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If you have sold or transferred all your shares in Far East Global Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

DISCLOSEABLE AND CONNECTED TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



紅日資本有限公司

RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 9 of this circular and a letter from the Independent Board Committee is set out on pages 10 to 11 of this circular. A letter from Red Sun, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 26 of this circular.

A notice convening the EGM to be held at 16th Floor, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong on Tuesday, 29 May 2018 at 10:30 a.m. is set out on pages 32 to 33 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) should you so wish.

9 April 2018

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“30%-controlled companies”, “associates”; “connected person(s)”; “controlling shareholder”; and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Acquisition”	the acquisition by the Company from the Seller of the entire equity interests in the Target Company as contemplated under the Equity Transfer Agreement;
“Board”	the board of Directors;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability;
“COLI”	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);
“COLI Group”	COLI, its subsidiaries and 30%-controlled companies from time to time;
“Company”	Far East Global Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830), which is a non-wholly owned subsidiary of CSC;
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement;
“Consideration”	the consideration to be paid by the Company to the Seller for the Acquisition;
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CSC Group”	CSC and its subsidiaries (excluding the Group) from time to time;

DEFINITIONS

“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is an intermediate holding company of the Company;
“Directors”	the directors of the Company;
“EGM”	an extraordinary general meeting of the Company to be held to consider and approve, among other things, the Acquisition subject to the terms and conditions of the Equity Transfer Agreement;
“Equity Transfer Agreement”	the equity transfer agreement dated 14 March 2018 and entered into between the Company and the Seller in relation to the Acquisition;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, consisting of Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna, all being independent non-executive Directors;
“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise the terms of the Acquisition contemplated under the Equity Transfer Agreement, and a corporation licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities;
“Independent Shareholders”	Shareholder(s) other than CSC and its associates;
“Latest Practicable Date”	29 March 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein, as the case may be;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 June 2018 (or such other date as may be agreed between the parties to the Equity Transfer Agreement);
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan;

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC;
“Seller”	Shenzhen CS Grand Wealth Investment Company Limited* (深圳中建宏達投資有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of CSC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	China Overseas Supervision Limited* (中海監理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of CSC; and
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Chairman and Non-executive Director:

Mr. ZHOU Yong

Executive Directors:

Mr. ZHU Yijian (*Vice Chairman and
Chief Executive Officer*)

Mr. LUO Haichuan

Mr. WANG Hai

Mr. CHAN Sim Wang

Non-executive Director:

Mr. HUANG Jiang

Independent Non-executive Directors:

Mr. ZHOU Jinsong

Mr. HONG Winn

Ms. KWONG Sum Yee Anna

Registered office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

16th Floor

Eight Commercial Tower

No. 8 Sun Yip Street

Chai Wan

Hong Kong

9 April 2018

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 14 March 2018 in respect of, among other things, that on 14 March 2018, the Company entered into the Equity Transfer Agreement with the Seller (a wholly-owned subsidiary of CSC) whereby the Company conditionally agreed to acquire and the Seller conditionally agreed to sell the entire equity interests in the Target Company at a consideration of RMB70,000,000.

The purpose of this circular is to provide you with, among other things:

- (i) the particulars of the Equity Transfer Agreement and the transactions contemplated thereunder;

LETTER FROM THE BOARD

- (ii) the letter from the Independent Board Committee with its view on the Equity Transfer Agreement and the transactions contemplated thereunder; and
- (iii) the letter from the Independent Financial Adviser with its advice on the Equity Transfer Agreement and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders,

as well as to seek the approval of the Independent Shareholders in respect of the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder.

EQUITY TRANSFER AGREEMENT

Date

14 March 2018

Parties

1. The Seller, a wholly-owned subsidiary of CSC, as seller; and
2. The Company as purchaser.

Subject Matter

The Company agreed to acquire (or direct its wholly-owned subsidiary to acquire) the entire equity interests in the Target Company from the Seller at the Consideration.

Consideration

The Consideration is RMB70,000,000, which is payable in cash in the following manner:-

- a) RMB35,000,000, being an amount equivalent to 50% of the Consideration shall be paid by the Company to the Seller within five working days after Completion; and
- b) RMB35,000,000, being an amount equivalent to 50% of the Consideration shall be paid by the Company to the Seller within three months after the completion of the relevant equity transfer registration.

The Consideration was determined based on arm's length negotiation between the parties with reference to the audited net asset value of the Target Company of approximately RMB66.62 million as at 31 December 2017, which the parties consider to be a fair price. The Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Group intends to finance the payment of the Consideration from the internal resources of the Group.

Completion

Completion is subject to satisfaction of the following conditions on or before the Long Stop Date:-

- (a) the Company and the Seller having obtained all necessary authorisations in relation to the Acquisition; and
- (b) the passing of resolutions by the Independent Shareholders approving the Acquisition at the EGM.

None of the conditions set out above may be waived by the parties to the Equity Transfer Agreement. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

INFORMATION REGARDING THE TARGET COMPANY

The Target Company is a limited company established under the laws of the PRC. It, together with its subsidiary, is engaged in the provision of engineering consultancy and communication engineering consultancy services in the PRC. The Target Company holds the license of Agency for Engineering Tender (A Grade)* (工程招標代理機構甲級) and the license of Comprehensive Qualification of Engineering Supervision* (工程監理綜合資質), each issued by the Ministry of Housing and Urban-Rural Development of the PRC* (中華人民共和國住房和城鄉建設部). The Target Company has obtained all necessary licenses for its business operation.

Set out below is the audited consolidated financial information of the Target Company for the two years ended 31 December 2016 and 2017:

	For the year ended 31 December	
	2017	2016
	<i>RMB million</i>	<i>RMB million</i>
Net profit before taxation	21.06	17.66
Net profit after taxation	18.30	15.05

The audited net asset value of the Target Company as at 31 December 2017 was approximately RMB66.62 million. The Target Company was acquired by the CSC Group at a consideration of approximately RMB9.72 million in July 2007.

Upon Completion, each of the Target Company and its subsidiary will become a wholly-owned subsidiary of the Company.

* *for identification purpose only*

LETTER FROM THE BOARD

Prior to the Acquisition, the Target Company entered into certain transactions with the COLI Group in relation to the provision of engineering consultancy service which are expected to subsist after Completion. Subject to Completion, it is currently expected that a framework agreement would be entered into between the Group and the COLI Group for the provision of engineering consultancy service under which the Target Company would, among other matters, continue to carry out the outstanding items of any subsisting agreements. The Directors, after reviewing these transactions, are of the view that they are arm's length transactions entered into in the ordinary course of business of the Target Company and on normal commercial terms which are no more favourable than those provided to the independent third party customers of the Target Company. As of the Latest Practicable Date, the Target Company is owed approximately RMB5.22 million by the COLI Group. COHL is the holding company of both COLI and CSC. Accordingly, members of the COLI Group are connected persons of the Company. These transactions shall, upon Completion, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Company will comply with all the requirements under Chapter 14A of the Listing Rules in relation to such continuing connected transactions after Completion.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is of the view that the Acquisition will boost the performance of the Company and enable the Company to create synergy with the Group's operating management business. Given the Target Company has over 30 years of experience in the provision of engineering consultancy and supervision services, it has a wide range of client network in the property development industry. Leveraging on the Target Company's substantial presence in the upstream engineering consultancy industry and its established client network, the Group believes that this will benefit its downstream curtain wall business by expanding and enlarging the potential client base. Moreover, the Target Company can enhance the Group's capability in its segment of operating management business, which was recently commenced in 2017. Given the aforesaid reasons and benefits, the Target Company is expected to complement the dual core business strategy as well as the overall development of the Company.

Having taken into account the above factors, the Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) are of the view that the Equity Transfer Agreement was entered into on normal commercial terms and is fair and reasonable and in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

CSC is indirectly interested in approximately 74.06% of the issued share capital of the Company and is a controlling shareholder of the Company. Accordingly, the Seller (being a wholly-owned subsidiary of CSC) is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Acquisition exceed 5%, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Voting at the EGM will be conducted by poll and CSC and its associates will abstain from voting at the EGM.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition also constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The CSC Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy services.

The Seller is principally engaged in investment holding.

The Group is mainly engaged in the general contracting business, facade contracting business (including design, engineering, manufacture, installation of curtain wall system), project consultancy and management services.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 16th Floor, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong on Tuesday, 29 May 2018 at 10:30 a.m. is set out on pages 32 to 33 of this circular. Ordinary resolution will be proposed to the Independent Shareholders at the EGM to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A form of proxy for the EGM is enclosed with this circular. Whether or not you will be able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. As at the Latest Practicable Date, CSC and its associates, in aggregate holding 1,596,403,279 shares of the Company, representing approximately 74.06% of the issued share capital of the Company, will abstain from voting at the EGM on the resolution relating to the Equity Transfer Agreement and the transactions contemplated thereunder.

None of the Directors had any material interest in the Acquisition and thus no Director was required to abstain from voting on the Board resolutions approving the Acquisition subject to the terms and conditions of the Equity Transfer Agreement. The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the EGM.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 24 May 2018 to Tuesday, 29 May 2018, both days inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the EGM.

In order to qualify for attending and voting at the EGM, 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, 23 May 2018.

RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 10 to 11 in this circular which contains its recommendation to the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 12 to 26 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the terms of the Acquisition under the Equity Transfer Agreement are fair and reasonable, the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group and the Acquisition is in the interests of the Company and the Shareholders as a whole. The Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

9 April 2018

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular dated 9 April 2018 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the Equity Transfer Agreement are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Red Sun has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 9 of the Circular and the text of a letter of advice from Red Sun, as set out on pages 12 to 26 of the Circular, both of which provide details of the Equity Transfer Agreement and the transactions contemplated thereunder.

Having considered (i) the Equity Transfer Agreement, (ii) the advice of the Independent Financial Adviser, and (iii) the relevant information contained in the letter from the Board, we are of the opinion that the terms of the Acquisition under the Equity Transfer Agreement are fair and reasonable, the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,

For and on behalf of

**The Independent Board Committee of
Far East Global Group Limited**

ZHOU Jinsong

*Independent Non-executive
Director*

HONG Winn

*Independent Non-executive
Director*

KWONG Sum Yee Anna

*Independent Non-executive
Director*

LETTER FROM RED SUN

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Shareholders for inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

9 April 2018

*To: The Independent Board Committee and the Independent Shareholders of
Far East Global Group Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition contemplated under the Equity Transfer Agreement, details of which are set forth in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 9 April 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Pursuant to the Equity Transfer Agreement entered into on 14 March 2018 between the Company and the Seller (a wholly-owned subsidiary of CSC) whereby the Company conditionally agreed to acquire and the Seller conditionally agreed to sell the entire equity interests in the Target Company at a consideration of RMB70,000,000.

CSC is indirectly interested in approximately 74.06% of the issued share capital of the Company as at the Latest Practicable Date and is a controlling shareholder of the Company. Accordingly, the Seller (being a wholly-owned subsidiary of CSC) is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Acquisition exceed 5%, the Acquisition is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. Voting at the EGM will be conducted by poll and CSC and its associates will abstain from voting at the EGM.

As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition also constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

LETTER FROM RED SUN

The Board currently comprises Mr. Zhou Yong as Chairman and Non-executive Director; Mr. Zhu Yijian as Vice Chairman, Executive Director and Chief Executive Officer, Mr. Luo Haichuan, Mr. Wang Hai and Mr. Chan Sim Wang as Executive Directors, Mr. Huang Jiang as Non-executive Director, and three Independent Non-executive Directors, namely Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna.

The Independent Board Committee comprising all the abovementioned Independent Non-executive Directors has been established to advise the Independent Shareholders in respect of the terms of the Acquisition contemplated under the Equity Transfer Agreement and whether the Acquisition is in the interests of the Company and the Independent Shareholders as a whole, respectively.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition contemplated under the Equity Transfer Agreement, for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we acted only once as an independent financial adviser to the independent board committee and the independent shareholders of the Company. The date of the relevant circular and our letter of advice was 1 November 2017 and the nature of the transactions were (i) renewal of continuing connected transactions with 中國建築股份有限公司 (China State Construction Engineering Corporation Limited); and (ii) renewal of continuing connected transactions with CSC.

In addition, apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date.

LETTER FROM RED SUN

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group and CSC Group and their respective associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with the Acquisition contemplated under the Equity Transfer Agreement, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition contemplated under the Equity Transfer Agreement, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group and CSC Group

1.1 Principal business and the financial information of the Group

The Group is mainly engaged in the general contracting business, facade contracting business (including design, engineering, manufacture, installation of curtain wall system), project consultancy and management services.

LETTER FROM RED SUN

Set forth below is a summary of the Group's operating results extracted from the latest published result announcement for the year ended 31 December 2017, (the "2017 Result Announcement") and annual report of the Company for the year ended 31 December 2016 (the "2016 Annual Report"), respectively:

	For the year ended 31 December		
	2017	2016	2015
	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000
Revenue	2,910,942	2,647,272	2,194,896
Facade Contracting Works	2,209,728	2,190,069	2,041,338
General Contracting Works	660,276	457,203	153,558
Operating Management	40,938	—	—

Based on the 2017 Result Announcement and the 2016 Annual Report, revenue for each of the three years ended 31 December 2017 were approximately HK\$2.2 billion, HK\$2.6 billion and HK\$2.9 billion, respectively, representing a compound annual growth rate of approximately 15.2%.

As set out in the table above, revenue generated from facade contracting works; general contracting works and operating management accounted for approximately 75.9%; 22.7% and 1.4% of the Group's total revenue for the year ended 31 December 2017, respectively and facade contracting works and general contracting works accounted for approximately 82.7% and 17.3% of the Group's total revenue for the year ended 31 December 2016, respectively.

1.2 *Principal activities of the CSC Group*

The CSC Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy services.

According to the result announcement of CSC for the year ended 31 December 2017, its total revenue increased by approximately 8.5% to approximately HK\$50.2 billion comparing with the preceding financial year, in which, approximately 45.9% was derived from construction contracts and approximately 46.7% was derived from infrastructure investment projects for the year ended 31 December 2017. Based on the result announcement, CSC Group derived its revenue largely from the PRC, Hong Kong and Macau.

1.3 *Background of the PRC property market*

As extracted from the data of The World Bank, the gross domestic product (the "GDP") of the PRC recorded a year-on-year increase of approximately 6.9% and 6.7% in 2015 and 2016, respectively. In the first two quarters of 2017, the GDP of the PRC recorded an accumulated growth of approximately 6.9% in comparison to the same period in the previous year. As extracted from the website of the National Bureau of Statistics of China (the "NBS") at <http://data.stats.gov.cn>, the total gross output value of the construction industry in the PRC has increased year-on-year by approximately 10.2% and 2.3% in 2014 and 2015, respectively.

LETTER FROM RED SUN

The table below shows a summary of the PRC's urbanisation levels from 2010 to 2016.

	2010	2011	2012	2013	2014	2015	2016
Total population (in millions)	1,340.9	1,347.4	1,354.0	1,360.7	1,367.8	1,374.6	1,382.7
Urban Population (in millions)	670.0	690.8	711.8	731.1	749.2	771.2	793.0
Urbanisation Rate (%)	50.0%	51.3%	52.6%	53.7%	54.8%	56.1%	57.4%

Source: NBS

The table below shows a summary of the PRC's disposable income of urban households per capita from 2014 to 2017.

	2014	2015	2016	2017
Per Capita Disposable Income of Urban Households (RMB)	28,844	31,195	33,616	36,396

Source: NBS

According to the information set out in the website of the NBS, the annual disposable income per capita of urban households in the PRC increased from approximately RMB31,195 in 2015 to approximately RMB33,616 in 2016 and further increased to approximately RMB36,396 in 2017, representing a year-on-year increase of approximately 7.8% and approximately 8.3%, respectively.

With reference to the thirteenth five year plan (十三五規劃) set out by the PRC government, promotion of urbanisation remains one of the main objectives, which sets out the overall direction of PRC governmental policies from 2015 to 2020. Pursuant to the thirteenth five-year plan, the PRC government has set the target for the percentage of permanent urban residents at 60% by 2020, an increase from approximately 56.1% recorded at the beginning of the thirteenth five-year plan.

The urbanisation rate and income per capita in the PRC have increased steadily in recent years, which, in turn, has contributed towards a sustainable growth potential of the PRC's real estate industry.

2. The Acquisition

Pursuant to the Equity Transfer Agreement entered into between the Company and the Seller on 14 March 2018, the Company conditionally agreed to acquire and the Seller conditionally agreed to sell the entire equity interests in the Target Company at a consideration of RMB70,000,000. Upon Completion, each of the Target Company and its subsidiary will become a wholly-owned subsidiary of the Company.

LETTER FROM RED SUN

2.1 *Information of the Target Company*

The Target Company is a limited company established under the laws of the PRC. It, together with its subsidiary, is engaged in the provision of engineering consultancy and communication engineering consultancy services in the PRC.

As stated in the Letter from the Board, the audited net profit before taxation of the Target Company for each of the two years ended 31 December 2016 and 2017, were approximately RMB17.7 million and RMB21.1 million, respectively. The audited net profit after taxation of the Target Company for the two years ended 31 December 2016 and 2017, were approximately RMB15.1 million and RMB18.3 million, respectively. The audited net asset value of the Target Company as at 31 December 2017 was approximately RMB66.6 million.

2.2 *Rationale of the Acquisition*

(a) Opportunity to enhance the Group's market position and competitiveness

Underpinned by (i) continuous growth of the PRC economy; and (ii) rising housing demand arising from the increase in the number of middle class citizens and rate of urbanisation, the PRC construction industry has been growing steadily. As discussed with the Management, engineering consultancy and communication engineering consultancy services are important components in the construction industry in the PRC, the Target Company which is engaged in the provision of engineering consultancy and communication engineering consultancy services is well positioned to benefit from the continuous growth of the construction industry in the PRC.

The Target Company possesses all the necessary licenses for its business operation, including the license of Agency for Engineering Tender (A Grade)* (工程招標代理機構甲級) and the license of Comprehensive Qualification of Engineering Supervision* (工程監理綜合資質), each issued by the Ministry of Housing and Urban-Rural Development of the PRC* (中華人民共和國住房和城鄉建設部). Therefore, the Directors consider that the Acquisition as a business integration allowing the Company to expand its business to other segments of the construction industry (details of which are set out in the paragraph below) and that it will boost the performance of the Company and enable the Company to create synergy with the Group's operating management business. Given the Target Company has over 30 years of experience in the provision of engineering consultancy and supervision services, it has a wide range of client network in the property development industry. Leveraging on the Target Company's substantial presence in the upstream engineering consultancy industry and its established client network, the Group believes that this will benefit its downstream curtain wall business by expanding and enlarging the potential client base. Moreover, the Target Company can enhance the Group's capability in its segment of operating management business, which was recently commenced in 2017. Given the aforesaid reasons and benefits, the Target Company is expected to complement the dual core business strategy as well as the overall development of the Company.

LETTER FROM RED SUN

(b) Potential broadening of revenue sources

The majority of the Company's revenue is generated from the facade contracting works and general contracting works. The future growth and level of profitability of facade contracting works and general contracting works are likely to depend on the market condition of the traditional key markets of Hong Kong and Macau and the development in the PRC market which closely relate to various economic factors which cannot be controlled by the Group. Under the license obtained by the Target Company, it is permitted to provide engineering consultancy and communication engineering consultancy services on a variety of construction and engineering projects, including but not limited to, infrastructure projects, public facilities projects, industrial projects, and residential real estate projects. Through the Acquisition, the Group will be able to expand its business to other segments in the construction industry in the PRC but not only facade contracting works and general contracting works which are mainly included in commercial and residential construction projects.

Based on the abovementioned, we concur with the Directors that the Acquisition is consistent with the overall corporate strategy of the Group and is in the interests of the Company and the Independent Shareholders as a whole.

2.3 The Consideration, basis of the Consideration and payment terms

As stated in the Letter from the Board, the Consideration was determined based on arm's length negotiation between the parties with reference to the audited net asset value of the Target Company of approximately RMB66.6 million as at 31 December 2017.

As stated in the Letter from the Board, RMB35,000,000, being an amount equivalent to 50% of the Consideration shall be paid by the Company to the Seller within five working days after Completion; and the remaining RMB35,000,000, being an amount equivalent to 50% of the Consideration shall be paid by the Company within three months after the completion of the relevant equity transfer registration. The Group intends to finance the payment of the Consideration from internal resources of the Group. The Consideration represents a slight premium of approximately 5.1% to the audited net asset value of the Target Company of approximately RMB66.6 million as at 31 December 2017.

To assess the fairness and reasonableness of the Consideration, we will assess the fairness and reasonableness of the Consideration by (i) analysing the price-to-earnings ("P/E") multiples and price-to-book ("P/B") multiples of the Target Company; and (ii) comparing such P/E multiples and P/B multiples with those of the comparable companies.

In assessing the fairness of the Consideration for the Acquisition, we have conducted a search, on a best effort basis, on companies listed on the Stock Exchange whose business is engaged in the provision of engineering consultancy and communication engineering consultancy services in the PRC but cannot identify any company listed on the Stock Exchange whose principal business is identical to the Target Company. On this basis, we have conducted a search, on a best effort basis, of companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange whose is engaged in the provision of engineering consultancy and communication engineering consultancy services as we consider it is more relevant to the Target Company which is engaged in the provision of engineering consultancy and communication engineering consultancy services in the PRC and have identified 17 companies which we believe to be exhaustive and fulfilled this criteria as at 14 March 2018, being the date of the Equity Transfer Agreement.

LETTER FROM RED SUN

Given the comparable companies were identified based on the criteria (as set out above), notwithstanding that the business strategy, size of operations and financial status of the comparable companies are unique and may differ from that of the Target Group, in absence of companies with similar operations listed on the Stock Exchange, we consider that the comparable companies can serve as a reference and provides an insight into the prevailing market trading multiples. We have reviewed the P/E multiples and P/B multiples of the comparable companies and the results are summarised in the table below:

Stock code	Company name	Principal Business	Market capitalisation <i>(Note 1)</i> <i>RMB' million</i>	P/E multiple <i>(Note 2)</i>	P/B multiple <i>(Note 3)</i>
Shanghai Stock Exchange					
600629	Arcplus Group Plc. (華東建築集團股份有限公司)	Service provider offering comprehensive solutions for urban development	6,426.9	26.6	2.8
603017	ARTS Group Co., Ltd. (中衡設計集團股份有限公司)	Primarily engaged in the engineering design, engineering general contracting, construction supervision and project management services in construction areas	3,735.7	30.8	2.3
603018	China Design Group Co., Ltd. (中設設計集團股份有限公司)	Mainly engaged in the survey design, planning studies, test, project management and other engineering consulting services	6,108.8	20.6	2.9
603183	Suzhou Institute of Building Science Group Co., Ltd. (蘇州市建築科學研究院集團股份有限公司)	Principally involved in the provision of engineering technology services, sales and manufacturing of new building materials	3,454.0	62.8	10.5

LETTER FROM RED SUN

Stock code	Company name	Principal Business	Market capitalisation <i>(Note 1)</i> <i>RMB' million</i>	P/E multiple <i>(Note 2)</i>	P/B multiple <i>(Note 3)</i>
603357	Anhui Transport Consulting & Design Institute Co., Ltd. (安徽省交通規劃設計研究總院股份有限公司)	Mainly engaged in the provision of traffic engineering consulting services, such as survey design services, consulting research and development services, testing services, project management services for tunnel engineering programs, water transport engineering programs and municipal engineering programs	6,759.7	34.5	8.1
603458	Guizhou Transportation Planning Survey & Design Academe Co., Ltd. (貴州省交通規劃勘察設計研究院股份有限公司)	Principally engaged in the engineering consulting and engineering contracting business of highway industry	8,155.5	50.8	8.8
603637	Zhenhai Petrochemical Engineering Co., Ltd. (鎮海石化工程股份有限公司)	Mainly engaged in engineering general contracting business, engineering design and engineering consulting business of refinery chemical plant	2,794.3	46.3	4.1

LETTER FROM RED SUN

Stock code	Company name	Principal Business	Market capitalisation <i>(Note 1)</i> <i>RMB' million</i>	P/E multiple <i>(Note 2)</i>	P/B multiple <i>(Note 3)</i>
603909	Holsin Engineering Consulting Group Co., Ltd. (合誠工程諮詢集團股份有限公司)	Mainly engaged in comprehensive engineering consulting service which includes engineering supervision services, test detection services, maintenance and reinforcement services, design consultation services, project management services and other technology services	3,067.8	53.0	5.1
	Average			40.7	5.6
	Maximum			62.8	10.5
	Minimum			20.6	2.3
	Target Company <i>(Note 4)</i>			3.8	1.1
Shenzhen Stock Exchange					
2116	China Haisum Engineering Co., Ltd. (中國海誠工程科技股份有限公司)	Engaged in the provision of engineering design, consulting, supervision and contracting services	3,904.8	29.1	3.4

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Stock code	Company name	Principal Business	Market capitalisation <i>(Note 1)</i> <i>RMB' million</i>	P/E multiple <i>(Note 2)</i>	P/B multiple <i>(Note 3)</i>
2178	Shanghai Yanhua Smartech Group Co., Ltd. (上海延華智能科技(集團)股份有限公司)	Operates its business through general contracting of consulting, planning, design, construction as well as latter operation and maintenance intellectualization projects	5,592.3	221.9	4.8
2883	Jiangsu Zhongshe Group Co., Ltd. (江蘇中設集團股份有限公司)	Principally engaged in the provision of engineering and design consulting services related to urban construction and traffic construction	2,840.5	70.1	8.1
300284	JSTI Group (蘇交科集團股份有限公司)	Mainly engaged in engineering consulting businesses. It is also involved in engineering contracting businesses and other businesses	9,216.8	24.3	3.0
300500	Tus-Design Group Co., Ltd. (啟迪設計集團股份有限公司)	Principally engaged in the construction design and other engineering services	4,486.3	72.1	6.3

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Stock code	Company name	Principal Business	Market capitalisation <i>(Note 1)</i> <i>RMB' million</i>	P/E multiple <i>(Note 2)</i>	P/B multiple <i>(Note 3)</i>
300635	Guangdong Daan Project Management Co., Ltd. (廣東達安項目管理股份有限公司)	Principally engaged in the provision of engineering project management services and the main business is engaged in the supervision of engineering project	2,326.9	45.0	3.9
300649	Hangzhou Landscape Architecture Design Institute Co., Ltd. (杭州園林設計院股份有限公司)	Principally engaged in the design of landscape architecture	4,710.4	186.6	16.1
300675	Shenzhen Institute of Building Research Co., Ltd. (深圳市建築科學研究院股份有限公司)	Principally engaged in the provision of green building and eco-city comprehensive technical services	5,517.6	174.9	19.1
300712	Fujian Yongfu Power Engineering Co., Ltd. (福建永福電力設計股份有限公司)	Principally engaged in the survey, design, planning and consulting of power engineering projects, as well as the Engineering Procurement Construction (EPC) business	3,010.3	41.1	7.2
	Average			96.1	8.0
	Maximum			221.9	19.1
	Minimum			24.3	3.0
	Target Company <i>(Note 4)</i>			3.8	1.1

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Notes:

1. Market capitalisation calculated based on the closing price of the comparable companies as at 14 March 2018, being the date of the Equity Transfer Agreement multiple by the then issued shares.
2. Calculated based on the market capitalisation as defined above and divided by their respective net profit after taxation attributable to owners of the company per their respective prospectus or latest annual reports as at the Latest Practicable Date.
3. Calculated based on the market capitalisation as defined above and divided by their respective net asset value attributable to owners of the company per their respective prospectus or latest interim report or annual reports as at the Latest Practicable Date.
4. The P/E multiple and P/B multiple for the Target Company is calculated based on the Consideration divided by the net profit after taxation and the audited net asset value of the Target Company as at 31 December 2017, respectively.

As illustrated above, the P/E multiple represented by the Consideration of approximately 3.8 times lies substantially below the average of approximately 40.7 times (Shanghai Stock Exchange) and 96.1 times (Shenzhen Stock Exchange) upon comparison with the comparable companies, and falls substantially below the range of approximately 20.6 times and 62.8 times (Shanghai Stock Exchange) and the range of 24.3 times and 221.9 times (Shenzhen Stock Exchange) upon comparison with the comparable companies.

We also noted that the P/B multiple represented by the Consideration of approximately 1.1 times lies substantially below the average of approximately 5.6 times (Shanghai Stock Exchange) and 8.0 times (Shenzhen Stock Exchange) upon comparison with the comparable companies, and falls below the range of approximately 2.3 times and 10.5 times (Shanghai Stock Exchange) and the range of 3.0 times and 19.1 times (Shenzhen Stock Exchange) upon comparison with the comparable companies.

Notwithstanding that both P/E multiples and P/B multiples of the comparable companies are notably higher than the results of Target Company, we note that the Consideration was close to the audited net asset value as at 31 December 2017 of the Target Company with a profitable track record for the two years ended 31 December 2016 and 2017. In addition, having considered (i) there are no listed companies on the Main Board or GEM of the Stock Exchange with similar business with the Target Company available for comparison; and (ii) the comparable companies engage in the business with a segment of engineering consultancy and communication engineering consultancy services in the PRC which is in similar business as the Target Company, we are of the view that the above analysis of comparable companies are fair and representative samples which serves as a further reference.

Taking into consideration of the fact that (i) the Consideration was arrived at close to the audited net assets value of the Target Company after arm's length negotiation between the parties; (ii) the Consideration was determined with reference to the audited net asset which is substantially below the valuation of the comparable companies in terms of P/E multiple and P/B multiple; and (iii) the Target Company possesses all the necessary licences including the Comprehensive Qualification of Engineering Supervision License to undertake engineering consultancy services in the PRC with an established proven track record, we consider the Consideration to be fair and reasonable and is on normal commercial terms so far as the Company and the Independent Shareholders are concerned.

LETTER FROM RED SUN

3. Financial impacts of the Acquisition

(a) *Net assets value and earnings*

Upon completion of the Acquisition, each of the Target Company and its subsidiary will become a wholly-owned subsidiary of the Company and their results of operation will be consolidated into the consolidated financial statements of the Group. Taking into account the historical track record of the Target Company, in particular, the Target Company recorded an audited net profit after taxation of approximately RMB18.3 million for the year ended 31 December 2017 and an audited net asset value of approximately RMB66.6 million as at 31 December 2017, the Group expects that there will be no material impact arising from the Acquisition on the net assets and a potential positive effects on the earnings of the Group.

(b) *Working Capital*

As stated in the Letter from the Board, the Consideration under the Acquisition will be satisfied by internal resources of the Group. As noted from the 2017 Result Announcement, the Group has bank and cash balances of approximately HK\$386.9 million as at 31 December 2017. Given that the Consideration of RMB70,000,000 will be made in stages over a period and having regard to the Group's liquidity position, the cash outlay requirements as mentioned above would not have any adverse impact on the Group's business.

RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

- (i) the basis and reasons for the Acquisition;
- (ii) the Acquisition provides a new opportunity to enhance the Group's market position and competitiveness and broaden revenue sources;
- (iii) the transaction contemplated under the Equity Transfer Agreement was conducted in the ordinary and usual course of business of the Group and on normal commercial terms; and
- (iv) the basis for determining the Consideration was reasonable, details of which are set out in the section headed "2.3 The Consideration, basis of the Consideration and payment terms".

LETTER FROM RED SUN

Taking into consideration the factors and reasons discussed above in this letter, we are of the view that the terms of the Acquisition are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to approve the Acquisition contemplated under the Equity Transfer Agreement.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Jimmy Chung
Managing Director

Mr. Jimmy Chung is a Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and permitted to undertake work as sponsor. He has over 20 years of experience in corporate finance industry in Greater China.

** for identification purposes only*

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

Name of Director	Capacity	Number of ordinary shares in the Company held	% of shares in the Company in issue¹
Zhu Yijian	Beneficial owner	1,000,000	0.046%
Chan Sim Wang	Beneficial owner	50,000	0.002%
Huang Jiang	Beneficial owner	1,000,000	0.046%

Note:

1. The percentage is based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date (i.e. 2,155,545,000 ordinary shares).

Long positions in shares and underlying shares of associated corporations

As at the Latest Practicable Date:

- (i) Mr. Zhou Yong (a) had personal interests in 3,233,027 ordinary shares in CSC, representing approximately 0.064% of the issued shares of CSC; and (b) held 255,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL;
- (ii) Mr. Zhu Yijian (a) had interests in 2,538,237 ordinary shares in CSC, representing approximately 0.050% of the issued shares of CSC (comprising personal interests in 1,487,487 ordinary shares held by him as beneficial owner and family interests in 1,050,750 ordinary shares held by his spouse); and (b) held 210,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL;
- (iii) Mr. Luo Haichuan held 150,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL;
- (iv) Mr. Wang Hai held 150,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL;
- (v) Mr. Chan Sim Wang had personal interests in 32,400 ordinary shares in CSC, representing approximately 0.001% of the issued shares of CSC; and
- (vi) Mr. Huang Jiang held 150,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL.

The Company was informed that all the interests in A-shares in CSCECL held by the Directors as set out above were granted to them by CSCECL pursuant to its share award scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed below, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of companies which had such discloseable interest or short position	Position within such companies
Zhou Yong	COHL	Director and Vice Chairman
	CSC	Chairman, Executive Director and Chief Executive Officer
	Add Treasure Holdings Limited	Director
Zhu Yijian	Add Treasure Holdings Limited	Director
Wang Hai	Add Treasure Holdings Limited	Director

There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest published audited accounts of the Company were made up.

COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, Messrs. Zhou Yong, Zhu Yijian, Luo Haichuan, Wang Hai, Chan Sim Wang and Huang Jiang held directorships and/or senior management positions in the Company's holding companies and/or their subsidiaries. These companies are engaged in construction, property development and related business.

The Board is independent of the boards of directors of the Company's holding companies and their subsidiaries. With the presence of appropriate portion of independent non-executive Directors in the Board, the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of its holding group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, proposed Directors or their respective close associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competes or is likely to compete with the business of the Group.

EXPERT

The following is the qualification of the expert who had given its opinion and advice which are contained in this circular:

Name	Qualification
Red Sun	A corporation licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance)

- (a) As at the Latest Practicable Date, Red Sun had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) Red Sun has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (c) As at the Latest Practicable Date, Red Sun did not have any direct or indirect interest in any assets which have been, since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) The Letter from Red Sun is given as of the date of this circular for incorporation herein.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the office of the Company at 16th Floor, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong from the date of this circular up to and including 29 May 2018 (except Saturdays and Sundays) and will be available for inspection at the EGM:-

- (i) the Equity Transfer Agreement;

- (ii) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (iii) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from Red Sun” of this circular; and
- (iv) the letter of consent from the expert referred to under the section headed “Expert” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Far East Global Group Limited (the “**Company**”) will be held at 16th Floor, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong on Tuesday, 29 May 2018 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (A) the Equity Transfer Agreement (as defined in the circular of the Company dated 9 April 2018 of which this notice forms part) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Equity Transfer Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”

By Order of the Board

Far East Global Group Limited

Zhou Yong

Chairman and Non-executive Director

Hong Kong, 9 April 2018

*Head Office and Principal Place of
Business in Hong Kong:*
16th Floor, Eight Commercial Tower
No. 8 Sun Yip Street
Chai Wan
Hong Kong

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A form of proxy for the meeting is enclosed.
2. Only members are entitled to attend and vote at the meeting (or at any adjournment thereof).
3. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more proxies (who must be an individual) to attend and vote instead of him. A proxy need not be a member of the Company.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorized to sign the same.
5. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
6. Completion and return of a proxy form shall not preclude a member from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should the member so wish, and in such event, the proxy form shall be deemed to be revoked.
7. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. The register of members of the Company will be closed from Thursday, 24 May 2018 to Tuesday, 29 May 2018, both days inclusive, for the purpose of determining members' entitlement to attend and vote at the meeting. In order to qualify for attending and voting at the meeting, 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, 23 May 2018.