遠東環球集團有限公司
FAR EAST GLOBAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 830)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the "Board") of Far East Global Group Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012, together with the comparative figures for 2011 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Note	**2012 HK$'000**	2011 HK$'000
Revenue	2	**1,295,847**	847,622
Costs of sales	4	**(1,218,716)**	(652,703)
Gross profit		**77,131**	194,919
Other income and other gains, net	3	**17,395**	12,529
Administrative expenses	4	**(198,419)**	(104,927)
Other operating expenses	4	**(73,714)**	(6,579)
Finance costs	5	**(3,382)**	(552)
Share of losses of jointly controlled entities		**-**	(6,303)
(Loss) / profit before tax		**(180,989)**	89,087
Income tax credit / (charge)	6	**26,059**	(9,236)
(Loss) / profit for the year		**(154,930)**	79,851
(Loss) / profit for the year attributable to:			
Owners of the Company		**(136,273)**	76,634
Non-controlling interests		**(18,657)**	3,217
		(154,930)	79,851
(Loss) / earnings per share (HK cents)	7		
Basic		**(6.85)**	6.88
Diluted		**(6.85)**	6.80

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012	2011
	HK$'000	HK$'000
(Loss) / profit for the year	**(154,930)**	79,851
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**5,607**	(1,738)
Release of investment revaluation reserve to profit or loss upon disposal of available-for-sale investments	**(203)**	(53)
Gain / (loss) on fair value changes of available-for-sale investments	**329**	(1,246)
Other comprehensive income for the year, net of tax	**5,733**	(3,037)
Total comprehensive (loss) / income for the year	**(149,197)**	76,814
Total comprehensive (loss) / income for the year attributable to:		
Owners of the Company	**(131,272)**	73,789
Non-controlling interests	**(17,925)**	3,025
	(149,197)	76,814

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Note	**2012**	2011
		HK$'000	HK$'000
Non-current Assets			
Property, plant and equipment		**159,992**	114,467
Goodwill		**138,149**	159,707
Project backlogs		**30,510**	45,766
Available-for-sale investments		**42,283**	54,637
Deferred tax assets		**6,000**	1,087
		376,934	375,664
Current Assets			
Inventories		**8,601**	4,785
Amounts due from customers for contract work		**442,151**	196,497
Trade and other receivables	8	**377,921**	329,987
Deposits and prepayments		**80,641**	32,167
Amount due from a fellow subsidiary		**5,152**	-
Tax recoverable		**4,934**	935
Pledged time deposits		-	44,381
Bank and cash balances		**340,465**	82,875
		1,259,865	691,627
Non-current assets held for sale		**-**	2,897
		1,259,865	694,524

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31 December 2012

	Note	**2012**	2011
		HK$'000	HK$'000
Current Liabilities			
Bank and other borrowings	9	**24,113**	62,573
Amounts due to customers for contract work		**86,753**	89,553
Trade and other payables and accruals	10	**275,122**	179,454
Finance lease payables		**1,158**	524
Current tax payables		**15,875**	41,663
Warranty provisions		**18,991**	17,356
Advance from customers for contract work		**31,785**	-
		453,797	391,123
Net Current Assets		**806,068**	303,401
Total Assets less Current Liabilities		**1,183,002**	679,065
Capital and Reserves			
Share capital	11	**21,555**	11,129
Share premium and reserves		**1,072,304**	563,256
Equity attributable to owners of the Company		**1,093,859**	574,385
Non-controlling interests		**35,277**	53,202
		1,129,136	627,587
Non-current Liabilities			
Bank and other borrowings	9	**27,390**	27,639
Finance lease payables		**4,938**	1,185
Deferred tax liabilities		**21,538**	22,654
		53,866	51,478
		1,183,002	679,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

(1) BASIS OF PREPARATION

The consolidated financial statements of Far East Global Group Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(i) Adoption of amendment

The following amendment has been published that is effective for the accounting period of the Group beginning on 1 January 2012:

HKFRS 7 (amendment), 'Disclosures - Transfers of financial assets'

The amendment promotes transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.

The adoption of the above amendment had no material financial impact on the consolidated financial statements of the Group.

(ii) Standards and amendments which are not yet effective

The following standards and amendments to existing standards, which are relevant to the operations of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2013, but the Group has not early adopted them:

	Applicable for accounting periods beginning on/after
HKAS 1 (amendment), 'Presentation of items of other comprehensive income'	1 July 2012
HKAS 19 (2011), 'Employee benefits'	1 January 2013
HKAS 27 (2011), 'Separate financial statements'	1 January 2013
HKAS 28 (2011), 'Investments in associates and joint ventures'	1 January 2013
HKAS 32 (amendment), 'Offsetting financial assets and financial liabilities'	1 January 2014
HKFRS 7 (amendment), 'Disclosures – offsetting financial assets and financial liabilities'	1 January 2013
HKFRS 9, 'Financial instruments'	1 January 2015
HKFRS 10, 'Consolidated financial statements'	1 January 2013
HKFRS 11, 'Joint arrangements'	1 January 2013
HKFRS 12, 'Disclosure of interests in other entities'	1 January 2013
HKFRS 13, 'Fair value measurement'	1 January 2013
Annual improvements 2009-2011 cycle	1 January 2013
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, 'Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition guidance'	1 January 2013
Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12, 'Investment entities'	1 January 2014

(1) BASIS OF PREPARATION (Continued)

The Group has already commenced an assessment of the impact of these new or revised standards and amendments to existing standards, certain of which may be relevant to the Group's operation and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements.

(2) REVENUE 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 three reportable segments principally based on the geographical locations of the projects and are determined as follows:

- North America includes projects in the United States of America and Canada.
- Greater China includes projects in the People's Republic of China (the "PRC"), Hong Kong and Macau.
- Asia & others include projects in Japan, Singapore, the United Arabs of Emirates and Chile and maintenance projects in all segments.

The Group's chief operating decision-makers assesses the performance of the operating segments based on a measure of adjusted profit or loss before interest and tax. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments if any such as restructuring costs, legal expenses and impairment on goodwill. The measurement also excludes the effects of share-based payments and unrealised gains/losses on financial instruments. Interest income and expenses resulting from the central treasury function are not allocated to segments.

Segment results for the year ended 31 December 2012 and 2011 are as follows:

	Revenue		Gross profit		Segment result	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segments:						
North America	**771,147**	442,698	**69,232**	101,570	**(24,385)**	73,388
Greater China	**451,152**	255,283	**(940)**	60,241	**(10,311)**	47,567
Asia & others	**73,548**	149,641	**8,839**	33,108	**(2,184)**	25,954
Total	**1,295,847**	847,622	**77,131**	194,919	**(36,880)**	146,909
Unallocated administrative expenses					**(79,001)**	(55,261)
Other income and other gains, net					**11,988**	10,873
Other operating expenses					**(73,714)**	(6,579)
Finance costs					**(3,382)**	(552)
Share of losses of jointly controlled entities					**-**	(6,303)
(Loss) / profit before tax					**(180,989)**	89,087
Income tax credit / (charge)					**26,059**	(9,236)
(Loss) / profit for the year					**(154,930)**	79,851

(2) REVENUE AND SEGMENT INFORMATION (Continued)

Amounts included in the measure of segment result:

	North America		Greater China		Asia & others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Provision for impairment of trade and other receivables, deposits and prepayments, net	**6,811**	(390)	**12,514**	(2,144)	**18,195**	4,121	**37,520**	1,587
Depreciation of property, plant and equipment and amortisation of intangible assets	**19,832**	3,878	**4,171**	3,055	**132**	169	**24,135**	7,102
Loss on disposal of property, plant and equipment	**55**	627	**4**	1,119	**4**	4	**63**	1,750

An analysis of the Group's financial position by territory is as follows:

	Non-current assets		Addition to property, plant and equipment	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
North America	257,985	252,699	55,516	344
Greater China	76,541	68,084	9,139	58,536
Asia & others	125	244	32	75
Total	334,651	321,027	64,687	58,955

Major customer information

Revenue from two (2011: two) customers in Greater China and North America amounted to approximately HK$212,222,000 and HK$209,927,000 respectively (2011: HK$138,430,000 and HK$100,754,000), which individually represent more than 10 per cent of the Group's total revenue.

(3) OTHER INCOME AND OTHER GAINS, NET

For the year ended 31 December

	2012	2011
	HK$'000	HK$'000
Bank interest income	**4,681**	2,306
Gain on remeasuring the jointly controlled entities at fair value on business combination	**-**	7,769
Gain on disposal of investment in a subsidiary	**6,949**	-
Gain on disposal of an available-for-sale investment	**406**	-
Net foreign exchange gains	**-**	1,334
Rental income	**573**	-
Service income	**921**	-
Loss on disposal of property, plant and equipment	**(63)**	(1,750)
Sundry income	**3,928**	2,870
	17,395	12,529

(4) EXPENSES BY NATURE

For the year ended 31 December

	2012	2011
	HK$'000	HK$'000
Cost of sales		
Cost of contracting works performed	**1,199,389**	650,224
Warranty provisions, net	**4,071**	508
Amortisation of project backlogs	**15,256**	1,971
	1,218,716	652,703
Administrative expenses		
Staff costs including directors' emoluments:		
Salaries, bonuses and allowances	**425,759**	118,110
Share-based payments	**4,169**	3,760
Retirement benefits scheme contributions	**5,193**	5,028
Less: amounts included in cost of contracting works performed	**(324,748)**	(77,086)
	110,373	49,812
Depreciation	**18,629**	9,530
Less: amounts included in cost of contracting works performed	**(9,750)**	(4,399)
	8,879	5,131
Operating lease charges - land and buildings	**25,034**	13,824
Less: amounts included in cost of contracting works performed	**(14,450)**	(12,159)
	10,584	1,665
Reversal of provision for impairment of inventories	**(65)**	(200)
Auditors' remuneration	**2,284**	1,730
Transaction costs of business combination	**-**	5,561
Other share-based payments	**-**	2,765
Others	**66,364**	38,463
	198,419	104,927
Other operating expenses		
Provision for impairment on goodwill	**21,558**	-
Provision for impairment on deposits and prepayments	**18,720**	-
Provision for impairment on trade and other receivables, net	**18,800**	1,587
Provision for impairment on property, plant and equipment	**-**	4,992
Cost of setting up a subsidiary	**14,636**	-
	73,714	6,579

(5) FINANCE COSTS

For the year ended 31 December

	2012	2011
	HK$'000	HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**3,259**	684
Interest on other loans wholly repayable within five years	**553**	65
Finance lease charges	**74**	170
Total finance cost incurred	**3,886**	919
Less: amounts included in cost of contracting works performed	**(504)**	(367)
	3,382	552

(6) INCOME TAX (CREDIT) / CHARGE

For the year ended 31 December

	2012	2011
	HK$'000	HK$'000
Current tax – Hong Kong profits tax		
Provision for the year	**-**	9,000
Over-provision in prior years	**(8,346)**	(892)
	(8,346)	8,108
Current tax – overseas		
Provision for the year	**674**	5,163
Over-provision in prior years	**(12,286)**	(3,383)
	(11,612)	1,780
Deferred tax	**(6,101)**	(652)
Income tax (credit) / expense for the year	**(26,059)**	9,236

Hong Kong profits tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

The Group’s subsidiary in the PRC was approved as a new and high technology enterprise pursuant to which the PRC subsidiary can enjoy a preferential income tax rate of 15% effective from 2009 to 2012.

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

(7) (LOSS) / EARNINGS PER SHARE

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

For the year ended 31 December

	2012	2011
	HK$'000	HK$'000
(Loss) / earnings		
(Loss) / profit attributable to owners of the Company, used in the basic and diluted (loss) /earnings per share calculation	**(136,273)**	76,634
	'000	'000
Number of shares		
Weighted average number of ordinary shares used in basic (loss) / earnings per share calculation	**1,990,326**	1,114,143
Effect of dilutive potential ordinary shares arising from share options	-	12,287
Weighted average number of ordinary shares used in diluted (loss) / earnings per share calculation	**1,990,326**	1,126,430

The share options are anti-dilutive and therefore not included in calculating diluted loss per share for the year ended 31 December 2012.

(8) TRADE AND OTHER RECEIVABLES

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

At 31 December

	2012	2011
	HK$'000	HK$'000
Trade receivables:		
0 to 30 days	**110,712**	72,993
31 to 60 days	**46,438**	30,233
61 to 90 days	**22,629**	22,151
More than 90 days	**17,713**	27,430
	197,492	152,807
Retention receivables	**163,510**	155,330
	361,002	308,137
Other receivables	**16,919**	21,850
Trade and other receivables	**377,921**	329,987

At 31 December 2012, the amount of retention receivables expected to be recovered after more than twelve months is approximately HK$128,593,000 (2011: HK$88,447,000).

The receivables arising from construction contracts are payable in accordance with the terms of relevant agreements and retention receivables are repayable approximately one year after the expiry of defect liability period of construction projects.

(9) BANK AND OTHER BORROWINGS

At 31 December

	2012 **HK$'000**	2011 HK$'000
Bank loans	**38,780**	39,281
Trust receipt loans	**-**	41,820
Loans from non-controlling interests	**7,800**	7,800
Unsecured bank overdrafts	**4,923**	1,311
	51,503	90,212
The borrowing are repayable as follows:		
On demand or within one year	**24,113**	62,573
In the second year	**581**	539
In the third to fifth years, inclusive	**26,809**	27,100
	51,503	90,212
Less: Amount due for settlement within 12 months	**(24,113)**	(62,573)
Amount due for settlement after 12 months	**27,390**	27,639

At 31 December 2012, a bank loan of HK$20,136,000 (2011: HK$20,345,000) is secured by the Group's land & buildings of HK$22,386,000 (2011: HK$22,856,000)

(10) TRADE AND OTHER PAYABLES AND ACCRUALS

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

At 31 December

	2012 **HK$'000**	2011 HK$'000
Trade payables:		
0 to 30 days	**147,904**	54,676
31 to 60 days	**19,112**	20,823
More than 60 days	**15,649**	21,670
	182,665	97,169
Retention payables	**34,420**	30,912
	217,085	128,081
Other payables and accruals	**58,037**	51,373
Trade and other payables and accruals	**275,122**	179,454

(11) SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares '000	**Amount HK$'000**	Number of shares '000	**Amount HK$'000**
Ordinary share of HK$0.01 each (2011: HK$0.01)				
At 1 January 2011	10,000,000	**100,000**	1,116,108	**11,161**
Repurchase of shares	-	**-**	(4,348)	**(43)**
Issue of shares upon exercise of share options	-	**-**	1,118	**11**
At 31 December 2011	10,000,000	**100,000**	1,112,878	**11,129**
Issue of shares upon exercise of share options	-	**-**	4,117	**41**
Issue of shares (Note)	-	**-**	1,038,550	**10,385**
At 31 December 2012	10,000,000	**100,000**	2,155,545	**21,555**

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

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF THE CONTROLLING SHAREHOLDER

In February 2012, Add Treasure Holdings Limited, a wholly-owned subsidiary of China State Construction International Holdings Limited ("CSCIHL") subscribed from the Company 1,038,550,000 shares of the Company and immediately after the completion of the subscription, the CSCIHL group of companies in aggregate holding approximately 53.1% of the then issued share capital of the Company, was required to make a mandatory offer for all the shares of the Company pursuant to the Takeovers Code. Following the completion of the mandatory offer and the subsequent disposal of shares in the Company, CSCIHL currently holds 74.06% interest in the shares of the Company and is the controlling shareholders of the Company.

BUSINESS REVIEW

For the reporting year, the Group reported turnover of approximately HK$1,295.8 million (2011: HK$847.6 million), an increase of approximately 52.9% compared to last year. Loss attributable to owners of the Company was approximately HK$136.3 million, compared to profit of HK$76.6 million in last year. It was mainly attributable to impairment of receivables, the one-off restructuring costs for the PRC factory, impairment of goodwill and provision for project cost.

In 2012, the Group actively pursued structural reorganization to optimize resource utilization and efficiency. The Group focused on restructuring and standardizing the operational and financial procedures for its operations in different regions and putting in place internal control systems to monitor the operation efficiency and financial integrity.

The group restructured the North America operation of which the major subsidiaries are Gamma USA, Inc. and Gamma Windows and Walls International Inc. (collectively referred to as "North America Division") to better fit overall strategies of the Group. To further strengthen North America Division's capabilities in design, manufacturing and assembly, the Group has acquired a production centre in Buffalo City, New York, USA during early August 2012. While North America Division has successfully increased contribution such that revenue from North America region accounted for 59.5% of 2012 total Group revenue or approximately HK$771.1 million, project margins from North America Division has come under pressure from highly challenging engineering requirements and setup cost of the new factory acquired in the second half of the year. North America Division's project backlog amounts to HK$1,236.3 million as at December 31, 2012. The Group expects contribution of new contracts from North America Division to continue alongside improvement of project margins in new projects to be awarded in 2013. The Group also expects margins to improve in 2013 through increasing operational leverage as the division's revenue size grows. The Group has set specific performance targets for North America Division and hopes 2013 to be a banner year post restructuring and integration.

The Group's UK office, now restructured to be managed by North America Division, is expected to contribute to revenue in 2013 as the brand becomes established in UK.

During the year, the Group established China division to seek expansion opportunities in Mainland China market, especially those skyscraper projects in Mainland China. Furthermore, Asia Pacific division adopted measures to streamline processes and optimize costs on procurement, design, and operational levels, and make necessary adjustments on employees' incentive programs to retain and attract key talent for the Group.

As of 31 December 2012, the Group has secured new contracts with an aggregate value of approximately HK$1,176.4 million. Moreover, year to the date of this announcement, the Group has further secured a total new contract value of approximately HK$443.1 million. Major new contracts include the followings:-

<u>Contracts secured in 2012</u>

1. World Trade Center Site Retail Pre-Tenant Parking Garage Fit-Out, New York, USA
2. Tour Viger/Altoria, Montreal, Canada
3. Dynasty Park (Phase 1), Zhangzhou, China
4. Apple Shop, Wangfujing, Beijing, China
5. Upper West Side T2, Melbourne, Australia
6. 150 Elgin Street Office Complex, Ottawa, Canada
7. Jewish General Hospital — Pavilion K, Montreal, Canada
8. University of Montreal Hospital Centre, Montreal, Canada
9. Nova City (Phase 4), Macau
10. 420 East 61st Street, New York, USA
11. 71 Queen Victoria Street, London, UK

<u>Contracts secured in 2013</u>

1. St. Paul's Hospital Block B, Hong Kong
2. Shatin Communication and Technology Centre, Hong Kong
3. Prima Pearl, Melbourne, Australia
4. St. Justin Hospital, Montreal, Canada

Segment Analysis

Revenue derived from North America increased by approximately HK$328.4 million, or approximately 74.2%, from approximately HK$442.7 million for the year ended 31 December 2011 to approximately HK$771.1 million for the year ended 31 December 2012 as a result of the contribution from the newly acquired subsidiaries in North America. The gross profit decreased by approximately HK$32.4 million from approximately HK$101.6 million to HK$69.2 million. It is mainly because of the setup cost of newly acquired factory which has not operated at full capacity in the second half of the year and the increase in project costs of certain projects in Canada with highly challenging engineering requirements.

Revenue derived from Greater China increased by approximately HK$195.8 million, or approximately 76.7%, from approximately HK$255.3 million for the year ended 31 December 2011 to approximately HK$451.1 million for the year ended 31 December 2012. The increase in revenue was primarily due to the fact that our new project in Hong Kong like the Kai Tak Cruise Terminal project had desirable progress during the year. The Group recorded a loss of approximately HK$1 million in Greater China region as a result of a provision for increased cost of the projects in the region.

In the absence of the contribution from completed projects in Singapore, Japan and Dubai and the substantial completion of the Costanera Centre (Tower II) project in the first half of the year, revenue derived from Asia and others for the year ended 31 December 2012 was decreased by approximately HK$76.1 million from approximately HK$149.6 million for the year ended 31 December 2011 to approximately HK$73.5 million for the year ended 31 December 2012 whereas the gross profit reported a decrease from approximately HK$33.1 million to HK$8.8 million as a result of a provision for the increased cost of the Chile project.

Administrative expenses

During the year ended 31 December 2012, the Group's administrative expenses were approximately HK$198.4 million (2011: HK$104.9 million), representing an increase of approximately 89.1% as compared to last year. The increase was mainly due to the consolidation of the administrative expenses of Gamma during the year as compared with the consolidation of expenses of the newly acquired subsidiaries in North America in 4th quarter of 2011.

Finance costs

During the year ended 31 December 2012, the Group's finance costs were approximately HK$3.4 million (2011 : HK$0.6 million). This was mainly due to the consolidation of the full year of finance cost incurred by North America Division in 2012 while the finance cost incurred by the division was consolidated of last quarter in 2011.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is sound and strong. At 31 December 2012, the Group had net cash of approximately HK$289.0 million (2011: HK$37.0 million) which represented total bank and cash balances of approximately HK$340.5 million (2011: HK$127.2 million) and total debt of approximately HK$51.5 million (2011: HK$90.2 million). On the basis of net borrowings for the calculation of gearing ratio, the Group was practically debt free as at 31 December 2011 and 2012. Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK$1,044.3 million, the Group had sufficient financial resources to meet the business development and expansion. The Group's borrowings have not been hedged by any interest rate financial instruments.

As at 31 December 2012, the Group's equity attributable to owners of the Company amounted to approximately HK$1,093.9 million (2011: approximately HK$574.4 million), comprising issued capital of approximately HK$21.6 million (2011: approximately HK$11.1 million) and reserves of approximately HK$1,072.3 million (2011: approximately HK$563.3 million).

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2012, the Group employed a total of 1,429 (31 December 2011: 364) employees. The Group has sound policies of management incentives and competitive remuneration, which align the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds as well as incentives such as discretionary bonus and participation in the share option scheme.

FOREIGN CURRENCY RISK

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

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currencies should the need arise.

PROSPECTS

Market Conditions

The demand for high-end curtain wall is increasing, due to various economic stimulus plans put forward by developed western countries which had positive impact on the recovery of construction market. However, some countries in North America carried out an anti-dumping investigation against curtain wall products made in Mainland China, so those companies which operated in these countries must adjust their strategies to maintain competitive power and market share. Although local governments' austerity measures resulted in a slowdown in economic growth, the urbanization is developing at different speeds across the whole city, and high-end curtain wall technology remains important. Therefore, it is not only worth developing high-end curtain wall market in Mainland China, but also necessary to pay attention to the impact of the decrease in domestic loans on the overall investment opportunities.

Operating Strategies

The Group has been engaged in the curtain wall industry for over forty years, and established its own unique operation model and competitive advantages in Hong Kong, Mainland China and abroad. In 2013, the Group will further develop and consolidate high-end curtain wall market by improving design capability and quality and cost-control, following internal optimisation and adjustment in 2012. We will always actively seek projects in North America, Asia-Pacific and Mainland China, and expand into new markets when suitable opportunities arise to increase our market share and keep our leadership position in the industry. The production of curtain wall production in North America will be further localized to meet the needs of the North American market, cut down overseas transportation cost and carbon emissions, and reduce the impact of anti-dumping policy. The Group will continue to focus on the trend of construction market of Hong Kong and Macau in the Asia-Pacific region to capture opportunities, and also keep a watchful eye on fine-tuned market strategy of other regions. The urbanization is expanding in Mainland China, and the construction of large-scale projects creates a huge demand for high-end curtain wall in the future. Accordingly, the Group will emphasis on discussing favourable tenders to increase our market share in Mainland China. Furthermore, the Group will proactively explore different investment platforms to bring new opportunities for the Company and accelerate our expansion progress.

The Group attaches great importance to excellent project management model and will actively improve the management of design, procurement, processing, transportation, construction and safety monitoring, meanwhile use more environment-friendly production methods, to deliver curtain wall solutions with quality assurance for our customers. We will adhere to prudent financial management and centralized monitoring to maintain a sound financial position. The Group will also improve the human resources management system to create a good international team, and reinforce information management to enhance staff's internal and external communications. The Group will actively participate in more community care activities in the future to establish a healthy corporate citizenship image.

OUR MISSION

The Group strives to provide timely, environment-friendly and high-quality services, increase our customer confidence and consolidate the high-end curtain wall leadership position.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

ANNUAL GENERAL MEETING

The 2013 annual general meeting of the Company ("AGM") will be held on Friday, 31 May 2013. The notice of the AGM, which constitutes part of the circular to the shareholders of the Company, will be sent together with the 2012 Annual Report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 29 May 2013 to Friday, 31 May 2013, both days inclusive, for the purpose of determining shareholders' entitlement to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Tuesday, 28 May 2013.

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries has made any purchase, sale or redemption of any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), from 1 January 2012 until its amendment on 1 April 2012 and with the amended Code from 1 April 2012 to 31 December 2012, with the exception of Code Provision A.6.7.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings of the Company. Due to an unexpected business engagement, Mr. Huang Brad was unable to attend the extraordinary general meeting of the Company held on 6 July 2012.

DIRECTOR'S SECURITIES TRANSACTIONS

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 as the Company's code of conduct regarding Directors' securities transactions. All Directors have confirmed that they have complied with the Model Code in their securities transactions throughout the year ended 31 December 2012.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2012 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial figures in this announcement have been agreed by the Company's external auditor, PricewaterhouseCoopers, to the amounts set out in the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2012. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this announcement.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

Since the adoption of the existing articles of association of the Company ("Articles") when the Company was listed on the Stock Exchange in 2010, there have been various amendments in applicable laws and regulations including the Listing Rules and changes in market practice. After the Company has become a subsidiary of China State Construction International Holdings Limited and the new Directors have been appointed to the Board, the Company has taken the opportunity to update the Articles to bring it in line with the latest applicable laws and regulations. It is therefore proposed that a set of new Articles, which complies with current applicable laws and regulations, be adopted instead of amending the existing Articles on a piecemeal basis to avoid potential confusion and complication.

The Board will seek the approval of the shareholders of the Company by way of a special resolution at the AGM for the adoption of the new Articles in substitution of the existing Articles. A circular containing, among other things, a summary of the principal provisions of the new Articles, will be dispatched to the shareholders of the Company together with the 2012 Annual Report.

APPRECIATION

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

By Order of the Board
Far East Global Group Limited
Zhou Yong
Chairman and Non-executive Director

Hong Kong, 13 March 2013

As at the date of this announcement, the Board comprises Mr. Zhou Yong as Chairman and Non-executive Director; Dr. Cheong Chit Sun (Vice-chairman and Chief Executive Officer), Mr.Wang Hai and Mr. Chan Sim Wang as Executive Directors; and Mr. Zhou Jinsong, Mr. Yen Homer Shih Hung and Mr. Hong Winn as Independent Non-executive Directors.