中國建築興業集團有限公司
CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS 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

INTERIM REPORT
中期報告 2019

拓展新未來
EXPANDING NEW FUTURE

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Corporate Structure

China State Construction Development Holdings Limited

- Construction Engineering Business
- Operating Management Business

Board of Directors and Committees

BOARD OF DIRECTORS

Chairman and Non-executive Director

ZHANG Haipeng

Executive Directors

WU Mingqing *(Vice Chairman and Chief Executive Officer)*
WANG Hai
CHAN Sim Wang

Non-executive Director

HUANG Jiang

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)*
ZHANG Haipeng
WU Mingqing
HONG Winn
KWONG Sum Yee Anna

Nomination Committee

ZHANG Haipeng *(Chairman)*
WU Mingqing
ZHOU Jinsong
HONG Winn
KWONG Sum Yee Anna

Corporate Information

AUTHORISED REPRESENTATIVES

ZHANG Haipeng
WU Mingqing

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 54, 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

PRINCIPAL BANKERS

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

STOCK CODE

00830

CORPORATE WEBSITE

www.cscd.com.hk

FINANCIAL CALENDAR

Interim Results Announcement

20 August 2019

Closure of register of members

5–6 September 2019
(both days inclusive)

Interim Dividend Payable

4 October 2019

Chairman's Statement

In the first half of 2019, China State Construction Development Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") adapted to external market changes and effectively integrated its internal resources, optimising its market deployment to fully tap a synergetic effect for the steadfast furtherance of its various operational plans. At the same time, the Group made satisfactory progress in relation to the increased emphasis placed on its assets operations business, and completed the injection of its parent company's infrastructure operations business in Nanchang. Alongside a continuous and stable enhancement in our quality of development and operating results, the newly awarded contract value of the curtain wall business, our core business, hit a record high, while the general contracting business made a steady progress and the supervision business in Mainland China achieved stable development.

In order to better reflect the strong branding effect of "China State Construction" and more in line with the direction of the Group's future business development, in the first half of 2019, the Company has changed its name from "Far East Global Group Limited" to "China State Construction Development Holdings Limited".

RESULTS

During the six months ended 30 June 2019, the total revenue of the Group's principal activities amounted to HK$2,031 million, representing a year-on-year increase of 15.2%; the profit attributable to owners of the Company amounted to HK$109.4 million, representing a year-on-year increase of 20.4%; earnings per share was HK5.08 cents, representing a year-on-year increase of 20.4%.

DIVIDEND PAYMENT

The Board declared the payment of an interim dividend of HK1.2 cents per share for the half year ended 30 June 2019 (2018: HK1.0 cent per share), representing an increase of 20.0% over the same period of last year.

BUSINESS REVIEW

Market conditions

In the first half of 2019, the world witnessed complicated and dire political and economic conditions, characterised by the emergence of the negative impact from US trade protectionism and a heightened volatility of the financial markets. The downside risk of the emerging market economies continued to increase, and the world's economic growth showed a slowing trend. Against the backdrop of an interim easing of the US-China trade dispute, China's economy found itself in a development stage of replacing old growth drivers with new ones in pursuit of high quality – a period in which economic operations were generally stable with certain improvements.

Chairman's Statement (Continued)

The Group adhered to the operational strategy of "rooting in Hong Kong and Macau, relying on Mainland, exploring overseas markets, joining internal and external forces", persisted with its prudent bidding strategy, drew on internal synergy, and proactively developed premium projects that could enjoy branding effect.

1. Construction Engineering Business

Curtain Wall Business

Hong Kong and Macau are the key pillar markets in relation to the Group's curtain wall business. Given the overall prosperous curtain wall market in Hong Kong, the Group strived to further strengthen the competitive advantages regarding its curtain wall business in order to bolster its leading market position in Hong Kong. In Macau, the high-end curtain wall market stabilised given that the economy began to bottom out. The Group is a leading high-end curtain wall total solution provider recognised in the market. As it focused on deepening the strategic cooperative relations with its big clients and actively strived to create long-term and stable cooperation opportunities with new clients, it also boosted the internal synergy in relation to its systems, which contributed to the continuous business growth in the region. In the first half of 2019, the Group's newly awarded projects in the region included Building B of Two Taikoo Place, Section B of the commercial project building located in New Kowloon Inland Lot No. 6556 at Kai Tak, and Kwong Wah Hospital project in Kowloon etc. The Group has put emphasis on improving the project performance capacity and managing the schedule, quality, safety, environmental protection and efficiency of its projects in progress. Synergy is achieved by consolidating the internal design, procurement, production and installation resources of the Group. The Group has also been working on enhancing safety control, and implementing project incentive schemes to maximise project teams' motivation.

The construction and curtain wall markets in North America showed promising prospects. The Group specifically focused on profitable premium projects with controllable risks. During the first half of the year, in North America, the Group was awarded the project of 700 St Jacques Victoria Sur Le Parc in Montreal, Canada. Apart from this, more potential projects are being examined. By way of its effort in strengthening project cost control and contract management, the Group performed integrated management over its North American operations and enhanced its cross-field resources allocation and coordination. During the first half of the year, the integration and optimisation work in relation to the production capacity of its factories in the US achieved stable progress. The level of management and control over the Group's business in North America was improving continuously. All projects in progress are making good progress.

Chairman's Statement (Continued)

The curtain wall business landscape in Mainland China continued to be characterised by disorderly competition based on low prices. The Group has been selective in choosing curtain wall projects in Mainland China and has focused on major projects owned by creditworthy landlords. During the first half of 2019, the Group leveraged its branding effect to proactively explore high-end curtain wall projects. Capitalizing on the internal synergy, the Group was awarded a number of projects such as the curtain wall modification project at Building G1 of Huawei's production centre, the curtain wall subcontracting project under the A9-A10 modification project at Huawei's base in Bantian, the property sales office for Kerry's Zhanglan project in Fuzhou, and the 5 and 6 curtain wall project under China Overseas' Jingxili project.

In order to fulfil the growing capacity demand of projects in Hong Kong, Macau and overseas, the Group proactively expanded its ancillary production and manufacturing base in Mainland China. Following the commencement of operations of the new Zhuhai Factory last August, the Shenzhen Factory was successfully relocated and merged into the new Zhuhai Factory during the first half of this year. The production lines of the new Zhuhai Factory have proactively augmented the application of smart processes and automation for an effective enhancement of the capacity utilisation rate, unleashing a production capacity that was in line with expectations. This has laid solid foundations for the full capitalisation of the Group's advantages in terms of production scale.

In addition to the Greater China region and North America, the Group was highly dedicated to its work regarding the curtain wall projects in progress in other overseas regions, and was engaged in prudent competition in the local markets on condition that the performance risks in relation to its projects were kept under control. During the first half of 2019, the Group achieved smooth progress in relation to its police headquarters project in Melbourne, Australia, the project for the supply of single components for West Side Place Stage I in Melbourne, Australia, as well as the project of The Stage in London, the UK.

General Contracting Business

The development of our general contracting business has been stable. The Group actively participated in the bidding of medium and small housing projects in Hong Kong, proactively exploring cooperation opportunities leading to synergy within our systems. Our bidding effort has been progressing in a steady manner. The projects in progress are now achieving smooth progress, with the work regarding Chuang's residential development at Tuen Mun Town Lot No. 514 and Hong Kong Henderson Land's project in Ma Tau Wai being conducted in an orderly manner.

Chairman's Statement (Continued)

2. *Operating Management Business*

In the first half of 2019, with the strong backing of our parent company, the Group continued the enlargement of its focus on the transformation of our operating management business. The Group completed the acquisition of Nan Chang Bridge and Nan Chang Zhong Hai Xin Ba Yi Bridge operating management business from China State Construction International Holdings Limited, our controlling shareholder. Through a series of initiatives including the injection of the operating assets in Nanchang and the change of name of the Company, not only did the Group manage to increase its stable cash flow and enhance its profit contribution, but this also symbolised the Group's official commencement of its strategic move into the operating management sector as well as its substantive progress in this connection.

Abiding by its "big markets, big landlords, and big projects" operational strategy while enhancing the business synergy within its systems, China Overseas Supervision Limited ("中海監理有限公司") was awarded a number of projects, which further bolstered the advantages of the supervision business.

The Group has also been proactively exploring investment opportunities in the elderly care sector, and eventually undertook an investment project involving elderly care apartments located in Toronto, Canada in 2018. Preliminary planning and design work for the project was completed and the construction work has commenced as scheduled.

New Projects Awarded

During the six months ended 30 June 2019, the Group undertook 14 new projects with an aggregate contract value of approximately HK$2,453 million. Among them, curtain wall projects accounted for HK$2,183 million; while operating management services accounted for HK$256 million.

Projects in Progress

As at 30 June 2019, the Group's total contract value of projects in progress amounted to HK$12,677 million, among which the contract value attributable to uncompleted projects on hand amounted to HK$7,229 million.

Chairman's Statement (Continued)

Corporate Governance

Adhering to the corporate governance philosophy of honesty, integrity, transparency and efficiency, the Group strictly complied with various laws and regulations and abided by the Listing Rules and regulatory requirements. The Group continuously improved its corporate governance structure and measures to gradually establish and optimise a series of policy systems, internal control system and management mechanism and processes to ensure sound corporate governance. The Board strives to maintain high standard commercial ethics, healthy corporate culture and excellent corporate governance, so that the Group is able to actively adjust its business strategy in response to changes of market trends, allowing each professional decision-making team to play its role and strengthening the regionalised governance capability of each business unit.

Risk Management and Control

The Group continued to improve its internal control system to enhance the ability of risk predictions and the effects of risk management and control, and promote the integration of internal control and business processes. In response to changes in business environments and regulatory requirements, the Group strengthened supervision over major areas and key issues to prevent operational risks and eliminate management loopholes. The Group continued to improve its management systems and optimise mechanisms and procedures to ensure it can operate healthily.

The Group monitored the policies in overseas markets and the trends of exchange rates constantly and focused its resources on key cities in Europe and North America with relatively optimistic economic prospects to avoid political and exchange rate risks.

Financial Management

In the first half of 2019, the Group continued to enhance its financial management. Under the principle of stringent financial management, the Group improved the efficiency in utilisation of its capital and actively expanded its finance channels. In addition, the Group focused on expediting its collection of payments due from projects, thereby improving working capital turnover pragmatically. As at 30 June 2019, the Group's bank deposits amounted to a total of HK$443 million. Total borrowings amounted to HK$724 million, and the net gearing ratio was 25.0%. The Group had sufficient credit facilities to meet the needs of its future business development due to its sound financial conditions. At the same time, the Group had committed but unutilised credit facilities and other facilities like construction performance bond facility in aggregate of HK$1,456 million.

Chairman's Statement (Continued)

Human Resource Management

By persisting in the "people-oriented" managerial philosophy, the Group emphasises the attraction, retention, and cultivation of all levels of talents who recognise its corporate vision. The Group improves employees' satisfaction and work efficiency by creating a variety of systems that cover employees' recruitment, training, performance assessment and remuneration, and has established an open and transparent mechanism for staff selection and employment to provide its employees with a healthy environment for professional competition and development. During the year, the Group furthered its lecture system to enrich training and the exchange of ideas. The Group also continued to improve its KPI assessment for the purpose of establishing a more comprehensive assessment system. The further implementation of the "Site Contracting Responsibility System" (《地盤目標管理責任制》), the "Design Contracting Incentives System" (《設計承包激勵制度》), the "Site-related Integrated Appraisal and Incentives Methods" (《地盤綜合獎勵評選辦法》) and the "Shenzhen Production Line Motivation System" (《深圳生產線激勵制度》) within the Group has greatly improved the enthusiasm and work efficiency of the employees.

The Group has also formulated solutions targeted to the needs of employees for regimes, procedures, benefits and training, and built a smooth communication platform to create a sound communication atmosphere and contribute ideas for the development of the Company.

As at 30 June 2019, the Group had a total of 2,496 employees.

Social Responsibilities

Having participated in charity events such as "Walks for Millions" and "Kids' Dream" for successive years, the Group has been awarded honorable certificates such as "Green Office Award", "We Unite Better World Company", "Healthy Workplace" and "Caring with Low Carbon", and has been named a "Caring Company" by the HKCSS for five successive years, demonstrating our dedication towards the community and contribution to social harmony and stability.

Chairman's Statement (Continued)

PROSPECTS

It is expected that in the second half of 2019, global economic growth will decelerate, the trade tensions between major economies will be subject to twists and turns, the Brexit stalemate will prevail, the emerging markets will face turmoil, and risks and challenges will intensify. The construction market of North America will remain prosperous amidst the stimulus policies on US infrastructure. The size of Hong Kong's construction market will remain stable, while Macau's economy will enter a period of revival following significant adjustments. The extensive advancement of the construction in Guangdong-Hong Kong-Macau Greater Bay Area will bring substantial development opportunities to the construction industries of Hong Kong and Macau. China's economy will continue to face great downward pressure, but with the transformation and upgrade of the broader economy and the increasing pace of its structural adjustments, the momentum for the quality-based development of China's economy will continuously build up, which would foster its stable and positive development.

Business and Development Strategies

The curtain wall business is the Group's core business. The Group will continue to adopt the operational strategy of "big markets, big landlords, big projects", adhere to the business philosophy of "closely focusing on high-end markets and providing high-quality services", integrate advantageous resources, improve its operational and management and control models by taking into consideration the features of various markets, optimise the business deployment in the three major markets, namely Hong Kong and Macau, North America and Mainland China. The Group will further explore other overseas markets such as Australia, the United Kingdom and Asia-Pacific region in a prudential manner by leveraging and integrating the existing resources and capacities. The Group will continue to focus on the work schedule, quality, safety, capital and cost management of projects while improving the synergies created during design, production and installation processes. The Group will sharpen its integrated competitive edges in its curtain wall business. Efforts will be made to further improve branding and market development, strengthen management over projects on hand, consolidate the Group's core competitiveness in design, procurement, production and construction, and exercise rigorous control over the project risks while maintaining desired profitability.

The Group highly values the building of its design teams, and will strengthen its design teams in Hong Kong and North America while expanding its design teams in Mainland China, by continuously recruiting additional experts to meet the demand for professionals at project peak seasons. Meanwhile, the Group will provide stronger support to its personnel serving overseas, which includes establishing the basic policies for overseas core management team setup and the remuneration and benefits of personnel serving overseas, thereby maintaining the stability of overseas teams and enhancing the Group's cohesiveness and competitive strengths.

Chairman's Statement (Continued)

The Group will strengthen its system, make a plan in advance and facilitate communication for project design and construction plan evaluation. In addition, the Group will dovetail the design and production processes of projects to elevate the contract business management levels. Efforts will be increased to improve planning for the procurement of materials and for better process-oriented management to ensure successful completion of all projects.

In respect of its general contracting business, given the growing demand for housing in Hong Kong as well as developers' optimism about the prospects of the housing market, the Group will be actively engaged in the development of premium, medium and small building construction projects in Hong Kong amidst the accelerating renewal of old districts.

In respect of the operating management business field, while further improving the operation model of its operating management business, the Group will thoroughly explore the direction of its innovative businesses in Mainland China. By continuous researches on the feasibility of injecting quality operation assets from its system, the Group will proactively seek for opportunities of merger and acquisition of quality assets. The Group will promote industry-finance integration and enhance business transformation, in order to promote the contribution of operating management businesses to the general results and achieve its strategic objective of being driven by both traditional and operating management businesses.

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

APPRECIATION

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

By Order of the Board
China State Construction Development Holdings Limited
Zhang Haipeng
Chairman and Non-executive Director

Hong Kong, 20 August 2019

Management Discussion and Analysis

OVERALL PERFORMANCE

For the six months ended 30 June 2019, the Group recorded aggregate revenue of HK$2,031 million (30 June 2018: HK$1,763 million), an increase of 15.2% as compared with the corresponding period of last year. The profit attributable to owners of the Company was HK$109.4 million (30 June 2018: HK$90.9 million), an increase of 20.4% as compared with the corresponding period of last year. During the period, the net cash inflow from operating activities was HK$75 million (30 June 2018: net cash outflow of HK$30 million). The basic earnings per share was HK5.08 cents (30 June 2018: HK4.22 cents), representing the growth of 20.4% as compared with the same period last year.

During the period, the Group acquired 100% of equity interests in and shareholder's loan to Fuller Sky Enterprises Limited ("Fuller Sky") and Value Idea Investments Limited ("Value Idea") from Ever Power Group Limited, a wholly owned subsidiary of China State Construction International Holdings Limited for a total consideration of HK$295 million. Fuller Sky holds 55.24% of the equity interests in a joint venture company which owns the management and operation rights for the Nan Chang Zhong Hai Xin Ba Yi Bridge. Value Idea holds 55.24% of the equity interests in three joint venture companies which together own the management and operation rights for the Nan Chang Bridge.

Segment Analysis

Facade Contracting Business

Benefiting from the continuous expansion in Greater China Market, the segment's revenue recorded an increase to HK$1,430 million for the six months ended 30 June 2019 (30 June 2018: HK$1,055 million). As a result of the completion of certain projects in Hong Kong during the period and implementation of stringent cost control measures for facade projects, the operating profit increased to HK$89 million for the six months ended 30 June 2019 (30 June 2018: HK$61 million).

General Contracting Business

The segment's revenue recorded a decrease to HK$459 million for the six months ended 30 June 2019 (30 June 2018: HK$589 million). The operating profit decreased to HK$26 million for the six months ended 30 June 2019 (30 June 2018: HK$51 million). It is due to the fact that the certain projects substantially completed in 2018 has made less contribution in the first half of the year and the newly projects awarded in 2018 have not yet made a significant contribution in the preliminary stage of construction.

Management Discussion and Analysis (Continued)

Operating Management Business

Riding on the contribution from the acquisition of Nan Chang Zhong Hai Xin Ba Yi Bridge and Nan Chang Bridge and the provision of engineering consultancy service, the segment's revenue recorded an increase to HK$142 million for the six months ended 30 June 2019 (30 June 2018: HK$118 million). The operating profit increased to HK$55 million for the six months ended 30 June 2019 (30 June 2018: HK$36 million).

Administrative expenses

With the continuous implementation of stringent cost control measures of three core business, administrative expenses decreased to HK$94 million (30 June 2018: HK$110 million).

Finance costs

For the six months ended 30 June 2019, the Group's finance costs increased to HK$15 million (30 June 2018: HK$11 million) as a results of the rise of interest rate.

New Contracts Awarded and Project in Progress

The Group recorded an accumulated new contract value of HK$2,453 million in the six months ended 30 June 2019 and achieved a 49.1% completion of the full year target of 2019, which is not less than HK$5,000 million.

As of 30 June 2019, the on-hand contract value amounted to approximately HK$12,677 million, among which the backlog was approximately HK$7,229 million.

Business Segments	**New Contract Awarded** (HK$ million)	**Project in Progress**	
		Total Value (HK$ million)	**Backlog** (HK$ million)
Curtain Wall	2,183	9,853	6,029
Building Works	14	2,361	915
Operating Management	256	463	285
Total	2,453	12,677	7,229

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 2019, the Group had bank balances and cash of HK$443 million (31 December 2018: HK$387 million), total borrowings of the Group were HK$724 million (31 December 2018: HK$717 million). The Group's net gearing ratio (net debt to total net assets) as at 30 June 2019 was approximately 25.0% (31 December 2018: 32.1%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK$1,456 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 2019 and 31 December 2018 are set out as follows:

	30 June 2019 HK$'000	31 December 2018 HK$'000
On demand or within one year	**511,771**	505,178
More than one year but not exceeding two years	**482**	455
More than two years but not more than five years	**201,575**	201,485
More than five years	**9,907**	9,806
Total borrowings	**723,735**	716,924

The portfolio of the currencies of bank deposits of the Group as at 30 June 2019 and 31 December 2018 is set out as follows:

	30 June 2019 %	31 December 2018 %
Hong Kong Dollars	**50**	20
Renminbi	**29**	35
United States Dollars	**1**	3
Macau Pataca	**6**	6
Others	**14**	36

Management Discussion and Analysis (Continued)

As at 30 June 2019, the Group's equity attributable to owners of the Company amounted to HK$1,189 million (31 December 2018: HK$1,097 million), comprising issued capital of HK$22 million (31 December 2018: HK$22 million) and reserves of HK$1,167 million (31 December 2018: HK$1,076 million).

TREASURY POLICY

The Group adopts a conservative 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.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2019, the Group employed a total of 2,496 (31 December 2018: 2,735) 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.

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

	Note	For the six months ended 30 June 2019 HK$'000	2018 HK$'000
Revenue	5	**2,031,435**	1,763,034
Cost of sales		**(1,793,813)**	(1,532,368)
Gross profit		**237,622**	230,666
Other income and other gains, net	6	**7,536**	2,242
Administrative, selling and other operating expenses		**(94,122)**	(110,128)
Finance costs	7	**(14,909)**	(11,115)
Profit before tax	8	**136,127**	111,665
Income tax charge	9	**(31,947)**	(23,615)
Profit for the period		**104,180**	88,050
Profit/(loss) for the period attributable to:			
Owners of the Company		**109,445**	90,888
Non-controlling interests		**(5,265)**	(2,838)
		104,180	88,050
Earnings per share (HK cents)			
Basic and diluted	11	**5.08**	4.22

Unaudited Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June 2019 HK$'000	2018 HK$'000
Profit for the period	**104,180**	88,050
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**7,874**	2,087
Other comprehensive income for the period, net of tax	**7,874**	2,087
Total comprehensive income for the period, net of tax	**112,054**	90,137
Total comprehensive income for the period attributable to:		
Owners of the Company	**116,831**	93,349
Non-controlling interests	**(4,777)**	(3,212)
	112,054	90,137

Unaudited Condensed Consolidated Statement of Financial Position

	Note	30 June 2019 HK$'000	31 December 2018 HK$'000
Non-current Assets			
Property, plant and equipment	13	**530,796**	476,959
Prepaid lease payments		**—**	32,491
Interests in infrastructure project investments	12	**220,839**	—
Goodwill	14	**138,149**	138,149
Deferred tax assets		**93,068**	92,647
		982,852	740,246
Current Assets			
Contract assets		**1,182,883**	967,471
Trade and other receivables	15	**1,341,460**	1,173,875
Deposits and prepayments		**61,480**	53,842
Interests in infrastructure project investments	12	**60,235**	—
Inventories		**9,468**	7,014
Tax recoverable		**1,783**	707
Amounts due from fellow subsidiaries		**41,574**	37,026
Amounts due from related companies		**3,951**	—
Bank and cash balances		**443,024**	386,630
		3,145,858	2,626,565
		4,128,710	3,366,811
Current Liabilities			
Bank borrowings	16	**511,771**	505,178
Trade payables, other payables and accruals	17	**1,210,354**	1,049,699
Contract liabilities		**245,131**	299,857
Lease liabilities		**7,360**	—
Finance lease payables		**—**	793
Current tax payables		**102,395**	88,880
Dividend payables		**25,867**	—
Amounts due to fellow subsidiaries		**644,188**	170,240
Amounts due to related companies		**1,494**	—
		2,748,560	2,114,647
Total Assets less Current Liabilities		**1,380,150**	1,252,164

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

	Note	30 June 2019 HK$'000	31 December 2018 HK$'000
Capital and Reserves			
Share capital	18	**21,555**	21,555
Share premium and reserves		**1,167,010**	1,075,736
Equity attributable to owners of the Company		**1,188,565**	1,097,291
Non-controlling interests		**(63,785)**	(59,008)
		1,124,780	1,038,283
Non-current liabilities			
Bank borrowings	16	**211,964**	211,746
Lease liabilities		**18,906**	—
Finance lease payables		**—**	1,842
Deferred tax liabilities		**24,500**	293
		255,370	213,881
		1,380,150	1,252,164

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Special Reserves (Note a) HK$'000	Share-based payments reserve HK$'000	Foreign currency translation reserve HK$'000	Statutory reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2018										
As previously stated	21,555	898,654	(312,243)	4,636	(23,030)	12	427,634	1,017,218	(54,201)	963,017
Effect of combination under common control (Note b)	—	—	(182,141)	—	5,367	14,379	164,070	1,675	—	1,675
As restated	21,555	898,654	(494,384)	4,636	(17,663)	14,391	591,704	1,018,893	(54,201)	964,692
Profit/(loss) for the period	—	—	—	—	—	—	90,888	90,888	(2,838)	88,050
Exchange differences arising on translation of foreign operations	—	—	—	—	2,461	—	—	2,461	(374)	2,087
Total comprehensive income for the period	—	—	—	—	2,461	—	90,888	93,349	(3,212)	90,137
Capital contribution relating to share-based payment borne by an intermediate holding company	—	—	327	—	—	—	—	327	—	327
2017 Final dividend payable	—	—	—	—	—	—	(21,555)	(21,555)	—	(21,555)
At 30 June 2018	21,555	898,654	(494,057)	4,636	(15,202)	14,391	661,037	1,091,014	(57,413)	1,033,601
At 1 January 2019	**21,555**	**898,654**	**(492,178)**	**4,636**	**(46,932)**	**14,391**	**697,165**	**1,097,291**	**(59,008)**	**1,038,283**
Profit/(loss) for the period	**—**	**—**	**—**	**—**	**—**	**—**	**109,445**	**109,445**	**(5,265)**	**104,180**
Exchange differences arising on translation of foreign operations	**—**	**—**	**—**	**—**	**7,386**	**—**	**—**	**7,386**	**488**	**7,874**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**7,386**	**—**	**109,445**	**116,831**	**(4,777)**	**112,054**
Capital contribution relating to share-based payment borne by an intermediate holding company	**—**	**—**	**310**	**—**	**—**	**—**	**—**	**310**	**—**	**310**
2018 Final dividend payable	**—**	**—**	**—**	**—**	**—**	**—**	**(25,867)**	**(25,867)**	**—**	**(25,867)**
At 30 June 2019	**21,555**	**898,654**	**(491,868)**	**4,636**	**(39,546)**	**14,391**	**780,743**	**1,188,565**	**(63,785)**	**1,124,780**

Notes:

(a) The balance of special reserve as at 1 January 2018 resulted from under common control in 2014, the difference between the fair value of consideration paid for the acquisition and the net asset value of Treasure Construction Engineering Limited ("Treasure Construction") at the acquisition date and transfer of net liability value of its subsidiary, Gamma North America, Inc. from non-controlling interest, resulted from an increase in equity interests in Gamma North America, Inc. through capitalization of shareholder's loans in 2016.

(b) Special reserve arose represented the combinations of China Overseas Supervision Limited ("COS") under common control. The amount represented the excess of consideration paid over the share capital of the acquired company.

Unaudited Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June 2019 HK$'000	2018 HK$'000
Net cash from/(used in) operating activities	**75,590**	(30,159)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11,298)**	(77,136)
Proceeds from disposals of property, plant and equipment	**4**	75
Interest received	**415**	851
Net cash used in investing activities	**(10,879)**	(76,210)
Cash flows from financing activities		
Finance costs paid	**(14,332)**	(11,016)
Drawdown/(repayment) of bank loans, net	**6,308**	2,752
Payment of lease liabilities	**(4,075)**	—
Repayment of finance lease payables	**—**	(472)
Net cash used in financing activities	**(12,099)**	(8,736)
Net increase/(decrease) in cash and cash equivalents	**52,612**	(115,105)
Effect of foreign exchange rate changes	**3,782**	2,144
Cash and cash equivalents at beginning of period	**386,630**	478,137
Cash and cash equivalents at end of period	**443,024**	365,176
Analysis of cash and cash equivalents		
Bank and cash balances	**443,024**	365,176

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 2019 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

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

2 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:

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

The interim financial statements have been prepared in accordance with the accounting policies which are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of HKFRS 16 "Leases" as described in Note 3 below. Other amendments to above standards and new interpretation that are effective for the first time for this interim period did not have any material impact to the Group's accounting policies.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

2 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	Definition of Business[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]

Notes:

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.

3 ADOPTION OF HKFRS 16

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.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

3 ADOPTION OF HKFRS 16 (Continued)

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.

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, 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.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

3 ADOPTION OF HKFRS 16 (Continued)

The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset on a straight-line basis. 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.

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 HK$85,925,000. 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.

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

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

3 ADOPTION OF HKFRS 16 (Continued)

Upon the adoption of HKFRS 16, the Group reclassified the assets under finance leases (mainly land, 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 finance lease payables to lease liabilities for presentation purpose.

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:

	2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	**85,925**
Discounted using the lessee's incremental borrowing rate of at the date of initial application*	**85,683**
Add: finance lease liabilities recognised as at 31 December 2018	**2,635**
Less: short-term leases recognised on a straight-line basis as expense	**(1,375)**
Less: adjustments as a result of a different treatment of extension and termination options	**(57,179)**
Lease liability recognised as at 1 January 2019	**29,764**
Of which are:	
Current lease liabilities	**7,339**
Non-current lease liabilities	**22,425**
	29,764

* The weighted average incremental borrowing rate was 4%.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

3 ADOPTION OF HKFRS 16 (Continued)

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

	At 1 January 2019 HK$'000
Decrease in prepaid lease payments	32,491
Decrease in property, plant and equipment — land, buildings and motor vehicles	33,491
Increase in property, plant and equipment — right-of-use assets	93,111
Decrease in finance lease payables — current	793
Decrease in finance lease payables — non-current	1,842
Increase in lease liabilities — current	7,339
Increase in lease liabilities — non-current	22,425

	For the six months ended 30 June 2019 HK$'000
Decrease in administrative, selling and other operating expenses	**3,738**
Increase in depreciation — administrative, selling and other operating expenses	**3,560**
Increase in amortisation — cost of contracting works performed	**340**
Increase in finance costs	**516**

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

3 ADOPTION OF HKFRS 16 (Continued)

The table below summarised the movements of right-of-use assets included in property, plant and equipment during the period:

	Prepaid lease payments HK$'000	Land, buildings and motor vehicles HK$'000	Office and staff quarters HK$'000	Total HK$'000
Net book value at 1 January 2019, as previously reported	—	—	—	—
Effects of the adoption of HKFRS 16	**32,491**	**33,491**	**27,129**	**93,111**
Net book value at 1 January 2019, as restated	**32,491**	**33,491**	**27,129**	**93,111**
Depreciation and amortisation	**(340)**	**(414)**	**(3,560)**	**(4,314)**
Net book value at 30 June 2019	**32,151**	**33,077**	**23,569**	**88,797**

4 ESTIMATES

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

In the preparation of these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the condensed consolidated financial statements for the period ended 30 June 2019.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

5 REVENUE AND SEGMENT INFORMATION

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

The Group has three reportable segments principally based on reportable business units as well as the reporting organisation hierarchy, and are determined as follows:

— Façade Contracting Works

— General Contracting Works

— Operating Management

For the six months ended 30 June 2019, the Group recognised revenue from contracts with customers (including façade contracting business, general contracting business and operating management) over time of HK$2,015,033,000 (30 June 2018: HK$1,763,034,000). The revenue from interests in infrastructure project investments of HK$16,402,000 was included in operating management (30 June 2018: Nil).

Unaudited segment results for the six months ended 30 June 2019 and 2018 are as follows:

	Revenue		Gross profit		Segment results	
	2019	2018	2019	2018	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Reportable segments:						
Façade Contracting Works	**1,430,001**	1,055,469	**137,251**	127,109	**88,642**	60,998
General Contracting Works	**459,078**	589,250	**30,886**	53,035	**26,359**	51,023
Operating Management	**142,356**	118,315	**69,485**	50,522	**55,239**	35,946
Total	**2,031,435**	1,763,034	**237,622**	230,666	**170,240**	147,967
Unallocated corporate expenses					**(24,518)**	(26,488)
Other income and other gains, net					**5,314**	1,301
Finance costs					**(14,909)**	(11,115)
Profit before tax					**136,127**	111,665

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

6 OTHER INCOME AND OTHER GAINS, NET

	For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Bank interest income	**416**	851
Exchange gain	**5,119**	—
Sundry income	**2,001**	1,391
	7,536	2,242

7 FINANCE COSTS

	For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Interest on bank loans and overdrafts	**14,332**	11,016
Finance lease charges	**—**	99
Interest on lease liabilities	**577**	—
	14,909	11,115

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

8 PROFIT BEFORE TAX

	For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Profit before tax has been arrived at after charging:		
Amortisation of prepaid lease payments	—	309
Depreciation and amortisation included in cost of contracting works performed	**15,603**	5,827
Depreciation included in administrative, selling and other operating expenses	**6,483**	3,643
	22,086	9,470

9 INCOME TAX CHARGE

	For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Current tax — Hong Kong profits tax		
Provision for the period	**17,814**	17,300
Overprovision in prior years	—	(12)
	17,814	17,288
Current tax — overseas		
Provision for the period	**9,168**	7,005
Under/(over)provision in prior years	**7**	(678)
	9,175	6,327
Deferred tax	**4,958**	—
Income tax charge for the period	**31,947**	23,615

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

9 INCOME TAX CHARGE (Continued)

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.

10 DIVIDENDS

	For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Dividend recognized as distribution during the period:		
2018 final dividend of HK1.2 cents per share paid on 5 July 2019 (six months ended 30 June 2018: 2017 final dividend paid of HK1.0 cent per share paid)	**25,867**	21,555

The Board has declared the payment of an interim dividend of HK1.2 cents per share (30 June 2018: HK1.0 cent per share), amounting to approximately HK$25,867,000 (30 June 2018: approximately HK$21,555,000) payable on 4 October 2019. 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)

11 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	
	2019 HK$'000	2018 HK$'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**109,445**	90,888

	2019 '000	2018 '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)	**5.08**	4.22

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

12 INTERESTS IN INFRASTRUCTURE PROJECT INVESTMENTS

On 7 January 2019, the Group acquired Value Idea Investments Limited ("Value Idea") and Fuller Sky Enterprises Limited ("Fuller Sky"), from its intermediate holding company — China State Construction International Holdings Limited ("CSCIHL") which CSCIHL holds 74.06% of the shareholdings of the Company at a total consideration of HK$295,000,000. Value Idea and Fuller Sky hold the interests in infrastructure project investments which represent funding denominated in Renminbi advanced to joint ventures for PPP infrastructure projects located in Mainland China.

Value Idea and Fuller Sky are responsible to provide finance for the construction of the infrastructure of the projects, whereby the return is predetermined in accordance with the provisions of the relevant agreements. The projects are expected to be completed by 2025. The effective interest rates on the infrastructure project investments range from 10.2% to 10.7% per annum.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

13 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$11,298,000 (30 June 2018: approximately HK$77,137,000) on additions to property, plant and equipment.

14 GOODWILL

	HK$'000
Cost, at 30 June 2019 and 31 December 2018	159,707
Accumulated impairment, at 30 June 2019 and 31 December 2018	(21,558)
Carrying values, at 30 June 2019 and 31 December 2018	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 ("Gamma Group") within the North America division.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, revenue 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 the 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 of market development. The key assumptions used are consistent with the annual financial statements for the year ended 31 December 2018.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

15 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 2019 HK$'000	31 December 2018 HK$'000
Trade receivables:		
0 to 30 days	**419,983**	450,025
31 to 60 days	**90,884**	25,859
61 to 90 days	**7,964**	2,944
More than 90 days	**92,601**	85,685
	611,432	564,513
Retention receivables	**613,424**	549,706
	1,224,856	1,114,219
Other receivables	**116,604**	59,656
Trade and other receivables	**1,341,460**	1,173,875

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 2018: 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)

16 BANK BORROWINGS

The bank borrowings are repayable as follows:

	30 June 2019 HK$'000	31 December 2018 HK$'000
On demand or within one year	**511,771**	505,178
In the second year	**482**	455
In the third to fifth years, inclusive	**201,575**	201,485
Over five years	**9,907**	9,806
	723,735	716,924
Less: Amount due for settlement within twelve months	**(511,771)**	(505,178)
Amount due for settlement after twelve months	**211,964**	211,746

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 2019	**280,000**	**23,063**	**420,672**	**723,735**
31 December 2018	280,000	13,071	423,853	716,924

The average bank loans interest rates at 30 June 2019 was 3.98% (31 December 2018: 3.82%).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

17 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 2019 HK$'000	31 December 2018 HK$'000
Trade payables:		
0 to 30 days	**753,812**	510,174
31 to 60 days	**26,840**	27,294
More than 60 days	**64,898**	175,444
	845,550	712,912
Retention payables	**229,717**	189,179
	1,075,267	902,091
Other payables and accruals	**135,087**	147,608
Trade payables, other payables and accruals	**1,210,354**	1,049,699

As at 30 June 2019, the amount of retention payables expected to be due after more than twelve months was approximately HK$95,905,000 (31 December 2018: approximately HK$93,124,000).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

18 SHARE CAPITAL

	Issued and fully paid Number of shares '000	Share capital Amount HK$'000
Ordinary shares of HK$0.01 each		
At 1 January 2018, 31 December 2018 and 30 June 2019	2,155,545	21,555

19 COMMITMENTS

As at 30 June 2019, the Group had the following commitments contracted but not provided for in the condensed 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	**1,880**	18,265

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

20 RELATED PARTY TRANSACTIONS

Transactions with related parties

	For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Construction fees received from fellow subsidiaries	**730,796**	358,183
Service income received from fellow subsidiaries	**18,592**	18,615
Service fees paid to fellow subsidiaries	**13,800**	18,849

Other Information

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK1.2 cents per share (30 June 2018: HK1.0 cent per share), payable on Friday, 4 October 2019 to shareholders whose names appear on the register of members of the Company on Friday, 6 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 5 September 2019 to Friday, 6 September 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 4 September 2019.

SHARE CAPITAL

The Company's total issued share capital as at 30 June 2019 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, the Scheme 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 2019.

As at 1 January 2019 and 30 June 2019, the Company had no share options outstanding under the Scheme.

Other Information (Continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, 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 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)
Zhang Haipeng	Beneficial owner	Personal interest	3,078,000	0.143
Wu Mingqing	Beneficial owner	Personal interest	5,000,000	0.232
Chan Sim Wang	Beneficial owner	Personal interest	50,000	0.002
Huang Jiang	Beneficial owner	Personal interest	3,000,000	0.139

Note: The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2019 (i.e. 2,155,545,000 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 corporations of the Company

As at 30 June 2019, Mr. Zhang Haipeng had personal interests in 774,000 A-shares, representing approximately 0.002% of the then issued voting shares, in China State Construction Engineering Corporation Limited ("CSCECL") held in his capacity as beneficial owner; Mr. Wu Mingqing had personal interests in 294,000 A-shares, representing approximately 0.001% of the then issued voting shares, in CSCECL held in his capacity as beneficial owner; Mr. Wang Hai had personal interests in 210,000 A-shares, representing approximately 0.001% of the then issued voting shares, in CSCECL held in his capacity as beneficial owner; Mr. Chan Sim Wang had personal interests in 32,400 ordinary shares, representing approximately 0.001% of the then issued shares, in China State Construction International Holdings Limited held in his capacity as beneficial owner; and Mr. Huang Jiang had personal interests in 210,000 A-shares, representing approximately 0.001% of the then issued voting shares, in CSCECL held in his capacity as beneficial owner. The Company was informed that all the interests in A-shares in CSCECL held by Directors were granted to them by CSCECL pursuant to its share award scheme.

Save as disclosed above, as at 30 June 2019, 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.

Save for the disclosed, 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. Nor any 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 2019, 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 2019, 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	1,596,403,279	1,596,403,279	74.06
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")(2)	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")(2)	Interests of controlled corporations	1,596,403,279	1,596,403,279	74.06
中國建築集團有限公司 (China State Construction Engineering Corporation*) ("CSCEC")(2)	Interests of controlled corporations	1,596,403,279	1,596,403,279	74.06

* The English name is a translated name and is for identification purpose only.

Notes:

1. The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2019 (i.e. 2,155,545,000 shares).

2. Add Treasure is a wholly-owned subsidiary of CSCIHL which, in turn, is owned as to approximately 64.66% by COHL. COHL is a wholly-owned subsidiary of CSCECL and CSCECL is a subsidiary of CSCEC. By virtue of the SFO, each of CSCIHL, COHL, CSCECL and CSCEC is deemed to be interested in the same 1,596,403,279 shares held by Add Treasure.

Other Information (Continued)

Save as disclosed above, as at 30 June 2019, no other person (other than the Directors and 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 2019, 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 2019 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"), save for the following deviation:

Code provision E.1.2 – code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhang Haipeng, Chairman of the Board and Non-executive Director, was unable to attend the annual general meeting held on 29 May 2019 due to other business engagement and Mr. Wu Mingqing, Vice Chairman and Chief Executive Officer chaired the meeting in his stead to answer questions at the meeting. The Vice Chairman reported back to the Chairman the views of shareholders after the meeting.

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 2019 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

中國建築興業集團有限公司
CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS 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