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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the “Board”) of Far East Global Group Limited (遠東環球集團有限公司) (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2010.

Financial Highlights	Six months ended		%
	30 June 2010	30 June 2009	
Revenue (HK\$'million)	394.0	404.5	-2.6
Profit attributable to			
Owners of the Company (HK\$'million)	54.7	26.5	+106.4
Basic earnings per share (HK cents)	5.52	3.11	+77.5
Diluted earnings per share (HK cents)	5.52	3.11	+77.5
Interim dividend per share (HK cents)	1.50	Nil	N/A

BUSINESS REVIEW

During the reporting period, the Group is proud to announce the successful completion of a number of landmark projects including Cosmopolitan Resort Hotel & Casino in Las Vegas, Trinity Plaza in San Francisco, Marina Bay Sands Integrated Resort in Singapore and The One in Hong Kong, which have led to encouraging results. Profit for the period attributable to the owners of the Company in the first half of 2010 was approximately HK\$54.7 million, a significant increase of approximately 106% compared to the same period last year.

The remarkable financial and operating results of the Group during the reporting period was mainly due to satisfactory margins achieved in the projects completed, which were originated from the following core competitiveness of the Group. First, world class technical knowhow and global project track record enable the Group to win landmark projects on a worldwide basis, which usually offer attractive margins due to their complexity and quality requirements. Second, the innovative design capability of the Group, which has been accumulating from more than 450 accomplished projects, enables it to identify margin expansion opportunities while the projects are ongoing. Third, the Group's procurement and production in China, together with its long-established suppliers' relationship and network, have provided it with substantial cost advantage against its competitors. Fourth, the Group possesses highly qualified international project management teams which are rich of experience to overcome climate, cultural, language and regulatory differences of managing projects in various regions. Finally, the Group implements a stringent cost control system, which together with its excellent project management capability, enable it to not only meet but also exceed with positive surprise on project deadlines and budgets in most cases.

In the first half of 2010, the building facade markets showed early sign of recovery as reflected by numerous invitations for tenders received by the Group for landmark projects from existing markets and new markets like India, Thailand, Saudi Arabia, Jamaica and UK. However, it is perhaps due to the business confidence remaining fragile under the weak economic recovery in the US and Europe, added with the concern from the sovereign debt issues in PIIGS, most of the major projects in discussion are still under planning stage. Nevertheless, the Group has been awarded with five projects in 2010 up to the date of this announcement with a total contract sum of approximately HK\$261 million including SAIT Trades and Technology Complex in Calgary, Canada, 長泰國際商務廣場 and 長甲會所 in Shanghai, the PRC as well as two residential projects in Hong Kong awarded by Kerry Properties Limited and a consortium led by Nan Fung Group respectively. As at the date of this announcement, the Group's outstanding contracts in hand has an aggregate remaining value of approximately HK\$1,127 million.

Looking ahead, there will be numerous exciting landmark projects in the market in the remaining of this year and in the next few years. Firstly, the Kai Tak Cruise Terminal and Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link in Western Kowloon District, followed by the entire commercial and residential developments in Kai Tak District and Western Kowloon Cultural District. Several going-to-be the tallest buildings of the regions such as China, India and Saudi Arabia have invited or are expected to invite tenders in the next few months. Leveraging on our success in completing the tallest building in the world – Burj Khalifa, the Group will be highly competitive

amongst its peers in winning these upcoming landmark projects. The Group is also in discussion with various reputable developers on supertall buildings and landmark projects in China and in many major cities worldwide. The global building facade market will continue to provide enormous opportunities due to the urbanization of emerging countries like China, India and Brazil and the eventual recovery of the commercial activities in the US and Europe. With cash and liquid assets of close to HK\$500 million and debt free, the Group is well positioned and well prepared to capture these ample growth opportunities including increasing its marketing resources, building up strategic alliances, planning to expand its production capacity and continually seeking suitable mergers and acquisitions targets.

FINANCIAL REVIEW

Revenue and gross margin

During the reporting period, major projects in progress such as the Costanera Centre in Chile, the Yau Tong Shopping Centre project in Hong Kong, and the Shangri-La Toronto and SAIT Trade & Technology Complex projects in Canada were in their early preparatory or design stages and hence cannot contribute to the revenue until the second half of the year. Therefore revenue for the six months ended 30 June 2010 was approximately HK\$394.0 million, which was approximately 2.6% less than that for the corresponding period in 2009.

Gross profit, however, grew approximately 58.5% to approximately HK\$114.6 million for the six months ended 30 June 2010, as compared to the corresponding period in 2009. This is mainly due to the satisfactory margins achieved in the US projects like Cosmopolitan Resort Hotel and Casino project in Las Vegas, Trinity Plaza in San Francisco, The One project in Hong Kong and Marina Bay Sands Integrated Resort project in Singapore of which the installation works were successfully completed during the first half of 2010. Thanks to the dedicated effort of our innovative design teams and well-experienced project management teams, which combined with our ability to win landmark projects with high margins, our stringent cost control system, and our PRC sourcing and production, enable us to complete our projects with satisfactory margins while at the same time deliver total customers' satisfaction.

Segment analysis

Revenue derived from Greater China increased by approximately HK\$56.9 million, or approximately 49.8%, from approximately HK\$114.2 million for the six months ended 30 June 2009 to approximately HK\$171.1 million for the six months ended 30 June 2010. The increase in revenue was primarily due to the recognition of revenues from a number of sizable projects such as Shanghai IFC (North Tower) and Kerry Centre during the first half of 2010. The gross margin in Greater China slightly decreased from approximately 18.3% in the first half of 2009 to approximately 15.1% in the first half of 2010. However, with many landmark projects in Hong Kong and in China expected to be upcoming in the market, like Kai Tak Cruise Terminal and Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link in Western Kowloon District in Hong Kong and the going to be the tallest building in China, the Shanghai Tower, in Shanghai, revenue contribution from Greater China is expected to be substantially increase.

Revenue derived from North America decreased by approximately HK\$68.3 million, or approximately 29.1%, from approximately HK\$234.6 million for the six months ended 30 June 2009 to approximately HK\$166.3 million for the six months ended 30 June 2010. The decrease in revenue was primarily because a substantial portion of the work of our projects in the U.S. like Cosmopolitan Resort Hotel & Casino in Las Vegas had been performed in 2009. Our new projects in Canada like the Shangri-la Toronto project and SAIT Trades & Technology Complex project were still at their early preparatory stages during the first half of 2010 and had relatively insignificant contribution to revenue. As a result of the margin expansion achieved in Cosmopolitan Resort Hotel & Casino project and other US projects, the gross margin in North America region further increased to approximately 42.8% during the six months ended 30 June 2010 as compared to approximately 21.0% for the corresponding period in 2009. While the recovery of US market is still uncertain, the Group has achieved satisfactory progress in expanding its project reach in Canada from Toronto to Calgary and potentially to other cities like Vancouver. The newly-designed window wall system of the Group has been used to bid for luxury residential projects in Canada.

Revenue derived from Asia decreased by approximately HK\$8.4 million, or approximately 19.5%, from approximately HK\$43.2 million for the six months ended 30 June 2009 to approximately HK\$34.8 million for the six months ended 30 June 2010. The decrease in revenue was primarily due to the fact that substantial portion of the work of the Darwish Tower and the Sama Tower projects were completed in 2009. Performance in Asia region significantly improved in the first half of 2010 as compared to the corresponding period in 2009. The Asia region achieved gross profit of approximately HK\$12.4 million in the first half of 2010 as a result of profit contribution from the Marina Bay Sands Integrated Resort project. Although the Dubai market is not expected to recover within a short period of time, there are still many exciting landmark project opportunities in Asia, including the going to be the tallest building in India and Saudi Arabia.

Revenue derived from other regions increased by approximately HK\$9.2 million, or approximately 73.4%, from approximately HK\$12.6 million for the six months ended 30 June 2009 to approximately HK\$21.8 million for the six months ended 30 June 2010. The increase in revenue was primarily due to the recognition of revenues from the Costanera Centre (Tower II) project resumed in 2010. In the first half of 2009, the revenue of this segment mainly represented the one-off compensation paid to us for work previously performed prior to the suspension of the Costanera Centre project. In the remaining markets of the world, the Group is actively exploring business opportunities especially in Brazil which will host the 2014 FIFA and the 2016 Olympic Games.

Other income

Other income was approximately HK\$14.6 million for the six months ended 30 June 2010 (2009: approximately HK\$0.7 million), representing an increase of approximately HK\$13.9 million as compared to the corresponding period of 2009. The increase was mainly due to the gain on disposal of the unused office premises of the Group in Hong Kong of approximately HK\$9.5 million and recovery of bad debts of approximately HK\$3.3 million during the period.

Administrative expenses

During the six months ended 30 June 2010, the Group's administrative expenses were approximately HK\$41.5 million (2009: approximately HK\$42.0 million), representing a slight decrease of approximately 1.2% as compared to the corresponding period of 2009.

Other operating expenses

Other operating expenses during the six months ended 30 June 2010 represented one-off listing expenses of approximately HK\$18.7 million. No such expenses are expected to be incurred in the second half of 2010.

Income tax

The effective income tax rate (i.e. the total income tax expense divided by profit before tax) of the Group during the six months ended 30 June 2010 was approximately 19.3% (2009: approximately 13.3%). The rise of effective income tax rate was mainly due to the tax effect of non-deductible expenses such as listing expenses, which were partially offset by an increase in non-taxable income such as gain on disposal of the property in Hong Kong.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2010 amounted to approximately HK\$54.7 million (2009: approximately HK\$26.5 million), representing a rise of approximately 106.4% over the corresponding period in the last year. Basic earnings per share for the six months ended 30 June 2010 was HK5.52 cents (2009: HK3.11 cents), representing a rise of 77.5% over the corresponding period in the last year.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

		Unaudited	
		Six months ended 30 June	
		2010	2009
	Note	HK\$	HK\$
Revenue/Turnover	4	393,960,963	404,488,301
Cost of sales		<u>(279,356,981)</u>	<u>(332,188,181)</u>
Gross profit		114,603,982	72,300,120
Other income		14,596,113	711,137
Administrative expenses		(41,530,299)	(42,039,432)
Other operating expenses		<u>(18,652,422)</u>	<u>—</u>
Profit from operations		69,017,374	30,971,825
Finance costs	5	<u>—</u>	<u>—</u>
Profit before tax		69,017,374	30,971,825
Income tax expense	6	<u>(13,336,271)</u>	<u>(4,122,636)</u>
Profit for the period	7	<u>55,681,103</u>	<u>26,849,189</u>
Profit for the period attributable to:			
Owners of the Company		54,685,588	26,476,291
Non-controlling interests		<u>995,515</u>	<u>372,898</u>
		<u>55,681,103</u>	<u>26,849,189</u>
Earnings per share:			
Basic (HK cents)	9	<u>5.52</u>	<u>3.11</u>
Diluted (HK cents)	9	<u>5.52</u>	<u>3.11</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$	HK\$
Profit for the period	<u>55,681,103</u>	<u>26,849,189</u>
Other comprehensive income:		
Fair value changes reclassified to profit or loss on disposal of available-for-sale investments	(385,398)	–
Fair value changes of available-for-sale investments	<u>167,310</u>	<u>–</u>
Other comprehensive income for the period, net of tax	<u>(218,088)</u>	<u>–</u>
Total comprehensive income for the period	<u><u>55,463,015</u></u>	<u><u>26,849,189</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	54,467,500	26,476,291
Non-controlling interests	<u>995,515</u>	<u>372,898</u>
	<u><u>55,463,015</u></u>	<u><u>26,849,189</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010 and 31 December 2009

		Unaudited 30 June 2010 HK\$	Audited 31 December 2009 HK\$
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		36,716,265	41,264,027
Prepaid land lease payments		–	1,886,672
Available-for-sale investments		24,227,954	26,786,042
Rental and utility deposits		2,937,142	2,973,011
		<u>63,881,361</u>	<u>72,909,752</u>
Current assets			
Inventories		60,782	68,772
Non-current assets held for sale		2,897,385	2,803,922
Gross amount due from customers for contract work		61,632,833	65,901,529
Trade and retention receivables	10	234,242,515	249,834,506
Prepayments, deposits and other receivables		19,938,201	23,058,513
Current tax assets		2,047,708	102,180
Available-for-sale investments		7,380,500	14,761,000
Pledged time deposits		83,226,345	57,061,570
Bank and cash balances		382,033,476	315,684,190
		<u>793,459,745</u>	<u>729,276,182</u>
Current liabilities			
Gross amount due to customers for contract work		198,796,082	261,756,950
Trade and bills payables	11	48,223,375	49,262,007
Current tax liabilities		33,320,865	46,189,755
Warranty provision		14,498,146	12,630,124
Other payables and accruals		90,670,110	92,377,995
		<u>385,508,578</u>	<u>462,216,831</u>
Net current assets		<u>407,951,167</u>	<u>267,059,351</u>
NET ASSETS		<u>471,832,528</u>	<u>339,969,103</u>
Capital and reserves			
Share capital		11,161,080	10,000
Reserves		457,861,758	338,144,928
Equity attributable to owners of the Company		469,022,838	338,154,928
Non-controlling interests		2,809,690	1,814,175
TOTAL EQUITY		<u>471,832,528</u>	<u>339,969,103</u>

NOTES TO THE CONDENSED 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, 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 (the "Listing Date").

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2009.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. 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 period 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.

Information about reportable segment profit or loss and assets:

	North America <i>HK\$</i>	Greater China <i>HK\$</i>	Asia <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
Unaudited					
For the six months ended					
30 June 2010					
Revenue from external customers	<u>166,272,716</u>	<u>171,096,449</u>	<u>34,750,151</u>	<u>21,841,647</u>	<u>393,960,963</u>
Segment profits	<u>71,118,930</u>	<u>25,867,233</u>	<u>12,370,055</u>	<u>5,247,764</u>	114,603,982
Unallocated amounts:					
Other income					14,596,113
Administrative expenses					(41,530,299)
Other operating expenses					(18,652,422)
Finance costs					<u>–</u>
Profit before tax					<u>69,017,374</u>
Unaudited					
As at 30 June 2010					
Segment assets	<u>109,045,332</u>	<u>94,982,668</u>	<u>30,214,515</u>	<u>–</u>	<u>234,242,515</u>

	North America <i>HK\$</i>	Greater China <i>HK\$</i>	Asia <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
Unaudited					
For the six months ended 30 June 2009					
Revenue from external customers	<u>234,564,902</u>	<u>114,161,755</u>	<u>43,166,409</u>	<u>12,595,235</u>	<u>404,488,301</u>
Segment profits/(loss)	<u>49,152,231</u>	<u>20,841,905</u>	<u>(8,566,124)</u>	<u>10,872,108</u>	72,300,120
Unallocated amounts:					
Other income					711,137
Administrative expenses					(42,039,432)
Finance costs					—
Profit before tax					<u>30,971,825</u>
Audited					
As at 31 December 2009					
Segment assets	<u>93,869,208</u>	<u>77,505,992</u>	<u>78,459,306</u>	<u>—</u>	<u>249,834,506</u>

5. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Interest on bank overdrafts and bank borrowings	—	12,021
Amount capitalised	—	(12,021)
	<u>—</u>	<u>—</u>

6. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$	HK\$
Current tax - Hong Kong Profits Tax		
Provision for the period	<u>13,000,000</u>	<u>–</u>
Current tax - overseas		
Provision for the period	2,588,315	4,122,636
Over provision in prior years	<u>(2,252,044)</u>	<u>–</u>
	<u>336,271</u>	<u>4,122,636</u>
Deferred tax	<u>–</u>	<u>–</u>
	<u>13,336,271</u>	<u>4,122,636</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period.

Macau Corporate Tax has been provided on the taxable profit and is calculated at the progressive rate from 9% to 12% (2009: 9% to 12%) for the period.

United States Corporate Income Tax has been provided at a rate of 34% (2009: 34%) based on the estimated assessable profit for the period.

PRC Enterprise Income Tax has been provided at a rate of 25% (2009: 25%) based on the estimated assessable profit for the period.

Singapore Income Tax has been provided at a rate of 17% (2009: 18%) based on the estimated assessable profit for the period.

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.

7. PROFIT FOR THE PERIOD

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

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$	HK\$
Bank interest income	(428,217)	(348,138)
Depreciation	3,706,640	4,370,599
Less: amounts capitalised	(2,400,918)	(2,959,730)
	1,305,722	1,410,869
Gain on disposal of available-for-sale investments	(385,398)	–
Gain on disposal of non-current assets held for sale	(9,496,078)	–
Gain on disposals of scrap materials	(554,872)	(280,272)
Listing expenses included in other operating expenses	18,652,422	–
Loss on disposals of property, plant and equipment	377,996	–
Provision for impairment on trade and retention receivables	905,000	900,000
Provision for impairment on trade and retention receivables written back	(3,330,976)	–
Reversal of allowance for inventories	(139,867)	–
Directors' emoluments	1,712,227	1,055,690

8. DIVIDENDS

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$	HK\$
Declared interim dividend - HK\$0.015 (2009: HK\$Nil) per ordinary share	16,741,620	–
Special dividend declared on 12 March 2010 approved and paid to the then shareholders before the listing of the Company's shares – HK\$0.234 (2009: HK\$Nil) per ordinary share	198,600,000	–
Final dividend for the year ended 31 December 2009 approved and paid to the then shareholders before the listing of the Company's shares – HK\$24 (2008: HK\$1.8) per ordinary share	24,000,000	34,000,000
	239,341,620	34,000,000

9. EARNINGS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$	HK\$
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>54,685,588</u>	<u>26,476,291</u>
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	991,004,022	850,000,000
Effect of dilutive potential ordinary shares arising from share options	<u>46,679</u>	<u>–</u>
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u>991,050,701</u>	<u>850,000,000</u>

The weighted average number of ordinary shares in issue during the six months ended 30 June 2009 and 2010 of 850,000,000 and 991,004,022 respectively, is calculated on the assumption that 850,000,000 shares of HK\$0.01 each comprising 1,000,000 shares issued on 30 November 2009 and 849,000,000 shares issued pursuant to the capitalisation issue on 10 March 2010 had been in issue throughout the six months ended 30 June 2009 and 2010.

10. TRADE AND RETENTION RECEIVABLES

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

	Unaudited	Audited
	30 June	31 December
	2010	2009
	HK\$	HK\$
Trade receivables:		
0 to 30 days	53,414,908	55,881,754
31 to 60 days	22,955,391	46,806,615
61 to 90 days	58,320	2,143,014
More than 90 days	<u>7,878,995</u>	<u>9,324,146</u>
	84,307,614	114,155,529
Retention receivables	<u>149,934,901</u>	<u>135,678,977</u>
	<u>234,242,515</u>	<u>249,834,506</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 ageing 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.

At 30 June 2010, the amount of retentions expected to be recovered after more than twelve months is HK\$135,829,484 (31 December 2009: HK\$118,602,588).

11. TRADE AND BILLS PAYABLES

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

	Unaudited	Audited
	30 June	31 December
	2010	2009
	HK\$	HK\$
0 to 30 days	37,317,077	35,588,862
31 to 60 days	2,169,901	3,808,967
More than 60 days	8,736,397	9,864,178
	<u>48,223,375</u>	<u>49,262,007</u>

GLOBAL OFFERING AND USE OF PROCEEDS

In March 2010, the Company conducted a global offering which included the sales 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. Net proceeds raised available for the Company were approximately HK\$284 million. The ordinary shares of the Company were listed on the Main Board of the Stock Exchange on 30 March 2010.

As stated in the Company's prospectus dated 17 March 2010, the Company intends to use the proceeds for working capital of new projects, potential merger and acquisition, establishment of new production facilities, the establishment of research and development division and general working capital requirement. During the interim period, the Company was in the process of planning and identifying suitable targets for the intended usage. Thus no proceeds from the global offering was utilized during the period under review.

HUMAN RESOURCES

At 30 June 2010, the Group employed a total of 367 (31 December 2009: 412) full time staff. The Group has sound policies of management incentives and competitive remuneration, which aligns 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 like discretionary bonus and participation in share options.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK1.5 cents per share to the shareholders whose names appear on the Company's register of members on Wednesday, 22 September 2010.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 20 September 2010 to Wednesday, 22 September 2010 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 17 September 2010 (Hong Kong time). The dividends will be distributed on or about Friday, 8 October 2010.

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

Subsequent to the Listing Date and up to 30 June 2010, the Company repurchased 5,642,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK\$3,646,140. The highest and the lowest price paid per share were HK\$0.67 and HK\$0.62 respectively. The repurchases were effected by the Directors for the enhancement of shareholders' value. All the said shares were repurchased in June 2010 and subsequently cancelled in July 2010. For the accounting purpose and in accordance with the Companies Law of Cayman Islands, the nominal value of repurchased shares of HK\$56,420 has been debited to the share capital and HK\$3,589,720 has been debited to the share premium of the Company in the condensed financial statements for the interim period.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company since the Listing Date.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated financial information of the Company for the six months ended 30 June 2010 has been reviewed by the Company's external auditor, RSM Nelson Wheeler, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report will be included in the Interim Report to shareholders. The unaudited condensed consolidated financial information has also been reviewed and approved by the Audit Committee of the Company, comprising all the three independent non-executive Directors namely, Mr. Zhou Jinsong (Chairman of Audit Committee), Mr. Hong Winn and Mr. Yen Homer Shih Hung.

CORPORATE GOVERNANCE

Since the Listing Date, the Company has complied with the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules for the transactions of the Company's securities. The Company has made specific enquiry of all Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code since the Listing Date.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, investors, partners and customers for their continued trust and support and all our management and staff members for their contribution and devotion. We are confident in achieving a brighter performance in the remaining of the year and at the same time, deliver fruitful rewards to our shareholders and investors.

By order of the Board
Far East Global Group Limited
Huang Brad
Chairman

Hong Kong, 30 August 2010

Website: <http://www.fareastglobal.com>

At the date of this announcement, the executive directors of the Company are Mr. HUANG Brad (Chairman), Mr. KWOK Yeung Kwong (Chief Executive Officer), Mr. KO Chuk Kin, Herbert and Mr. CHIU Lok Man; the non-executive director of the Company is Mr. HUANG Guangyu and the independent non-executive directors of the Company are Mr. ZHOU Jinsong, Mr. YEN Homer Shih Hung and Mr. HONG Winn.