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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

	2018	2017 (restated)	Change
RESULTS (HK$'000)			
Revenue	**3,611,770**	3,132,665	15.3%
Profit attributable to owners of the Company	**148,571**	123,691	20.1%
Unrestated Profit attributable to owners of the Company	**148,571**	100,935*	47.2%
FINANCIAL INFORMATION PER SHARE			
Earnings – basic (HK cents)	**6.89**	5.74	20.0%
Proposed final dividend for the year (HK cent)	**1.20**	1.00	20.0%

* Profit attributable to owners of the Company published in the 2017 Annual Report as stated to be comparative figure

The board of directors (the "Board") of Far East Global Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018, together with the restated comparative figures for 2017 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
			(restated)
Revenue	*3*	**3,611,770**	3,132,665
Costs of sales	*5*	**(3,189,952)**	(2,685,740)
Gross profit		**421,818**	446,925
Other income and other gains, net	*4*	**2,848**	7,479
Administrative, selling and other operating expenses	*5*	**(191,204)**	(209,154)
Finance costs	*6*	**(26,717)**	(17,340)
Profit before tax		**206,745**	227,910
Income tax charge	*7*	**(62,265)**	(114,135)
Profit for the year		**144,480**	113,775
Profit/(loss) for the year attributable to:			
Owners of the Company		**148,571**	123,691
Non-controlling interests		**(4,091)**	(9,916)
		144,480	113,775
Earnings per share (HK cents)	*9*		
Basic and diluted		**6.89**	5.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	2018 *HK$'000*	2017 *HK$'000* (restated)
Profit for the year	**144,480**	113,775
Other comprehensive income		
Items that may be reclassified to profit and loss		
Exchange differences arising on translation of foreign operations	**(29,984)**	36,832
Other comprehensive income for the year, net of tax	**(29,984)**	36,832
Total comprehensive income for the year, net of tax	**114,496**	150,607
Total comprehensive income for the year attributable to:		
Owners of the Company	**119,303**	159,588
Non-controlling interests	**(4,807)**	(8,981)
	114,496	150,607

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 HK$'000	2017 HK$'000 (restated)
Non-current Assets			
Property, plant and equipment		**476,959**	231,420
Prepaid lease payments		**32,491**	34,929
Goodwill		**138,149**	138,149
Deferred tax assets		**92,647**	94,058
		740,246	498,556
Current Assets			
Inventories		**7,014**	9,928
Amounts due from customers for contract work		**-**	861,797
Contract assets		**967,471**	-
Trade and other receivables	*10*	**1,173,875**	1,008,703
Deposits and prepayments		**53,842**	56,627
Tax recoverable		**707**	1,097
Amounts due from fellow subsidiaries		**37,026**	46,474
Bank and cash balances		**386,630**	478,137
		2,626,565	2,462,763

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31 December 2018

	Note	2018 HK$'000	2017 HK$'000 (restated)
Current Liabilities			
Bank borrowings	*11*	**505,178**	401,693
Amounts due to customers for contract work		**-**	60,212
Deposits received and advances from customers		**-**	52,235
Contract liabilities		**299,857**	-
Trade payables, other payables and accruals	*12*	**1,049,699**	831,145
Finance lease payables		**793**	865
Current tax payables		**88,880**	88,424
Amounts due to fellow subsidiaries		**170,240**	344,500
		2,114,647	1,779,074
Total Assets less Current Liabilities		**1,252,164**	1,182,245
Capital and Reserves			
Share capital	*13*	**21,555**	21,555
Share premium and reserves		**1,075,736**	998,914
Equity attributable to owners of the Company		**1,097,291**	1,020,469
Non-controlling interests		**(59,008)**	(54,201)
		1,038,283	966,268
Non-current Liabilities			
Bank borrowings	*11*	**211,746**	213,185
Finance lease payables		**1,842**	2,499
Deferred tax liabilities		**293**	293
		213,881	215,977
		1,252,164	1,182,245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PREPARATION

The consolidated financial statements of Far East Global Group Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

On 26 June 2018, the Group acquired 100% of equity interests in China Overseas Supervision Limited ("COS") from Shenzhen CS Grand Wealth Investment Company Limited, a wholly owned subsidiary of China State Construction International Holdings Limited ("CSCIHL"), which is an intermediate holding company of the Company, at a cash consideration of RMB70,000,000.

The transfer of the equity interests in COS (the "Acquired Company") was regarded as common control combination. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2018 had been prepared using the principle of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as if the Acquired Company had been combined from the date when the Acquired Company first came under the control of the controlling party of the Group and Acquired Company. The comparative figures of the consolidated financial statements have been restated accordingly.

The effect of the combination of the Acquired Company on the result of the Group for the twelve months ended 31 December 2017 and the financial position of the Group as at 31 December 2017 are summarised below:

	For the twelve months ended 31 December 2017 HK$'000 (previously stated)	Combination of the Acquired Company HK$'000	Combination Adjustment HK$'000	For the twelve months ended 31 December 2017 HK$'000 (restated)
Revenue	2,910,942	221,723	-	3,132,665
Costs of sales	(2,520,146)	(165,594)	-	(2,685,740)
Gross profit	390,796	56,129	-	446,925
Other income and other gains, net	6,396	1,083	-	7,479
Administrative, selling and other operating expenses	(181,510)	(27,644)	-	(209,154)
Finance costs	(17,340)	-	-	(17,340)
Profit before tax	198,342	29,568	-	227,910
Income tax charge	(107,323)	(6,812)	-	(114,135)
Profit for the period	91,019	22,756	-	113,775
Profit / (loss) for the period attributable to:				
Owners of the Company	100,935	22,756	-	123,691
Non-controlling interests	(9,916)	-	-	(9,916)
	91,019	22,756	-	113,775

(1) BASIS OF PREPARATION *(continued)*

	31 December 2017 (Note 1) HK$'000 (previously stated)	Combination of the Acquired Company HK$'000	Combination Adjustment (Note 2) HK$'000	31 December 2017 HK$'000 (restated)
Non-current Assets				
Property, plant and equipment	229,000	2,420	-	231,420
Prepaid lease payments	34,929	-	-	34,929
Goodwill	138,149	-	-	138,149
Deferred tax assets	94,058	-	-	94,058
	496,136	2,420	-	498,556
Current Assets				
Inventories	9,928	-	-	9,928
Amounts due from customers for contract work	688,810	172,987	-	861,797
Trade and other receivables	943,563	65,140	-	1,008,703
Deposits and prepayments	54,520	2,107	-	56,627
Tax recoverable	1,097	-	-	1,097
Amounts due from fellow subsidiaries	34,924	11,550	-	46,474
Bank and cash balances	386,949	91,188	-	478,137
	2,119,791	342,972	-	2,462,763
Current Liabilities				
Bank borrowings	401,693	-	-	401,693
Amounts due to customers for contract work	60,212	-	-	60,212
Deposits received and advances from customers	52,235	-	-	52,235
Trade payables, other payables and accruals	782,822	48,323	-	831,145
Finance lease payables	865	-	-	865
Current tax payables	45,592	42,832	-	88,424
Amounts due to fellow subsidiaries	93,514	169,229	81,757	344,500
	1,436,933	260,384	81,757	1,779,074
Total Assets less Current Liabilities	1,178,994	85,008	(81,757)	1,182,245
Capital and reserve	1,017,218	85,008	(81,757)	1,020,469
Non-controlling interests	(54,201)	-	-	(54,201)
Non-current liabilities	215,977	-	-	215,977
	1,178,994	85,008	(81,757)	1,182,245

Note 1: The financial position of the Group as at 31 December 2017 is presented after the effects of adoption of HKFRS15. Please refer to Note 2 of the announcement for the details of impact on the adoption of HKFRS 15.

Note 2: The combination adjustment represents the consideration payable to acquire the Acquired Company.

(2) APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS AND INTREPRETATIONS

In the current year, the Group has applied the following new and revised standards, amendments and improvements to Hong Kong Accounting Standards ("HKAS(s)"), HKFRS (hereinafter collectively referred to as the "new HKFRSs") issued by the HKICPA, which are relevant to the Group:

Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Clarifications to HKFRS 15, Revenue from Contracts with Customers
Annual Improvements 2014- 2016 Cycle	Amendments to HKFRS 1 and HKAS 28
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except for the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers", the application of the above new and revised standards, amendments and improvements has had no material impact on the Group's result and financial position.

(a) HKFRS 9 "Financial Instruments"

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group adopted HKFRS 9 with effective from 1 January 2018, which resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, and contract assets under HKFRS 15, loan commitments and certain financial guarantee contracts. At 1 January 2018 and 31 December 2018, the Group assessed the impact of loss allowance under the application of HKFRS 9 was immaterial. Except for the above, the application of HKFRS 9 did not have material impact on the classification, recognition and measurement of the other financial assets held by the Group at 1 January 2018 and 31 December 2018.

The application of HKFRS 9 did not affect the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group did not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

(b) HKFRS 15 "Revenue from Contracts with Customers"

During the current year, the Group adopted HKFRS 15 as issued by the HKICPA. The adoption of HKFRS 15 resulted in changes in accounting policies and adjustments to the amounts of revenue recognised in the consolidated financial statements. HKFRS 15 replaces the provisions of HKAS 18, *Revenue* and HKAS 11, *Construction Contracts* that relate to the recognition, classification and measurement of revenues and costs.

The Group elected to use a modified retrospective approach for transition in the consolidated financial statements for the year ended 31 December 2018, which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018, while prior year comparative figures were not restated. The Group chose to apply HKFRS 15 for its contracts at 1 January 2018.

The effects of the adoption of HKFRS 15 are as follows:

Accounting for revenue from construction contracts

In prior reporting periods, the Group accounted for revenue from construction contracts when the outcome of construction contracts can be estimated reliably by reference to the stage of completion of the contract activities at the end of the reporting periods.

(2) APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS AND INTREPRETATIONS *(Continued)*

Under HKFRS 15, revenue from construction contracts is recognised when or as the construction projects are transferred to the customer. Depending on the terms of the contracts and the laws that are applicable to the contracts, control of the construction projects may transfer over time or at a point in time. If i) the Group creates or enhances an asset that the customer controls as the asset is created or enhanced, or ii) if construction projects have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Presentation of contract assets and liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- contract assets recognised in relation to construction contracts were previously presented as amounts due from customers for contract work
- contract liabilities recognised in relation to construction contracts were previously presented as amounts due to customers for contract work and deposits received and advances from customers

The effects of the adoption of HKFRS 15 on the consolidated statement of financial position at 1 January 2018 are as follows:

	At 1 January 2018		
	As previously presented HK$'000	Reclassification of HKFRS 15 HK$'000	Restated HK$'000
Consolidated statement of financial position (extract)			
Amounts due from customers for contract work	861,797	(861,797)	-
Contract assets	-	861,797	861,797
Amounts due to customers for contract work	60,212	(60,212)	-
Deposits received and advances from customers	52,235	(52,235)	-
Contract liabilities	-	112,447	112,447

The amount by each financial statements line items affected in the current year and year to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that were previously in effect before the adoption of HKFRS 15 is as follows:

	At 1 January 2018		
	Amounts before the adoption of HKFRS 15 HK$'000	Effects of adoption of HKFRS 15 HK$'000	Amounts as reported HK$'000
Consolidated statement of financial position (extract)			
Amounts due from customers for contract work	967,471	(967,471)	-
Contract assets	-	967,471	967,471
Amounts due to customers for contract work	119,914	(119,914)	-
Deposits received and advances from customers	179,943	(179,943)	-
Contract liabilities	-	299,857	299,857

The adoption of HKFRS 15 has no material impact to the consolidated income statement and has no impact to the net cash flow from operating, investing and financing activities on the consolidated statement of cash flows.

(2) APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS AND INTREPRETATIONS *(Continued)*

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

Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Annual Improvement Project	Annual Improvements 2015- 2017 Cycle[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[2]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 The mandatory effective date will be determined

HKFRS 16, "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right-to-use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$85,925,000. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. For other leases, the Group expects i) the effect of other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options, ii) the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and iii) the impact to the Group's profit or loss and classification of cash flows going forward will not be material.

The Group does not expect any significant impact on the financial statements as a lessor. However, some additional disclosures will be required from next year.

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for leases will be measured on transition as if the new rules had always been applied.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(3) REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the façade contracting business, general contracting business and operating management business. The Group's revenue represents revenue from construction and management contracts.

The Group has classified the reportable segments into three operating segments, principally based on reportable business units as well as the reporting organisation hierarchy, and are determined as follows:

— Façade Contracting Works

— General Contracting Works

— Operating Management

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

Segment results for the years ended 31 December 2018 and 2017 are as follows:

	Revenue		**Gross profit**		**Segment result**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)		(restated)
Reportable segments:						
Façade Contracting Works	**2,518,261**	2,209,728	**252,352**	324,592	**143,608**	201,033
General Contracting Works	**850,553**	660,276	**69,423**	43,634	**63,531**	40,073
Operating Management	**242,956**	262,661	**100,043**	78,699	**75,570**	52,166
Total	**3,611,770**	3,132,665	**421,818**	446,925	**282,709**	293,272
Unallocated corporate expenses					**(50,057)**	(49,617)
Other income and other gains, net					**810**	1,595
Finance costs					**(26,717)**	(17,340)
Profit before tax					**206,745**	227,910

Segment revenue of Façade Contracting Works comprises revenue from Greater China, Asia and other region amounting HK$1,981,504,000 (2017: HK$1,669,006,000) and revenue from North America region amounting HK$536,757,000 (2017: HK$540,722,000). Segment revenue of General Contracting Works and Operating Management represent revenue from Greater China region.

Amounts included in the measure of segment result:

	Depreciation of property, plant and equipment		**(Gain)/loss on disposal of property, plant and equipment**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)
Façade Contracting Works	**5,529**	6,820	**(28)**	(164)
General Contracting Works	**96**	78	**-**	-
Operating Management	**294**	251	**67**	97
	5,919	7,149	**39**	(67)

(3) REVENUE AND SEGMENT INFORMATION *(continued)*

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

	Non-current assets*		Addition to property, plant and equipment	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)
North America	**310,997**	202,536	**116,196**	2,665
Greater China, Asia and Others	**336,602**	201,962	**155,919**	105,706
	647,599	404,498	**272,115**	108,371

* *Other than deferred tax assets.*

Major customer information

No customer (2017: two customers, one in both Façade Contracting Works and General Contracting Works and one in General Contracting Works, amounted to approximately HK$469,919,000 and approximately HK$438,301,000 respectively) represents more than 10 per cent (2017: 10 per cent) of the Group's total revenue.

(4) OTHER INCOME AND OTHER GAINS, NET

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
		(restated)
Bank interest income	**1,623**	2,425
Insurance claim received	**-**	1,460
Rental income	**842**	586
Service income	**-**	1,189
Sundry income	**422**	2,194
Provision of trade and other receivables, net	**-**	(442)
(Loss)/gain on disposal of property, plant and equipment	**(39)**	67
	2,848	7,479

(5) EXPENSES BY NATURE

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
		(restated)
Costs of sales		
Costs of contracting works performed	**3,171,154**	2,668,359
Warranty provisions, net	**18,798**	17,381
	3,189,952	2,685,740
Administrative, selling and other operating expenses		
Staff costs, including directors' emoluments:		
Salaries, bonuses and allowances	**665,957**	590,867
Retirement benefits scheme contributions	**28,320**	26,674
Less: amounts included in cost of contracting works performed	**(573,392)**	(501,709)
	120,885	115,832
Depreciation	**18,338**	17,089
Less: amounts included in cost of contracting works performed	**(12,419)**	(9,940)
	5,919	7,149
Operating lease charges — land and buildings	**49,592**	45,735
Less: amounts included in cost of contracting works performed	**(37,456)**	(30,080)
	12,136	15,655
Auditor's remuneration		
Audit services	**2,847**	2,563
Non-audit services	**456**	464
	3,303	3,027
Amortisation of prepaid lease payments	**679**	690
Less: amounts included in cost of contracting works performed	**(679)**	-
	-	690
Exchange loss, net	**2,148**	6,890
Others	**46,813**	59,911
	191,204	209,154

(6) FINANCE COSTS

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**26,537**	17,166
Finance lease charges	**180**	174
	26,717	17,340

(7) INCOME TAX CHARGE

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
		(restated)
Current tax — Hong Kong profits tax		
Provision for the year	**57,662**	42,396
Overprovision in prior years	**(89)**	(916)
	57,573	41,480
Current tax — overseas		
Provision for the year	**10,526**	18,321
Overprovision in prior years	**(5,834)**	(266)
	4,692	18,055
Deferred tax, net	**-**	54,600
Income tax charge for the year	**62,265**	114,135

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

Certain of the Group's subsidiaries in the Mainland China were approved as new and high technology enterprises pursuant to certain of which the Mainland China subsidiaries can enjoy a preferential income tax rate of 15% effective from 2015 to 2018.

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.

Pursuant to the Tax Cuts and Jobs Act enacted by the government of the United States ("US") on 22 December, 2017, the US corporate tax rate is reduced for tax years beginning after 31 December, 2017. This rate change led to a reduction of the deferred tax assets of HK$54,600,000 as of 31 December, 2017.

(8) DIVIDENDS

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interim dividend paid of HK1.0 cent (2017: HK1.0 cent) per ordinary share	**21,555**	21,555
Final proposed dividend of HK1.2 cents (2017: HK1.0 cent) per ordinary share	**25,867**	21,555
	47,422	43,110

The final dividend proposed after 31 December 2018 was not recognised as a liability at 31 December 2018 and is subject to approval by shareholders in the forthcoming annual general meeting. The final dividend for 2017 was recognised and paid during the year.

(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:

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
		(restated)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**148,571**	123,691
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares used in diluted earnings per share calculation	**2,155,545**	2,155,545
Basic earnings per share (HK cents)	**6.89**	5.74

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2018 (2017: Nil).

(10) TRADE AND OTHER RECEIVABLES

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

	At 31 December	
	2018	2017
	HK$'000	*HK$'000*
		(restated)
Trade receivables:		
0 to 30 days	**450,025**	348,991
31 to 60 days	**25,859**	68,409
61 to 90 days	**2,944**	3,640
More than 90 days	**85,685**	84,195
	564,513	505,235
Retention receivables	**549,706**	456,247
	1,114,219	961,482
Other receivables	**59,656**	47,221
Trade and other receivables	**1,173,875**	1,008,703

Except for the receivable arising from construction contracts which are billed and immediately payable in accordance with the terms of the relevant agreement, the Group generally allows an average credit period not exceeding 90 days (2017: 90 days) to its customers and the retention receivables are repayable approximately one year after the expiry of the defect liability period of construction projects.

(11) BANK BORROWINGS

	At 31 December 2018 *HK$'000*	2017 *HK$'000*
Bank loans, secured	**12,183**	13,638
Bank loans, unsecured	**704,741**	601,240
	716,924	614,878
The borrowings are repayable as follows:		
On demand or within one year	**505,178**	401,693
In the second year	**455**	200,472
In the third to fifth years, inclusive	**201,485**	1,542
More than five years	**9,806**	11,171
	716,924	614,878
Less: amounts due for settlement within twelve months	**(505,178)**	(401,693)
Amounts due for settlement after twelve months	**211,746**	213,185

At 31 December 2018, a bank loan of HK$12,183,000 (2017: HK$13,638,000) is secured by the Group's land and buildings of HK$16,980,000 (2017: HK$19,103,000).

(12) 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:

	At 31 December 2018 *HK$'000*	2017 *HK$'000* (restated)
Trade payables:		
0 to 30 days	**510,174**	436,771
31 to 60 days	**27,294**	41,656
More than 60 days	**175,444**	51,585
	712,912	530,012
Retention payables	**189,179**	131,994
	902,091	662,006
Other payables and accruals	**147,608**	169,139
Trade payables, other payables and accruals	**1,049,699**	831,145

(13) SHARE CAPITAL

	Issued and fully paid: Number of shares *'000*	**Share capital Amount** ***HK$'000***
Ordinary shares of HK$0.01 each		
At 1 January 2017, 1 January 2018 and 31 December 2018	2,155,545	**21,555**

(14) SUBSEQUENT EVENT

On 7 January 2019, the Group proposed to acquire Value Idea Investments Limited and Fuller Sky Enterprises Limited, from its immediate shareholder – China State Construction International Holdings Limited ("CSCIHL") which CSCIHL holds 74.06% of the shareholdings of the Company. The Group has conditionally agreed to acquire (i) the Value Idea Sale Share, representing the entire issued share capital of Value Idea, and the Value Idea Sale Loan; and (ii) the Fuller Sky Sale Share, representing the entire issued share capital of Fuller Sky, and the Fuller Sky Sale Loan, at a total consideration of HK$295,000,000.

BUSINESS REVIEW

In 2018, Far East Global Group Limited and its subsidiaries (collectively the "Group") continued to strengthen the traditional curtain wall business by accurately forecasted the landscape changes in both the international and local markets and make full use of its internal synergy effects. It also actively promoted the deployments for every operation to keep improving the competitive advantages of the industry. The Group has further established its strategic positioning, where it accelerated the pace of capital operation and implemented an in-depth dual-core-driven strategy of "traditional business and investment business". It has successively injected the supervision business from its parent company and initiated the acquisitions of the infrastructure operation business of two bridges in Nanchang. It was then proposed to change the name of the Company to "CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED". The newly awarded contract value of the curtain wall business, our core business, hit a history record high, while the general contracting business made a steady progress and the supervision business in the Mainland China also maintained a smooth momentum.

Market Conditions

In 2018, the world's political and economic conditions underwent ups and downs, as a result, the recovery of global economy has shown a diversified trend. Being affected by the impacts of the intensified US trade protectionism coupled with the US tax reform and the Federal Reserve continued to hike interest rates, except the US economy, which remained an accelerated pace, other developed economies such as Europe, the UK and Japan were suffering from a downturn. In light of the volatility in exchange rates, interest rates and commodity prices, emerging markets experienced a more obvious economic downward trend, casting a shadow over the outlook for global economic growth. The US-China trade dispute has become the market focus, the pace of economic restructuring and industrial upgrading in China has further accelerated and the "Belt and Road" development and the supply-side structural reform continued to proceed, which have led the Chinese economy move to a development transformation period.

The Group adhered to the operational strategy of "rooting in Hong Kong and Macau, relying on the Mainland China, exploring overseas markets, joining internal and external forces", persisted with its prudent bidding strategy, drew on internal synergy, and proactively developed premium projects that could enjoy branding effect.

1. Contracting Engineering Business

Curtain Wall Business
Hong Kong and Macau are the traditional key markets of the Group. Given the overall prosperous construction market in Hong Kong, the Group strived to further strengthen its advantages in order to maintain its leading position in the curtain wall market of Hong Kong. In Macau, the high-end curtain wall market still suffered from a downturn, though the economy began to bottom out. The Group is a leading high-end curtain wall total solution provider recognised in the market. As it focused on deepening the strategic cooperative relation with its

big clients, it also actively strived to create long-term and stable cooperation opportunities with new clients, contributing to the continuous business growth in the region. In 2018, the Group's newly awarded contract value in the region was HK$1,304 million, the newly awarded projects included Tuen Mun Kwun Chui Road Project of TMTL 500, The Curtain Wall and Barrage Section Project of Tai Po Town Lot No. 221 at Shan Tong Road, Lai Chi Shan, Tai Po, New Territories, and The Lohas Park Phase IX Project at Tseung Kwan O, etc. The Group has put emphasis on managing the schedule, quality, safety, cash flow and efficiency of its projects in progress. Synergy is achieved by consolidating the internal design, procurement, production and installation resources of the Group. The Group has also been working on measurements such as enhancing safety control and implementing incentive schemes, so as to adjust and maximise project teams' motivation.

The construction and curtain wall markets in North America have experienced continuous growth. The Group paid special attention to profitable premium projects with controllable risks that were undertaken by private developers. During the year, in North America, the Group was awarded, among others, the project of 540 West 21st Street and the project of Broadway Tower Construction in New York, the US; the project of renovation of curtain wall in New Jersey, the US; the project of The One in Toronto, the Queen's Marque in Halifax and the project of Empire Landmark in Vancouver, Canada, with the total new contract value amounted to HK$1,468 million. Apart from these, more potential projects are being under way. With the Group's effort in strengthening project cost control and contract management as well as enhancing cross-field resources allocation and coordination, the level of management and control over the Group's business in North America was improving continuously. All projects in progress are making good progress.

There has been a structural imbalance between supply and demand in the curtain wall business in the Mainland China which intensified disorderly competitions. The Group has been selective in choosing curtain wall projects in the Mainland China and has focused on major projects owned by creditworthy landlords. During 2018, apart from dedicated in the curtain wall projects of Apple Stores to keep its traditional strengths, the Group leveraged its branding effect and capitalizing on the internal synergy, and was awarded a number of projects such as the curtain wall project of Binhai Commercial Centre in Zhongzhou (Stage I), the daylighting roof works for Huawei's training academy in Songshan Lake, the curtain wall subcontracting project for the buildings of Lot No. A03 of Hengqin Shun Tak Control Point Service Zone, the curtain wall subcontracting works for Phase II of the eastern land parcel of International City (North) and the project of Nike's flagship store in Shanghai.

In order to fulfil the growing capacity demand of projects in Hong Kong, Macau and overseas, the Group has proactively expanded its production and manufacturing base in the Mainland China. The construction of the new Zhuhai Factory has been completed, and its production commenced in August as scheduled. The new Zhuhai Factory is built as an intelligent factory equipped with cutting-edge production equipment and processing technique, which will further sharpen the Group's advantages in terms of production scale in the future.

In addition to the Greater China region and North America, the Group actively kept abreast of premium curtain wall projects in other overseas regions and to further bolstering Australian market through providing design and supply services. During 2018, the Group was awarded the project for the supply of single components for West Side Place Stage I in Melbourne, Australia. At the same time, the Group was successfully awarded the project of The Stage in London, the UK.

Contracting Business
The Group actively participated in the bidding of medium and small housing projects in Hong Kong. It was awarded the general contracting of Ma Tau Wai project from Henderson during the year. Meanwhile, our projects in progress were experiencing steady development, with the project in Tsing Lung Tau from MCC Real Estate, the No. 14–18 Mosque Street project in Mid-Levels, Hong Kong and the residential development project in Tuen Mun Town Lot No. 514 from Chuang's being carried out well without any hiccups.

2. Operating Management Business

In 2018, with the strong backing of our parent company, the Group accelerated the expansion of our operating management business and completed the acquisition of China Overseas Supervision Limited ("中海監理有限公司"), a company that holds First Class License for Agencies of Project Tender ("工程招標代理機構甲級執照") and Qualified license for Project Commission ("工程監理綜合資質執照"), from China State Construction International Holdings Limited ("China State Construction International"), our controlling shareholder. The acquisition, while enhancing the synergy of our operating management business of the Group, will also generate coupling effects with our curtain wall business. In 2018, China Overseas Supervision was awarded a number of projects, for examples, the projects of managing Lot No. 0405 of Songshan Lake Lake Shore Garden in Huawei, Dongguan, and Dongtian Estate in Pinghu, Zhejiang.

At the same time, the Group proactively explores in the investment operating business of pension industry. In August 2018, an investment project of a pension apartment in Toronto, Canada has been formally implemented. The Group has acquired a parcel in Toronto, Canada at a consideration of HK$120 million, which will be developed as a pension apartment in three stages, with a total investment of HK$1,200 million. This has made a beneficial attempt for the Group's investment business.

According to the strategic deployment for the business transformation of the Group by our parent company, while the Group will extend and strengthen its traditional curtain wall business, it will also further expand the operation management business. On 7 January, 2019, the Group officially announced to acquire the operation businesses of Nan Chang Bridge and Nan Chang Zhong Hai Xin Ba Yi Bridge from China State Construction International, our controlling shareholder. It is expected that the acquisition will bring stable cash flow and considerable returns, laying a solid foundation for the Group's expansion into new operating businesses, making a further step in the transition of the Group towards a professional operation enterprise and promoting the vertical in-depth development of the Group's dual-core-driven strategy. Furthermore, the name of the Company has been changed from "Far East Global Group Limited" to "CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED". The change of the Company's name will better reflect the strong branding effect of "China State Construction" and is more compatible to the direction of the Group's future business development.

Overall Results
For the year ended 31 December 2018, the Group delivered solid results with both revenue and profit improvement guided by its three core business strategy. The Group recorded aggregate revenue of HK$3,612 million (2017 (restated): HK$3,133 million), an increase of 15.3% as compared to last year. The profit attributable to owners of the Company was HK$149 million (2017 (restated): HK$124 million), an increase of 20.1% as compared to last year. The basic earnings per share was HK6.89 cents (2017 (restated): HK5.74 cents), representing the growth of 20.0% over last year. The Board of Directors recommends the payment of a final dividend of HK1.20 cents per share and together with the interim dividend of HK1.00 cent per share paid in the year, the total dividends for

the year amounted to HK2.20 cents per share, representing 31.9% payout of the distributable profit for the year.

During the year, the Group acquired 100% of equity interests in China Overseas Supervision Limited ("COS") from Shenzhen CS Grand Wealth Investment Company Limited, a wholly owned subsidiary of China State Construction International Holdings Limited for a cash consideration of RMB70 million. The acquisition was treated as common control combination and merger accounting was adopted as if COS had been combined from the date when COS first came under the control of the controlling party. The comparative figures of the consolidated financial statements have been restated.

Segment analysis
Façade Contracting Business
Revenue contribution from the segment remained stable, the segment's revenue recorded an increase to HK$2,518 million for the year ended 31 December 2018 (2017: HK$2,210 million). The operating profit decreased to HK$144 million for the year ended 31 December 2018 (2017: HK$201 million). It is due to the fact that the certain projects substantially completed in 2017 has made less contribution in the year and the newly awarded projects of 2018 have not yet made a significant contribution in the preliminary stage of construction.

General Contracting Business
Benefiting from the increase in secured construction projects in Hong Kong, the segment delivered a satisfactory growth of revenue to HK$851 million for the year ended 31 December 2018 (2017: HK$660 million). The segment profit increased to HK$64 million for the year ended 31 December 2018 (2017: HK$40 million) as a results of the increase of revenue of certain projects reaching the peak of construction.

Operating Management Business
With the contribution from newly acquired COS and the progress of an urban planning and consultancy project, the segment's revenue recorded a revenue of HK$243 million for the year ended 31 December 2018 (2017 (restated): HK$263 million). The operating profit increased to HK$76 million for the year ended 31 December 2018 (2017 (restated): HK$52 million).

During the year, the Group has acquired a piece of land in Canada at a cash consideration of HK$120 million for the development of senior housing project. The Acquisition will enable the Company to expand its revenue generating sources to senior housing business and hence a big step towards expansion of the scope of its operating management business.

Administrative, selling and other operating expenses
Benefiting from the continuous resources allocation of three core business, administrative expenses decreased by 8.6% to HK$191 million (2017 (restated): HK$209 million).

Finance costs
For the year ended 31 December 2018, the Group's finance costs increased to HK$27 million (2017: HK$17 million) as a result of the increase in bank borrowings.

New Projects Awarded
The Group recorded a new contract value of HK$4,791 million for the year ended 31 December 2018, representing a growth of 14.6% as compared to last year. Major new contracts include the following:

Facade Project
- Lohas Park Package 9, Town Lot No. 70RP (Site J), Tseung Kwan O, Hong Kong
- Tai Po Town Lot No. 221, Shan Tong Road, Lai Chi Shan, Tai Po, Hong Kong
- TMTL 500 Kwun Chui Road, Tuen Mun, Hong Kong
- Treasury Building, Cheung Sha Wan, Hong Kong
- Refurbishment for Macau Science Centre, Macau
- 深圳中洲濱海商業中心,Shenzhen, Mainland China
- 信德横琴口岸服务区A03地块开发裙楼项目, Mainland China
- West Side Place Stage 1, 250 Spencer Street, Melbourne, Australia
- The Stage, Plough Yard, Shoreditch, EC2A 3LP, London, United Kingdom
- Landmark On Robson, 1400 Robson Street, Vancouver, Canada
- Queen's Marque, Halifax, Canada
- The One, Toronto, Canada
- 540 West 21st Street, New York, USA
- 1568 Broadway, New York, USA
- Harborside Phase 1 &1A, New Jersey, USA

General Contracting Project
- 57-69 Ma Tau Wai Road and 2-20 Bailey Street, KIL 1151, Hong Kong

As of 31 December 2018, the on-hand contract value amounted to HK$11,665 million, among which the backlog was HK$6,726 million which meets the Group's expected future works.

Financial Management
In 2018, the Group continued to enhance its financial management. Under the principle of stringent financial management, the Group improved the efficiency in utilisation of its capital and actively expanded its finance channels. In addition, the Group focused on expediting its collection of payments due from projects, thereby improving cash flow and liquidity pragmatically.

The Group generally finances its operation with internally generated cash flow and credit facilities provided by its principal bankers. At 31 December 2018, the Group had bank balances and cash of HK$387 million (31 December 2017 (restated): HK$478 million), total borrowings of the Group were HK$717 million (31 December 2017: HK$615 million). The Group's net gearing ratio (net debt to total net assets) as at 31 December 2018 was approximately 32.1% (31 December 2017 (restated): 14.5%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK$1,420 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 31 December 2018 and 31 December 2017 are set out as follows:

	31 December 2018 *HK$'000*	31 December 2017 *HK$'000*
On demand or within one year	**505,178**	401,693
More than one year but not exceeding two years	**455**	200,472
More than two years but not more than five years	**201,485**	1,542
More than five years	**9,806**	11,171
	716,924	614,878

As at 31 December 2018, the Group's equity attributable to owners of the Company amounted to HK$1,097 million (31 December 2017 (restated): HK$1,020 million), comprising issued capital of HK$22 million (31 December 2017: HK$22 million) and reserves of HK$1,075 million (31 December 2017 (restated): HK$998 million).

Treasury Policy

The Group adopts a conservative 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 Renminbi. 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.

Corporate Governance

Adhering to the corporate governance philosophy of honesty, integrity, transparency and efficiency, the Group strictly complied with various laws and regulations and abided by the Listing Rules and regulatory requirements. The Group continuously improved its corporate governance structure and measures to gradually establish and optimise a series of policy systems, internal control system and management mechanism and processes to ensure sound corporate governance. The board of directors strives to maintain high standard commercial ethics, healthy corporate culture and excellent corporate governance, so that the Group is able to actively adjust its business strategy in response to changes of market trends, allowing each professional decision-making team to play its role and strengthening the regionalised governance capability of each business unit.

Risk Management and Control

The Group continued to improve its internal control system to enhance the ability of risk predictions and the effects of risk management and control, and promote the integration of internal control and business processes. In response to changes in business environments and regulatory requirements, the Group strengthened supervision over major areas and key issues to prevent operational risks and eliminate management loopholes. The Group continued to improve its management systems and optimise mechanisms and procedures to ensure healthy operations.

The Group monitored the policies in overseas markets and the trends of exchange rates constantly and focused its resources on key cities in Europe and North America with relatively optimistic economic prospects to avoid political and exchange rate risks.

Human Resource Management
By persisting in the "people-oriented" managerial philosophy, the Group emphasises the attraction, retention, and cultivation of all levels of talents who recognise its corporate vision. The Group improves employees' satisfaction and work efficiency by creating a variety of systems that cover employees' recruitment, training, performance assessment and remuneration, and has established an open and transparent mechanism for staff selection and employment to provide its employees with a healthy environment for professional competition and development. During the year, the Group implemented its lecture system to enrich training and the exchange of ideas. The Group also continued to improve its KPI assessment for the purpose of establishing a more comprehensive assessment system. The further implementation of the "Site Contracting Responsibility System" (《地盤目標管理責任制》), the "Design Contracting Incentives System" (《設計承包激勵制度》), the "Site-related Integrated Appraisal and Incentives Methods" (《地盤綜合獎勵評選辦法》) and the "Shenzhen Production Line Motivation System" (《深圳生產線激勵制度》) in Hong Kong, Macau and the Mainland China has greatly improved the enthusiasm and work efficiency of the employees.

The Company has also formulated solutions targeted to the needs of employees for regimes, procedures, benefits and training, and built a smooth communication platform to create a sound communication atmosphere and contribute ideas for the development of the Company.

At 31 December 2018, the Group employed a total of 2,735 (31 December 2017: 1,758) 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.

Social Responsibilities
The Group has been a participant in charity events such as "Walks for Millions" and "Kids' Dream" for many years. The Group is also named a "Caring Company" by virtue of its active participation in and promotion of the "Earth Hour" event, demonstrating its dedication towards the community and contribution to social harmony and stability.

PROSPECTS

Looking forward to 2019, the uncertainties in the global political and economic conditions have not been eliminated, couple with the complicated and ever-changing general outlook of the marco-economic, the market environment is still under threats. The global trade and currency policies will proceed to a further balanced adjustment, this will lead to an overall slowdown of the economic growth in developed economies. Trade conflicts between major economies will be intensified and emerging economies will experience fluctuations and downturns, which will bring new risks and challenges to the world economy. China's economy will face great downward pressure for a short period of time, but as it keeps transforming, it will experience a slow while stable momentum of growth when the economy of the Mainland China continues to enjoy the benefits from a series of stable development measures such as the "Belt and Road" and supply-side reform.

The construction market in North America is expected to expand continuously with the boost of tax reduction and stimulus policy for infrastructure in the US and drive the curtain wall market to grow rapidly. Overseas curtain wall markets such as Australia and the UK show promising prospects. Hong Kong's construction market size will be stable, while there will be stiffer competition. The economy in Macau will recover gradually after recession and the implementation of Guangdong-Hong Kong-Macau Bay Area planning will also bring new opportunities to the construction industry in

Hong Kong and Macau. The imbalance between demand and supply in the curtain wall market in the Mainland manifests itself, resulting in more disordered competition.

Business and Development Strategies

The curtain wall business is the foundation of the Group's development. The Group will continue to adopt the operational strategy of "big markets, big clients, big projects", adhere to the business philosophy of "closely focusing on high-end markets and providing high-quality services", integrate advantageous resources, improve its operational and management and control models by taking into consideration the features of various markets. It will further dive into the Hong Kong and Macau markets and participate in the competition in North America and the Mainland China markets with sustainable strategies. At the same time, it will further explore other overseas markets such as Australia, the UK and Asia-Pacific region. The Group will continue to focus on the work schedule, quality, safety, capital and cost management of projects and production restructuring plan while improving the synergies created during design, production and installation processes. The Group will sharpen its integrated competitive edges in its curtain wall business. Efforts will be made to further improve branding and market development, strengthen management over projects on hand, consolidate the Group's core competitiveness in design, procurement, production and construction, and exercise rigorous control over the project risks while maintaining desired profitability.

The Group highly values the building of its design teams, and will strengthen its design teams in Hong Kong and North America while expanding its design teams in the Mainland China, by continuously recruiting additional experts and collaborating and better utilising the resources in different regions to meet the demand for professionals at project peak seasons. Meanwhile, the Group will provide stronger support to its personnel serving overseas, which includes establishing the basic policies for overseas core management team setup and the remuneration and benefits of personnel serving overseas, thereby maintaining the stability of overseas teams and enhancing the Group's cohesiveness and competitive strengths.

The Group will strengthen its system, make a plan in advance and facilitate communication for project design and construction plan evaluation. In addition, the Group will dovetail the design and production processes of projects to elevate the contract business management levels. Efforts will be increased to improve planning for the procurement of materials and for better process-oriented management to ensure successful completion of all projects.

In respect of its general contracting business, the Group will leverage on the rich experience of China State Construction International, our controlling shareholder, especially those about general contracting, and utilize the synergy with China State Construction Engineering (Hong Kong), so as to secure premium projects.

In respect of the operating management business field, while continue to closely monitoring the development of national policies, the Group will dedicate in its existing operation business, to further explore the operation model of its new business. At the same time, the Group will enhance the resource linkage with the parent company, and further expand the scope of investment transformation in the Mainland China. The Group will strive to increase the contribution of its operating management business as soon as possible and achieve its dual-core-driven strategic objective..

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK1.20 cents per share (2017: HK1.00 cent) to shareholders whose names appear on the register of members of the Company on Friday, 14 June 2019. Together with the interim dividend of HK1.00 cent per share, dividends for the year will amount to a total of HK2.20 cents per share. The proposed final dividend is subject to the approval of the shareholders at the forthcoming annual general meeting. The final dividend will be paid on Friday, 5 July 2019.

ANNUAL GENERAL MEETING

The 2019 annual general meeting of the Company ("AGM") will be held on Wednesday, 29 May 2019. The notice of the AGM, which constitutes part of the circular to the shareholders of the Company, will be sent together with the 2018 Annual Report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders' right to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 24 May 2019 to Wednesday, 29 May 2019 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share 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 Thursday, 23 May 2019.

(b) For the purpose of determining shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Thursday, 13 June 2019 and Friday, 14 June 2019 (both days inclusive). In order to qualify for the proposed final 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, 12 June 2019.

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

During the year ended 31 December 2018, 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 year ended 31 December 2018 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 (the "Listing Rules"), save for the following deviation:

Code provision E.1.2 - code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhou Yong, who was Chairman of the Board at the time, was unable to attend the annual general meeting held on 29 May 2018 due to other business engagement and Mr. Zhu Yijian, who was Vice Chairman at the time, chaired the meetings in his stead to answer questions at the meetings.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. All Directors have confirmed that they have complied with the Model Code in their securities transactions throughout the year ended 31 December 2018.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial figures on page 2 to page 17 of this announcement have been agreed by the Company's external auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

APPRECIATION

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

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

Hong Kong, 20 March 2019

As at the date of this announcement, the Board comprises Mr. Zhang Haipeng as Chairman and Non-executive Director; Mr. Wu Mingqing (Vice Chairman and Chief Executive Officer), Mr. Wang Hai and Mr. Chan Sim Wang as Executive Directors; Mr. Huang Jiang as Non-executive Director; and Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna as Independent Non-executive Directors.