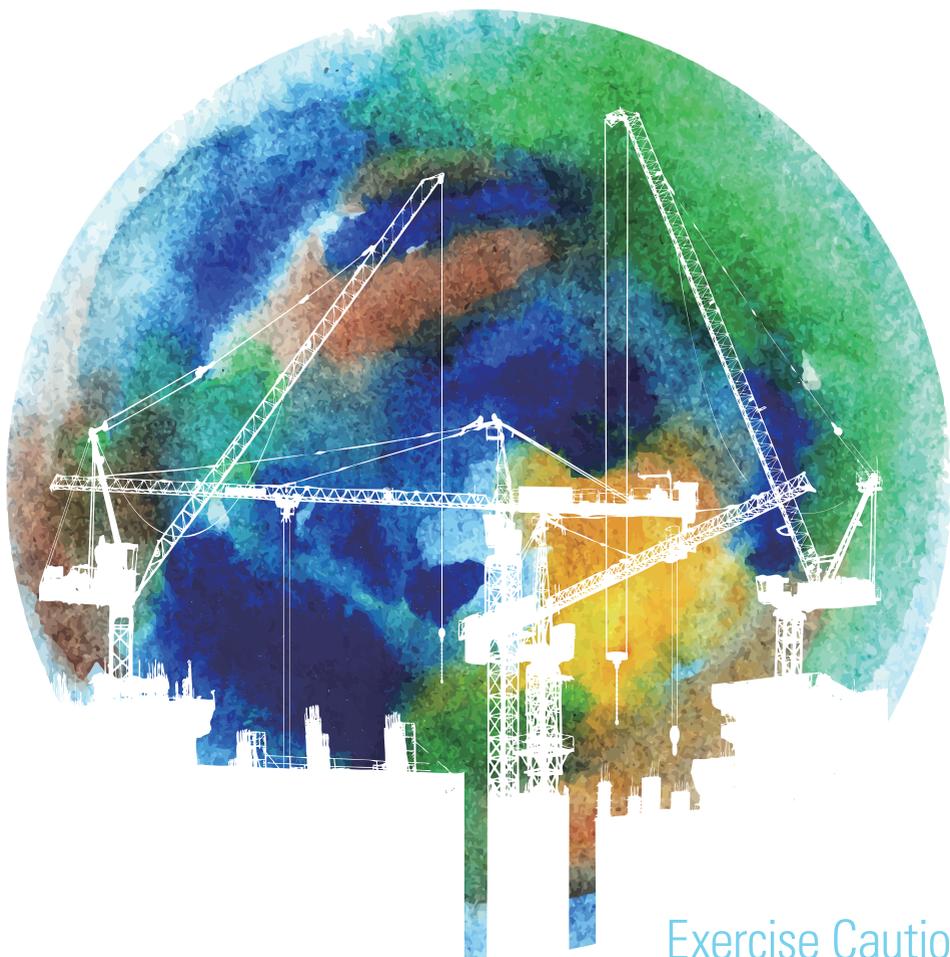




中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

Stock Code 股份代號: 03311



2015

Interim Report 中期報告

Exercise Caution
in Details and
Implementation
Build a Strong
Foundation to Seek
Greater Success
慎微篤行 精築致遠

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CORPORATE STRUCTURE

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

HONG KONG	MACAU	MAINLAND CHINA	OVERSEAS
Building Construction	Building Construction	Road, Bridge & Port Investments	Building Construction
Civil Engineering Works	Civil Engineering Works	Generation and Supply of Heat and Electricity	Curtain Wall System*
Foundation Engineering Works	Foundation Engineering Works	"Build-Transfer", "Build-Operate-Transfer" and "Public-Private-Partnership" Projects	
Mechanical and Electrical Engineering Works	Mechanical and Electrical Engineering Works	Pre-cast Structures Production	
Other Construction Related Business	Other Construction Related Business	Project Consultancy Services	

* Operate through a listed subsidiary, Far East Global Group Limited.



BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

Executive Directors

Zhou Yong
(Chairman and Chief Executive Officer)
Tian Shuchen
Zhou Hancheng
Pan Shujie
Hung Cheung Shew
Wu Mingqing

Independent Non-executive Directors

Raymond Ho Chung Tai
Adrian David Li Man Kiu
Raymond Leung Hai Ming
Lee Shing See

COMMITTEES

Audit Committee

Raymond Ho Chung Tai *(Chairman)*
Adrian David Li Man Kiu
Raymond Leung Hai Ming
Lee Shing See

Remuneration Committee

Adrian David Li Man Kiu *(Chairman)*
Raymond Ho Chung Tai
Raymond Leung Hai Ming
Lee Shing See

Nomination Committee

Lee Shing See *(Chairman)*
Raymond Ho Chung Tai
Adrian David Li Man Kiu
Raymond Leung Hai Ming



CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Zhou Yong
Tian Shuchen

COMPANY SECRETARY

Tse Sui Ha

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust
Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28th Floor, China Overseas Building
139 Hennessy Road, Wanchai
Hong Kong

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISOR

Mayer Brown JSM

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
BNP Paribas Hong Kong Branch
China Construction Bank Corporation
China Development Bank Corporation
Hang Seng Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited
Wing Lung Bank, Limited

LISTING INFORMATION

Shares

Hong Kong Stock Exchange: 03311

Bond (CSC FIN N1804) *

Hong Kong Stock Exchange: 05916

WEBSITE

www.csci.com.hk

FINANCIAL CALENDAR

Closure of Register of Members
18 September 2015

2015 Interim Dividend and
Special Dividend Payable

5 October 2015

* US\$500,000,000 3.125% Guaranteed Notes due 2018 issued by China State Construction Finance (Cayman) I Limited, a wholly owned subsidiary of the Company



CHAIRMAN'S STATEMENT

COMPLIANCE AND PRUDENT DEVELOPMENT

OPERATION RESULTS

The Group's unaudited profit attributable to the owners of the Company for the half year ended 30 June 2015 was HK\$1,765 million, representing an increase of 21.0% as compared to the corresponding period of last year. The revenue was HK\$16,975 million, representing an increase of 18.8% as compared with the same period of last year. Earnings per share was HK44.00 cents, representing an increase of 17.3% as compared with the same period of last year.

DIVIDEND PAYMENT

The Board declared an interim dividend of HK13.00 cents per share for the period ended 30 June 2015 and a special dividend of HK2.00 cents per share for celebrating the 10th listing anniversary of the Company, representing an increase of 36.4% as compared with the same period of last year.

REVIEW OF OPERATION

In the first half of 2015, the global economic growth remained slow. Economic recovery was not yet on track and the economy has become more diverse. Financial market saw intensified fluctuations and was full of uncertainties. Developed countries were still struggling to recover while the economy of developing countries slowed down in general due to the duo challenges arising from changes in exchange rates and falling of oil prices. Europe was still in the whirlpool of debt crisis. The economic growth of the US remained strong although several setbacks were experienced. The economy of China was in good shape in general although it was under the pressures of restructuring, slowdown and deflation.

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



CHAIRMAN'S STATEMENT *(continued)*

REVIEW OF OPERATION (CONTINUED)

Market Conditions

The construction markets in Hong Kong and Macau continued to grow in both residential and public sectors, resulting in higher pressure of shortage of resources. The measures to maintain economic growth under the new economic trends in Mainland China proved to be effective. More benefits of economic reform will be further realised. Investments in new infrastructure projects under the urbanisation process and the "One Belt, One Road" strategy maintained high growth rates. In the overseas market, the curtain wall market in North America gradually recovered.

1. *Hong Kong and Macau*

Hong Kong maintained a moderate economic growth, while the Macau economy showed a slowdown due to the consolidation of the gambling industry. The Group duly optimised its competition strategy to expand operation and successively secured new contracts of HK\$17,253 million for the first half of the year in Hong Kong and Macau. The building construction subsidiary was awarded the Construction of Public Rental Housing Development at Anderson Road Site C1 and Ancillary Facilities Block at Site C2 Phase 2. The MGM Cotai Project jointly constructed by the subsidiaries in Hong Kong and Macau was in progress as scheduled while the superstructures of the two main towers will be completed this year. Focusing on the high-end premium projects under the Ten Mega Infrastructure Projects, the civil engineering subsidiary successfully secured the projects of some sections of Shatin-to-Central Link, including Exhibition Station and Western Approach Tunnel Project of Shatin to Central Link; Central-Wanchai Bypass-Tunnel; and Construction Project of Cross Harbor Tunnel Railway (North South Corridor) of Shatin to Central Link.

The Macau subsidiary participated to promote The Construction of the Residential and Commercial Development Project of Nova City Phase 5 as one of the investors and was appointed as the general contractor of the project. The Company further diversified its business and explored new sources of profits. The foundation engineering, mechanical and electrical engineering, insurance businesses as well as Shenzhen Hailong Construction Products Plant focus on profits-oriented with reasonable allocation of internal and external resources and maintain the sound development.



CHAIRMAN'S STATEMENT *(continued)*

REVIEW OF OPERATION (CONTINUED)

Market Conditions (Continued)

2. *Mainland China*

Anticipating a slowdown in economic growth in China, the Group believed that China would maintain its investment in infrastructure projects to stabilise the economy and therefore actively explored major projects. The Group secured new contracts of HK\$18,000 million in aggregate in the first half of the year. The Highway Project, Bengbu, Anhui Province was the first Public-Private-Partnership ("PPP") project of the Group. Comparing with traditional Build-Operate-Transfer ("BOT") projects, the PPP project has lower operation risk and the return is manageable. Such experience will enable the Group to secure similar projects in the market. Dayang Affordable Housing Project in Luyang District, Hefei, Anhui Province is a major affordable housing industrialisation project of Anhui Province and the second housing industrialisation project of the Group in China. The success of such project will act as a demonstration for the promotion of the industrialisation of housing projects. The Group was also awarded other affordable housing projects, including Infrastructure Build-Transfer Project in Longhai of Zhangzhou, Fujian Province; Affordable Housing and Infrastructure Projects, Hangzhou, Zhejiang Province; Affordable Housing and Infrastructure Projects, Jiaxing, Zhejiang Province; and Relocation Housing Project in Modern Industry Project of Hyundai Motor, Ziyang, Sichuan Province.

3. *Overseas Market*

The curtain wall market in North America was recovering while the Asia-Pacific market remained stable. With the flourishing markets in Hong Kong and Macau, more business opportunities were available to the Company. Far East Global Group Limited ("FEG") was awarded various projects, including MGM National Harbor, USA; Vancouver Urban Resort, Canada; Proposed Residential Development at TMTL 423, Area 48, Castle Peak Road, So Kwun Wat, Tuen Mun, NT; Design and Construction of Centre of Excellence in Paediatrics in Kai Tak Development, Kowloon; and Hong Kong Shangri-La Hotel Project.



CHAIRMAN'S STATEMENT *(continued)*

REVIEW OF OPERATION (CONTINUED)

Corporate Governance

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

In the first half of 2015, the Group has established a supervisory system to oversee the compliance of the outsourcing and procurement committees of different operation regions to ensure the decision-making of the Group on selection of contractors is in compliance with regulations.

Risk Management

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

Focusing on the fluctuations in the financial market, the Group reinforced its measures through material procurement and foreign exchange. The Group shortened the price monitoring interval of its major materials and promptly analysed reports and made decision. The Group achieved its profit target of tender projects through bulk procurement and mitigated pricing risk by setting fixed unit price for auxiliary materials. The Group moderately scaled down its overseas operation regions and focused on the North American market to avoid currency risks.



CHAIRMAN'S STATEMENT *(continued)*

REVIEW OF OPERATION (CONTINUED)

Financial Management

Adhering to its prudent wealth management principle, the Group focused on strengthening financial resources allocation. At the beginning of the year, the Group raised a syndicated loan of HK\$3,500 million with major banks in Hong Kong and successfully refinanced a loan due within the year. In response to the expectation of rate hike of the US, the Group negotiated with several financial institutions in Hong Kong for payment options of fixed interest rates for certain loans to lower cost and further refine its loan structure. At 30 June 2015, the Group had bank deposits of HK\$9,763 million and total borrowings of HK\$17,830 million, and a net gearing ratio of 38.1%, with total drawdown of bank loans amounted to HK\$3,262 million, and committed but unutilised credit facilities amounted to HK\$21,720 million.

Human Resources Management

The Group prioritised the interaction and training of human resource management this year. In respect of the investment business in Mainland China, the Group filled the human resource vacancies of different project phases through internal training and external recruitment. The internal allocation and selection mechanism were constantly reviewed to improve the degree of satisfaction of employees while the external recruitment and assignment were strengthened with growing number of contracting, procurement, business, management and financial professionals in order to have a balanced pool of expertise. Key personnel were encouraged to participate in the whole process of project implementation so as to avoid information loss and ensure a smooth transition and implementation of the management of whole project life cycle.



CHAIRMAN'S STATEMENT *(continued)*

REVIEW OF OPERATION (CONTINUED)

Capital Operation

In February 2015, the Group successfully organised visits for the Hong Kong banking sector to showcase its housing industrialisation achievements and application in the construction of affordable housing. In particular, onsite visits were arranged to the production plant of precast structure units of 深圳海龍建築製品有限公司 (Shenzhen Hailong Construction Products Co., Ltd.) and the development project of Construction of Public Rental Housing at Sha Tin Area 52 Phase 1. The Group's leading technology and strength in housing industrialisation was once again highly recognised in the capital market.

In the first half of the year, given the Group's excellent results and performance in the capital market, three international rating agencies maintained their rating of the Group as "investment grade" with outlook of "stable". With the interaction of funds from Hong Kong and Mainland China, the Group has met the funding requirements of the investment projects in Mainland China by means of injecting foreign exchange capital, foreign debts and cross-border RMB capital pool, with an accumulated amount of approximately HK\$10,850 million foreign currency injected.

Technology Innovation

In response to transformation and upgrade trend of the construction industry and capitalising on over 30 years of experience in numerous residential industrialisation construction projects in Hong Kong and its standardised design, industrialised production, prefabricated construction, integration of construction and decoration and information management, namely "Five in One" (五化合一), the Group leads the development of the industry with its prefabricated construction material system and standard characterised by the technical features of China State.

In January 2015, investment ERP (Enterprise Resources Planning) system developed by the Group has been officially launched. The system focuses on cost and capital management with a core emphasis on contract management covering multiple investment models such as Build-Transfer ("BT"), BOT and PPP. The system covers the implementation of investment in preliminary stage, construction in middle stage and refined management in full life cycle in subsequent operation. By standardisation of business procedures and comparison and analysis decision, the Group will optimise multiple-layer management for various projects, allocate resources reasonably and efficiently, make profits and maximise the value of resources.



CHAIRMAN'S STATEMENT *(continued)*

REVIEW OF OPERATION (CONTINUED)

Technology Innovation (Continued)

In March 2015, the Group successfully completed the Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road-Section between Scenic Hill and Hong Kong Boundary Crossing Facilities by solving technical difficulties of large section blasting and excavation under complicated geographical and construction environment. Our success has been highly recognised by the HKSAR government.

Social Responsibility

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

As for charities, the Group has organised “China State Environmental Protection Day” for consecutive 10 years in order to enhance the awareness of environmental protection of employees in response to “World Environment Day”. The Group also jointly organised the “Geographical Tour to High Island Reservoir East Dam” (萬宜東壩景區地質導賞) with Sai Kung District Community Centre, a social enterprise, on 5 June in order to demonstrate the determination of the Group to develop into a social corporate and contributions of the Group for the promotion of ecocultural protection.



CHAIRMAN'S STATEMENT *(continued)*

REVIEW OF OPERATION (CONTINUED)

Key Awards

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

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

In June 2015, the Group was awarded the Safest Contractor in 2014 in the MTR Safety Contractor Award Scheme organised by the property project department of MTR Corporation Limited for its excellent performance in occupational health and safe management.

In July 2015, in the annual poll of The Best Listed Companies in Asia organised by "Institutional Investor", the Group was ranked top three in eight awards and was ranked first in the category of the Most Respectable Companies, which is indicative of the international capital market's continual affirmation in respect of the Group's corporate governance, investor relations and other aspects.



CHAIRMAN'S STATEMENT *(continued)*

BUSINESS PROSPECTS

In the second half of 2015, the global economy will continue its slow recovery. Economies of developed countries will recover at a faster pace while economies of developing countries will see slower growth in general. In addition, exchange rate fluctuations, interest rate hike by the Federal Reserve Board and the aftermaths of the Greek debt crisis will increase the risks and uncertainties of global economic recovery. The Group will precisely act on the macroeconomic trend, formulate forward-looking operational strategies, improve market judgment and adaptability, and adopt measures to confront the external changes in operation environment.

Market Expectation

The Hong Kong and Macau economies will resume their upward track due to rising of external demand. The overall construction market will maintain buoyant while the construction industry will continue to face the risk of resources shortage. The Group will pay high attention to various large-scale government projects (including design and engineering works) to be launched in the second half of the year.

Mainland China's economic structure will change from medium-low end to medium-high end. To ensure healthy and stable long-term economic development, the government is expected to launch more structural policies including accelerating the review and approval and implementation of projects including water resources, railways, ecological environment and affordable housing. Meanwhile, the national strategy of "One Belt, One Road" will create enormous infrastructure investment opportunities.

The curtain wall market in North America will grow steadily in line with the recovery of its construction industry. The curtain wall markets in Hong Kong, Macau and Asia-Pacific will see steady growth and maintain their existing scale with severe competition. Despite vast potential in China's curtain wall market, its problems of varied quality and disorderly competition are yet to be regulated.



CHAIRMAN'S STATEMENT *(continued)*

BUSINESS PROSPECTS (CONTINUED)

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 sole contractor towards an integrated international contractor with comprehensive development in both construction and relevant investments, so as to further strengthen its corporate value and market competitiveness.

In respect of construction projects in Hong Kong and Macau, the Group will place great emphasis on consolidating the foundation of existing projects. It will continue to give preference to large-scale private commercial projects and public projects from government or institutional bodies with inflation compensation and identify competent cooperative partners in order to strive for another breakthrough in business expansion. With optimised business and refined management, the Group will capitalise on its differentiated competitive edges against its competitors in order to obtain higher profits. Internally, it will strengthen its management on human resources and subcontractors and consolidate the advantages of outsourced labour management to ensure stable and smooth project progress. While strengthening its principal construction business, the Group will continue to grasp contracting opportunities arising from new investments.

In respect of the Mainland investment business, the Group will strictly follow national strategies such as “One Belt, One Road”, “Integration of Beijing-Tianjin-Hebei” and “Yangtze River Economic Zone”. It will also pay full attention to and study thoroughly the investment opportunities of PPP and BOT. It will strive to explore new industrial models and keep stable growth of its infrastructure business to establish a sustainable and profitable operation model. The Group will strengthen its expansion in key cities with better economic conditions and select projects with higher creditworthiness and capacity. Greater efforts will be made on research and development as well as negotiation for more favourable terms. Without jeopardising its investment security and stable income, the Group will explore different investment models and innovations with the government. In addition, it will accelerate the implementation of its existing projects and schedule sufficient time for other projects.



CHAIRMAN'S STATEMENT *(continued)*

BUSINESS PROSPECTS (CONTINUED)

Operation Strategies (Continued)

FEG will further promote its brand and market expansion and optimise internal management and control. In addition to proactively implementing projects with high margin in North America, Hong Kong and Macau, it will further explore investment opportunities in overseas and Mainland China in order to achieve its strategic transformation.

Management Model

According to its strategic control and management model, the Group will further optimise the allocation of duties, clearly define the scope of authorities and modify business flows to strengthen the leadership, services and supervision of the headquarters and encourage proactive business management by regional teams. The Group will refine the cooperation mechanism among different departments so as to enlarge the general business scale, strengthen the profitability and consolidate and expand the foundation of construction contracts and investment businesses.

COMPANY MISSION

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



CHAIRMAN'S STATEMENT *(continued)*

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

Zhou Yong

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 13 August 2015



MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

The Group recorded revenue of HK\$16,975 million, and profit attributable to the owners of the Company amounted to HK\$1,765 million for the six months ended 30 June 2015, representing 18.8% and 21.0% growth respectively. Basic earnings per share was HK44.00 cents, representing an increase of 17.3% as compared with the same period of last year.

The Board declared an interim dividend of HK13.00 cents per share and a special dividend of HK2.00 cents per share for celebrating the 10th listing anniversary of the Company, the dividend payout ratio will be approximately 34.1%.

As at 30 June 2015, the equity attributable to the owners of the Company reached HK\$20,992 million and the book value of net assets per share was HK\$5.27, representing an increase of 5.9% and 6.7% respectively as compared to 31 December 2014.

SEGMENT RESULT

Construction and Related Business — Hong Kong

With the strong contract on hand over the last few years and new contract awarded during the period under review, the Group delivered revenue of approximately HK\$7,505 million, an increase of 20.1%. During the period under review, the Group proceed to work on numerous construction contracts on schedule, with the contribution of several major projects, including Construction of Central-Wan Chai Bypass Tunnel (Slip Road 8 Section) and Wan Chai Development Phase II — Central-Wan Chai Bypass-Tunnel (West Section in Wanchai) for The Civil Engineering and Development Department of The Government of The Hong Kong Special Administrative Region, which firstly recognised profit during the period, both gross profit and result has increased by 34.8% and 38.2% respectively.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

SEGMENT RESULT (CONTINUED)

Construction and Related Business — Macau

With the commencement of MGM Cotai in last year and Nova City Phase V Residential Development construction projects in this period, the revenue of this segment is at a satisfactory level with HK\$1,876 million, representing a growth of 93.7% year-on-year. However, this segment have reported a decline in result for the current period, mainly because the profit of these two projects have not been recognised in accordance with the Group's profits recognition policy.

Investment and Construction of Affordable Housing and Infrastructure Projects and Construction Related Businesses — Mainland China

Our businesses from Mainland China was primarily attributable to the affordable housing and infrastructure projects during the period under review. Benefits from the strong reputation and employer's satisfaction, the Group thereby able to embrace opportunities. As a result, this segment continued delivering relatively steady growth in revenue and gross profit of approximately 5.1% and 19.0% respectively. The Group actively identify ways to diversify portfolio of investment and enhance profitability. During the period under review, the Group was awarded a number of affordable housing and infrastructure projects with significant aggregate contract value, including a Highway Project in Bengbu, Anhui Province by way of Public-Private-Partnership ("PPP") model for the first time in Mainland China. It is expected that this new investment model will be one of the new drivers for the Group's performance.

Investment and Construction of Affordable Housing Projects

Affordable Housing Projects continued to be the most significant contributor for Mainland China, recorded total revenue of HK\$3,752 million. Due to the accelerating shanty town redevelopment, this has provided tremendous market opportunities to the Group in affordable housing projects. Benefited from our solid track record and leadership technology in prefabricated parts, which enable us to capture this opportunities. For the period under review, the construction of the affordable housing projects in Hefei and Wenzhou have been in full swing, this has stimulated the performance of this segment.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

SEGMENT RESULT (CONTINUED)

Investment and Construction of Affordable Housing and Infrastructure Projects and Construction Related Businesses — Mainland China (Continued)

Investment and Construction of Infrastructure Projects

Our investments in infrastructure projects span over different kinds of business, including toll road, toll bridge, thermoelectric plant and port. We participated in these infrastructure projects by way of Build-Transfer (“BT”), Build-Operate-Transfer (“BOT”), Transfer-Operate-Transfer (“TOT”) and PPP arrangements. The contribution from the operating infrastructure projects remained relatively stable. With satisfactory construction progress of several projects in Wuhan, Xi’an, Fuzhou and Jiaying newly awarded in last year, this segment has maintained its steady growth in both gross profit and result to HK\$701 million and HK\$681 million.

Construction — Cash contract and related business

As focus has been directed to the affordable housing and infrastructure investment businesses, the Group has exercised caution in its traditional construction business and participated in only those projects with quality management and promising profit prospect. With the growth of demand of prefabricated parts, the Group set up a new pre-cast structures production plant in Anhui in last year and commenced production during the period under review, which has stimulated the performance of this segment. As a result, the revenue of this segment have increased over 1.9 times to HK\$377 million.

Facade Contracting — Far East Global Group Limited (“FEG”)

The management of FEG has actively reviewed its operation by enhancing its existing portfolio and identify new opportunities. As a result of effective resources allocation and cost control, FEG reported satisfactory performance in terms of turnover and result for the period under review.

Share of profits of joint ventures

The Group operates several construction projects, toll bridge and infrastructure investment projects in form of joint ventures and further enhances the portfolio by acquired a port in Laizhou in December 2014, which contributed positively to the share of profits of joint ventures for the period under review. The slightly decline of the share of profits of joint ventures by 2.2% was mainly due to the continuous receipt of buy-back payment from a previously completed BT project, the interest earned from this project decreased.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

CORPORATE FINANCE

The management and control of the Group's financial, capital management and external financing functions are centralised. The Group has been adhering to the principle of prudent financial management by maintaining a reasonable level of cash and a debt structure suitable to the Group's current and future business development.

Financial position of the Group

(a) *Bank Balances and Cash*

At 30 June 2015, the Group had bank balances and cash of HK\$9,763 million (31 December 2014: HK\$7,452 million), representing approximately 13.4% of the total assets of the Group. The portfolio of the currencies of bank deposits is listed as follow:

	30 June 2015 %	31 December 2014 %
Hong Kong Dollars	46	27
Renminbi	38	57
Macao Patacas	14	13
United States Dollars	1	1
Others	1	2

The bank deposits outside Hong Kong are mainly for subsidiaries in various regions. During the period, the Group has no financial instrument for currency hedging purpose.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

CORPORATE FINANCE (CONTINUED)

Financial position of the Group (Continued)

(b) Borrowings

The Group continued to strengthen the management of investment, financing and capital operation. Focusing on cash flow management of projects, capital pressure was eased by balancing the income and expenses of projects under a prudent wealth management policy. Capital management was further centralised in order to enhance the effectiveness of capital usage and gain considerable benefits from planning and appreciation through the flow of funds between Mainland China and Hong Kong.

During the period, the Group has net drawn down various new term loans, revolving loans, project loans or syndicated loans of an aggregate amount of approximately HK\$3,006 million.

At 30 June 2015, the total borrowings of the Group (including the Notes) were HK\$17,830 million of which, approximately 56.1%, 21.2% and 22.2% of the balances were denominated in Hong Kong dollars, Renminbi and US dollars respectively. Bank borrowings were bearing interest at floating rates with reference mainly to either Hong Kong Inter-bank Offered Rate ("HIBOR") or People's Bank of China ("PBOC") reference rate while the Notes bear fixed interest rate.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CORPORATE FINANCE (CONTINUED)

Financial position of the Group (Continued)

(b) Borrowings (Continued)

The following table sets out the maturities of the Group's total borrowings as at 30 June 2015 and 31 December 2014:

	30 June 2015 HK\$'million	31 December 2014 HK\$'million
BANK AND OTHER BORROWINGS		
On demand or within one year	1,112	587
More than one year but not exceeding two years	1,054	1,066
More than two years but not more than five years	9,963	4,395
More than five years	1,826	4,901
Total bank and other borrowings	13,955	10,949
Guaranteed notes payable	3,875	3,870
Total borrowings	17,830	14,819

At 30 June 2015, the Group had net borrowings of HK\$8,067 million (31 December 2014: HK\$7,367 million) and the Group's net gearing ratio was approximately 38.1% (31 December 2014: 36.8%). This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less bank balances and cash. At 30 June 2015, committed but unutilised credit facilities and other facilities like construction performance bond facilities amounted to HK\$21,720 million.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

CORPORATE FINANCE (CONTINUED)

Major Business Development

The Group actively searches for valuable construction and investment projects in order to strengthen its presence in each major segment and enhance the value of the Company. During the period under review, the Group has achieved the following significant milestones in business expansion:

- (i) The Group was awarded various contracts of the Affordable Housing and Relocation Housing projects in different regions, including Hefei, Anhui Province and Ziyang, Sichuan Province. The aggregate attributable contract value amounts to approximately HK\$2,510 million.
- (ii) In February 2015, the Group was awarded a new infrastructure BT project in Longhai of Zhangzhou, Fujian Province with attributable contract value approximately HK\$2,580 million.
- (iii) In April 2015, the Group was awarded a Highway Project in Bengbu, Anhui Province by way of Public-Private-Partnership (“PPP”) model for the first time in Mainland China. The attributable contract value of the Group is about HK\$4,690 million. The Group and Bengbu government will invest 70% and 30% in such project respectively.
- (iv) The Group was awarded two Affordable Housing and Infrastructure projects in Hangzhou and Jiaxing, Zhejiang Province. The aggregate attributable contract value amounts to approximately HK\$4,560 million.
- (v) During the period under review, the Group awarded new contract over HK\$9,660 million attributable contract value to the Group in Hong Kong, including Exhibition Station and Western Approach Tunnel Project of Shatin to Central Link; Central-Wanchai Bypass-Tunnel (West Section in Wanchai); Mechanical and Engineering Project of Centre of Excellence in Pawdiatrics; Construction Project of Cross Harbor Tunnel Railway (North South Corridor) of Shatin to Central Link and Superstructure Projects of Site C1 & C2, Anderson Road.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

CORPORATE FINANCE (CONTINUED)

Major Business Development (Continued)

- (vi) During the period under review, the Group was awarded a construction of the residential and commercial development project of Nova City Phase 5 in Macau with attributable contract value approximately HK\$5,400 million.

Financial Risk Factors and Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and equity price risk), credit risk and liquidity risk.

There has been neither any change in major risk factors that may significantly affect the Group's business nor any change in risk management policies since the last year end. This interim report does not include all financial risk management information and disclosures required in the annual report of the Company for the year ended 31 December ("2014 Annual Report"), and should be read in conjunction with the relevant disclosures in the 2014 Annual Report.

During the period under review, the group continued to step up its efforts in risk management and control. On the principles of stability, sustainability, high efficiency and low risk in the Group's business expansion and operation, a balance will be achieved among risks, resources and business exploration to ensure smooth operation of each segment.



UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000 (restated)
Revenue	6	16,975,732	14,283,426
Costs of sales		(14,469,237)	(12,271,891)
Gross profit		2,506,495	2,011,535
Other income and other gains, net	8	167,386	266,885
Administrative expenses		(418,558)	(390,962)
Distribution, selling and other operating expenses		(25,653)	(41,856)
Share of profits of			
Joint ventures		167,906	171,639
Associates		12,766	13,757
Finance costs	9	(293,580)	(267,455)
Profit before tax	10	2,116,762	1,763,543
Income tax expenses, net	11	(350,077)	(315,756)
Profit for the period		1,766,685	1,447,787
Profit/(loss) for the period attributable to:			
Owners of the Company		1,765,347	1,458,997
Non-controlling interests		1,338	(11,210)
		1,766,685	1,447,787
Earnings per share (HK cents)	13		
Basic		44.00	37.50
Diluted		43.44	36.97



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Profit for the period	1,766,685	1,447,787
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items that may be reclassified to profit and loss</i>		
Gain on fair value changes of available-for-sale investments, net of tax	1,863	408
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	–	(7,162)
Exchange differences on translation of foreign operations	(5,261)	(181,105)
Other comprehensive loss for the period, net of tax	(3,398)	(187,859)
Total comprehensive income for the period, net of tax	1,763,287	1,259,928
Total comprehensive income/(loss) attributable to:		
Owners of the Company	1,764,259	1,275,577
Non-controlling interests	(972)	(15,649)
	1,763,287	1,259,928



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,847,333	2,827,300
Investment properties		37,569	38,073
Interests in infrastructure project investments		1,634,554	1,489,188
Prepaid lease payments		270,953	273,022
Interests in joint ventures		3,460,890	3,449,034
Interests in associates		2,332,781	2,104,943
Concession operating rights		6,509,049	6,530,992
Deferred tax assets		227,049	187,320
Trademark, project backlogs and licenses		191,443	200,640
Goodwill		577,664	577,664
Available-for-sale investments		455,152	453,286
Amounts due from investee companies		399,999	411,838
Trade and other receivables	15	17,699,238	12,901,282
Deposit paid for an investment		261,017	–
Loan to a joint venture		955,696	804,918
		37,860,387	32,249,500



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000
CURRENT ASSETS			
Interests in infrastructure project investments		27,531	17,176
Inventories		66,911	160,289
Properties held for sale		51,315	66,544
Amounts due from customers for contract work		1,027,423	1,354,148
Trade and other receivables	15	11,100,484	12,542,067
Deposits and prepayments		510,088	461,585
Amounts due from joint ventures		1,573,655	1,342,025
Tax recoverable		3,068	11,559
Bank balances and cash		9,762,905	7,452,448
		24,123,380	23,407,841
Assets held for sale		10,974,746	10,921,766
		35,098,126	34,329,607



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000
CURRENT LIABILITIES			
Amounts due to customers for contract work		4,532,343	3,793,052
Trade payables, other payables and accruals	16	18,810,225	17,261,318
Deposits received and advances from customers		512,067	828,738
Amounts due to joint ventures		276,869	354,111
Amount due to an associate		26,480	26,480
Current tax payables		1,167,686	930,971
Dividend payables		601,863	–
Borrowings		1,111,503	587,269
Obligations under finance leases		994	998
		27,040,030	23,782,937
Liabilities directly associated with assets classified as held for sale		6,894,602	7,438,135
		33,934,632	31,221,072
NET CURRENT ASSETS			
		1,163,494	3,108,535
TOTAL ASSETS LESS CURRENT LIABILITIES			
		39,023,881	35,358,035



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000
CAPITAL AND RESERVES			
Share capital	17	100,310	100,310
Share premium and reserves		20,892,182	19,729,786
Equity attributable to owners of the Company		20,992,492	19,830,096
Non-controlling interests		163,811	167,566
		21,156,303	19,997,662
NON-CURRENT LIABILITIES			
Borrowings		12,843,998	10,361,804
Guaranteed notes payable		3,874,550	3,869,804
Deferred income		751,450	735,808
Deferred tax liabilities		394,495	389,477
Obligations under finance leases		3,085	3,480
		17,867,578	15,360,373
		39,023,881	35,358,035



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000 (note 17)	Share premium HK\$'000	Special reserve HK\$'000 (note a)	Capital redemption reserve HK\$'000 (note b)	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000 (note c)	Retained profits HK\$'000	Total HK\$'000			
At 1 January 2014, as previously presented	97,219	8,117,735	(1,440,128)	337	3,058	63,842	1,183,167	189,729	7,965,866	16,180,825	253,237	16,434,062	
Acquisition of China Overseas Ports Investment Company Limited ("COP") (note 2)	-	-	(408,985)	-	-	-	52,753	322	108,721	(247,189)	-	(247,189)	
At 1 January 2014, as restated	97,219	8,117,735	(1,849,113)	337	3,058	63,842	1,235,920	190,051	8,074,587	15,933,636	253,237	16,186,873	
Profit/(loss) for the period, as restated	-	-	-	-	-	-	-	-	1,458,997	1,458,997	(11,210)	1,447,787	
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	-	-	-	-	-	(7,162)	-	-	-	(7,162)	-	(7,162)	
Gain on fair value changes of available-for-sale investments, net of tax	-	-	-	-	-	408	-	-	-	408	-	408	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(176,666)	-	-	(176,666)	(4,439)	(181,105)	
Total comprehensive (loss)/income for the period, as restated	-	-	-	-	-	(6,754)	(176,666)	-	1,458,997	1,275,577	(15,649)	1,259,928	
Issue of ordinary shares upon exercise of share options	91	956	-	-	(224)	-	-	-	-	823	-	823	
Contribution from a former shareholder	-	-	527	-	-	-	-	-	-	527	-	527	
2013 final dividend declared	-	-	-	-	-	-	-	-	(467,088)	(467,088)	-	(467,088)	
Transfer to statutory reserve	-	-	-	-	-	-	-	20,866	(20,866)	-	-	-	
At 30 June 2014, as restated	97,310	8,118,691	(1,848,586)	337	2,834	57,088	1,059,254	210,917	9,045,630	16,743,475	237,588	16,981,063	
At 1 January 2015	100,310	9,437,027	(1,670,221)	337	2,866	58,726	1,074,454	211,223	10,615,574	19,830,096	167,566	19,997,662	
Profit for the period	-	-	-	-	-	-	-	-	1,765,347	1,765,347	1,338	1,766,685	
Gain on fair value changes of available-for-sale investments, net of tax	-	-	-	-	-	1,834	-	-	-	1,834	29	1,863	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(2,922)	-	-	(2,922)	(2,339)	(5,261)	
Total comprehensive income/(loss) for the period	-	-	-	-	-	1,834	(2,922)	-	1,765,347	1,764,259	(972)	1,763,287	
Contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	13	13	
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(2,796)	(2,796)	
2014 final dividend declared	-	-	-	-	-	-	-	-	(601,863)	(601,863)	-	(601,863)	
Transfer to statutory reserve	-	-	-	-	-	-	-	34,652	(34,652)	-	-	-	
At 30 June 2015	100,310	9,437,027	(1,670,221)	337	2,866	60,560	1,071,532	245,875	11,744,406	20,992,492	163,811	21,156,303	



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

Notes:

- (a) Special reserve arose from:
- (i) The balance of special reserve brought forward from prior years arose from the combinations of China State Construction Engineering (Hong Kong) Limited, Zetson Enterprises Limited and its subsidiaries, China Construction Engineering (Macau) Company Limited and its subsidiaries, China Overseas Insurance Limited, China Overseas Insurance Services Limited, COHL (Macao) Commercial and Industrial Company Limited, 深圳中海建築有限公司 and its subsidiary, China Overseas Public Utility Investment Limited and its subsidiaries, Fuller Sky Enterprises Limited, Value Idea Investments Limited, 陽泉市陽五高速公路投資管理有限公司, China Overseas Technology Holdings Limited and its subsidiaries, and COP and its subsidiaries under common control. The amount represents excess of considerations paid over the share capital of the acquired companies net of contribution from/(distribution to) the former shareholders in prior years.
 - (ii) During 2012, the Group obtained control over Far East Global Group Limited ("FEG") which then became the Group's subsidiary. Subsequent to the acquisition, a wholly-owned subsidiary of the Company, disposed of an aggregate of 45,500,000 shares of FEG at a price of HK\$1.26 per share through private placing to certain independent investors. As a result, the Group's shareholding in FEG was reduced from 76.2% to 74.1%. The partial disposal did not result in a loss of control and was thus accounted for as an equity transaction. Accordingly, the excess of approximately HK\$34 million, representing the difference between the cash consideration received for the disposal of partial interest in FEG of approximately HK\$57 million and carrying amount of the attributable share of net assets of FEG of approximately HK\$23 million, was credited to the special reserve.
- (b) Capital redemption reserve represents the amount by which the Company's issued share capital was diminished on cancellation of the ordinary shares repurchased.
- (c) Statutory reserve of the Group represents a general and development fund reserves applicable to the overseas and Mainland China subsidiaries which were established in accordance with the relevant regulations.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Net cash from operating activities	437,166	197,579
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(192,428)	(220,872)
Capital investment in a joint venture	(101,266)	(201,562)
Loan to a joint venture	(150,778)	(187,564)
Increase in interests in associates	(220,894)	(1,572,596)
Dividends received from joint ventures	264,415	45,981
Interests received	38,581	83,338
Increase in interests in infrastructure project investments	(45,709)	(80,624)
Acquisition of listed available-for-sale investments	–	(144,175)
Proceeds from disposal of listed available-for-sale investments	–	203,692
Dividends received from unlisted available-for-sale investments	9,619	7,369
Advances to joint ventures	(76,132)	–
Deposit paid for acquisition of an investment	(261,017)	–
Other investing cash flows	69,352	20,627
Net cash used in investing activities	(666,257)	(2,046,386)
FINANCING ACTIVITIES		
New bank loans raised	3,261,576	4,180,588
Repayment of bank loans	(255,408)	(188,353)
Finance costs paid and other financing cash flows	(489,529)	(379,204)
Net cash from financing activities	2,516,639	3,613,031



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Increase in cash and cash equivalents	2,287,548	1,764,224
Cash and cash equivalents at the beginning of the period	7,505,128	8,125,729
Effect of foreign exchange rate changes	(26,078)	(49,500)
CASH AND CASH EQUIVALENTS AT 30 JUNE	9,766,598	9,840,453
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENT		
Bank balances and cash	9,762,905	9,295,934
Cash and cash equivalents reclassified to assets held for sale	4,396	545,114
Less: Pledged bank deposits and deposits with financial institutions	(703)	(595)
	9,766,598	9,840,453

Note: The net cash generated from operating activities included net cash outflows of administrative expenses amounting to approximately HK\$437 million (corresponding period in 2014: HK\$198 million). Excluding the expenditure for the Build-Transfer ("BT") and Build-Operate-Transfer ("BOT") projects amounting to approximately HK\$1,746 million (corresponding period in 2014: HK\$1,813 million), the net cash generated from operating activities for the period was approximately HK\$2,183 million (corresponding period in 2014: HK\$2,011 million).



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

The principal activities of China State Construction International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are the construction business, project consultancy services, thermoelectricity business, infrastructure project investments, toll road operation and facade contraction business.

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”) with effect from 8 July 2005. Its immediate holding company is China Overseas Holdings Limited (“COHL”) (incorporated in Hong Kong) and its intermediate holding company and its ultimate holding company are China State Construction Engineering Corporation Limited (“CSCECL”), a joint stock company with its shares listed on the Shanghai Stock Exchange, and China State Construction Engineering Corporation (“CSCEC”), respectively, both of which are established in the People’s Republic of China (“PRC”) and controlled by the PRC Government. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the interim report.

(2) 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”).

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



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(2) BASIS OF PREPARATION (CONTINUED)

Acquisition of China Overseas Ports Investment Company Limited (“COP”)

In December 2014, Ever Power Group Limited (“Ever Power”), a wholly-owned subsidiary of the Company, completed the acquisition of COP, from China Overseas Holdings Limited (“COHL”), immediate holding company of the Company, including a shareholder’s loan to COP for 117,278,000 shares of the Company. The fair value of these shares was HK\$1,320,550,000 at the date of completion.

COP and its subsidiaries are engaged in logistics business and also own 60% equity interest in a joint venture, 中海港務(萊州)有限公司, which is principally engaged in port operation in Mainland China.

The transfer of the entire interests in COP, together with its subsidiaries (together the “COP Group”), was consider as a common control combination. Accordingly, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014, was prepared using the principle of Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA, as if they had been combined from the date when the COP Group first came under the control of the controlling party of the Group and COP Group.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(2) BASIS OF PREPARATION (CONTINUED)

Effect of application of common control combination

The effect of application of common control combination, in accordance with Accounting Guideline 5, on the Group's results for the six months ended 30 June 2014 by line items presented in the unaudited condensed consolidated income statement (extracts) and unaudited condensed consolidated cashflow statements (extracts) are as follows:

	For the six months ended 30 June 2014 HK\$'000 (as previously presented)	Effect of acquisition of COP Group HK\$'000	For the six months ended 30 June 2014 HK\$'000 (as restated)
Revenue	14,258,816	24,610	14,283,426
Costs of sales	(12,257,115)	(14,776)	(12,271,891)
Other income and other gains, net	266,849	36	266,885
Administrative expenses	(380,445)	(10,517)	(390,962)
Finance costs	(264,715)	(2,740)	(267,455)
Income tax expenses, net	(312,982)	(2,774)	(315,756)
Earnings per share (HK cents)			
Basic	37.66	(0.16)	37.50
Diluted	37.13	(0.16)	36.97



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(2) BASIS OF PREPARATION (CONTINUED)

Effect of application of common control combination (Continued)

	For the six months ended 30 June 2014 HK\$'000 (as previously presented)	Effect of acquisition of COP Group HK\$'000	For the six months ended 30 June 2014 HK\$'000 (as restated)
Net cash from operating activities	182,698	14,881	197,579
Net cash (used in)/from investing activities	(2,046,395)	9	(2,046,386)
Net cash from/(used in) financing activities	3,615,246	(2,215)	3,613,031



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(3) APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENT TO EXISTING STANDARDS

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 2014. The revised standard and improvements to existing standards, which are mandatory for the financial year beginning on or after 1 January 2015, are either currently not relevant to the Group or had no material impact on the Group's condensed consolidated financial statements.

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

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(3) APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENT TO EXISTING STANDARDS (CONTINUED)

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

(4) ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

(5) FINANCIAL RISK MANAGEMENT ESTIMATES

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in major risk factors that may significantly affect the Group's business nor any change in risk management policies since the last year end. This interim report does not include all financial risk management information and disclosures required in the annual report of the Company for the year ended 31 December 2014 ("2014 Annual Report"), and should be read in conjunction with the relevant disclosures in the 2014 Annual Report.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(5) FINANCIAL RISK MANAGEMENT ESTIMATES (CONTINUED)

During the period under review, the Group continued to step up its efforts in risk management and control. On the principles of stability, sustainability, high efficiency and low risk in the Group's business expansion and operation, a balance will be achieved among risks, resources and business exploration to ensure smooth operation of each segment.

(6) REVENUE

Revenue/turnover represents the revenue arising from construction contracts, interest income generated from Build-Transfer ("BT") projects, project consultancy services, thermoelectricity business, infrastructure project investments and toll road operation, facade contracting, sales of precast structures and building materials, machinery leasing, logistics services and insurance contracts.

An analysis of the revenue is as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Revenue from construction contracts	14,488,583	12,470,529
Revenue from construction contracts under service concession arrangements	40,954	–
Interest income generated from BT projects	679,347	474,385
Revenue from project consultancy services	129,628	104,544
Revenue from thermoelectricity business	363,937	364,696
Revenue from infrastructure project investments and toll road operation	193,768	142,291
Revenue from facade contracting business	814,102	614,370
Others (Note)	265,413	112,611
	16,975,732	14,283,426

Note: Revenue from others mainly comprises revenue from sales of precast structures and building materials, machinery leasing, logistics services and insurance contracts.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

(7) 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 geographical locations where the Group's subsidiaries operate, namely Hong Kong, Mainland China (other than Hong Kong and Macau), Macau and Overseas (mainly in the United Arab Emirates and India).

Far East Global Group Limited, 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 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 2015 and 2014 are as follows:

	Segment revenue		Gross profit/(loss)		Segment result	
	2015 HK\$'000	2014 HK\$'000 (restated)	2015 HK\$'000	2014 HK\$'000 (restated)	2015 HK\$'000	2014 HK\$'000 (restated)
Reportable segment						
Hong Kong	7,505,169	6,247,706	529,223	392,731	481,414	348,262
Mainland China	6,780,305	6,452,797	1,784,593	1,499,267	1,687,897	1,404,383
Macau	1,876,156	968,553	77,375	62,405	111,884	203,698
Overseas	-	-	(10,269)	(1,235)	(15,223)	(11,808)
FEG Group	814,102	614,370	125,573	58,367	42,970	(43,491)
	16,975,732	14,283,426	2,506,495	2,011,535	2,308,942	1,901,044
Unallocated corporate expenses					(80,743)	(75,837)
Non-recurring net income and other gains, net					1,471	20,395
Share of profits of joint ventures					167,906	171,639
Share of profits of associates					12,766	13,757
Finance costs					(293,580)	(267,455)
Profit before tax					2,116,762	1,763,543



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(8) OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Interest income on:		
Bank deposits	35,813	67,353
Debt securities	2,768	4,243
Imputed interest on amounts due from investee companies	5,711	7,159
Loan to a joint venture	55,969	11,742
Dividend income from:		
Unlisted available-for-sale investments	9,619	7,369
Gain on disposal of:		
Listed available-for-sale investments	–	11,096
Property, plant and equipment, net	4,008	1,815
Properties held for sale	24,269	139,134
Rental of properties	3,850	4,914
Service income	15,428	427
Others	9,951	11,633
	167,386	266,885



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

(9) FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Interest on bank loans wholly repayable within five years	129,897	114,911
Interest on bank loan not wholly repayable within five years	72,768	177,564
Interest on guaranteed notes payables wholly repayable within five years	66,022	66,725
Finance lease charges	143	140
Others	30,450	18,132
Total finance costs	299,280	377,472
Less: Amounts capitalised in concession operating rights	(5,700)	–
Amounts capitalised in amounts due from customers for contract work	–	(105,674)
Amounts capitalised in construction in progress	–	(4,343)
	293,580	267,455

(10) PROFIT BEFORE TAX

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	65,526	64,888
Depreciation of investment properties	504	503
Amortisation of prepaid lease payments	2,438	3,051
Amortisation of concession operating rights	71,128	71,128
Amortisation of trademark and project backlogs	9,198	12,978



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(11) INCOME TAX EXPENSES, NET

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
Current tax:		
Hong Kong	69,585	33,552
Other jurisdictions	306,833	315,110
	376,418	348,662
Under/(over)provision in prior years:		
Hong Kong	1,209	(166)
Other jurisdictions	8,295	(6,043)
	9,504	(6,209)
Deferred tax, net	(35,845)	(26,697)
Income tax expenses for the period, net	350,077	315,756

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.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

(12) DIVIDENDS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Dividends recognised as distributions during the period	601,863	467,088

In July 2015, the Company distributed 2014 final dividend of HK15.00 cents per share (2014: HK12.00 cents per share), amounting to approximately HK\$601,863,000 (2014: HK\$467,088,000).

The Board declared the payment of an interim dividend of 2015 of HK13.00 cents per share (2014: HK11.00 cents per share). A special dividend of HK2.00 cents per share for celebrating the 10th listing anniversary of the Company is also declared.

(13) 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	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	1,765,347	1,458,997
	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,012,418	3,890,299
Effect of dilutive potential ordinary shares in respect of share options	51,213	56,057
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,063,631	3,946,356



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(14) PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK\$192,428,000 (corresponding period in 2014: HK\$225,506,000) on the additions to property, plant and equipment.

(15) 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 invoice date or the terms of the related contracts, is as follow:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Trade receivables, net of allowance for doubtful debt, aged:		
0–30 days	5,018,804	5,373,856
31–90 days	3,668,522	3,030,702
Over 90 days	16,982,498	14,059,865
Retention receivables	25,669,824	22,464,423
Other receivables	2,176,659	2,025,904
	953,239	953,022
Trade and other receivables	28,799,722	25,443,349
Current Portion	(11,100,484)	(12,542,067)
Non-current portion (Note)	17,699,238	12,901,282

Note: The balances of the non-current portion were mainly attributable to certain affordable housing and infrastructure projects (trading under BT model) in Mainland China. The balances are secured by certain assets of the customers as collaterals and are interest bearing in accordance with the relevant contract terms. The amounts are expected to be gradually and fully recovered from the second half of 2016 to 2019, with approximately HK\$5,991,998,000 in the second half of 2016, HK\$9,310,518,000 in 2017, HK\$1,858,355,000 in 2018, HK\$538,367,000 in 2019. As a result, they are classified as non-current.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(15) TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the receivables aged over 90 days were receivables attributable to the affordable housing projects amounting to HK\$16,287,579,000 (31 December 2014: HK\$13,690,541,000).

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 2015, the amount of retention receivables expected to be recovered after more than one year was approximately HK\$910,770,000 (31 December 2014: HK\$1,111,393,000).

Except for the receivables arising from construction contracts, including affordable housing and infrastructure projects trading under BT model, which are billed and payable in accordance with the terms of relevant agreements, the Group generally allows an average credit period of not exceeding 90 days (2014: 90 days) to its trade customers and the retention receivables are recoverable upon the expiry of defect liability periods of construction.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(16) 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 2015 HK\$'000	31 December 2014 HK\$'000
Trade payables, aged:		
0–30 days	5,355,443	5,826,387
31–90 days	2,626,105	2,584,934
Over 90 days	3,642,210	2,729,907
Retention payables	11,623,758	11,141,228
Other payables and accruals	5,347,609	4,282,776
	1,838,858	1,837,314
	18,810,225	17,261,318

Other payables included in the other payables and accruals amounted to approximately HK\$1,786,394,000 (31 December 2014: HK\$1,794,661,000), 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 (2014: 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 2015, the amount of retention payables expected to be due after more than one year was approximately HK\$2,056,207,000 (31 December 2014: HK\$1,842,466,000).



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

(17) SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.025 each as at 30 June 2014 and 30 June 2015	60,000,000,000	1,500,000
Issued and paid up:		
Balance at 1 January 2014	3,888,744,651	97,219
Issue of ordinary shares upon exercise of share options	3,654,276	91
Balance at 30 June 2014	3,892,398,927	97,310
Issue of ordinary shares upon exercise of share options	2,740,705	69
Acquisition of subsidiaries and a joint venture	117,278,000	2,931
Balance at 31 December 2014 and 30 June 2015	4,012,417,632	100,310

(18) COMMITMENTS

At 30 June 2015 and 31 December 2014, the Group had the following commitments contracted but not provided for in the consolidated financial statements.

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Contracted but not provided for — construction in progress for property, plant and equipment	89,064	116,671



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(19) RELATED PARTY TRANSACTIONS

- (a) The Group had the following significant transactions with its intermediate holding company, fellow subsidiaries, associate and joint ventures during the period under review as follows:

Transactions	Six months end 30 June	
	2015 HK\$'000	2014 HK\$'000 (restated)
Intermediate holding company		
Construction costs	59,027	159,500
Revenue from construction contracts	262	–
Fellow subsidiaries		
Rental expenses	6,671	7,412
Security service payment	7,957	9,101
Revenue from construction contracts	106,497	–
Project consultancy service income	12,698	14,377
Insurance premium income	637	880
Design consultancy fee charge	–	724
Construction costs	506,795	230,468
Associate		
Purchase of construction materials	112,756	61,365
Revenue from construction contracts	182,817	–
Joint ventures		
Revenue from construction contracts	1,239,336	902,189
Rental income from lease of machinery	296	554
Purchase of materials	51,086	23,066
Sales of building materials	13,323	2,414
Insurance premium income	15,447	24,391
Construction costs	25,161	4,030



NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

(19) RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with Other State-Controlled Entities in Mainland China

Certain of the Group's business are operated in an economic environment currently predominated by entities directly or indirectly owned, controlled or significantly influenced by the PRC government. In addition, the Group is itself part of a larger group of companies under CSCEC which is controlled by the PRC government.

Apart from transactions with its intermediate holding company, fellow subsidiaries, associate and joint ventures of the Group, the Group has transactions with other state-controlled entities including but not limited to the following:

- Revenue from construction contracts
- Investment income
- Finance costs

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

Certain of the Company's subsidiaries had entered into various transactions with state-controlled entities, including general banking facilities transactions with certain banks and financial institutions which are state-controlled entities, in their ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.



OTHER INFORMATION

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board declared an interim dividend of HK13.00 cents per share (2014: HK11.00 cents per share) and a special dividend of HK2.00 cents per share for celebrating the 10th listing anniversary of the Company, both to shareholders whose names appear on the register of members of the Company on Friday, 18 September 2015. The interim dividend and special dividend will be payable on Monday, 5 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed and no transfer of shares will be registered on Friday, 18 September 2015, for the purpose of determining shareholders' entitlement to the interim dividend and special dividend.

In order to qualify for the interim dividend and special 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 4:30 p.m. on Thursday, 17 September 2015.

SHARE CAPITAL

The Company's total issued share capital as at 30 June 2015 was 4,012,417,632 ordinary shares of HK\$0.025 each ("Shares").

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Model Code"), were as follows.

As at 30 June 2015, Mr. Zhou Yong, Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew, Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See held 3,233,027; 3,300,000; 2,605,138; 167,471; 581,584; 913,569; 913,569; 913,569 and 913,569 shares of the Company respectively. All the shares held by the directors in the capacity of beneficial owners.



OTHER INFORMATION *(continued)*

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

As at 30 June 2015, Mr. Hung Cheung Shew held 17,095 shares in China Overseas Land & Investment Limited (an associated corporation of the Company); and 30,000 shares in Far East Global Group Limited (a non-wholly owned subsidiary of the Company). All the shares held by the director in the capacity of beneficial owner.

Save as disclosed above, as at 30 June 2015, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations.

As at 1 January 2015, the outstanding share options of the Company under the category of directors, employees and consultants are Nil; 35,520,224 and 16,659,383 respectively. During the reporting period, 45,678 share options of the Company were cancelled under the category of employees and no share options were exercised. As at 30 June 2015, the outstanding share options of the Company under the category of directors, employees and consultants are Nil; 35,474,546 and 16,659,383 respectively. The share options were granted on 14 September 2005 and the exercise price per share option is HK\$0.2254 (The exercise price per option on 14 September 2005 was HK\$1.03. The exercise price was adjusted to HK\$0.99 immediately after the completion of open offer on 10 September 2007. The exercise price was adjusted to HK\$0.2475 immediately after the share subdivision approved on 12 June 2008. The exercise price was adjusted to HK\$0.2345 immediately after the completion of rights issue on 1 September 2009. The exercise price was adjusted to HK\$0.2254 immediately after the completion of rights issue on 16 May 2011.). The vesting period is from 14 September 2005 to 13 September 2010 (both days inclusive) and the exercise period is from 14 September 2006 to 13 September 2015 (both days inclusive). 20% can be exercised annually ("Limit") from 14 September 2006. Unexercised portion of the Limit (if any) can be exercised in the remaining exercise period and will not be included in calculating the Limit of the relevant year. It can be fully exercised from 14 September 2010 to 13 September 2015 (both days inclusive). As at the latest practicable date prior to the printing of this interim report, the total number of outstanding share options of the Company under the share option scheme of the Company (the "Scheme") are 51,174,682. The total number of ordinary shares available for issue under the Scheme are 51,174,682, which represents approximately 1.3% of the issued shares of the Company. The Scheme shall be valid and effective for a period of 10 years commencing from the adoption date of the Scheme.



OTHER INFORMATION *(continued)*

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Save as the share options disclosed above, at no time during the six months ended 30 June 2015 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the register of substantial shareholders maintained by the Company under Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions of substantial shareholders in the shares of the Company

Name of shareholder	Capacity	Number of ordinary shares held	% of shares in issue ¹
China Overseas Holdings Limited ² ("COHL")	Beneficial owner	2,336,091,659	58.22
China State Construction Engineering Corporation Limited ³ ("CSCECL")	Interest of a controlled corporation/beneficial owner	2,336,091,659	58.22
China State Construction Engineering Corporation ⁴ ("CSCEC")	Interest of a controlled corporation/beneficial owner	2,336,091,659	58.22



OTHER INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

1. The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at 30 June 2015 (i.e. 4,012,417,632 ordinary shares).
2. Amongst the total number of 2,336,091,659 Shares held by COHL, 2,239,953,308 Shares was held as beneficial owner while the balance of 96,138,351 Shares was interests of controlled corporations.
3. COHL is a direct wholly-owned subsidiary of CSCECL, thus CSCECL is deemed by the SFO to be interested in 2,336,091,659 Shares directly owned by COHL.
4. CSCECL is a subsidiary of CSCEC, thus CSCEC is deemed by the SFO to be interested in 2,336,091,659 Shares indirectly owned by CSCECL.

Save as disclosed above, as at 30 June 2015, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



OTHER INFORMATION *(continued)*

CORPORATE GOVERNANCE

During the six months ended 30 June 2015, the Company has applied and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, 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.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a model code for securities transactions by directors and relevant employees (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code. After making enquiries by the Company, all directors confirmed that they have complied with the Securities Code during the six months ended 30 June 2015.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The Group's unaudited interim results for the six months ended 30 June 2015 have been reviewed by the Audit Committee which comprises four Independent Non-executive Directors.



OTHER INFORMATION *(continued)*

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2015, the Group's financial assistance to certain affiliated companies exceeded the assets rate to 8 per cent. A combined balance sheet of the affiliated companies as at 30 June 2015 is set out below:

	HK\$'000
Non-current assets	4,402,589
Current assets	4,157,926
Non-current liabilities	(1,705,310)
Current liabilities	(6,982,321)
Net liabilities	(127,116)
Equity and reserves	(127,116)

As at 30 June 2015, the Group shared the accumulated losses of these affiliated companies amounted to approximately HK\$211 million.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2014 Annual report are set out below:

Mr. Adrian David Li Man Kiu JP

- Resigned as an Alternate Independent Non-executive Director of San Miguel Brewery Hong Kong Limited.
- Resigned as an Independent Non-executive Director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd..



OTHER INFORMATION *(continued)*

CONTINUING CONNECTED TRANSACTIONS UNDER THE LISTING RULES

Refer to the page 83 to 88 of the Company's 2014 annual report.

All the continuing connected transactions were determined in the ordinary course of business on normal commercial terms and negotiated on an arm's length basis subject to the standard and systematic tender procedure of the Group.

In determining the pricing terms of the (i) CSCECL Sub-construction Engagement Agreement, (ii) COHL Construction Engagement Agreement, (iii) New Master CSC Group Engagement Agreement and (iv) FE-CSCECL Sub-construction Engagement Agreement, the Group will review the technical requirement, quantity and quality of works, costs information, pricing information of previous tenders and the possible risk factors associated with the project.

In determining the pricing terms of the New Master Security Services Agreement, the Group will take into account the market rate and condition, the number of services providers and the number of security guards.

In determining the pricing terms of the New Master Lease Agreement, the Group will take into account the open market rent of the comparable property in the same district.

In determining the pricing terms of the New Master Connection Services Agreement, the Group will take into account the coverage services provided, any other comparable services providers, the location, size, development status and cost of the connection.

In determining the pricing terms of the Master Design Consultancy Services Agreement, the Group will take into account the quantity and nature of design services provided and the number of services providers.



中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

香港灣仔軒尼詩道139號中國海外大廈28樓

28th Floor, China Overseas Building
139 Hennessy Road, Wanchai, Hong Kong

電話 Tel : 2823 7888

傳真 Fax : 2527 6782

網頁 Website : www.csci.com.hk

