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FAR EAST GLOBAL GROUP LIMITED

遠東環球集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 830)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (“the Board”) of Far East Global Group Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009, together with the comparative figures for 2008, are as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>Note</i>	2009 HK\$	2008 HK\$
Revenue/Turnover	4	860,191,699	1,284,708,864
Cost of sales		<u>(668,038,461)</u>	<u>(1,031,582,336)</u>
Gross profit		192,153,238	253,126,528
Other income	5	2,762,196	8,974,267
Administrative expenses		(93,099,488)	(115,973,025)
Other operating expenses		<u>(3,400,000)</u>	<u>(8,100,000)</u>
Profit from operations		98,415,946	138,027,770
Finance costs	6	–	(2,486)
Gain on disposal of a subsidiary		–	<u>1,579,368</u>
Profit before tax		98,415,946	139,604,652
Income tax expense	7	<u>(23,756,726)</u>	<u>(36,470,523)</u>
Profit for the year	8	<u>74,659,220</u>	<u>103,134,129</u>
Profit for the year attributable to:			
Owners of the Company		74,287,799	104,992,755
Minority interests		371,421	(1,858,626)
		<u>74,659,220</u>	<u>103,134,129</u>
Earnings per share:			
Basic (HK\$ cents)	10	<u>8.74</u>	<u>12.35</u>
Diluted (HK\$ cents)	10	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*FOR THE YEAR ENDED 31 DECEMBER 2009*

	2009 HK\$	2008 <i>HK\$</i>
Profit for the year	<u>74,659,220</u>	<u>103,134,129</u>
Other comprehensive income:		
Exchange differences on translating foreign operations	675,954	1,510,739
Fair value changes of available-for-sale investments	<u>450,138</u>	<u>(790,096)</u>
Other comprehensive income for the year, net of tax	<u>1,126,092</u>	<u>720,643</u>
Total comprehensive income for the year	<u><u>75,785,312</u></u>	<u><u>103,854,772</u></u>
Total comprehensive income for the year attributable to:		
Owners of the Company	75,413,891	105,206,087
Minority interests	<u>371,421</u>	<u>(1,351,315)</u>
	<u><u>75,785,312</u></u>	<u><u>103,854,772</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	<i>Note</i>	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Non-current assets			
Property, plant and equipment		41,264,027	53,580,172
Prepaid land lease payments		1,886,672	2,096,677
Available-for-sale investments		26,786,042	20,875,904
Rental and utility deposits		2,973,011	2,749,232
		<u>72,909,752</u>	<u>79,301,985</u>
Current assets			
Inventories		68,772	796,933
Non-current assets held for sale		2,803,922	–
Gross amount due from customers for contract work		65,901,529	50,865,440
Trade and retention receivables	<i>11</i>	249,834,506	414,203,080
Amount due from a related party		–	5,327,220
Prepayments, deposits and other receivables		23,058,513	18,530,124
Current tax assets		102,180	–
Available-for-sale investments		14,761,000	–
Pledged time deposits		57,061,570	38,189,400
Bank and cash balances		315,684,190	290,527,085
		<u>729,276,182</u>	<u>818,439,282</u>
Current liabilities			
Gross amount due to customers for contract work		261,756,950	421,879,640
Trade and bills payables	<i>12</i>	49,262,007	58,228,375
Current tax liabilities		46,189,755	30,581,513
Warranty provision		12,630,124	10,559,444
Other payables and accruals		92,377,995	72,953,834
		<u>462,216,831</u>	<u>594,202,806</u>
Net current assets		<u>267,059,351</u>	<u>224,236,476</u>
NET ASSETS		<u>339,969,103</u>	<u>303,538,461</u>
Capital and reserves			
Share capital	<i>13</i>	10,000	147,264,000
Reserves		338,144,928	154,831,707
Equity attributable to owners of the Company		338,154,928	302,095,707
Minority interests		1,814,175	1,442,754
TOTAL EQUITY		<u>339,969,103</u>	<u>303,538,461</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is 17/F, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 March 2010 ("Listing Date").

Pursuant to a special resolution passed by the sole shareholder of the Company on 23 November 2009 and approved by the Registrars of the Companies of the Cayman Islands, the name of the Company was changed from Far East Group Limited (遠東集團有限公司) to Far East Global Group Limited (遠東環球集團有限公司).

During the year, the Group was involved in the facade contracting business, involving the design, engineering, manufacture and installation of curtain wall systems made primarily of fabricated aluminium cladding, stainless steel and glass.

In the opinion of the directors of the Company, as at 31 December 2009, Showmost Group Limited, a company incorporated in the British Virgin Islands, is the immediate parent; Lotus China Fund II, L.P., a private equity fund incorporated in the Cayman Islands, is the ultimate parent.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE/TURNOVER AND SEGMENT INFORMATION

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

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

- North America includes projects in the United States of America and Canada.
- Greater China includes projects in the People's Republic of China (the "PRC"), Hong Kong and Macau.
- Asia includes projects in Singapore and the United Arabs of Emirates.
- Others include maintenance projects in all segments and projects in countries not included in the above reportable segments.

The accounting policies of the operating segments are the same as the accounting policies of the Group.

Segment profits and losses do not include the following items:

- Other income (including interest income)
- Administrative expenses
- Other operating expenses
- Gain on disposal of a subsidiary
- Finance costs

Segment assets do not include the following items:

- Property, plant and equipment
- Prepaid land lease payments
- Available-for-sale investments
- Inventories
- Non-current assets held for sale
- Gross amount due from customers for contract work
- Prepayments, deposits and other receivables (including non-current rental and utility deposits)
- Current tax assets
- Amount due from a related party
- Bank and cash balances and pledged time deposits

Information about reportable segment profit or loss and assets:

	North America HK\$	Greater China HK\$	Asia HK\$	Others HK\$	Total HK\$
For the year ended 31 December 2009					
Revenue from external customers	<u>450,958,352</u>	<u>263,228,099</u>	<u>125,794,380</u>	<u>20,210,868</u>	<u>860,191,699</u>
Reportable segment profits	<u>128,503,288</u>	<u>36,285,269</u>	<u>9,816,952</u>	<u>17,547,729</u>	192,153,238
Unallocated amounts:					
Other income					2,762,196
Administrative expenses					(93,099,488)
Other operating expenses					(3,400,000)
Finance costs					—
Profit before tax					<u>98,415,946</u>
Other material items:					
Depreciation	3,872,807	3,539,997	866,267	86,231	8,365,302
Amount capitalised	(3,346,091)	(1,466,733)	(601,379)	(75,312)	(5,489,515)
	526,716	2,073,264	264,888	10,919	2,875,787
Provision for impairment of trade and retention receivables written back	—	556,800	—	—	556,800
Provision for impairment of trade and retention receivables	<u>1,609,918</u>	<u>2,695,189</u>	<u>—</u>	<u>—</u>	<u>4,305,107</u>
As at 31 December 2009					
Segment assets	<u>93,869,208</u>	<u>77,505,992</u>	<u>78,459,306</u>	<u>—</u>	249,834,506
Property, plant and equipment					41,264,027
Prepaid land lease payments					1,886,672
Available-for-sale investments					41,547,042
Inventories					68,772
Non-current assets held for sale					2,803,922
Gross amount due from customers for contract work					65,901,529
Prepayments, deposits and other receivables					26,031,524
Current tax assets					102,180
Bank and cash balances and pledged time deposits					<u>372,745,760</u>
Total assets					<u>802,185,934</u>

Information about reportable segment profit or loss and assets (cont'd):

	North America <i>HK\$</i>	Greater China <i>HK\$</i>	Asia <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
For the year ended 31 December 2008					
Revenue from external customers	<u>796,403,000</u>	<u>300,509,000</u>	<u>171,263,000</u>	<u>16,533,864</u>	<u>1,284,708,864</u>
Reportable segment profit/(loss)	<u>189,657,000</u>	<u>46,092,000</u>	<u>19,072,000</u>	<u>(1,694,472)</u>	253,126,528
Unallocated amounts:					
Other income					8,974,267
Administrative expenses					(115,973,025)
Other operating expenses					(8,100,000)
Finance costs					(2,486)
Gain on disposal of a subsidiary					<u>1,579,368</u>
Profit before tax					<u>139,604,652</u>
Other material items:					
Depreciation	3,963,075	3,443,600	837,274	37,288	8,281,237
Amount capitalised	(3,616,413)	(768,382)	(437,908)	(37,288)	(4,859,991)
	346,662	2,675,218	399,366	-	3,421,246
Provision for impairment of trade and retention receivables written back	-	2,626,971	-	-	2,626,971
Provision for impairment of trade and retention receivables	<u>-</u>	<u>11,975,537</u>	<u>-</u>	<u>-</u>	<u>11,975,537</u>
As at 31 December 2008					
Segment assets	<u>261,867,530</u>	<u>99,286,327</u>	<u>53,049,223</u>	<u>-</u>	414,203,080
Property, plant and equipment					53,580,172
Prepaid land lease payments					2,096,677
Available-for-sale investments					20,875,904
Inventories					796,933
Gross amount due from customers for contract work					50,865,440
Prepayments, deposits and other receivables					21,279,356
Due from a related party					5,327,220
Bank and cash balances and pledged time deposits					<u>328,716,485</u>
Total assets					<u>897,741,267</u>

Revenue from major customers (which individually contributed 10% or more of the Group's total revenue):

For the year ended 31 December 2009, revenue from different single customer of each individual or combined segments, the Group's Greater China segment, the Group's Greater China and Asia segment and the Group's North America segment represents HK\$110,449,533, HK\$87,063,670 and HK\$315,575,990 of the Group's total revenue respectively.

For the year ended 31 December 2008, revenue from a single customer of the Group's North America segment represents HK\$751,624,939 of the Group's total revenue.

5. OTHER INCOME

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Bank interest income	1,005,354	1,606,770
Gain on disposals of scrap materials	784,090	4,082,446
Gain on disposals of property, plant and equipment	–	560,000
Provision for impairment of trade and retention receivables written back	556,800	2,626,971
Others	415,952	98,080
	<u>2,762,196</u>	<u>8,974,267</u>

6. FINANCE COSTS

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Interest on bank overdrafts and bank borrowings	12,111	2,343,193
Amount capitalised	(12,111)	(2,340,707)
	<u>–</u>	<u>2,486</u>

7. INCOME TAX EXPENSE

	2009	2008
	HK\$	HK\$
Current tax – Hong Kong Profits Tax		
Provision for the year	10,000,000	23,971,523
Under provision in prior years	6,272,583	–
	<u>16,272,583</u>	<u>23,971,523</u>
Current tax – overseas		
Provision for the year	7,484,143	6,337,000
Deferred tax	–	6,162,000
	<u>23,756,726</u>	<u>36,470,523</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

Macau Corporate Tax has been provided on the taxable profit and is calculated at the progressive rate from 9% to 12% (2008: 9% to 12%) for the year.

United States Corporate Income Tax has been provided at a rate of 34% (2008: 34%) based on the estimated assessable profit for the year less allowable losses brought forward.

PRC Enterprise Income Tax has been provided at a rate of 25% (2008: 25%) based on the estimated assessable profit for the year less allowable losses brought forward.

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

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2009	2008
	HK\$	HK\$
Profit before tax	<u>98,415,946</u>	<u>139,604,652</u>
Tax at domestic income tax rate of 16.5% (2008: 16.5%)	16,238,631	23,034,768
Tax effect of income that is not taxable	(586,810)	(1,738,832)
Tax effect of expenses that are not deductible	1,158,702	5,532,015
Tax effect of temporary differences not recognised	153,448	7,442,262
Tax effect of utilisation of tax losses not previously recognised	(2,641,928)	(233,425)
Tax effect of tax losses not recognised	–	162,783
Under provision in prior years	6,272,583	–
Effect of different tax rates of subsidiaries	<u>3,162,100</u>	<u>2,270,952</u>
Income tax expense	<u>23,756,726</u>	<u>36,470,523</u>

8. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2009	2008
	HK\$	HK\$
Auditor's remuneration	1,489,298	717,186
Depreciation	8,365,302	8,281,237
Less: amounts capitalised	(5,489,515)	(4,859,991)
	2,875,787	3,421,246
Amortisation of prepaid land lease payments	210,005	280,007
Gain on disposals of property, plant and equipment	–	(560,000)
Loss on disposals of property, plant and equipment	264,483	629,235
Operating lease charges – land and buildings	15,805,498	18,635,185
Less: amounts capitalised	(12,363,469)	(12,934,944)
	3,442,029	5,700,241
Impairment on property, plant and equipment	3,400,000	8,100,000
Cost of contracting works performed	666,445,998	1,028,667,749
Warranty provision	6,618,726	2,914,587
Provision for impairment on trade and retention receivables	4,305,107	11,975,537
Provision for impairment on trade and retention receivables written back	(556,800)	(2,626,971)
Inventories written off	140,416	–
Staff costs including directors' emoluments:		
Salaries, bonuses and allowances	91,255,751	104,596,108
Share-based payments	4,635,330	–
Retirement benefits scheme contributions	3,888,291	3,073,033
Less: amount included in cost of contracting works performed	(48,360,950)	(57,484,755)
	51,418,422	50,184,386
Foreign exchange differences, net	<u>(4,321,496)</u>	<u>2,222,343</u>

9. DIVIDENDS

	2009	2008
	HK\$	HK\$
Proposed final dividend of HK\$24 (2008: HK\$1.8) per ordinary share	<u>24,000,000</u>	<u>34,000,000</u>

The proposed final dividend for the year ended 31 December 2009 of HK\$24,000,000, representing HK\$24 per ordinary share, was declared on 25 February 2010 and fully paid on 1 March 2010 before the listing of the Company's shares on the Stock Exchange on 30 March 2010.

The proposed final dividend for the year ended 31 December 2008 of HK\$34,000,000, representing HK\$1.8 per ordinary share, was declared on 19 January 2009 and fully paid during the year ended 31 December 2009.

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK\$74,287,799 (2008: HK\$104,992,755) and on the assumption that 850,000,000 shares of HK\$0.01 each comprising 1,000,000 shares in issue and 849,000,000 shares to be issued pursuant to the capitalisation issue as if the shares had been in issue throughout the years ended 31 December 2008 and 2009.

The issue of 1,000,000 ordinary shares of HK\$0.01 each at par for a proceed of HK\$10,000 and the repurchase of the 18,880,000 ordinary shares of US\$1.00 each for a consideration of HK\$10,000,000 have not been taken into account in the calculation of the weighted average number of shares in issue during the year ended 31 December 2009 as the net amount paid under these transactions were regarded as distribution to owners of the Company.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during year ended 31 December 2008 and 2009.

11. TRADE AND RETENTION RECEIVABLES

	2009	2008
	HK\$	HK\$
Trade receivables	121,619,238	235,877,518
Retention receivables	<u>146,499,363</u>	<u>192,861,350</u>
	268,118,601	428,738,868
Impairment losses	<u>(18,284,095)</u>	<u>(14,535,788)</u>
	<u>249,834,506</u>	<u>414,203,080</u>

The Group's trade receivables mainly represent progress billings receivables from facade building contracting works. The Group adopts credit policies which are consistent with the trade practices prevalent in the building industry in countries which the Group has operations. The Group recognises its trade receivables when the value of the subcontract works is certified by the architect. Pursuant to the trade practices, the main contractor from time to time makes applications for payment certificates which include the certified value of the nominated subcontract works.

Retention receivables represents certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum. No aging analysis of retention receivables is presented as the retentions are released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects in question.

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

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables:		
0 to 30 days	55,881,754	118,107,953
31 to 60 days	46,806,615	89,384,882
61 to 90 days	2,143,014	500,832
More than 90 days	9,324,146	22,125,432
	<u>114,155,529</u>	<u>230,119,099</u>
Retention receivables	<u>135,678,977</u>	<u>184,083,981</u>
	<u>249,834,506</u>	<u>414,203,080</u>

The movements in provision for impairment of the trade and retention receivables are as follows:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
At beginning of year	14,535,788	10,669,016
Impairment losses reversed	(556,800)	(2,626,971)
Provision for impairment	4,305,107	11,975,537
Amounts written off as uncollectible	<u>–</u>	<u>(5,481,794)</u>
At end of year	<u>18,284,095</u>	<u>14,535,788</u>

The individually impaired trade and retention receivables relate to contracts under disputes with customers and are expected not to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

As at 31 December 2009, trade receivables of HK\$58,273,775 (2008: HK\$112,011,146) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Up to 3 month	48,949,629	89,885,714
3 to 6 months	9,324,146	22,125,432
	<u>58,273,775</u>	<u>112,011,146</u>

The amount of retentions expected to be recovered after more than twelve months is HK\$118,602,588 (2008: HK\$147,492,118).

The carrying amounts of the Group's trade and retention receivables are denominated in the following currencies:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Hong Kong dollar	54,879,855	41,484,533
United States dollar	79,609,163	243,789,456
Renminbi	15,117,682	37,431,219
Macau Pataca	7,508,455	20,370,575
United Arab Emirates Dirham	28,665,312	49,862,456
Canadian dollar	14,260,045	18,078,074
Singapore dollar	49,793,994	3,186,767
	<u>249,834,506</u>	<u>414,203,080</u>

12. TRADE AND BILLS PAYABLES

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

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
0 to 30 days	35,588,862	36,964,706
31 to 60 days	3,808,967	13,978,044
More than 60 days	9,864,178	7,285,625
	<u>49,262,007</u>	<u>58,228,375</u>

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong dollar	8,136,442	22,202,881
United States dollar	19,110,332	18,741,929
Renminbi	15,666,206	16,023,848
Singapore dollar	3,191,224	322,247
Chile Peso	395,670	618,735
United Arab Emirates Dirham	1,064,032	185,473
Canadian dollar	1,698,101	133,262
	<u>49,262,007</u>	<u>58,228,375</u>

13. SHARE CAPITAL

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Authorised:		
39,000,000 ordinary shares of HK\$0.01 each (2008: 20,000,000 ordinary shares of US\$1.00 each)	<u>390,000</u>	<u>156,000,000</u>
Issued and fully paid:		
1,000,000 ordinary shares of HK\$0.01 each (2008: 18,880,000 ordinary shares of US\$1.00 each)	<u>10,000</u>	<u>147,264,000</u>

By an ordinary resolution passed by the sole shareholder of the Company on 30 November 2009, the authorised share capital of the Company was increased by HK\$390,000 by the creation of 39,000,000 shares of HK\$0.01 each of which 1,000,000 ordinary shares of HK\$0.01 each were issued at par for cash. Immediately thereafter, the Company repurchased all of the 18,880,000 ordinary shares of US\$1.00 each at a price of HK\$10,000,000 and then cancelled 20,000,000 ordinary shares of US\$1.00 each in the authorised share capital of the Company. The amount paid to acquire the 18,880,000 ordinary shares of US\$1.00 each has been deducted from the share capital and share premium account.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends or issue new shares.

The Group monitors capital using a gearing ratio, which is bank borrowings divided by the equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio at a reasonable level. As at 31 December 2008 and 2009, the Group did not have outstanding bank borrowing due to the improvement of the Group's cash position as a result of the cash generated from operating activities of the Group.

As at 31 December 2008 and 2009, the Group was not subject to any externally imposed capital requirements.

DIVIDENDS

Dividends of HK\$24,000,000 declared for payment to the shareholders of the Company on 25 February 2010, namely, Showmost Group Limited, Starflash Investment Limited and Full Mission Limited ("**Existing Shareholders**") before the Listing Date and paid on 1 March 2010.

Special dividends of HK\$198,600,000 declared for payment to Existing Shareholders on 12 March 2010 before the Listing Date and paid on 1 April 2010. The holders of the offer shares offered by the Company upon listing (the Hong Kong offer shares and the International offer shares), will not be entitled to receive any of the special dividends.

Save as aforesaid, the Board does not recommend the payment of a final dividend for the year ended 31 December 2009.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Hong Kong on Tuesday, 22 June 2010. Notice of the annual general meeting will be issued and disseminated to the shareholders of the Company in due course.

CLOSURE OF TRANSFER BOOKS AND REGISTER OF MEMBERS

The transfer books and Register of Members of the Company will be closed from 15 June 2010 to 22 June 2010, both days inclusive. During such period, no transfer of shares will be registered.

In order to qualify for attending the annual general meeting to be held on 22 June 2010, 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 14 June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the reporting year, the building facade industry was adversely affected by the financial crisis that began to spread across the world in late 2008. Our operating environment was challenging, especially in the first half of the year. Two of our projects, namely the Costanera Centre in Chile and the 42nd West Street in New York, were suspended, and several potential projects were delayed. To overcome such challenges, the Group implemented stringent cost cutting strategies, including streamlining overseas operations and strict control of administration and project costs, as well as focusing heavily on trade receivables collection. Satisfactory results were achieved with a decrease in administration costs by 19.7% compared to last year. In addition, the Group generated positive net cash flow of HK\$109.1 million from operating activities and our net cash level (including pledged time deposits) substantially increased from HK\$328.7 million to HK\$372.7 million. Apart from the cost-cutting program, the Group actively strengthened its capability to prepare for future business recovery, including the development and implementation of ERP system and the development of a new window-wall system targeting initially at the green building market in Canada, and then to the United States thereafter.

Stepping into the second half of 2009, our business environment showed early sign of recovery and the Group received numerous invitations for tenders from Hong Kong and China, and globally from India, Thailand, Canada, United Kingdom, United Arabian Emirates, and etc. The Group was also awarded a number of new projects including a commercial project at 863-865 King's Road, a residential project in Shan Kwong Road, and a shopping centre at Yau Tong Development Phase 4. On the other hand, the suspended project in Santiago, Chile – the Costanera Centre, was recommenced.

The Group's revenue and profit were reported at HK\$620.4 million and HK\$43.4 million for the period ended 30 September 2009 respectively. However, the Group's revenue for the fourth quarter showed a stronger performance as compared to the previous three quarters of the year. The Group's revenue and profit were recorded at HK\$860.2 million and HK\$74.7 million for the year ended 31 December 2009 respectively, of which the last quarter revenue and profit contributed to approximately 27.9% and 41.9% respectively of the total revenue and profit in 2009, a result higher than the Group's average quarterly revenue of HK\$206.8 million and HK\$14.5 million respectively for the nine months ended 30 September 2009. The higher revenue and profit for the last quarter of 2009 was primarily due to: (i) our meeting customers' requests for acceleration of the installation work in The One project in Hong Kong, the Shanghai IFC (North Tower) project in PRC and the Marina Bay Sands Integrated Resort project in Singapore; (ii) project cost savings achieved in Four Seasons Hotel (Macau), Mandarin Oriental Hotel and Veer Towers; and (iii) one-off compensation of HK\$8.6 million received in October 2009 for the work previously performed by our Group prior to the suspension of the Costanera Centre project.

By the end of the year, the Group's outstanding contracts in hand had an aggregate remaining value of approximately HK\$1,216 million, of which the North America segment, Greater China segment, Asia segment and other segment (mainly including South America) accounted for approximately 43.9%, 35.0%, 5.9% and 15.2% respectively.

COMPARISON WITH PROFIT ESTIMATE

As set out in the prospectus of the Company dated 17 March 2010 (the “Prospectus”), the Group estimated its consolidated net profit attributable to the owners of the Company for the year ended 31 December 2009 would not be less than HK\$74.0 million. For the year ended 31 December 2009, the consolidated net profit attributable to the owners of the Company was approximately HK\$74.3 million, which was slightly exceeded our estimate.

FINANCIAL REVIEW

Revenue

The revenue decreased by approximately HK\$424.5 million, or approximately 33%, from approximately HK\$1,284.7 million for the year ended 31 December 2008 to approximately HK\$860.2 million for the year ended 31 December 2009 primarily due to the downturn in the property markets in different regions as a result of the global financial crisis and due to the other factors described below.

	Year ended 31 December			
	2009		2008	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
North America	450,958	52.4	796,403	62.0
Greater China	263,228	30.6	300,509	23.4
Asia	125,795	14.6	171,263	13.3
Others ⁽¹⁾	20,211	2.4	16,534	1.3
Total	<u>860,192</u>	<u>100</u>	<u>1,284,709</u>	<u>100</u>

Note:

(1) Includes a project in Chile and maintenance projects in the regions specified above.

Revenue derived from North America decreased by HK\$345.4 million, or approximately 43.4%, from approximately HK\$796.4 million for the year ended 31 December 2008 to approximately HK\$451.0 million for the year ended 31 December 2009. The decrease in revenue was primarily because a substantial portion of the work on most of our projects in the U.S. such as Veer Towers project and Mandarin Oriental Hotel project in Las Vegas had been performed during 2008. Our new projects in Canada such as the Shangri-la Toronto project and the Trump International Hotel & Tower project were still at their early preparatory stages during the year and had relatively insignificant contribution to revenue.

Revenue derived from Greater China decreased by HK\$37.3 million, or approximately 12.4%, from approximately HK\$300.5 million for the year ended 31 December 2008 to approximately HK\$263.2 million for the year ended 31 December 2009. The decrease in revenue was primarily because we continued to focus our efforts and resources to develop overseas markets such as the U.S. and the Middle East.

Revenue derived from Asia decreased by HK\$45.5 million, or approximately 26.5%, from approximately HK\$171.3 million for the year ended 31 December 2008 to approximately HK\$125.8 million for the year ended 31 December 2009. The decrease in revenue was primarily because a substantial portion of the work on the Burj Khalifa and Sama Tower projects had been performed during the year ended 31 December 2008.

Gross profit and gross profit margin

Gross profit decreased by approximately HK\$61.0 million, or approximately 24.1%, from approximately HK\$253.1 million for the year ended 31 December 2008 to approximately HK\$192.2 million for the year ended 31 December 2009. The gross profit margin has slightly improved from 19.7% in 2008 to 22.3% in 2009.

Other income

Other income decreased by approximately HK\$6.2 million, from approximately HK\$9.0 million for the year ended 31 December 2008 to approximately HK\$2.8 million for the year ended 31 December 2009. Such decrease was primarily attributable to the decrease in bank interest income and gain on disposals of scrap materials.

Other operating expenses

Other operating expenses of HK\$3.4 million (2008: HK\$8.1 million) incurred for the year ended 31 December 2009 represented the recognition of further impairment losses in respect of a piece of freehold land owned by us in the U.S. The impairment loss was recognised due to the decrease in market price of the freehold land.

Administrative expenses

Administrative expenses decreased by approximately HK\$22.9 million, or approximately 19.7%, from approximately HK\$116.0 million for the year ended 31 December 2008 to approximately HK\$93.1 million for the year ended 31 December 2009. The decrease was primarily attributable to the decrease in administrative staff costs and the operating expenses of our offices in various regions as a result of our stringent cost measures implemented in response to the global economic crisis.

Finance costs

Finance costs before capitalization to contract work decreased from approximately HK\$2.3 million for the year ended 31 December 2008 to an insignificant amount for the year ended 31 December 2009 primarily due to repayment of bank borrowings resulting from improvement of the Group's financial position during the year. Finance costs after capitalization represented interest on bank overdrafts.

Income tax expense

Income tax expense decreased by HK\$12.7 million or approximately 34.8% to approximately HK\$23.8 million for the year ended 2009 from approximately HK\$36.5 million for the year ended 2008.

The effective tax rate of our Group decreased from approximately 26.1% for the year ended 31 December 2008 to approximately 24.1% for the year ended 31 December 2009. This was primarily due to the decrease in non-deductible expenses and deductible temporary differences not recognised. The effect of such decrease was partially offset by the recognition of Hong Kong Profits Tax not previously provided for.

Profit for the year

Profit for the year ended 31 December 2009 decreased by HK\$28.4 million, or approximately 27.5%, to HK\$74.7 million from HK\$103.1 million for the year ended 31 December 2008. Net profit margin increased from 8.0% for the year ended 31 December 2008 to 8.7% for the year ended 31 December 2009.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained sound over the year. As at 31 December 2009, the Group's net asset value was approximately HK\$340.0 million (2008: HK\$303.5 million); current ratio (total current assets over total current liabilities) improved to 1.58 times (2008: 1.38 times); total bank balances and time deposits amounted to HK\$372.7 million (2008: HK\$328.7 million) and the Group was debt-free as at 31 December 2008 and 2009.

PLEDGE OF ASSETS

As at 31 December 2009, certain time deposits and available-for-sale investments of the Group with a net carrying value of HK\$57.1 million (2008: HK\$38.2 million) and HK\$26.8 million (2008: HK\$20.9 million) respectively have been pledged to banks to secure banking facilities granted to the Group. As at 31 December 2008, the Group's banking facilities were further secured by pledges of the Group's land and buildings with an aggregate carrying amount of approximately HK\$3.0 million.

The Group obtained further support from its banks and total banking facilities granted have been increased significantly to approximately HK\$388.6 million as at 31 December 2009 (2008: HK\$284.2 million) by addition of HK\$104.4 million. This has strengthened the Group's ability to issue letters of credit and performance bonds in undertaking further new contracts.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2009, there were 412 (2008: 484) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency exposures primarily arise from certain sales or purchases by operating units in currencies other than the unit's functional currency where these sales or purchases are mainly denominated in United States dollar, Renminbi, United Arab Emirates Dirham, Canadian dollar and Singapore dollar.

In view of the fact that the Hong Kong dollar is pegged to the United States dollar, the Group's exposure on United States dollar transactions and balances to foreign currency risk is minimal.

As at 31 December 2009, if Hong Kong dollar had weakened/strengthened 5% against United Arab Emirates Dirham, Canadian dollar and Singapore dollar with all other variables held constant the effect of the fluctuation in the exchange rates on the consolidated profit after tax for the year would have been HK\$1,589,258 (2008: HK\$423,477), HK\$1,517,224 (2008: HK\$43,010) and HK\$2,914,335 (2008: HK\$184,532) higher/lower, respectively.

As at 31 December 2009, if Hong Kong dollar had weakened/strengthened 5% against Renminbi with all other variables held constant, the effect of the fluctuation in the exchange rate on the consolidated profit after tax for the year would have been HK\$388,914 (2008: HK\$456,522) lower/higher, respectively.

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.

PROSPECTS

As the global economy re-builds its strength and business confidence continue to recover, the global engineering and construction industry is also resuming its upward trend. With the demand and number of high-end property developments picking up again, the Group is well positioned to welcoming exciting business opportunities ahead. Having China State Construction International Holdings Limited onboard as our strategic partner, we expect our close cooperation will further extend our strategic coverage

into the market of Greater China and overseas. In staying ahead of the competition, the Group will continue to focus on business expansion internationally. Leveraging on our success in Burj Khalifa, the Group will be one of the beneficiaries from massive infrastructure development undertaking in Abu Dhabi and Saudi Arabia for the Middle East market. With the potential recovery in the US, there are also strong demands in North America, particularly Canada. The Group has developed a new window wall system targeting the Canadian market, which will serve as the Group's major promotional product upon formal launching in 2010. Finally, while the Group has already started on the Costanera Centre project, of which will become the tallest building in South America, the Group will enjoy the earlybird advantage in the region, especially Brazil who will host the 2014 FIFA World Cup as well as the 2016 Olympic Games.

USE OF PROCEEDS FROM GLOBAL OFFERING

In March 2010, the Company conducted a global offering of its shares which were listed on the Main Board of the Stock Exchange on 30 March 2010. The initial public offering of 361,898,000 ordinary shares, comprising 271,750,000 new shares issued and allotted by the Company and 90,148,000 sale shares offered by our then existing shareholders of the Company at an offer price of HK\$1.18 per share took place in March 2010. Net proceeds raised available for the Company were approximately HK\$ 283.5 million which had not been utilised up to the date of this announcement.

As stated in the Prospectus, the Company intends to use the proceeds for working capital of new projects, potential merger and acquisition, establishment of new production facilities, establishment of research and development division and general working capital requirement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities after the Listing Date.

CORPORATE GOVERNANCE

Since the Company was not yet listed on the Stock Exchange for the period under review, the principles and code provisions of Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules was not applicable to the Company for the year ended 31 December 2009. The Company adopted the Code upon the listing of shares of the Company. Details of the Company's corporate governance practices will be set out in the Corporate Governance Report in the annual report of the Company for the year ended 31 December 2009.

In the opinion of the Board, the Company has complied with the code provisions (the "Code Provision") set out in the Code since the Listing Date.

The current practices will be reviewed and updated regularly to reflect as much as possible the latest best practices in corporate governance.

AUDIT COMMITTEE

The Company established an Audit Committee on 10 March 2010 with effect from the Listing Date in compliance with 3.21 and 3.23 and Appendix 14 to the Listing Rules.

The Company's Audit Committee comprises Mr. Zhou Jinsong (Chairman), Mr. Yen Homer Shih Hung and Mr. Hong Winn who are the independent non-executive Directors of the Company.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2009 with management and discussed with the independent auditor on auditing, internal control and financial reporting matters in respect of the consolidated financial statements.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules since the Listing Date. All directors of the Company have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code since the Listing Date.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is required to be published on the website of Stock Exchange at www.hkexnews.hk under "Listed Company Information" and the designated website of the Company at www.fareastglobal.com respectively. The annual report of the Company for the year ended 31 December 2009 will be dispatched to the shareholders and published on the Stock Exchange's and the Company's websites in due course.

APPRECIATION

I would like to take this opportunity to express my appreciation to my fellow directors and all our staff for their support, hard work and dedication over the past year.

By Order of the Board
Huang Brad
Chairman

Hong Kong, 24 April 2010

As at the date of this announcement, the board of directors of the Company comprises Mr. Huang Brad, Mr. Kwok Yeung Kwong, Mr. Ko Chuk Kin, Herbert and Mr. Chiu Lok Man as executive Directors; Mr. Huang Guangyu as non-executive Director; Mr. Yen Homer Shih Hung, Mr. Hong Winn and Mr. Zhou Jinsong as independent non-executive Directors.