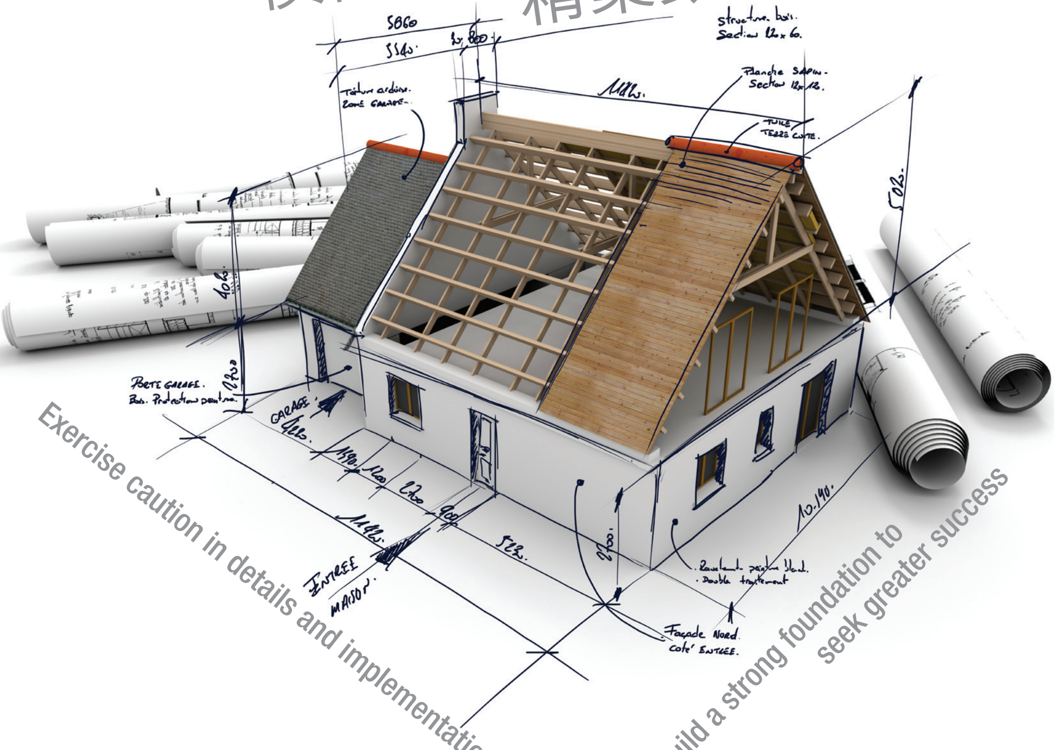
中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

Stock Code 股份代號：03311

慎微篤行 精築致遠



Exercise caution in details and implementation

Build a strong foundation to seek greater success

Interim Report 2012 中期報告

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  - Project Consultancy Services
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  - Building Construction
  - Curtain Wall System*

* Operate through a listed subsidiary, Far East Global Group Limited.

BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

Chairman and Non-executive Director

Kong Qingping

Executive Directors

Zhou Yong
(Vice-chairman and Chief Executive Officer)
Zhang Yifeng
Zhou Hancheng
Tian Shuchen
Hung Cheung Shew
Pan Shujie
(Appointed on 22 August 2012)

Non-executive Director

Li Jian

Independent Non-executive Directors

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

COMMITTEES

Audit Committee

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

Remuneration Committee

Adrian David Li Man Kiu *(Chairman)*
Zhou Yong
Raymond Ho Chung Tai
Raymond Leung Hai Ming
Lee Shing See

Nomination Committee

Kong Qingping *(Chairman)*
Zhou Yong
Zhang Yifeng
Raymond Ho Chung Tai
Adrian David Li Man Kiu
Raymond Leung Hai Ming
Lee Shing See

Note:

Dr. Cheong Chit Sun resigned as a Non-executive Director with effect from the conclusion of the Board Meeting of the Company held on 22 August 2012.

CORPORATE INFORMATION

AUTHORIZED REPRESENTATIVES

Kong Qingping
Zhou Yong

COMPANY SECRETARY

Tse Sui Ha

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28th Floor, China Overseas Building
139 Hennessy Road, Wanchai
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISOR

Mayer Brown JSM

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
BNP Paribas Hong Kong Branch
China Construction Bank Corporation
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank, Limited

STOCK CODE

03311

WEBSITE

www.csci.com.hk

FINANCIAL CALENDAR

Interim Results Announcement

22 August 2012

Closure of Register of Members

20 September 2012 to 21 September 2012 (both days inclusive)

2012 Interim Dividend Payable

28 September 2012

CHAIRMAN'S STATEMENT

A Trusted Brand Growing through Diligence and Care

RESULTS

The Group's unaudited profit attributable to the owners of the Company for the six months ended 30 June 2012 was HK$887 million, representing an increase of 35.8% as compared to the corresponding period of last year. The revenue was HK$8,958 million, representing an increase of 47.5% as compared with the same period of last year. Earnings per share was HK24.73 cents, representing an increase of 23.3% as compare with the same period of last year.

DIVIDEND PAYMENT

The Board declared the payment of an interim dividend of HK7.00 cents per share for the six months ended 30 June 2012, representing an increase of 16.7% as compared with the same period of last year.

REVIEW OF OPERATION

In the first half of 2012, the European sovereign debt crisis continued to spread and the aftermath of the international financial crisis lingered. This, along with the economic downtrend experienced by a majority of the world's major economies, made the prospect of global economic recovery to be complex and uncertain. Against such a backdrop, the Group adhered to the principle of "Cool Response, Self-strengthening, Innovative Adjustment and Steady Operation", and grasped opportunities to ensure sound development amid the changing situations, thus enabling it to achieve remarkable results in the dual-core business of infrastructure investment and construction.

Market Conditions

In the first half of the year, the Hong Kong and Macau construction markets remained buoyant. In the meantime, given the growing downside pressure faced by China's economy, the central government made "stable economic growth" its first priority and successively launched a slew of stimulating policies and measures, including the relaxation of macroeconomic controls and monetary policies, thereby allowing infrastructure investment to regain some momentum. In response to the changes in external economies and market environments, the Group made timely adjustment to its business strategy and managed to achieve sustainable and healthy development of its construction investment business.

REVIEW OF OPERATION (Continued)

Market Conditions (Continued)

1. *Hong Kong and Macau Regions*

Construction business in Hong Kong and Macau were in line with the latest market development, as illustrated by the Company's efforts to tap the market opportunities arising from the "Ten Mega Infrastructure Projects" in Hong Kong, with the bidding focus leaned towards sizable projects of high-profile brands. Thanks to its meticulous deliberation to grasp opportunities, the Company achieved another breakthrough on business expansion front. In the first half of the year, the Group won the construction project of Hong Kong — Zhuhai — Macao Bridge Hong Kong Link Road — Section between Scenic Hill and Hong Kong Boundary Crossing Facilities, which is among the city's "Ten Mega Infrastructure Projects" and has a total contract value of HK$8,875 million, the highest contract value ever recorded for a solely-run project in the Company's history. In the first half of 2012, the total contract value of new construction projects awarded in Hong Kong and Macau hit a historical high, further reinforcing the Group's leading position in the Hong Kong and Macau markets and its economies of scale.

Macau's economy kept developing steadily and continued to post double-digit growth in the first half of 2012. The Group participated vigorously in competition in the market leveraging on the synergy effect between Hong Kong and Macau. In the first half of the year, the Company won three construction projects, including Residential Development of Nova City Phase 4 at Lot PT 35, Taipa in Macau, signaling significant progress in the Group's business expansion in Macau.

REVIEW OF OPERATION (Continued)

Market Conditions (Continued)

2. *Mainland China Market*

In the first half of 2012, infrastructure and affordable housing projects in Mainland China were progressing well, with a number of projects successfully awarded, which included the Wuchang & Hanyang Section of the 2nd Circle Line of Wuhan City, Jiang Han Sixth Bridge (江漢六橋), Wuhan East Lake Passageway and Yangtze River Avenue BT Project, Affordable Housing and Limited-price Housing Project in Zhangzhou and the Tianjin Tuanbo Lake Relocation Housing Project. Meanwhile, repurchase of the Wuxian Highway Reconstruction and Shahu Passageway BT Project was scheduled earlier once again, with the second installment of repurchase consideration settled by the Wuhan municipal government already. The second repurchase for the Tangshan Binhai Avenue BT Project was also carried out. The above repurchases have strongly indicated the Company's sound risk control capability. Shanxi Yangquan Yangwu Expressway Yangquan to Yuxian section BOT Project's operation was progressing well, with significantly higher average daily toll revenue upon commencement of operations of the coal quality inspection station.

The Group's infrastructure operation business in Mainland China maintained a stable growth. Both traffic flow and toll revenue of the Nanjing No. 2 Yangtze River Bridge grew steadily, while Shenyang Huanggu Thermoelectricity Company Limited further expanded its heat supply area through strengthening internal administration and market expansion.

The Group's project consultancy business in Mainland China continued to implement a strategy of "Big Market, Big Client, Big Project" to enhance the quality in bidding for site supervision contracts, under which fruitful results were obtained on business operation and brand building fronts.

3. *Overseas Market*

The real estate and construction market of the United Arab Emirates ("UAE") remained sluggish. As such, the Group ceased to undertake new projects in the UAE market since 2008, and instead focuses on commercial management and project account finalisation for the time being.

REVIEW OF OPERATION (Continued)

Corporate Governance

The Group strictly complied with the laws, regulations and the Listing Rules of The Stock Exchange of Hong Kong. With effective monitoring by the Board and enhanced communication with the investment community, relevant information has been released timely to enhance investors' knowledge and understanding of the Company and hence promote the continual uplifting of its corporate governance standards. The Group has established an all-round corporate governance structure as well as sound internal control, risk management and crisis management mechanisms, in an effort to continuously improve corporate governance and standardise operations. The Group has also adjusted its strategic planning in a timely manner to cope with the complicated market condition. The function and role of each dedicated decision-making team have been enhanced and the regionalisation of business units and specialisation of management capabilities have been strengthened to improve management efficiency.

Risk Management

The special management team has kept enhancing and carrying out full-scale monitoring and controlling of risks; persisted in centralisation of financial and capital management; continued to centralise the management of bulk procurement and deployment of materials and equipment for construction projects and to adopt the "Examination by Three Departments" mechanism; and emphasised the balance between control and efficiency. A linkage mechanism on risk management between the Group, relevant operating units and projects has been put in place. The Group also holds regular quarterly meetings for every operating unit and has fully implemented the mechanism of centralised decision-making in regular meetings of general managers and the "Three Centralisation" management models, thus successfully enhancing the headquarters' management functions on human resources, financial resources and material resources and bolstering the Group's ability in risk management over construction and investment projects.

REVIEW OF OPERATION (Continued)

Financial Management

The Group's financial management, fund management and external financing have been centrally managed and controlled at the headquarters. In line with its principle of prudent finance, as at 30 June 2012, the Group had bank balances of HK$5.42 billion and total borrowings of HK$8.25 billion, and a net gearing ratio of 27.9%. In the first half of 2012, the Group made significant progress in fund-raisings, with total drawdown of bank loans amounting to HK$3.12 billion. The Group had sufficient liquidity, and was in a sound financial position. The Group also had sufficient committed but unutilised credit facilities of HK$7.28 billion to meet the need of its business development.

By holding half-yearly economic activity analysis meetings and thematic sessions on finance, rolling amendment and evaluation on the Group's overall strategic plans, operations and system establishment are in place to ensure healthy expansion and operation of the Group's various business segments. The Group has fully utilised the regional platforms of Hong Kong, Macau and Mainland China to raise and manage capital. It also enhanced the synergy between the headquarters and the subsidiaries in investment and financing, and raised the level of financial management by strengthening cost management and stressing on financial planning and time value of funds, thus effectively supporting the development of business operation.

Human Resources Management

The Group has launched a new performance appraisal system and staff ranking system, increased efforts in salary and benefits reform, and rationalised its remuneration system. Besides, the Group further implemented the construction site contract responsibility system and examined the practicability of the investment project contract responsibility system. Through campus recruitment and personnel nomination incentive scheme, the Group actively engaged in recruitment, further improved the internal talent training and promotion mechanism, enhanced the effort in the transfer of talents from Hong Kong construction to Mainland China investments and strengthened its capability to retain human resources.

REVIEW OF OPERATION (Continued)

Equity Funding

In the first half of 2012, the Group acquired a controlling stake in Far East Global Group Limited ("Far East Global"), a company listed in Hong Kong. Far East Global is an international leading provider of glass curtain wall products and services. The acquisition will effectively diversify the Group's relevant businesses and create synergy between the cooperating parties. It is also favorable to the setting up of an integrated international platform within the Group. On 18 July 2012, the Group raised HK$2,230 million through share placement to further strengthen its capital base.

Corporate Citizenship

The Group cares for the community and has actively participated in community affairs and charitable deeds, contributed to the society and raised funds to help people in need. Thanks to the effectiveness of the Group's innovative safety management reward system, the accident rate has dropped to a new low, making the Group an industry leader in this area. The Group has extensively utilised energy saving, low carbon emission and environmental-friendly construction technologies in the development of a harmonious living environment, successfully playing a leading role and setting a good example for the industry. The Group also puts high emphasis on the localisation of its regional companies, in order to build a friendly and harmonious working environment for its staff members.

Key Awards

The Group received a number of important awards in the first half of 2012. For instance, the Ex-Cheung Sha Wan Police Quarters project and the Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section) project received the Gold Award in Building Sites (Public Contract) and Civil Engineering Sites Category respectively in The Construction Safety Award Scheme 2011-2012 organised by the Labour Department of Hong Kong, while the Construction of Shopping Centre at Yau Tong Estate Redevelopment Phase 4 project was honoured with the Gold Award in the Considerate Contractors Site Award Scheme 2011 organised by the Development Bureau of Hong Kong.

BUSINESS PROSPECTS

In the second half of 2012, the aftermath of the financial tsunami and the European sovereign debt crisis will continue to dampen the world's economy. Emerging economies are likely to experience a continual downtrend and inflationary pressure will keep piling up, dragging global economies into the dangerous position of a marginal stagflation. The Group will closely monitor the macroeconomic development trends in Mainland China and make timely adjustment of business strategies while focusing on sound operation to safeguard operational safety.

Market Conditions

In the second half of 2012, against the current macroeconomic backdrop, China will continue to boost consumption and domestic demand by fuelling investment. The recovery in infrastructure investment will present golden opportunities for the Group to add horizon to its infrastructure business in Mainland China. From 2012, China has shifted the focus of its affordable housing policy to execution of construction targets. The central government has announced for the first time its plan to have five million affordable housing units completed. On top of this, the Ministry of Housing and Urban-Rural Development has requested all local governments to report on a monthly basis the number of affordable housing units with construction commenced, in progress, and completed, in a bid to allow public surveillance and enhance transparency of affordable housing construction.

The Hong Kong Government will continue to launch a great deal of construction projects and the city's construction sector will continue to flourish. In view of the further introduction of the "Ten Mega Infrastructure Projects" and other major infrastructure projects, construction program for government public housing, the new revitalisation policy of the Home Ownership Scheme flats and optimisation of the "My Home Purchase Plan", both the scale and difficulty of construction projects will be increased. Meanwhile, the tight supply of site workers and subcontractor resources will drive the cost of local construction workers and materials higher and prolong the current inflation.

Spurred by the public construction and mega casino projects, the region's construction sector continues to maintain its vigor. While endeavoring to expand the contracting business, the Group will continue to explore the opportunities for investment-driven contracting projects.

BUSINESS PROSPECTS (Continued)

Market Conditions (Continued)

The real estate and construction sectors in Dubai remain lackluster. The Group will adhere to its principle of turning down new projects in the region and continue to follow up on the commercial management and project account finalisation of existing projects.

Operation Strategies

The Group will adhere to its business philosophy of "**Exercise Caution in Details and Implementation; Build a Strong Foundation to Seek Greater Success**" to actively act in response to the complicated economic development around the globe. The Group will work hard towards its predetermined targets, grasp opportunities, mitigate risks, pursue an enhanced management and protection standard, and reinforce the dual-core business of infrastructure investment and construction. The Group will also effectively enhance its shareholders' value and market competitiveness.

Besides devoting efforts to maintain and broaden the scale of its business in Hong Kong and Macau, the Group will fully leverage on the synergy arising from the integration of the two regions and insist on differentiated tendering strategy to capture market opportunities such as those arising from the "Ten Mega Infrastructure Projects" with its professionalism edge. Moreover, the Group will guard against various risks to secure its position as one of the largest contractors in Hong Kong. In Macau, the Group will focus on projects including large scale construction and government public housings while deepening its business diversification and cross-regional operation, striving to achieve a breakthrough in investment-driven contracting.

As a major platform for China State Construction Engineering Corporation Limited to participate in infrastructure investment and operation in Mainland China, the Group will continue to strengthen its investments in Mainland China's infrastructure construction, endeavoring to establish its investment business as strong impetus for fuelling the sustainable growth of its operating results. The Group will closely observe State policies and focus on affordable housing projects to expand its investments in Mainland China, whilst tapping other kinds of infrastructure investment in a moderate fashion. The focus of investment and expansion will be leaned towards provincial capitals and economically-developed cities, as well as projects that feature high profit and quick turnaround to strive for better investment return.

BUSINESS PROSPECTS (Continued)

Operation Management

The Group has engaged in construction business for more than 30 years, and has developed unique strengths and core competitiveness. The Group puts great emphasis on the promotion of the "5+3" project management model (i.e. coordinated management over the five elements, namely progress, quality, cost, safety and environmental protection, and the three systems, namely flow guarantee system, procedure guarantee system and responsibility guarantee system) to launch different projects with balance and refine its project management. On top of this, the Group will continue to explore the regional management model and perfect the performance assessment system of the target operation responsibility system. By upholding the principle of prudence, moderation, control and profitability, the Group insists on giving preference to cash flow management. Also, it will further improve the human resources management system and strengthen the development of its information technology system.

COMPANY MISSION

In pursuit of its philosophy to "**Exercise Caution in Details and Implementation; Build a Strong Foundation to Seek Greater Success**", the Group will continue to fully leverage the advantages of its "**China State Construction**" brand and to focus on details and advocate a pragmatic approach to its work. Upholding the professionalism of "**Achieving Superb Quality in Each Process thus Making Each Property of Superb Quality**", the Group is committed to offering excellent products and services in excess of their values, actively performing its responsibilities as a corporate citizen, propping up competitiveness and shareholder's value, and striving to build an evergreen business regime.

APPRECIATION

I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to the shareholders for their strong support, and to the community for their enthusiastic help, and last but not least, to our staff for their dedicated efforts.

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

Hong Kong, 22 August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

For the six months ended 30 June 2012, the Group recorded aggregate revenue of HK$10,488 million, which included the contribution from jointly controlled entities for HK$1,530 million. The unaudited profit attributable to the owners of the Company increased by 35.8% to HK$887 million as compared with the corresponding period of last year. The basic earnings per share were increased by 23.3% from HK20.06 cents to HK24.73 cents this period. The Directors declared an interim dividend per share of HK7.00 cents, the dividend payout ratio will be approximately 30%.

The Group continued strengthening its strategy of development of dual-core business of construction and infrastructure investment with revenue from these two business segments accounted for approximately 75.7% and 20.7% of the Group's revenue respectively. During the period under review, both sectors have been thriving with substantial growth in business scale and operation efficiency. As a result, the Group's total assets have grown approximately 16.6% during the period to reach HK$31,177 million. Through careful financial control, the Group was able to maintain a healthy financial position with current assets at HK$16,719 million as of 30 June 2012, representing almost 1.42 times of the current liabilities. The equity attributable to the owners of the Company was approximately HK$10,139 million, representing an increase by 6.8% as compared to 31 December 2011.

During the period, the Group acquired Far East Global Group Limited ("FEG") and its subsidiaries (together as the "FEG Group") (Details are set out in note 19 to the condensed consolidated financial statements). FEG's shares are listed on the Stock Exchange of Hong Kong Limited and the FEG Group is specialised in facade engineering with strong presence in both local and overseas markets. The acquisition was accounted for by acquisition method with the FEG Group's result fully consolidated into the Group's result since the completion of the acquisition in March 2012. The management considered the FEG Group as a distinct business unit of the Group and thus analysed the result contributed from the FEG Group separately.

REVENUE AND GROSS PROFIT

Construction and Infrastructure Investment Business (excluding FEG Group)

During the period under review, the Group carried on construction and related businesses as major businesses in the Hong Kong, Macau and Overseas segments while the Group engaged in both construction and infrastructure investment business in Mainland China. During the current period, the Group continued to deliver impressive results in all three key performance indicators: new projects awarded, revenue and segment profit results.

Hong Kong, Macau and Overseas

1) *Construction — Hong Kong*

   Owing to the roll out of the major infrastructure projects in the region, the Hong Kong's construction industry has been thriving. Being one of the largest construction contractors in the local market, the Group has tapped the market opportunities and recorded a steady growth in revenue of approximately 11.3% to HK$4,592 million for the period under review (corresponding period in 2011: HK$4,127 million). Despite the general rise in material and labour cost, by effective cost control system the Group has managed to maintain its gross profit ratio at approximately 7.0% (corresponding period in 2011: 7.6%).

2) *Construction — Macau*

   In Macau, the construction market has been improving with recovery of economy. During the period under review, this sector has recorded an increase in revenue of approximately 376.8% to approximately HK$391 million (corresponding period in 2011: HK$82 million) which was mainly attributable to a newly commenced housing project. However, in the absence of profit from finalisation of a previously completed project received during the corresponding period in 2011, the gross profit from this sector dropped to approximately HK$22 million (corresponding period in 2011: HK$72 million).

3) *Construction — Overseas*

   The Overseas segment represented mainly the construction projects in United Arab Emirates and India. During the period under review, the Group focused on business administration and project settlement for projects completed in prior years.

REVENUE AND GROSS PROFIT (Continued)

Construction and Infrastructure Investment Business (excluding FEG Group) (Continued)

Mainland China

1) *Investment and Construction of Affordable Housing Projects*

During the period under review, the Group continued to participate in the government-supported large-scale affordable housing projects and was thus less affected by the uncertainty in the private property sector in the region. Apart from continuing the affordable housing projects in Tianjin which was in progress during the first half of 2011, the Company has launched new projects in Chongqing, Zhangzhou, Hangzhou and Wuxi since the second half of 2011. Therefore, the affordable housing projects reported an increase of approximately 60.6% of revenue to HK$1,251 million (corresponding period in 2011: HK$779 million) during the period under review. With the increase in revenue, the segment profit from this sector recorded an increase of approximately 105.7% to approximately HK$151 million.

2) *Construction — Others*

Since the adjustment of focus towards affordable housing projects, revenue from other construction and construction related services has been reduced by approximately 28.9% to HK$530 million (corresponding period in 2011: HK$745 million).

3) *Investment and Construction of Infrastructure Projects*

As a major platform for China State Construction Engineering Corporation Limited to participate in infrastructure investment and operation in Mainland China, the Group continued participating in investments in its portfolio infrastructure businesses including the service concession, build-transfer ("BT") and build-operate-transfer ("BOT") arrangements of various toll road projects, investment in bridges and heat and electricity supply facilities. For the six months ended 30 June 2012, the investment portfolio has experienced further growth and reaped a tremendous increment in revenue and gross profit to HK$1,854 million (corresponding period in 2011: HK$336 million) and HK$379 million (corresponding period in 2011: HK$109 million) respectively.

REVENUE AND GROSS PROFIT (Continued)

Construction and Infrastructure Investment Business (excluding FEG Group) (Continued)

Mainland China (Continued)

3) *Investment and Construction of Infrastructure Projects (Continued)*

1. The construction of the infrastructure projects in Shanxi Province was in satisfactory progress and thus brought in significant growth in both the relevant construction revenue and gross profit to approximately HK$1,435 million (corresponding period in 2011: HK$45 million) and HK$258 million (corresponding period in 2011: nil) during the six months ended 30 June 2012 respectively.

2. During the period under review, the Group's investments in various BT and transfer-operate-transfer ("TOT") infrastructure projects have provided satisfactory returns. Because of the additional investment as well as the increase in expected returns, revenue from infrastructure investment projects nearly doubled, amounting to approximately HK$82 million during the period under review (corresponding period in 2011: HK$43 million). As at 30 June 2012, the Group's BT projects in Wuhan (Wuchang & Hanyang Section of 2nd Circle Line and Jiang Han Sixth Bridge（江漢六橋）) and Taiyuan (Taiyuan South Station Western Square) were under construction, while projects in Tangsha Binhai Avenue, Wuxian Highway Reconstruction and Shahu Passageway BT Project were completed in 2011 and were in repurchase stage.

3. The Group's first completed BOT project, Shanxi Yangquan Yangwu Expressway (Yangguan to Yuxian section) commenced operation in May of last year. The expressway has operated for the whole period under review and thus the toll fee income rose significantly to approximately HK$48 million (corresponding period in 2011: HK$3 million).

REVENUE AND GROSS PROFIT (Continued)

Construction and Infrastructure Investment Business (excluding FEG Group) (Continued)

Mainland China (Continued)

3) *Investment and Construction of Infrastructure Projects (Continued)*

4. With the continuous expansion of supply network in recent years, the supply of heat and electricity recorded a steady year-on-year growth in revenue of approximately 18.0% to HK$289 million during the period under review (corresponding period in 2011: HK$245 million). The construction of the Thermal Power Phase V is in progress. The completion of this new facility will provide extra production capacity to cater for future demand in the region.

During the period, the Group has been continuously searching for new investment opportunities with better payback periods and stable return. Details of new investments is set out in the section under the heading "Utilisation of Financial Resources".

Far East Global Group Limited — Facade Contracting

In March 2012, the Group completed the acquisition of additional equity interests in FEG Group. Therefore, the result of FEG Group since acquisition was fully incorporated in the Group's consolidated financial statements. FEG Group is specialised in facade engineering with strong presence in both local and overseas markets. During the period under review, FEG Group contributed to the Group revenue of approximately HK$326 million out of which approximately HK$90 million and HK$202 million were attributable to facade engineering projects in Hong Kong and the North America respectively. The gross profit and segment result contributed by FEG Group during the period under review amounted to approximately HK$49 million and HK$7 million respectively.

The Group believes this investment would provide the Group with related business opportunities into facade engineering segment and further geographical diversification especially in the North America in which FEG Group has strong presence. Expecting the future synergy to be created by sharing the technical and project management capacity and potential cross-selling opportunity, the Group believes that the FEG Group will provide a future stream of revenue and profit to the Group and provide an essential platform through which the Group would seek international expansion.

SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

The Group operates with joint venture partners for the construction business and infrastructure investment projects. During the period, share of profits after tax from the jointly controlled entities increased by 2.7% as compared to the corresponding period of last year. It was mainly derived from the joint venture investment in Nanjing No. 2 Yangtze River Bridge.

FINANCE COSTS

During the period ended 30 June 2012, finance costs incurred by the Group was approximately HK$154 million (of which HK$44 million was capitalised in the qualifying assets), representing an increase of approximately 8.4% as compared with the corresponding period in 2011. The increase was mainly due to the increase in bank loans drawn down. The finance costs charged to the profit for the current period increased by approximately 12.2% to approximately HK$110 million (corresponding period in 2011: HK$98 million).

EARNINGS PER SHARE

For the six months ended 30 June 2012, basic earnings per share increased by 23.3% to HK24.73 cents (corresponding period in 2011: HK20.06 cents). The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK$887 million (corresponding period in 2011: HK$653 million) and on the weighted average number of 3,586,829,000 (as at 30 June 2011: 3,254,550,000) ordinary shares in issue during the period. The increase in the weighted average number of issued shares in the period was the result of the right issue happened in May 2011 with increment effect on the calculation fully reflected in subsequent reporting period.

CORPORATE FINANCE

The management and control of the Group's financial, capital management and external financing functions are centralised. The Group has been adhering to the principle of prudent financial management.

Financial Position

Bank Balances and Cash

As at 30 June 2012, the Group had bank balances and cash of HK$5,423 million (31 December 2011: HK$5,458 million). The portfolio of the currencies of bank deposits is listed as follows:

	30 June 2012 %	31 December 2011 %
Hong Kong Dollars	**40**	39
Renminbi	**54**	59
Macao Patacas	**4**	1
United Arab Emirates Dirhams	**1**	1
US dollars	**1**	—

The bank deposits outside Hong Kong are mainly for subsidiaries in various regions. During the period, the Group has no financial instruments for currency hedging purpose.

Borrowings

As the Group has established a sound operation for over thirty years, it obtains the full support from the shareholders and maintains a good relationship with a number of large-scaled banks in Hong Kong and the Mainland China.

During the period, the Group has secured a revolving loan of HK$300 million and project loans of an aggregate amounts of approximately RMB1,200 million to finance its various investment projects. The Group has drawn down bank loans of approximately HK$3.12 billion from its existing and new banking facilities to finance its investment projects and enrich its working capital. As of 30 June 2012, the Group's bank loans with carrying amounts of HK$4,528 million are denominated in Hong Kong dollar and HK$3,576 million are denominated in Renminbi. Bank loans are interest bearing mainly at the same favorable terms with reference to the HIBOR or the prevailing interest rate of the People's Bank of China.

CORPORATE FINANCE (Continued)

Financial Position (Continued)

Borrowings (Continued)

The table sets out the maturities of the Group's total borrowings, including the loan from an intermediate holding company, as at 30 June 2012 and 31 December 2011 with details as follows:

	30 June 2012 HK$'million	31 December 2011 HK$'million
Bank and other borrowings		
On demand or within one year	77	358
More than one year but not exceeding two years	45	24
More than two years but not more than five years	5,980	3,173
More than five years	2,066	1,764
Total bank and other borrowings	8,168	5,319
Loan from an intermediate holding company		
On demand or within one year	80	940
Total borrowings	8,248	6,259

As at 30 June 2012, the Group had net borrowings of HK$2,825 million (31 December 2011: net borrowings of HK$801 million). The Group's net gearing ratio as at 30 June 2012 was approximately 27.9% (31 December 2011: 8.4%). Still, the Group has committed and unutilised banking facilities of HK$7,282 million.

Subsequent to the end of the current reporting period, the Group raised net proceeds of approximately HK$2,230 million via top-up placing of the 300,000,000 ordinary shares of the Company (details was disclosed in note 21 to the condensed consolidated financial statements), which has strengthened the Group's capital base and provided additional liquidity for the Group's operation as well as future expansion.

CORPORATE FINANCE (Continued)

Utilisation of Financial Resources

In order to utilise financial resources effectively and efficiently, the Group continued its effort in searching for valuable affordable housing projects, BT/BOT investment projects in the Mainland China, and for mergers and acquisitions opportunities that enrich the Group's business portfolio. During the period under review, the Group has achieved the following significant milestones in business expansion:

(i) In January 2012, the Group secured contract of BT projects for the Jiang Han Sixth Bridge (江漢六橋) in Wuhan, Hubei Province, with an attributable contract value of about HK$550 million.

(ii) In February 2012, the Group secured a construction agreement with Wuhan People's Government for the East Lake Passageway and Yangtze-River Avenue in Wuhan, Hubei Province through BT model with an attributable value of HK$2.26 billion.

(iii) In April 2012, the Group secured a construction agreement through BT model with the Zhangzhou Government for an affordable housing project with an attributable contract value of about HK$2.84 billion.

(iv) In June 2012, the Group secured an affordable housing BT Project at Tianjin Tuanbohu Health Industrial Park for relocation housing including supporting facilities with attributable contract value of about HK$3.83 billion.

(v) During the period under review, the Group continued the construction of the Phase V of Shenyang Huanggu Thermal Power Plant to increase the production capacity for new supply zone.

CORPORATE FINANCE (Continued)

Utilisation of Financial Resources (Continued)

(vi) During the period under review, though a subscription of new shares and a mandatory unconditional cash offer for all outstanding shares and share options pursuant to the Hong Kong Code on Takeovers and Mergers (the "Acquisition"), the Group has increased its shareholding in Far East Global Group Limited ("FEG") from approximately 9.3% to approximately 74.1% and FEG together with its subsidiaries (together, the "FEG Group") has become subsidiaries of the Group. FEG is a public limited company with its shares listed on the Stock Exchange of Hong Kong Limited and the FEG Group has established history and expertise in the facade engineering sector with strong presence in different parts of world (details of the Acquisition are set out in note 19 to the condensed consolidated financial statements).

The Group will cautiously seek expansion opportunities with a view to balance the risks and opportunities to maximise the shareholders' value.

Financial risk factors and Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in major risk factors that may significantly affect the Group's business nor any change in risk management policies since year end. This interim report does not include all financial risk management information and disclosures required in the annual report of the Company for the year ended 31 December ("2011 Annual Report"), and should be read in conjunction with the relevant disclosures in the 2011 Annual Report.

During the period under review, the Group continued to step up its efforts in risk management and control. On the principles of stability, sustainability, high efficiency and low risk in the Group's business expansion and operation, a balance will be achieved among risks, resources and business exploration to ensure smooth operation of each segment.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June 2012 HK$'000	2011 HK$'000
Group revenue	7	**8,957,737**	6,071,012
Share of revenue of jointly controlled entities		**1,529,983**	1,013,655
		10,487,720	7,084,667
Group revenue	7	**8,957,737**	6,071,012
Costs of sales		**(7,952,906)**	(5,485,337)
Gross profit		**1,004,831**	585,675
Investment income	9	**214,910**	173,407
Other income		**54,469**	38,272
Gain on fair value changes of investment in convertible bonds		**26,000**	15,524
Administrative expenses		**(304,255)**	(222,810)
Distribution and selling expenses		**(3,503)**	(5,671)
Other expenses		**(42,278)**	(672)
Share of profits of			
Associates		**6,965**	8,241
Jointly controlled entities		**225,999**	220,120
Finance costs	10	**(110,058)**	(98,073)
Profit before tax	11	**1,073,080**	714,013
Income tax expense	12	**(183,634)**	(62,740)
Profit for the period		**889,446**	651,273
Profit/(loss) for the period attributable to:			
Owners of the Company		**886,956**	652,953
Non-controlling interests		**2,490**	(1,680)
		889,446	651,273
Earnings per share (HK cents)	14		
Basic		**24.73**	20.06
Diluted		**24.33**	19.85

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Profit for the period	**889,446**	651,273
Other comprehensive (loss)/income		
Gain/(loss) on fair value changes of available-for-sale investments	**44,380**	(18,825)
Release of investment revaluation reserve to income statement upon acquisition of a subsidiary	**(21,625)**	—
Exchange differences arising on translation of foreign operations	**(43,574)**	65,488
Other comprehensive (loss)/income for the period	**(20,819)**	46,663
Total comprehensive income for the period	**868,627**	697,936
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**866,465**	699,616
Non-controlling interests	**2,162**	(1,680)
	868,627	697,936

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Non-current Assets			
Property, plant and equipment	15	**1,989,295**	1,870,033
Investment properties		**40,537**	41,063
Interests in infrastructure project investments		**776,666**	673,224
Trade receivables	16	**1,927,780**	919,473
Prepaid lease payments		**182,750**	184,978
Interests in associates		**31,477**	29,237
Interests in jointly controlled entities		**2,507,226**	2,589,828
Trademark, project backlogs and licences		**257,617**	9,950
Concession operating rights		**5,093,734**	4,926,465
Available-for-sale investments		**444,349**	490,842
Investment in convertible bonds		**266,000**	240,000
Goodwill		**577,664**	—
Amounts due from investee companies		**362,946**	356,085
		14,458,041	12,331,178

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Current Assets			
Interests in infrastructure project investments		**9,536**	23,490
Inventories		**175,801**	149,559
Properties held for sale		**158,566**	158,608
Amounts due from customers for contract work		**4,515,301**	2,937,900
Trade and other receivables	16	**5,417,361**	4,736,191
Deposits and prepayments		**329,959**	234,679
Amounts due from jointly controlled entities		**296,420**	185,237
Amounts due from fellow subsidiaries		**316,287**	423,284
Amount due from an intermediate holding company		**27,757**	72,159
Amount due from a related company		**26,939**	10,990
Tax recoverable		**14,345**	6,217
Pledged bank deposits		**4,971**	4,992
Deposits with financial institutions		**2,948**	848
Bank balances and cash		**5,422,665**	5,457,812
		16,718,856	14,401,966

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Current Liabilities			
Amounts due to customers for contract work		**1,613,265**	1,282,035
Trade and other payables	17	**5,728,644**	5,175,888
Deposits received and receipts in advance		**760,947**	699,874
Amounts due to jointly controlled entities		**450,282**	501,666
Amounts due to fellow subsidiaries		**2,051,678**	1,398,076
Amount due to immediate holding company		**3,907**	208,218
Amount due to intermediate holding company		**564,201**	676,461
Amount due to an associate		**21,909**	6,125
Amount due to a related company		**—**	16,851
Tax liabilities		**448,820**	313,787
Borrowings		**77,118**	357,716
Obligations under finance leases		**521**	—
Loan from an intermediate holding company		**79,735**	940,151
		11,801,027	11,576,848
Net Current Assets		**4,917,829**	2,825,118
Total Assets less Current Liabilities		**19,375,870**	15,156,296

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Capital and Reserves			
Share capital	18	**89,686**	89,668
Share premium and reserves		**10,049,744**	9,400,684
Equity attributable to owners of the Company		**10,139,430**	9,490,352
Non-controlling interests		**338,229**	6,724
		10,477,659	9,497,076
Non-current Liabilities			
Deferred income		**436,125**	421,938
Deferred tax liabilities		**369,956**	276,014
Borrowings		**8,090,644**	4,961,268
Obligations under finance leases		**1,486**	—
		8,898,211	5,659,220
		19,375,870	15,156,296

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital	Share premium	Special reserve	Capital redemption reserve	Share options reserve	Investment revaluation reserve	Translation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(note 18)		(note a)	(note b)				(note c)				
At 1 January 2011	74,486	2,358,044	(1,473,655)	337	3,790	(4,877)	263,190	19,546	3,378,589	4,619,450	3,950	4,623,400
Total comprehensive income for the period	–	–	–	–	–	(18,825)	65,488	–	652,953	699,616	(1,680)	697,936
Transactions with owners												
Issue of ordinary shares upon exercise of share options	248	2,682	–	–	(609)	–	–	–	–	2,321	–	2,321
Issue of ordinary shares upon right issues	14,934	3,569,254	–	–	–	–	–	–	–	3,584,188	–	3,584,188
Share issue expenses	–	(34,971)	–	–	–	–	–	–	–	(34,971)		(34,971)
2010 final dividend paid	–	–	–	–	–	–	–	–	(215,177)	(215,177)	–	(215,177)
At 30 June 2011	89,668	5,895,009	(1,473,655)	337	3,181	(23,702)	328,678	19,546	3,816,365	8,655,427	2,270	8,657,697
At 1 January 2012	89,668	5,895,009	(1,473,655)	337	3,181	(16,654)	517,308	68,146	4,407,012	9,490,352	6,724	9,497,076
Total comprehensive income for the period	–	–	–	–	–	22,755	(43,246)	–	886,956	866,465	2,162	868,627
Transactions with owners												
Disposal of partial interest in a subsidiary (note (a)(ii))	–	–	33,527	–	–	–	–	–	–	33,527	23,302	56,829
Acquisition of a subsidiary (note(19))	–	–	–	–	–	–	–	–	–	–	306,041	306,041
Issue of ordinary shares upon exercise of share options	18	183	–	–	(43)	–	–	–	–	158	–	158
2011 final dividend paid	–	–	–	–	–	–	–	–	(251,072)	(251,072)	–	(251,072)
At 30 June 2012	89,686	5,895,192	(1,440,128)	337	3,138	6,101	474,062	68,146	5,042,896	10,139,430	338,229	10,477,659

Notes:

(a) Special reserve arose from:

(i) The balances of special reserve brought forward from prior years arose from the combinations of China State Construction Engineering (Hong Kong) Limited, Zetson Enterprises Limited and its subsidiaries, China Construction Engineering (Macau) Company Limited and its subsidiaries, China Overseas Insurance Limited, China Overseas Insurance Services Limited, COHL (Macao) Commercial and Industrial Company Limited, 深圳中海建築有限公司 and its subsidiary, China Overseas Public Utility Investment Limited and its subsidiaries, Fuller Sky Enterprises Limited, Value Idea Investments Limited, 陽泉市陽五高速公路投資管理有限公司 and China Overseas Technology Holdings Limited and its subsidiaries ("COTHL") under common control. The amount represents excess of considerations paid over the share capital of the acquired companies net of distribution to the former shareholders in prior years.

(ii) During the period, the Group acquired control over Far East Global Group Limited ("FEG") which then became the Group's subsidiary (details set out in note (19)). Subsequent to the acquisition, a wholly-owned subsidiary of the Company, disposed an aggregate of 45,500,000 shares at a price of HK$1.26 per share through private placing to certain independent investors. As a result, the Group's shareholding in FEG was reduced from 76.2% to 74.1%. The partial disposal did not result in a loss of control and was thus accounted for as an equity transaction. Accordingly, the excess of approximately HK$34 million, representing the difference between the cash consideration received for the disposal of partial interest in FEG of approximately HK$57 million and carrying amount of the attributable share of net assets of FEG of approximately HK$23 million, was credited to the special reserve.

(b) Capital redemption reserve represented the amount by which the Company's issued share capital was diminished on cancellation of the ordinary shares repurchased.

(c) Statutory reserve of the Group represents general and development fund reserve applicable to the overseas and the People's Republic of China (the "PRC") subsidiaries which were established in accordance with the relevant regulations.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Net cash (used in)/from operating activities (Note)	**(925,374)**	269,460
Net cash (used in)/from investing activities	**(440,585)**	39,208
Net cash from financing activities	**1,306,863**	3,195,033
Net (decrease)/increase in cash and cash equivalents	**(59,096)**	3,503,701
Cash and cash equivalents at the beginning of the period	**5,457,812**	3,728,104
Effect of foreign exchange rate changes	**23,949**	34,052
CASH AND CASH EQUIVALENTS AT 30 JUNE	**5,422,665**	7,265,857
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**5,422,665**	7,265,857

Note: Excluded the expenditure for the build-transfer ("BT") projects and build-operate-transfer ("BOT") project amounting to approximately HK$1,464 million (corresponding period in 2011: HK$45 million), the net cash inflow from operating activities for the period was approximately HK$539 million.

(1) GENERAL INFORMATION

The principal activities of China State Construction International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are the construction business, project consultancy services, insurance business, generation and supply of heat and electricity, trading of building materials, manufacturing and trading of asphalts and infrastructure project investments.

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK") with effect from 8 July 2005. Its immediate holding company is China Overseas Holdings Limited ("COHL") (incorporated in Hong Kong) and its intermediate holding company and its ultimate holding company are China State Construction Engineering Corporation Limited ("CSCECL"), a joint stock company with its shares listed on the Shanghai Stock Exchange, and China State Construction Engineering Corporation ("CSCEC"), respectively, both of which are established in the People's Republic of China (the "PRC") and controlled by the PRC Government. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the interim report.

(2) BASIS OF PREPARATION

The condensed consolidated interim 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 SEHK and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

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

(3) PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the 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. During the six months ended 30 June 2012, the Group acquired a subsidiary and its intangible assets and goodwill were recognised at the date of acquisition. The intangible assets acquired in a business combination are recognised at fair values on the acquisition date. The intangible assets having finite useful lives are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs of intangible assets over their useful lives of 3 to 20 years. Goodwill represents the excess of the cost of an acquisition over the fair value of the attributable share of the net identifiable assets of the acquired subsidiary. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of testing for impairment.

(4) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised HKFRSs") issued by the HKICPA.

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

(4) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKFRS 1 (Amendment)	Government Loans[2]
HKFRS 7 (Amendments)	Financial instruments: Disclosures — 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	Disclosure 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 Disclosures of Interests in Other Entities: Transition Guidance[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 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 Project	Annual Improvements 2009-2011 Cycle[2]

(4) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

[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 on 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.

(5) ESTIMATES

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

In preparation these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

(6) FINANCIAL RISK MANAGEMENT ESTIMATES

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

There have been no changes in any risk management policies since last year end.

Fair value estimation

During the period, the Group increased its shareholding in and obtained control over FEG (details set out in note 19). The listed equity investment in FEG was previously classified as available-for-sale investment at level 1 and measured at quoted prices in active markets. Subsequent to the completion of the acquisition, all the assets and liabilities of FEG have been consolidated into the Group's consolidated financial statements. Save for this change, there were no transfers between each level during the period and in the prior year.

(7) GROUP REVENUE

Group revenue represents revenue arising from construction contracts and project consultancy services, revenue from the supply of heat and electricity, revenue from provision of connection services, revenue from the infrastructure project investments, toll revenue, revenue from the net sales of precast structures, building materials and asphalts and revenue from machinery leasing income and insurance contracts.

(7) GROUP REVENUE (Continued)

An analysis of the Group revenue is as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Revenue from construction contracts	**7,681,874**	5,528,112
Revenue from construction contracts under service concession arrangements	**261,380**	44,838
Revenue from project consultancy services	**131,182**	96,365
Revenue from supply of heat and electricity	**280,802**	240,366
Revenue from provision of connection services	**8,252**	5,076
Revenue from infrastructure project investments	**81,891**	42,836
Toll revenue	**47,766**	3,059
Sales of precast structures, building materials and asphalts	**88,497**	56,831
Revenue from facade contracting business	**326,451**	—
Others (Note)	**49,642**	53,529
Group revenue	**8,957,737**	6,071,012

Note: Others mainly comprise revenue from machinery leasing and insurance contracts.

(8) SEGMENTAL INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker for the purposes of resources allocation and performance assessment are based on geographical location where the principal activities they operate, namely Hong Kong, regions in the PRC (other than Hong Kong and Macau), Macau and Overseas (mainly in the United Arab Emirates and India.)

In March 2012, the Group completed the acquisition of additional equity interests in Far East Global Group Limited ("FEG"), a public limited company incorporated in the Cayman Islands, listing on the SEHK. Since then, FEG and its subsidiaries (the "FEG Group") became subsidiaries of the Group. Since the FEG Group is currently managed by a separate business team, the chief operating decision maker regards FEG Group as a distinct operating segment and assesses its performance based on its segment result.

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

	Segment revenue		Gross profit/(loss)		Segment result	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Operating and Reportable segments						
Hong Kong	4,592,256	4,126,955	321,782	315,624	261,581	263,053
Regions in the PRC	3,634,506	1,859,901	618,683	272,305	628,011	212,650
Macau	390,626	81,909	22,474	72,126	79,090	207,344
Overseas	13,898	2,247	(6,828)	(74,380)	4,051	(62,745)
FEG Group	326,451	—	48,720	—	6,990	—
Consolidated total	8,957,737	6,071,012	1,004,831	585,675	979,723	620,302
Unallocated corporate expenses					(88,073)	(65,578)
Other income					32,524	13,477
Gain on fair value changes of investment in convertible bonds					26,000	15,524
Share of profits of associates					6,965	8,241
Share of profits of jointly controlled entities					225,999	220,120
Finance costs					(110,058)	(98,073)
Profit before tax					1,073,080	714,013

(9) INVESTMENT INCOME

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Interest income on:		
Bank deposits	**17,274**	20,343
Debt securities	**1,858**	2,037
Amounts due from customers for contract work and trade receivables	**88,989**	—
Loan receivables	**12,717**	11,860
Imputed interest on amounts due from investee companies	**6,861**	2,551
	127,699	36,791
Gain on remeasuring previously held interests of available-for-sale investment at fair value upon becoming a subsidiary	**21,625**	—
Dividend income:		
Unlisted available-for-sale investments	**65,553**	134,862
Listed available-for-sale investments	**33**	1,754
	214,910	173,407

(10) FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**57,331**	40,143
Interest on bank loans not wholly repayable within five years	**76,342**	51,448
Interest on loans from intermediate holding company	**10,284**	43,610
Finance leases charge	**19**	—
Others	**9,644**	6,482
Total finance costs	**153,620**	141,683
Less: Amounts capitalised in concession operating rights	**(10,284)**	(43,610)
Amounts capitalised in contract costs	**(33,278)**	—
	110,058	98,073

(11) PROFIT BEFORE TAX

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Profit before tax has been arrived at after charging:		
Depreciation	**64,269**	41,209
Amortisation of concession operating rights	**69,372**	22,248
Amortisation of trademark and projects backlogs	**14,400**	—

(12) INCOME TAX EXPENSE

	Six months ended 30 June 2012 HK$'000	2011 HK$'000
Current tax:		
Hong Kong	**27,737**	26,767
Other jurisdictions	**136,350**	49,682
	164,087	76,449
(Over)/under provision in prior years:		
Hong Kong	**(4,595)**	(28,608)
Other jurisdictions	**1,193**	8,879
	(3,402)	(19,729)
Deferred tax:		
Current period	**22,949**	6,020
Income tax expense for the period	**183,634**	62,740

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the current and the last period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(13) DIVIDENDS

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Dividends recognised as distributions during the period:		
2011 Final, paid HK7.00 cents (2010 Final: HK6.00 cents) per share	**251,072**	215,177

The Board declared the payment of an interim dividend of 2012 of HK7.00 cents per share (2011: HK6.00 cents). This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity for the year ending 31 December 2012.

(14) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**886,956**	652,953

(14) EARNINGS PER SHARE (Continued)

	2012 '000	2011 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**3,586,829**	3,254,550
Effect of dilutive potential ordinary shares in respect of share options	**58,491**	35,091
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**3,645,320**	3,289,641

(15) PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK$115,335,000 (corresponding period in 2011: HK$243,127,000) on the additions to property, plant and equipment, excluding those additions arising upon the acquisition of a subsidiary during the period.

(16) TRADE AND OTHER RECEIVABLES

The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of the reporting period:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Trade receivables, aged (Note)		
0–30 days	**2,753,909**	2,834,776
31–90 days	**469,711**	456,701
Over 90 days	**1,793,540**	583,459
	5,017,160	3,874,936
Retention receivables	**1,579,055**	1,350,703
Other receivables	**748,926**	430,025
Trade and other receivables	**7,345,141**	5,655,664
Portion classified as current assets	**(5,417,361)**	(4,736,191)
Non-current portion	**1,927,780**	919,473

Note: Included in the trade receivables as at 30 June 2012 are receivables of HK$1,927,780,000 (31 December 2011: HK$919,473,000) arising from certain affordable housing projects in the PRC. The balances are backed up by the assets from employers, largely bearing interest at 130% of the prevailing interest rate of the People's Bank of China per annum. The amount is expected to be fully repaid from 2014 to 2017, with HK$719,851,000 repaying in 2014, HK$205,818,000 in 2015, HK$873,116,000 in 2016 and HK$128,995,000 in 2017. As a result, they are classified as non-current items.

(16) TRADE AND OTHER RECEIVABLES (Continued)

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 (2011: 90 days) to its trade debtors. Retention receivables are generally repaid after the defect liabilities period of the construction projects. Of the retention receivables, an amount of HK$924,677,000 (31 December 2011: HK$737,166,000) will not be due in the next 12 months.

Thus, the remaining balance of age over 90 days mentioned above excluding those arising from affordable housing projects is approximately HK$874,067,000 (31 December 2011: HK$583,459,000). The aging analysis of the Group's trade receivables balances (net of allowance for doubtful debts) which are past due but not impaired is presented as follows:

	30 June 2012 HK$'000	31 December 2011 HK$'000
91–180 days	**350,753**	216,013
181–365 days	**5,808**	42,152
Over 365 days	**517,506**	325,294
	874,067	583,459

(17) TRADE AND OTHER PAYABLES

The following is an aging analysis of trade and other payables at the end of the reporting period:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Trade and other payables, aged		
0–30 days	**3,009,686**	3,055,107
31–90 days	**1,008,752**	755,182
Over 90 days	**475,755**	270,961
	4,494,193	4,081,250
Retention payables	**1,234,451**	1,094,638
	5,728,644	5,175,888

The average credit period on trade and construction cost payables is 60 days (2011: 60 days). Of the retention payables, an amount of HK$544,399,000 (31 December 2011: HK$443,779,000) will not be due in the next 12 months.

(18) SHARE CAPITAL

	Number of Shares	Amounts HK$'000
Authorised:		
Ordinary shares of HK$0.025 each as at 30 June 2011 and 30 June 2012	60,000,000,000	1,500,000
Issued and paid up:		
Balance as at 1 January 2011	2,979,458,825	74,486
Issue of ordinary shares on rights issue (Note)	597,364,659	14,934
Issue of ordinary shares upon exercise of share options	9,920,037	248
Balance as at 30 June 2011 and 31 December 2011	3,586,743,521	89,668
Issue of ordinary shares upon exercise of share options	703,862	18
Balance as at 30 June 2012	3,587,447,383	89,686

Note: On 16 May 2011, the Company completed a rights issue of one rights share for every five shares held by members on the register of members, at an issue price of HK$6.00 per rights share, resulting in the issue of 597,364,659 ordinary shares of HK$0.025 each for a total cash consideration, before expenses of HK$34,971,000, of HK$3,584,188,000. The cash proceeds were credited to share capital and share premium account of HK$14,934,000 and HK$3,569,254,000 respectively. The new shares rank pari passu with the then existing shares in all respects.

(19) ACQUISITION OF A SUBSIDIARY

On 2 February 2012, Add Treasure Holdings Limited (the "Offeror"), a wholly-owned subsidiary of the Company entered into a conditional subscription agreement (the "Subscription Agreement") with FEG, a public limited company incorporated in the Cayman Islands listing on the SEHK. Pursuant to the Subscription Agreement, FEG conditionally agreed to allot and issue to the Offeror and the Offeror conditionally agreed to subscribe for 1,038,550,000 new shares of FEG, for a total consideration of HK$644 million (the "Subscription"). The Subscription completed on 28 February 2012. Together with the 103,920,000 shares already owned by a wholly-owned subsidiary of the Company before the Subscription, the Group's interest in FEG increased to 1,142,470,000 shares, representing 53.1% interest of the enlarged issued capital of FEG immediately after the completion of the Subscription.

Pursuant to Rule 26.1 and Rule 13.1 of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"), the Offeror was required and had made a mandatory unconditional cash offer for all the issued shares of FEG (other than those then already owned or agreed to be acquired or subscribed by the Company, the Offeror and persons acting in concert with it), on the bases of HK$1.18 in cash for each ordinary share of the Company (the "Share Offer") and for the cancellation of all outstanding share options granted under the share option scheme of FEG (the "Share Options", each of which entitling the relevant holder to subscribe for a new ordinary share of the Company) on the bases of HK$0.66 and HK$0.53 per Share Option in cash for Share Options with exercise prices at HK$0.52 and HK$0.65 per share respectively (the "Option Offer") (the Share Offer and Option Offer are collectively referred as the "Offers"). Upon the closure of the Offers on 23 March 2012, the Offeror received the valid acceptance in respect of 499,433,279 shares under Share Offer, and a total of 23,600,000 and 44,651,000 Share Options with exercise price at HK$0.52 and HK$0.65 respectively under the Option Offer. The total considerations paid under the Offers was approximately HK$629 million. Immediately after the Offers, the Group held 1,641,903,279 shares of FEG, representing approximately 76.2% interest in FEG.

(19) ACQUISITION OF A SUBSIDIARY (Continued)

FEG and its subsidiaries are principally engaged in contracting and engineering business with expertise in the exterior facade works and with operations in different parts of the world. The Board believed that the acquisition of an internationally advanced curtain wall manufacturing and installation company would complement the Company's having already leading technical and project management capabilities, thus enabling a synergy to the Company in terms of business development opportunities and geographical diversification.

After obtaining the effective control of FEG in March 2012, such acquisition has been accounted for using acquisition method. The total considerations of approximately HK$1,419 million in aggregate consist of the consideration paid for the Subscription and Offers and the fair values of shares holdings in FEG held before the acquisition (previously classified as available-for-sale investments) at the date of obtaining effective control.

Details of consideration, net identifiable assets acquired and goodwill in respect of the acquisition are as follows:

	HK$'000
Purchase considerations:	
Cash paid	1,273,064
Fair value of previously held interest	145,488
Total purchase considerations	1,418,552
Fair value of net assets acquired — (Note)	(840,888)
Goodwill	577,664

None of the goodwill recognised is expected to be deductible for income tax purpose.

	HK$'000
Acquisition-related costs (included in other expenses in the condensed consolidated income statement for the period ended 30 June 2012)	20,000

(19) ACQUISITION OF A SUBSIDIARY (Continued)

Note: As at 30 June 2012, verification of individual assets/liabilities of the acquired business is in progress and the Group has not finalised the fair value assessments. The relevant fair values of individual assets/liabilities stated below are provisional.

The fair values of identifiable assets acquired and liabilities assumed as at the date of obtaining effective control are as follows:

	HK$'000
Property, plant and equipment	133,631
Trademark and project backlogs	262,067
Available-for-sale investments	54,637
Amounts due from customers for contract work	214,550
Inventories	4,195
Trade and other receivables	325,645
Deposits and prepayments	13,861
Tax recoverable	5,497
Pledge bank deposits	25,681
Bank balances and cash	707,110
Amounts due to customers for contract work	(151,123)
Trade and other payables	(233,012)
Tax liabilities	(40,699)
Borrowings	(99,644)
Obligations under finance leases	(2,208)
Deferred tax liabilities	(73,259)
Total identifiable net assets	1,146,929
Non-controlling interests	(306,041)
Net assets acquired	840,888
Purchase considerations settled in cash	(1,273,064)
Cash and cash equivalents acquired	707,110
Net cash outflow on the acquisition	(565,954)

(19) ACQUISITION OF A SUBSIDIARY (Continued)

(a) Acquired receivables

The fair value of trade and other receivables at the date of acquisition amounted to HK$326 million, including trade and retention receivables with a fair value of approximately HK$295 million. The gross balances of trade and retention receivables is approximately HK$321 million of which the recoverability of balances of approximately HK$26 million are in doubt.

(b) Non-controlling interests

The Group has chosen to recognise the non-controlling interests at the acquisition date at the proportion of net assets acquired shared by the non-controlling interests in FEG Group, amounting to approximately HK$306 million at the acquisition date.

(c) Impact of acquisition on the results of the Group

FEG Group contributed approximately HK$326 million and HK$18 million to the Group's revenue and profit respectively for the period between the date of acquisition and 30 June 2012. If the acquisition had occurred on 1 January 2012, the total group revenue and profit for the six months ended 30 June 2012 would have been approximately HK$9,200 million and HK$692 million respectively. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and result the Group would have actually achieved had the acquisition been completed on 1 January 2012, nor is it intended to be a projection of future results.

(20) RELATED PARTY TRANSACTIONS

(a) The Group had significant transactions with its intermediate holding company, fellow subsidiaries, associate, jointly controlled entities, and other state-owned entities during the period under review as follows:

Transactions	Six months ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Intermediate holding company		
Interest expense	**10,284**	43,610
Construction costs	**205,555**	2,658
Fellow subsidiaries		
Underwriting fee expense included in rights issue expense	**–**	34,134
Security service payment	**11,887**	8,789
Revenue from construction contracts	**177,122**	275,387
Project consultancy service income	**21,647**	10,395
Construction costs	**287,011**	151,063
Associate		
Purchase of construction materials	**95,790**	94,001
Jointly controlled entities		
Revenue from construction contracts	**84,531**	13,450
Purchase of materials	**24,551**	30,362
Sales of building materials	**61,616**	23,291
Other state-owned entities		
Revenue from construction contracts	**316,406**	792,150

(20) RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with other government-related entities in the PRC

Certain of the Group's business are operated in an economic environment currently predominated by entities directly or indirectly owned, controlled or significantly influenced by the PRC government. In addition, the Group is itself part of a larger group of companies under CSCEC which is controlled by the PRC government.

Certain of the Company's subsidiaries had entered into various transactions with state-controlled entities, including general banking facilities transactions with certain banks and financial institutions which are state-controlled entities, in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

(21) EVENT AFTER THE REPORTING PERIOD

In July 2012, China Overseas Holdings Limited ("COHL"), a substantial shareholder of the Company, entered into a placing agreement with Citigroup Global Markets Asia Limited and BNP Paribas Capital (Asia Pacific) Limited (collectively the "Placing Agents") pursuant to which COHL agreed to sell via Placing Agents to independent purchasers 300,000,000 ordinary shares of the Company at HK$7.57 per share ("Placing Price"). At the same time, COHL and the Company entered into a subscription agreement under which COHL agreed to subscribe for 300,000,000 new ordinary shares of the Company at the Placing Price. Upon the completion of such top-up placing arrangement, the Company's issued capital increased by approximately 8.4% and net proceeds of approximately HK$2,230 million was raised. The Company intends to apply such net proceeds as general working capital and capital expenditure of the Group which may include funding build-and-transfer, build-operate-transfer, and affordable housing projects.

(22) COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

INTERIM DIVIDEND

The Board declared an interim dividend of HK7.00 cents per share (2011: HK6.00 cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 21 September 2012. The interim dividend will be payable on Friday, 28 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed and no transfer of shares will be registered from Thursday, 20 September 2012 to Friday, 21 September 2012, both days inclusive, for the purpose of determining shareholders' entitlement to the interim dividend.

In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates, must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 19 September 2012.

SHARE CAPITAL

The Company's total issued share capital as at 30 June 2012 was 3,587,447,383 ordinary shares of HK$0.025 each ("Shares").

During the reporting period, the Company issued 703,862 new Shares pursuant to the Company's Share Option Scheme (please refer to the section headed "Share Options" of this report for details). Pursuant to a subscription agreement entered into between China Overseas Holdings Limited ("COHL") and the Company dated 18 July 2012, the Company issued and allotted 300,000,000 new Shares at HK$7.57 per Share to COHL on 25 July 2012 (please refer to the announcement of the Company dated 18 July 2012 for details). As at the date of this report (i.e. 22 August 2012), the Company's total issued share capital was 3,887,447,383 Shares.

SHARE OPTIONS

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

Category	Date of grant	Number of share options: Outstanding at 01.01.2012	Exercised during the period	Outstanding at 30.06.2012	Exercise Price (HK$)	Exercise period
Category I: Directors						
Kong Qingping	14.09.2005	3,288,848	—	3,288,848	0.2254	14.09.2006 to 13.09.2015
Zhou Yong	14.09.2005	959,247	—	959,247	0.2254	14.09.2006 to 13.09.2015
Zhang Yifeng	14.09.2005	61	—	61	0.2254	14.09.2006 to 13.09.2015
Zhou Hancheng	14.09.2005	639,498	—	639,498	0.2254	14.09.2006 to 13.09.2015
Raymond Ho Chung Tai	14.09.2005	913,569	—	913,569	0.2254	14.09.2006 to 13.09.2015
Adrian David Li Man Kiu	14.09.2005	913,569	—	913,569	0.2254	14.09.2006 to 13.09.2015
Raymond Leung Hai Ming	14.09.2005	913,569	—	913,569	0.2254	14.09.2006 to 13.09.2015
Lee Shing See	14.09.2005	913,569	—	913,569	0.2254	14.09.2006 to 13.09.2015
All Directors		8,541,930	—	8,541,930		
Category II: Employees	14.09.2005	32,798,142	566,827	32,231,315	0.2254	14.09.2006 to 13.09.2015
Category III: Consultants	14.09.2005	19,235,646	137,035	19,098,611	0.2254	14.09.2006 to 13.09.2015
Total		60,575,718	703,862	59,871,856		

SHARE OPTIONS (Continued)

Notes:

1. The share options were granted on 14 September 2005 and the exercise price per share option is HK$0.2254 (The exercise price per option on 14 September 2005 was HK$1.03. The exercise price was adjusted to HK$0.99 immediately after the completion of open offer on 10 September 2007. The exercise price was adjusted to HK$0.2475 immediately after the share subdivision approved on 12 June 2008. The exercise price was adjusted to HK$0.2345 immediately after the completion of rights issue on 1 September 2009. The exercise price was adjusted to HK$0.2254 immediately after the completion of rights issue on 16 May 2011). The vesting period is from 14 September 2005 to 13 September 2010 (both days inclusive) and the exercise period is from 14 September 2006 to 13 September 2015 (both days inclusive). 20% can be exercised annually ("Limit") from 14 September 2006. Unexercised portion of the Limit (if any) can be exercised in the remaining exercise period and will not be included in calculating the Limit of the relevant year. It can be fully exercised from 14 September 2010 to 13 September 2015 (both days inclusive). No share options were granted, cancelled and lapsed during the period.

2. The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised were as follows:

Date of exercise of share options	Number of share options exercised	Weighted average closing price of the Company's shares immediately before the exercise date (HK$)
05.06.2012	566,827	6.7697
25.06.2012	137,035	6.8009
	703,862	

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) Long positions in shares and underlying shares of the Company

	Number of ordinary shares held	Number of underlying shares held		
Name of director	Personal interests[1]	Share options[2]	Total	% of shares in issue[3]
Kong Qingping	3,060,400	3,288,848	6,349,248	0.177
Zhou Yong	5,073,780	959,247	6,033,027	0.168
Zhang Yifeng	696,000	61	696,061	0.019
Zhou Hancheng	3,955,640	639,498	4,595,138	0.128
Tian Shuchen	5,136,111	—	5,136,111	0.143
Hung Cheung Shew	581,584	—	581,584	0.016
Cheong Chit Sun	2,415,872	—	2,415,872	0.067
Raymond Ho Chung Tai	—	913,569	913,569	0.025
Adrian David Li Man Kiu	—	913,569	913,569	0.025
Raymond Leung Hai Ming	—	913,569	913,569	0.025
Lee Shing See	—	913,569	913,569	0.025

Notes:

1. This represents interests held by the relevant Director as a beneficial owner.

2. This represents interests in share options of the Company (the "Share Options") held by the relevant Director as a beneficial owner to subscribe for the relevant underlying ordinary shares pursuant to the Company's Share Option Scheme. Details of which are set out in the section headed "Share Options" of this report.

3. The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at 30 June 2012 (i.e. 3,587,447,383 ordinary shares).

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES (Continued)

(b) Long positions in shares and underlying shares of Associated Corporation — China Overseas Land & Investment Limited ("COLI")

	Number of ordinary shares held	Number of underlying shares held		
Name of director	Personal interests[1]	Share options[2]	Total	% of shares in issue[3]
Kong Qingping	3,935,760	1,359,334	5,295,094	0.065
Hung Cheung Shew	10,000	97,095	107,095	0.001
Cheong Chit Sun	60,000	—	60,000	—

Notes:

1. This represents interests held by the relevant Director as a beneficial owner.

2. This represents interests in share options of COLI held by the relevant Director as a 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 has been adjusted 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 nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

(a) The Company

Share Options

As at 30 June 2012, the number of outstanding share options granted by the Company under the Company's Share Option Scheme to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in the section heading "Share Options" of this report.

(b) Associated Corporation — COLI

Share Options

As at 30 June 2012, the number of outstanding share options granted by COLI to the Directors to subscribe for shares of COLI, as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code is set out below:

Name of director	Date of grant	Exercise period	Exercise price (HK$)	Number of share options	% of shares in issue*
Kong Qingping	18.06.2004	18.06.2005 to 17.06.2014	1.118	1,359,334	0.017
Hung Cheung Shew	18.06.2004	18.06.2005 to 17.06.2014	1.118	97,095	0.001

Note: * The percentage has been adjusted 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

As at 30 June 2012, the register of substantial shareholders maintained by the Company under Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions of substantial shareholders in the shares of the Company

Name of shareholder	Capacity	Number of ordinary shares held	Total	% of shares in issue[1]
China Overseas Holdings Limited[2] ("COHL")	Beneficial owner	2,218,813,659	2,218,813,659	61.849
China State Construction Engineering Corporation Limited[3] ("CSCECL")	Interest of a controlled corporation/beneficial owner	2,218,813,659	2,218,813,659	61.849
China State Construction Engineering Corporation[4] ("CSCEC")	Interest of a controlled corporation/beneficial owner	2,218,813,659	2,218,813,659	61.849

Notes:

1. The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at 30 June 2012 (i.e. 3,587,447,383 ordinary shares).

2. Amongst the total number of 2,218,813,659 Shares held by COHL, 2,122,675,308 Shares was held as beneficial owner while the balance of 96,138,351 Shares was interests of controlled corporations.

3. COHL is a direct wholly-owned subsidiary of CSCECL, thus CSCECL is deemed by the SFO to be interested in 2,218,813,659 Shares directly owned by COHL.

4. CSCECL is held as to 54.28% by CSCEC, thus CSCEC is deemed by the SFO to be interested in 2,218,813,659 Shares indirectly owned by CSCECL.

5. As at 22 August 2012 (the date of this report), the total issued share capital of the Company was 3,887,447,383 Shares. Therefore, the shareholding percentage of COHL, CSCECL and CSCEC was adjusted to 57.08%.

SUBSTANTIAL SHAREHOLDERS (Continued)

Save as disclosed above, as at 30 June 2012, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

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 purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended 30 June 2012, the Company complied with all code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") except Code Provisions A.6.7 (independent non-executive directors and other non-executive directors should attend general meetings) and E.1.2 (chairman of the board should attend the annual general meeting).

Mr. Kong Qingping, Chairman and Non-executive Director, and Mr. Li Jian, Non-executive Director, both due to other business engagement were unable to attend the annual general meeting of the Company which held on 28 May 2012 ("AGM"). Mr. Zhou Yong, Vice-chairman and Chief Executive Officer, chaired the AGM to ensure effective communication with shareholders of the Company at such meeting. Other non-executive director and all the independent non-executive directors attended the AGM and were available to answer questions and developed a balanced understanding of the views of the shareholders.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code on securities transactions by directors (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code. After making enquiries by the Company, all directors confirmed that they have complied with the Securities Code during the six months ended 30 June 2012.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2012, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined balance sheet of the affiliated companies as at 30 June 2012 is set out below:

	HK$'000
Non-current assets	14,321
Current assets	1,229,188
Current liabilities	(1,273,164)
Net liabilities	(29,655)
Reserves	(29,655)
Total Equity	(29,655)

As at 30 June 2012, the Group shared the accumulated losses of these unincorporated affiliated companies amounted to HK$19,749.

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 four Independent Non-executive Directors.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2011 Annual Report are set out below:

Mr. Hung Cheung Shew

- Ceased to be a Non-executive Director of Far East Global Group Limited, a company listed on the main board of the Stock Exchange.

Dr. Raymond Ho Chung Tai SBS, MBE, S.B. St. J., JP

- Ceased to be member of the Commission on Strategic Development.

Mr. Adrian David Li Man Kiu JP

- Appointed as an Independent Non-executive Director, Nomination Committee Chairman, member of Audit Committee and Remuneration Committee of COSCO Pacific Limited, a company listed on the main board of the Stock Exchange.

- Appointed as a vice president of the Council of The Hong Kong Institute of Bankers.

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