



遠東環球集團有限公司
FAR EAST GLOBAL GROUP LIMITED

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

Stock Code 股份代號 : 00830

EXPANDING
NEW FUTURE
拓展新未來



2016

中期報告
INTERIM REPORT

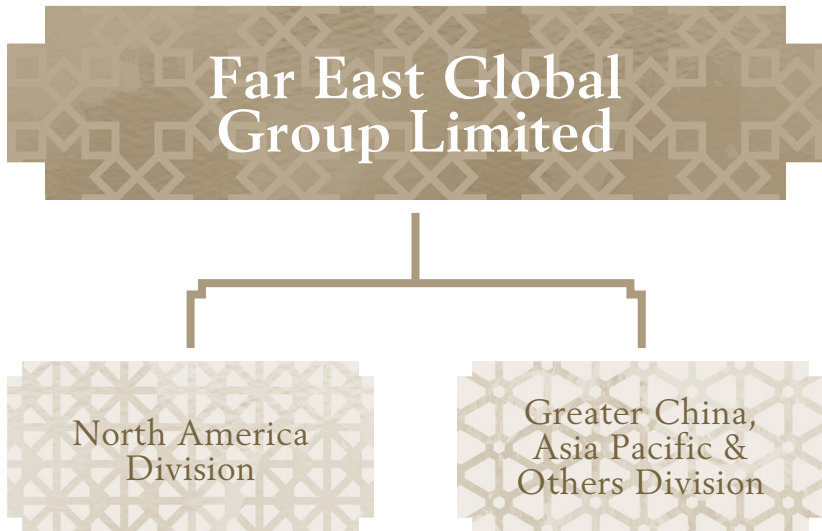
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Corporate Structure



Board of Directors and Committees

Board of Directors

Chairman and Non-executive

Director

ZHOU Yong

Executive Directors

ZHU Yijian (*Vice Chairman and*

Chief Executive Officer)

LUO Haichuan

WANG Hai

CHAN Sim Wang

QIN Jidong

Independent Non-executive

Directors

ZHOU Jinsong

HONG Winn

KWONG Sum Yee Anna

Committees

Audit Committee

ZHOU Jinsong, *CPA (Chairman)*

HONG Winn

KWONG Sum Yee Anna

Remuneration Committee

ZHOU Jinsong (*Chairman*)

ZHOU Yong

ZHU Yijian

HONG Winn

KWONG Sum Yee Anna

Nomination Committee

ZHOU Yong (*Chairman*)

ZHU Yijian

ZHOU Jinsong

HONG Winn

KWONG Sum Yee Anna

Corporate Information

Authorised Representatives

ZHOU Yong
ZHU Yijian

Company Secretary

LAU Shuk Yin Connie

Principal Share Registrar and Transfer Office

MaplesFS Limited
P.O. Box 1093
Queensgate House
Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Registered Office

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

16th Floor, Eight Commercial Tower
8 Sun Yip Street
Chai Wan
Hong Kong

Auditor

PricewaterhouseCoopers

Legal Advisor

Mayer Brown JSM

Principal Bankers

Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
China Construction Bank Corporation
China Guangfa Bank Macau Branch
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Macau) Limited
The Hongkong and Shanghai Banking
Corporation Limited

Stock Code

00830

Corporate Website

www.fareastglobal.com

Financial Calendar

Interim Results Announcement

11 August 2016

Closure of register of members

8–9 September 2016
(both days inclusive)

Interim Dividend Payable

5 October 2016

Chairman's Statement

In the first half of 2016, Far East Global Group Limited and its subsidiaries (collectively the "Group") saw orderly implementation of group strategies, refined and innovated management and governance policies. Its curtain wall business grew steadily, and its general contracting business progressed well. Milestone achievements had also been made in the strategic implementation of its investment business.

RESULTS

For the six months ended 30 June 2016, the Group's principal activities recorded a revenue of HK\$1,152 million, representing a year-on-year increase of 19.6%; profit attributable to the owners of the Company was HK\$60 million, representing a year-on-year increase of 22.4%; and earnings per share were HK 2.78 cents, representing a year-on-year increase of 22.4%. The Board declared an interim dividend of HK 0.8 cent per share for the six months ended 30 June 2016 (2015: HK 0.6 cent per share), representing a year-on-year increase of 33.3%.

BUSINESS REVIEW

Market conditions

In the first half of 2016, fluctuations in the global economic situation slowed down its pace of recovery. The US economy maintained a moderate recovery; the economy of Hong Kong showed a downward trend under the impact of the decrease in operating data of real property and retail sectors, while the construction industry maintained stable; the spreading ripple effects of "Brexit" caused concerns about the prospects of the UK and the EU; although the presence of downward pressure of the economic environment of Mainland China, the overall economy still maintained steady growth.

Chairman's Statement (Continued)

Hong Kong and Macau are the main business regions of the Group. As Macau's economy underwent an ongoing adjustment due to the sluggish gaming industry, the curtain wall market has shrunk, while the curtain wall market in Hong Kong performed well as benefited by a robust construction market. During the first half of 2016, the contractual value of the contracts newly obtained by the Group in Hong Kong and Macau amounted to HK\$1,291 million, representing a year-on-year increase of 46.2%, including Taikoo Place Phase 2A, Hong Kong, curtain wall sections of New Kowloon Inland Lot No. 6516 & 6517, Kai Tak, TKOTL126, Area 68B2, Tseung Kwan O, New Territories, and the commercial and residential development project for Nova City Phase V, Taipa, Macau. As a well-recognized premium "one stop" service provider of high-end curtain wall, while maintaining good and long-term relationship with big customers, the Group actively and extensively develops new customers so as to constantly consolidate its market share in Hong Kong and Macau. The Board and the management team believe that sustainable competitive advantages depend on highly efficient performance of contracts for a long period. Therefore, the Group constantly focuses on managing the work schedule, quality, safety, cash, efficiency and other aspects of the projects in progress, exerting synergic effects by consolidating the internal design, procurement, production and installation resources, increasing safety management, and mobilizing and maximizing the initiative of the project team through result-based incentive mechanisms.

Despite the huge domestic curtain wall market in China, there has been a disorderly competition among industry peers and their service quality varied greatly. The Group always maintains a prudent attitude towards biddings in Mainland China market and focuses on large projects owned by owners with good reputation. With a rising reputation in the curtain wall market, the Group saw a steady progress in its business development in Mainland China. The Group successfully bid for many relatively premium projects during the year, including the office building of Shanghai Johnson Controls and the section III of Phase I of Upper Hills (south part) in Shenzhen. In consideration of the number of high-rise buildings to be constructed in the next few years in the Mainland China market and the country's likely core position in the global curtain wall market, the Group has researched and formulated development strategies to step up its efforts in the Mainland China market.

Chairman's Statement (Continued)

In addition to the Greater China region and North America, the Group also actively keeps track of the premium glass curtain wall projects in other regions, especially new design and supply models. The Group was awarded the project to supply apartment facilities for Aurora Melbourne Central in Melbourne, Australia.

The continuous recovery of the construction market in North America had resulted in more commercial buildings, creating more opportunities for the development of the Group. During the first half of 2016, the Group won the bidding of Ice Tower A project located in Edmonton, Canada in North America. In addition, more prospective projects were undergoing negotiations. With the increasing improvement in management over business in North America, each project in progress is carried out smoothly.

In the first half of 2016, the Group officially established China State Development Holdings Limited and accelerated the pace of development of its investment business with focus on industries that are in consistent with state policies and do not compete with the business of the parent company.

New projects awarded

For the six months ended 30 June 2016, the Group undertook 17 projects in total with an aggregate contractual value of approximately HK\$1,852 million, among which, North America region amounted to HK\$177 million, accounting for 9.6% of the total contractual value, while the Greater China, Asia and Others region amounted to HK\$1,675 million, accounting for 90.4% of the total contractual value.

Projects in progress

As at 30 June 2016, the Group's total contractual value of the projects in progress amounted to HK\$8,066 million, among which the contractual value attributable to the uncompleted projects amounted to HK\$4,298 million.

Chairman's Statement (Continued)

Financial management

During 2016, the Group continued to enhance its financial management. Under the principle of stringent financial management, the Group improved the utilization of its capital and actively expanded financing channel, further decreasing its overall financing cost. In addition, the Group focused on seeking prepayment and expediting its collection of receivables due from project owners, therefore reducing the occupation of fund and improving working capital turnover ratio. As at 30 June 2016, the Group's bank deposits amounted to a total of HK\$427 million. The total borrowings amounted to HK\$483 million, and the net gearing ratio was 6%. The Group had sufficient credit facilities to meet the needs of its future business development due to its sound financial conditions.

Human resource management

The Group always adheres to the "people-oriented" management philosophy, emphasizing attraction, retainment and cultivation of all levels of talent who recognize its corporate culture and vision. In the first half of the year, the Group conducted a thorough review of its human resources management systems and status to make its personnel management more standard and professional. In line with business requirements, the Group focused on reinforcement of systematic construction of talent recruitment and training. The Group has improved its work environment to create a healthy atmosphere for professional competition and development amongst its employees, and continued to improve assessment mechanism for the purposes of establishing a scientific assessment system, thereby improving employee satisfaction and work efficiency. As at 30 June 2016, the Group had a total of 1,651 employees.

Social responsibilities

The Group has been a participant in public welfare events such as "Walks for Millions" and "Kids' Dream" for many years. The Group is also named a "Caring Company" by actively promoting the "Earth Hour" event, demonstrating its dedication towards the community and contribution to social harmony and stability.

Chairman's Statement (Continued)

PROSPECTS

In the second half of 2016, global economy will continue to face an overall slowdown in growth and more uncertainties will arise from monetary and political risks. The US slowed its rate hike pace as a result of Brexit. It is expected the US economy will continue to recover. Hong Kong and Macau will continue to see a slow economic growth, but the industry will maintain its booming momentum as driven by public sector projects. Curtain wall industry in Hong Kong will benefit from the successful initiation of the ten-year hospital development plan; while high-end curtain wall market in Macau will further shrink as the gradual completion of the gambling concession projects. Mainland China's economy will continue to benefit from a series of growth stabilizing measures and the structural reform and policy-driven initiatives will start to show effects. The continual promotion of strategies such as "new type of urbanization" will contribute to rapid development of construction industry. It is expected that more commercial buildings in Mainland China will be launched to market, thus creating more opportunities for curtain wall business.

Development strategies

Adhering to marketing strategies of "Reliable Markets, Reputable Clients, Remarkable Projects", the Group gave priority to development of projects with brand effect, and focused on premium projects of private developers with desirable gross profits and controllable risks. Efforts will be enhanced in expanding overseas and mainland businesses to develop greater presence in the three regional markets.

The Group highly values the building of its design teams, as design is the frontier and key link for providing "one-stop" value chain services. The structure of design management will be adjusted so as to strengthen the coordination and management of design teams in Hong Kong and Mainland China. Continual efforts will be put to train and recruit design talent in Mainland China and Hong Kong. Design talent echelon will be built and improved in line with project management echelon to adapt to corporate development and safeguard smooth progress of projects.

Chairman's Statement (Continued)

The Group will continue to reinforce the management of projects on hand to further enhance its core competitiveness in design, procurement, production and construction management and to enhance professional standard. It also seeks for and conducts research on product innovation as well as keeps optimizing design, production and construction proposals. The Group will actively explore various procurement models to minimize purchase costs of projects and management risk while ensuring quality.

The Group will continue to enhance its supervision over cash flows and cooperate with business units to broaden source of income and ensure the Company to operate in a sound and steady way. The Group will continue to pay attention to the movements of exchange rates of Renminbi, United States dollars, Canadian dollars, Australian dollars and Pound Sterling to avoid exchange rate risk effectively.

Efforts will be made to further optimize the organizational structure and management team of the Group and its subsidiaries as well recruitment and deployment of talent to strengthen the team building; and performance appraisal and incentives and occupational development of staff will be further intensified to guarantee team stability and ability enhancement.

In respect of its general contracting business, the Group will draw from its controlling shareholder — China State Construction International Holdings Limited's rich experience in contracts, purchases of supplies, management of subcontractors, construction planning and on-site management, bringing into play the synergistic effects with China State Construction Engineering (Hong Kong) Ltd. to secure and implement premium projects smoothly.

In respect of its investment business, the Group will continue to seek for investment transformation opportunities, including conducting research on innovative development models upon identifying appropriate projects, and will strive for a breakthrough in this year and form a sound and sustainable development model as earlier as possible.

The Board is able to discern and face various problems that may arise in the course of development and wishes to establish and maintain a healthy system integrating the mutual interests of shareholders, the Board, management and general employees as well as customers to promote sustainable growth of the Group's business scale and revenue.

Chairman's Statement (Continued)

ACKNOWLEDGEMENT

I would like to take this opportunity to express my heartfelt gratitude to all shareholders and customers for their strong support and to all employees for their hard work and commitment.

By Order of the Board

Far East Global Group Limited

Zhou Yong

Chairman and Non-executive Director

Hong Kong, 11 August 2016

Management Discussion and Analysis

OVERALL PERFORMANCE

For the six months ended 30 June 2016, our core construction business continued to grow. The Group recorded aggregate revenue of HK\$1,152 million (30 June 2015: HK\$963 million), an increase of 19.6% as compared with the corresponding period of last year. The profit attributable to owners of the Company was HK\$60 million (30 June 2015: HK\$49 million), an increase of 22.4% as compared with the corresponding period of last year. The net cash from operating activities turned around to be net cash inflow of HK\$124 million (30 June 2015: net cash outflow of HK\$26 million) during the period. The basic earnings per share was HK2.78 cents (30 June 2015: HK2.27 cents), representing the growth of 22.4% as compared with the same period last year.

Segment analysis

Greater China, Asia and Others Division continued to benefit from the contributions of Wynn Palace Cotai, MGM Cotai and Louis XIII in Macau and the general contracting business. Revenue derived from Greater China, Asia and Others Division increased by HK\$125 million, or 20.8%, from HK\$600 million for the six months ended 30 June 2015 to HK\$725 million for the six months ended 30 June 2016. The operating profit increased by HK\$17 million from HK\$91 million for the six months ended 30 June 2015 to HK\$108 million for the six months ended 30 June 2016.

North America Division achieved a turnover of HK\$427 million (30 June 2015: HK\$364 million) during the period under review, representing an increase of about 17.3% compared to last corresponding period. This turnover contributes about 37% of the Group's revenue. North America continues to explore new areas of business. Having successfully expanded into the Edmonton market in western Canada, the Group is now looking into potential opportunities in the Toronto market. The Group is also active among markets in Massachusetts and New York tri-state area, carefully choosing the right project to secure. Material procurement from Asian sources for North American projects has been running smoothly on both Canadian and USA projects. The Group expects further application of this method on future projects to increase competitiveness. North America Division generated a gross profit of HK\$7 million (30 June 2015: HK\$12 million) during the period under review.

Management Discussion and Analysis

(Continued)

Administrative, selling and other operating expenses

Expenses have been managed tightly and the business is on track to deliver the planned cost efficiencies for the period. The administrative, selling and other operating expenses decreased by 10.2% to HK\$79 million (30 June 2015: HK\$88 million) for the six months ended 30 June 2016.

Finance costs

For the six months ended 30 June 2016, the Group's finance costs were HK\$8 million (30 June 2015: HK\$6 million). The increments in bank borrowings escalated the finance costs during the period.

New contracts awarded

The Group recorded a new contract value of HK\$1,852 million in the six months ended 30 June 2016, representing a growth of 21.3% as compared with the same period last year. Major new contracts include the following:

- One Kai Tak, Hong Kong
- NKIL 6312, Lam Lee Street, Kowloon Bay, Hong Kong
- Nos. 12-24 Lun Fat Street, Wan Chai, Hong Kong
- Taikoo Place Phase 2A, Hong Kong
- TKOTL126, Area 68B2, Tseung Kwan O, Hong Kong
- Nova City, Phase 5, Macau
- Upper Hills (South Area), Shenzhen, People's Republic of China
- 江森辦公樓, Shanghai, People's Republic of China
- Aurora Melbourne Central, Melbourne, Australia
- Edmonton Ice Tower A, Edmonton, Canada

As of 30 June 2016, the on-hand contract value amounted to HK\$8,066 million, among which the backlog was HK\$4,298 million which meets the Group's expected future works.

Management Discussion and Analysis (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation with internally generated cash flow and credit facilities provided by its principal bankers. At 30 June 2016, the Group had bank balances and cash of HK\$427 million (31 December 2015: HK\$200 million), total borrowings of the Group were HK\$483 million (31 December 2015: HK\$393 million). The Group's net gearing ratio (net debt to total net assets) as at 30 June 2016 was approximately 6.0% (31 December 2015: 20.3%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK\$966 million, the Group had sufficient financial resources to meet the business development and expansion. The Group's borrowings are principally on a floating rate basis and have not been hedged by any interest rate financial instruments.

The maturities of the Group's total borrowings as at 30 June 2016 and 31 December 2015 are set out as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
On demand or within one year	269,695	180,391
More than one year but not exceeding two years	13,349	12,720
More than two years but not more than five years	200,000	200,000
Total borrowings	483,044	393,111

Management Discussion and Analysis (Continued)

The portfolio of the currencies of bank deposits of the Group as at 30 June 2016 and 31 December 2015 is set out as follows:

	30 June 2016 %	31 December 2015 %
Hong Kong Dollars	40	36
United States Dollars	20	6
Renminbi	16	27
Macau Pataca	16	21
Others	8	10

As at 30 June 2016, the Group's equity attributable to owners of the Company amounted to HK\$1,219 million (31 December 2015: HK\$1,173 million), comprising issued capital of HK\$22 million (31 December 2015: HK\$22 million) and reserves of HK\$1,197 million (31 December 2015: HK\$1,151 million).

TREASURY POLICY

The Group adopts prudent treasury policy in cash and financial management. The Group's treasury activities are centralised in order to achieve better risk control and minimise cost of funds. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollar or US dollar. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.

Management Discussion and Analysis (Continued)

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2016, the Group employed a total of 1,651 (31 December 2015: 1,665) employees. The Group has sound policies of management incentives and competitive remuneration, which align the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds as well as incentives such as discretionary bonus and participation in the share option scheme.

FOREIGN CURRENCY RISK

The Group's foreign currency exposures primarily arise from certain sales or purchases by operating units in currencies other than the unit's functional currency where these sales or purchases are mainly denominated in United States dollar, Renminbi, Canadian dollar, Pound Sterling and Macau Pataca. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currencies should the need arise.

Unaudited Condensed Consolidated Income Statement

		For the six months ended 30 June	
	Note	2016 HK\$'000	2015 HK\$'000
Revenue	3	1,152,020	963,408
Cost of sales		(1,023,633)	(834,055)
Gross profit		128,387	129,353
Other income and other gains, net	4	1,797	1,758
Administrative, selling and other operating expenses		(78,672)	(87,994)
Finance costs	5	(8,265)	(6,109)
Profit before tax	6	43,247	37,008
Income tax charge	7	(7,674)	(2,254)
Profit for the period		35,573	34,754
Profit/(loss) for the period attributable to:			
Owners of the Company		59,903	48,986
Non-controlling interests		(24,330)	(14,232)
		35,573	34,754
Earnings per share (HK cents)			
Basic and diluted	9	2.78	2.27

Unaudited Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Profit for the period	35,573	34,754
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	4,453	(13,772)
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	440	–
Gain on fair value changes of available-for-sale investments	–	113
Other comprehensive income for the period, net of tax	4,893	(13,659)
Total comprehensive income for the period, net of tax	40,466	21,095
Total comprehensive income for the period attributable to:		
Owners of the Company	58,983	42,682
Non-controlling interests	(18,517)	(21,587)
	40,466	21,095

Unaudited Condensed Consolidated Statement of Financial Position

	Note	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Non-current Assets			
Property, plant and equipment	10	134,232	138,500
Goodwill	11	138,149	138,149
Deferred tax assets		162,564	161,519
		434,945	438,168
Current Assets			
Inventories		14,801	13,649
Amounts due from customers for contract work		597,788	574,975
Trade and other receivables	12	664,812	817,879
Deposits and prepayments		25,443	31,834
Available-for-sale investments		–	19,061
Tax recoverable		1,177	884
Amounts due from fellow subsidiaries		5,410	–
Bank and cash balances		426,818	200,485
		1,736,249	1,658,767
		2,171,194	2,096,935

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

	Note	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Current Liabilities			
Bank borrowings	13	269,695	180,391
Amounts due to customers for contract work		96,271	182,027
Trade payables, other payables and accruals	14	437,455	462,654
Finance lease payables		893	951
Current tax payables		53,134	44,722
Dividend payables		12,933	–
Amounts due to fellow subsidiaries		13,871	1,727
Deposits received and advances from customers		77,772	43,126
		962,024	915,598
Total Assets less Current Liabilities		1,209,170	1,181,337

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

	Note	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Capital and Reserves			
Share capital	15	21,555	21,555
Share premium and reserves		1,197,074	1,151,024
Equity attributable to owners of the Company		1,218,629	1,172,579
Non-controlling interests		(225,491)	(206,974)
		993,138	965,605
Non-current liabilities			
Bank borrowings	13	213,349	212,720
Finance lease payables		2,390	2,719
Deferred tax liabilities		293	293
		216,032	215,732
		1,209,170	1,181,337

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital	Share premium account	Special Reserves (Note)	Share-based payments reserve	Investment revaluation reserve	Foreign currency translation reserve	Statutory reserves	Retained profits	Total	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2015	21,555	898,654	(25,053)	4,636	(648)	(3,824)	12	259,532	1,154,864	(122,588)	1,032,276
Profit/(loss) for the period	-	-	-	-	-	-	-	48,986	48,986	(14,232)	34,754
Gain on fair value changes of available-for-sales investments	-	-	-	-	113	-	-	-	113	-	113
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(6,417)	-	-	(6,417)	(7,355)	(13,772)
Total comprehensive income for the period	-	-	-	-	113	(6,417)	-	48,986	42,682	(21,587)	21,095
Contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	13	13
2014 Final dividend payable	-	-	-	-	-	-	-	(10,778)	(10,778)	-	(10,778)
At 30 June 2015	21,555	898,654	(25,053)	4,636	(535)	(10,241)	12	297,740	1,186,768	(144,162)	1,042,606
At 1 January 2016	21,555	898,654	(25,053)	4,636	(440)	(34,069)	12	307,284	1,172,579	(206,974)	965,605
Profit/(loss) for the period	-	-	-	-	-	-	-	59,903	59,903	(24,330)	35,573
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	-	-	-	-	440	-	-	-	440	-	440
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,360)	-	-	(1,360)	5,813	4,453
Total comprehensive income for the period	-	-	-	-	440	(1,360)	-	59,903	58,983	(18,517)	40,466
2015 Final dividend payable	-	-	-	-	-	-	-	(12,933)	(12,933)	-	(12,933)
At 30 June 2016	21,555	898,654	(25,053)	4,636	-	(35,429)	12	354,254	1,218,629	(225,491)	993,138

Note: The balance of special reserve brought forward from prior years arose from the combinations of Treasure Construction Engineering Limited ("Treasure Construction") under common control. The amount represented the excess of consideration paid over the share capital of the acquired company and net of distribution to the former shareholder.

Unaudited Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	123,924	(25,612)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,052)	(4,054)
Proceeds from disposals of property, plant and equipment	–	38
Proceeds from disposals of available-for-sales investments	19,500	–
Interest received	282	284
Net cash from/(used in) investing activities	17,730	(3,732)
Cash flows from financing activities		
Finance costs paid	(8,265)	(6,109)
Drawdown/(repayment) of bank loans, net	89,933	43,112
Repayment of finance lease payables	(387)	(399)
Share capital paid from non-controlling interests of a subsidiary	–	13
Net cash from financing activities	81,281	36,617
Net increase in cash and cash equivalents	222,935	7,273
Effect of foreign exchange rate changes	3,398	(12,218)
Cash and cash equivalents at beginning of period	200,485	242,030
Cash and cash equivalents at end of period	426,818	237,085
Analysis of cash and cash equivalents		
Bank and cash balances	426,818	237,085

Notes to the Unaudited Condensed Consolidated Financial Statements

1 Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2016 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 and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

2 Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015. The revised standard and improvements to existing standards, which are mandatory for the financial year beginning on or after 1 January 2016, are either currently not relevant to the Group or had no material impact on the Group’s condensed consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

2 Principal Accounting Policies (Continued)

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²

Notes: ¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods at a date to be determined by the IASB

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

3 Revenue and segment information

The Group is principally engaged in the facade contracting business and general contracting business. The Group's revenue represents revenue from construction contracts.

The Group has two reportable segments principally based on the geographical locations of the projects as well as the reporting organization hierarchy, and are determined as follows:

- North America includes projects in the United States of America and Canada.
- Greater China, Asia and Others includes projects in the People's Republic of China (the "PRC"), Hong Kong and Macau, Singapore, the United Arab Emirates, Chile, Australia, the United Kingdom and maintenance projects in all segments.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

3 Revenue and segment information (Continued)

Unaudited segment results for the six months ended 30 June 2016 and 2015 are as follows:

	Revenue		Gross profit		Segment results	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
North America	426,924	363,850	7,212	11,549	(29,620)	(28,548)
Greater China, Asia and Others	725,096	599,558	121,175	117,804	107,523	90,945
Total	1,152,020	963,408	128,387	129,353	77,903	62,397
Unallocated corporate expenses					(26,619)	(19,402)
Other income and other gains, net					228	122
Finance costs					(8,265)	(6,109)
Profit before tax					43,247	37,008

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

4 Other income and other gains, net

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Bank interest income	282	284
Sundry income	1,515	1,474
	1,797	1,758

5 Finance costs

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	8,160	5,966
Finance lease charges	105	143
	8,265	6,109

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

6 Profit before tax

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Profit before tax has been arrived at after charging:		
Depreciation included in cost of contracting works performed	3,386	3,820
Depreciation included in administrative, selling and other operating expenses	3,953	4,995
	7,339	8,815

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

7 Income tax charge

	For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Current tax — Hong Kong profits tax Provision for the period	4,489	1,800
Current tax — overseas Provision for the period (Overprovision)/underprovision in prior years	5,222 (37)	20,466 100
	5,185	20,566
Deferred tax, net	(2,000)	(20,112)
Income tax charge for the period	7,674	2,254

Hong Kong profits tax has been provided at 16.5% of the estimated assessable profit for both periods.

The tax charge on estimated assessable profits elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

8 Dividends

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Dividend recognized as distribution during the period:		
2015 final dividend of HK0.6 cent per share paid on 6 July 2016 (six months ended 30 June 2015: 2014 final dividend of HK0.5 cent per share paid)	12,933	10,778

The Board has declared the payment of an interim dividend of HK0.8 cent per share (30 June 2015: HK0.6 cent per share), amounting to approximately HK\$17,244,000 (30 June 2015: approximately HK\$12,933,000) payable on 5 October 2016. This interim dividend has not been recognised as a liability at the end of reporting period.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

9 Earnings per share

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

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	59,903	48,986
	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares used in basic and diluted earnings per share calculation	2,155,545	2,155,545
Basic and diluted earnings per share (HK cents)	2.78	2.27

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the period ended 30 June 2016 (30 June 2015: Nil).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

10 Property, plant and equipment

During the period, the Group spent approximately HK\$2,052,000 (30 June 2015: approximately HK\$4,054,000) on additions to property, plant and equipment.

11 Goodwill

	HK\$'000
Cost, at 30 June 2016 and 31 December 2015	159,707
Accumulated impairment, at 30 June 2016 and 31 December 2015	(21,558)
Carrying values, at 30 June 2016 and 31 December 2015	138,149

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit ("CGU") that is expected to benefit from that business combination.

The carrying amount of goodwill had been allocated to the CGU relating to the operations of Gamma North America, Inc. and its subsidiaries within the North America segment.

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

11 Goodwill (Continued)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next fifteen years with the average growth rate ranging from 5%-15% and the residual period using the growth rate of 3%. These rates do not exceed the average long-term growth rate for the relevant markets. A financial budget of fifteen years reflects the medium term plan of management in expanding the customer base and market share. The pre-tax rates used to discount the forecast cash flows are ranging from 18.9% to 21.7%. With all other variables held constant, if the revenue growth rates used in the value-in-use calculation had been decreased by 0.7% or the pre-tax discount rate used in the value-in-use calculation had been increased by 0.8% than management estimated as at 30 June 2016, the headroom would drop to Nil.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

12 Trade and other receivables

The analysis of trade and other receivables, including the aging analysis of trade receivables, based on the invoice date and net of provisions, is as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade receivables:		
0 to 30 days	164,902	302,014
31 to 60 days	39,069	85,792
61 to 90 days	7,389	7,212
More than 90 days	58,691	49,879
	270,051	444,897
Retention receivables	344,817	309,881
	614,868	754,778
Other receivables	49,944	63,101
Trade and other receivables	664,812	817,879

Except for the receivable arising from construction contracts which are billed and immediately payable in accordance with the terms of the relevant agreement, the Group generally allows an average credit period not exceeding 90 days (31 December 2015: 90 days) to its customers and the retention receivables are repayable approximately one year after the expiry of the defect liability period of construction projects.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

13 Bank borrowings

The bank borrowings are repayable as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
On demand or within one year	269,695	180,391
In the second year	13,349	12,720
In the third to fifth years, inclusive	200,000	200,000
	483,044	393,111
Less: amounts due for settlement within twelve months	(269,695)	(180,391)
Amount due for settlement after twelve months	213,349	212,720

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	Hong Kong dollar HK\$'000	Canadian dollar HK\$'000	United States dollar HK\$'000	Total HK\$'000
30 June 2016	200,000	97,413	185,631	483,044
31 December 2015	200,000	109,467	83,644	393,111

The average interest rates for bank borrowings at 30 June 2016 was 2.53% (31 December 2015: 2.62%).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

14 Trade payables, other payables and accruals

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade payables:		
0 to 30 days	246,218	287,680
31 to 60 days	17,171	10,153
More than 60 days	12,049	9,621
Retention payables	275,438 83,180	307,454 61,488
Other payables and accruals	358,618 78,837	368,942 93,712
Trade payables, other payables and accruals	437,455	462,654

As at 30 June 2016, the amount of retention payables expected to be due after more than twelve months was approximately HK\$39,936,000 (31 December 2015: approximately HK\$24,107,000).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

15 Share capital

	Issued and fully paid	
	Number of shares	Share capital Amount
	'000	'000
Ordinary shares of HK\$0.01 each		
At 1 January 2015, 31 December 2015 and 30 June 2016	2,155,545	21,555

16 Related party transactions

Transactions with related parties

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Construction fees received from fellow subsidiaries	257,646	149,571
Service income received from fellow subsidiaries	12,762	594
Service fees paid to fellow subsidiaries	5,641	7,730

Other Information

Interim Dividend

The Board has declared the payment of an interim dividend of HK0.8 cent per share (30 June 2015: HK0.6 cent per share), payable on Wednesday, 5 October 2016 to shareholders whose names appear on the register of members of the Company on Friday, 9 September 2016.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 8 September 2016 to Friday, 9 September 2016, both days inclusive, for the purpose of determining shareholders' entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 7 September 2016.

Share Capital

The Company's total issued share capital as at 30 June 2016 was 2,155,545,000 ordinary shares of HK\$0.01 each.

Share Options

The Company adopted a share option scheme (the "Scheme") on 10 March 2010 and unless otherwise cancelled or amended, is valid and effective for 10 years from 30 March 2010.

No share options were granted to or exercised by any Directors or chief executive of the Company or employees of the Group or other participants, nor were cancelled, or lapsed during the six months ended 30 June 2016.

As at 1 January 2016 and 30 June 2016, the Company had no share options outstanding under the Scheme.

Other Information (Continued)

Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

(a) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of ordinary shares held	% of shares in issue ^(Note)
Zhu Yijian	Beneficial owner	Personal interest	1,000,000	0.046
Chan Sim Wang	Beneficial owner	Personal interest	50,000	0.002
Qin Jidong	Beneficial owner	Personal interest	900,000	0.042

Note: The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2016 (i.e. 2,155,545,000 ordinary shares).

Other Information (Continued)

(b) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

Long positions in the shares of the associated corporation of the Company – China State Construction International Holdings Limited (“CSCIHL”)

Name of Director	Capacity	Nature of interests	Number of ordinary shares held	% of shares in issue ^(Note)
Zhou Yong	Beneficial owner	Personal interest	3,233,027	0.072
Zhu Yijian	Beneficial owner	Personal interest	1,322,211	0.029
Chan Sim Wang	Beneficial owner	Personal interest	28,800	0.001

Note: The percentage is based on the total number of ordinary shares of CSCIHL in issue as at 30 June 2016 (i.e. 4,488,139,261 ordinary shares).

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Apart from the Scheme, at no time during the period under review, was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the Directors or chief executive of the Company (including their spouses and children under the age of 18), during the six months ended 30 June 2016, held any interests in, or was granted any right to subscribe for, the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Other Information (Continued)

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as is known to any Directors or chief executive of the Company, as at 30 June 2016, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were 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:

Long positions in the shares of the Company

Name of Shareholder	Capacity	Number of ordinary shares held	Total	% of shares in issue ⁽¹⁾
Add Treasure Holdings Limited ("Add Treasure")	Beneficial owner	1,537,983,279	1,537,983,279	71.35
China State Construction International Holdings Limited ("CSCIHL") ⁽²⁾	Interests of controlled corporations	1,596,403,279	1,596,403,279	74.06
China Overseas Holdings Limited ("COHL") ⁽³⁾	Interests of controlled corporations	1,596,403,279	1,596,403,279	74.06
中國建築股份有限公司 (China State Construction Engineering Corporation Limited) ("CSCECL") ⁽³⁾	Interests of controlled corporations	1,596,403,279	1,596,403,279	74.06
China State Construction Engineering Corporation ("CSCEC") ⁽³⁾	Interests of controlled corporations	1,596,403,279	1,596,403,279	74.06

Other Information (Continued)

Notes:

1. The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2016 (i.e. 2,155,545,000 ordinary shares).
2. Add Treasure is a wholly-owned subsidiary of CSCIHL which, by virtue of the SFO, is taken to be interested in the same 1,537,983,279 shares held by Add Treasure and the 58,420,000 shares of the Company held by another wholly-owned subsidiary of CSCIHL.
3. CSCIHL is owned as to approximately 62.09% by COHL, which in turn, is a wholly-owned subsidiary of CSCECL. CSCECL is, in turn, a subsidiary of CSCEC. By virtue of the SFO, each of COHL, CSCECL and CSCEC is deemed to be interested in the same 1,596,403,279 shares held indirectly by CSCIHL.

Save as disclosed above, as at 30 June 2016, no other person (other than the Directors or chief executive of the Company) had any interest or short position 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 2016, neither the Company nor any of its subsidiaries has made any purchase, sale or redemption of any of the Company's listed securities.

Corporate Governance

The Company has complied throughout the six months to 30 June 2016 with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Other Information (Continued)

Director's Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the Model Code in their securities transactions throughout the accounting period covered by this interim report.

Review of Accounts

The unaudited condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2016 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the date of the 2015 Annual Report are set out below:

- With effect from 1 July 2016, the remuneration of Mr. HONG Winn and Ms. KWONG Sum Yee Anna has been increased to HK\$150,000 per annum and the remuneration of Mr. ZHOU Jinsong has been increased to HK\$180,000 per annum.



遠東環球集團有限公司
FAR EAST GLOBAL GROUP LIMITED

Stock Code 股份代號 : 00830

