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 2013

FINANCIAL HIGHLIGHTS

	2013	2012
RESULTS (HK$'000)		
Revenue	**1,418,808**	1,295,847
Profit / (loss) attributable to owners of the Company	**50,463**	(136,273)
FINANCIAL INFORMATION PER SHARE		
Earnings / (losses) – basic (HK cents)	**2.34**	(6.85)
Proposed final dividend for the year (HK cent)	**0.50**	-

The board of directors (the "Board") of Far East Global Group Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013, together with the comparative figures for 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Revenue	*2*	**1,418,808**	1,295,847
Costs of sales	*4*	**(1,410,365)**	(1,218,716)
Gross profit		**8,443**	77,131
Other income and other gains, net	*3*	**51,164**	17,395
Administrative expenses	*4*	**(199,569)**	(185,615)
Distribution and selling expenses		**(21,297)**	(12,804)
Other operating expenses	*4*	**–**	(73,714)
Finance costs	*5*	**(6,844)**	(3,382)
Loss before tax		**(168,103)**	(180,989)
Income tax credit	*6*	**129,220**	26,059
Loss for the year		**(38,883)**	(154,930)
Profit/(loss) for the year attributable to:			
Owners of the Company		**50,463**	(136,273)
Non-controlling interests		**(89,346)**	(18,657)
		(38,883)	(154,930)
Earnings/(losses) per share (HK cents)	*8*		
Basic and diluted		**2.34**	(6.85)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(38,883)**	(154,930)
Other comprehensive income		
Items that may be reclassified to profit and loss		
Exchange differences arising on translation of foreign operations	**(3,969)**	5,607
Release of investment revaluation reserve to profit or loss upon disposal of available-for-sale investments	**–**	(203)
Gain on fair value changes of available-for-sale investments	**60**	329
Other comprehensive income for the year, net of tax	**(3,909)**	5,733
Total comprehensive income for the year	**(42,792)**	(149,197)
Total comprehensive income for the year attributable to:		
Owners of the Company	**48,204**	(131,272)
Non-controlling interests	**(90,996)**	(17,925)
	(42,792)	(149,197)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current Assets			
Property, plant and equipment		**162,624**	159,992
Goodwill		**138,149**	138,149
Project backlogs		**11,934**	30,510
Deposits and prepayments		**7,216**	5,550
Available-for-sale investments		**18,564**	42,283
Deferred tax assets		**117,564**	6,000
		456,051	382,484
Current Assets			
Inventories		**17,650**	8,601
Amounts due from customers for contract work		**563,455**	442,151
Trade and other receivables	*9*	**356,719**	375,764
Deposits and prepayments		**14,870**	77,248
Amounts due from fellow subsidiaries		**4,376**	5,152
Tax recoverable		**936**	4,934
Bank and cash balances		**213,404**	340,465
		1,171,410	1,254,315

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31 December 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Current Liabilities			
Bank and other borrowings	*10*	**157,463**	24,113
Amounts due to customers for contract work		**22,550**	86,753
Trade payables, other payables and accruals	*11*	**206,563**	275,122
Finance lease payables		**1,087**	1,158
Current tax payables		**11,470**	15,875
Warranty provisions		**17,778**	18,991
Advance from customers for contract work		**–**	31,785
		416,911	453,797
Net Current Assets		**754,499**	800,518
Total Assets less Current Liabilities		**1,210,550**	1,183,002
Capital and Reserves			
Share capital	*12*	**21,555**	21,555
Share premium and reserves		**1,108,476**	1,072,304
Equity attributable to owners of the Company		**1,130,031**	1,093,859
Non-controlling interests		**(54,465)**	35,277
		1,075,566	1,129,136
Non-current Liabilities			
Bank and other borrowings	*10*	**125,595**	27,390
Finance lease payables		**4,280**	4,938
Deferred tax liabilities		**5,109**	21,538
		134,984	53,866
		1,210,550	1,183,002

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"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments, which are carried at fair value.

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

(i) Adoption of amendment

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

The application of the above new or revised HKFRSs in the current year has had no material impact on the Group's results and financial position except for certain disclosures in respect of amendments to HKAS 1, HKFRS 12 and HKFRS 13.

(1) BASIS OF PREPARATION *(continued)*

(ii) Standards and amendments which are not yet effective

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

Amendments to HKAS 19	Employee Benefits: Defined Benefits Plans — Employees Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[1]
HK(IFRIC)-Int 21	Levies[1]
Annual Improvements Project	Annual improvements to 2010-2012 Cycle[2]
Annual Improvements Project	Annual improvements to 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 January 2015

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

The Group has already commenced an assessment of the impact of these new and revised standards, amendments and interpretations, certain of which may be relevant to the Group's operations and may give rise to changes in disclosure and remeasurement of certain items in the consolidated financial statements.

(2) REVENUE AND SEGMENT INFORMATION

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

The Group has three reportable segments principally based on the geographical locations of the projects and are determined as follows:

— North America includes projects in the United States of America and Canada.

— Greater China includes projects in the People's Republic of China (the "PRC"), Hong Kong and Macau.

— Asia and others includes projects in Japan, Singapore, the United Arabs of Emirates, Chile, Australia, the United Kingdom and maintenance projects in all segments.

The trade, other receivables and deposits of HK$37,884,000, which was impaired in full in 2012, was fully recovered in 2013 resulting in a reversal of the impairment loss. The reversal of the impairment amounting HK$5,576,000, HK$13,588,000 and HK$18,720,000 was included in the segment results of North America, Greater China and Asia and Others respectively.

The Group's chief operating decision-makers 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 on goodwill. The measurement also excludes the effects of share-based payments and unrealised gains/losses on financial instruments. Interest income and expenses resulting from the central treasury function are not allocated to segments.

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

Segment results for the years ended 31 December 2013 and 2012 are as follows:

	Revenue		Gross profit		Segment result	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segments:						
North America	**684,350**	771,147	**(185,057)**	69,232	**(283,879)**	(24,385)
Greater China	**545,169**	451,152	**104,368**	(940)	**108,118**	(10,311)
Asia and Others	**189,289**	73,548	**89,132**	8,839	**96,123**	(2,184)
Total	**1,418,808**	1,295,847	**8,443**	77,131	**(79,638)**	(36,880)
Unallocated administrative expenses					**(66,626)**	(66,197)
Distribution and selling expenses					**(21,297)**	(12,804)
Other income and other gains, net					**6,302**	11,988
Other operating expenses					**–**	(73,714)
Finance costs					**(6,844)**	(3,382)
Loss before tax					**(168,103)**	(180,989)

Amounts included in the measure of segment result:

	North America		Greater China		Asia and others		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment and amortisation of project backlogs	**22,885**	19,832	**3,534**	4,171	**68**	132	**26,487**	24,135
Loss/(gain) on disposal of property, plant and equipment	**37**	55	**-**	4	**(8)**	4	**29**	63

(2) REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	Non-current assets*		Addition to property, plant and equipment	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North America	**245,789**	257,985	**14,143**	55,516
Greater China	**73,880**	76,091	**4,511**	9,139
Asia and Others	**254**	125	**36**	32
Total	**319,923**	334,201	**18,690**	64,687

* *Other than available-for-sales investments and deferred tax assets.*

Major customer information

Revenue from one (2012: two) customer(s) in Greater China (2012: Greater China and North America) amounted to approximately HK$210,116,000 (2012: HK$212,222,000 and HK$209,927,000), which represents more than 10 per cent (2012: 10 per cent) of the Group's total revenue.

(3) OTHER INCOME AND OTHER GAINS, NET

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Write back of provision for impairment on trade and other receivables	**19,164**	–
Write back of provision for impairment on deposits	**18,720**	–
Bank interest income	**927**	4,681
Gain on disposal of investment in a subsidiary	–	6,949
Gain on acquisition of a subsidiary	**700**	–
(Loss)/gain on disposal of an available-for-sale investments	**(85)**	406
Reversal of other payables and accruals	**5,124**	–
Rental income	**566**	573
Service income	**740**	921
Sundry income	**5,337**	3,928
Loss on disposal of property, plant and equipment	**(29)**	(63)
	51,164	17,395

(4) EXPENSES BY NATURE

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Cost of sales		
Cost of contracting works performed	**1,436,640**	1,199,389
Warranty provisions, net	**1,882**	4,071
Amortisation of project backlogs	**18,576**	15,256
Reversal of provisions for project losses	**(46,733)**	–
	1,410,365	1,218,716
Administrative expenses		
Staff costs including directors' emoluments:		
Salaries, bonuses and allowances	**540,793**	425,759
Share-based payments	–	4,169
Retirement benefits scheme contributions	**5,649**	5,193
Less: amounts included in cost of contracting works performed	**(432,763)**	(324,748)
	113,679	110,373
Depreciation	**14,351**	18,629
Less: amounts included in cost of contracting works performed	**(6,440)**	(9,750)
	7,911	8,879
Operating lease charges — land and buildings	**28,148**	25,034
Less: amounts included in cost of contracting works performed	**(17,500)**	(14,450)
	10,648	10,584
Reversal of provision for impairment of inventories	**-**	(65)
Auditor's remuneration		
— Provision for the year	**2,028**	2,322
— Overprovision in prior years	–	(38)
	2,028	2,284
Others	**65,303**	53,560
	199,569	185,615
Other operating expenses		
Provision for impairment on goodwill	–	21,558
Provision for impairment on deposits	–	18,720
Provision for impairment on trade and other receivables, net	–	18,800
Cost of setting up a subsidiary	–	14,636
	–	73,714

(5) FINANCE COSTS

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**6,224**	3,259
Interest on other loans wholly repayable within five years	**295**	553
Finance lease charges	**325**	74
Total finance costs incurred	**6,844**	3,886
Less: amounts included in cost of contracting works performed	–	(504)
	6,844	3,382

(6) INCOME TAX CREDIT

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
Provision for the year	**272**	–
Overprovision in prior years	**(101)**	(8,346)
	171	(8,346)
Current tax — overseas		
Provision for the year	**1,974**	674
Overprovision in prior years	**(3,419)**	(12,286)
	(1,445)	(11,612)
Deferred tax	**(127,946)**	(6,101)
Income tax credit for the year	**(129,220)**	(26,059)

Hong Kong profits tax has been provided at a rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

The Group's subsidiary in the PRC was approved as a new and high technology enterprise pursuant to which the PRC subsidiary can enjoy a preferential income tax rate of 15% effective from 2012 to 2014.

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

(7) DIVIDEND

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Interim dividend paid of HK0.5 cent (2012: Nil) per ordinary share	**10,778**	–
Final proposed dividend of HK0.5 cent (2012: Nil) per ordinary share	**10,778**	–
	21,556	–

The final dividend proposed after 31 December 2013 was not recognised as a liability at 31 December 2013.

(8) EARNINGS/(LOSSES) PER SHARE

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

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Earnings/(losses)		
Profit/(loss) attributable to owners of the Company, used in the basic and diluted earnings/(losses) per share calculation	**50,463**	(136,273)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares used in diluted earnings/(losses) per share calculation	**2,155,545**	1,990,326
Basic earnings/(losses) per share (HK cents)	**2.34**	(6.85)

No diluted earnings/(losses) per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2013 (2012: Nil).

(9) TRADE AND OTHER RECEIVABLES

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

	At 31 December	
	2013	2012
	HK$'000	*HK$'000*
Trade receivables:		
0 to 30 days	**58,628**	110,712
31 to 60 days	**55,538**	46,438
61 to 90 days	**9,764**	22,629
More than 90 days	**14,171**	17,713
	138,101	197,492
Retention receivables	**161,204**	163,510
	299,305	361,002
Other receivables	**57,414**	14,762
Trade and other receivables	**356,719**	375,764

At 31 December 2013, the amount of retention receivables expected to be recovered after more than twelve months is approximately HK$90,499,000 (2012: HK$128,593,000).

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 (2012: 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.

(10) BANK AND OTHER BORROWINGS

	At 31 December	
	2013	2012
	HK$'000	*HK$'000*
Bank loans, secured	**18,339**	20,136
Bank loans, unsecured	**256,919**	18,644
Loan from non-controlling interests	**7,800**	7,800
Unsecured bank overdrafts	**–**	4,923
	283,058	51,503
The borrowing are repayable as follows:		
On demand or within one year	**157,463**	24,113
In the second year	**8,378**	581
In the third to fifth years, inclusive	**117,217**	26,809
	283,058	51,503
Less: amounts due for settlement within twelve months	**(157,463)**	(24,113)
Amounts due for settlement after twelve months	**125,595**	27,390

At 31 December 2013, a bank loan of HK$18,339,000 (2012: HK$20,136,000) is secured by the Group's land and buildings of HK$20,234,000 (2012: HK$22,386,000).

(11) TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	At 31 December	
	2013	2012
	HK$'000	*HK$'000*
Trade payables:		
0 to 30 days	**83,646**	147,904
31 to 60 days	**24,140**	19,112
More than 60 days	**15,426**	15,649
	123,212	182,665
Retention payables	**32,523**	34,420
	155,735	217,085
Other payables and accruals	**50,828**	58,037
Trade payables, other payables and accruals	**206,563**	275,122

(12) SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares *'000*	**Amount** ***HK$'000***	Number of shares *'000*	**Amount** ***HK$'000***
Ordinary share of HK$0.01 each (2011: HK$0.01)				
At 1 January 2012	10,000,000	**100,000**	1,112,878	**11,129**
Issue of shares upon exercise of share options	–	**–**	4,117	**41**
Issue of shares *(Note)*	–	**–**	1,038,550	**10,385**
At 31 December 2012 and At 31 December 2013	10,000,000	**100,000**	2,155,545	**21,555**

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

For the reporting year, the Group reported aggregate revenue of approximately HK$1,419 million (2012: HK$1,296 million), an increase of approximately 9.5% compared to last year. Benefiting from the absence of one-off impairment on receivables, restructuring costs for the factory in Mainland China and impairment of goodwill, the profit attributable to owners of the Company was approximately HK$50 million, compared to losses of HK$136 million in the last year. The basic earnings per share was HK2.34 cents, compared to losses per share of HK6.85 cents in the last year. With a proposed final dividend per share of HK0.5 cent and an interim dividend per share of HK0.5 cent paid in the year, the total dividends for the year amount to HK1 cent per share, representing 42.7% payout of the distributable profit for the year.

Segment Analysis

Revenue derived from North America decreased by approximately HK$87 million from approximately HK$771 million for the year ended 31 December 2012 to approximately HK$684 million for the year ended 31 December 2013 while North America Division incurred a gross loss of approximately HK$185 million in 2013 as compared with a gross profit of approximately HK$69 million in 2012. Losses from a few old projects awarded during prior years were mostly reflected in the financial results of 2013. Main contributors to losses were those projects awarded in 2009 and 2010 including two government projects in the United States and a small hotel project in Canada. The United States projects in question were much more complex in design and engineering than expected, leading to excessive fabrication and installation labor costs. Losses on the Canadian project were due to very tight time requirement of typical smaller jobs, inability to meet required schedule led to losses on the project. Furthermore anti-dumping duties in the USA and Canada also contributed to overall losses in North America. Projects awarded after 2012 progressed to initial stages during 2013, therefore recognized revenues were unable to cover both costs and high overhead. Lastly, the factory in Buffalo did not reach its optimal capacity, resulting in higher overhead than previously expected.

In response to these disappointing results, the Company made significant structural changes to the organization structure within North America division leading to an overhead reduction. Going forward, Canada division will no longer focus on small projects with very tight time table and will only target larger projects. United States division will only focus on jobs with private owners as oppose to lower-margin government projects. The Company has also implemented various cost control systems such that cost overspending can be spotted during very early stages. Furthermore, all factories in North America now adhere to strict production metrics whose progresses are monitored on a real-time basis. The Company has set minimum profit margins on all future jobs as well as maximum annual overhead spending for North America division. Through turnaround performance under strict monitoring of the Company, additional claims on projects, as well as headcount reductions, North America Division should move out of the problematic projects by the end of 2013 in terms of progress and losses.

Revenue derived from Greater China increased by approximately HK$94 million, or approximately 20.8%, from approximately HK$451 million for the year ended 31 December 2012 to approximately HK$545 million for the year ended 31 December 2013. The increase in revenue was primarily due to the fact that major projects in progress like St Paul Hospital and Shatin Communications and Technology Centre started to contribute to the revenue in the second half of the year and certain projects in Hong Kong like the Kai Tak Cruise Terminal and Sai Wan Terrace were successfully completed during the year. As a result of the implementation of stringent cost control measures for certain projects in Mainland China and the increase in revenue from construction contracts, the Group turned from gross loss of approximately HK$1 million in last year to a gross profit of approximately HK$104 million for the year ended 31 December 2013.

The Group continued to face keen operating environment in construction and facade works in view of current shortage of skilled labors and staff at managerial and supervisory levels in Greater China market during the year. In response to rising materials and labor costs driven by the tremendous market demands, the Group has carried out strategic measures like the implementation of the incentive target performance scheme together with the provision of training and development and increasing usage of prefabrication in Shenzhen factory. Towards the end of 2013, the Group began to note the opportunities from the upcoming integrated resorts and casinos projects in Macau and an increasing numbers of constructions and infrastructure projects in Hong Kong. The Group will focus on capturing high-margin large projects out of these regions as we leverage the synergy effect between the Group and China State Construction International Holdings Limited ("CSCIHL") and the proven track record and expertise.

Revenue derived from Asia and others increased by approximately HK$115 million from approximately HK$74 million for the year ended 31 December 2012 to approximately HK$189 million for the year ended 31 December 2013 as a result of the new contribution from projects in Australia and UK and some projects were in final stages with one-off write back profit, whereas the gross margin of the region increased from approximately HK$9 million in 2012 to approximately HK$89 million in 2013.

Administrative expenses

During the year ended 31 December 2013, the Group's administrative expenses were approximately HK$200 million (2012: HK$186 million), representing an increase of approximately 7.5% as compared to last year. The increase was mainly due to the additional cost incurred for the structural reorganization of North America Division to optimize resource utilization and efficiency.

Finance costs

During the year ended 31 December 2013, the Group's finance costs increased by 133% to approximately HK$7 million (2012: HK$3 million). The increments in bank borrowings escalated the finance costs during the year.

As of 31 December 2013, the Group has secured new contracts with an aggregate value of approximately HK$1,826 million. Major new contracts include the following:

Contracts secured in 2013

1. St. Paul's Hospital Block B, Hong Kong
2. Shatin Communication and Technology Centre, Hong Kong
3. No. 1 Ede Road, Kowloon Tong, Hong Kong
4. Wynn Cotai Resort, Macau
5. Apple Shops, China
6. Prima Pearl, Melbourne, Australia
7. One The Elephant, London, United Kingdom
8. St. Justin Hospital, Montreal, Canada
9. U Condos, Montreal, Canada
10. Museum Beaux Arts, Canada
11. Roccabella, Montreal, Canada
12. Millennium Tower, Boston, USA
13. Brickell City Center, USA

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and Canada. At 31 December 2013, the Group had total bank and cash balances of approximately HK$213 million (2012: HK$340 million) and total borrowings of the Group increased to approximately HK$283 million (2012: HK$52 million), due to the drawn down of Hong Kong dollars bank borrowings for financing working capital of our projects. The Group's net gearing ratio (net debt to net assets) as at 31 December 2013 was approximately 7.0% and the Group was debt fee as at 31 December 2012. Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK$1,208 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 2013 and 31 December 2012 are set out as follows:

	31 December 2013	31 December 2012
	HK$'000	*HK$'000*
On demand or within one year	**157,463**	24,113
More than one year but not exceeding two years	**8,378**	581
More than two years but not more than five years	**117,217**	26,809
Total borrowings	**283,058**	51,503

The portfolio of the currencies of bank and cash balances of the Group is set out as follows:

	31 December 2013	31 December 2012
	%	%
United States Dollars	**41**	14
Hong Kong Dollars	**13**	63
Renminbi	**11**	5
Canadian Dollars	**26**	17
Australian Dollars	**5**	-
Others	**4**	1

As at 31 December 2013, the Group's equity attributable to owners of the Company amounted to approximately HK$1,130 million (2012: approximately HK$1,094 million), comprising issued capital of approximately HK$22 million (2012: approximately HK$22 million) and reserves of approximately HK$1,108 million (2012: approximately HK$1,072 million).

TREASURY POLICY

The Group adopts 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, Canadian dollar, Australian dollar or US dollar. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2013, the Group employed a total of 1,462 (31 December 2012: 1,429) employees. The Group has sound policies of management incentives and competitive remuneration, which align the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds as well as incentives such as discretionary bonus and participation in the share option scheme.

FOREIGN CURRENCY RISK

The Group's foreign currency exposures primarily arise from certain sales or purchases by operating units in currencies other than the unit's functional currency where these sales or purchases are mainly denominated in United States dollar, Renminbi, Australian dollar, Canadian dollar and Pound Sterling. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currencies should the need arise.

PROSPECTS

Market Situation

North America's economic recovery is gaining momentum. The demand for high-end curtain wall from private developers, with high margins and better contract terms than government projects, are on the rise. Anti-dumping investigations continue to impose great difficulties for the build-and-import from overseas business model. Through the past few years, the North American market can differentiate quality of product between various Asian curtain wall companies.

Hong Kong and Macau markets are well developed and remains in stable growth. Major resorts and casino projects in Macau are expected to launch which could result in another wave of construction boom. UK and Australia markets are demonstrating interests in having international curtain wall specialists to participate in their local projects.

Financial market reform in Mainland China, particularly policies on credit availability, continues to have a magnified impact on the real estate and construction market. Various high profile projects in the market have been announced but subsequent follow-through remains inconsistent. Urbanization theme among second and third tier cities remains strong the needs of high-end curtain wall technology remains important.

New Business

Over recent years, local and overseas construction markets, particularly those in the Southeast Asia Region, have been thriving. Customers in those areas prefer to select construction companies with sound construction techniques and project management experience. The Group inherited vast experience in the construction field from its parent company and received a team of individuals highly experienced in the construction management following its acquisition by CSCIHL. The Group is now equipped with both stronger capacity and more sufficient resources to undertake general contracting work. The Group has acquired 100% of equity interests in Treasure Construction Engineering Limited ("Treasure Construction") from CSCIHL on 11 March 2014. Since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules for the Acquisition are less than 0.1%, the Acquisition is exempt from the reporting, announcement, independent shareholders' approval requirements. Treasure Construction is licensed with a Certificate of Registration of General Building Constructor previously completed a number of building construction engineering work in Hong Kong and has a proven engineering track record. Upon completion of above acquisition, the Group will have the qualification and track record to quickly enter into the general contracting business both in local and overseas markets. To avoid intra-group competition, Treasure Construction will not engage in general contracting work in Macau, nor participate in engineering projects by the Hong Kong Government, utilities or public authorities in which the Hong Kong Government is a shareholder, as well as large scale engineering projects involving private developers. Treasure Construction may undertake small to medium size building construction projects with private developers in Hong Kong and anywhere overseas. The Group is actively locating potential general contracting projects in these areas.

Operating Strategies

The Group shall continue its strategy of balanced distribution of new projects in North America and Asia-Pacific (including Mainland China). Remaining competitive and profit oriented in high-end curtain wall markets continue to be the Group's overarching guideline. New markets such as UK and Australia have many potential opportunities after the Group successfully established a presence in the local markets. In North America, the Group shall focus on tendering projects from private developers to secure favorable margins on future projects in the region. Ongoing anti-dumping investigations against all China-based curtain wall companies demonstrate effectiveness of Group's localization strategy as compared to other competitors.

The Group will continue to focus on recent trend of new casino constructions in Macau, in certain cases potentially working together with its parent company to secure good projects. Differentiated business model with high quality delivery should be the target approach for opportunities in Mainland China.

The Group has enjoyed a smooth working relationship with its parent company and expects further synergies to be released with increasing cooperation on projects in various markets.

The Group continues to explore investment opportunities and, as an interim strategic measure, is considering general contracting work in addition to curtain wall work for projects outside of mainland, Macau, and Hong Kong.

Excellent human resources management and project management model is vital to the Group's performance. The Group will work to fine-tune management of design, procurement, fabrication, logistics, installation and safety monitoring. The Group will also work on hiring and retaining talent as well as utilize talent pools from different geographies to work cross-border to increase efficiency. The Group will actively participate in community care activities to maintain its healthy corporate citizenship image.

OUR MISSION

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.5 cent per share (2012: Nil) to shareholders whose names appear on the register of members of the Company on Tuesday, 17 June 2014. Together with the interim dividend of HK0.5 cent per share, dividends for the year will amount to a total of HK1 cent 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, 11 July 2014.

ANNUAL GENERAL MEETING

The 2014 annual general meeting of the Company ("AGM") will be held on Friday, 30 May 2014. The notice of the AGM, which constitutes part of the circular to the shareholders of the Company, will be sent together with the 2013 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 Wednesday, 28 May 2014 to Friday, 30 May 2014 (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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014), for registration no later than 4:30 p.m. on Tuesday, 27 May 2014.

(b) For the purpose of determining shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Monday, 16 June 2014 and Tuesday, 17 June 2014 (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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014), for registration no later than 4:30 p.m. on Friday, 13 June 2014.

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

During the year ended 31 December 2013, 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 2013 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").

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 2013.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial figures in this announcement have been agreed by the Company's external auditor, PricewaterhouseCoopers, to the amounts set out in the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013. 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 gratitude to the Board for its brilliant leadership, to the shareholders and customers for their strong support and continuous efforts of all our staffs.

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

Hong Kong, 11 March 2014

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