



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

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Global
Of Provider
Curtain Wall
Solutions

The background of the middle section is a photograph of a modern building's exterior, featuring a complex grid of white steel beams and glass panels. The image is overlaid with several large, semi-transparent, geometric shapes in shades of gold and beige, creating a layered, architectural effect.

Stock Code 股份代號: 00830

Interim Report 2012
中期報告

目錄

Contents

02	董事會及委員會	33	Board of Directors and Committees
03	公司資料	34	Corporate Information
04	董事會主席報告書	35	Chairman's Statement
06	管理層討論及分析	37	Management Discussion and Analysis
10	未經審核簡明綜合收益表	41	Unaudited Condensed Consolidated Income Statement
11	未經審核簡明綜合全面收益表	42	Unaudited Condensed Consolidated Statement of Comprehensive Income
12	未經審核簡明綜合財務狀況表	43	Unaudited Condensed Consolidated Statement of Financial Position
14	未經審核簡明綜合權益變動表	45	Unaudited Condensed Consolidated Statement of Changes in Equity
15	未經審核簡明綜合現金流量表	46	Unaudited Condensed Consolidated Statement of Cash Flow
16	未經審核簡明財務報表附註	47	Notes to the Unaudited Condensed Financial Statements
26	其他資料	57	Other Information

BOARD OF DIRECTORS

Chairman and Non-executive Director

ZHOU Yong

Executive Directors

CHEONG Chit Sun

(Vice-chairman and Chief Executive Officer)

WANG Hai¹

KO Chuk Kin, Herbert

CHAN Sim Wang

Non-executive Directors

HUANG Brad²

HUNG Cheung Shew²

Independent Non-executive Directors

ZHOU Jinsong

YEN Homer Shih Hung

HONG Winn

COMMITTEES

Audit Committee

ZHOU Jinsong, *CPA (Chairman)*

YEN Homer Shih Hung

HONG Winn

Remuneration Committee

ZHOU Jinsong *(Chairman)*

ZHOU Yong

CHEONG Chit Sun

YEN Homer Shih Hung

HONG Winn

Nomination Committee

ZHOU Yong *(Chairman)*

CHEONG Chit Sun

ZHOU Jinsong

YEN Homer Shih Hung

HONG Winn

Notes:

1 Appointment effective on 15 August 2012

2 Resignation effective on 15 August 2012

AUTHORISED REPRESENTATIVES

ZHOU Yong
CHEONG Chit Sun

COMPANY SECRETARY

LAU Shuk Yin Connie

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples FS 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
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, 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
Certified Public Accountants

LEGAL ADVISOR

Mayer Brown JSM

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
DBS Bank (Hong Kong) Limited
Deutsche Bank AG,
Hong Kong Branch
Hang Seng Bank Limited
Standard Chartered Bank
(Hong Kong) Limited
The Hongkong and Shanghai
Banking Corporation Limited

STOCK CODE

00830

CORPORATE WEBSITE

www.fareastglobal.com

FINANCIAL CALENDAR

Interim Results Announcement

15 August 2012

INTRODUCTION

I am pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 June 2012. During the period, China State Construction International Holdings Limited (“CSCIHL”, listed on the main board of The Stock Exchange of Hong Kong Limited, stock code: 03311) has completed the acquisition of the controlling shareholding of the Company. The unaudited consolidated loss attributable to the owners of the Company in the first half of 2012 was approximately HK\$165.1 million.

After the new management took over in this year, the Group actively pursued structural reorganization to optimize resource utilization and efficiency. Satisfactory results were successively realized, in particular, the impressive value of newly signed contracts in the overseas market.

The Group will complete the structural reorganization gradually in 2012 to strengthen existing high-end curtain wall business, and to cope with overseas market changes, the Group will seek opportunity to develop new markets and expand business scope.

RESULTS

For the six months ended 30 June 2012, the Group recorded a turnover of approximately HK\$568.9 million and a loss attributable to the owners of the Company of approximately HK\$165.1 million. The value of the new contracts was approximately HK\$347 million, an increase of 478.5% over the corresponding period of last year. The new contracts were mainly originated in North America and the Greater China region. The aggregate value of the contracts on hand was approximately HK\$2,835.5 million, in which the backlog value was approximately HK\$1,735 million, an increase of 78.1% over the value of the outstanding contracts as at 30 June 2011.

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2012.

GROUP STRATEGY

The Group is prudent and optimistic towards the high-end curtain wall market in 2012 and anticipates the trend of overseas curtain wall market, in particular the North America division, will restore to a relatively normal and stable condition. After the Group's parent company CSCIHL acquired the Group's controlling shareholding early this year, the Company has enhanced the manpower and management of professional talents in the Group, optimised resource utilisation and efficiency, and re-established the Group's marketing and sales strategy. The Group will gradually complete organisational restructuring in 2012 to strengthen existing high-end curtain wall business, and if opportunities arise, the Group will develop new markets to expand its overseas platform.

Furthermore, the Group will utilise synergies with the parent company and identify curtain wall contract work suitable for the Group in Hong Kong, Macau and the Greater China region. It will also improve the level of return of the projects and control the costs effectively to generate value for the shareholders and achieve a sustainable and healthy development of the core business in high-end curtain wall system. In response to the fluctuation of the external economic environment, the Group will closely monitor the impact from international economic environment and construction market and formulate applicable group strategies on a timely basis.

APPRECIATION

I would like to express my sincere gratitude to the members of the Board and all employees for their effort and support to the Group during the period.

By Order of the Board
Far East Global Group Limited
Chairman and Non-executive Director
Zhou Yong

Hong Kong, 15 August 2012

OVERALL PERFORMANCE

For the six months period under review, the Group reported turnover of approximately HK\$568.9 million (30 June 2011: HK\$367.4 million), an increase of approximately 54.8% compared to the same period last year. Loss attributable to owners of the Company was approximately HK\$165.1 million, compared to profit of HK\$56.5 million in the same period last year principally due to impairment on receivables, the one-off restructuring costs for the PRC factory, impairment on goodwill and provision for projects cost.

The integration of the newly acquired building facade and curtain wall business in North America into the Group is progressing well. The Group holds a 55% stake in Red Holdings Group, Inc. ("RHG") which became a subsidiary of the Group in the second half of 2011 and be part of the Group's North America segment. During the period, RHG, through its wholly owned subsidiaries operating under the name "Gamma", achieved a satisfactory growth and reported performance with revenue and gross profit of about HK\$310.8 million and HK\$57.9 million respectively. This represents approximately 55% of the Group's aggregate revenue derived from operations of its subsidiaries. RHG recorded a gross profit margin of about 18.6%.

Gamma has continued to position itself as a leading curtain wall specialist in the North America construction markets drawing on its expertise and market position as well as support from the Group. We expect to see continued growth in the North America region in the near to medium term.

To further develop the curtain wall market in North America division and enhance its capabilities in design, manufacturing and assembly, the Group has acquired a production centre in Buffalo City, New York, USA during early August 2012. The production centre has a land space of approximately 41,500 square metre, workshop area of approximately 13,300 square metre and 4 production lines, which is capable of supporting the supply of curtain wall products for the Group's North America projects in a timely manner.

In Asia and others division, the Group has explored new market in Australia and will work closely with parent companies to enhance synergy effect.

As at the date of this interim report, the Group has secured new contracts with an aggregate value of approximately HK\$974 million. Major new contracts include the following:

1. World Trade Center Site Retail Pre-Tenant Parking Garage Fit-Out, New York, USA

OVERALL PERFORMANCE *(continued)*

2. Tour Viger/Altoría, Montreal, Canada
3. Dynasty Park (Phase 1), Zhangzhou, China
4. Apple Shop, Wangfujing, Beijing, China
5. Upper West Side T2, Melbourne, Australia
6. 150 Elgin Street Office Complex, Ottawa, Canada
7. Jewish General Hospital — Pavilion K, Montreal, Canada
8. University of Montreal Hospital Centre, Montreal, Canada

SEGMENT ANALYSIS

Revenue derived from North America increased by approximately HK\$184.2 million, or approximately 99.4%, from approximately HK\$185.4 million for the six months ended 30 June 2011 to approximately HK\$369.6 million for the six months ended 30 June 2012 whereas the gross profit reported a growth from approximately HK\$46.2 million to HK\$53.7 million. The revenue and profit generated from RHG contributed to the growth of this region, whereas the increase in profit was partially offset by the loss of HK\$9 million arising from an unexpected delay in the progress of one of the projects in North America and the additional installation cost incurred on that project.

Revenue derived from Greater China increased by approximately HK\$14.9 million, or approximately 10.9%, from approximately HK\$136.7 million for the six months ended 30 June 2011 to approximately HK\$151.6 million for the six months ended 30 June 2012. The increase in revenue was primarily due to the Kai Tak Cruise Terminal project reaching its construction peak where a significant portion of project revenue was recognised in the first half of 2012. The Group recorded a loss of approximately HK\$34.2 million in Greater China region as a result of an unexpected increase in cost of materials and overhead cost.

Revenue derived from Asia and others for the six months ended 30 June 2012 increased by approximately HK\$2.4 million from approximately HK\$45.3 million for the six months ended 30 June 2011 to approximately HK\$47.7 million for the six months ended 30 June 2012. The increase in revenue was primarily due to the Costanera Centre (Tower II) project being in the construction peak stage during the period. The gross margin recorded a loss of approximately HK\$2.0 million compared to a profit of approximately HK\$22.4 million in the same period last year as a result of an unexpected delay in the progress of project and additional staff cost incurred.

ADMINISTRATIVE EXPENSES

During the six months ended 30 June 2012, the Group's administrative expenses were approximately HK\$90.9 million (30 June 2011: approximately HK\$45.6 million), representing an increase of approximately 99.3% as compared to the corresponding period of 2011. The increase was mainly due to the consolidation of the administrative expenses of approximately HK\$42.8 million of the newly acquired subsidiaries in North America during the period (30 June 2011: HK\$Nil).

FINANCE COSTS

During the six months ended 30 June 2012, the Group's finance costs were approximately HK\$1.7 million (30 June 2011: HK\$Nil). This was mainly due to the increase in bank mortgage loan in Canada operation during the period.

FINANCIAL POSITION

The Group's financial position remained sound over the period. As at 30 June 2012, the Group had net working capital of approximately HK\$829.9 million (31 December 2011: approximately HK\$303.4 million). The current ratio (total current assets over total current liabilities) was approximately 2.79 times at 30 June 2012 (31 December 2011: approximately 1.78 times). The Group had a net cash position at 30 June 2012 amounted to approximately HK\$504.7 million (31 December 2011: approximately HK\$37.0 million).

As at 30 June 2012, the Group's equity attributable to owners of the Company amounted to approximately HK\$1,061.4 million (31 December 2011: approximately HK\$574.4 million), comprising issued capital of approximately HK\$21.6 million (31 December 2011: HK\$11.1 million) and reserves of approximately HK\$1,039.9 million (31 December 2011: approximately HK\$563.3 million).

The Group's banking facilities are mainly utilized for the issue of documentary credits for purchase of materials, bid bonds for potential projects and performance guarantees for existing projects. As at 30 June 2012, the Group had total banking facilities of approximately HK\$1,039.3 million with an undrawn balance of approximately HK\$762.6 million. Accordingly, the Group's financing requirements for the remainder of the current financial year will be met by available cash and cash generated from operations as well as banking facilities.

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, United Arab Emirates Dirham, Canadian dollar and Singapore dollar.

The Group currently does not have a foreign currency hedging policy. However, the management will continue to monitor the Group's foreign exchange exposure and will consider hedging significant foreign currencies should the need arise.

CREDIT RISK

The carrying amount of the bank and cash balances and the trade and retention receivables included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. In addition, the Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

HUMAN RESOURCES

At 30 June 2012, the Group employed a total of 1,304 (31 December 2011: 364) employees. The Group has sound policies of management incentives and competitive remuneration, which align the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds as well as incentives such as discretionary bonus and participation in the share option scheme.

Unaudited Condensed Consolidated Income Statement

	Note	For the six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000
Revenue	3	568,868	367,353
Cost of sales		(551,366)	(259,678)
Gross profit		17,502	107,675
Other income		4,682	5,189
Administrative expenses		(90,863)	(45,628)
Other operating expenses and impairment on goodwill		(100,675)	—
(Loss)/profit from operations		(169,354)	67,236
Finance costs	4	(1,659)	—
(Loss)/profit before tax	5	(171,013)	67,236
Income tax expense	6	(8,318)	(7,853)
(Loss)/profit for the period		(179,331)	59,383
(Loss)/profit for the period attributable to:			
Owners of the Company		(165,091)	56,481
Non-controlling interests		(14,240)	2,902
		(179,331)	59,383
(Loss)/earnings per share	7		
Basic (HK cents)		(9.00)	5.06
Diluted (HK cents)		(9.00)	4.93

Unaudited Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
(Loss)/profit for the period	(179,331)	59,383
Other comprehensive income		
Exchange differences arising from translation of foreign operations	1,186	2,365
Release of investment revaluation reserve to profit or loss upon disposal of available-for-sale investments	—	16
Gain/(loss) on fair value changes of available-for-sale investments	55	(1,394)
Other comprehensive income for the period, net of tax	1,241	987
Total comprehensive (loss)/income for the period	(178,090)	60,370
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	(163,711)	57,001
Non-controlling interests	(14,379)	3,369
	(178,090)	60,370

Unaudited Condensed Consolidated

Statement of Financial Position

	Note	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Non-current Assets			
Property, plant and equipment	8	112,489	114,467
Goodwill	9	138,149	159,707
Intangible assets		33,566	45,766
Available-for-sale investments		41,958	54,637
		326,162	374,577
Current Assets			
Inventories		5,893	4,785
Non-current assets held for sale		2,897	2,897
Amounts due from customers for contract work		275,685	196,497
Trade and other receivables	10	314,550	329,987
Deposits and prepayments		71,110	32,167
Amount due from a fellow subsidiary		5,535	—
Tax recoverable		8,044	935
Available-for-sale investments		12,735	—
Pledged time deposits		—	44,381
Bank balances and cash		596,798	81,564
		1,293,247	693,213
Current Liabilities			
Bank and other borrowings		64,781	61,262
Amounts due to customers for contract work		121,517	89,553
Trade and other payables	11	210,288	172,618
Finance lease payables		521	524
Tax liabilities		40,618	41,663
Warranty provisions		18,822	17,356
Deposits received		6,836	6,836
		463,383	389,812

Unaudited Condensed Consolidated

Statement of Financial Position (Continued)

	Note	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Net Current Assets		829,864	303,401
Total Assets Less Current Liabilities		1,156,026	677,978
Capital and Reserves			
Share capital	12	21,555	11,129
Share premium and reserves		1,039,866	563,256
Equity attributable to owners of the Company		1,061,421	574,385
Non-controlling interests		38,823	53,202
		1,100,244	627,587
Non-current Liabilities			
Bank and other borrowings		27,286	27,639
Finance lease payables		1,486	1,185
Deferred tax liabilities		27,010	21,567
		55,782	50,391
		1,156,026	677,978

Unaudited Condensed Consolidated Statement of Changes in Equity

Attributable to owners of the Company

	Share capital	Share premium account	Share-based payments reserve	Investment revaluation reserve	Foreign currency translation reserve	Statutory reserves	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	11,161	265,636	10,132	176	4,834	12	205,285	16,742	513,978	7,337	521,315
Total comprehensive income for the period	–	–	–	(1,378)	1,898	–	56,481	–	57,001	3,369	60,370
Repurchase of shares	(43)	(3,848)	–	–	–	–	–	(22)	(3,913)	–	(3,913)
Share-based payments	–	–	4,226	–	–	–	–	–	4,226	–	4,226
Dividend paid	–	–	–	–	–	–	–	(16,720)	(16,720)	–	(16,720)
Changes in equity for the period	(43)	(3,848)	4,226	(1,378)	1,898	–	56,481	(16,742)	40,594	3,369	43,963
At 30 June 2011	11,118	261,788	14,358	(1,202)	6,732	12	261,766	–	554,572	10,706	565,278
At 1 January 2012	11,129	262,503	16,657	(1,123)	3,288	12	281,919	–	574,385	53,202	627,587
Total comprehensive income for the period	–	–	–	55	1,325	–	(165,091)	–	(163,711)	(14,379)	(178,090)
Share-based payments	–	–	4,169	–	–	–	–	–	4,169	–	4,169
Cancellation of share options	–	–	(16,190)	–	–	–	16,190	–	–	–	–
Issue of shares upon exercise of share options	41	2,636	–	–	–	–	–	–	2,677	–	2,677
Issue of shares	10,385	633,516	–	–	–	–	–	–	643,901	–	643,901
Changes in equity for the period	10,426	636,152	(12,021)	55	1,325	–	(148,901)	–	487,036	(14,379)	472,657
At 30 June 2012	21,555	898,655	4,636	(1,068)	4,613	12	133,018	–	1,061,421	38,823	1,100,244

Unaudited Condensed Consolidated

Statement of Cash Flow

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Net cash outflow from operating activities	(176,811)	(61,902)
Net cash from/(used in) investing activities	40,358	(102,324)
Net cash from/(used in) financing activities	650,044	(4,763)
Net increase/(decrease) in cash and cash equivalents	513,591	(168,989)
Cash and cash equivalents at the beginning of period	81,564	364,219
Effect of foreign exchange rate changes	1,643	2,190
Cash and cash equivalents at the end of period	596,798	197,420
Analysis of cash and cash equivalents		
Bank balances and cash	596,798	197,420

Notes

to the Unaudited Condensed Financial Statements

1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with the applicable disclosure requirements of 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 unaudited condensed consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

2 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial information for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current period, the Group has applied, for the first time, the following revised standards issued by the HKICPA.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for the First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosure — Transfer of Financial Assets
HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets

The adoption of these amended standards has no material effect on the results and financial position of the Group for the current or prior accounting period.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not adopted the following new or revised standards, amendments and interpretation that have been issued but are not yet effective:

HKFRS 1 (Amendments)	Government Loans ²
HKFRS 7 (Amendments)	Disclosure — Offsetting Financial Assets and Financial Liabilities ²
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosures of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (Revised 2011)	Employee Benefits ²
HKAS 27 (Revised 2011)	Separate Financial Statements ²
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC) — INT 20	Stripping Costs in the Production Phase of a Surface Mine ²
Annual Improvements Projects	Annual Improvements 2009–2011 Cycles ²

¹ Effective for annual periods beginning on or after 1 July 2012.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2014.

⁴ Effective for annual periods beginning on or after 1 January 2015.

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the condensed consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

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

The Group has three reportable segments principally based on the geographical locations of the projects and are determined as follows:

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

Unaudited segment results for the six months ended 30 June 2012 and 2011 are as follows:

	Revenue		Gross profit		Segment result	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segments						
North America	369,569	185,367	53,707	46,156	8,164	41,293
Greater China	151,598	136,656	(34,202)	39,155	(39,497)	33,949
Asia & others	47,701	45,330	(2,003)	22,364	(7,434)	18,396
Total	568,868	367,353	17,502	107,675	(38,767)	93,638
Unallocated administrative expenses					(31,934)	(30,881)
Other income					2,022	4,479
Other operating expenses and impairment on goodwill					(100,675)	—
Finance costs					(1,659)	—
(Loss)/profit before tax					(171,013)	67,236
Income tax expense					(8,318)	(7,853)
(Loss)/profit for the period					(179,331)	59,383

Notes

to the Unaudited Condensed Financial Statements (Continued)

4 FINANCE COSTS

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Interest on bank loans and overdrafts	1,695	51
Finance lease charges	40	—
Interest on other loans	334	—
	2,069	51
Amounts capitalised	(410)	(51)
	1,659	—

5 (LOSS)/PROFIT BEFORE TAX

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
The Group's (loss)/profit before tax has been arrived at after charging the following:		
Depreciation	5,494	1,519
Amortisation of intangible assets	12,199	—
Impairment on goodwill	21,558	—
Provision for impairment on trade and other receivables, deposits and prepayments, amounts due from customers for contract work	41,162	—
Group restructuring related costs	25,756	—
	100,675	—

6 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	—	6,000
Over-provision in prior years	—	(892)
	—	5,108
<hr style="border-top: 1px dashed #000;"/>		
Current tax — overseas		
Provision for the period	2,732	3,018
Under/(over) provision in prior years	10,288	(273)
	13,020	2,745
<hr style="border-top: 1px dashed #000;"/>		
Deferred tax	(4,702)	—
Income tax expense for the period	8,318	7,853

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the current and last period.

The Group's subsidiary in the PRC was approved as a new and high technology enterprise pursuant to which the PRC subsidiary can enjoy a preferential income tax rate of 15% effective from 2009 to 2012.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Notes

to the Unaudited Condensed Financial Statements (Continued)

7 (LOSS)/EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation	(165,091)	56,481
Number of shares	'000	'000
Weighted average number of ordinary shares used in basic (loss)/earnings per share calculation	1,833,365	1,115,613
Effect of dilutive potential ordinary shares arising from share options	—	29,874
Weighted average number of ordinary shares used in diluted (loss)/earnings per share calculation	1,833,365	1,145,487

8 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$6,764,000 (corresponding period in 2011: approximately HK\$57,408,000) on additions to property, plant and equipment.

9 GOODWILL

	HK\$'000
<hr/>	
Cost and carrying amount	
At 31 December 2011 and 1 January 2012	159,707
Impairment	(21,558)
<hr/>	
At 30 June 2012	138,149
<hr/>	

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (“CGUs”) that are expected to benefit from that business combination.

For the purpose of impairment testing, the carrying amount of goodwill had been allocated to the CGUs relating to the operations of Red Holdings Group, Inc. and its subsidiaries within the North America segment.

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3%. These rates do not exceed the average long-term growth rate for the relevant markets. The rates used to discount the forecast cash flows are 17.7% to 20.7%.

Notes

to the Unaudited Condensed Financial Statements (Continued)

10 TRADE AND OTHER RECEIVABLES

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

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Trade receivables:		
0 to 30 days	85,600	72,993
31 to 60 days	20,417	30,233
61 to 90 days	7,975	22,151
More than 90 days	11,507	27,430
	125,499	152,807
Retention receivables	161,493	155,330
	286,992	308,137
Other receivables	27,558	21,850
Trade and other receivables	314,550	329,987

At 30 June 2012, the amount of retentions expected to be recovered after more than twelve months is approximately HK\$84,933,000 (31 December 2011 approximately: HK\$88,447,000).

11 TRADE AND OTHER PAYABLES

The aging analysis of trade payables, based on receipt of goods and services, is as follows:

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
0 to 30 days	52,923	54,676
31 to 60 days	38,931	20,823
More than 60 days	22,738	21,849
	114,592	97,348
Retention payables	34,188	30,913
	148,780	128,261
Other payables	61,508	44,357
Trade and other payables	210,288	172,618

Notes

to the Unaudited Condensed Financial Statements (Continued)

12 SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Ordinary share of HK\$0.01 each				
At 1 January 2011	10,000,000,000	100,000	1,116,108,000	11,161
Repurchase of shares	—	—	(4,348,000)	(43)
Issue of shares upon exercise of share options	—	—	1,117,500	11
At 31 December 2011	10,000,000,000	100,000	1,112,877,500	11,129
Issue of shares upon exercise of share options	—	—	4,117,500	41
Issue of shares (Note)	—	—	1,038,550,000	10,385
At 30 June 2012	10,000,000,000	100,000	2,155,545,000	21,555

Note: On 2 February 2012, the Company entered into a subscription agreement with Add Treasure Holdings Limited (“Add Treasure”), a wholly-owned subsidiary of China State Construction International Holdings Limited, pursuant to which Add Treasure conditionally agreed to subscribe from the Company 1,038,550,000 new shares of the Company (the “Subscription”) for a total consideration of HK\$643,901,000. Completion of the Subscription took place on 28 February 2012.

13 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year’s presentation. The new classification of the accounting items was considered to provide appropriate presentation of the Group’s results.

SHARE OPTIONS

Movements of the share options of the Company during the six months ended 30 June 2012 are set out as below:

Grantee	Date of Grant	Number of share options				Held at 30.06.2012	Exercise price (HK\$)	Exercise Period	
		Held at 01.01.2012	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period ⁽¹⁾			Date from which first exercisable	Expiry of the exercise period
Category I:									
Directors									
Ko Chuk Kin, Herbert ⁽²⁾	29.06.2010	3,000,000	—	—	3,000,000	—	0.65	29.06.2011	28.06.2020
Brad Huang ⁽³⁾	27.07.2010	10,000,000	—	—	10,000,000	—	0.65	29.06.2011	28.06.2020
Chiu Lok Man ^{(2) (4)}	29.06.2010	1,800,000	—	—	1,800,000	—	0.65	29.06.2011	28.06.2020
All Directors		14,800,000	—	—	14,800,000	—			
Category II:									
PRC employees ⁽⁵⁾	29.06.2010	11,307,000	—	249,500	11,057,500	—	0.65	29.06.2011	28.06.2020
Other employees ⁽²⁾	29.06.2010	32,344,000	—	3,868,000	28,476,000	—	0.65	29.06.2011	28.06.2020
	04.10.2011	7,500,000	—	—	7,500,000	—	0.52	04.10.2012	03.10.2016
Category III:									
Business partners ⁽⁶⁾	29.06.2010	8,000,000	—	—	8,000,000	—	0.65	29.06.2011	28.06.2020
Business partners ⁽²⁾	04.10.2011	16,100,000	—	—	16,100,000	—	0.52	04.10.2012	03.10.2016
Total		90,051,000	—	4,117,500	85,933,500	—			

Notes:

- Pursuant to the mandatory unconditional cash offer made by Add Treasure Holdings Limited as required under the Hong Kong Code on Takeovers and Mergers, details of which are set out in the Composite Document issued by the Company dated 2 March 2012, all share options not exercised within 14 days after the date of the Composite Document lapsed upon closing of the mandatory offer (i.e. 23 March 2012).
- 25% of the share options granted shall vest each year for a four-year period from the date of grant. The share options granted are exercisable, subject to a vesting schedule of 25% each year, from each of the first, second, third and fourth anniversaries of the date of the grant until they are fully exercised or lapsed.

Other Information *(Continued)*

3. 25% of the share options granted shall vest for the period between 27 July 2010 and 28 June 2011 and 25% shall then vest each year for a three-year period from 29 June 2011. The share options granted are exercisable, subject to a vesting schedule of 25% each year/period, from each of 29 June 2011, 29 June 2012, 29 June 2013 and 29 June 2014 until they are fully exercised or lapsed.
4. Mr. Chiu Lok Man was removed from the Board with effect from 30 January 2012.
5. 50% of the share options granted shall vest each year for a two-year period from the date of grant. The share options granted are exercisable, subject to a vesting schedule of 50% each year, from each of the first and second anniversaries of the date of grant until they are fully exercised or lapsed.
6. The weighted average closing price of the Company's shares immediately before the dates of which the share options were exercised were as follows:

Exercise date	Number of share options exercised	Weighted average closing price of the Company's shares immediately before the exercise (HK\$)
08.02.2012	893,500	0.6592
15.02.2012	224,000	0.7455
22.02.2012	200,000	0.8071
29.02.2012	520,000	0.8526
02.03.2012	600,000	0.8683
05.03.2012	100,000	0.8757
07.03.2012	680,000	0.8893
09.03.2012	900,000	0.9015
	4,117,500	

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

As at 30 June 2012, 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 "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK 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 ⁽¹⁾
Ko Chuk Kin, Herbert	Beneficial owner	Personal interest	3,825,000	0.177
Chan Sim Wang	Beneficial owner	Personal interest	50,000	0.002
Brad Huang	Beneficial owner	Personal interest	10,206,000	0.473

Note:

- The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2012 (i.e. 2,155,545,000 ordinary shares).

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

Long positions in the shares and underlying shares of the associated corporations of the Company

*(i) China State Construction International Holdings Limited
("CSCIHL")*

Name of Director	Number of ordinary shares held	Number of underlying shares held	Total	% of shares in issue ⁽³⁾
	Personal interest ⁽¹⁾	Share options ⁽²⁾		
Zhou Yong	5,073,780	959,247	6,033,027	0.168
Cheong Chit Sun	2,415,872	—	2,415,872	0.067
Chan Sim Wang	28,800	—	28,800	0.001
Hung Cheung Shew	581,584	—	581,584	0.016

Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests in share options of CSCIHL held by the relevant Director as beneficial owner to subscribe for the relevant underlying ordinary shares pursuant to the Share Option Scheme of CSCIHL. Details of which are set out in the section headed "Directors' Rights to Acquire Shares" of this report.
3. The percentage is based on the total number of ordinary shares of CSCIHL in issue as at 30 June 2012 (i.e. 3,587,447,383 ordinary shares).

(ii) *China Overseas Land & Investment Limited ("COLI")*

Name of Director	Number of ordinary shares held	Number of underlying shares held	Total	% of shares in issue ⁽³⁾
	Personal interest ⁽¹⁾	Share options ⁽²⁾		
Cheong Chit Sun	60,000	—	60,000	0.001
Hung Cheung Shew	10,000	97,095	107,095	0.001

Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests in share options of COLI held by the relevant Director as beneficial owner to subscribe for the relevant underlying ordinary shares pursuant to the Share Option Scheme of COLI. Details of which are set out in the section headed "Directors' Rights to Acquire Shares" of this report.
3. The percentage is based on the total number of ordinary shares of COLI in issue as at 30 June 2012 (i.e. 8,172,519,077 ordinary shares).

Save as disclosed above, as at 30 June 2012, 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 which had to be notified to the Company and the SEHK.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

(a) The Company

Share Options

No share options granted by the Company to Directors to subscribe for shares of the Company under the Share Option Scheme of the Company remain outstanding as at 30 June 2012.

(b) Associated Corporation — CSCIHL

Share Options

As at 30 June 2012, the number of outstanding share options granted by CSCIHL to Directors to subscribe for shares of CSCIHL, 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 SEHK pursuant to the Model Code was set out below:

Name of Director	Date of grant	Exercise period	Exercise price (HK\$)	Number of share options	% of shares in issue*
Zhou Yong	14.09.2005	14.09.2006 to 13.09.2015	0.2254	959,247	0.027

Note: * The percentage is based on the total number of ordinary shares of CSCIHL in issue as at 30 June 2012 (i.e. 3,587,447,383 ordinary shares).

(c) Associated Corporation — COLI

Share Options

As at 30 June 2012, the number of outstanding share options granted by COLI to Directors to subscribe for shares of COLI, 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 SEHK pursuant to the Model Code was set out below:

Name of Director	Date of grant	Exercise period	Exercise price (HK\$)	Number of share options	% of shares in issue*
Hung Cheung Shew	18.06.2004	18.06.2005 to 17.06.2014	1.118	97,095	0.001

Note: * The percentage is based on the total number of ordinary shares of COLI in issue as at 30 June 2012 (i.e. 8,172,519,077 ordinary shares).

Save as the share options disclosed above, at no time during the six months ended 30 June 2012 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under Section 336 of the SFO shows that as at 30 June 2012, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital:

Long positions in the shares of the Company

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

Notes:

- The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2012 (i.e. 2,155,545,000 ordinary shares).
- Add Treasure is a wholly-owned subsidiary of CSCIHL which, by virtue of the SFO, is taken to be interested in the same 1,537,983,279 shares held by Add Treasure and the 58,420,000 shares of the Company held by another wholly-owned subsidiary of CSCIHL.

3. CSCIHL is owned as to 61.85% by COHL, which in turn, is a wholly owned subsidiary of CSCECL. CSCECL is, in turn, owned as to 54.28% by CSCEC. By virtue of the SFO, each of COHL, CSCECL and CSCEC is deemed to be interested in the same 1,596,403,279 shares held by CSCIHL.

So far as is known to any Directors or chief executive of the Company, save as disclosed above, as at 30 June 2012, no other person (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK pursuant to Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

During the six months ended 30 June 2012, 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 with all code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), from 1 January 2012 until its amendment on 1 April 2012 and with the amended Code from 1 April 2012 to 30 June 2012.

DIRECTOR'S SECURITIES TRANSACTIONS

The Board 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 the Company's code of conduct regarding Directors' securities transactions. 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 Group's unaudited interim results for the six months ended 30 June 2012 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.



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

Stock Code 股份代號: 00830

