



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

拓展
新未來

EXPANDING NEW FUTURE

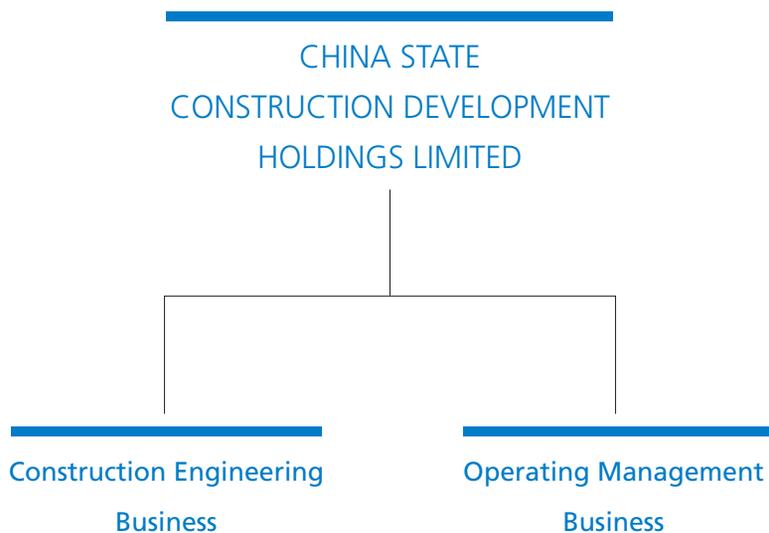
INTERIM REPORT 2020 中期報告



目錄 Contents

2	公司業務架構	47	Corporate Structure
3	董事局及委員會	48	Board of Directors and Committees
4	公司資料	49	Corporate Information
5	主席報告書	50	Chairman's Statement
15	管理層討論及分析	61	Management Discussion and Analysis
19	未經審核之簡明綜合收益表	65	Unaudited Condensed Consolidated Income Statement
20	未經審核之簡明綜合全面收益表	66	Unaudited Condensed Consolidated Statement of Comprehensive Income
21	未經審核之簡明綜合財務狀況表	67	Unaudited Condensed Consolidated Statement of Financial Position
23	未經審核之簡明綜合權益變動表	69	Unaudited Condensed Consolidated Statement of Changes in Equity
24	未經審核之簡明綜合現金流量表	70	Unaudited Condensed Consolidated Statement of Cash Flows
25	未經審核之簡明綜合財務報表附註	71	Notes to the Unaudited Condensed Consolidated Financial Statements
42	其他資料	88	Other Information

Corporate Structure



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

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

Ernst & Young

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
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 2020

Chairman's Statement

In the first half of 2020, China State Construction Development Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") took an active role in overcoming the impact of the COVID-19 pandemic, actively adapted to the external market, optimised and integrated the resource layout, exerted great efforts in promoting technology innovation, effectively prevented operational risks, steadily pushed forward with various operational deployments, and achieved remarkable results on improving quality and efficiency. Meanwhile, the Group's business transformation progressed smoothly and the infrastructure operating business has started to take shape. Facing the severe and complicated pandemic situation, the Group was determined to implement comprehensive epidemic prevention and control measures, actively facilitated the resumption of work and production, orderly expanded the core curtain wall business, with periodic progress being attained in the general contracting business and steady development made in the infrastructure operating business in Mainland China.

RESULTS

During the six months ended 30 June 2020, the Group recorded revenue from principal activities of HK\$1,961 million in total, representing a year-on-year decrease of 16.8%. The profit attributable to owners of the Company amounted to HK\$155 million, representing a slight year-on-year growth of 1.0%. Earnings per share were HK7.19 cents, representing a slight year-on-year growth of 1.0%.

DISTRIBUTION OF DIVIDENDS

In consideration of the development needs of operating management business and the uncertain impact of the epidemic on the economy, the Board of Directors does not recommend payment of an interim dividend for the six months ended 30 June 2020.

Chairman's Statement (Continued)

BUSINESS REVIEW

Market conditions

In the first half of 2020, the COVID-19 pandemic caused unprecedented impacts on the global economy. Major economies suffered short-term stagnancy, turmoil in the financial market intensified, the monetary easing measures worldwide were strengthened unprecedentedly, the downward pressure in emerging economies continued to increase, and the global economic growth slowed down rapidly. The epidemic prevention and control measures in China achieved significant progress, the central government put forward the goals of "six stabilities" and "security in six areas" policies, launched a series of economy supporting policies, sped up the process of resumption in work and production, actively push ahead the economic transformation and upgrade, thereby China economy recovered rapidly during the first half of the year, and the economy continued to maintain a trend of steady and positive growth.

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 of the Group's curtain wall business. The epidemic prevention and control in Hong Kong were in grim conditions, which intensified the competition in the construction industry and curtain wall market. The Group strived to further strengthen the competitive advantages of its curtain wall business in order to bolster its leading market position in Hong Kong. The pillar industries in Macau were deeply affected by the COVID-19 pandemic, and the economy continued undergoing in-depth adjustments. As a recognized high-end curtain wall total solution provider in such market, the Group focused on deepening the strategic cooperation with its existing major clients and actively developed long-term and stable cooperation with its new clients while

Chairman's Statement (Continued)

striving for better coordination internally. Business scale in the regions was constantly growing. In the first half of 2020, the Group's newly awarded project in the regions was the construction work (the common curtain wall and double-skin curtain wall section) of Immigration Headquarters in Area 67 at Tseung Kwan O, Hong Kong. The Group strived to continue improving the project performances, and has put emphasis on managing the schedule, quality, safety, environmental protection and efficiency of its project in progress. Synergy is achieved by consolidating the internal design, procurement, production and installation resources of the Group. In addition, the Group endeavored to minimize the negative impact of the COVID-19 pandemic on the project progress. The Group has also been working on measures such as enhancing safety control and implementing incentive schemes, so as to adjust and maximize project teams' motivation.

The COVID-19 pandemic outbreak in North America spread rapidly, the construction and curtain wall market also suffered larger impact. During the first half of the year, the Group focused on profitable premium projects with controllable risk, and it also has been examining more potential projects in North America. With its effort in strengthening project cost control and contract management, adjusting the management structure of North America's businesses, and enhancing its cross-regional resources allocation and synergies, the Group took measures timely to resolve business contract risks and mitigated the negative impact of operation suspension caused by the pandemic on projects in progress.

The curtain wall market in Mainland China is becoming more and more regulated, but disorderly price competition still prevails in the industry. The Group has always been selective about curtain wall projects in Mainland China, focusing on major projects owned by creditworthy landlords. During the first half of 2020, seizing the opportunities offered by the resumption of work and production in Mainland China, the Group leveraged its branding effect to proactively explore high-end curtain wall projects. Capitalizing on its internal synergy, the Group was awarded a number of projects, including the curtain wall project at Building A (tower plus podium) of Phase I, Bid Section 1 of Zhuao Bay Century Centre project, the curtain wall project at Phase II of China Construction Huafu Jincheng project and the curtain wall subcontracting project at Qianhai CTF Finance Tower.

Chairman's Statement (Continued)

The Group made full use of the advantages provided by its Zhuhai production base in Mainland China, which had been newly put into operation. Upgrade and transformation projects regarding intelligent technologies and automation were carried out in the Zhuhai factory. In order to deal with highly challenging projects, production processes were optimised, and technological innovations were introduced. As a result, the factory's capacity utilization and technological level have been effectively enhanced, and the economies of scale have gradually manifested themselves. In order to overcome the impact of the COVID-19 pandemic, the Zhuhai factory took active measures and managed to resume work and production in March. It adjusted its production capacity in a reasonable manner and coordinated the allocation of resources, thereby fully meeting the demands arising from Hong Kong's, Macau's and overseas projects. The factory's production and operation have now returned to normal.

In addition to the Greater China region and North America, the Group was dedicated to the curtain wall projects in progress in other overseas regions and endeavored to control the performance risks of these projects. During the first half of 2020, as the project for the supply of components for West Side Place Stage 1 in Melbourne, Australia and the project of The Stage in London, the UK were affected by the pandemic, the Group actively coordinated resources in order to mitigate any negative impact.

General Contracting Business

The development of our contracting business was stable. The Group actively participated in the bidding of small and medium housing projects in Hong Kong, and proactively explored internal cooperation opportunities. Bidding work was progressing steadily, as we were awarded the residential project at 128, Wong Ma Kok Road, Stanley. The projects in progress were proceeding smoothly, 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*

During the first half of 2020, with the strong backing of its parent company, the Group steadily promoted the operation of its asset management business and bolstered the results of its strategic move into the operating management sector. Our operating management business was largely unaffected by the pandemic, and managed to increase its stable cash flow and profit contribution, which shows that it has enhanced the Group's risk tolerance.

Abiding by its “big markets, big landlords, and big projects” operational strategy while enhancing the business synergy within its systems, China Overseas Supervision was awarded a number of projects, including Longguang Qianhai Tianjing Garden project in Shenzhen, the China Resources Guangming Xinhua Street project in Shenzhen, the Hezheng Yantian Shajingtou project in Shenzhen, which further bolstered the advantages of its supervision business.

During the first half of the year, Shenyang Huanggu Thermoelectricity worked hard on safe production as well as the prevention and control of the pandemic. It also explored various means of saving energy and reducing consumption. Continuing to reduce costs and increase efficiency, it successfully achieved safe and stable operation of heating production during the heating season, and carried out preparation work for heating, including equipment maintenance, the construction of heat networks and coal storage, in an orderly manner.

The Group's investment business in the elderly care sector in Canada progressed smoothly. The investment project of elderly care apartments in Toronto, Canada was under construction and proceeded at a normal pace. It has already entered the main construction stage as scheduled.

Chairman's Statement (Continued)

New Projects Awarded

During the six months ended 30 June 2020, the Group undertook 7 new projects in total, with an aggregate contract value of HK\$2,575 million. Among them, curtain wall projects accounted for HK\$657 million; while general contracting projects accounted for HK\$1,767 million and operating management services accounted for HK\$151 million.

Projects in Progress

As at 30 June 2020, the Group's total contract value of projects in progress amounted to HK\$17,602 million, among which the contract value attributable to uncompleted projects on hand amounted to HK\$9,423 million.

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 of directors strived to maintain high standard commercial ethics, healthy corporate culture and excellent corporate governance, so that the Group was 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 to promote the integration of internal control management 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 healthy operations.

Chairman's Statement (Continued)

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

During the first half of 2020, the Group continued to enhance its financial management. Under the principle of stringent financial management, the Group properly allocated its financial resources, optimized its capital structure, improved the efficiency in the utilisation of its capital, saved financial costs and actively expanded its finance channels. In addition, the Group focused on expediting its collection of payments due from projects, thereby improving cash flow and liquidity pragmatically. As at 30 June 2020, the Group's cash and bank balances amounted to a total of HK\$437 million. Total bank borrowings amounted to HK\$959 million, and the net gearing ratio was 44.7%. The Group had sufficient credit facilities to meet the needs of its future business development thanks to its sound financial conditions. At the same time, the Group had committed but unutilised credit facilities and other facilities such as construction performance bond facility of HK\$2,580 million in aggregate.

Human Resource Management

By persisting in the "people-oriented" managerial philosophy, the Group emphasizes 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 further implemented 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 employees.

Chairman's Statement (Continued)

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 2020, the Group had a total of 3,203 employees.

Social Responsibilities

The Group has been a participant of charity events such as "Walks for Millions" and "Kids' Dream" for many years, and has received several awards and certifications including "Green Office Award", "Better World Company", "Healthy Workplace" and "Carbon Care Enterprise", and received the "Caring Company" label awarded by the Hong Kong Council of Social Service for five consecutive years, demonstrating its determination on development towards the community and contribution to social harmony and stability.

PROSPECTS

In the second half of 2020, the global epidemic prevention and control will still be in a critical period, trade protectionism will escalate, and geopolitical tensions will intensify. Although the developed economies gradually restart, as overseas pandemic outbreaks continue to occur, the global supply chain will face a new round of radical adjustment. On the other hand, the situation in Hong Kong is stabilizing, the economy in Macau will start to revive from its lowest point, and the continual construction of Guangdong-Hong Kong-Macau Greater Bay Area is expected to facilitate the gradual recovery of the construction market. Moreover, though China's macroeconomy is still facing a greater short-term downward pressure, the pandemic development in Mainland China is currently entering into a buffer period, the resumption of work and production are progressing, and there is substantial growth potential for the market in the future, and the mid-and-long term prospects of China's economy still remain optimistic.

Chairman's Statement (Continued)

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, and optimise business deployment in the three major markets, namely Hong Kong and Macau, North America and Mainland China. The Group will prudently explore other overseas markets such as Australia, the UK and Asia-Pacific region by further leveraging and integrating the existing resources and production capacity. 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.

The Group will strengthen its system, make a plan in advance and facilitate communication for project design and construction plan evaluations. 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.

Chairman's Statement (Continued)

In respect of its general contracting business, given that the situation in Hong Kong stabilizes, developers being optimistic about the prospects of the housing market, and the demand in the local housing market has been constantly growing, the housing market will be driven to recovery, and the Group will be actively engaged in the development of premium, medium and small building construction projects in Hong Kong.

In the field of operating management business, 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, and continue to study the implementation plan of the functions of investment and financing platform of listed companies. The Group will also proactively seek for opportunities of merger and acquisition of quality assets, promote industry-finance integration, enhance business transformation, endeavor to explore profit margins for its existing operating business, and strive to increase the contribution of its operating business to the general results in order to achieve its dual-core-driven strategic objective.

The board of directors 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 of directors, management and employees as well as customers and suppliers to promote the sustainable growth of the Group's revenue and profitability.

Chairman's Statement (Continued)

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 2020

Management Discussion and Analysis

OVERALL PERFORMANCE

The outbreak of the COVID-19 in early 2020 has created economic uncertainty to Greater China and North America and imposed negative impacts on the construction industry, including supply chain disruptions and work stoppages due to measures imposed by the government. For the six months ended 30 June 2020, the Group recorded aggregate revenue of HK\$1,961 million (30 June 2019 (restated): HK\$2,356 million), a decrease of 16.8% as compared with the corresponding period of last year. The profit attributable to owners of the Company was HK\$155 million (30 June 2019 (restated): HK\$153 million), a slight increase of 1.0% as compared with the corresponding period of last year. The basic earnings per share was HK7.19 cents (30 June 2019 (restated): HK7.12 cents), a slight increase of 1.0% as compared with the same period last year.

Segment Analysis

Facade Contracting Business

As a result of the delays in commencement or work progress of facade projects in Greater China and North America due to the impact of COVID-19, the segment's revenue recorded a decrease to HK\$1,312 million for the six months ended 30 June 2020 (30 June 2019: HK\$1,430 million). The operating profit decreased to HK\$66 million for the six months ended 30 June 2020 (30 June 2019: HK\$89 million).

General Contracting Business

The segment's revenue recorded a decrease to HK\$174 million for the six months ended 30 June 2020 (30 June 2019: HK\$459 million). The operating profit decreased to HK\$6 million for the six months ended 30 June 2020 (30 June 2019: HK\$26 million). It is due to the fact that the certain projects substantially completed in 2019 has made less contribution in the first half of the year and the newly project awarded have not yet made a significant contribution in the preliminary stage of construction.

Management Discussion and Analysis

(Continued)

Operating Management Business

The contribution from operating management projects including Shenyang Huanggu thermoelectric plant and Nan Chang bridges steadily increased. The segment's revenue recorded an increase to HK\$475 million for the six months ended 30 June 2020 (30 June 2019 (restated): HK\$466 million). The operating profit increased to HK\$142 million for the six months ended 30 June 2020 (30 June 2019 (restated): HK\$116 million) as a result of the decrease of cost of coal of Shenyang Huanggu thermoelectric plant.

Administrative, Selling and Other Operating Expenses

With the continuous implementation of stringent cost control measures of three core business, administrative expenses decreased to HK\$84 million (30 June 2019 (restated): HK\$102 million).

Finance Costs

For the six months ended 30 June 2020, the Group's finance costs increased to HK\$17 million (30 June 2019 (restated): HK\$16 million) as a result of the increase in bank borrowings.

New Contracts Awarded and Project in Progress

The Group recorded an accumulated new contract value of HK\$2,575 million in the six months ended 30 June 2020 and achieved a 46.8% completion of the full year target of 2020, which is not less than HK\$5,500 million.

As of 30 June 2020, the on-hand total contract value amounted to approximately HK\$17,602 million, among which the backlog was approximately HK\$9,423 million.

Business Segments	New Contract	Project in Progress	
	Awarded	Total Value	Backlog
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Curtain Wall	657	12,764	6,657
Building Works	1,767	4,091	2,237
Operating Management	151	747	529
Total	2,575	17,602	9,423

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 2020, the Group had cash and bank balances of HK\$437 million (31 December 2019: HK\$827 million), total bank borrowings of the Group were HK\$959 million (31 December 2019: HK\$868 million). The Group's net gearing ratio (net bank borrowings to total net assets) as at 30 June 2020 was approximately 44.7% (31 December 2019: 3.9%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK\$2,580 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 bank borrowings as at 30 June 2020 and 31 December 2019 are set out as follows:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
On demand or within one year	348,478	655,780
More than one year but not exceeding two years	200,479	200,494
More than two years but not more than five years	410,455	11,264
Total bank borrowings	959,412	867,538

The portfolio of the currencies of cash and cash equivalents of the Group as at 30 June 2020 and 31 December 2019 is set out as follows:

	30 June 2020 %	31 December 2019 %
Renminbi	60	82
Hong Kong Dollars	29	11
United States Dollars	3	1
Macau Pataca	1	1
Others	7	5

Management Discussion and Analysis

(Continued)

As at 30 June 2020, the Group's equity attributable to owners of the Company amounted to HK\$1,238 million (31 December 2019: HK\$1,125 million), comprising issued capital of HK\$22 million (31 December 2019: HK\$22 million) and reserves of HK\$1,216 million (31 December 2019: HK\$1,103 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 Renminbi. 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 2020, the Group employed a total of 3,203 (31 December 2019: 3,197) 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

	Notes	For the six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000 (restated)
Revenue	4	1,960,725	2,355,514
Cost of sales		(1,693,878)	(2,050,579)
Gross profit		266,847	304,935
Other income and other gains, net	5	15,591	9,293
Administrative, selling and other operating expenses		(83,917)	(101,979)
Finance costs	6	(17,487)	(15,868)
Profit before tax	7	181,034	196,381
Income tax expense	8	(28,774)	(48,141)
Profit for the period		152,260	148,240
Profit/(loss) for the period attributable to:			
Owners of the Company		154,930	153,369
Non-controlling interests		(2,670)	(5,129)
		152,260	148,240
Earnings per share (HK cents)			
Basic and diluted	10	7.19	7.12

Unaudited Condensed Consolidated Statement of Comprehensive Income

	For the six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
		(restated)
Profit for the period	152,260	148,240
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences arising on translation of foreign operations	(42,470)	4,353
Other comprehensive income for the period, net of tax	(42,470)	4,353
Total comprehensive income for the period, net of tax	109,790	152,593
Total comprehensive income for the period attributable to:		
Owners of the Company	112,222	157,234
Non-controlling interests	(2,432)	(4,641)
	109,790	152,593

Unaudited Condensed Consolidated Statement of Financial Position

		30 June 2020 HK\$'000	31 December 2019 HK\$'000
	Notes		
Non-current Assets			
Property, plant and equipment	11	1,922,839	1,957,144
Interests in infrastructure project investments	12	156,196	193,890
Goodwill	13	138,149	138,149
Deferred tax assets		180,819	171,971
		2,398,003	2,461,154
Current Assets			
Interests in infrastructure project investments	12	64,740	54,010
Inventories		114,084	98,524
Contract assets		1,580,322	1,017,935
Trade and other receivables	14	1,386,825	1,633,535
Deposits and prepayments		139,884	133,429
Tax recoverable		1,616	874
Amounts due from fellow subsidiaries		811,622	824,232
Amounts due from related companies		13,529	3,725
Cash and cash equivalents		436,810	826,576
		4,549,432	4,592,840
		6,947,435	7,053,994
Current Liabilities			
Bank borrowings	15	348,478	655,780
Contract liabilities		398,210	685,696
Trade payables, other payables and accruals	16	1,399,148	1,387,986
Lease liabilities		12,847	7,641
Deposits received		38,111	38,685
Current tax payables		167,439	175,610
Amount due to an intermediate holding company		230,352	—
Amounts due to fellow subsidiaries		1,803,053	1,795,833
Amount due to a related company		1,546	1,475
		4,399,184	4,748,706
Total Assets less Current Liabilities		2,548,251	2,305,288

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

	Notes	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Capital and Reserves			
Share capital	17	21,555	21,555
Share premium and reserves		1,216,287	1,103,770
Equity attributable to owners of the Company		1,237,842	1,125,325
Non-controlling interests		(69,244)	(66,812)
		1,168,598	1,058,513
Non-current liabilities			
Contract liabilities		741,797	770,912
Bank borrowings	15	610,934	211,758
Amount due to a fellow subsidiary		—	229,580
Lease liabilities		18,398	29,990
Deferred tax liabilities		8,524	4,535
		1,379,653	1,246,775
		2,548,251	2,305,288

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Special Reserves (note a)	Share-based payments reserve	Foreign currency translation reserve	Statutory reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019										
As previously stated	21,555	898,654	(492,177)	4,636	(46,933)	14,391	697,165	1,097,291	(59,008)	1,038,283
Effect of combination under common control (note b)	—	—	(673,580)	—	123,250	82,336	398,267	(69,727)	—	(69,727)
As restated	21,555	898,654	(1,165,757)	4,636	76,317	96,727	1,095,432	1,027,564	(59,008)	968,556
Profit/(loss) for the period	—	—	—	—	—	—	153,369	153,369	(5,129)	148,240
Exchange differences arising on translation of foreign operations	—	—	—	—	3,865	—	—	3,865	488	4,353
Total comprehensive income for the period	—	—	—	—	3,865	—	153,369	157,234	(4,641)	152,593
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	(1,165,447)	4,636	80,182	96,727	1,222,934	1,159,241	(63,649)	1,095,592
At 1 January 2020	21,555	898,654	(1,165,142)	4,636	49,637	96,727	1,219,258	1,125,325	(66,812)	1,058,513
Profit/(loss) for the period	—	—	—	—	—	—	154,930	154,930	(2,670)	152,260
Exchange differences arising on translation of foreign operations	—	—	—	—	(42,708)	—	—	(42,708)	238	(42,470)
Total comprehensive income for the period	—	—	—	—	(42,708)	—	154,930	112,222	(2,432)	109,790
Capital contribution relating to share-based payment borne by an intermediate holding company	—	—	295	—	—	—	—	295	—	295
At 30 June 2020	21,555	898,654	(1,164,847)	4,636	6,929	96,727	1,374,188	1,237,842	(69,244)	1,168,598

Notes:

- (a) The balance of special reserve as at 1 January 2019 resulted from (i) 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 at the acquisition date; (ii) transfer of net liability value of a subsidiary, Gamma North America, Inc., resulting from an increase in equity interests in Gamma North America, Inc. through capitalisation of shareholder's loans in 2016; and (iii) under common control in 2018, the excess of consideration paid over share capital of China Overseas Supervision Limited net of distribution of the former shareholders.
- (b) The special reserve arose from the combination of 瀋陽皇姑熱電有限公司 (Shenyang Huanggu Thermolectricity Company Limited*, "Shenyang Huanggu Company") under common control in 2019. The amount represented the difference between the fair value of consideration paid and the share capital value of Shenyang Huanggu Company at the acquisition date.

* for identification purpose only

Unaudited Condensed Consolidated Statement of Cash Flows

	For the six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
		(restated)
Net cash used in operating activities	(374,243)	(129,850)
Cash flows from investing activities		
Purchase of property, plant and equipment	(72,541)	(52,497)
Proceeds from disposals of property, plant and equipment	167	27
Interest received	1,447	1,276
Net cash used in investing activities	(70,927)	(51,194)
Cash flows from financing activities		
Finance costs paid	(17,271)	(15,263)
Interest on lease liabilities paid	(695)	(605)
Drawdown/(repayment) of bank loans, net	100,718	6,308
Payment of lease liabilities	(7,485)	(3,221)
Net cash generated from/(used in) financing activities	75,267	(12,781)
Net decrease in cash and cash equivalents	(369,903)	(193,825)
Effect of foreign exchange rate changes	(19,863)	28,081
Cash and cash equivalents at beginning of period	826,576	696,736
Cash and cash equivalents at end of period	436,810	530,992
Analysis of cash and cash equivalents		
Cash and bank balances	436,810	530,992

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 2020 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

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 (“HK\$”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

On 30 December 2019, the Group acquired 100% of equity interests in 瀋陽皇姑熱電有限公司 (Shenyang Huanggu Thermolectricity Company Limited*, “Shenyang Huanggu Company”) by way of purchase of (i) the entire issued share capital of China Overseas Public Utility Investment Limited (“COPUI”) which owns 99.69% of the registered capital of Shenyang Huanggu Company; and (ii) the 0.31% of the registered capital of Shenyang Huanggu Company held by 深圳海豐德投資有限公司 (Shenzhen Haifengde Investment Co. Ltd.*, “Shenzhen Haifengde”), for an aggregate consideration of HK\$673,580,000.

* for identification purpose only

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

1 BASIS OF PREPARATION (Continued)

Both COPUI and Shenyang Huanggu Company are indirect wholly-owned subsidiaries of China State Construction International Holdings Limited (“CSC”), which is an intermediate holding company of the Company whose shares are listed on the Stock Exchange.

The transfer of the entire equity interests in COPUI (the “Acquired Company”) and the 0.31% equity interests in Shenyang Huanggu Company held by Shenzhen Haifengde (together with the Acquired Company, the “Acquired Group”) was regarded as business combination under common control. Accordingly, the acquisition has been accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA, as if the Acquired Group had been combined from the date when it first came under the control of the controlling party of the Group and the Acquired Group. The comparative figures of the unaudited condensed consolidated statement of comprehensive income have been restated accordingly.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

1 BASIS OF PREPARATION (Continued)

The effect of the combination of the Acquired Group on the result of the Group for the six months ended 30 June 2019 is as follows:

	For the six months ended 30 June 2019	Combination of the Acquired Group	Combination Adjustment	For the six months ended 30 June 2019
	HK\$'000 (previously reported)	HK\$'000	HK\$'000	HK\$'000 (restated)
Revenue	2,031,435	324,079	—	2,355,514
Cost of sales	(1,793,813)	(256,766)	—	(2,050,579)
Gross profit	237,622	67,313	—	304,935
Other income and other gains, net	7,536	1,757	—	9,293
Administrative, selling and other expenses	(94,122)	(7,857)	—	(101,979)
Finance costs	(14,909)	(959)	—	(15,868)
Profit before tax	136,127	60,254	—	196,381
Income tax expense	(31,947)	(16,194)	—	(48,141)
Profit for the period	104,180	44,060	—	148,240
Profit/(loss) for the period attributable to:				
Owners of the Company	109,445	43,924	—	153,369
Non-controlling interests	(5,265)	136	—	(5,129)
	104,180	44,060	—	148,240

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of the following new and revised Hong Kong Financial Reporting Standard ("HKFRS") effective as of 1 January 2020.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of the above new and revised HKFRSs has had no significant impact on the Group's result and financial position.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and revised HKFRSs issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendment to HKFRS 16 HKFRS 17	<i>Covid-19 Related Rent Concession¹ Insurance Contracts²</i>

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

The Group expects to adopt the new and revised HKFRSs as and when they become effective. The new and revised HKFRSs are not expected to have any significant impact on the Group's result and financial position.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

3 ESTIMATES

The preparation of the Group's unaudited condensed consolidated 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 unaudited condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

4 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 classified the reportable segment into three reportable segments, principally based on reportable business units as well as the reporting organisation hierarchy, and are determined as follows:

- Facade Contracting Works
- General Contracting Works
- Operating Management

Operating management segment includes the Group's urban planning management and consultation services, engineering consultancy services and thermoelectricity business.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

4 REVENUE AND SEGMENT INFORMATION (Continued)

Unaudited segment results for the six months ended 30 June 2020 and 2019 are as follows:

	Revenue		Gross profit		Segment results	
	2020 HK\$'000	2019 HK\$'000 (restated)	2020 HK\$'000	2019 HK\$'000 (restated)	2020 HK\$'000	2019 HK\$'000 (restated)
Facade Contracting Works	1,312,453	1,430,001	103,836	137,251	65,805	88,642
General Contracting Works	173,602	459,078	7,344	30,886	5,965	26,359
Operating Management	474,670	466,435	155,667	136,798	142,091	116,453
Total	1,960,725	2,355,514	266,847	304,935	213,861	231,454
Unallocated corporate expenses					(23,454)	(24,518)
Other income and other gains, net					8,114	5,313
Finance costs					(17,487)	(15,868)
Profit before tax					181,034	196,381

For the six months ended 30 June 2020, segment revenue of Facade Contracting Works comprises revenue from Greater China, Asia and other region amounting to HK\$1,124,315,000 (2019: HK\$1,164,744,000) and revenue from North America region amounting to HK\$188,138,000 (2019: HK\$265,257,000). Segment revenue of General Contracting Works and Operating Management represent revenue from Greater China region.

The revenue recognised for the periods ended 30 June 2020 and 2019 are recognised over time.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

5 OTHER INCOME AND OTHER GAINS, NET

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000 (restated)
Bank interest income	1,447	1,276
Exchange gain, net	6,526	5,119
Sundry income	7,618	2,898
	15,591	9,293

6 FINANCE COSTS

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000 (restated)
Interest on bank loans and overdrafts	17,271	14,332
Interest on loan from an intermediate holding company	352	—
Interest on loan from a fellow subsidiary	—	931
Interest on lease liabilities	695	605
	18,318	15,868
Less: amounts capitalised in property, plant and equipment	(831)	—
	17,487	15,868

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

7 PROFIT BEFORE TAX

	For the six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000 (restated)
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment, excluding right-of-use assets	69,557	89,016
Less: amounts included in cost of sales	(66,485)	(86,093)
	3,072	2,923
Depreciation of right-of-use assets	7,609	4,895
Less: amounts included in cost of sales	(1,151)	(1,335)
	6,458	3,560
	9,530	6,483

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

8 INCOME TAX EXPENSE

	For the six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000 (restated)
Current tax — Hong Kong		
Charge for the period	6,115	17,814
Overprovision in prior years	(529)	—
	5,586	17,814
Current tax — Mainland China and overseas		
Charge for the period	43,653	25,364
(Over)/under provision in prior years	(13,320)	6
	30,333	25,370
Deferred tax, net	(7,145)	4,957
Total tax expense for the period	28,774	48,141

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

9 DIVIDENDS

	For the six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
Dividend recognised as distribution during the period:		
No final dividend paid for 2019		
(30 June 2019: 2018 final dividend of HK1.2 cents per share paid)	—	25,867

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (30 June 2019: interim dividend of HK1.2 cents per share, amounting to approximately HK\$25,867,000).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

10 EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

The Company had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2020 and 2019.

The calculation of basic and diluted earnings per share is based on:

	For the six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000 (restated)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	154,930	153,369
	'000	'000
Shares		
Weighted average number of ordinary shares in issue, used in basic and diluted earnings per share calculation	2,155,545	2,155,545
Basic and diluted earnings per share (HK cents)	7.19	7.12

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

11 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred HK\$72,541,000 (30 June 2019 (restated): HK\$52,497,000) on acquisition of items of property, plant and equipment.

12 INTERESTS IN INFRASTRUCTURE PROJECT INVESTMENTS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Interests in infrastructure project investments	220,936	247,900
Less: Current portion	(64,740)	(54,010)
Non-current portion	156,196	193,890

On 7 January 2019, the Group acquired 100% of equity interests in, and shareholder's loan to, Fuller Sky Enterprises Limited and Value Idea Investments Limited from Ever Power Group Limited, a wholly owned subsidiary of CSC for a total consideration of HK\$295,000,000.

Interests in infrastructure project investments represent funding denominated in Renminbi ("RMB") advanced to joint ventures for Public-Private-Partnership ("PPP") infrastructure projects located in Mainland China. The Group is responsible to provide finance for the construction of the infrastructure of these projects, whereby the Group's return is predetermined in accordance with the provisions of the relevant agreements.

The effective interest rates on the infrastructure project investments range from 10.2% to 10.7% per annum. The interests in infrastructure project investments were not past due as at 30 June 2020.

The Directors reviewed individually the infrastructure projects' operations and financial positions as at 30 June 2020 based on the present values of estimated future cash flows from those investments, discounted at their respective original effective interest rates.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

13 GOODWILL

	HK\$'000
At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	
Cost	159,707
Accumulated impairment	(21,558)
Net carrying amount	138,149

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("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 i.e. the facade contracting business in North America.

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 revenue 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 revenue 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 2019.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

14 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 2020 HK\$'000	31 December 2019 HK\$'000
Trade receivables:		
0 to 30 days	529,244	725,353
31 to 60 days	13,330	24,506
61 to 90 days	12,450	28,388
More than 90 days	169,805	151,990
	724,829	930,237
Retention receivables	566,080	630,996
	1,290,909	1,561,233
Other receivables	95,916	72,302
Trade and other receivables	1,386,825	1,633,535

Except for the receivable arising from construction contracts which are billed and immediately payable in accordance with the terms of the relevant agreements, the Group generally allows an average credit period not exceeding 90 days (31 December 2019: 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)

15 BANK BORROWINGS

The bank borrowings are repayable as follows:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
On demand or within one year:		
In the second year	348,478	655,780
In the third to fifth years, inclusive	200,479	200,494
	410,455	11,264
Less: current portion	959,412	867,538
	(348,478)	(655,780)
Non-current portion	610,934	211,758

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 2020	780,000	176,867	2,545	959,412
31 December 2019	380,000	55,900	431,638	867,538

The average bank loans interest rates at 30 June 2020 was 3.55% (31 December 2019: 4.19%).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

16 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 2020 HK\$'000	31 December 2019 HK\$'000
Trade payables:		
0 to 30 days	875,868	800,389
31 to 60 days	26,570	21,618
More than 60 days	135,386	138,011
	1,037,824	960,018
Retention payables	248,286	249,052
	1,286,110	1,209,070
Other payables and accruals	113,038	178,916
Trade payables, other payables and accruals	1,399,148	1,387,986

As at 30 June 2020, the amount of retention payables expected to be due after more than twelve months was approximately HK\$120,578,000 (31 December 2019: approximately HK\$131,281,000).

17 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 2019, 31 December 2019, 1 January 2020 and 30 June 2020	2,155,545	21,555

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

18 COMMITMENTS

As at 30 June 2020, the Group had the following commitments contracted but not provided for in the condensed consolidated financial statements:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Contracted but not provided for		
— Construction in progress for property, plant and equipment	19,306	30,821

19 RELATED PARTY TRANSACTIONS

Transactions with related parties

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Construction fees received from fellow subsidiaries	545,397	730,796
Service income received from fellow subsidiaries	31,925	18,592
Insurance premium paid to fellow subsidiaries	7,198	8,363
Purchase of material from fellow subsidiaries	3,164	1,810
Leasing of machinery from fellow subsidiaries	1,597	3,627

Other Information

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2020 (30 June 2019: HK1.2 cents per share).

SHARE CAPITAL

The Company's total issued share capital as at 30 June 2020 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 has been valid and effective for 10 years from 30 March 2010 and has ended on 29 March 2020.

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 2020.

As at 1 January 2020 and 30 June 2020, 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 2020, 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
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 2020 (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 2020, 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 98,000 A-shares, representing approximately 0.000% 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; 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 2020, 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 2020, 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 2020, 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	% of shares in issue ⁽¹⁾
Add Treasure Holdings Limited ("Add Treasure")	Beneficial owner	1,596,403,279	74.06
China State Construction International Holdings Limited ("CSC") ⁽²⁾	Interest of a controlled corporation	1,596,403,279	74.06
China Overseas Holdings Limited ("COHL") ⁽²⁾	Interest of a controlled corporation	1,596,403,279	74.06
中國建築股份有限公司 (China State Construction Engineering Corporation Limited) ("CSCECL") ⁽²⁾	Interest of a controlled corporation	1,596,403,279	74.06
中國建築集團有限公司 (China State Construction Engineering Corporation*) ("CSCEC") ⁽²⁾	Interest of a controlled corporation	1,596,403,279	74.06

* for identification purpose only

Notes:

- The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2020 (i.e. 2,155,545,000 shares).
- Add Treasure is a wholly-owned subsidiary of CSC which, in turn, is owned as to approximately 64.66% by COHL. COHL is a wholly-owned subsidiary of CSCECL which, in turn, is a subsidiary of CSCEC. By virtue of the SFO, each of CSC, 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 2020, 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 2020, 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 2020 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").

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 2020 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 change in information of Directors since the date of the 2019 Annual Report is set out below:

- Mr. Zhang Haipeng was appointed as a director of China Overseas Holdings Limited.



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



MIX
Paper from
responsible sources
FSC™ C111999