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 2010

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 2010, together with the comparative figures for 2009, are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 HK$	2009 HK$
Revenue/Turnover	4	**866,664,104**	860,191,699
Cost of sales		**(640,992,821)**	(668,038,461)
Gross profit		**225,671,283**	192,153,238
Other income	5	**21,005,519**	7,083,692
Administrative expenses		**(90,533,546)**	(97,420,984)
Other operating expenses		**(18,656,750)**	(3,400,000)
Profit from operations		**137,486,506**	98,415,946
Finance costs	6	**–**	–
Profit before tax		**137,486,506**	98,415,946
Income tax expense	7	**(22,076,940)**	(23,756,726)
Profit for the year	8	**115,409,566**	74,659,220
Profit for the year attributable to:			
Owners of the Company		**110,113,165**	74,287,799
Non-controlling interests		**5,296,401**	371,421
		115,409,566	74,659,220
Earnings per share:			
Basic (HK cents)	10	**10.45**	8.74
Diluted (HK cents)	10	**10.37**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 *HK$*	2009 *HK$*
Profit for the year	**115,409,566**	74,659,220
Other comprehensive income:		
Exchange differences on translating foreign operations	**738,049**	675,954
Release of investment revaluation reserve to profit or loss upon disposal of available-for-sale investments	**(431,262)**	–
Fair value changes of available-for-sale investments	**474,396**	450,138
Other comprehensive income for the year, net of tax	**781,183**	1,126,092
Total comprehensive income for the year	**116,190,749**	75,785,312
Total comprehensive income for the year attributable to:		
Owners of the Company	**110,667,748**	75,413,891
Non-controlling interests	**5,523,001**	371,421
	116,190,749	75,785,312

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	Note	**2010**	2009
		HK$	*HK$*
Non-current assets			
Property, plant and equipment		**33,311,866**	41,264,027
Prepaid land lease payments		**–**	1,886,672
Available-for-sale investments		**47,889,176**	26,786,042
Rental and utility deposits		**2,077,977**	2,973,011
		83,279,019	72,909,752
Current assets			
Inventories		**79,708**	68,772
Non-current assets held for sale		**2,897,383**	2,803,922
Gross amount due from customers for contract work		**86,183,900**	65,901,529
Trade and retention receivables	*11*	**172,192,065**	249,834,506
Prepayments, deposits and other receivables		**41,518,874**	23,058,513
Current tax assets		**68,671**	102,180
Available-for-sale investments		**–**	14,761,000
Pledged time deposits		**82,683,621**	57,061,570
Bank and cash balances		**364,218,996**	315,684,190
		749,843,218	729,276,182
Current liabilities			
Gross amount due to customers for contract work		**132,883,727**	261,756,950
Trade and bills payables	*12*	**52,127,627**	49,262,007
Current tax liabilities		**35,365,370**	46,189,755
Warranty provision		**15,189,986**	12,630,124
Other payables and accruals		**76,240,475**	92,377,995
		311,807,185	462,216,831
Net current assets		**438,036,033**	267,059,351
NET ASSETS		**521,315,052**	339,969,103
Capital and reserves			
Share capital	*13*	**11,161,080**	10,000
Reserves		**502,816,796**	338,144,928
Equity attributable to owners of the Company		**513,977,876**	338,154,928
Non-controlling interests		**7,337,176**	1,814,175
TOTAL EQUITY		**521,315,052**	339,969,103

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, 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.

During the year, the Group was involved in the facade contracting business, including 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 2010, Showmost Group Limited ("Showmost"), 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 and controlling party of the Company.

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 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 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

– 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

– Bank and cash balances and pledged time deposits

Information about reportable segment profit or loss:

	North America HK$	Greater China HK$	Asia HK$	Others HK$	Total HK$
For the year ended 31 December 2010					
Revenue from external customers	385,286,309	346,168,504	54,951,948	80,257,343	866,664,104
Reportable segment profits	129,371,619	71,663,891	8,142,987	16,492,786	225,671,283
Unallocated amounts:					
Other income					21,005,519
Administrative expenses					(90,533,546)
Other operating expenses					(18,656,750)
Profit before tax					137,486,506
Other material items:					
Depreciation	3,054,300	3,647,692	424,069	267,637	7,393,698
Amount capitalised	(2,598,919)	(1,644,824)	(242,274)	(264,941)	(4,750,958)
	455,381	2,002,868	181,795	2,696	2,642,740
Provision for impairment of trade and retention receivables written back	(1,609,917)	(1,721,059)	–	–	(3,330,976)
Provision for impairment of trade and retention receivables	1,634,844	905,000	–	–	2,539,844
As at 31 December 2010					
Segment assets	67,604,083	76,186,464	26,301,916	2,099,602	172,192,065
Property, plant and equipment					33,311,866
Available-for-sale investments					47,889,176
Inventories					79,708
Non-current assets held for sale					2,897,383
Gross amount due from customers for contract work					86,183,900
Prepayments, deposits and other receivables					43,596,851
Current tax assets					68,671
Bank and cash balances and pledged time deposits					446,902,617
Total assets					833,122,237

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

	North America *HK$*	Greater China *HK$*	Asia *HK$*	Others *HK$*	Total *HK$*
For the year ended 31 December 2009					
Revenue from external customers	450,958,352	263,228,099	125,794,380	20,210,868	860,191,699
Reportable segment profits	128,503,288	36,285,269	9,816,952	17,547,729	192,153,238
Unallocated amounts:					
Other income					7,083,692
Administrative expenses					(97,420,984)
Other operating expenses					(3,400,000)
Profit before tax					98,415,946
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	1,609,918	2,695,189	–	–	4,305,107
As at 31 December 2009					
Segment assets	93,869,208	77,505,992	78,459,306	–	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					372,745,760
Total assets					802,185,934

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

For the year ended 31 December 2010, revenue from two different customers of the Group's North America segment represents HK$214,366,667 and HK$89,564,031 of the Group's total revenue respectively and revenue from two different customers of the Group's Greater China segment represents HK$128,196,624 and HK$93,092,603 of the Group's total revenue respectively.

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.

5. OTHER INCOME

	2010	2009
	HK$	*HK$*
Bank interest income	**1,888,348**	1,005,354
Gain on disposals of scrap materials	**776,783**	784,090
Gain on disposal of available-for-sale investments	**584,963**	–
Gain on disposals of property, plant and equipment	**9,496,078**	–
Provision for impairment of trade and retention receivables written back	**3,330,976**	556,800
Net foreign exchange gains	**4,466,367**	4,321,496
Inventories written back	**258,684**	–
Others	**203,320**	415,952
	21,005,519	7,083,692

6. FINANCE COSTS

	2010	2009
	HK$	*HK$*
Interest on bank overdrafts and bank borrowings	**–**	12,111
Amount capitalised	**–**	(12,111)
	–	–

7. INCOME TAX EXPENSE

	2010	2009
	HK$	*HK$*
Current tax – Hong Kong Profits Tax		
Provision for the year	**13,000,000**	10,000,000
Under provision in prior years	**–**	6,272,583
	13,000,000	16,272,583
Current tax – overseas		
Provision for the year	**9,076,940**	7,484,143
	22,076,940	23,756,726

Hong Kong Profits Tax has been provided at a rate of 16.5% (2009: 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% (2009: 9% to 12%) for the year.

United States Corporate Income Tax has been provided at the federal tax rate of 34% (2009: 34%), and where applicable, plus applicable state tax rate of 8.84% (2009: 8.84%) 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% (2009: 25%) based on the estimated assessable profit for the year.

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.

8. PROFIT FOR THE YEAR

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

	2010	2009
	HK$	*HK$*
Auditor's remuneration		
– Provision for the year	**1,100,000**	1,372,600
– Over-provision in prior years	**(372,600)**	–
	727,400	1,372,600
Depreciation	**7,393,698**	8,365,302
Less: amounts capitalised	**(4,750,958)**	(5,489,515)
	2,642,740	2,875,787
Amortisation of prepaid land lease payments	**–**	210,005
Gain on disposals of property, plant and equipment	**(9,496,078)**	–
Loss on disposals of property, plant and equipment	**449,714**	264,483
Operating lease charges – land and buildings	**14,540,074**	15,805,498
Less: amounts capitalised	**(12,662,962)**	(12,363,469)
	1,877,112	3,442,029
Impairment on property, plant and equipment	**–**	3,400,000
Cost of contracting works performed	**632,027,092**	666,445,998
Warranty provision	**2,950,126**	6,618,726
Provision for impairment on trade and retention receivables	**2,539,844**	4,305,107
Provision for impairment on trade and retention receivables written back	**(3,330,976)**	(556,800)
Inventories (written back)/written off	**(258,684)**	140,416
Staff costs including directors' emoluments:		
Salaries, bonuses and allowances	**87,091,385**	91,255,751
Share-based payments	**5,496,410**	4,635,330
Retirement benefits scheme contributions	**4,593,513**	3,888,291
Less: amount included in cost of contracting works performed	**(42,470,435)**	(48,360,950)
	54,710,873	51,418,422
Net foreign exchange gains	**(4,466,367)**	(4,321,496)

9. DIVIDENDS

	2010	2009
	HK$	*HK$*
Interim dividend – HK$0.015 (2009: 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 – HK$198.60 (2009: Nil) per ordinary share	**198,600,000**	–
Proposed final dividend – HK$0.015 (2009: HK$24) per ordinary share	**16,741,620**	24,000,000
	232,083,240	24,000,000

The special dividend declared on 12 March 2010 of HK$198,600,000, representing HK$198.60 per ordinary share, and the proposed final dividend for the year ended 31 December 2009 of HK$24,000,000, representing HK$24 per ordinary share, were paid to the then shareholders before the listing of the Company. The amounts of dividend per share are calculated based on 1,000,000 ordinary shares in issue at 31 December 2009.

The amounts of interim dividend and proposed final dividend per share for the year ended 31 December 2010 are calculated based on the enlarged number of shares after the listing of the Company.

10. EARNINGS PER SHARE

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

	2010	2009
	HK$	*HK$*
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**110,113,165**	74,287,799
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	**1,054,070,137**	850,000,000
Effect of dilutive potential ordinary shares arising from share options	**7,880,962**	–
Weighted average number of ordinary shares used in diluted earnings per share calculation	**1,061,951,099**	850,000,000

The weighted average number of ordinary shares in issue during the year ended 31 December 2009 and 2010 of 850,000,000 and 1,054,070,137 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 year ended 31 December 2009 and 2010.

In addition, the calculation of the weighted average number of ordinary shares in issue during the year ended 31 December 2010 includes the 271,750,000 ordinary shares issued upon completion of global offering of the Company during the year and the 5,642,000 ordinary shares repurchased during the year.

11. TRADE AND RETENTION RECEIVABLES

	2010	2009
	HK$	*HK$*
Trade receivables	**81,201,298**	121,619,238
Retention receivables	**108,483,730**	146,499,363
	189,685,028	268,118,601
Impairment losses	**(17,492,963)**	(18,284,095)
	172,192,065	249,834,506

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.

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

	2010	2009
	HK$	*HK$*
Trade receivables:		
0 to 30 days	**58,462,780**	55,881,754
31 to 60 days	**4,888,827**	46,806,615
61 to 90 days	**4,398,174**	2,143,014
More than 90 days	**8,543,785**	9,324,146
	76,293,566	114,155,529
Retention receivables	**95,898,499**	135,678,977
	172,192,065	249,834,506

12. TRADE AND BILLS PAYABLES

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

	2010	2009
	HK$	*HK$*
0 to 30 days	**33,369,626**	35,588,862
31 to 60 days	**4,657,442**	3,808,967
More than 60 days	**14,100,559**	9,864,178
	52,127,627	49,262,007

13. SHARE CAPITAL

	Note	Nominal value per share	Authorised Number of shares	Authorised Amount *HK$*	Issued and fully paid Number of shares	Issued and fully paid Amount *HK$*
At 1 January 2009		US$1.00	20,000,000	156,000,000	18,880,000	147,264,000
Increase in authorised share capital	*(a)*	HK$0.01	39,000,000	390,000	–	–
Issue of shares	*(a)*	HK$0.01	–	–	1,000,000	10,000
Repurchase of shares	*(a)*	US$1.00	–	–	(18,880,000)	(147,264,000)
Cancellation of shares in authorised share capital	*(a)*	US$1.00	(20,000,000)	(156,000,000)	–	–
At 31 December 2009 and at 1 January 2010		HK$0.01	39,000,000	390,000	1,000,000	10,000
Increase in authorised share capital	*(b)*	HK$0.01	9,961,000,000	99,610,000	–	–
Capitalisation issue	*(b)*	HK$0.01	–	–	849,000,000	8,490,000
Issue of shares	*(c)*	HK$0.01	–	–	271,750,000	2,717,500
Repurchase of shares	*(d)*	HK$0.01	–	–	(5,642,000)	(56,420)
At 31 December 2010		HK$0.01	10,000,000,000	100,000,000	1,116,108,000	11,161,080

Notes:

(a) 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$0.01 each at a price of HK$10,000,000 and then cancelled 20,000,000 ordinary shares of US$1 each in the authorised share capital of the Company.

(b) On 10 March 2010, the authorised share capital of the Company was increased from HK$390,000 to HK$100,000,000 by the creation of 9,961,000,000 shares of HK$0.01 each; and conditional on the share premium account of the Company being credited pursuant to the global offering of the shares of the Company, the directors of the Company were authorised to capitalise the sum of HK$8,490,000, standing to the credit of the share premium account of the Company by issuing 849,000,000 shares of HK$0.01 each, credited as fully paid at par.

(c) On 30 March 2010, the Company issued 271,750,000 ordinary shares of HK$0.01 each at a price of HK$1.18 each upon completion of the global offering of the shares of the Company.

(d) During the year ended 31 December 2010, the Company repurchased and cancelled 5,642,000 shares of its own shares through purchases on the Stock Exchange for total consideration of HK$3,646,140.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of net foreign exchange gain previously classified under administrative expense to other income. The new classification of the accounting items was considered to provide a more appropriate presentation of the Group's result.

SCOPE OF WORK OF RSM NELSON WHEELER

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year, but represents an extract from those consolidated financial statements. A complete set of audited consolidated financial statements will be included in the Company's annual report which will be published in due course.

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto as set out in this announcement have been agreed by the Group's external auditor, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Nelson Wheeler on this announcement.

DIVIDENDS

The Board has resolved to recommend a final dividend of HK$0.015 per ordinary share for the year ended 31 December 2010 to the shareholders of the Company whose names appear in the register of members of the Company on Tuesday, 31 May 2011, subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting. It is expected that the payment of the final dividend will be made on or before 13 June 2011.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held in Hong Kong on Tuesday, 31 May 2011. Notice of the AGM 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 Friday, 27 May 2011 to Tuesday, 31 May 2011, both days inclusive. During such period, no transfer of shares will be registered.

In order to qualify for attending and voting at the AGM and the proposed 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 26 May 2011 (Hong Kong time).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the reporting year, 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, The One and Kerry Centre in Hong Kong, and Shanghai IFC (North Tower) in Mainland China which have led to encouraging results. Profit for the year attributable to the owners of the Company in 2010 reached a new peak to approximately HK$110.1 million, a significant increase of approximately 48.2% as compared to last year.

With the healthy order book built up from the many new projects secured in 2010, and with the optimistic construction market together with the following core competitiveness of the Group, the Group believes that 2011 and 2012 will be years of growth and expansion. 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, enables it not only to meet but also exceed with positive surprise on project deadlines and budgets in most cases.

During the reporting year, benefiting from the implementation of 10 infrastructure projects and the boomed residential property market in Hong Kong, the Group has been awarded Kai Tak Cruise Terminal Building Project with the contract value of approximately HK$364 million, which has become the Group's largest Hong Kong based project in terms of contract value to date. The Group also secured other 8 new projects with a total contract sum of approximately HK332.7 million during the year 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, Tokyo Station Yaesu II and Chiyoda-Ku Youbanchou Building in Tokyo, Japan as well as three residential projects in Hong Kong awarded by Kerry Properties Limited, Chinese Estates Group and a consortium led by Nan Fung Group. As at the date of this announcement, the Group's outstanding contracts in hand has an aggregate remaining value of approximately HK$1,226 million.

The Group will continue to participate in the development of coming projects in Hong Kong like Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link in Western Kowloon District, the commercial and residential developments in Kai Tak District and Western Kowloon Cultural District. The Group will also seek expansion opportunities in other regions, especially those tallest building projects in Saudi Arabia and India. 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 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$447 million and debt free, the Group is well positioned and well prepared to capture these ample growth opportunities through 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

The revenue slightly increased by approximately HK$6.5 million, or approximately 0.76%, from approximately HK$860.2 million for the year ended 31 December 2009 to approximately HK$866.7 million for the year ended 31 December 2010. The increase is mainly due to the 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 starting to contribute to the revenue in the second half of the year.

Gross profit continued to grow approximately 17.4% to approximately HK$225.7 million for the year ended 31 December 2010 from approximately HK$192.2 million for the year ended 31 December 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 project in San Francisco, The One project and Kerry Centre project in Hong Kong, Shanghai IFC (North Tower) project in Mainland China and Marina Bay Sands Integrated Resort project in Singapore of which the installation works were successfully completed in 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$83.0 million, or approximately 31.5%, from approximately HK$263.2 million for the year ended 31 December 2009 to approximately HK$346.2 million for the year ended 31 December 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) project and Kerry Centre project in 2010. The gross margin in Greater China increased from approximately 13.8% in 2009 to approximately 20.7% in 2010 as a result of profit contribution from the said projects and the increase of the contract amount from certain previously completed projects in Macau.

Revenue derived from North America decreased by approximately HK$65.7 million, or approximately 14.6%, from approximately HK$451.0 million for the year ended 31 December 2009 to approximately HK$385.3 million for the year ended 31 December 2010. The decrease in revenue was primarily due to a substantial portion of the work of our projects in the U.S. like Cosmopolitan Resort Hotel & Casino project in Las Vegas had been performed in 2009 and our new projects in Canada like the Shangri-la Toronto project and SAIT Trades & Technology Complex project started to contribute to the revenue only in the second half of 2010. 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 33.6% in 2010 as compared to approximately 28.5% 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$70.8 million, or approximately 56.3%, from approximately HK$125.8 million for the year ended 31 December 2009 to approximately HK$55.0 million for the year ended 31 December 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 2010 as compared to the last year. The gross margin in Asia region increased from approximately 7.8% in 2009 to approximately 14.8% in 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$60.0 million, or approximately 297.1%, from approximately HK$20.2 million for the year ended 31 December 2009 to approximately HK$80.3 million for the year ended 31 December 2010. The increase in revenue was primarily due to the recognition of revenues from the Costanera Centre (Tower II) project resumed in 2010. In 2009, the revenue of this segment mainly represented the one-off compensation paid to the Group 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 who will host the 2014 FIFA and the 2016 Olympic Games.

Other income

Other income was approximately HK$21.0 million for the year ended 31 December 2010 (2009: approximately HK$7.1 million), representing an increase of approximately HK$13.9 million as compared to last year. The increase was mainly due to a gain on disposal of an 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 year.

Other operating expenses

Other operating expenses for the year ended 31 December 2010 represented one-off listing expenses of approximately HK$18.7 million.

Administrative expenses

During the year ended 31 December 2010, the Group's administrative expenses were approximately HK$90.5 million (2009: approximately HK$97.4 million), representing a decrease of approximately 7.1% as compared to last year.

Income tax expense

The effective income tax rate (i.e. the total income tax expense divided by profit before tax) of the Group for the year ended 31 December 2010 was approximately 16.1% (2009: approximately 24.1%). This was primarily due to an increase in non-taxable income related to the gain on disposal of the property in Hong Kong and the effect of recognition of Hong Kong Profit Tax not previously provided for recognised in 2009.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2010 amounted to approximately HK$110.1 million (2009: approximately HK$74.3 million), representing a rise of approximately 48.2% over last year. Basic earnings per share for the year ended 31 December 2010 was HK10.45 cents (2009: HK8.74 cents), representing a rise of approximately 19.6% over last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained sound over the period. As at 31 December 2010, the Group had net current assets amounted to approximately HK$438.0 million (31 December 2009: approximately HK$267.1 million) with improvement in current ratio (total current assets over total current liabilities) to approximately 2.4 times at 31 December 2010 (31 December 2009: approximately 1.58 times). Total bank and cash balances, pledged time deposit and current portion of available-for-sale investments at 31 December 2010 amounted to approximately HK$446.9 million (31 December 2009: approximately HK$387.5 million), representing an increase of approximately 15.3%.

As at 31 December 2010, the Group's equity attributable to owners of the Company amounted to approximately HK$514.0 million (31 December 2009: approximately HK$338.2 million), comprising issued capital of approximately HK$11.2 million (31 December 2009: HK$10,000) and reserves of approximately HK$502.8 million (31 December 2009: approximately HK$338.1 million).

The Group was debt-free as at 31 December 2009 and 31 December 2010. The Group's banking facilities are mainly utilized for the issue of documentary credits for purchase of materials, bid bonds for potential projects and performance guarantees for existing projects. As at 31 December 2010, the Group had total banking facilities of approximately HK$471.5 million with an undrawn balance of approximately HK$303.3 million. With the strong and healthy position, the Group has sufficient resources in support of its working capital requirement and to meet its foreseeable capital expenditure.

PLEDGE OF ASSETS

As at 31 December 2010, certain time deposits and available-for-sale investments of the Group with a net carrying value of HK$82.7 million (31 December 2009: HK$57.1 million) and HK$24.1 million (31 December 2009: HK$26.4 million) respectively have been pledged to banks to secure banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2010, the Group employed a total of 329 (2009: 412) employees. 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.

FOREIGN CURRENCY RISK

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

The Group currently does not have a foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currencies should the need arise. During the year, the Group entered into a forward exchange contract with a commercial bank to hedge RMB appreciation for a 24-month period beginning in January 2011.

PROSPECTS

2010 marks several project milestones for the Group. Successful completion of The Cosmopolitan of Las Vegas, our largest project to date, has significantly elevated our reputation in the United States as a leading firm in this space. In November 2010, we were also awarded a building facade contract for Kai Tak Cruise Terminal Building Project in Hong Kong. As one of Hong Kong government's "Ten Major Infrastructure Projects for Economic Growth", this project is widely recognised as one of the largest government-awarded building facade contracts during recent times and is currently our largest Hong Kong based project in terms of contract value.

The Group demonstrated great flexibility in 2010 with multiple new project awards in Greater China, Canada and Japan, reflecting our strategy of maintaining profitability while increasing global presence. As at 31 December 2010, we have accumulated an impressive order backlog of approximately HK$1.2 billion, and expect further backlog increases in 2011.

Towards the end of 2010, the Group began to note signs of recovery in the construction markets in North America. The Group will focus on capturing high-margin large projects out of this region as release of pent-up demand coincides with economic recovery. The Group is also seeing many potential projects out of certain regions in the Middle East and India, some of which are very sizable, that the Group will be working hard to secure in the next 12 months. South America and in particular, Brazil, continues to be a target market as we leverage our Costanera Centre project in Chile.

In order to maximise our ability to capture high-margin projects in developing regions in North America and Europe, the Group is actively examining potential mergers or acquisitions, strategic joint-ventures, and other opportunities both within our industry as well as in the capital markets that would result in significant elevation of our presence in targeted regions.

USE OF PROCEEDS FROM GLOBAL OFFERING

In March 2010, the Company conducted a global offering of its shares 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$283.5 million. The ordinary shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 March 2010 (the “Listing Date”).

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, establishment of research and development division and general working capital requirement. Up to 31 December 2010, the Company had utilised approximately HK$35.6 million and HK$3.4 million for working capital of new projects and for research and development of new products respectively. The Company is in the process of planning and identifying suitable targets for the intended usage for the rest of the proceeds.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Subsequent to the Listing Date and up to 31 December 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 were subsequently cancelled. The nominal value of repurchased shares of HK$56,420 has been debited to the share capital and the remaining HK$3,589,720 has been debited to the share premium of the Company.

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.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the code provisions and, where appropriate, adopted some of the recommended best practices as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules since the Listing Date. 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 2010. The current practices will be reviewed and updated regularly to reflect as much as possible the good practices and procedures in corporate governance.

AUDIT COMMITTEE

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

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 2010.

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 of 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

This results announcement is published on the designated websites of Stock Exchange's (www.hkexnews.hk) and the Company (www.fareastglobal.com) respectively. The Company's annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the aforesaid 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, 28 March 2011

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.