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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2013	2012	Change
	(unaudited)	(unaudited)	%
RESULTS (HK$'000)			
Group revenue	**10,896,216**	8,957,737	21.6
Share of revenue of joint ventures	**962,356**	1,529,983	-37.1
	11,858,572	10,487,720	13.1
Gross profit	**1,373,516**	1,004,831	36.7
Gross profit margin	**12.6%**	11.2%	12.5
Profit attributable to owners of the Company	**1,172,796**	886,956	32.2
FINANCIAL INFORMATION PER SHARE			
Earnings – basic (HK cents)	**30.17**	24.73	22.0
Net assets (HK$)	**3.81**	2.83	34.6

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK9.00 cents per share.

BANK BALANCES AND CASH

As at 30 June 2013, the Group had bank balances and cash of approximately HK$12.81 billion.

The board of directors (the "Board") of China State Construction International Holdings Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 together with the unaudited comparative figures for the corresponding period ended 30 June 2012 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June **2013** HK$'000	2012 HK$'000
Group revenue	3	**10,896,216**	8,957,737
Costs of sales		**(9,522,700)**	(7,952,906)
Gross profit		**1,373,516**	1,004,831
Investment income	5	**366,006**	214,910
Other income and other gains, net		**77,526**	54,469
Gain on fair value changes of investment in convertible bonds		**-**	26,000
Administrative expenses		**(420,599)**	(304,255)
Distribution and selling expenses		**(1,980)**	(3,503)
Other operating expenses		**(51,254)**	(42,278)
Share of profits of			
Joint ventures		**231,236**	225,999
Associates		**7,607**	6,965
Finance costs		**(184,578)**	(110,058)
Profit before tax	6	**1,397,480**	1,073,080
Income tax expense	7	**(237,589)**	(183,634)
Profit for the period		**1,159,891**	889,446
Profit/(loss) for the period attributable to:			
Owners of the Company		**1,172,796**	886,956
Non-controlling interests		**(12,905)**	2,490
		1,159,891	889,446
Earnings per share (HK cents)	9		
Basic		**30.17**	24.73
Diluted		**29.72**	24.33

Group revenue	**10,896,216**	8,957,737
Share of revenue of joint ventures	**962,356**	1,529,983
	11,858,572	10,487,720

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Profit for the period	**1,159,891**	889,446
Other comprehensive income/(loss)		
Items that may be reclassified to profit and loss		
(Loss)/gain on fair value changes of available-for-sale investments, net of tax	**(11,744)**	44,380
Release of investment revaluation reserve to income statement upon acquisition of a subsidiary	**-**	(21,625)
Exchange differences on translation of foreign operations	**151,919**	(43,574)
Other comprehensive income/(loss) for the period, net of tax	**140,175**	(20,819)
Total comprehensive income for the period, net of tax	**1,300,066**	868,627
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**1,315,399**	866,465
Non-controlling interests	**(15,333)**	2,162
	1,300,066	868,627

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2013 HK$'000 (unaudited)**	31 December 2012 HK$'000 (audited)
Non-current Assets			
Property, plant and equipment		**2,234,823**	2,190,951
Investment properties		**39,568**	40,044
Interests in infrastructure project investments		**1,081,891**	915,049
Prepaid lease payments		**184,180**	182,291
Interests in joint ventures		**2,697,384**	2,735,493
Interests in associates		**43,763**	36,156
Concession operating rights		**5,830,438**	5,501,701
Deferred tax assets		**25,239**	-
Trademark, project backlogs and licenses		**239,573**	252,551
Goodwill		**577,664**	577,664
Available-for-sale investments		**501,341**	497,861
Investment in convertible bonds		**-**	296,827
Amounts due from investee companies		**373,510**	361,471
Trade and other receivables	10	**5,617,440**	3,186,846
		19,446,814	16,774,905
Current Assets			
Interests in infrastructure project investments		**11,352**	8,506
Inventories		**229,552**	185,374
Properties held for sale		**158,744**	158,608
Amounts due from customers for contract work		**7,117,071**	5,458,682
Trade and other receivables	10	**6,232,253**	6,559,777
Deposits and prepayments		**760,517**	523,278
Amount due from immediate holding company		**4,552**	-
Amount due from an intermediate holding company		**203,635**	-
Amounts due from joint ventures		**168,068**	149,130
Amounts due from fellow subsidiaries		**638,977**	633,822
Amount due from a related company		**-**	26,939
Tax recoverable		**8,947**	15,054
Pledged bank deposits		**291**	1,291
Deposits with financial institutions		**4,673**	516
Bank balances and cash		**12,807,201**	6,716,913
		28,345,833	20,437,890

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Note	**30 June 2013 HK$'000 (unaudited)**	31 December 2012 HK$'000 (audited)
Current Liabilities			
Amounts due to customers for contract work		**1,862,561**	1,219,729
Trade payables, other payables and accruals	11	**6,787,166**	6,498,270
Deposits received and advances from customers		**1,602,067**	1,138,919
Amount due to immediate holding company		**-**	16,019
Amount due to an intermediate holding company		**737,290**	132,692
Amounts due to joint ventures		**814,582**	655,667
Amounts due to fellow subsidiaries		**1,948,538**	2,136,175
Amount due to an associate		**33,495**	33,495
Current tax payables		**789,356**	594,570
Borrowings		**154,893**	48,780
Obligations under finance leases		**1,082**	1,158
		14,731,030	12,475,474
Net Current Assets		**13,614,803**	7,962,416
Total Assets less Current Liabilities		**33,061,617**	24,737,321
Capital and Reserves			
Share capital		**97,219**	97,186
Share premium and reserves		**14,728,297**	13,412,638
Equity attributable to owners of the Company		**14,825,516**	13,509,824
Non-controlling interests		**327,811**	343,144
		15,153,327	13,852,968
Non-current Liabilities			
Borrowings		**13,122,397**	9,996,359
Guaranteed notes payable		**3,855,422**	-
Deferred income		**532,217**	520,791
Deferred tax liabilities		**393,831**	362,265
Obligations under finance leases		**4,423**	4,938
		17,908,290	10,884,353
		33,061,617	24,737,321

NOTES:

(1) BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA")

(2) Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments or interpretation ("new or revised HKFRSs") issued by the HKICPA.

Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Financial instruments: Disclosures – Offsetting Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)–Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

The application of the above new or revised HKFRSs has had no material effect on the Group's results and financial position, except for certain disclosures in respect of amendments to HKAS 1 and HKFRS 13.

(2) Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(continued)*

The Group has not early adopted the following new and revised standards, amendments or interpretation that have been issued but are not yet effective.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[1]
HK(IFRIC) - Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

The Group is in progress of assessing the impact of these new or revised standards, amendments and interpretations, certain of which may be relevant to the Group's operations and may give rise to changes in disclosure and remeasurement of certain items in the condensed consolidated financial statements.

(3) GROUP REVENUE

Group revenue/turnover represents the revenue arising from construction contracts, project consultancy services, supply of heat and electricity, provision of connection services, infrastructure project investments, toll road operation, sales of precast structures, building materials and asphalts, facade contracting business and machinery leasing and insurance contracts.

As part of the Group's performance evaluation, management also monitors the operating activities carried out by its joint ventures. The analysis of the Group's share of revenue of joint ventures and the share of results of joint ventures are regularly provided to the management. As a result, management believe that additional disclosure of the Group's share of revenue of joint ventures (in addition to the consolidated income statement and this note to the financial statements prepared under HKFRS), together with the share of results of joint ventures, enable readers to better understand how management oversees the results and performance of the joint ventures in the reportable segments.

An analysis of the Group revenue is as follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Revenue from construction contracts	**8,955,016**	7,681,874
Revenue from construction contracts under service concession arrangements	**269,546**	261,380
Revenue from project consultancy services	**119,023**	131,182
Revenue from supply of heat and electricity	**319,006**	280,802
Revenue from provision of connection services	**11,383**	8,252
Revenue from infrastructure project investments	**81,129**	81,891
Toll revenue	**86,461**	47,766
Sales of precast structures, building materials and asphalts	**185,706**	88,497
Revenue from facade contracting business	**786,441**	326,451
Revenue from machinery leasing, insurance contracts and others	**82,505**	49,642
	10,896,216	8,957,737

(4) SEGMENTAL 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 Hong Kong, Mainland China, Macau and Overseas (mainly in the United Arab Emirates ("UAE") and India).

In March 2012, the Group completed the acquisition of additional equity interests in 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. Since then, FEG and its subsidiaries (together, the "FEG Group") became subsidiaries of the Group. Since the FEG Group is currently managed by a separate business team, the chief operating decision maker regards FEG Group as a distinct reportable segment and assesses its performance based on its overall result.

Segment revenue and results for the six months ended 30 June 2013 and 2012 are as follows:

	Segment revenue		Gross profit/(loss)		Segment result	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Reportable segments						
Hong Kong	**4,723,192**	4,592,256	**336,464**	321,782	**304,339**	261,581
Mainland China	**4,975,533**	3,634,506	**886,718**	618,683	**971,835**	628,011
Macau	**394,576**	390,626	**92,173**	22,474	**142,739**	79,090
Overseas	**16,474**	13,898	**(1,912)**	(6,828)	**5,077**	4,051
FEG Group	**786,441**	326,451	**60,073**	48,720	**(14,375)**	6,990
Consolidated total	**10,896,216**	8,957,737	**1,373,516**	1,004,831	**1,409,615**	979,723
Share of revenue/ results of joint ventures	**962,356**	1,529,983			**231,236**	225,999
	11,858,572	10,487,720			**1,640,851**	1,205,722
Unallocated corporate expenses					**(80,338)**	(88,073)
Non-recurring investment income, other income and other gains, net					**13,938**	32,524
Gain on fair value changes of investment in convertible bonds					**-**	26,000
Share of profits of associates					**7,607**	6,965
Finance costs					**(184,578)**	(110,058)
Profit before tax					**1,397,480**	1,073,080

(5) INVESTMENT INCOME

	Six monthsended 30 June	
	2013	2012
	HK$'000	HK$'000
Interest income on:		
Bank deposits	**33,106**	17,274
Debt securities	**3,672**	1,858
Imputed interest on amounts due from investee companies	**12,039**	6,861
Loan receivables	**2,163**	12,717
Amounts due from customers for contract work and trade receivables	**241,489**	88,989
	292,469	127,699
Release of investment revaluation reserve to income statement upon acquisition of a subsidiary	**-**	21,625
Gain on disposal of convertible bonds	**7,525**	-
Dividend income from:		
Listed available-for-sale investments	**179**	33
Unlisted available-for-sale investments	**65,833**	65,553
	366,006	214,910

(6) PROFIT BEFORE TAX

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Profit before tax has been arrived at after charging:		
Depreciation	**57,347**	64,269
Amortisation of concession operating rights	**70,239**	69,372
Amortisation of trademark and projects backlogs	**12,978**	14,400

(7) INCOME TAX EXPENSE

	Six monthsended 30 June	
	2013	2012
	HK$'000	HK$'000
Current tax:		
Hong Kong	**35,387**	27,737
Other jurisdictions	**180,222**	136,350
	215,609	164,087
(Over)/under provision in prior years:		
Hong Kong	**(555)**	(4,595)
Other jurisdictions	**11,393**	1,193
	10,838	(3,402)
Deferred tax:		
Current period	**11,142**	22,949
Income tax expenses for the period	**237,589**	183,634

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the current and the last periods. Income taxes arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

(8) DIVIDENDS

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Dividends recognised as distributions during the period	**-**	251,072

In July 2013, the Company distributed 2012 Final dividends of HK9.00 cents per share, amounting to approximately HK$349,987,000.

The Board declared the payment of an interim dividend of 2013 of HK9.00 cents per share (2012: HK7.00 cents).

(9) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**1,172,796**	886,956
	2013	2012
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,887,837**	3,586,829
Effect of dilutive potential ordinary shares in respect of share options	**58,102**	58,491
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,945,939**	3,645,320

(10) TRADE AND OTHER RECEIVABLES

The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on invoice date or progress certification date at the end of the reporting period:

	30 June 2013 HK$'000	31 December 2012 HK$'000
Trade receivables, net of allowance for doubtful debt, aged		
0-30 days	**3,388,322**	3,057,374
31-90 days	**1,301,456**	1,480,183
Over 90 days	**5,208,172**	3,144,168
	9,897,950	7,681,725
Retention receivables	**1,585,162**	1,631,834
Other receivables	**366,581**	433,064
Trade and other receivables	**11,849,693**	9,746,623
Current Portion	**(6,232,253)**	(6,559,777)
Non-current portion (note)	**5,617,440**	3,186,846

Note: The balances were mainly attributable to certain affordable housing projects in the Mainland China. The balances are secured by certain assets of the customers as collaterals and interest bearing in accordance with the relevant contract terms. The total amount of the receivable for affordable housing is expected to be fully received from 2014 to 2017, with approximately HK$1,367,616,000 to be received in 2014, HK$ 2,203,306,000 in 2015, HK$1,257,590,000 in 2016 and HK$788,928,000 in 2017. As a result, they are classified as non-current.

Amounts of HK$4,490,902,000 (31 December 2012: HK$2,635,616,000) were included in the receivables aged over 90 days, which were attributable to the affordable housing projects and were not due in accordance with the contracts.

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 30 June 2013, the amount of retention receivables expected to be recovered after more than one year was approximately HK$1,023,035,000 (31 December 2012: HK$1,011,908,000).

Except for the receivable arising from construction contracts which are billed and immediately payable in accordance with the terms of the relevant agreements, the Group generally allows an average credit period of not exceeding 90 days (2012: 90 days) to its 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 trade payables, other payables and accruals, including the aging analysis of trade payables, presented based on the invoice date, is as follows:

	30 June 2013 HK$'000	31 December 2012 HK$'000
Trade payables, aged		
0-30 days	**3,004,186**	2,926,735
31-90 days	**1,062,788**	1,131,480
Over 90 days	**464,285**	449,273
	4,531,259	4,507,488
Retention payables	**1,629,816**	1,450,127
Other payables and accruals	**626,091**	540,655
	6,787,166	6,498,270

Other payables included in the trade payables, other payables and accruals amounted to approximately HK$603,227,000 (31 December 2012: HK$518,191,000), which comprise primarily staff cost, other tax and other operating expenses payables.

The average credit period on trade and construction cost payables is 60 days (2012: 60 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame. At 30 June 2013, the amount of retention payables expected to be due after more than one year was approximately HK$721,893,000 (31 December 2012: HK$708,624,000).

RESULTS

The Group's unaudited profit attributable to owners of the company for the six months ended 30 June 2013 was HK$1,173 million, representing an increase of 32.2% as compared with the same period of last year. The revenue was HK$10,896 million, representing an increase of 21.6% as compared with the same period of last year. Earnings per share was HK30.17 cents, representing an increase of 22.0% as compared with the same period of last year.

REVIEW OF OPERATION

In the first half of 2013, the global economic growth remained slow. With the establishment of the operation principle of "Strengthening Management and Innovative Investment", the Group focused on reinforcing the management standard of construction in Hong Kong and Macau, infrastructure investment in the Mainland China and overseas curtain wall business. Besides, innovative investment models were adopted for infrastructure investment in the Mainland China while new overseas business models were explored in response to market changes.

Market Overview

The construction industry in Hong Kong and Macau remained strong with the support of government projects. However, the shortage of resources was as serious as that of last year. The economic growth in the Mainland China has slowed down and the government marco-economic control policy has focused more on structural growth and efficiency. New urbanization will be the next driving force for succeeding economic growth. In the overseas market, the curtain wall business of the Group in North America remained stable.

1. Hong Kong and Macau

Upon further implementation of the Ten Mega Infrastructure Projects in Hong Kong, a number of large-scale and outsize civil engineering projects as well as building construction projects commenced. The Group realised a significant growth in its business in the first half of the year. It was awarded a number of major projects, including the Proposed Residential Development at TPTL 200 & 201 Pak Shek Kok, Tai Po, New Territories; the Design and Construction of Fire Services Training School cum Driving Training School at Pak Shing Kok, Area 78, Tseung Kwan O and the civil engineering project of the Central-Wan Chai Bypass - Tunnel (Slip Road 8 Section). The operation of all projects in progress was smooth and steady with all key construction works progressing on schedule.

The construction market in Macau was robust due to the commencement of major hotel and government projects. In the first half of the year, the Group was awarded the Section 1 & 2 of Public Housing in IIha Verde, the largest government project in Macau with a contract value of HK$1,892 million. Leveraging our expertise and resources in Hong Kong and Macau, we won the Proposed MGM Cotai Project for MGM Grand Paradise in May with a contract value of HK$10,484 million, the highest contract value for projects ever undertaken independently by the Company which is scheduled to commence in early of 2014.

2. Mainland China

In the Mainland China, the progress of infrastructure investments and affordable housing projects of the Group was satisfactory. The Group secured the construction works of Zhenjiang Jingkou District Affordable Housing and Phase 2 of Wenzhou Lucheng District Affordable Housing during the period. The Group and China Construction Seventh Engineering Division have also entered into a contract for the joint development of the road related build-transfer("BT") project in Zhengzhou. The fourth payment for the early repurchase of Wuxian Highway Reconstruction and Shahu Passageway Project was received from the Wuhan government. The building related BT Projects in Tianjin and Chongqing Hechuan Relocation Housing and Public Rental Housing Projects were also repurchased as scheduled during the period, demonstrating once again the sound financial standing of the local governments of the places where the Group invested and its effective risk management. The operation of Shanxi Yangquan Yangwu Expressway (Yangquan to Yuxian section) build-operate-transfer ("BOT") project further improved and the operating income recorded a stable increase.

At the beginning of the year, the Group consolidated its business structure in the Mainland China for strategic development. All businesses in the Mainland China were operated under the central management of China State Construction International Investments (China) Limited ("CSCIICL"). The new professional management platform was established to manage the investment and operation of infrastructure projects. It was also responsible for the coordination of the operations in Shanxi and Shenyang Huanggu to fully capitalize on its specialized operation.

3. Overseas Market

Far East Global Group Limited ("FEG") has been consolidated in the Group for a year which made improvements in the coordination of regional businesses, management structure, design capability and productivity as well as the purchasing process and contract management. In particular, FEG successfully marked its foothold in Australia and will explore further in order to access more opportunities in overseas markets. On 31 May 2013, FEG was selected to be a constituent of Hong Kong Index under the Global Small Cap Indices of Morgan Stanley Capital International, indicating the sustainability and the recognition of FEG in the capital market. In regard to Dubai Construction Project, the Group focused on business administration and settlements for those projects completed in prior years and the relevant risks were under control.

Corporate Governance

The Group strictly complied with the laws and regulations. With effective monitoring by the Board and enhanced communication with the investors, the relevant information was released in a timely manner to enhance investors' knowledge and understanding of the Company for further enhancement of its corporate governance standards. The Group established an all-round organisational structure and optimized corporate governance to regulate its business operations. The Group also promptly adjusted its strategies in line with market changes to better capitalise on the function and role of each dedicated decision-making team of the Group. The Group also improved the regional and specialised management capabilities of each business unit.

Risk Management

The Group adhered to the "Three Centralisations" management of human resources, financial resources and material resources by the headquarters to ensure efficient project operation, avoidance of management loopholes, optimal internal communication and effective risk prevention. As such, the project management of the Group were strengthened. A risk management team consisted of executive directors of the Company, heads of functional departments and project managers conducted comprehensive monitoring on the project risks. Procurement and allocation of bulk materials and equipment were under centralised management of the Group for cost reduction, effective transfer of pricing risk and minimised inventory and turnover.

As for its investment business in Mainland China, the Company sought business opportunities with various local governments those were strong financial standing, stable and balanced financial income stream and economic developments relatively active. Relatively high buffers were set for project initiation, guarantees and pledges. The Company constantly monitored the financial conditions of Employers and strictly executed the contractual payment terms to enhance the security of the receivable to be settled.

CSCIICL has established an investment return warning system for regular monitoring based on actual conditions. During project selection, construction and operation, it conducted strictly preliminary evaluation, procedural monitoring and follow-ups. In the first half of the year, the Guidelines on Risk Management of BT Projects and the Administrative Measures on BT Project Monitoring were introduced to specify the functions and roles of risk monitoring.

Financial Management

The Group continued to strengthen its financial resources and optimise its debt structure. As at 30 June 2013, the Group had bank and deposits balances of HK$12,812 million and total borrowings of HK$17,133 million, and a net gearing ratio of 28.5%. In the first half of 2013, the proceeds of the Group through financing were substantial, with total drawdown of bank loans of HK$3,896 million. The Group has committed but unutilised credit facilities of HK$13,789 million, reflecting its healthy financial conditions to meet the need of its future business development.

Human Resources Management

The focuses of its human resources management were optimised deployment of senior management, staff qualification enhancement and implementation of regional management based on the business scale and features of different regions. The Group explored the reasonable division of functions and authority between headquarters and subordinate units and reformed target incentive scheme. It attached importance on the stability of personnel and stepped up training efforts. The recruitment of talents for investment business in the Mainland China was supported by Hong Kong and Macau and allowed the development of independent training of the relevant individual company so as to establish a competent, efficient and professional management team.

Capital Operation

In the first half of 2013, the Group received investment grade ratings from Standard & Poor's (BBB-), Moody's (Baa3) and Fitch (BBB-). The Group issued five-year guaranteed notes of US$500 million, which was the first debt financing of the Group since its listing and was well received by the capital market. As such, the financing channel of the Group was expanded. During the period, the RMB capital of CSCIICL was increased by an amount equivalent to US$290 million which enhanced the financial strength of its investment platform in the Mainland China. As at the end of May, the Group entered into agreements with SKYJOY and other partners for the early redemption of convertible bonds of HK$200 million issued in 2010 with the total redemption money received amounting to HK$304 million.

Social Responsibility

The Group actively participated in community affairs and charitable deeds to contribute to the society. After the Sichuan Ya'an earthquake on 20 April this year, the Company encouraged employees to make donation and raised over HK$500,000. The Group took the initiative to introduce extensive measures for minimising energy consumption and carbon emission and environmental-friendly construction technologies. Shenzhen Hailong Construction Products Company Limited explored the application of prefabrication technology on affordable housing projects and adopted innovative and industrialized cooperation models of residential housing construction, which created synergies and acted as a leading role model in the industry. The Group also maintained excellent safety management system. The incentive scheme constant innovation significantly reduced the number of accidents to a record low, placing the Group in an advanced position in the industry.

Key Awards

The Group received a number of important awards during the first half of 2013. For instance, in the annual election of the best listed companies in Asia organised by Institutional Investor, the Group was ranked top in all award categories for the infrastructure industry, namely Best Chief Executive Officer, Best Chief Financial Officer, Best Investor Relation Officer and Best Listed Company in Investor Relations. It was also ranked second in the Most Respected Company (Asia).

In addition, with its outstanding ethical and environmental-friendly projects in Hong Kong, it received Considerate Contractors Site Award for eight projects and Outstanding Environmental Management and Performance Award for three projects in the 2012 award ceremony of the Considerate Contractors Site Award Scheme jointly organised by the Development Bureau of the HKSAR and Construction Industry Council.

BUSINESS PROSPECTS

For the second half of 2013, the international economic environment will remain complicated. Despite the temporary alleviation of the European debt crisis, the macroeconomics, fiscal and financial conditions of the heavily indebted countries in the Eurozone will remain fragile. The Group will closely monitor the influence of the global economy on the economic trend of the Mainland China with effective business strategies and be prudent in order to safeguard healthy operation.

Market Outlook

In the second half of 2013, various large projects in Hong Kong and Macau will be launched, with continuous features of “High Degree of Difficulty with Tensed Resources Supply”.

Despite the slowdown in the economic growth of the Mainland China, the construction of affordable housing will remain robust. According to 2013 national construction mission for the urban affordable housing project of the Mainland China, it is targeted to complete 4.70 million units and to commence the construction of 6.30 million units. To fulfill the target, the relevant ministries and commissions under the State Council will provide further support for the construction of affordable housing with additional funds and land supply.

The proportion of investment in traditional infrastructure, including railway, highway and ports, to the total investment in fixed assets will further decline. The new urbanization will focus on improving the urban living standard and enhancing infrastructure capacity in order to cope with the expansion of temporary and registered urban population. Investment in municipal infrastructure of affordable housing, city transportation, science, education, culture, and healthcare as well as environment protection will become the major focus of this round of urbanization.

The overseas curtain wall markets, especially in North America, will become stable in the second half of this year. With the soaring number of proposed domestic skyscraper construction projects in the Mainland China, the domestic curtain wall market will confront with strong supply and demand, fierce competition and low profit margin. The Hong Kong curtain wall market will remain stable, while the Macau curtain wall market will become prosperous as a number of large hotels are under construction.

Operation Strategies

Committed to the operation strategy of "Cost-effective Competition and High-quality Management", the Group endeavours to achieve the strategic transformation from a single business contractor to an integrated international contractor with comprehensive development in both construction and relevant investments, so as to further strengthen its corporate value and competitiveness.

In respect of construction projects in Hong Kong and Macau, the Group intends to bid for projects of large scale or premium quality or commissioned by the government for better profit, economy of scale and publicity. In respect of project management, in the face of the booming market and the increasing number of projects under the shortage of manpower and material as well as higher complexity, the Group will further review its remuneration and welfare system and enhance the satisfaction of its employees so as to alleviate the high demand for human resources.

In respect of investment in the Mainland China infrastructure, the Group will continue the principle of "Focus on developing the market and managing the operation in the top priority" and grasp opportunities to expand its businesses into areas such as prefabricated building construction, environment protection, water conservancy, redevelopment of old cities as well as preliminary development of land by adhering to the principle of market-oriented operations. The new business model will focus on the division of project implementation processes. The Group will also accelerate the implementation progress while maintaining project quality in order to adopt the principle of "Early input and the output process". By making investment at the early stage to accelerate the completion progress of constructions, project profitability can be ensured.

In respect of investment locations, the Group will focus on our projects on hand by diligence and care with extensive investments by capitalising on the advantages of the local management team and social resources. Taking into account the heavy reliance of its investment on regional resources, it will also get to know the specific needs of different cities through research and understand the overall situations of Employers through intensive negotiation so as to develop its competitive edges and take advantage of favourable conditions for formulating a more efficient investment model.

In respect of certain projects which are stepping into repurchase stage, the Group will make preliminary arrangement to facilitate the repurchase and submit the repurchase application to the government three to six months ahead of schedule. It establish an investment collection responsibility system as one of the assessment indicators and complete the warning system to identify risks at an earlier stage. In addition, the Group will also learn from the experience of the projects under construction as reference for similar projects in the future.

Operation Management

The Group adopts a horizontal matrix management structure of three levels, namely the management, the heads of departments and the project operation division, which significantly simplified the communication process. The management is responsible for the decision-making and comprehensive risk management. Leveraging the information and technical support provided by the heads of departments and incorporating the “5+3” project management model (i.e. coordinated management over the five elements, namely progress, quality, cost, safety and environmental protection, and the three systems, namely flow guarantee system, procedure guarantee system and responsibility guarantee system), the project operation division is the first executor of project operation risk control.

COMPANY MISSION

The Group is dedicated to its core value of “Exercise Caution in Details and Implementation; Build a Strong Foundation to Seek Greater Success” and adheres to the principle of “A Trusted Brand Growing through Diligence and Care”. It will carry out people-orientated and scientific management. Based on its corporate philosophy of “Committed Team-building; Perseverance; Ambition for Success; Strict Self-discipline and Conscious Devotion”, the Group will offer excellent value-of-money products and services and fulfill its responsibilities as a corporate citizen. Its ultimate goal is to build an evergreen business regime with optimised competitiveness and shareholder’s value.

INTERIM DIVIDEND

The Board declared an interim dividend of HK9.00 cents per share (2012: HK7.00 cents per share) to shareholders whose names appear on the register of members of the Company on Thursday, 19 September 2013. The interim dividend will be payable on Monday, 30 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed and no transfer of shares will be registered from Wednesday, 18 September 2013 to Thursday, 19 September 2013, both days inclusive, for the purpose of determining shareholders' entitlement to the interim dividend.

In order to qualify for the interim 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 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Tuesday, 17 September 2013.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended 30 June 2013, the Company complied with all the code provisions of Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules except code provisions A.6.7 (independent non-executive directors and other non-executive directors should attend general meetings) and E.1.2 of the Code (chairman of the board should attend the annual general meeting).

Mr. Kong Qingping, Chairman and Non-executive Director; and Mr. Li Jian, Non-executive Director, both due to other business engagement were unable to attend the annual general meeting of the Company which held on 6 June 2013 ("AGM"). Mr. Zhou Yong, Vice-chairman and Chief Executive Officer, chaired the AGM to ensure effective communication with shareholders of the Company at such meeting. All the independent non-executive directors attended the AGM and were available to answer questions and developed a balanced understanding of the views of the shareholders.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The Group's unaudited interim results for the six months ended 30 June 2013 have been reviewed by the Audit Committee which comprises four Independent Non-executive Directors.

APPRECIATION

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
Kong Qingping
Chairman and Non-executive Director

Hong Kong, 14 August 2013

As at the date of this announcement, the Board comprises Mr. Kong Qingping as Chairman and Non-executive Director; Mr. Zhou Yong (Vice-chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie and Mr. Hung Cheung Shew as Executive Directors; Mr. Li Jian as Non-executive Director; 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.