



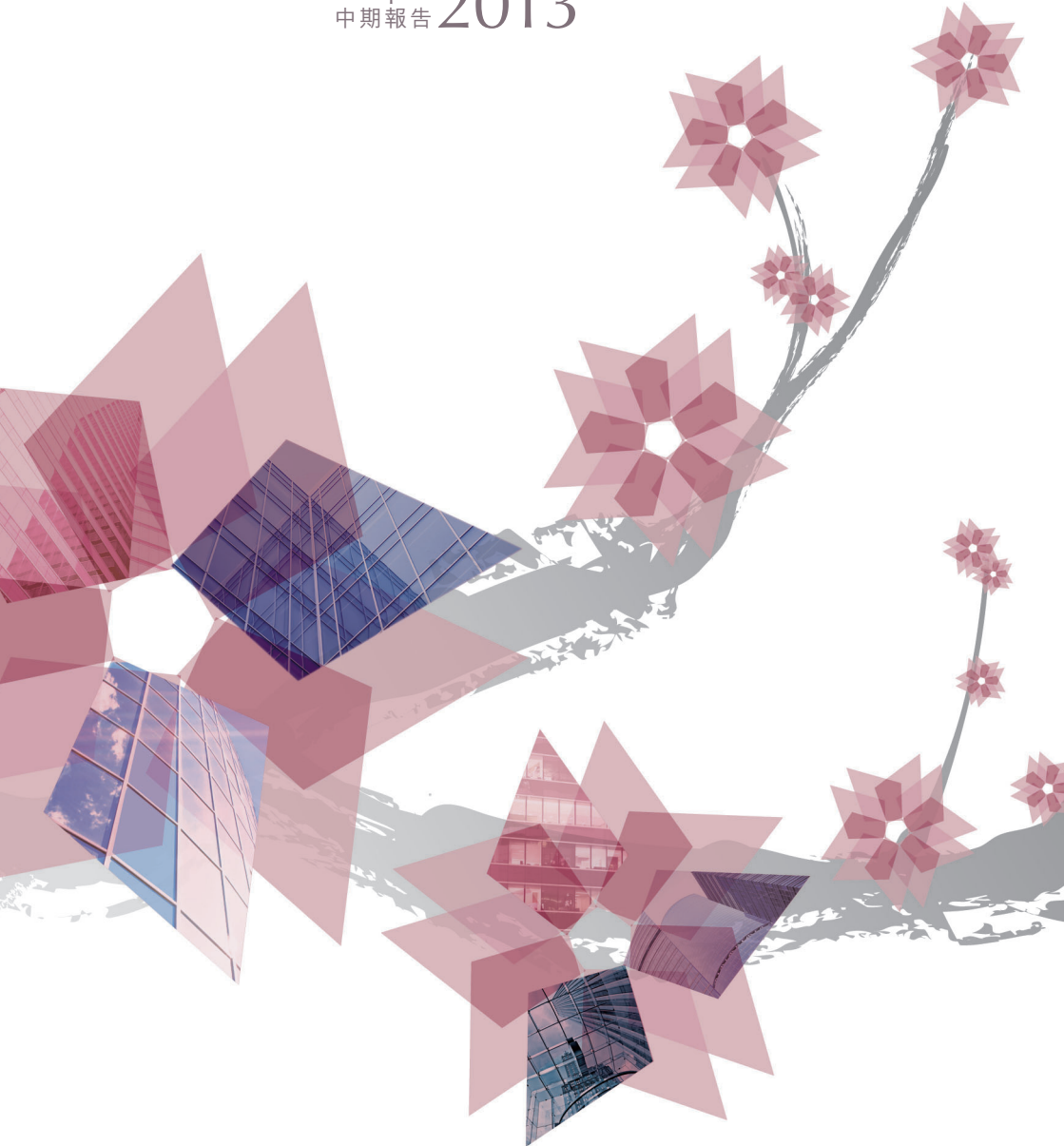
遠東環球集團有限公司
FAR EAST GLOBAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 00830

Interim Report 2013
中期報告



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Corporate Structure



Board of Directors and Committees

Board of Directors

Chairman and Non-executive

Director

ZHOU Yong

Executive Directors

CHEONG Chit Sun

(Vice-chairman and Chief Executive Officer)

WANG Hai

CHAN Sim Wang

Independent Non-executive

Directors

ZHOU Jinsong

YEN Homer Shih Hung*

HONG Winn

KWONG Sum Yee Anna

Committees

Audit Committee

ZHOU Jinsong, CPA (*Chairman*)

YEN Homer Shih Hung*

HONG Winn

KWONG Sum Yee Anna

Remuneration Committee

ZHOU Jinsong (*Chairman*)

ZHOU Yong

CHEONG Chit Sun

YEN Homer Shih Hung*

HONG Winn

KWONG Sum Yee Anna

Nomination Committee

ZHOU Yong (*Chairman*)

CHEONG Chit Sun

ZHOU Jinsong

YEN Homer Shih Hung*

HONG Winn

KWONG Sum Yee Anna

* Resignation effective after conclusion of the meeting of the Board of Directors held on 8 August 2013



Corporate Information

Authorised Representatives

ZHOU Yong
CHEONG Chit Sun

Company Secretary

LAU Shuk Yin Connie

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

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

Auditor

PricewaterhouseCoopers

Legal Advisor

Mayer Brown JSM

Principal Bankers

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

Stock Code

00830

Corporate Website

www.fareastglobal.com

Financial Calendar

Interim Results Announcement

8 August 2013

Closure of Register of Members

12 September 2013 to 13 September 2013 (both days inclusive)

2013 Interim Dividend Payable

23 September 2013

Chairman's Statement

RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2013 was approximately HK\$786 million, representing an increase of 38.1% over the corresponding period of last year. Profit attributable to owners of the Group was approximately HK\$32 million, and the earnings per share was HK1.49 cents.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK0.5 cents per share to its shareholders for the period ended 30 June 2013.

REVIEW OF OPERATION

In the first half of 2013, the demand for high-end curtain wall was still robust in construction markets of Mainland China as well as Hong Kong and Macau, while overseas real estate markets like North America showed clear signs of recovery. The Group went with the current trends and captured opportunities, with business developing steadily after restructuring in 2012.

Overseas markets were still the focus of the Group. In the first half of 2013, North America region contributed over half of the Group's total revenue, and new contract value of the region accounted for approximately 60%. In order to maintain the Group's market share and competitiveness in North America region, the Company adopted a localized management model and expanded production facilities, paving the way for further development. Meanwhile, the Group further developed new markets, and was continuing received new contracts from U.K. and Australian markets. As for the Asia-Pacific region, Hong Kong and Macau markets remained strong. In addition to Hong Kong Kai Tak Cruise Terminal Passenger Building, which is expected to be completed within this year, the Group also undertook the new high-end curtain wall project of its parent company China State Construction International Holdings Limited ("CSCIHL"), cementing the Group's sustainable development. In Macau, several large casino projects have initiated bidding process, and the Group hopes to win some of them with our comprehensive strength. Meanwhile, the Group kept an active but prudent attitude in Mainland China; while making efforts to optimize internal structures and enhance competitiveness, we carried out market researches and investigations carefully to differentiate and develop in Mainland China market.



Chairman's Statement (Continued)

PROSPECTS

With European debt crisis remaining a threat to global economic recovery, no definite withdrawal timetable of U.S. quantitative easing monetary policy, and impact of China's tightening policy on construction markets to varying degrees, many uncertainties still remain in the second half of 2013. The Group will closely watch domestic and international economic trends, timely adjust our strategies to control and manage various risks, and implement prudent financial management, to assure the Group's steady growth.

OPERATING STRATEGIES

The Group has improved its management, design and quality following internal optimization and adjustment in 2012. It will maintain its reputation of high-quality products and competitive edges thereupon and develop businesses healthily and steadily in North America, Mainland China and Asia Pacific regions. In the North America region, the Group will further mature the localized management model and actively expand local business market and production capacities, in order to capture market opportunities at present and in the future; meanwhile, the Group will optimize management, control operating expenses and mitigate impacts of trade protection. In the Asia Pacific region especially Hong Kong and Macau, the Group will be more aligned with demands of local construction markets and will further strengthen its leading position in the high-end curtain wall market and expand market shares by utilizing synergies with the parent companies to capture opportunities and seek potential projects in other markets. At the same time, the Group will continue paying close attention to the Mainland China market and employ differentiated operations to make breakthroughs. Instead of competing with low price, the Group will enhance its brand awareness with high quality products to maintain presence in the high-end curtain wall market in Mainland China. In the second half of 2013, the Group will continue its efforts to explore different areas of investment and consider entering the overseas general contracting business, to lay a solid foundation for business development in the future.

Chairman's Statement (Continued)

OUR MISSION

The Group is committed to provisioning one-stop integrated services to customers and delivering high-quality and environmental friendly high-end curtain wall solutions on time. It will continuously enhance competitiveness and create a stable international business platform by giving full play to advantages of Far East Global Group Limited.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank the leadership of the Board, our shareholders support and continuous efforts of all our staffs.

By Order of the Board

Far East Global Group Limited

Zhou Yong

Chairman and Non-executive Director

Hong Kong, 8 August 2013





Management Discussion and Analysis

OVERALL PERFORMANCE

For the six months ended 30 June 2013, the Group reported aggregate revenue of approximately HK\$786 million (30 June 2012: approximately HK\$569 million), an increase of approximately 38.1% as compared with the corresponding period of last year. Benefiting from the absence of one-off impairment on receivables, restructuring costs for the factory in Mainland China and impairment of goodwill, the profit attributable to owners of the Company was approximately HK\$32 million, compared to loss of HK\$165 million in the same period last year. The basic earnings per share was HK1.49 cents, compared to loss per share of HK9 cents in the same period last year.

Segment Analysis

North America Division achieved a turnover of approximately HK\$417 million (30 June 2012: approximately HK\$370 million) during the period under review, representing an increase of about 12.7% compared to last corresponding period. This turnover contributes about 53% of the Group's revenue. While most of North America Division's projects were profitable within budget, unforeseeable delays on a few old projects awarded before 2012 together with the capacity of newly acquired factory in Buffalo not to be fully used and anti-dumping duties imposed on certain projects in Canada which resulted in cost increases impacted overall gross margin. North America Division generated a gross loss of approximately HK\$20 million (30 June 2012: gross profit of approximately HK\$54 million) during the period under review.

Due to highly challenging engineering requirements on several jobs awarded prior to 2012, North America Division incurred more manufacturing, design, and installation costs than expected which resulted in compression of margins and cost overruns. The cost overrun on those projects has resulted additional variation orders and claims, which upon completion of the projects, may materialize and help with overall margins. North America Division expects to complete above problematic projects by end of 2013.

Management Discussion and Analysis (Continued)

Revenue derived from Greater China increased by approximately HK\$140 million, or approximately 92.1%, from approximately HK\$152 million for the six months ended 30 June 2012 to approximately HK\$292 million for the six months ended 30 June 2013. The increase in revenue was primarily due to the fact that certain projects in Hong Kong like the Kai Tak Cruise Terminal and New International Mail Centre were substantially completed in the first half of the year. As a result of implementation of stringent cost control measures and the increase in revenue, the Group turned from gross loss of approximately HK\$34 million in the corresponding period last year to a gross profit of approximately HK\$61 million for the six months ended 30 June 2013.

The shortage of skilled labour and high material costs remain the major challenges in Greater China market during the period under review. In order to retain qualified staff and maintain competitiveness, the implementation of the incentive target performance scheme together with the provision of training and development are key measures. Following the increase in the numbers of constructions and infrastructure projects in Hong Kong and the upcoming integrated resorts and casinos projects in Macau, together with the synergy effect between the Group and China State Construction International Holdings Limited("CSCIHL"), the proven track record and expertise, the division in the region will benefit from the opportunities and projects.

With the new contribution from projects in Australia and UK and management service income from a construction project in India which the Group monitored the project operation for CSCIHL, revenue derived from Asia and others for the six months ended 30 June 2013 was increased by approximately HK\$29 million from approximately HK\$48 million for the six months ended 30 June 2012 to approximately HK\$77 million for the six months ended 30 June 2013 whereas the Group recorded a gross profit of approximately HK\$20 million as compared with the gross loss of approximately HK\$2 million in the same period last year.

Administrative expenses

For the six months ended 30 June 2013, the Group's administrative expenses were approximately HK\$104 million (30 June 2012: approximately HK\$91 million), representing an increase of approximately 14.3% as compared to last year. The increase was mainly due to the additional cost incurred for the expansion of North America Division.



Management Discussion and Analysis (Continued)

Finance costs

For the six months ended 30 June 2013, the Group's finance costs were approximately HK\$1.6 million (30 June 2012: approximately HK\$1.7 million) which represented the bank mortgage loan interest incurred for the land in Canada during the period.

As at the date of this interim report, the Group has secured 9 new contracts with an aggregate value of approximately HK\$942 million. Major new contracts include the following:

- Prima Pearl, Melbourne, Australia
- St. Paul's Hospital Block B, Hong Kong
- Shatin Communication and Technology Centre, Hong Kong
- St. Justin Hospital, Montreal, Canada
- 1 Franklin Street, Boston, USA
- One The Elephant, London, United Kingdom

LIQUIDITY AND FINANCIAL RESOURCES

At 30 June 2013, the Group had net cash of approximately HK\$14 million (31 December 2012: approximately HK\$289 million), which represented total bank and cash balances of approximately HK\$146 million (31 December 2012: approximately HK\$340 million) and total debt of approximately HK\$132 million (31 December 2012: approximately HK\$51 million). On the basis of net borrowings for the calculation of gearing ratio, the Group was practically debt free as at 30 June 2013. Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK\$1,059 million, the Group had sufficient financial resources to meet the business development and expansion. The Group's borrowings have not been hedged by any interest rate financial instruments.

Management Discussion and Analysis (Continued)

The maturities of the Group's total borrowings as at 30 June 2013 and 31 December 2012 are set out as follows:

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
On demand or within one year	105,934	24,113
More than one year but not exceeding two years	578	581
More than two years but not more than five years	25,862	26,809
	132,374	51,503

The portfolio of the currencies of bank and cash balances of the Group as at 30 June 2013 and 31 December 2012 is set out as follows:

	30 June 2013 %	31 December 2012 %
United States Dollars	71	14
Hong Kong Dollars	15	63
Renminbi	10	5
Canadian Dollars	2	17
United Arab Emirates Dirhams	2	1

As at 30 June 2013, the Group's equity attributable to owners of the Company amounted to approximately HK\$1,122 million (31 December 2012: approximately HK\$1,093 million), comprising issued capital of approximately HK\$21 million (31 December 2012: approximately HK\$21 million) and reserves of approximately HK\$1,101 million (31 December 2012: approximately HK\$1,072 million).



Management Discussion and Analysis (Continued)

TREASURY POLICY

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

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2013, the Group employed a total of 1,456 (31 December 2012: 1,429) employees. The Group has sound policies of management incentives and competitive remuneration, which align the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds as well as incentives such as discretionary bonus and participation in the share option scheme.

FOREIGN CURRENCY RISK

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

Condensed Consolidated Income Statement

	Note	For the six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	3	786,441	568,868
Cost of sales		(725,543)	(551,366)
Gross profit		60,898	17,502
Other income and other gains, net	4	29,095	4,682
Administrative expenses		(104,368)	(90,863)
Other operating expenses		–	(100,675)
Loss from operations		(14,375)	(169,354)
Finance costs	5	(1,567)	(1,659)
Loss before tax	6	(15,942)	(171,013)
Income tax credit/(charge)	7	25,454	(8,318)
Profit/(loss) for the period		9,512	(179,331)
Profit/(loss) for the period attributable to:			
Owners of the Company		32,111	(165,091)
Non-controlling interests		(22,599)	(14,240)
		9,512	(179,331)
Earnings/(loss) per share (HK cents)	9		
Basic and diluted		1.49	(9.00)



Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	9,512	(179,331)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations	(3,415)	1,186
(Loss)/gain on fair value changes of available-for-sale investments	(130)	55
Other comprehensive income for the period, net of tax	(3,545)	1,241
Total comprehensive income for the period	5,967	(178,090)
Total comprehensive income for the period attributable to:		
Owners of the Company	29,462	(163,711)
Non-controlling interests	(23,495)	(14,379)
	5,967	(178,090)

Condensed Consolidated Statement of Financial Position

	Note	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Non-current Assets			
Property, plant and equipment	10	163,959	159,992
Goodwill	11	138,149	138,149
Project backlogs		19,890	30,510
Available-for-sale investments		42,153	42,283
Deferred tax assets		25,239	6,000
		389,390	376,934
Current Assets			
Inventories		14,223	8,601
Amounts due from customers for contract work		622,293	442,151
Trade and other receivables	12	326,530	377,921
Deposits and prepayments		78,262	80,641
Amount due from a fellow subsidiary		15,152	5,152
Tax recoverable		2,472	4,934
Bank and cash balances		145,690	340,465
		1,204,622	1,259,865
Current Liabilities			
Bank and other borrowings	13	105,934	24,113
Amounts due to customers for contract work		32,195	86,753
Trade payables, other payables and accruals	14	242,484	275,122
Finance lease payables		1,082	1,158
Current tax payables		10,267	15,875
Warranty provisions		18,981	18,991
Advances from customers for contract work		–	31,785
		410,943	453,797



Condensed Consolidated Statement of Financial Position (Continued)

	Note	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Net Current Assets		793,679	806,068
Total Assets less Current Liabilities		1,183,069	1,183,002
Capital and Reserves			
Share capital	15	21,555	21,555
Share premium and reserves		1,100,761	1,072,304
Equity attributable to owners of the Company		1,122,316	1,093,859
Non-controlling interests		13,036	35,277
		1,135,352	1,129,136
Non-current liabilities			
Bank and other borrowings	13	26,440	27,390
Finance lease payables		4,423	4,938
Deferred tax liabilities		16,854	21,538
		47,717	53,866
		1,183,069	1,183,002

Condensed Consolidated Statement of Changes in Equity

	Unaudited									
	Attributable to owners of the Company									
	Share capital	Share premium account	Share-based payments reserve	Investment revaluation reserve	Foreign currency translation reserve	Statutory reserves	Retained profits	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	11,129	262,502	16,657	(1,123)	3,288	12	281,919	574,384	53,202	627,586
Total comprehensive income for the period	-	-	-	55	1,325	-	(165,091)	(163,711)	(14,379)	(178,090)
Share-based payments	-	-	4,169	-	-	-	-	4,169	-	4,169
Cancellation of share options	-	-	(16,190)	-	-	-	16,190	-	-	-
Issue of shares upon exercise of share options	41	2,636	-	-	-	-	-	2,677	-	2,677
Issue of shares	10,385	633,516	-	-	-	-	-	643,901	-	643,901
Changes in equity for the period	10,426	636,152	(12,021)	55	1,325	-	(148,901)	487,036	(14,379)	472,657
At 30 June 2012	21,555	898,654	4,636	(1,068)	4,613	12	133,018	1,061,420	38,823	1,100,243
At 1 January 2013	21,555	898,654	4,636	(997)	8,163	12	161,836	1,093,859	35,277	1,129,136
Total comprehensive income for the period	-	-	-	(130)	(2,519)	-	32,111	29,462	(23,495)	5,967
Acquisition of non-controlling interests of a subsidiary	-	-	-	-	(1,005)	-	-	(1,005)	1,254	249
Changes in equity for the period	-	-	-	(130)	(3,524)	-	32,111	28,457	(22,241)	6,216
At 30 June 2013	21,555	898,654	4,636	(1,127)	4,639	12	193,947	1,122,316	13,036	1,135,352



Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash outflow from operating activities	(261,649)	(176,811)
Net cash (used in)/from investing activities	(10,623)	40,358
Net cash from financing activities	85,280	639,132
Net (decrease)/increase in cash and cash equivalents	(186,992)	502,679
Cash and cash equivalents at beginning of period	335,542	81,564
Effect of foreign exchange rate changes	(2,860)	1,643
Cash and cash equivalents at end of period	145,690	585,886
Analysis of cash and cash equivalents		
Bank and cash balances	145,690	596,798
Bank overdrafts	–	(10,912)
	145,690	585,886

Notes to the Condensed Financial Statements

1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).


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

2 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sales investments, which are carried at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial information for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.





Notes to the Condensed Financial Statements (Continued)

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Financial instruments: Disclosures — Offsetting Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

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

Notes to the Condensed Financial Statements (Continued)

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets ¹
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 9	Financial Instruments ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ¹
HK(IFRIC)-Int 21	Levies ¹

- Notes: 1. Effective for annual periods beginning on or after 1 January 2014
2. Effective for annual periods beginning on or after 1 January 2015

The Group is in progress of assessing the impact of these new or revised standards, amendments and interpretations, certain of which may be relevant to the Group's operation and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the condensed consolidated financial statements.



Notes to the Condensed Financial Statements (Continued)

3 REVENUE AND SEGMENT INFORMATION

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

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

- North America includes projects in the United States of America and Canada.
- Greater China includes projects in Mainland China, Hong Kong and Macau.
- Asia and Others includes projects in Japan, United Kingdom, Singapore, the United Arabs of Emirates, Chile, Australia, management service income and maintenance projects in all segments.



Notes to the Condensed Financial Statements (Continued)

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Unaudited segment results for the six months ended 30 June 2013 and 2012 are as follows:

	Revenue		Gross profit		Segment result	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Reportable segments						
North America	417,139	369,569	(19,999)	53,707	(71,614)	8,164
Greater China	291,963	151,598	61,011	(34,202)	49,718	(39,497)
Asia & Others	77,339	47,701	19,886	(2,003)	32,324	(7,434)
Total	786,441	568,868	60,898	17,502	10,428	(38,767)
Unallocated administrative expenses					(26,078)	(31,934)
Other income and other gains, net					1,275	2,022
Other operating expenses					-	(100,675)
Finance costs					(1,567)	(1,659)
Loss before tax					(15,942)	(171,013)
Income tax credit/(charge)					25,454	(8,318)
Profit/(loss) for the period					9,512	(179,331)



Notes to the Condensed Financial Statements (Continued)

4 OTHER INCOME AND OTHER GAINS, NET

	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Bank interest income	316	2,696
Provision for impairment of trade and other receivable and deposits written back	22,744	–
Sundry income	6,035	1,986
	29,095	4,682

5 FINANCE COSTS

	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	1,264	1,695
Interest on other loans wholly repayable within five years	146	334
Finance lease charges	157	40
Total finance costs incurred	1,567	2,069
Less: amounts capitalised in contracts in progress	–	(410)
	1,567	1,659

Notes to the Condensed Financial Statements (Continued)

6 LOSS BEFORE TAX

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
The Group's loss before tax has been arrived at after charging the following:		
Amortisation of project backlogs	10,620	12,199
Depreciation	3,915	5,494

7 INCOME TAX (CREDIT)/CHARGE

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax Provision for the period	—	—
Current tax — overseas Provision for the period (Over)/under-provision in prior years	1,172 (2,946)	2,732 10,288
	(1,774)	13,020
Deferred tax	(23,680)	(4,702)
Income tax (credit)/charge for the period	(25,454)	8,318

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

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



Notes to the Condensed Financial Statements (Continued)

8 DIVIDENDS

No dividend for the year ended 31 December 2012 was declared or paid during the period ended 30 June 2013 (30 June 2012: Nil).

The Board has declared the payment of an interim dividend of HK0.5 cents per share (30 June 2012: Nil), amounting to approximately HK\$10,778,000 payable on 23 September 2013 to shareholders whose names appear on the register of members of the Company on 13 September 2013.

9 EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic and diluted earnings/(loss) per share calculation	32,111	(165,091)
	2013	2012
	'000	'000
Number of shares		
Weighted average number of ordinary shares used in basic and diluted earnings/(loss) per share calculation	2,155,545	1,833,365

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the periods ended 30 June 2013 and 30 June 2012.

Notes to the Condensed Financial Statements (Continued)

10 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$11,195,000 (corresponding period in 2012: approximately HK\$6,764,000) on additions to property, plant and equipment.

11 GOODWILL

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Cost		
At 30 June 2013 and 31 December 2012	159,707	159,707
Impairment		
At 1 January	21,558	–
Charge for the period/year	–	21,558
At 30 June 2013 and 31 December 2012	21,558	21,558
Carrying amount		
At 30 June 2013 and 31 December 2012	138,149	138,149

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

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

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



Notes to the Condensed Financial Statements (Continued)

11 GOODWILL (CONTINUED)

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

12 TRADE AND OTHER RECEIVABLES

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

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Trade receivables:		
0 to 30 days	44,301	110,712
31 to 60 days	50,217	46,438
61 to 90 days	19,941	22,629
More than 90 days	20,815	17,713
	135,274	197,492
Retention receivables	155,573	163,510
	290,847	361,002
Other receivables	35,683	16,919
Trade and other receivables	326,530	377,921

At 30 June 2013, the amount of retentions expected to be recovered after more than twelve months is approximately HK\$117,604,000 (31 December 2012: approximately HK\$128,593,000).

Except for the receivable arising from construction contracts which are billed and immediately payable in accordance with the terms of the relevant agreement, the Group generally allows an average credit period not exceeding 90 days (2012: 90 days) to its customers and the retention receivables are repayable approximately one year after the expiry of the defect liability period of construction projects.

Notes to the Condensed Financial Statements (Continued)

13 BANK AND OTHER BORROWINGS

The maturities of the Group's bank and other borrowings as at 30 June 2013 and 31 December 2012 with details are as follows:

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
On demand or within one year	105,934	24,113
More than one year but not exceeding two years	578	581
More than two years but not more than five years	25,862	26,809
	132,374	51,503
Less: Amount due for settlement within twelve months	(105,934)	(24,113)
Amount due for settlement after twelve months	26,440	27,390

Bank loans with carrying amount of approximately HK\$75,663,000 (31 December 2012: approximately HK\$43,703,000) are denominated in Canadian dollars, bears interest rate at 4.14% (2012: 4.25% to 5.05%) per annum.

Bank loans with carrying amount of approximately HK\$48,911,000 (31 December 2012: HK\$Nil) are denominated in United States dollars, bears interest rate at 4.14% (2012: Nil) per annum.

Other loans with carrying amount of HK\$7,800,000 (31 December 2012: HK\$7,800,000) are denominated in United States dollars, bears interest rate at 3.3% (2012: 3.3%) per annum.



Notes to the Condensed Financial Statements (Continued)

14 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Trade payables:		
0 to 30 days	116,264	147,904
31 to 60 days	14,805	19,112
More than 60 days	15,980	15,649
Retention payables	147,049 40,985	182,665 34,420
Other payables and accruals	188,034 54,450	217,085 58,037
Trade payables, other payables and accruals	242,484	275,122

Notes to the Condensed Financial Statements (Continued)

15 SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Ordinary share of HK\$0.01 each				
At 1 January 2012	10,000,000	100,000	1,112,878	11,129
Issue of shares upon exercise of share options	–	–	4,117	41
Issue of shares (Note)	–	–	1,038,550	10,385
At 31 December 2012 and 30 June 2013	10,000,000	100,000	2,155,545	21,555

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

16 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Construction fee received from a fellow subsidiary	2,353	–
Service income received from a fellow subsidiary	10,443	–



Notes to the Condensed Financial Statements (Continued)

16 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Other loans: Loans from non-controlling shareholders of a subsidiary who have significant influence over that subsidiary (Note)	7,800	7,800

Note: The loans are unsecured, and repayable on 15 November 2015.



Other Information

Interim Dividend

The Board has declared the payment of an interim dividend of HK0.5 cents per share (30 June 2012: Nil), payable on Monday, 23 September 2013 to shareholders whose names appear on the register of members of the Company on Friday, 13 September 2013.

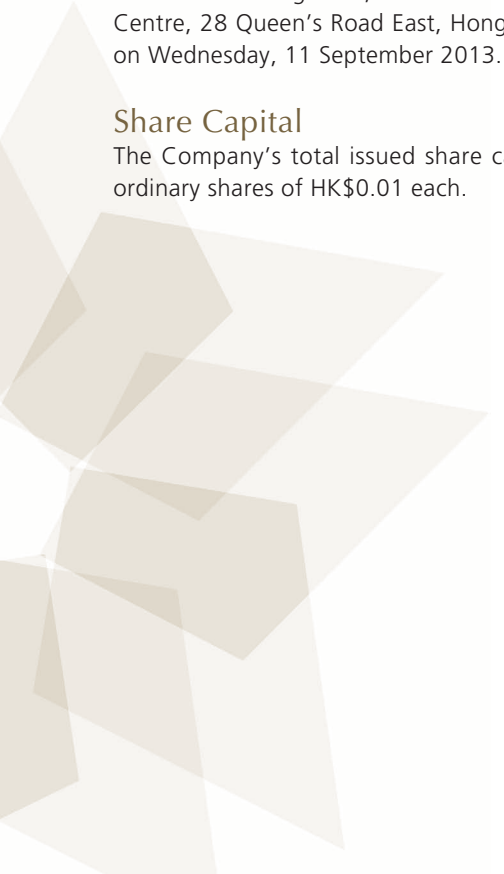
Closure of Register of Members

The register of members of the Company will be closed from Thursday, 12 September 2013 to Friday, 13 September 2013, both days inclusive, for the purpose of determining shareholders' entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 11 September 2013.

Share Capital

The Company's total issued share capital as at 30 June 2013 was 2,155,545,000 ordinary shares of HK\$0.01 each.





Other Information (Continued)

Share Options

The Company adopted a share option scheme (the "Scheme") on 10 March 2010 which is valid and effective for 10 years from 30 March 2010.

There were no outstanding share options under the Scheme as at 1 January 2013 and 30 June 2013. No share options were granted to or exercised by any Directors or chief executive of the Company or employees of the Group or other participants, nor were cancelled, or lapsed during the six months ended 30 June 2013.

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

The interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as at 30 June 2013 which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

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

Long positions in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of ordinary shares held	% of shares in issue ^(Note)
Chan Sim Wang	Beneficial owner	Personal interest	50,000	0.002

Note: The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2013 (i.e. 2,155,545,000 ordinary shares).

Other Information (Continued)

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

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

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

Name of Director	Number of ordinary shares held	Number of underlying shares held	Total	% of shares in issue ⁽³⁾
	Personal interest ⁽¹⁾	Share options ⁽²⁾		
Zhou Yong	2,273,780	959,247	3,233,027	0.083
Cheong Chit Sun	1,915,872	–	1,915,872	0.049
Chan Sim Wang	28,800	–	28,800	0.001

Notes:

- This represents interests held by the relevant Director as beneficial owner.
- This represents interests in share options of CSCIHL held by the relevant Director as beneficial owner to subscribe for the relevant underlying ordinary shares pursuant to the share option scheme of CSCIHL (the "CSCIHL Scheme"). Such options were granted on 14 September 2005 with an exercise period from 14 September 2006 to 13 September 2015 and a vesting period from 14 September 2005 to 13 September 2010. The exercise price per option is HK\$0.2254.
- The percentage is based on the total number of ordinary shares of CSCIHL in issue as at 30 June 2013 (i.e. 3,888,744,651 ordinary shares).



Other Information (Continued)

(ii) China Overseas Land & Investment Limited (“COLI”)

Name of Director	Number of ordinary shares held	Total	% of shares in issue⁽²⁾
Cheong Chit Sun	90,000 ⁽¹⁾	90,000	0.001

Notes:

1. Dr. Cheong Chit Sun had a family interest of 90,000 ordinary shares in COLI held by his spouse.
2. The percentage is based on the total number of ordinary shares of COLI in issue as at 30 June 2013 (i.e. 8,172,616,172 ordinary shares).

Save as disclosed above, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2013, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Apart from the Scheme and the CSCIHL Scheme, at no time during the period under review, was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the Directors or chief executive of the Company (including their spouses and children under the age of 18), during the six months ended 30 June 2013, held any interests in, or was granted any right to subscribe for, the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Other Information (Continued)

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

So far as is known to any Directors or chief executive of the Company, as at 30 June 2013, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in the shares of the Company

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

Notes:

- The percentage is based on the total number of ordinary shares of the Company in issue as at 30 June 2013 (i.e. 2,155,545,000 ordinary shares).



Other Information (Continued)

2. Add Treasure is a wholly-owned subsidiary of CSCIHL which, by virtue of the SFO, is taken to be interested in the same 1,537,983,279 shares held by Add Treasure and the 58,420,000 shares of the Company held by another wholly-owned subsidiary of CSCIHL.
3. CSCIHL is owned as to approximately 57.06% by COHL, which in turn, is a wholly-owned subsidiary of CSCECL. CSCECL is, in turn, a subsidiary of CSCEC. By virtue of the SFO, each of COHL, CSCECL and CSCEC is deemed to be interested in the same 1,596,403,279 shares held by CSCIHL.

Save as disclosed above, as at 30 June 2013, no other person (other than the Directors or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries has made any purchase, sale or redemption of any of the Company's listed securities.

Corporate Governance

The Company has complied throughout the six months to 30 June 2013 with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Director's Securities Transactions

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

Other Information (Continued)

Review of Accounts

The unaudited condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2013 have been reviewed by the Audit Committee which comprised four Independent Non-executive Directors.

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of directors of the Company since the date of the 2012 Annual Report are set out below:

- Mr. Wang Hai ceased to be a director of the joint venture between China State Construction Engineering Corporation Limited and China State Construction International Holdings Limited with effect from 20 March 2013.
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遠東環球集團有限公司
FAR EAST GLOBAL GROUP LIMITED

Stock Code 股份代號 : 00830

