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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)

**CONTINUING CONNECTED TRANSACTIONS WITH
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED**

It is in the ordinary course of business for members of the Group to enter into continuing connected transactions with members of the CSC Group, whereby the Group engages the CSC Group to provide the Operational Services to the Group.

On 14 October 2014, CSC and the Company entered into the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement to confirm the engagement of the CSC Group to provide the Operational Services to the Group. The Operational Services comprise services in respect of mechanical and electrical engineering works, leasing of machineries, provision of insurance services and supply of building materials.

CSC is indirectly interested in approximately 74.06% of the issued share capital and is the controlling shareholder of the Company. Accordingly, members of the CSC Group are connected persons of the Company. The transactions contemplated under each of the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the total fees payable under the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

It is in the ordinary course of business for members of the Group to enter into continuing connected transactions with members of the CSC Group, whereby the Group engages the CSC Group to provide the Operational Services to the Group.

On 14 October 2014, CSC and the Company entered into the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement to confirm the engagement of the CSC Group to provide the Operational Services to the Group. The Operational Services comprise services in respect of mechanical and electrical engineering works, leasing of machineries, provision of insurance services and supply of building materials.

Operational Services (Hotel Development) Agreement

Date

14 October 2014

Parties

1. The Company; and
2. CSC.

The Company and CSC agreed and confirmed that the CSC Group shall provide the Operational Services to the Group. Such Operational Services will be used by the Group to perform main contract works for the Hotel Development Project where the developer of the relevant hotel is an independent third party. The total amount of fees payable by the Group to the CSC Group under the Operational Services (Hotel Development) Agreement shall be not more than HK\$25,000,000 and shall be settled pursuant to the payment terms set out in specific contracts in respect of the particular type of Operational Services which are negotiated on an arm's length basis between the parties.

Operational Services (Property Development) Agreement

Date

14 October 2014

Parties

1. The Company; and
2. CSC.

The Company and CSC agreed and confirmed that the CSC Group shall provide the Operational Services to the Group. Such Operational Services will be used by the Group to perform the design, supply and installation of curtain wall and glass wall works for the Property Development Project where the developer of the relevant property is an independent third party. The total amount of fees payable by the Group to the CSC Group under the Operational Services (Property Development) Agreement shall be not more than HK\$2,800,000 and shall be settled pursuant to the payment terms set out in specific contracts in respect of the particular type of Operational Services which are negotiated on an arm's length basis between the parties.

Operational Services (Maintenance) Agreement

Date

14 October 2014

Parties

1. The Company; and
2. CSC.

The Company and CSC agreed and confirmed that the CSC Group shall provide the Operational Services to the Group. Such Operational Services will be used by the Group to perform facade and curtain wall repair and maintenance works for the Maintenance Projects where the owners of the relevant properties are all independent third parties. The total amount of fees payable by the Group to the CSC Group under the Operational Services (Maintenance) Agreement shall be not more than HK\$500,000 and shall be settled pursuant to the payment terms set out in specific contracts in respect of the particular type of Operational Services which are negotiated on an arm's length basis between the parties.

Pricing Basis of the Operational Services provided by the CSC Group to the Group

The total fees payable to the CSC Group under the Operational Services (Hotel Project) Agreement, the Operational Services (Property Project) Agreement and the Operational Services (Maintenance) Agreement are determined with reference to the market price, the nature, scope and scale of the engagement of the Group in the Hotel Development Project, Property Development Project and Maintenance Projects and on terms no more favourable than those offered to independent third parties in accordance with the pricing policies as detailed below:

- (a) in relation to mechanical and electrical engineering works, where a member of the CSC Group is nominated as subcontractor designated by the ultimate employer, consideration to such member of the CSC Group will be ascertained

by an independent professional quantity surveyor appointed by the ultimate employer; where a member of the Group has the right to select contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. Such member of the Group will obtain quotations from a list of pre-approved contractors (which is subject to periodic review and update by its management to ensure contractors' quality standards). If the price and terms offered by a member of the CSC Group are equal to or better than those offered by the independent contractors, such member of the Group may probably award the contract to such member of the CSC Group; and for projects which involve consideration of a substantial amount, the member of the CSC Group will participate in a tender with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the Group's internal tender procedure(s) on the condition that the bidder also satisfies all other essential requirements (including but not limited to relevant experience, capability, historical relationship and track records) as set out in the bid invitation;

- (b) in relation to leasing of machineries, member of the Group will obtain quotations from a list of pre-approved vendors (which is subject to periodic review and update by its management to ensure vendors' machinery and equipment are in good operational condition). If the price and terms offered by a member of the CSC Group are equal to or better than those offered by the independent vendors, such member of the Group may probably award the contract to such member of the CSC Group;
- (c) in relation to the provision of insurance services, member of the Group will obtain quotations from independent insurance brokers and a member of the CSC Group. If the price and terms offered by the member of the CSC Group are equal to or better than those offered by the independent insurers on the condition that the insurer also satisfies all other essential requirements (including but not limited to paying ability, financial strength, specialisation, historical relationship and record of claim refusal), such member of the Group may probably award the contract to such member of the CSC Group; and
- (d) in relation to supply of building materials, member of the Group will obtain quotations from a list of pre-approved suppliers (which is subject to periodic review and update by its management to ensure a portfolio of best in class suppliers is available for use). If the price and terms offered by a member of the CSC Group are equal to or better than those offered by the independent suppliers on the condition that the supplier also satisfies all other essential requirements (including but not limited to relevant experience, qualities, specifications, historical relationship and track records), such member of the Group may probably order the materials from such member of the CSC Group.

Reasons for entering into the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement

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

The Group mainly engages in the contracting and engineering business, including design, engineering, manufacture, installation, maintenance, project consultancy and management services. Currently, the major products of the Group are exterior facade systems primarily made of fabricated aluminium cladding, stainless steel and glass.

It is in the ordinary course of business for members of the Group to enter into continuing connected transactions with members of the CSC Group, whereby the Group engages the CSC Group to provide the Operational Services to the Group.

The Operational Services provided by the CSC Group under the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement will enable the Group to utilise the expertise of the CSC Group for the Group's onward provision of main contract works in the Hotel Development Project, design, supply and installation of curtain wall and glass wall works for the Property Development Project and facade and curtain wall repair and maintenance works for the Maintenance Projects to independent third parties.

Going forward, the Group will consider entering into a framework agreement with CSC in order to streamline the continuing connected transactions in respect of each type of Operational Services provided by the CSC Group to the Group.

The directors of the Company (including the independent non-executive directors of the Company) consider that the transactions contemplated under each of the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement are entered into in the ordinary and usual course of business of the Group, and each of the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under each of the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

CSC is indirectly interested in approximately 74.06% of the issued share capital and is the controlling shareholder of the Company. Accordingly, members of the CSC Group are connected persons of the Company. The transactions contemplated under each of the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the total fees payable under the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the directors of the Company has any material interest in the transactions contemplated under each of the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement, none of them is required to abstain from voting on the resolutions passed by the Board to approve each of the Operational Services (Hotel Development) Agreement, the Operational Services (Property Development) Agreement and the Operational Services (Maintenance) Agreement.

DEFINITIONS

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

“30%-controlled company(ies)”,	each has the meaning ascribed to it under the Listing Rules;
“connected person(s)”,	
“controlling shareholder(s)”,	
“subsidiary(ies)”	

“Board”	the board of directors of the Company;
“Company”	Far East Global Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830), is a non-wholly owned subsidiary of CSC;
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CSC Group”	CSC, its subsidiaries and its 30%-controlled companies (excluding the Group) from time to time;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hotel Development Project”	a hotel development project in Hong Kong for which the Group was engaged to provide main contract works;
“independent third party(ies)”	party(ies) who and whose ultimate beneficial owners are third parties independent of the Company and its subsidiaries and their respective connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maintenance Projects”	defect rectification projects for properties located in Hong Kong for which the Group was engaged to provide facade and curtain wall repair and maintenance works;
“Operational Services”	services in respect of mechanical and electrical engineering works, leasing of machineries, provision of insurance services and supply of building materials;

“Operational Services (Hotel Development) Agreement”	the letter agreement entered into between the Company and CSC on 14 October 2014 in respect of the provision of Operational Services by the CSC Group to the Group for the Hotel Development Project;
“Operational Services (Property Development) Agreement”	the letter agreement entered into between the Company and CSC on 14 October 2014 in respect of the provision of Operational Services by the CSC Group to the Group for the Property Development Project;
“Operational Services (Maintenance) Agreement”	the letter agreement entered into between the Company and CSC on 14 October 2014 in respect of the provision of Operational Services by the CSC Group to the Group for the Maintenance Projects;
“Property Development Project”	a property development project in Hong Kong for which the Company was engaged to perform the design, supply and installation of curtain wall and glass wall works;
“Shareholder(s)”	shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent..

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

Hong Kong, 14 October 2014

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