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 2011 AND CHANGE IN ROLES OF DIRECTORS

1. The board of directors (the "Board") of Far East Global Group Limited (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 2011.

Financial Highlights	**Six months ended**		
	30 June 2011	**30 June 2010**	**%**
Revenue *(HK$'m)*	**367.4**	**394.0**	**-6.8**
Profit attributable to owners of the Company *(HK$'m)*	**56.5**	**54.7**	**+3.3**
Basic earnings per share *(HK cents)*	**5.06**	**5.52**	**-8.3**
Diluted earnings per share *(HK cents)*	**4.93**	**5.52**	**-10.7**
Interim dividend per share *(HK cents)*	**Nil**	**1.5**	

2. The Board is also pleased to announce to appoint Mr. Ko Chuk Kin, an executive director of the Company, additional roles as the chief executive officer, a member of nomination committee and remuneration committee of the Company with effect from 30 August 2011.

1. UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

Business Review

The global building facade market remained volatile in the first half of 2011. Despite this, thanks to the successful completion of some of landmark projects in China and Hong Kong, the Group has maintained encouraging results. The profit attributable to the owners of the Company for the six months ended 30 June 2011 was approximately HK$56.5 million, representing a slight increase of 3.3% as compared to the same period last year. This is the collaborative effort of the Group's well experienced design, procurement, fabrication and project management teams, which further demonstrate the Group successful business model. Furthermore, based on these strengths, the Group has managed to continue the advancement of its business presence and has been awarded a number of new projects from different regions over the world, for example, the New World International Convention and Exhibition Centre – podium roofing section in Shenyang, China and the Nakano Project in Tokyo, Japan. As at the date of this announcement, the Group's outstanding contracts in hand have an aggregate outstanding value of HK$1.1 billion.

During the interim period, the Group entered into an agreement to acquire 55% equity interest in Red Holdings Group, Inc. and its operating subsidiaries Gamma USA, Inc. and Gamma Installation, Inc. (collectively "Gamma"). The acquisition has marked another important milestone in the history of the Group.Gamma's team has engaged in the building facade and curtain wall business in the United States for nearly three decades, especially along the east coast of United States in areas such as New York and Florida. Gamma has close relationships with developers, general contractors and unions in the New York tri-state area and is a recognised curtain wall leader in the region. Therefore, it is expected that this acquisition will enable the Group to be better positioned in capturing future opportunities in the North American market. Gamma also carries a significant order backlog and a stock of prospective projects under negotiation. By leveraging engineering know-how, procurement channels and fabrication process of the Group, the Group aims to introduce immediate margin improvements on Gamma's existing and future projects. Furthermore, the Group can facilitate Gamma to bid for larger size projects by capitalising on the Group's listed status and capability to obtain financing through the capital markets. The Group expects to immediately begin integration of Gamma's decades of curtain wall engineering and installation experience with its own. We believe this integration would allow us to become the global leader in curtain wall and building facade engineering know-how.

The Group's backlog has expanded significantly following the acquisition of Gamma. As at the date of this announcement, the Group and Gamma have outstanding contracts of an aggregate remaining value exceeding approximately HK$2 billion, about half of which are maintained by Gamma.

The management expects the global building facade market to be volatile and challenging in the second half of 2011. In Hong Kong, large infrastructure projects such as the Hong Kong section of Guangzhou-Shenzhen-Hongkong Express Rail Link have begun tendering process. The Group will continue to seek out high margin projects in China alongside Hong Kong developers. In the United States, Gamma and the Group are seeing increasing building activities along the east coast as well as Chicago and L.A. We are very excited about prospects in the United States. The Canadian market is promising and our project reach is expected to extend to Vancouver and other cities. The Group has also been invited to explore business opportunities in Saudi Arabia, Europe and other Asian countries. The management is confident in capturing a significant portion of these exciting market opportunities.

Financial Review

Operating Results

For the six months period under review, the Group reported a turnover of approximately HK$367.4 million (2010: approximately HK$394.0 million), a decrease of approximately 6.8% compared to the corresponding period last year. The decrease was primarily due to the fact that the major projects in progress like the Kai Tak Cruise Terminal in Hong Kong were in their early preparatory or design stages and the progress of the Costanera Centre in Chile was slower than expected and hence could not contribute to the revenue until the second half of the year. Profit attributable to owners of the Company was approximately HK$56.5 million (2010: approximately HK$54.7 million), representing a slight increase of approximately 3.3% in the same period last year.

Segment Analysis

Revenue derived from North America increased by approximately HK$19.1 million, or approximately 11.5%, from approximately HK$166.3 million for the six months ended 30 June 2010 to approximately HK$185.4 million for the six months ended 30 June 2011. The increase in revenue was primarily because our existing projects in Canada like the Shangri-la Toronto project and SAIT Trades & Technology Complex project continued to contribute to the revenue in the first half of 2011. In the absence of profit contribution from the completed US project like Trinity Plaza in San Francisco, the gross margin in North America region decreased to approximately 24.9% during the six months ended 30 June 2011 as compared to approximately 42.8% for the corresponding period in 2010.

Revenue derived from Greater China decreased by approximately HK$34.4 million, or approximately 20.1%, from approximately HK$171.1 million for the six months ended 30 June 2010 to approximately HK$136.7 million for the six months ended 30 June 2011. The decrease in revenue was primarily due to the fact that our new projects in Hong Kong like the Kai Tak Cruise Terminal in Hong Kong was still at their early preparatory stages during the first half of 2011 and had relatively insignificant contribution to revenue. The gross margin in Greater China increased from approximately 15.1% in the first half of 2010 to approximately 28.4% in the first half of 2011 as a result of margin expansion achieved in the Shanghai IFC Towers.

Revenue derived from Asia remained stable at approximately HK$35.5 million for the six months ended 30 June 2011 (2010: approximately HK$34.8 million). The gross margin in Asia region increased from approximately 35.6% for the six months ended 30 June 2010 to approximately 56.5% for the six months ended 30 June 2011 as a result of the effective project management control to reduce the project costs on the completion of certain projects in Singapore and Dubai.

Revenue derived from other regions decreased by approximately HK$11.9 million, or approximately 54.8%, from approximately HK$21.8 million for the six months ended 30 June 2010 to approximately HK$9.9 million for the six months ended 30 June 2011. The decrease in revenue was primarily due to a series of delays in progress of the Costanera Centre (Tower II) project. The gross margin in other regions slightly decreased from approximately 24.0% for the six months ended 30 June 2010 to approximately 23.5% for the six months ended 30 June 2011.

Other income

Other income was approximately HK$5.6 million for the six months ended 30 June 2011 (2010: approximately HK$14.6 million), representing a decrease of approximately HK$9.0 million as compared to the corresponding period of 2010. The decrease was mainly due to the gain on disposal of unused office premises of the Group in Hong Kong of approximately HK$9.5 million in the corresponding period of 2010 and the decrease in recovery of bad debts from approximately HK$3.3 million for the six months ended 30 June 2010 to approximately HK$1.7 million for the six months ended 30 June 2011.

Administrative expenses

During the six months ended 30 June 2011, the Group's administrative expenses were approximately HK$45.6 million (2010: approximately HK$41.5 million), representing an increase of approximately 9.9% as compared to the corresponding period of 2010. The increase was mainly due to the higher staff costs for business expansion during the period.

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 2011 was approximately 11.7% (2010: approximately 19.3%). It was mainly due to the effect of increase in profits derived from lower tax rate jurisdictions.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2011 amounted to approximately HK$56.5 million (2010: approximately HK$54.7 million), representing a rise of approximately 3.3% over the corresponding period in last year.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011.

Financial Position

The Group's financial position remained sound over the period. As at 30 June 2011, the Group had net working capital amounted to approximately HK$242.2 million (31 December 2010: approximately HK$438.0 million). The current ratio (total current assets over total current liabilities) was approximately 1.63 times at 30 June 2011 (31 December 2010: approximately 2.40 times). Total net bank and cash balances and pledged time deposit at 30 June 2011 amounted to approximately HK$213.7 million (31 December 2010: approximately HK$446.9 million).

As at 30 June 2011, the Group's equity attributable to owners of the Company amounted to approximately HK$554.6 million (31 December 2010: approximately HK$514.0 million), comprising issued capital of approximately HK$11.1 million (31 December 2010: approximately HK$11.2 million) and reserves of approximately HK$543.5 million (31 December 2010: approximately HK$502.8 million).

The Group had the net cash position of approximately HK$213.7 million as at 30 June 2011 and was debt-free as at 31 December 2010. The Group's banking facilities are mainly utilised for the issue of documentary credits for purchase of materials, bid bonds for potential projects and performance guarantees for existing projects. As at 30 June 2011, the Group had total banking facilities of approximately HK$571.5 million with an undrawn balance of approximately HK$425.0 million. Accordingly, the Group's financing requirements for the remainder of the current financial year will be met by available cash and cash generated from operations as well as the banking facilities.

Condensed Consolidated Income Statement

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
	Note	***HK$***	*HK$*
		(unaudited)	(unaudited)
Revenue/Turnover	*4*	**367,352,520**	393,960,963
Cost of sales		**(260,049,522)**	(279,356,981)
Gross profit		**107,302,998**	114,603,982
Other income		**5,560,886**	14,596,113
Administrative expenses		**(45,627,722)**	(41,530,299)
Other operating expenses		**–**	(18,652,422)
Profit from operations		**67,236,162**	69,017,374
Finance costs	*5*	**–**	–
Profit before tax		**67,236,162**	69,017,374
Income tax expense	*6*	**(7,852,886)**	(13,336,271)
Profit for the period	*7*	**59,383,276**	55,681,103
Profit for the period attributable to:			
Owners of the Company		**56,481,285**	54,685,588
Non-controlling interests		**2,901,991**	995,515
		59,383,276	55,681,103
Earnings per share:	*9*		
Basic (HK cents)		**5.06**	5.52
Diluted (HK cents)		**4.93**	5.52

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK$	*HK$*
	(unaudited)	(unaudited)
Profit for the period	**59,383,276**	55,681,103
Other comprehensive income:		
Exchange differences on translating foreign operations	**2,365,446**	–
Release of investment valuation reserve to profit or loss upon disposal of available-for-sale investments	**15,756**	(385,398)
Fair value changes of available-for-sale investments	**(1,394,016)**	167,310
Other comprehensive income for the period, net of tax	**987,186**	(218,088)
Total comprehensive income for the period	**60,370,462**	55,463,015
Total comprehensive income for the period attributable to:		
Owners of the Company	**57,001,238**	54,467,500
Non-controlling interests	**3,369,224**	995,515
	60,370,462	55,463,015

Condensed Consolidated Statement of Financial Position

As at 30 June 2011 and 31 December 2010

	Note	30 June 2011 HK$ (unaudited)	31 December 2010 HK$ (audited)
Non-current assets			
Property, plant and equipment		**86,103,960**	33,311,866
Investments in jointly controlled entities		**170,121,471**	–
Available-for-sale investments		**65,230,916**	47,889,176
Rental and utility deposits		**1,594,355**	2,077,977
		323,050,702	83,279,019
Current assets			
Inventories		**84,412**	79,708
Non-current assets held for sale		**2,897,383**	2,897,383
Gross amount due from customers for contract work		**110,001,074**	86,183,900
Trade and retention receivables	*10*	**202,547,790**	172,192,065
Prepayments, deposits and other receivables		**83,902,768**	41,518,874
Current tax assets		**536,671**	68,671
Pledged time deposits		**32,102,919**	82,683,621
Bank and cash balances		**197,419,636**	364,218,996
		629,492,653	749,843,218
Current liabilities			
Gross amount due to customers for contract work		**69,793,880**	132,883,727
Trust receipt loans		**15,870,384**	–
Trade and bills payables	*11*	**49,792,808**	52,127,627
Current tax liabilities		**39,104,191**	35,365,370
Warranty provision		**15,826,652**	15,189,986
Other payables and accruals	*12*	**196,876,815**	76,240,475
		387,264,730	311,807,185
Net current assets		**242,227,923**	438,036,033
NET ASSETS		**565,278,625**	521,315,052
Capital and reserves			
Share capital		**11,117,600**	11,161,080
Reserves		**543,454,625**	502,816,796
Equity attributable to owners of the Company		**554,572,225**	513,977,876
Non-controlling interests		**10,706,400**	7,337,176
TOTAL EQUITY		**565,278,625**	521,315,052

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 16/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.

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.

These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010. 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 2010 except as stated below.

The Group acquired investments in jointly controlled entities during the six months ended 30 June 2011 and accordingly adopted the following accounting policy.

Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly controlled entity is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the jointly controlled entity in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly controlled entity's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a jointly controlled entity's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a jointly controlled entity that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that jointly controlled entity and (ii) the Group's share of the net assets of that jointly controlled entity plus any remaining goodwill relating to that jointly controlled entity and any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 2011. 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, Japan 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	**Greater China**	**Asia**	**Others**	**Total**
	HK$	***HK$***	***HK$***	***HK$***	***HK$***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
For the six months ended 30 June 2011					
Revenue from external customers	185,367,153	136,655,898	35,454,815	9,874,654	367,352,520
Segment profits	46,155,412	38,783,157	20,039,347	2,325,082	107,302,998
Unallocated amounts:					
Other income					5,560,886
Administrative expenses					(45,627,722)
Profit before tax					67,236,162
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
As at 30 June 2011					
Segment assets	111,864,358	66,273,419	22,310,411	2,099,602	202,547,790

	North America	Greater China	Asia	Others	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
For the six months ended 30 June 2010					
Revenue from external customers	166,272,716	171,096,449	34,750,151	21,841,647	393,960,963
Segment profits	71,118,930	25,867,233	12,370,055	5,247,764	114,603,982
Unallocated amounts:					
Other income					14,596,113
Administrative expenses					(41,530,299)
Other operating expenses					(18,652,422)
Profit before tax					69,017,374
	(audited)	(audited)	(audited)	(audited)	(audited)
As at 31 December 2010					
Segment assets	67,604,083	76,186,464	26,301,916	2,099,602	172,192,065

5. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	HK$	*HK$*
	(unaudited)	(unaudited)
Interest on trust receipt loans	**51,480**	–
Amount capitalised	**(51,480)**	–
	–	–

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	HK$	*HK$*
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**6,000,000**	13,000,000
Over provision in prior years	**(892,138)**	–
	5,107,862	13,000,000
Current tax – overseas		
Provision for the period	**3,018,024**	2,588,315
Over provision in prior years	**(273,000)**	(2,252,044)
	2,745,024	336,271
	7,852,886	13,336,271

Hong Kong Profits Tax has been provided at a rate of 16.5% (2010: 16.5%) 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:

	Six months ended 30 June	
	2011	2010
	HK$	*HK$*
	(unaudited)	(unaudited)
Bank interest income	**(1,035,213)**	(428,217)
Depreciation	**3,457,775**	3,706,640
Less: amounts capitalised	**(1,938,730)**	(2,400,918)
	1,519,045	1,305,722
Net foreign exchange (gains)/losses	**(1,283,749)**	598,506
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 disposal of scrap materials	**(371,888)**	(554,872)
Listing expenses included in other operating expenses	**–**	18,652,422
Loss on disposal of property, plant and equipment	**1,145,446**	377,996
Provision for impairment on trade and retention receivables	**–**	905,000
Provision for impairment on trade and retention receivables written back	**(1,730,000)**	(3,330,976)
Inventories written back	**(212,589)**	(139,867)
Directors' emoluments	**4,130,603**	1,712,227

8. DIVIDENDS

	Six months ended 30 June	
	2011	2010
	HK$	*HK$*
	(unaudited)	(unaudited)
Declared interim dividend – HK$Nil (2010: HK$0.015) 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$0.234 per ordinary share	**–**	198,600,000
Final dividend for the year ended 31 December 2010 approved and paid – HK$0.015 (2009: HK$24) per ordinary share	**16,720,170**	24,000,000
	16,720,170	239,341,620

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	HK$	*HK$*
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**56,481,285**	54,685,588
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	**1,115,612,575**	991,004,022
Effect of dilutive potential ordinary shares arising from share options	**29,874,086**	46,679
Weighted average number of ordinary shares used in diluted earnings per share calculation	**1,145,486,661**	991,050,701

10. TRADE AND RETENTION RECEIVABLES

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

	30 June 2011	31 December 2010
	HK$	*HK$*
	(unaudited)	(audited)
Trade receivables:		
0 to 30 days	**53,330,652**	58,462,780
31 to 60 days	**36,331,568**	4,888,827
61 to 90 days	**–**	4,398,174
More than 90 days	**8,556,403**	8,543,785
	98,218,623	76,293,566
Retention receivables	**104,329,167**	95,898,499
	202,547,790	172,192,065

At 30 June 2011, the amount of retentions expected to be recovered after more than twelve months is HK$87,212,529 (31 December 2010: HK$71,128,305).

11. TRADE AND BILLS PAYABLES

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

	30 June 2011 *HK$* **(unaudited)**	31 December 2010 *HK$* (audited)
0 to 30 days	**31,537,789**	33,369,626
31 to 60 days	**3,486,731**	4,657,442
More than 60 days	**14,768,288**	14,100,559
	49,792,808	52,127,627

12. OTHER PAYABLES AND ACCRUALS

	30 June 2011 *HK$* **(unaudited)**	31 December 2010 *HK$* (audited)
Consideration payable for acquisition	**132,600,000**	–
Other payables and accruals	**64,276,815**	76,240,475
	196,876,815	76,240,475

Human Resources

At 30 June 2011, the Group employed a total of 285 (31 December 2010: 329) full time staff. The Group has sound policies of incentives and competitive remuneration, which aligns the interests of management, employees and shareholders' alike. The Group sets its remuneration policy and staff remuneration 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 a 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.

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

During the six months ended 30 June 2011, the Company repurchased 4,348,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK$3,915,920. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details for the repurchases are as follows:

Month of the repurchases	**Total number of the ordinary shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration**
		HK$	*HK$*	*HK$*
May	1,430,000	1.01	0.97	1,424,300
June	2,918,000	0.95	0.78	2,491,620
	4,348,000			3,915,920

1,430,000 shares purchased in May were cancelled during the interim period, while 2,918,000 shares purchased in June were cancelled in July 2011.

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 during the interim period.

Change of Use of Proceeds

In March 2010, the Company conducted the initial public offering of its shares with net proceeds raised available for the Company amounting to approximately HK$283.5 million. As stated in the Company's prospectus dated 17 March 2010, the Company intended to use the proceeds for working capital for new projects, potential mergers and acquisitions, establishment of new production facilities, establishment of research and development division and general working capital requirement. Up to 30 June 2011, the Company had utilised approximately HK$69.1 million and HK$3.4 million for the working capitals of new projects and for the research and development of new products respectively. Before applying the proceeds to the mergers and acquisitions, the unutilised balance of the proceeds was approximately HK$211.0 million.

During the first half of 2011, the Company acquired 55% equity interest in the Red Holdings Group, Inc.. The subsidiaries of the acquiree have significant business presence in the United States and have maintained a large order backlog on hand and stock of potential contracts in negotiation. In view that the acquisition represented a unique growth opportunity, the Company has resolved to apply all of the unutilised proceeds to finance this acquisition of which HK$78 million has been paid during the interim period. Despite the reallocation, the Company expects that the expansion plans as portrayed in the original plan of use of proceeds will not be affected as it is anticipated that they will be sufficiently supported by the financial resources to be generated internally or from borrowings available in the future.

Review of Interim Financial Information

The unaudited condensed consolidated financial information of the Company for the six months ended 30 June 2011 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 auditors' 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

During the six months ended 30 June 2011, 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 of 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 for the six months ended 30 June 2011.

2. CHANGE IN ROLES OF DIRECTORS

The Board is pleased to announce that Mr. Ko Chuk Kin, Herbert ("**Mr. Ko**"), who is an executive director of the Company, will assume an additional role as the Chief Executive Officer ("**CEO**") of the Company with effect from 30 August 2011. He is also appointed as a member of nomination committee and remuneration committee of the Company with the same effective date.

Following the designation of Mr. Ko as the new CEO, Mr. Huang Brad ("**Mr. Huang**") will relinquish the role of the Company's interim CEO. However, Mr. Huang will continue to hold the offices as an executive director, the Chairman of the Board, a member of nomination committee and remuneration committee of the Company.

Particulars of the New Chief Executive Officer

Mr. Ko, aged 48, has served as the executive director of Company since the listing of the Company in the Stock Exchange of Hong Kong Limited in 2010. Mr. Ko joined the Group in March 1996 and has been working with the Group for about 15 years. In 2000, he was appointed as the director of Far East Aluminium Works Co. Ltd, a principal subsidiary of the Group and as the commercial director with primary responsibilities for the business development, tendering, contract administration and other related commercial duties. Since then, he has also held directorship of certain major subsidiaries of the Group. Mr. Ko has over 23 years of experience in quantity surveying and contract administration. He is a member of the Royal Institution of Chartered Surveyors, the Chartered Institute of Arbitrators, the Hong Kong Institute of Surveyors and is a Registered Professional Surveyor. He received his Bachelor of Science degree in Quantity Surveying from the University of Glamorgan, the United Kingdom in 1987 and a Bachelor of Laws degree from the University of Wolverhampton, the United Kingdom in 1998.

Mr. Ko has entered into a service agreement with the Company in March 2010 and the terms of his appointment remained unchanged following the said designation. He has been appointed for an initial term of three years commencing from 30 March 2010 and then renewable automatically for successive terms of one year each commencing from the day following the expiry of the then current term unless and until (i) terminated by either party thereto giving not less than three months' prior written notice, with the last day of the notice falling on the last day of the initial term or any time thereafter; or (ii) he is not being re-elected as a director or being removed by shareholders at general meeting of the Company in accordance with the articles of association of the Company. According to the service agreement, his entitlement of remuneration and discretionary bonus will be subject to the review and recommendation by the remuneration committee on an annual basis or as the committee or the board deems fit.

As the date of this announcement, Mr. Ko is personally holding 3,019,000 shares of the Company and 3,000,000 outstanding share options granted by the Company in 2010. He is also interested in another 3,825,000 shares of the Company which are held by Full Mission Limited by way of a trust in favour of him. Save as aforesaid, Mr. Ko has no other interests in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Ko has confirmed that he does not (1) relate to any other directors, senior management, substantial shareholders or controlling shareholders of the Company; (2) hold any other directorship in public companies in the past three years; and (3) have any other information that needs to be disclosed pursuant to any of the requirement as set out in rules 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and there is no other matters that need to be brought to the attention of the shareholders of the Company.

The Board would like to express its warm welcome to Mr. Ko as the new CEO of the Company.

3. APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, 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 2011

Website: http://www.fareastglobal.com

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