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

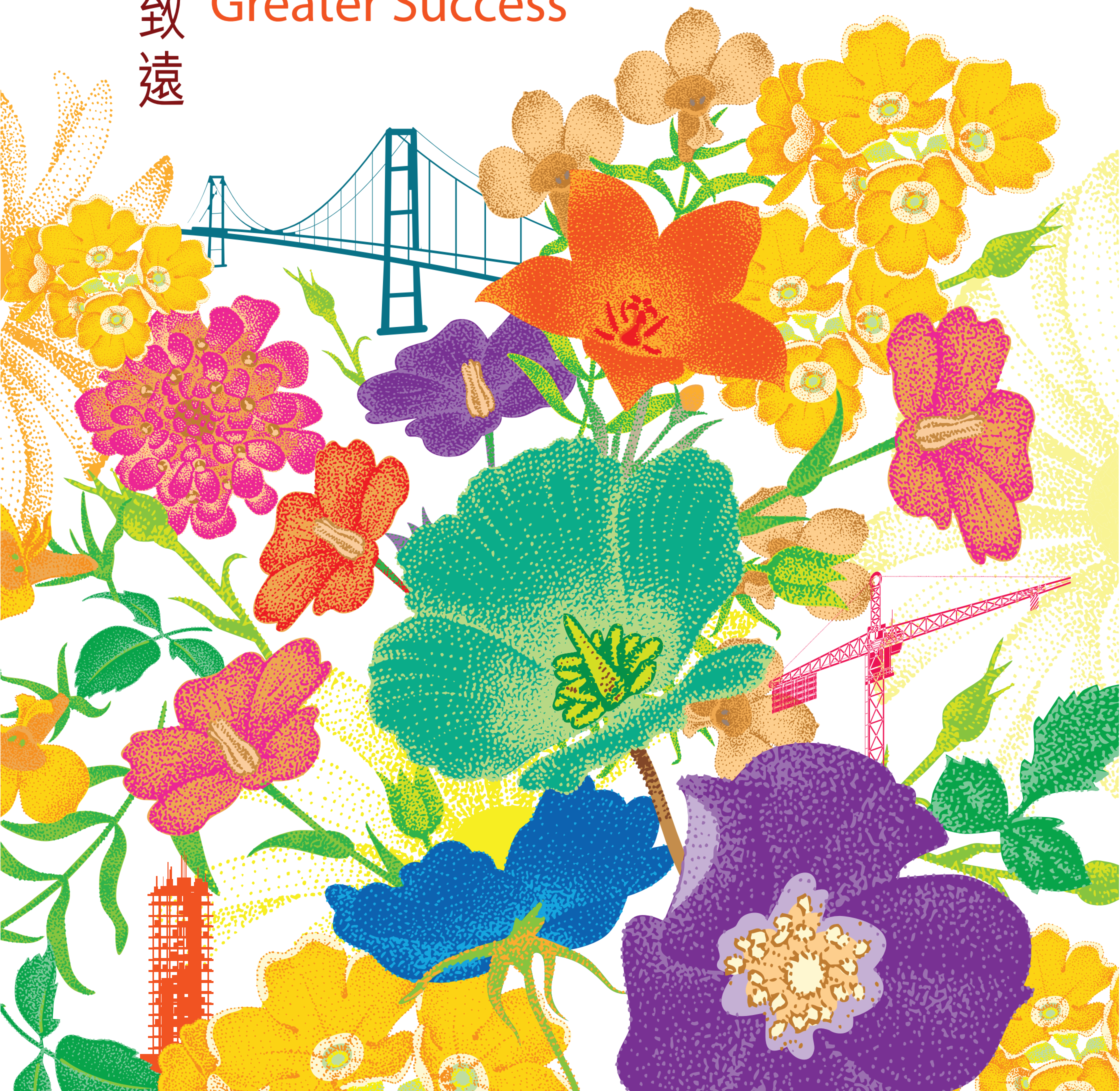
(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

Stock Code 股份代號:03311

2019
INTERIM REPORT
中期報告

慎微篤行
精築致遠

Exercise Caution in
Details and Implementation
Build a Strong Foundation to Seek
Greater Success



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Corporate Structure

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

MAINLAND CHINA

- Infrastructure Investment (PPP* and other models)
- Operation of Infrastructure Assets
- General Contracting and Prefabricated Construction
- Other Construction Related Business

HONG KONG

- Building Construction
- Civil Engineering Works
- Foundation Engineering Works
- Mechanical and Electrical Engineering Works
- Investment-driven Contracting Business
- Other Construction Related Business

MACAU

- Building Construction
- Foundation Engineering Works
- Mechanical and Electrical Engineering Works
- Investment-driven Contracting Business
- Other Construction Related Business

OTHERS

- Curtain Wall System**
- Operation Management Business**

* "PPP" — "Public-Private-Partnership"

** Operate through a listed subsidiary, China State Construction Development Holdings Limited (formerly known as "Far East Global Group Limited") (Stock Code: 00830)

BOARD OF DIRECTORS

(see Note below)

Chairman and Non-executive Director

Yan Jianguo

Executive Directors

Zhang Haipeng *(Chief Executive Officer)*
Tian Shuchen
Zhou Hancheng
Hung Cheung Shew

Independent Non-executive Directors

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

COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Note:

Dr. Raymond Ho Chung Tai ("Dr. Ho") retired as an independent non-executive director of the Company after the conclusion of the annual general meeting of the Company held on 3 June 2019. Following Dr. Ho's retirement, he ceased to be the chairman of the Audit Committee, member of the Remuneration Committee and member of the Nomination Committee of the Company.

Corporate Information

AUTHORISED REPRESENTATIVES

Yan Jianguo
Zhang Haipeng
Zhou Hancheng (Alternate Authorised Representative to Yan Jianguo)

COMPANY SECRETARY

Tse Sui Ha (resigned on 10 August 2019)
Ko Hiu Fung (appointed on 10 August 2019)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, 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

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
Industrial and Commercial Bank of China Ltd.
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

Guaranteed Notes (CSCFIN II N2211)

Hong Kong Stock Exchange: 05037
US$550,000,000 3.375% Guaranteed Notes due 2022 issued by China State Construction Finance (Cayman) II Limited

Guaranteed Notes (CSCFIN II N2711)

Hong Kong Stock Exchange: 05038
US$250,000,000 3.875% Guaranteed Notes due 2027 issued by China State Construction Finance (Cayman) II Limited

Senior Guaranteed Perpetual Capital Securities (CSC FIN SGPS)

Hong Kong Stock Exchange: 05462
US$500,000,000 6.0% Senior Guaranteed Perpetual Capital Securities issued by China State Construction Finance (Cayman) I Limited

WEBSITE

www.csci.com.hk

FINANCIAL CALENDAR

Closure of Register of Members — Interim Dividend
19 September 2019

2019 Interim Dividend Payable
3 October 2019

Steady Growth Driven by Innovation

REVIEW OF OPERATION

Since the beginning of 2019, the global economic has experienced a tortuous development with a risk of resurgence of crisis. In the first half of 2019, the growth of major economies has slowed down almost simultaneously. Central banks have been adjusting their monetary policy directions. The increasing volatility in currency liquidity and capital market, together with trade frictions among major economies, has once again cast a shadow over the recovery of global economy and trade.

Affected by factors such as shrinking trade and high cardinal effect, Hong Kong's economic growth in the first half of 2019 fell into trough since the 2008 financial tsunami. Economy of Macau also experienced a slowdown after a ten-consecutive-quarter growth. In the first half of 2019, economic progress in Mainland China maintained a generally stable trend. The economic growth rate in the first half of the year was 6.3%, remaining in a reasonable range and showing strong growth resilience, which laid a solid foundation for stable and healthy economic development for the full year.

Facing the complex and ever-changing external environment, the Group adheres to the corporate culture of "fighters" and the "customer-oriented" service tenet. While maintaining a steady growth in business performance, we also work hard on adjusting business structure and implementing strategic transformation with a proactive, pioneering and innovative attitude.

For the six months ended 30 June 2019, the Group's unaudited profit attributable to shareholders and revenue amounted to HK$2,862 million and HK$27,543 million, respectively, representing year-on-year growth of 13.5% and 1.6%, respectively. Earnings per share was HK56.68 cents, representing a year-on-year increase of 13.5%. The Board has declared an interim dividend of HK16 cents per share for the six months ended 30 June 2019, which represents a year-on-year growth of 6.7%.

Hong Kong and Macau Markets

The Lantau Tomorrow Vision proposed by the Chief Executive of Hong Kong in the 2018 Policy Address aims to address the issue of land shortage yet is expected to require a long period of preliminary work. During the year, the construction market in Hong Kong still focused on hospital projects, redevelopment of old districts, infrastructure projects such as Kowloon East and private developers' projects. Facing the intensified market competition, the Group fully utilized the competitive advantages and brand value in professional sector to continuously achieve new breakthroughs in government projects such as hospitals, and actively participated in the reconstruction of old districts to seize market opportunities. For the first half of the year, new contracts of HK$21,270 million were signed by the Group in Hong Kong, representing a significant increase of 33.9% as compared with the same period of last year.

The Macau economy has experienced a slowdown. Limited by land supply, private projects will remain low. However, the coming government projects such as the new reclamation area and public housing will bring new increments to the Macau market. There are also potential opportunities for gambling projects. For the first half of the year, new contracts of HK$10,110 million were signed by the Group in Macau, representing a significant increase of 52.5% as compared with the same period of last year.

Mainland China Market

In the first half of 2019, central ministries and commissions issued several policies and regulations to further strengthen the supervision of public-private-partnership projects ("PPP projects"), reducing the scale of shantytown redevelopment plan and strengthening the regulation of government investment by clear limits on capital expenses, repayment resources, etc.

In this context, although the growth rate of infrastructure investment has rebounded compared to the second half of 2018, it still remains at a relatively low level. Infrastructure investment has shifted to budgetary expenditures. Local governments are also actively exploring new models of infrastructure investment other than PPP projects. Development in models such as the interconnection of urban agglomerations, new type of infrastructure, industrial park projects, and government targeted repurchase projects open new development windows for the market. Based on the strategy of balance between scale growth and leverage-cash flow, the Group reduced the proportion of long-term project orders and proactively acquired legally compliant infrastructure projects with fast turnover and high yield. During the first half of the year, new contracts of HK$24,580 million were signed in Mainland China, representing a slight year-on-year decline, with a relatively shortened project cycle, which achieved the target of structural adjustment.

Curtain Wall Market

The curtain wall markets of Hong Kong and Macau have witnessed the launch of many large-scale business projects during the first half of the year, and it is expected that large-scale residential projects will be launched in Hong Kong during the second half of the year, providing more opportunities for curtain wall work. Although the curtain wall industry in Mainland China is large in scale, the competition is fierce.

CORPORATE GOVERNANCE

Through a clear corporate governance structure, the Group continuously strengthened Board functions and improved internal control, and strived to achieve sound operations by enhancing the competitiveness and risk control capabilities. To ensure that our Directors can continuously make contributions to the Board and its committees, the Group provides ongoing training and up-to-date information to our Directors, regularly updating their knowledge, skills and understanding of business and the markets in which the Group operates. During the first half of the year, the Group focused on the improvement of internal control management efficiency by optimizing the Company's decision-making and execution system, reviewing and revising several internal regulations, as well as strengthening and refining settings of internal control reporting and management information systems.

The optimized governance structure significantly improved the management and operation efficiency of the Group. The decisions to adjust business structure made at the beginning of the year based on judgement of each market were fully implemented, ensuring the completion of the operational objectives effectively.

Risk Management

The Board is responsible for setting the overall business strategy and objectives of the Company. It assesses and determines the nature and extent of risks, which it is willing to take in achieving strategic objectives, and ensures that the Group establishes and maintains appropriate and effective risk management and internal control system. Under the supervision of the Board, the management of the Group is responsible for designing, implementing and monitoring the risk management and internal control system, so that sufficient control measures can be ensured to safeguard the Group's assets and the interests of stakeholders.

To constantly identify risks and strengthen risk management of the Company, and establish risk awareness and control culture, the Group sets up the Risk Management Control Committee mainly in response to strategic risks, financial risks, market risks and operational risks, and implements risk management and optimizes its system with the support from audit and legal departments. It also assists the Board and the management to evaluate and review the deficiency and weakness of the system, examining and optimizing relevant mechanisms if necessary.

Financial Management

During the first half of the year, the Group's business operations and capital operations continued to develop effectively and synergistically, leading to achievements in financial innovation. After a successful initial issuance of US dollar guaranteed perpetual capital securities at the end of last year, the Group completed the first ever US$500 million asset securitization transaction in March 2019. As the first overseas asset securitization transaction in the history of China State Construction Group and China Overseas Group, it has great significance to revitalizing assets and is beneficial to the Company's healthy and stable development.

Following its operational objectives, the Group steadily controlled leverage and strengthened cash flow. The collected operating cash from Mainland China in the first half of the year amounted to HK10,510 million, a year-on-year increase of 31.5%, and the total operating cash outflow significantly decreased as compared to the corresponding period of last year, while the increase of interest-bearing liabilities dropped HK7,050 million compared with the same period of last year. As of 30 June 2019, the net lending ratio was controlled at 49.9%, dropped by 3.8 percentage points since the end of 2018.

Technological Innovation

The Group set up Technology Management Department at the end of last year to strengthen the management of technological innovation. During the first half of the year, the technology management system was comprehensively reviewed in detail. The Group proactively promotes system construction and increases investment in technology to support innovation development. In the first half of 2019, the Company's technological innovation work achieved remarkable results. A total of 8 national invention patents were approved, of which 7 were approved in Hong Kong. All these patents were technological equipment innovation achievements, bringing breakthroughs in intellectual property management.

Meanwhile, the Group combines technological innovation with green building, smart building and building industrialization to promote the transformation of technological achievements in related technical fields. The Group has promoted the technological achievements of "China Overseas' Research and Application of Key Technologies of Precast Concrete Buildings" in Mainland China since the beginning of this year. We will continue to innovate and participate in the plan submission in Hong Kong steel structure Modular Integrated Construction (MIC).

SOCIAL RESPONSIBILITY

In recent years, global concern for sustainable development continues to grow. The United Nations proposed 17 Sustainable Development Goals. The Chinese government subsequently issued the China's National Plan on Implementation of the 2030 Agenda for Sustainable Development to clarify its direction of driving sustainability agenda. As one of the pillar industries of the country, construction industry has played a significant role in promoting economic, environmental and social development and is also an important contributor to the implementation of sustainable development. The Group formulated guidelines and policies during the first half of the year to establish a systemic mechanism that guides regional offices to make contributions to sustainable development in their regional markets and more extensive areas.

The Group issues a sustainability report on an annual basis and improves the report based on social trend of sustainable development, fostering an "open and transparent" communication atmosphere which allows stakeholders to have deeper understanding of its sustainable development.

BUSINESS PROSPECTS

In the second half of 2019, sticking to the general principle of steady progress and the new concept of development, the Group will make an overall planning in accordance with the requirements of high-quality development, promoting stable growth, structural adjustment, reform and innovation, and risk prevention.

Business in Hong Kong and Macau

The Group will continue to maintain the leading scale of business in Hong Kong and Macau's construction market. In Hong Kong, we will actively bid for large-scale government projects and expand private projects such as private residential development and commercial buildings. In Macau, we will continue to follow up with large-scale government projects and bid for gaming projects to maintain the market share in large-scale construction market and will continue to focus on investment-driven contracting projects and explore opportunities in the reconstruction of old buildings. With the existing advantages of Hong Kong and Macau, we will seize market opportunities to engage in the construction of Guangdong-Hong Kong-Macao Greater Bay Area.

For the projects in hand, the Group will ensure timely high-quality deliverables to owners and strengthen our good reputation. With emphasis on technological innovation, we will continue to follow up with the Modular Integrated Construction (MIC) technology strongly promoted by the Hong Kong government and gradually upgrade the Company's site information management capabilities to a higher level.

Business in Mainland China

Based on the principle of "achieving large contract with small investment", the Group will further promote business transformation, increase investment in government targeted repurchase projects, and actively develop innovative projects. We will implement compliant construction plan and strengthen the construction of contract system. Meanwhile, our investment evaluation system will be standardized to improve investment expansion and evaluation efficiency. The Group will accelerate the deepening and improvement of the operation management system, strengthen the standardized management of projects, improve self-circulation and self-balance of funds, and allocate funds according to the Company's strategic plan to ensure implementation of business plans. We will reasonably arrange the financing scale of various industrial chains to ease the pressure on funds and steadily promote innovative financing. In the implementation of the projects, we will focus on works such as quality and schedule management, investment management and control, and fund recovery.

CSC Development Group

In respect of curtain wall business in Hong Kong and Macau, the Group will continue to expand markets with its good market reputation, brand influence, as well as quality and price advantages. For curtain wall business in Mainland China, taking "efficiency first, moderate scale" as development strategy, the Group will focus on quality owners and strengthen internal resource coordination to jointly develop high-end projects. We will also review the integrated development of the management system in North America, and focus on specific projects with large scale, good reputation and capability of owners to better centralize resources and create benefits. Policy study and market research will be strengthened for innovative business to promptly find the development direction. Suitable organizational structure and talent team will be set up to achieve business breakthroughs, bringing comprehensive transformation and upgrading of the Company's business.

While cultivating the existing market, the Group will also actively respond to the Belt and Road Initiative, and study the businesses in the United Kingdom, North America and Portugal in a steady and orderly manner. With the advantages of talents, experience and language in Hong Kong and Macau markets, we will further research on local policies and regulations, focusing on talent nurturing and localized management. The Group will carry out overseas business in accordance with the standard of "high turnover, light assets, controllable risks, moderate revenue", and strengthen coordination with other companies within China State Construction Group in striving to contribute to the performance of the Group.

ACKNOWLEDGEMENT

This year marks the 40th anniversary of the establishment of the Group. We will continue to adhere to the business philosophy of "exercise caution in details and implementation, build a strong foundation to seek greater success". We will strive for progress, innovation, deepened market and brand management, and step towards the goal of an "international comprehensive construction and infrastructure investment enterprises".

I would like to express my profound gratitude to the Board for its brilliant leadership, to the shareholders for their strong support, to other members of the community for their generous assistance, and to our staff for their hard work and dedication.

By Order of the Board
China State Construction International Holdings Limited
Yan Jianguo
Chairman and Non-executive Director

Hong Kong, 23 August 2019

OVERALL PERFORMANCE

For the six months ended 30 June 2019, the Group's profit attributable to owners of the company was HK$2,862 million, up by 13.5% compared to HK$2,522 million for the last period. The Group recorded revenue of HK$27,543 million, up by 1.6% compared to HK$27,106 million for the last period. Basic earnings per share was HK56.68 cents, representing an increase of 13.5% as compared with the same period of last year.

The Board declared an interim dividend of HK16.00 cents per share, the dividend payout ratio will be 28%.

As at 30 June 2019, the equity attributable to the owners of the Company reached HK$40,720 million, representing an increase of 5.9% as compared to 31 December 2018.

SEGMENT RESULT

Construction and related business — Hong Kong and Macau

Hong Kong's economic growth continues to slow down due to both internal and external factors. Against the increased market competition, the Group makes full use of its competitive advantages and brand value of the professional sector to continuously achieve new breakthroughs in government projects including hospitals, and actively participated in the private housing work. Revenue of Hong Kong segment recorded new high to HK$9,841 million (2018: HK$7,357 million), up by about 33.8%, segment result amounted to HK$712 million (2018: HK$520 million), up by about 36.9%.

Macau's economy has seen a correction, reported revenue of HK$2,655 million (2018: HK$4,016 million), dropped by about 33.9%, segment result amounted to HK$226 million (2018: HK$599 million), dropped by about 62.3%. The decrease was mainly attributable to the completion of a mega-sized contract in the first half of 2018.

Infrastructure Investment Projects and Construction Related Businesses — Mainland China

In the first half of 2019, central ministries and commissions issued several policies and regulations to further strengthen the supervision of Public-Private-Partnership ("PPP") projects, reduce the scale of shantytown redevelopment plan and strengthen the regulation of government investment, with clear limits on capital expenses, repayment resources, etc.

The Group strengthened the rectification and implementation of on hand project, and aimed for fast turnover and high yield project. With the ample order book, this segment recorded stable revenue of HK$13,475 million (2018: HK$14,109 million) and better result of HK$2,943 million (2018: HK$2,682 million), representing a growth of 9.7% year-on-year.

Infrastructure Investment Projects

Our investments in infrastructure projects span over different kinds of business, including investment and construction of toll road, toll bridge and a variety of housing project, such as affordable housing, hospital and school. We mainly participated in these infrastructure projects by way of PPP model. During the period under review, the Group received buy-back payment of HK$6,606 million from infrastructure investment project, including the attributable share of such payment received by our joint venture investments.

Infrastructure Investment Projects remained the core business and the major contributor of Mainland China. This sector reported total revenue and result of HK$12,856 million and HK$2,832 million, compared with HK$13,491 million and HK$2,582 million respectively for the corresponding period in 2018.

Operating Infrastructure Projects

The contribution from operating infrastructure projects, including thermoelectric plant and toll road remained relatively stable, excluding contribution from joint venture, this sector recorded revenue of HK$412 million, which was slightly lower than that of HK$480 million for the corresponding period in last year.

China State Construction Development Holdings Limited (formerly known as Far East Global Group Limited) ("CSC Development Group")

China State Construction Development Holdings Limited focused on the facade contracting business, general contracting business and project operation and management service business. CSC Development Group continues to expand its market with its good market reputation, brand influence, as well as quality and price advantages, which is reflected in the notable growth of result during the period under review.

Investment Income, Other Income and Other Gains, Net

Investment income, other income and other gains, net increase by 12.6% to HK$316 million, mainly attributable to the increase in interest income during the period under review.

Share of Profits of Joint Ventures

The Group mainly operates toll bridge and infrastructure investment projects in form of joint ventures. The share of profits of joint ventures are stable, amounting HK$320 million, as compared to HK$385 million for the same period of last year.

CORPORATE FINANCE

The Group has maintained a strong financial position with total assets of HK$146,603 million. Current assets were HK$67,257 million, representing 1.16 times the current liabilities. Shareholders' equity was HK$45,470 million as at 30 June 2019 (31 December 2018: HK$43,078 million). The increase was mainly attributable to the profit for the period of HK$3,015 million and distribution of HK$723 million during the period under review.

Financial position of the Group

(a) Bank Balances and Cash

At 30 June 2019, the Group had bank balances and cash of HK$21,035 million (31 December 2018: HK$17,926 million), representing 14.3% of the total assets of the Group. The portfolio of the currencies of bank deposits is listed as follow:

	30 June 2019 %	31 December 2018 %
Hong Kong Dollars	**40**	29
Renminbi	**44**	50
Macao Patacas	**10**	12
United States Dollars	**5**	8
Others	**1**	1

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.

(b) Borrowings

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. We are committed to seek for stable and low-cost financing, and increase the flexible use of funds between Mainland China and Hong Kong in order to enhance the effectiveness of capital usage.

During the period under review, the Group has net drawn down various new term loans, revolving loans, project loans or syndicated loans of an aggregate amount of HK$2,780 million.

At 30 June 2019, the total borrowings of the Group (including the unsecured guaranteed notes denominated in US dollars issued by the Group in November 2017) were HK$43,743 million of which, 21%, 15% and 63% of the borrowing were denominated in Hong Kong dollars, US dollars and Renminbi respectively. As Renminbi is fluctuated in recently years, the Group intend to increase the proportion of Renminbi finance in order to natural hedge with the exposure from the receipts of Mainland China business. Bank borrowings were mainly bearing interest at floating rates with reference to either Hong Kong Inter-bank Offered Rate ("HIBOR") or People's Bank of China ("PBOC") reference rate (overall the condition is favorable) while the Notes bear fixed interest rate.

The following table sets out the maturities of the Group's total borrowings as at 30 June 2019 and 31 December 2018:

	30 June 2019 HK$' million	31 December 2018 HK$' million
Bank and other borrowings		
On demand or within one year	**6,941**	2,796
More than one year but not exceeding two years	**8,120**	12,073
More than two years but not more than five years	**14,438**	13,336
More than five years	**8,031**	6,625
Total bank and other borrowings	**37,530**	34,830
Guaranteed notes payable	**6,213**	6,211
Total borrowings	**43,743**	41,041

At 30 June 2019, the Group had net borrowings of HK$22,708 million (31 December 2018: HK$23,115 million) and the Group's net gearing ratio was 49.9% (31 December 2018: 53.7%). This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current bank borrowings and unsecured guaranteed notes payable as shown in the consolidated statement of financial position) less cash and cash equivalents. At 30 June 2019, committed but unutilised credit facilities and other facilities like construction performance bond facilities amounted to HK$38,321 million.

(c) Cash flows analysis

As some infrastructure project are operated in PPP model, the buy-back period of PPP project is comparatively longer than that of traditional Build-transfer model, the net cash used in operating activities for the period was HK$1,406 million (2018: HK$3,994 million), included the net expenditure for infrastructure project amounting HK$933 million (2018: HK$5,194 million). The net cash outflow in investing activities was HK$955 million (2018: HK$3,918 million), and the net cash inflow from financing activities was HK$5,519 million (2018: HK$9,476 million).

Major event

On 11 March 2019, the Group entered into two sale and purchase agreements to dispose its intra-group loans and loans to associates with carrying amount of approximately HK$2,797,623,000 and HK$1,000,000,000 respectively to a joint venture company, with no material gain or loss from disposal. The Group owns 50% issued share capital of the joint venture company and another shareholder entered into a Shareholder Facility Agreement with the joint venture company to provide a shareholder loan up to maximum limit of US$800,000,000 to the joint venture company. The Group also entered into a Standby Letter of Credit Facility Agreement with the joint venture company, to provide the joint venture company up to a maximum limit of US$800,000,000 to fund the joint venture company's purchase of financial assets, to pay any interest shortfall (but not any repayment of principal) under the Shareholder Facility Agreement, and to pay any joint venture company's operating expenses incurred by the joint venture company.

Financial Risk Factors and Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate 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 2018 ("2018 annual report"), and should be read in conjunction with the relevant disclosures in the 2018 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 2019 HK$'000	2018 HK$'000
Revenue	7	**27,542,500**	27,105,613
Costs of sales		**(23,190,337)**	(23,000,814)
Gross profit		**4,352,163**	4,104,799
Investment income, other income and other gains, net	9	**315,908**	280,528
Administrative, selling and other operating expenses		**(770,652)**	(623,367)
Share of profits/(losses) of			
Joint ventures		**320,195**	384,923
Associates		**608,291**	(11,816)
Finance costs	10	**(1,104,213)**	(838,598)
Profit before tax	11	**3,721,692**	3,296,469
Income tax expenses, net	12	**(706,924)**	(753,205)
Profit for the period		**3,014,768**	2,543,264
Profit for the period attributable to:			
Owners of the Company		**2,861,645**	2,522,320
Holders of perpetual capital securities		**124,095**	—
Non-controlling interests		**29,028**	20,944
		3,014,768	2,543,264
Earnings per share (HK cents)	14		
Basic		**56.68**	49.96
Diluted		**56.68**	49.96

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Profit for the period	**3,014,768**	2,543,264
Other comprehensive income/(loss)		
Items that may be reclassified to consolidated income statement		
Gain/(loss) on fair value changes of debt securities at fair value through other comprehensive income, net of tax	**16,955**	(15,477)
Release of investment revaluation reserve to consolidated income statement upon disposal of debt securities at fair value through other comprehensive income	**5,506**	(109)
Exchange differences on translation of subsidiaries	**(12,608)**	(431,228)
Exchange differences on translation of joint ventures	**(4,971)**	(155,163)
Exchange differences on translation of associates	**(135)**	(9,644)
Items that may not be reclassified to consolidated income statement		
Gain on fair value change of equity securities at fair value through other comprehensive income, net of tax	**492**	14,429
Other comprehensive income/(loss) for the period, net of tax	**5,239**	(597,192)
Total comprehensive income for the period, net of tax	**3,020,007**	1,946,072
Total comprehensive income attributable to:		
Owners of the Company	**2,865,541**	1,936,818
Holders of perpetual capital securities	**124,095**	—
Non-controlling interests	**30,371**	9,254
	3,020,007	1,946,072

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2019 HK$'000 (unaudited)	31 December 2018 HK$'000 (audited)
Non-current Assets			
Property, plant and equipment	15	**4,687,477**	4,149,806
Investment properties		**4,691,270**	4,680,776
Interests in infrastructure project investments		**4,137,846**	3,680,414
Prepaid lease payments		**—**	367,032
Interests in joint ventures		**12,170,227**	11,709,355
Interests in associates		**6,635,137**	5,654,865
Concession operating rights		**4,070,584**	4,154,800
Deferred tax assets		**157,295**	198,830
Trademark, project backlogs and licenses		**299,748**	308,535
Goodwill		**577,664**	577,664
Financial assets at fair value through other comprehensive income		**538,148**	505,416
Amounts due from investee companies		**211,806**	211,806
Trade and other receivables	16	**40,174,824**	38,047,727
Loans to joint ventures		**993,593**	1,612,397
		79,345,619	75,859,423
Current Assets			
Interests in infrastructure project investments		**60,235**	45,811
Inventories		**310,345**	280,204
Properties under development		**2,163,593**	2,349,510
Properties held for sale		**887,773**	710,275
Contract assets		**11,324,217**	9,081,810
Trade and other receivables	16	**25,755,890**	25,321,390
Deposits and prepayments		**294,675**	265,530
Loans to joint ventures		**333,821**	338,024
Amounts due from joint ventures		**4,968,806**	3,781,326
Amount due from an associate		**113,482**	105,179
Tax recoverable		**9,096**	57,901
Bank balances and cash		**21,035,490**	17,925,708
		67,257,423	60,262,668

	Notes	30 June 2019 HK$'000 (unaudited)	31 December 2018 HK$'000 (audited)
Current Liabilities			
Contract liabilities		**7,222,581**	9,027,486
Trade payables, other payables and accruals	17	**39,043,341**	36,714,715
Deposits received		**35,099**	38,802
Amount due to immediate holding company		**1,000,325**	—
Amounts due to joint ventures		**1,313,287**	1,064,099
Amount due to an associate		**102,645**	102,645
Current tax payables		**4,015,039**	3,885,617
Dividend payables		**605,899**	—
Borrowings	18	**6,941,033**	2,795,832
Lease liabilities		**4,520**	—
Obligations under finance leases		**—**	793
		60,283,769	53,629,989
Net Current Assets		**6,973,654**	6,632,679
Total Assets less Current Liabilities		**86,319,273**	82,492,102

	Notes	**30 June 2019 HK$'000 (unaudited)**	31 December 2018 HK$'000 (audited)
Capital and Reserves			
Share capital	19	**126,229**	126,229
Share premium and reserves		**40,593,531**	38,328,139
Equity attributable to owners of the Company		**40,719,760**	38,454,368
Perpetual capital securities		**3,885,563**	3,878,468
Non-controlling interests		**865,143**	745,414
		45,470,466	43,078,250
Non-current Liabilities			
Borrowings	18	**30,589,169**	32,033,950
Guaranteed notes payables		**6,213,477**	6,210,963
Contract liabilities		**796,440**	740,010
Deferred tax liabilities		**430,311**	427,087
Lease liabilities		**73,415**	—
Loan from a joint venture		**2,745,995**	—
Obligations under finance leases		**—**	1,842
		40,848,807	39,413,852
		86,319,273	82,492,102

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital HK$'000 (note 19)	Share premium HK$'000	Special reserve HK$'000 (note a)	Capital redemption reserve HK$'000 (note b)	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000 (note c)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2018	126,229	20,540,459	(6,592,503)	337	54,529	(374,178)	296,518	24,036,238	38,087,629	375,282	38,462,911
Profit for the period	—	—	—	—	—	—	—	2,522,320	2,522,320	20,944	2,543,264
Loss on fair value changes of debt securities at fair value through other comprehensive income, net of tax	—	—	—	—	(15,477)	—	—	—	(15,477)	—	(15,477)
Release of investment revaluation reserve to consolidated income statement upon disposal of debt securities at fair value through other comprehensive income	—	—	—	—	(109)	—	—	—	(109)	—	(109)
Gain on fair value changes of equity securities at fair value through other comprehensive income, net of tax	—	—	—	—	14,429	—	—	—	14,429	—	14,429
Exchange differences on translation of subsidiaries	—	—	—	—	—	(419,538)	—	—	(419,538)	(11,690)	(431,228)
Exchange differences on translation of joint ventures	—	—	—	—	—	(155,163)	—	—	(155,163)	—	(155,163)
Exchange differences on translation of associates	—	—	—	—	—	(9,644)	—	—	(9,644)	—	(9,644)
Total comprehensive (loss)/income for the period	—	—	—	—	(1,157)	(584,345)	—	2,522,320	1,936,818	9,254	1,946,072
Capital contribution relating to share-based payment borne by an intermediate holding company	—	—	5,493	—	—	—	—	—	5,493	—	5,493
Contribution from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	118,058	118,058
Changes in ownership interests in subsidiaries	—	—	(25,975)	—	—	—	—	—	(25,975)	25,975	—
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(5,591)	(5,591)
Transfer to statutory reserve	—	—	—	—	—	—	244,930	(244,930)	—	—	—
2017 final dividend declared	—	—	—	—	—	—	—	(1,009,831)	(1,009,831)	—	(1,009,831)
At 30 June 2018	126,229	20,540,459	(6,612,985)	337	53,372	(958,523)	541,448	25,303,797	38,994,134	522,978	39,517,112

	Attributable to owners of the Company											
	Share capital HK$'000 (note 19)	Share premium HK$'000	Special reserve HK$'000 (note a)	Capital redemption reserve HK$'000 (note b)	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000 (note c)	Retained profits HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2019	126,229	20,540,459	(6,602,073)	337	55,969	(2,732,252)	544,829	26,520,870	38,454,368	3,878,468	745,414	43,078,250
Profit for the period	–	–	–	–	–	–	–	2,861,645	2,861,645	124,095	29,028	3,014,768
Gain on fair value changes of debt securities at fair value through other comprehensive income, net of tax	–	–	–	–	16,955	–	–	–	16,955	–	–	16,955
Release of investment revaluation reserve to consolidated income statement upon disposal of debt securities at fair value through other comprehensive income	–	–	–	–	5,506	–	–	–	5,506	–	–	5,506
Gain on fair value changes of equity securities at fair value through other comprehensive income, net of tax	–	–	–	–	492	–	–	–	492	–	–	492
Exchange differences on translation of subsidiaries	–	–	–	–	–	(13,951)	–	–	(13,951)	–	1,343	(12,608)
Exchange differences on translation of joint ventures	–	–	–	–	–	(4,971)	–	–	(4,971)	–	–	(4,971)
Exchange differences on translation of associates	–	–	–	–	–	(135)	–	–	(135)	–	–	(135)
Total comprehensive income/(loss) for the period	–	–	–	–	22,953	(19,057)	–	2,861,645	2,865,541	124,095	30,371	3,020,007
Capital contribution relating to share-based payment borne by an intermediate holding company	–	–	5,750	–	–	–	–	–	5,750	–	–	5,750
Contribution from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	89,358	89,358
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(117,000)	–	(117,000)
Transfer to statutory reserve	–	–	–	–	–	–	1,328	(1,328)	–	–	–	–
2018 final dividend declared	–	–	–	–	–	–	–	(605,899)	(605,899)	–	–	(605,899)
At 30 June 2019	126,229	20,540,459	(6,596,323)	337	78,922	(2,751,309)	546,157	28,775,288	40,719,760	3,885,563	865,143	45,470,466

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 China Overseas Ports Investment Company Limited and its subsidiaries under common control. In 2016, the Group acquired Precious Deluxe 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 China State Construction Development Holdings Limited (formerly known as Far East Global Group Limited) ("CSC Development Group") 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 CSC Development Group at a price of HK$1.26 per share through private placing to certain independent investors. As a result, the Group's shareholding in CSC Development Group 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 HK$34 million, representing the difference between the cash consideration received for the disposal of partial interest in CSC Development Group of HK$57 million and carrying amount of the attributable share of net assets of CSC Development Group of HK$23 million, was credited to the special reserve.

(iii) During 2016, the CSC Development Group further acquired 38.63% of equity interests in Gamma North America, Inc. through conversion of shareholder's loans. The net liability value of Gamma North America, Inc. of HK$229,666,000 has been transferred from non-controlling interests to special reserve in equity.

(iv) During 2018, the Group disposed its wholly owned subsidiary, 中海監理有限公司 and its subsidiary to CSC Development Group resulted in an addition of 25.94% non-controlling interest. The net assets value of 中海監理有限公司 and its subsidiary of HK$25,975,000 has been transferred from special reserve in equity to non-controlling interests.

Notes: (continued)

(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	
	2019	2018
	HK$'000	HK$'000
Net cash used in operating activities	**(1,405,552)**	(3,993,896)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(403,836)**	(246,443)
Purchase of properties under development	**—**	(800,000)
Capital investment in joint ventures	**(420,361)**	(1,174,122)
Net movement of joint ventures current accounts	**(1,022,780)**	(1,419,589)
Net movement of loans to joint ventures	**682,771**	—
Dividends received from joint ventures	**274,713**	71,411
Increase in interests in associates	**(1,438,275)**	(735,978)
Dividends received from associates	**1,109,072**	184,680
Advance from an associate	**2,280**	12,049
Interests received	**128,728**	75,164
Other investing cash flows	**132,792**	114,967
Net cash used in investing activities	**(954,896)**	(3,917,861)
FINANCING ACTIVITIES		
New bank loans raised	**13,752,398**	14,372,056
Repayment of bank loans	**(10,972,605)**	(294,804)
Loan from a joint venture	**2,781,600**	—
Advance from immediate holding company	**1,000,000**	—
Repayment of guaranteed note payable	**—**	(3,900,000)
Finance costs paid and other financing cash flows	**(1,042,030)**	(701,048)
Net cash from financing activities	**5,519,363**	9,476,204
Increase in cash and cash equivalents	**3,158,915**	1,564,447
Cash and cash equivalents at the beginning of the period	**17,924,196**	17,570,868
Effect of foreign exchange rate changes	**(52,711)**	(92,117)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**21,030,400**	19,043,198

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**21,035,490**	19,045,090
Less: Pledged bank deposits and deposits with financial institutions	**(5,090)**	(1,892)
	21,030,400	19,043,198

Note: During the period, the Group has undertaken a number of infrastructure investment projects. The net expenditure for infrastructure investment projects (i.e. the difference between the cash generated from and used in the construction of infrastructure projects) have been decreased from HK$5.19 billion in six months ended 30 June 2018 to HK$0.93 billion in current period.

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 Group Limited ("CSCGL"), 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 instrument and investment properties, which are measured at fair values.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS AND INTERPRETATION

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 2018 except for the adoption of amendments and improvements to existing HKAS and new Hong Kong Financial Reporting Standard ("HKFRS") effective for the financial year ending 31 December 2019.

In the current interim period, the Group has applied, for the first time, the following amendments and improvements to existing HKAS and new HKFRS issued by the HKICPA which are relevant to the Group:

Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK (IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The application of the above new standards, amendments and improvements to existing standards and interpretation in the current period has had no material impact on the Group's results and financial position, except HKFRS 16 "Leases". As a result of adopting the standards, the Group had to change its accounting policies. The impact of adoption is disclosed in Note 4.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS AND INTERPRETATION (CONTINUED)

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

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Business combinations[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual periods beginning on or after 1 January 2021
[3] The mandatory effective date will be determined

The Group will adopt the above new standards, amendments and improvements to existing standards and interpretation as and when they become effective. None of the above is expected to have a significant effect on the consolidated financial statements of the Group.

4. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019 in below.

HKFRS 16 "Leases"

The Group has adopted HKFRS 16 from 1 January 2019. HKFRS 16 establishes new accounting requirements on leases which lead to the recognition of lease transactions in lessees' financial statements. HKFRS 16 focuses on whether an arrangement contains a lease or a service agreement and introduces a substantial change to lessee accounting. The previous distinction between operating and finance leases is eliminated for lessee. A right-of-use asset (representing the right to use the leased asset for the lease term) and a lease liability (representing the obligation to pay rentals) are recognised for all leases. The lessor accounting largely remains unchanged.

In accordance with the transition provisions of HKFRS 16, the Group has adopted the modified retrospective application for existing leases at 1 January 2019 with certain transition reliefs.

Under the modified retrospective approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of HKFRS 16 is the first day of the annual reporting period in which the Group first applies the requirement of HKFRS 16, i.e. 1 January 2019; and (iii) the Group will recognise the cumulative effect of initially applying the guidance as an adjustment to the opening balance of the consolidated statement of financial position in the year of adoption, i.e. as at 1 January 2019.

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 "Leases" (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 "Leases" (Continued)

The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. It is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Payments associated with short-term leases of twelve months or less and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group is a lessee of certain premises and properties which are currently classified as operating leases. HKFRS 16 provides a new provision for the accounting treatment of leases when the Group is the lessee, and provides that almost all leases should be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Short-term leases of twelve months or less and leases of low-value assets are exempted from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position.

For leases previously classified as operating leases, the Group has elected to measure the right-of-use assets at the amounts equal to the lease liabilities adjusted by any prepaid or accrued lease payments. As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK$145,629,000. For those leases previously classified as finance leases, the right-of-use assets and lease liabilities are measured at the date of initial application at the same amounts as under HKAS 17 immediately before the date of initial application. Accordingly, no adjustments were recognised to the opening balance of retained profits at the date of initial application.

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 "Leases" (Continued)

The Group applied the following practical expedients on transition to HKFRS 16 for those leases which were previously classified as operating leases under HKAS 17.

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the recognition exemption for leases for which the lease term ends within 12 months of the date of initial application
- Applied the recognition exemption for leases of low value assets
- Excluded the initial direct costs from the measurement of the right-of-use assets
- Used hindsight in determining lease term if the contract contained an option to extend or terminate the lease

Upon the adoption of HKFRS 16, the Group reclassified the assets under finance leases (mainly land and buildings and motor vehicles) from property, plant and equipment and prepaid lease payments under operating leases to right-of-use assets and the liabilities under obligations under finance leases to lease liabilities for presentation purpose.

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 "Leases" (Continued)

The table below explains the difference between operating lease commitments disclosed at 31 December 2018 by applying HKAS 17 and lease liabilities recognised at 1 January 2019 by applying HKFRS 16:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	145,629
Discounted using the lessee's incremental borrowing rate of at the date of initial application*	140,595
Add: finance lease liabilities recognised as at 31 December 2018	2,635
Less: adjustments as a result of a different treatment of extension and termination options	(51,880)
Lease liability recognised as at 1 January 2019	91,350
Of which are:	
Current lease liabilities	7,176
Non-current lease liabilities	84,174
	91,350

* The weighted average incremental borrowing rate was 4.81% for Mainland China and 3.68% for the rest of the regions.

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 "Leases" (Continued)

The table below summarises the impact on the adoption of HKFRS 16:

	At 1 January 2019 HK$'000
Decrease in property, plant and equipment — land and buildings and motor vehicles	33,491
Decrease in prepaid lease payments	367,032
Increase in property, plant and equipment — right-of-use assets	489,238
Decrease in finance lease payables — current	793
Decrease in finance lease payables — non-current	1,842
Increase in lease liabilities — current	7,176
Increase in lease liabilities — non-current	84,174

	For the six months ended 30 June 2019 HK$'000
Decrease in administrative, selling and other operating expenses	**14,997**
Increase in depreciation and amortisation	**13,922**
Increase in finance costs	**1,859**

5. 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 2018.

6. FINANCIAL RISK MANAGEMENT ESTIMATES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate 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 2018 ("2018 Annual Report"), and should be read in conjunction with the relevant disclosures in the 2018 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.

7. REVENUE

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

An analysis of the revenue is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Revenue from construction contracts	**12,433,320**	11,248,967
Revenue from infrastructure investments projects (note (a))	**12,872,306**	13,490,952
Revenue from facade contracting business	**1,441,775**	1,542,361
Revenue from infrastructure operation (note (b))	**412,213**	480,614
Others (note (c))	**382,886**	342,719
	27,542,500	27,105,613

7. REVENUE (CONTINUED)

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Revenue from contract with customers (note (d))		
— Revenue from construction contracts	**12,433,320**	11,248,967
— Revenue from infrastructure investment projects	**11,656,322**	12,468,516
— Revenue from facade contracting business	**1,441,775**	1,542,361
— Revenue from infrastructure operation	**412,213**	480,614
— Others (note (e))	**299,021**	189,048
	26,242,651	25,929,506
Revenue from other sources		
— Interest income generated from infrastructure investment projects	**1,215,984**	1,022,436
— Others (note (f))	**83,865**	153,671
	1,299,849	1,176,107
	27,542,500	27,105,613

7. REVENUE (CONTINUED)

Notes:

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

(b) Revenue from infrastructure operation comprise of revenue from thermoelectricity business and toll road operation.

(c) Revenue from others mainly comprise of revenue from project consultancy services, sales of building materials, machinery leasing, logistics services, insurance contracts and rental income from investment properties.

(d) The revenue recognised for the period ended 30 June 2019 and 2018 are recognised over time, except for toll road operation of approximately HK$80,531,000 (2018: HK$109,609,000).

(e) Revenue from others mainly comprise of revenue from project consultancy services, sales of building materials and logistics services.

(f) Revenue from others mainly comprise of revenue from machinery leasing, insurance contracts and rental income from investment properties.

8. 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 Mainland China (other than Hong Kong and Macau), Hong Kong, Macau and Overseas (mainly in the United Arab Emirates and India) for the period ended 30 June 2019 and 2018.

8. SEGMENTAL INFORMATION (CONTINUED)

China State Construction Development Holdings Limited (formerly named as 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 "CSC Development Group"), is currently managed by a separate business team. The chief operating decision maker regards the CSC Development 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 2019 and 2018 are as follows:

	Segment revenue		Gross profit		Segment result	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Reportable segments						
Mainland China	**13,475,074**	14,109,112	**3,185,221**	2,862,097	**2,943,175**	2,681,648
Hong Kong and Macau	**12,496,158**	11,373,132	**910,431**	1,065,410	**938,402**	1,119,307
Hong Kong	**9,841,103**	7,356,967	**670,412**	475,381	**711,923**	520,347
Macau	**2,655,055**	4,016,165	**240,019**	590,029	**226,479**	598,960
Overseas	**–**	—	**–**	—	**(3,093)**	(3,275)
CSC Development Group	**1,571,268**	1,623,369	**256,511**	177,292	**168,189**	70,015
	27,542,500	27,105,613	**4,352,163**	4,104,799	**4,046,673**	3,867,695
Share of revenue/results of joint ventures	**968,904**	1,236,101			**320,195**	384,923
Total	**28,511,404**	28,341,714			**4,366,868**	4,252,618
Unallocated corporate expenses					**(149,254)**	(105,735)
Share of profits of associates					**608,291**	(11,816)
Finance costs					**(1,104,213)**	(838,598)
Profit before tax					**3,721,692**	3,296,469

9. INVESTMENT INCOME, OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Interest income on:		
Bank deposits	**119,748**	68,056
Debt securities	**8,980**	7,108
Imputed interest on amounts due from investee companies	**—**	3,873
Loans to joint ventures	**41,713**	13,994
Loans to associates	**61,210**	16,326
Dividend income from:		
Equity securities	**31,118**	24,226
Gain on disposal of:		
Debt securities	**5,506**	—
Property, plant and equipment, net	**6,326**	268
Service income	**21,623**	113,201
Others	**19,684**	33,476
	315,908	280,528

10. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Interest on bank loans	**893,408**	674,552
Interest on guaranteed notes payables	**112,371**	139,997
Interest on amount due to immediate holding company	**325**	—
Interest on loan from a joint venture	**70,505**	—
Interest on lease liabilities	**1,920**	—
Finance lease charges	**—**	99
Others	**25,684**	23,950
	1,104,213	838,598

11. PROFIT BEFORE TAX

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**116,667**	76,414
Amortisation of prepaid lease payments	**—**	3,837
Amortisation of concession operating rights	**86,088**	109,863
Amortisation of trademark and licences	**8,863**	9,054

12. INCOME TAX EXPENSES, NET

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Current tax:		
Hong Kong	**75,720**	130,983
Other jurisdictions	**692,979**	634,671
	768,699	765,654
Overprovision in prior years:		
Hong Kong	**(89,674)**	(23,347)
Other jurisdictions	**(16,615)**	(9,495)
	(106,289)	(32,842)
Deferred tax, net	**44,514**	20,393
Income tax expenses for the period, net	**706,924**	753,205

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.

13. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Dividends recognised as distributions during the period	**605,899**	1,009,831

In July 2019, the Company distributed 2018 final dividends of HK12.00 cents per share (2018: HK20.00 cents per share) amounting to approximately HK$605,899,000 (2018: HK$1,009,831,000).

The Board declared the payment of an interim dividend of 2019 of HK16.00 cents per share (2018: interim dividend of HK15.00 cents per share).

14. 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	
	2019	2018
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**2,861,645**	2,522,320

	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**5,049,157**	5,049,157

No diluted earnings per share are presented as the Company did not have any diluted potential ordinary shares during the period ended 30 June 2019 and 30 June 2018.

15. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK$403,836,000 (corresponding period in 2018: HK$246,443,000) on the additions to property, plant and equipment.

16. 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 term of the related contracts, is as follow:

	30 June 2019 HK$'000	31 December 2018 HK$'000
Trade receivables, net of allowance for doubtful debt, aged:		
0–30 days	**6,762,419**	7,160,723
31–90 days	**3,233,974**	4,287,398
Over 90 days	**48,614,036**	45,180,936
	58,610,429	56,629,057
Retention receivables	**5,127,053**	4,386,552
Other receivables	**2,193,232**	2,353,508
Trade and other receivables	**65,930,714**	63,369,117
Current Portion	**(25,755,890)**	(25,321,390)
Non-current portion (Note)	**40,174,824**	38,047,727

Note: The balances of the non-current portion were mainly attributable to certain infrastructure investment projects (trading under PPP model) in Mainland China. Certain balances are secured by the collateral from employers and interest bearing in accordance with the relevant contract terms. The amount is expected to be gradually and fully recovered from the second half of 2020 to 2025, with approximately HK$8,862,737,000 in the second half of 2020, HK$18,597,695,000 in 2021, HK$7,240,409,000 in 2022 and HK$5,473,983,000 in 2023 to 2025. As a result, they are classified as non-current.

Included in the receivables aged over 90 days are receivables attributable to the infrastructure investment projects amounting to approximately HK$44,748,245,000 (31 December 2018: HK$42,066,594,000).

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 2019, the amount of retention receivables expected to be recovered after more than one year was approximately HK$2,894,311,000 (31 December 2018: HK$2,970,715,000).

Except for the receivables arising from construction contracts, including infrastructure investment projects trading under PPP model which are billed and payable in accordance with the terms of relevant agreements, the Group generally allows an average credit period of not exceeding 90 days (2018: 90 days) to its trade customers and the retention receivables are recoverable upon the expiry of defect liability periods of construction.

17. 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 2019 HK$'000	31 December 2018 HK$'000
Trade payables, aged:		
0–30 days	**12,683,902**	12,472,392
31–90 days	**2,998,558**	2,912,983
Over 90 days	**5,438,510**	5,209,148
	21,120,970	20,594,523
Retention payables	**13,650,578**	12,551,670
Other payables and accruals	**4,271,793**	3,568,522
	39,043,341	36,714,715

Other payables included in the other payables and accruals comprise primarily staff cost, other tax and other operating expenses payables.

17. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (CONTINUED)

The average credit period on trade and construction cost payables is 60 days (2018: 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 2019, the amount of retention payables expected to be due after more than one year was approximately HK$4,105,430,000 (31 December 2018: HK$4,090,277,000).

18. BORROWINGS

	30 June 2019 HK$'000	31 December 2018 HK$'000
Bank loans, secured	**7,628,672**	7,101,428
Bank loans, unsecured	**29,901,530**	27,728,354
	37,530,202	34,829,782
Less: Amount due within one year shown under current liabilities	**(6,941,033)**	(2,795,832)
Amount due after one year	**30,589,169**	32,033,950
Carrying amount repayable:		
Within one year	**6,941,033**	2,795,832
More than one year but not exceeding two years	**8,120,181**	12,073,222
More than two years but not more than five years	**14,438,454**	13,335,877
More than five years	**8,030,534**	6,624,851
	37,530,202	34,829,782

18. BORROWINGS (CONTINUED)

The fair values of borrowings approximate their carrying amounts as the impact of discounting is not significant.

The secured bank loans including the bank loans with assets pledged as securities to the banks. The unsecured bank loans including the bank loans with financial undertaking is required to fulfill by the Group to the banks.

Borrowings are dominated in the following currencies:

	30 June 2019 HK$'000	31 December 2018 HK$'000
HK$	**9,368,299**	10,270,915
RMB	**27,718,168**	24,119,792
Canadian Dollar ("CAD")	**23,063**	15,221
US$	**420,672**	423,854
	37,530,202	34,829,782

The effective interest rates of borrowings are as follows:

	30 June 2019				31 December 2018			
	HK$ %	**RMB %**	**CAD %**	**US$ %**	HK$ %	RMB %	CAD %	US$ %
Bank loans, secured	**—**	**5.05**	**4.24**	**—**	—	4.99	4.24	—
Bank loans, unsecured	**3.06**	**4.97**	**4.45**	**5.02**	3.06	4.91	4.45	5.02

19. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.025 each	60,000,000,000	1,500,000
Issued and paid up:		
Balance at 31 December 2018 and 30 June 2019	5,049,156,668	126,229

20. COMMITMENTS

At 30 June 2019 and 31 December 2018, the Group had the following commitments contracted but not provided for in the consolidated financial statements.

	30 June 2019 HK$'000	31 December 2018 HK$'000
Contracted but not provided for		
— construction in progress for property, plant and equipment	**7,771**	30,475

21. RELATED PARTY TRANSACTIONS

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

Transactions	Six months end 30 June 2019 HK$'000	 2018 HK$'000
Intermediate holding company		
Revenue from construction contracts	**647,517**	9,903
Immediate holding company		
Interest expense	**325**	—
Fellow subsidiaries		
Rental income	**4,030**	2,139
Rental expenses	**748**	—
Security service payment	**5,867**	4,158
Revenue from construction contracts	**257,872**	1,316,692
Project consultancy service income	**18,592**	32,803
Insurance premium income	**958**	565
Construction costs	**5,267,467**	6,343,744
Associates		
Purchase of construction materials	**72,980**	120,036
Revenue from construction contracts	**1,105,262**	1,622,717
Interest income	**61,210**	16,326
Management fee income	**18,003**	13,295
Joint ventures		
Revenue from construction contracts	**4,012,095**	5,006,623
Rental income from lease of machinery	**837**	306
Purchase of materials	**52,179**	41,832
Sales of building materials	**—**	3,770
Insurance premium income	**1,187**	10,420
Construction costs	**15,101**	325,860
Management fee income	**401**	—
Interest income	**41,713**	13,994

21. 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 CSCGL 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.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK16 cents per share (2018: HK15 cents per share) to shareholders whose names appear on the register of members of the Company on Thursday, 19 September 2019. The interim dividend will be payable on Thursday, 3 October 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed and no transfer of shares will be registered on Thursday, 19 September 2019, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 18 September 2019.

SHARE CAPITAL

The Company's total issued share capital as at 30 June 2019 was 5,049,156,668 ordinary shares of HK$0.025 each ("Shares").

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, the interests of the Directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (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 2019, Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Hung Cheung Shew, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See respectively held 4,000,000; 2,930,780; 591,584; 1,027,765; 813,569; and 1,027,765 Shares, representing 0.079%; 0.058%; 0.012%; 0.020%; 0.016%; and 0.020% of shares in issue of the Company. All the Shares held by the directors are being personal interest, in long positions and in the capacity of beneficial owners.

As at 30 June 2019, Mr. Yan Jianguo held 700,000 share options (representing 0.01% shares in issue) of China Overseas Land & Investment Limited ("COLI", an associated corporation of the Company). All the share options held by the director are being personal interest, in long positions and in the capacity of beneficial owner.

As at 30 June 2019, Mr. Zhang Haipeng held 3,078,000 shares (representing 0.143% shares in issue) in China State Construction Development Holdings Limited ("CSC Development", formerly known as "Far East Global Group Limited" and a non-wholly owned subsidiary of the Company). All the shares held by the director are being personal interest, in long positions and in the capacity of beneficial owner.

As at 30 June 2019, Mr. Hung Cheung Shew held 7,095 shares (representing 0.000% shares in issue) in COLI; 30,000 shares (representing 0.001% shares in issue) in CSC Development; and 2,365 shares (representing 0.000% in issue) in China Overseas Property Holdings Limited (an associated corporation of the Company). All the shares held by the director are being personal interest, in long positions and in the capacity of beneficial owner.

As at 30 June 2019, Mr. Zhang Haipeng, Mr. Tian Shuchen and Mr. Zhou Hancheng respectively held 774,000; 284,000; and 684,000 shares in China State Construction Engineering Corporation Limited ("CSCECL", an intermediate holding company of the Company), representing 0.002%; 0.001%; and 0.002% of shares in issue in CSCECL. All the shares held by the directors are being personal interest, in long positions and in the capacity of beneficial owners. The Company was informed that their CSCECL's shares were granted by CSCECL under its A-shares Restricted Stock Incentive Plan (Phase II).

Save as disclosed above, as at 30 June 2019, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the six months ended 30 June 2019 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. Save as disclosed above, at no time during the six months ended 30 June 2019, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2019, substantial shareholders (as defined in the Listing Rule) of the Company and other persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange, were as follows:

Long/Short positions of substantial shareholders in the shares of the Company

Name of shareholder	Long/Short position	Capacity	Number of ordinary shares held	% of shares in issue[1]
China Overseas Holdings Limited[2] ("COHL")	Long position	Beneficial owner	3,264,976,136	64.66
China State Construction Engineering Corporation Limited[3] ("CSCECL")	Long position	Interest of a controlled corporation/beneficial owner	3,264,976,136	64.66
中國建築集團有限公司 (China State Construction Engineering Corporation*)[4] ("CSCEC")	Long position	Interest of a controlled corporation/beneficial owner	3,264,976,136	64.66

* The English name is a translation from its Chinese name and is for identification purposes only

Long/Short positions of other persons in the shares of the Company

Name of shareholder	Long/Short position	Capacity	Number of ordinary shares held	% of shares in issue[1]
Citigroup Inc.	Long position	Note 5	292,268,447	5.78
	Short position	Note 5	2,466,137	0.04
	Lending pool	Note 5	282,911,247	5.6
GIC Private Limited	Long position	Investment Manager	253,305,313	5.02

Notes:

1. The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at 30 June 2019 (i.e. 5,049,156,668 ordinary Shares).

2. Amongst the total number of 3,264,976,136 Shares held by COHL, 3,146,188,492 Shares was held as beneficial owner while the balance of 118,787,644 Shares were interests of its controlled corporation.

3. COHL is a direct wholly-owned subsidiary of CSCECL, thus CSCECL is deemed by the SFO to be interested in 3,264,976,136 Shares directly and indirectly owned by COHL.

4. CSCECL is a subsidiary of CSCEC, thus CSCEC is deemed by the SFO to be interested in 3,264,976,136 Shares indirectly owned by CSCECL.

5. Citigroup Inc. held the following interests in the following capacities:

   (i) Interest in 9,357,200 Shares in long position in the capacity of a controlled corporation.

   (ii) Interest in 2,466,137 Shares in short position in the capacity of a controlled corporation.

   (iii) Interest in 282,911,247 Shares in long position in the capacity of approved lending agent.

Save as disclosed above, as at 30 June 2019, there was no other person who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

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

During the six months ended 30 June 2019, 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 2019, 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.

DIRECTORS' 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 2019.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The Group's unaudited interim results for the six months ended 30 June 2019 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2019, the Group's financial assistance to certain affiliated companies exceeded the assets rate of 8 per cent. A combined balance sheet of the affiliated companies as at 30 June 2019 is set out below:

	HK$'000
Non-current assets	3,629,856
Current assets	18,632,535
Non-current liabilities	(8,967,915)
Current liabilities	(7,843,103)
Net assets	5,451,373
Reserves	(5,157,257)
Total equity	(5,451,373)

As at 30 June 2019, the Group shared the retained profits of these affiliated companies amounted to approximately HK$5,157,257,000.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2018 Annual Report are set out below:

Mr. Adrian David LI Man Kiu JP

- Appointed as Co-Chief Executive of The Bank of East Asia, Limited.
- Appointed as a Member of the Executive Committee of The Community Chest of Hong Kong.
- Appointed as Chairman of The Chinese Banks' Association.
- Ceased to be a Member of the International Advisory Board (dissolved) of Abertis Infraestructuras, S.A. (listed in Spain).

Mr. LEE Shing See GBS, OBE, JP

- Retired as a Board Member of the Airport Authority of Hong Kong.

中國建築國際集團有限公司
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED
(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

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