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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors (the "Board") of Far East Global Group Limited (the "Company") hereby announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 together with comparative figures as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2016	2015
	Note	**HK$'000**	HK$'000
Revenue	3	**1,152,020**	963,408
Costs of sales		**(1,023,633)**	(834,055)
Gross profit		**128,387**	129,353
Other income and other gains, net	4	**1,797**	1,758
Administrative, selling and other operating expenses		**(78,672)**	(87,994)
Finance costs	5	**(8,265)**	(6,109)
Profit before tax	6	**43,247**	37,008
Income tax charge	7	**(7,674)**	(2,254)
Profit for the period		**35,573**	34,754
Profit/(loss) for the period attributable to:			
Owners of the Company		**59,903**	48,986
Non-controlling interests		**(24,330)**	(14,232)
		35,573	34,754
Earnings per share (HK cents)			
Basic and diluted	9	**2.78**	2.27

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Profit for the period	**35,573**	34,754
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	**4,453**	(13,772)
Release of investment revaluation reserve to income statement upon disposal of available-for-sale investments	**440**	-
Gain on fair value changes of available-for-sale investments	**-**	113
Other comprehensive income for the period, net of tax	**4,893**	(13,659)
Total comprehensive income for the period, net of tax	**40,466**	21,095
Total comprehensive income for the period attributable to:		
Owners of the Company	**58,983**	42,682
Non-controlling interests	**(18,517)**	(21,587)
	40,466	21,095

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
Non-current Assets			
Property, plant and equipment		**134,232**	138,500
Goodwill	10	**138,149**	138,149
Deferred tax assets		**162,564**	161,519
		434,945	438,168
Current Assets			
Inventories		**14,801**	13,649
Amounts due from customers for contract work		**597,788**	574,975
Trade and other receivables	11	**664,812**	817,879
Deposits and prepayments		**25,443**	31,834
Available-for-sale investments		**-**	19,061
Tax recoverable		**1,177**	884
Amounts due from fellow subsidiaries		**5,410**	-
Bank and cash balances		**426,818**	200,485
		1,736,249	1,658,767
		2,171,194	2,096,935

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Note	**30 June 2016 HK$'000 (unaudited)**	31 December 2015 HK$'000 (audited)
Current Liabilities			
Bank borrowings	12	**269,695**	180,391
Amounts due to customers for contract work		**96,271**	182,027
Trade payables, other payables and accruals	13	**437,455**	462,654
Finance lease payables		**893**	951
Current tax payables		**53,134**	44,722
Dividend payables		**12,933**	-
Amounts due to fellow subsidiaries		**13,871**	1,727
Deposits received and advances from customers		**77,772**	43,126
		962,024	915,598
Total Assets less Current Liabilities		**1,209,170**	1,181,337
Capital and Reserves			
Share capital	14	**21,555**	21,555
Share premium and reserves		**1,197,074**	1,151,024
Equity attributable to owners of the Company		**1,218,629**	1,172,579
Non-controlling interests		**(225,491)**	(206,974)
		993,138	965,605
Non-current Liabilities			
Bank borrowings	12	**213,349**	212,720
Finance lease payables		**2,390**	2,719
Deferred tax liabilities		**293**	293
		216,032	215,732
		1,209,170	1,181,337

NOTES:

(1) BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

(2) PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015. The revised standard and improvements to existing standards, which are mandatory for the financial year beginning on or after 1 January 2016, are either currently not relevant to the Group or had no material impact on the Group's condensed consolidated financial statements.

The Group has not early applied the following new standards, amendments and improvements to existing standards that have been issued but are not yet effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]

Notes: [1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

[3] Effective for annual periods at a date to be determined by the IASB

(2) PRINCIPAL ACCOUNTING POLICIES *(continued)*

The Group has not early adopted the above new standards, amendments and improvements to existing standards, and is not yet in a position to state whether there are substantial changes to the Group's accounting policies and presentation of the Group's condensed consolidated financial statements.

(3) REVENUE AND SEGMENT INFORMATION

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

The Group has two reportable segments principally based on the geographical locations of the projects as well as the reporting organization hierarchy, and are determined as follows:

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

Unaudited segment results for the six months ended 30 June 2016 and 2015 are as follows:

	Revenue		**Gross profit**		**Segment results**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
North America	**426,924**	363,850	**7,212**	11,549	**(29,620)**	(28,548)
Greater China, Asia and Others	**725,096**	599,558	**121,175**	117,804	**107,523**	90,945
Total	**1,152,020**	963,408	**128,387**	129,353	**77,903**	62,397
Unallocated corporate expenses					**(26,619)**	(19,402)
Other income and other gains, net					**228**	122
Finance costs					**(8,265)**	(6,109)
Profit before tax					**43,247**	37,008

(4) OTHER INCOME AND OTHER GAINS, NET

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Bank interest income	**282**	284
Sundry income	**1,515**	1,474
	1,797	1,758

(5) FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**8,160**	5,966
Finance lease charges	**105**	143
	8,265	6,109

(6) PROFIT BEFORE TAX

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Profit before tax has been arrived at after charging:		
Depreciation included in cost of contracting works performed	**3,386**	3,820
Depreciation included in administrative, selling and other operating expenses	**3,953**	4,995
	7,339	8,815

(7) INCOME TAX CHARGE

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Current tax – Hong Kong profits tax		
Provision for the period	**4,489**	1,800
Current tax – overseas		
Provision for the period	**5,222**	20,466
(Overprovision) /underprovision in prior years	**(37)**	100
	5,185	20,566
Deferred tax, net	**(2,000)**	(20,112)
Income tax charge for the period	**7,674**	2,254

Hong Kong profits tax has been provided at 16.5% of the estimated assessable profit for both periods.

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

(8) DIVIDENDS

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Dividend recognised as distribution during the period:		
2015 final dividend of HK0.6 cent per share paid on 6 July 2016 (six months ended 30 June 2015: 2014 final dividend of HK0.5 cent per share paid)	**12,933**	10,778

The Board has declared the payment of an interim dividend of HK0.8 cent per share (30 June 2015: HK0.6 cent per share), amounting to approximately HK$17,244,000 (30 June 2015: approximately HK$12,933,000) payable on 5 October 2016. This interim dividend has not been recognised as a liability at the end of the reporting period.

(9) EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**59,903**	48,986
	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**2,155,545**	2,155,545
Basic and diluted earnings per share (HK cents)	**2.78**	2.27

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares for the six months ended 30 June 2016 (30 June 2015: Nil).

(10) GOODWILL

	HK$'000
Cost, at 30 June 2016 and 31 December 2015	159,707
Accumulated impairment, at 30 June 2016 and 31 December 2015	(21,558)
Carrying values, at 30 June 2016 and 31 December 2015	138,149

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that is expected to benefit from that business combination.

The carrying amount of goodwill had been allocated to the CGU relating to the operations of Gamma North America, Inc. and its subsidiaries within the North America segment.

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next fifteen years with the average growth rate ranging from 5%-15% and the residual period using the growth rate of 3%. These rates do not exceed the average long-term growth rate for the relevant markets. A financial budget of fifteen years reflects the medium term plan of management in expanding the customer base and market share. The pre-tax rates used to discount the forecast cash flows are ranging from 18.9% to 21.7%. With all other variables held constant, if the revenue growth rates used in the value-in-use calculation had been decreased by 0.7% or the pre-tax discount rate used in the value-in-use calculation had been increased by 0.8% than management estimated as at 30 June 2016, the headroom would drop to Nil.

(11) 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:

	30 June 2016 HK$'000	31 December 2015 HK$'000
Trade receivables:		
0 to 30 days	**164,902**	302,014
31 to 60 days	**39,069**	85,792
61 to 90 days	**7,389**	7,212
More than 90 days	**58,691**	49,879
	270,051	444,897
Retention receivables	**344,817**	309,881
	614,868	754,778
Other receivables	**49,944**	63,101
Trade and other receivables	**664,812**	817,879

(12) BANK BORROWINGS

The bank borrowings are repayable as follows:

	30 June 2016 HK$'000	31 December 2015 HK$'000
On demand or within one year	**269,695**	180,391
In the second year	**13,349**	12,720
In the third to fifth years, inclusive	**200,000**	200,000
	483,044	393,111
Less: Amount due for settlement within twelve months	**(269,695)**	(180,391)
Amount due for settlement after twelve months	**213,349**	212,720

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	Hong Kong dollar HK$'000	Canadian dollar HK$'000	United States dollar HK$'000	Total HK$'000
30 June 2016	**200,000**	**97,413**	**185,631**	**483,044**
31 December 2015	200,000	109,467	83,644	393,111

The average interest rates for bank borrowings at 30 June 2016 was 2.53% (31 December 2015: 2.62%).

(13) TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	30 June 2016 HK$'000	31 December 2015 HK$'000
Trade payables:		
0 to 30 days	**246,218**	287,680
31 to 60 days	**17,171**	10,153
More than 60 days	**12,049**	9,621
	275,438	307,454
Retention payables	**83,180**	61,488
	358,618	368,942
Other payables and accruals	**78,837**	93,712
Trade payables, other payables and accruals	**437,455**	462,654

As at 30 June 2016, the amount of retention payables expected to be due after more than twelve months was approximately HK$39,936,000 (31 December 2015: approximately HK$24,107,000).

(14) SHARE CAPITAL

	Issued and fully paid	
	Number of shares '000	**Share Capital Amount HK$'000**
Ordinary share of HK$0.01 each		
At 1 January 2015, 31 December 2015 and 30 June 2016	2,155,545	**21,555**

BUSINESS REVIEW

In the first half of 2016, fluctuations in the global economic situation slowed down its pace of recovery. The US economy maintained a moderate recovery; the economy of Hong Kong showed a downward trend under the impact of the decrease in operating data of real property and retail sectors, while the construction industry maintained stable; the spreading ripple effects of "Brexit" caused concerns about the prospects of the UK and the EU; although the presence of downward pressure of the economic environment of Mainland China, the overall economy still maintained steady growth.

Hong Kong and Macau are the main business regions of the Group. As Macau's economy underwent an ongoing adjustment due to the sluggish gaming industry, the curtain wall market has shrunk, while the curtain wall market in Hong Kong performed well as benefited by a robust construction market. During the first half of 2016, the contractual value of the contracts newly obtained by the Group in Hong Kong amounted to HK$1,291 million, representing a year-on-year increase of 46.2%, including Taikoo Place Phase 2A, Hong Kong, glass curtain wall sections of New Kowloon Inland Lot No. 6516 & 6517, Kai Tak, TKOTL126, Area 68B2, Tseung Kwan O, New Territories, and the commercial and residential development project for Nova City Phase V, Taipa, Macau. As a well-recognized premium "one stop" service provider of high-end curtain wall, while maintaining good and long-term relationship with big customers, the Group actively and extensively develops new customers so as to constantly consolidate its market share in Hong Kong and Macau. The Board and the management team believe that sustainable competitive advantages depend on highly efficient performance of contracts for a long period. Therefore, the Group constantly focuses on managing the work schedule, quality, safety, cash, efficiency and other aspects of the projects in progress, exerting synergic effects by consolidating the internal design, procurement, production and installation resources, increasing safety management, and mobilizing and maximizing the initiative of the project team through result-based incentive mechanisms.

Despite the huge domestic curtain wall market in China, there has been a disorderly competition among industry peers and their service quality varied greatly. The Group always maintains a prudent attitude towards biddings in Mainland China market and focuses on large projects owned by owners with good reputation. With a rising reputation in the curtain wall market, the Group saw a steady progress in its business development in Mainland China. The Group successfully bid for many relatively premium projects during the year, including the office building of Shanghai Johnson Controls and the section III of Phase I of Upper Hills (south part) in Shenzhen. In consideration of the number of high-rise buildings to be constructed in the next few years in the Mainland China market and the country' s likely core position in the global curtain wall market, the Group has researched and formulated development strategies to step up its efforts in the Mainland China market.

In addition to the Greater China region and North America, the Group also actively keeps track of the premium glass curtain wall projects in other regions, especially new design and supply models. The Group was awarded the project to supply apartment facilities for Aurora Melbourne Central in Melbourne, Australia..

The continuous recovery of the construction market in North America had resulted in more commercial buildings, creating more opportunities for the development of the Group. During the first half of 2016, the Group won the bidding of Ice Tower A project located in Edmonton, Canada in North America. In addition, more prospective projects were undergoing negotiations. With the increasing improvement in management over business in North America, each project in progress is carried out smoothly.

In the first half of 2016, the Group officially established China State Development Holdings Limited and accelerated the pace of development of its investment business with focus on industries that are in consistent with state policies and do not compete with the business of the parent company.

OVERALL PERFORMANCE

For the six months ended 30 June 2016, our core construction business continued to grow. The Group recorded aggregate revenue of HK$1,152 million (30 June 2015: HK$963 million), an increase of 19.6% as compared with the corresponding period of last year. The profit attributable to owners of the Company was HK$60 million (30 June 2015: HK$49 million), an increase of 22.4% as compared with the corresponding period of last year. The net cash from operating activities turned around to be net cash inflow of HK$124 million (30 June 2015: net cash outflow of HK$26 million) during the period. The basic earnings per share was HK2.78 cents (30 June 2015: HK2.27 cents), representing the growth of 22.4% as compared with the same period last year.

Segment analysis
Greater China, Asia and Other Division continued to benefit from the contributions of Wynn Palace Cotai, MGM Cotai and Louis XIII in Macau and the general contracting business. Revenue derived from Greater China, Asia and Other Division increased by HK$125million, or 20.8%, from HK600 million for the six months ended 30 June 2015 to HK$725 million for the six months ended 30 June 2016. The operating profit increased by HK$17 million from HK$91 million for the six months ended 30 June 2015 to HK$108 million for the six months ended 30 June 2016.

North America Division achieved a turnover of HK$427 million (30 June 2015: HK$364 million) during the period under review, representing an increase of about 17.3% compared to last corresponding period. This turnover contributes about 37% of the Group's revenue. North America continues to explore new areas of business. Having successfully expanded into the Edmonton market in western Canada, the Group is now looking into potential opportunities in the Toronto market. The Group is also active among markets in Massachusetts and New York tri-state area, carefully choosing the right project to secure. Material procurement from Asian sources for North American projects has been running smoothly on both Canadian and USA projects. The Group expects further application of this method on future projects to increase competitiveness. North America Division generated a gross profit of HK$7 million (30 June 2015: HK$12 million) during the period under review.

Administrative, selling and other operating expenses
Expenses have been managed tightly and the business is on track to deliver the planned cost efficiencies for the period. The administrative, selling and other operating expenses decreased by 10.2% to HK$79 million (30 June 2015: HK$88 million) for the six months ended 30 June 2016.

Finance costs
For the six months ended 30 June 2016, the Group's finance costs were HK$8 million (30 June 2015: HK$6 million). The increments in bank borrowings escalated the finance costs during the period.

New contracts awarded

The Group recorded a new contract value of HK$1,852 million in the six months ended 30 June 2016, representing a growth of 21.3% as compared with the same period last year. Major new contracts include the following:-

- One Kai Tak, Hong Kong
- NKIL 6312, Lam Lee Street, Kowloon Bay, Hong Kong
- Nos. 12-24 Lun Fat Street, Wan Chai, Hong Kong
- Taikoo Place Phase 2A, Hong Kong
- TKOTL126, Area 68B2, Tseung Kwan O, Hong Kong
- Nova City, Phase 5, Macau
- Upper Hills (South Area), Shenzhen, People's Republic of China
- 江森辦公樓, Shanghai, People's Republic of China
- Aurora Melbourne Central, Melbourne, Australia
- Edmonton Ice Tower A,Edmonton, Canada

As of 30 June 2016, the on-hand contract value amounted to HK$8,066 million, among which the backlog was HK$4,298 million which meets the Group's expected future works.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation with internally generated cash flow and credit facilities provided by its principal bankers. At 30 June 2016, the Group had bank balances and cash of HK$427 million (31 December 2015: HK$200 million), total borrowings of the Group were HK$483 million (31 December 2015: HK$393 million). The Group's net gearing ratio (net debt to total net assets) as at 30 June 2016 was approximately 6.0% (31 December 2015: 20.3%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK$966 million, the Group had sufficient financial resources to meet the business development and expansion. The Group's borrowings are principally on a floating rate basis and have not been hedged by any interest rate financial instruments.

The maturities of the Group's total borrowings as at 30 June 2016 and 31 December 2015 are set out as follows:

	30 June 2016 HK$'000	31 December 2015 HK$'000
On demand or within one year	269,695	180,391
More than one year but not exceeding two years	13,349	12,720
More than two years but not more than five years	200,000	200,000
Total borrowings	483,044	393,111

The portfolio of the currencies of bank deposits of the Group as at 30 June 2016 and 31 December 2015 is set out as follows:

	30 June 2016 %	31 December 2015 %
Hong Kong dollar	40	36
United States dollar	20	6
Renminbi	16	27
Macau Pataca	16	21
Others	8	10

As at 30 June 2016, the Group's equity attributable to owners of the Company amounted to HK$1,219 million (31 December 2015: HK$1,173 million), comprising issued capital of HK$22 million (31 December 2015: HK$22 million) and reserves of HK$1,197 million (31 December 2015: HK$1,151 million).

TREASURY POLICY

The Group adopts prudent treasury policy in cash and financial management. The Group's treasury activities are centralised in order to achieve better risk control and minimise cost of funds. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollar or US dollar. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2016, the Group employed a total of 1,651 (31 December 2015: 1,665) 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, Canadian dollar, Pound Sterling and Macau Pataca. 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

In the second half of 2016, global economy will continue to face an overall slowdown in growth and more uncertainties will arise from monetary and political risks. The US slowed its rate hike pace as a result of Brexit. It is expected the US economy will continue to recover. Hong Kong and Macau will continue to see a slow economic growth, but the industry will maintain its booming momentum as driven by public sector projects. Curtain wall industry in Hong Kong will benefit from the successful initiation of the ten-year hospital development plan; while high-end curtain wall market in Macau will further shrink as the gradual completion of the gambling concession projects. Mainland China's economy will continue to benefit from a series of growth stabilizing measures and the structural reform and policy-driven initiatives will start to show effects. The continual promotion of strategies such as "new type of urbanization" will contribute to rapid development of construction industry. It is expected that more commercial buildings in Mainland China will be launched to market, thus creating more opportunities for glass curtain wall business.

Development strategies

Adhering to marketing strategies of "Reliable Markets, Reputable Clients, Remarkable Projects", the Group gave priority to development of projects with brand effect, and focused on premium projects of private developers with desirable gross profits and controllable risks. Efforts will be enhanced in expanding overseas and mainland businesses to develop greater presence in the three regional markets.

The Group highly values the building of its design teams, as design is the frontier and key link for providing "one-stop" value chain services. The structure of design management will be adjusted so as to strengthen the coordination and management of design teams in Hong Kong and Mainland China. Continual efforts will be put to train and recruit design talent in Mainland China and Hong Kong. Design talent echelon will be built and improved in line with project management echelon to adapt to corporate development and safeguard smooth progress of projects.

The Group will continue to reinforce the management of projects on hand to further enhance its core competitiveness in design, procurement, production and construction management and to enhance professional standard. It also seeks for and conducts research on product innovation as well as keeps optimizing design, production and construction proposals. The Group will actively explore various procurement models to minimize purchase costs of land and management risk while ensuring quality.

The Group will continue to enhance its supervision over cash flows and cooperate with business units to broaden source of income and ensure the Company to operate in a sound and steady way. The Group will continue to pay attention to the movements of exchange rates of Renminbi, United States dollars, Canadian dollars, Australian dollars and Pound Sterling to avoid exchange rate risk effectively.

Efforts will be made to further optimize the organizational structure and management team of the Group and its subsidiaries as well recruitment and deployment of talent to strengthen the team building; and performance appraisal and incentives and occupational development of staff will be further intensified to guarantee team stability and ability enhancement.

In respect of its general contracting business, the Group will draw from its controlling shareholder — China State Construction International Holdings Limited's rich experience in contracts, purchases of supplies, management of subcontractors, construction planning and on-site management, bringing into play the synergistic effects with China State Construction Engineering (Hong Kong) Ltd. to secure and implement premium projects smoothly.

In respect of its investment business, the Group will continue to seek for investment transformation opportunities, including conducting research on innovative development models upon identifying appropriate projects, and will strive for a breakthrough in this year and form a sound and sustainable development model as earlier as possible.

The Board is able to discern and face various problems that may arise in the course of development and wishes to establish and maintain a healthy system integrating the mutual interests of shareholders, the Board, management and general employees as well as customers to promote sustainable growth of the Group's business scale and revenue.

INTERIM DIVIDEND

The Board declares the payment of an interim dividend of HK0.8 cent per share (30 June 2015: HK0.6 cent per share), payable on Wednesday, 5 October 2016 to shareholders whose names appear on the register of members of the Company on Friday, 9 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 September 2016 to Friday, 9 September 2016, both days inclusive, for the purpose of determining shareholders' entitlement to the interim dividend.

In order to qualify for the interim 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 7 September 2016.

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

During the six months ended 30 June 2016, 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 throughout the six months to 30 June 2016 with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REVIEW OF ACCOUNTS

The unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2016 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to all shareholders and customers for their strong support and to all employees for their hard work and commitment.

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

Hong Kong, 11 August 2016

As at the date of this announcement, the Board comprises Mr. Zhou Yong as Chairman and Non-executive Director; Mr. Zhu Yijian (Vice Chairman and Chief Executive Officer), Mr. Luo Haichuan, Mr. Wang Hai, Mr. Chan Sim Wang and Mr. Qin Jidong as Executive Directors; and Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna as Independent Non-executive Directors.