and (ii) geographical locations where the Group's subsidiaries operate, namely Mainland China (other than Hong Kong and Macau), Hong Kong, Macau and Overseas (mainly in the United Arab Emirates and India) for the year ended 31 December 2017 and 2016.

Far East Global Group Limited, 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 2017 and 2016 are as follows:

	Segment revenue		Gross profit/(loss)		Segment results	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment						
Mainland China	**24,849,853**	18,264,588	**5,362,285**	4,027,989	**4,827,066**	3,721,635
Hong Kong and Macau	**23,071,482**	26,301,337	**1,812,390**	1,815,557	**1,739,863**	1,744,088
Hong Kong	**15,013,238**	17,585,358	**946,253**	894,137	**849,002**	814,091
Macau	**8,058,244**	8,715,979	**866,137**	921,420	**890,861**	929,997
Overseas	**-**	-	**3,855**	(19,110)	**(4,003)**	(35,228)
FEG Group	**2,231,189**	1,641,583	**436,500**	158,442	**252,466**	6,096
	50,152,524	46,207,508	**7,615,030**	5,982,878	**6,815,392**	5,436,591
Share of revenue/results of joint ventures	**4,674,940**	2,878,125			**731,380**	420,295
Total	**54,827,464**	49,085,633			**7,546,772**	5,856,886
Unallocated corporate expenses					**(292,992)**	(276,196)
Unallocated corporate income					**445,640**	976,519
Share of profits of associates					**160,300**	142,670
Finance costs					**(1,069,754)**	(688,159)
Profit before tax					**6,789,966**	6,011,720

5. Investment Income, Other Income and Other Gains, net

	2017 **HK$'000**	2016 HK$'000
Interest income on:		
Bank deposits	**83,527**	69,140
Debt securities	**9,598**	5,541
Imputed interest on amounts due from investee companies	**7,243**	12,383
Loans to joint ventures	**27,674**	59,264
Loans to associates	**70,476**	-
Dividend income from:		
Unlisted available-for-sale investments	**29,464**	38,928
Gain on disposal of:		
Available-for-sale investments	**-**	1,123
Property, plant and equipment, net	**-**	19,966
Properties held for sale	**-**	7,816
Investment properties	**3,752**	-
Fair value gain on investment properties	**445,640**	1,202,437
Loss on disposal of a subsidiary	**(28,070)**	-
Impairment loss on concession operating rights	**-**	(225,917)
Service income	**32,685**	4,537
Others	**65,689**	64,902
	747,678	1,260,120

6. Finance Costs

	2017	2016
	HK$'000	HK$'000
Interest on bank loans	**873,160**	501,072
Interest on guaranteed notes payables	**151,326**	131,393
Interest on amounts due to fellow subsidiaries	**-**	11,799
Finance lease charges	**174**	257
Others	**45,094**	47,760
Total finance costs	**1,069,754**	692,281
Less: Amounts capitalised in construction in progress	**-**	(4,122)
	1,069,754	688,159

7. Income Tax Expenses, net

	2017	2016
	HK$'000	HK$'000
Current tax:		
Hong Kong	**156,174**	123,193
Other jurisdictions	**1,053,519**	823,898
PRC withholding tax	**-**	70,232
	1,209,693	1,017,323
Under/(over)provision in prior years:		
Hong Kong	**5,827**	(12,637)
Other jurisdictions	**(1,858)**	(1,107)
	3,969	(13,744)
	1,213,662	1,003,579
Deferred tax, net	**42,000**	925
Income tax expenses for the year, net	**1,255,662**	1,004,504

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.

8. Profit for the Year

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging/ (crediting):		
Depreciation of property, plant and equipment	**282,435**	317,340
Less: Amounts capitalised in contracts in progress	**(150,649)**	(184,687)
	131,786	132,653
Rental income from investment properties, net of direct outgoings	**(110,520)**	(102,192)
Employee benefits expense including directors' emoluments:		
Staff costs	**3,708,019**	3,488,173
Contributions to retirement benefit plans	**127,557**	127,147
Less: Amounts capitalised in contracts in progress	**(2,536,251)**	(2,519,883)
	1,299,325	1,095,437
Amortisation of concession operating rights (included in costs of sales)	**206,951**	210,625
Amortisation of trademark, project backlogs and licences	**17,685**	10,835
Amortisation of prepaid lease payments	**7,162**	7,240
Operating lease rentals in respect of:		
Plant and machinery	**291,291**	415,140
Land and buildings	**69,016**	50,586
	360,307	465,726
Less: Amounts included in contracts in progress costs	**(308,033)**	(426,735)
	52,274	38,991
Loss on disposal of property, plant and equipment, net	**2,001**	-
Exchange (gain)/loss, net	**(47,849)**	43,623

9. Dividends

	2017 HK$'000	2016 HK$'000
Dividends recognised as distributions during the year:		
2016 Final, paid – HK18.00 cents		
(2016: 2015 Final HK18.00 cents) per share	**807,865**	730,137
2017 Interim, paid – HK15.00 cents		
(2016: 2016 Interim HK15.00 cents) per share	**673,221**	673,221
	1,481,086	1,403,358

The final dividend of HK20.00 cents (2016: HK18.00 cents) per share amounting to approximately HK$1,009,831,000 (2016: HK$807,865,000) in aggregate, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

10. 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:

	2017 HK$'000	2016 HK$'000 (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**5,490,091**	5,130,066

	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**4,619,529**	4,292,580

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2017 and 31 December 2016.

The weighted average number of ordinary share used in the calculation of basic and diluted earnings per share for the year ended 31 December 2017 has accounted for the bonus element of the rights issue which was completed on 12 October 2017. The basic and diluted earnings per share for the corresponding year of 2016 have been retrospectively adjusted to reflect the bonus element of the rights issue.

11. 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:

	2017 HK$'000	2016 HK$'000
Trade receivables, net of allowance for doubtful debts, aged:		
0-30 days	**5,989,786**	7,575,653
31-90 days	**4,103,596**	2,946,561
Over 90 days	**34,636,080**	24,173,990
	44,729,462	34,696,204
Retention receivables	**3,894,448**	3,372,108
Other receivables	**2,607,098**	1,395,852
Trade and other receivables	**51,231,008**	39,464,164
Portion classified as current assets	**(22,136,148)**	(17,643,865)
Non-current portion (Note (a))	**29,094,860**	21,820,299

Notes:

(a) The balances of non-current portion were mainly attributable to certain infrastructure investment projects (trading under PPP model) in Mainland China. Certain balances are secured by the collateral from employers and interest bearing in accordance with the relevant contract terms. The amount is expected to be gradually and fully recovered from 2019 to 2023, with approximately HK$13,870,779,000 in 2019, HK$10,666,953,000 in 2020, HK$4,557,128,000 in 2021 to 2023. As a result, they are classified as non-current.

(b) Included in the receivables aged over 90 days are receivables attributable to the infrastructure investment projects amounting to HK$33,606,541,000 (2016: HK$23,778,470,000).

(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 2017, the amount of retention receivables expected to be recovered after more than one year was approximately HK$2,092,077,000 (2016: HK$1,779,561,000).

(d) Except for the receivables arising from construction contracts, including infrastructure investment projects trading under PPP 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 (2016: 90 days) to its trade customers and the retention receivables are recoverable upon the expiry of defect liability period of construction.

12. 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:

	2017 HK$'000	2016 HK$'000
Trade payables, aged:		
0-30 days	**10,837,606**	10,822,619
31-90 days	**2,981,808**	5,113,422
Over 90 days	**4,898,971**	3,467,700
	18,718,385	19,403,741
Retention payables	**11,163,334**	7,181,098
Other payables and accruals	**3,312,247**	2,415,305
	33,193,966	29,000,144

The average credit period on trade and construction cost payables is 60 days (2016: 60 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame.

13. Borrowings

	2017 HK$'000	2016 HK$'000
Bank loans, secured	**3,938,939**	2,062,425
Bank loans, unsecured	**19,234,094**	15,242,251
	23,173,033	17,304,676
Carrying amount repayable:		
Within one year	**2,580,590**	1,455,620
More than one year but not exceeding two years	**1,529,003**	3,943,354
More than two years but not more than five years	**13,554,679**	9,968,412
More than five years	**5,508,761**	1,937,290
	23,173,033	17,304,676
Less: Amount due within one year shown under current liabilities	**(2,580,590)**	(1,455,620)
Amount due after one year	**20,592,443**	15,849,056

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 bank deposits, land and building, concession operating rights and account receivables of the Group.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK20.00 cents per share (2016: HK18.00 cents per share) to shareholders whose names appear on the register of members of the Company on 8 June 2018. Subject to the shareholders' approval of the proposed final dividend at the annual general meeting to be held on 1 June 2018, dividend warrants will be despatched on or about 4 July 2018.

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 28 May 2018
Closure of register of members	29 May 2018 to 1 June 2018 (both days inclusive)
Record date	1 June 2018

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on 7 June 2018
Closure of register of members	8 June 2018
Record date	8 June 2018

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

Global economic growth gained pace in 2017 with the benefit of a broader foundation, evidenced by steady recovery in the investment, manufacturing and trade sectors. The U.S. economy continued to expand, as the Federal Reserve increased its interest rate three times during the year, while planning for a gradual downsizing of its balance sheet and commencing a new round of tax reforms towards the end of the year. In Europe, improvements in the economy were reported despite numerous obstacles on the political front. Meanwhile, China's macro-economic growth beat expectations in the wake of "deleveraging" efforts, in a further manifestation of the strong resilience and vigour of the nation's economy.

The Group's operating principles for the year have called for "**determination to overcome challenges, quality and efficiency enhancement, synergy and innovation, and meticulous brand-building**". We overcame difficulties and moved forward with assured confidence amidst complex market conditions, as we sought business transformation and upgrade as well as enhancement in scale and efficiency on the back of stronger synergistic collaborations within the Group and with external parties, while highlighting the spirit of craftsmanship to scale new heights in brand quality.

Market Conditions

In Hong Kong and Macau, there were opportunities as well as challenges in the construction markets, as both cities showed positive trends of economic growth. In Mainland China, the economy continued to enjoy sound development with the further advancement of supply-side structural reforms. Infrastructure investment remained strong, while PPP ("Public-Private-Partnership") was developing at a faster speed and in a more regulated manner.

1. Hong Kong and Macau

Driven by a balanced mix of domestic and external demands, the Hong Kong economy enjoyed notable growth underpinned by robust development in the real estate investment and construction sectors, although there was a slowdown in growth of government works with the launch of fewer large-scale infrastructure projects. In the meantime, market competition for small- and medium-sized project works was intense. In Macau, the construction market as a whole was diminishing, as fewer government projects were launched, while private construction works reported slow progress. Nevertheless, the Group succeeded in consolidating and enlarging its market share, thanks to a prudent approach adopted in response to market changes with measures to integrate resources and strengthen management based on past experience, as well as persistent efforts to offer premium services to owners on the back of its superior experience in management and to foster a distinguished brand image. New contracts in Hong Kong and Macau amounted to HK$25,470 million for the year. All major projects under construction reported smooth progress during the year, as the Group overcame challenges on various fronts, including the havoc caused by Super Typhoon Hato. Meanwhile, the Group's vigorous effort in the investment-driven contracting business also started to reap rewards.

2. Mainland China

Infrastructure investment in Mainland China continued to provide a stabilising factor in the nation's economic growth, as PPP projects were implemented at a notably faster speed amidst surging demand, evidenced by the inclusion in database of more than 14,000 projects commanding total investments of more than RMB18,000 billion. In the meantime, market competition was escalating as large construction companies made active moves to build their business presence, while the government announced a series of new policies aiming to clear up the marketplace and regulate its development. In response to the profound change resulting from the swift standardisation of the PPP market, the Group persisted in an equal emphasis on scale, quality and efficiency with a resolute commitment to assuring the compliance, economic viability and financing availability of projects, so as to enhance the quality and efficiency of its projects and sustain healthy development in the long term. On the back of the traditional business model, resource integration along the industrial chain was enhanced, alongside consistent efforts to introduce innovative business models and broaden the boundaries for investment, in a bid to bolster the Group's general strengths in investment and construction. New contracts for the year amounted to HK$73,490 million. Smooth implementation in general was reported for projects under construction, underpinned by stable and controlled performance in terms of quality, safety and schedule management.

3. Curtain Wall

The curtain wall markets of Hong Kong and Macau were marked by slackened growth and intense competition, while increasing disparity was seen in Mainland China's curtain wall market, although sentiments were picking up in their counterpart in North America. In adherence to its consistent approach of offering high-end premium products, Far East Global Group Limited ("FEG") has made vigorous efforts to track key project works and diversify to commercial projects, especially curtain wall projects for high-end landmark buildings, which efforts have been met with notable success. Effective breakthroughs have also been achieved in small-scale general contracting business, with new contracts for the year amounting to HK$4,180 million. FEG has enhanced its ability in resource allocation in the international market through cross-regional posting of international talents and sharing of advanced technologies and by identifying suitable supplier resources in countries along the "Belt and Road" route.

Completed Projects during the Period

The Group completed 32 projects in 2017.

New Projects Awarded

The Group secured 78 new projects in 2017 with an aggregate attributable contract value of HK$103,140 million, of which the Hong Kong market, Macau market, Mainland China market and FEG accounted for 18.9%, 5.8%, 71.2% and 4.1%, respectively.

Projects in Progress

As at 31 December 2017, the Group had a total of 146 projects in progress with an aggregate attributable contract value of HK$309,070 million. The attributable contract value of outstanding works was HK$188,010 million. At the end of February 2018, the Group had an attributable contract value of HK$329,270 million.

Corporate Governance

The Group conducts itself in strict compliance with laws and regulations. Through effective monitoring by the Board and enhanced communication with investors, we have increased the transparency of our operations and brought our corporate governance standards to a higher level. The Board is committed to maintaining a high standard of business ethics, a healthy corporate culture and sound corporate governance practices. The Group's comprehensive corporate system, rigorous corporate governance and standardised operations have enabled timely adjustments to strategies in response to market changes, effective functioning of specialised decision-making groups and stronger ability in regional and specialised management for all business units, resulting in better management efficiency.

Risk Management

The Group has established a sound risk management system based on its general operational objectives. Through the formulation of risk management strategies, basic risk management procedures are being implemented at each aspect of operation and management to facilitate coordination among the information system, organisational function system and internal control system, such that a positive risk management culture will be fostered for the effective implementation of comprehensive risk management.

In active response to market and policy risks, the Group has stepped up with its business transformation and upgrade with strong efforts in innovative developments, such as integrated urban operational services in the domestic market and investment-driven contracting businesses in the overseas market, in a bid to compete through differentiation in a largely homogenised market and to avert market risks at their source. The prevention and mitigation of policy and financing risks has been achieved through the completion of all required procedures in strict accordance with new national policies and regulations on PPP to ensure legal compliance for all projects, as well as reasonable and balanced fund allocations. The prevention of risks relating to financial compliance has been achieved through full-scale investigation and revision of its financial management system and enhanced inspection of all regional platforms. In support of its overseas business expansion under the "Belt and Road" initiative, the Group has planned ahead on the back of past experience to address risks associated with overseas operations.

Financial Management

In adherence to the principle of prudent financial management, the Group has persisted in centralised fund management to enhance its capital strengths, while seeking to improve its ability in financial resource allocation and maintain a reasonable debt profile, with a view to cementing its cost advantage in financing. As at 31 December 2017, the Group had bank deposits amounting to HK$17,593 million. Total borrowings amounted to HK$33,277 million and the net gearing ratio was 40.8%. Drawdown of bank loans amounted to HK$12,905 million, while committed but unutilised credit facilities amounted to HK$26,407 million.

With the strong support of the controlling shareholder, the Group successfully completed a HK$6,360 million rights issue in October 2017, substantially bolstering its capital strength and lowering its gearing ratio as a result while providing financial assurance for the further development of its infrastructure investment business in Mainland China. In November, the Group capitalised on a favourable timing and successfully issued US$800 million senior unsecured notes, which were awarded a "Baa2" rating by Moody's and a "BBB+" rating by Fitch Ratings. The issue has further cemented the Group's advantage in financing cost and optimised the maturity profile of its debts.

During the year, the Group hosted a number of successful roadshow presentations. Visits to project sites were arranged to further showcase the Group's achievements in the investment and construction of infrastructure and affordable housing, technology regimes for prefabricated construction, as well as engineering applications. During the year, the Group also continued to enhance communication with southbound investors and Mainland securities dealers, in order to build a solid foundation for broadening its shareholders' base.

Human Resources

The Group is committed to building a high-calibre and efficient professional management team with ongoing efforts to enhance its human resource management system. We exercise supervision over various regional platforms to procure the effective implementation of our general human resource management strategy, so that strong assurance in talent, system and service can be provided for the realisation of the Group's strategic objectives and the commencement of various business operations. The Group has enhanced talent recruitment and allocation in response to its business requirements. The Group's staff recruitment process conducted through different means, such as internal promotion and reallocation, staff recommendation and selective open-market recruitment, has improved in terms of effort, efficiency and relevance on the back of its internal synergies and advantages in external resources. The Group has also fully upgraded the "Son of the Sea" campus recruitment programme and developed a unified elite training model with the debut of "Son of the Sea – Management Trainee" campus recruitment.

Technological Innovation

In persistent adherence to its philosophy of supporting corporate development with technological innovations, the Group has achieved important breakthroughs in technologies on the back of ongoing efforts to enhance its core competitiveness in areas such as prefabricated construction, green construction, tunneling and water treatment technologies. During the year, the Group received approvals from the PRC government for 6 invention patents and 15 utility model patents. Pillar Point Sewage Treatment Works, which has combined technological innovations for the design, construction and operation of large-scale sewage treatment plants with innovations in carbon audit management for green architecture, and Lot CN5a of Seac Pai Van Public Housing, a public welfare project of the Macau SAR Government, have been honoured with the "Lu Ban Award for Construction Works in China (Overseas Works) 2016-2017".

The innovative technology developed by the Group for the building of large-section tunnel crossings under complex urban geological conditions has been extensively applied in the management of its large-scale civil engineering projects, following certification by a research outcome assessment group formed by members of the Chinese Academy of Engineering and other reputed experts in the industry to be internationally advanced in general and world-leading in selected aspects.

Through systemic reviews of experience generated from construction works for projects such as Stonecutters Island Sewage Treatment Works, Pillar Point Sewage Treatment Works and Tai Po Water Treatment Works, the Group has developed a complete set of technologies for the design, construction and operation of large-scale sewage treatment plants. Such technological innovation has been accredited as internationally advanced in general, and its low-carbon green construction technology in particular has been accredited as a world-leading technology. Two of the Group's processes have been approved for inclusion in the list of China State Construction Group (Provincial Level) Construction Methodologies, while the Group has also garnered the China State Construction Group Outstanding Academic Research Paper First Class Award, Outstanding Project Management Award and China State Construction Group Science and Technology Award First Class Prize 2017. Such technology has filled the gap of China State Construction Group in this area and formed a standout product for the Group's overseas market expansion under the "Belt and Road" initiative.

The Group is committed to "standardisation", "digitalisation" and "mobile communication-based applications" in the management of work sites. During the year, we successfully constructed the "CIMS" cloud platform for work site management coordination, providing mobile equipment support with the assistance of "Internet+" and "mobile cloud" technologies to achieve efficient centralised management over quality, safety, work progress, processes and materials. The cloud platform has effectively resolved bottlenecks under traditional management modes, such as duplicated labour, excessive work volume and data lagging, fragmentation and untrackability, and enabled the involvement of all staff in work site management with well-defined duties, clear and systematic management procedures, full control over work details, standardised implementation of site works and end-to-end traceability of truthful records.

Social Responsibility

The Group issues a corporate social responsibility report on an annual basis to foster a culture of "open and transparent" communication that would allow stakeholders to have a deeper understanding of matters pertaining to its sustainable development. The Group's commitment to corporate citizenship has won wide acclaim, as evidenced by back-to-back "Caring Company" logos awarded by the Hong Kong Council of Social Service since 2008.

On the back of its outstanding achievements in environmental performance, social responsibility, corporate governance and global environmental information disclosure, the Group was selected, for the first time, as a constituent of FTSE4Good Index. Elsewhere, the Group received for the second year in a row the "Excellence in Responding to Climate Change Enterprise Award" from Carbon Disclosure Project ("CDP"), an organisation committed to tackling climate change. At the HKCA Environmental Awards Presentation Ceremony hosted by the Hong Kong Construction Association, the Group was honoured with the "Environmental Award of Excellence 2017" in recognition of its sound environmental records, commitment of resources to environmental management, and excellent performance in the management of sustainable development.

As an enthusiastic supporter of the Construction Industry Sports and Volunteering Programme organised by the Construction Industry Council, the Group encouraged its staff to participate in activities under the programme, such as the "2017 Happy Run cum Carnival", "2017 Construction Industry Sports and Charity Fun Day", "2017 CIC Football League" and "Basketball Invitation Competition", in a bid to promote a healthy lifestyle and caring culture. Funds raised from such activities have been donated in full to the Construction Charity Fund to help construction workers in need.

During the year, over 100 employees of the Group and their family members participated in the "2016/17 Hong Kong and Kowloon Walk for Millions by the Community Chest", the largest charity walk in Hong Kong, to raise funds for "Family and Child Welfare Services" in a manifestation of the Group's proactive undertaking of social responsibilities. To help promoting ecological protection in active response to the "World Environment Day", the Group organised a "Guided Tour of Kadoorie Farm & Botanic Garden", during which employees learned about the bio-diversity in Southern China and local efforts in animal and plant conservation.

Major Awards

In March 2017, the Group won a gold award in the Building Sites (Private Sector) category, a silver award and a bronze award in the Civil Engineering Sites category, and a silver award in the Safety Teams category in the Construction Industry Safety Award Scheme 2016/2017" organised by the Labour Department and the Occupational Safety and Health Council of Hong Kong. In the "Construction Sites Housekeeping Award Scheme (2016)" organised by the Drainage Services Department of Hong Kong, the Group's site for upgrading works at the sludge dewatering facilities of Stonecutters Island Sewage Treatment Works won the Best Construction Site Housekeeping Award and the Grand Award in the category of large-scale civil works contracts on the back of sound and safe site conditions and caring site management. In the same month, the Group went on to win the "Five Stars Residency of the Year 2016" at the "Building Inspectors Academy Awards" organised by the Hong Kong Professional Building Inspection Academy for its excellent overall performance in a wide range of areas in the construction of Mayfair By The Sea in Pak Shek Kok, Tai Po.

In June 2017, the Group was awarded the "China's Steel Structure Gold Award" at the national steel structure industry assembly 2017 hosted by China Construction Metal Structure Association for its construction of a mechanical processing centre (with an annual capacity of 250,000 sets of cylinder bodies, cylinder caps and crankshafts for car engines) in Binzhou, Shandong. The award represents the highest honour for construction quality in China's construction steel structure industry and marks the Group's leading position in the investment and construction of steel structure works.

In July 2017, the Group ranked among the top three in the industrial sector for all categories and ranked first in "Best CEO" and "Best IR Professionals" in Asia for the fifth year in a row in the annual poll of "The Best Listed Companies in Asia" organised by "Institutional Investor", as the Group continued to enjoy strong recognition in the international capital market for its business operations and efforts in investor relations.

In September 2017, the Group's site for upgrading works at the sludge dewatering facilities of Stonecutters Island Sewage Treatment Works and site for the widening of Fanling Highway each received a bronze award under the Considerate Contractors Site Award category in the 23rd Considerate Contractors Site Award Scheme co-organised by the Development Bureau of Hong Kong and the Construction Industry Council. In the same month, the Group took part in the "9th Regional Safety Quiz" of Guangdong, Hong Kong and Macau hosted by the Labour Affairs Bureau of Macau SAR, the Administration of Work Safety of Guangdong Province and the Occupational Safety and Health Council of Hong Kong and emerged winners of the corporate group with the highest score.

In December 2017, the Group garnered several awards at the "Good Housekeeping Forum and Award Presentation 2017-18" co-hosted by the Occupational Safety and Health Council of Hong Kong, the Labour Department and the Construction Industry Council on the merits of the sound safety conditions and caring management measures of its sites. These included a gold award in the construction category and a merit prize in the best presentation award for Lohas Park Package Seven Contract A and B in Tseung Kwan O.

REVIEW OF FINANCIAL PERFORMANCE

Driven by the growth of Mainland China segment and increased contribution from joint ventures, the Group recorded revenue of HK$50,153 million, and profit attributable to the owners of the Company amounted to HK$5,490 million for the year ended, representing 8.5% and 7.0% growth respectively. Basic earnings per share was HK118.85 cents, representing a decrease of 0.6% as compared with last year. With a proposed final dividend per share of HK20.00 cents, an interim dividend per share of HK15.00 cents per share paid in the year, the total dividends for the year amount to HK35.00 cents per share, representing an increase of 6.1% as compared to last year.

Revenue, Gross Profit and Result

1. Hong Kong and Macau–*Construction and related business*

Hong Kong and Macau segment continued to provide stable cash flow to the Group. Along with the slowdown in growth of government works with the launch of fewer large-scale infrastructure projects, revenue derived from Hong Kong segment dropped 14.6% from HK$17,585 million in 2016 to HK$15,013 million in 2017. Despite this, Hong Kong segment reported gross profit and segment result amounted to HK$946 million and HK$849 million respectively, representing a growth of 5.8% and 4.3% year-on-year. In Macau, the construction market as a whole was diminishing, fewer projects were launched in both public and private sector. With the effective management and good resources allocation, Macau's performance remain stable, reported revenue, gross profit and result amounted to HK$8,058 million, HK$866 million and HK$891 million respectively, compared with HK$8,716 million, HK$921 million and HK$930 million for last year.

2. Mainland China–infrastructure investment projects and construction related businesses

In order to capture the growing investment in infrastructure project by PRC government, the Group actively increase its investment in Mainland China, in particular, the Public-Private-Partnership ("PPP") project. Following the growth momentum since last year, China segment recorded notable increase in both of revenue and result to HK$24,850 million and HK$4,827 million, representing a growth of 36.1% and 29.7% year-on-year. During the year, China segment received HK$10,943 million buy-back payment for the year (including the attributable share of such payment received by our joint venture investments).

(a) Infrastructure investment projects

Our investments in infrastructure projects span over different kinds of business, including investment and construction of toll road, toll bridge and a variety of housing, such as affordable housing, hospital and college. We participated in these infrastructure projects by way of PPP models.

In addition to the government's vigorous promotion, the Group constantly innovates its business and investment model, deepens its strengths such as Residential Construction Industrialisation and project management. During the year, the Group have awarded a number of sizeable projects and its results are reflected in its performance for the year. This sector’s revenue, gross profit and result were up 38.3%, 39.6% and 32.9% over last year to HK$23,434 million, HK$5,240 million and HK$4,747 million respectively.

(b) Operating infrastructure projects

The contribution from operating infrastructure projects, including thermoelectric plant and toll road remained relatively stable, excluding contribution from joint venture, this sector recorded revenue of HK$792 million, which was close to the HK$836 million in last year.

(c) Construction related business

The Group continued focus on infrastructure investment projects, less resources was allocated to other construction related business. But with the encouragement of construction industrialisation by the PRC government, the demand for pre-cast structural product is increased, which pushed up the revenue of construction related business from HK$489 million in 2016 to HK$624 million in 2017, representing a growth of 27.6% year-on-year.

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

FEG focused on the facade contracting business, general contracting business and new business expansion. FEG continues to improve its operating efficiency and enhance core competitiveness, it reported steady growth in performance for the year.

Cash Flows Analysis

As more infrastructure project are operated in PPP model, the buy-back period of PPP project is comparatively longer than that of traditional Build-transfer model, the net cash used in operating activities for the year was HK$4,846 million (2016: HK$2,867 million cash inflow), included the net expenditure for infrastructure project amounting HK$5,423 million (2016: HK$31 million). The net cash outflow in investing activities was HK$4,800 million (2016: HK$5,691 million), and the net cash inflow from financing activities was HK$15,253 million (2016: HK$6,498 million).

BUSINESS PROSPECTS

While the global economy is expected to sustain recovery on all fronts, potential downside risks, such as geopolitical tensions, emerging trade protectionism and global financial austerity, will persist. With tax reforms coinciding with the rate hike cycle in the United States, the US Dollar might turn stronger in the short to medium term, creating a spillover effect in favour of world economies and financial markets. In the longer term, the US Dollar will be driven back to the U.S. market, to the benefit of its investment and construction sectors. The Chinese economy will continue to enjoy stable growth and emerge as an important engine for global economic growth. The nation's macro-economic policy will be dominated by deleveraging and risk aversion concerns. The Group will monitor closely trends and developments in the macro-economy and sector markets, taking heed to enhance its sensitivity and perception of market developments so that it could formulate forward-looking business strategies in proactive response to changes in external business conditions.

Market Outlook

Economic recovery in Hong Kong and Macau will continue in a positive trend. Investment sentiments in Hong Kong's private property market will remain cautiously optimistic, while a number of large-scale civil engineering projects are expected to be officially launched. The opening of the Hong Kong-Zhuhai-Macau Bridge should favour a gradual pick-up in Macau's property market, and the rebound of the construction market looks like a matter of time given the number of private as well as government projects in the pipeline. Meanwhile, the construction sector could yet again be constrained by a shortage in supply of personnel and sub-contracting resources as the private housing market continues to thrive, while the application of new construction technologies and the implementation of the policy of "job specialisation" could further aggravate the problem of insufficient resources.

Mainland China's economy will sustain a path of positive trending amidst stable development, and quality and efficiency will become primary objectives. Regulation over the infrastructure investment market and related financing activities will be further enhanced, as this sector enters a stage of healthy development underpinned by a somewhat slower but nevertheless steady pace of investment growth. Infrastructure investment will remain an effective means to drive stable economic growth. As the debt financing methods of local governments become more regulated and transparent, there will be greater assurance for the recouping of infrastructure investments. As stated in the latest Report on the Work of the Government, vigorous efforts have been made to ensure and improve people's livelihood and a new three-year renovation plan to Shanty Town Redevelopment has been launched, with the construction of 5.8 million units commenced during the year. Stable and orderly development can be expected for the future infrastructure investment market which has a main focus on PPP model as supplemented by such other models as Government Procurement Services.

Operational Strategies

In consistent implementation of the operational strategy of "**Cost-effective Competition and High-quality Management**" and on the basis of the development strategy of "project contracting and infrastructure investment as double business drivers", the Group will strengthen its Hong Kong and Macau operations with the "investment-driven contracting" business, while procuring ongoing transformation, upgrade and innovation of its investment business in Mainland China. At the same time, the Group will pursue overseas business expansion in a systematic, measured and organised manner in active response to the nation's "Belt and Road" initiative.

In connection with its Hong Kong and Macau operations, the Group will seek to improve its success rate in project bidding by adopting flexible bidding strategies in response to market changes on the back of its inherent as well as external advantages and resources, in a bid to cement its position as the largest contractor in Hong Kong and Macau. China State Construction Engineering (Hong Kong) Limited will be actively involved in the bidding for large-scale public works, such as the desalination project, land reclamation in Tung Chung and the conversion of Hong Kong International Airport Terminal 2. Meanwhile, focused efforts will be made to track Mainland Chinese property developers investing in Hong Kong. We will procure a pragmatic and efficient management team and optimise the work flow of investment management, while introducing the new business model of "investment-driven contracting" to enable bidding for small- and medium-scale works where appropriate, so as to further cement our market shares. China Construction Engineering (Macau) Company Limited will be actively involved in bidding for government as well as private projects, with a strong focus on winning tenders for premium projects to ensure stable growth for its contracting business.

For our investment business in Mainland China, we will adopt a business strategy emphasising both aggressive marketing and the quality of project works in close tandem with the directions indicated in national policies. PPP and Government Procurement Services projects will be undertaken on a highly selective basis and facilitated through innovative investment and financing models. Proactive moves will be made to address escalating market competition, such as stronger efforts to nurture partnerships, exhaustive search to identify investment opportunities in various provinces and regions, and initiatives to nurture and develop the import of industries. We will develop our own expertise in industrial research, industrial planning and the design of industrial parks, with a view to enhancing our competitive strengths for differentiation in a homogenised market, so that we could secure a greater number of premium projects. Project management will be strengthened with solid actions in refining details, while constructive measures will be proactively adopted to ensure the smooth implementation and delivery of showcase projects that will enhance our reputation.

FEG will be focused on the development of a global industry chain on the back of its inherent strengths as an international operation, as it strives to become a leading provider of one-stop solutions for high-end curtain wall. In North America, a strong emphasis will be placed on the development of new investment businesses, on top of the expansion of its traditional curtain wall business. In the Australian market, it will be focused on the design and supply markets while enhancing process control, with a view to the steady increase in market shares. Moreover, FEG will actively investigate innovations in its business model and strengthen the collaborative use of internal resources to drive business transformation and upgrade.

Management Model

The Group will continue to optimise its organisational management and control regime with the primary purpose of procuring business development. While enhancing the functions of the headquarters in direction, service and supervision, we would also encourage more proactive business management by regional teams. The Group will form functional departments for the management and control of overseas operations at the headquarters and the regional platforms to provide full support for its overseas business expansion under the "Belt and Road" initiative. With the establishment in Mainland China of a department for new industrial towns, the Group will commence relevant industry research to investigate management and control models for the business of new industrial towns, and will also direct regional companies to develop organisational setups.

COMPANY MISSION

In line with its longstanding business philosophy of "**Sustainable Growth for Mutual Success with Harmony**", the Group makes vigorous efforts to realise its core value of "**Good Quality and Value Creation**" through a prudent approach to business progress prominently underpinned by a drive to enhance quality and efficiency. We are also committed to serving as a new role model for "**win-win**" solutions with shareholders, business partners, employees and the society in general in the new era, as we continue to strive to achieve the goal of becoming an "**international group specialised in the construction of integrated developments and infrastructure investment with a strong competitive edge**".

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 2017.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures on page 2 to page 17 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 2017. 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, 16 March 2018

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, Mr. Wu Mingqing and Mr. Zhang Haipeng 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.