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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**

Reference is made to the announcement dated 11 June 2012 and the circular dated 19 June 2012 of the Company in relation to, among other things, the Previous FE-CSC Sub-construction Engagement Agreement entered into between CSC and the Company which will expire on 30 June 2015.

Reference is also made to the announcement dated 14 October 2014 of the Company in relation to, among other things, the Previous Operational Services Agreements entered into between CSC and the Company.

On 28 October 2014, CSC and the Company entered into the New FE-CSC Sub-construction Engagement Agreement, whereby (i) CSC and the Company agreed to terminate the Previous FE-CSC Sub-construction Engagement Agreement upon the taking effect of the New FE-CSC Sub-construction Engagement Agreement; and (ii) the CSC Group may engage the Group as subcontractor of the CSC Group for provision of contracting and engineering works, project consultancy service and project management service to the CSC Group's construction works for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 subject to the CSC Works Cap.

On 28 October 2014, CSC and the Company entered into the New FE-CSC Operational Services Agreement, whereby (i) CSC and the Company agreed to terminate the Previous Operational Services Agreements upon the taking effect of the New FE-CSC Operational Services Agreement; (ii) the Group may engage the CSC Group as subcontractor of the Group for provision of mechanical and electrical engineering works to the Group's construction works for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 subject to the Mechanical and Electrical Engineering Works Cap; (iii) the Group may lease machineries from the CSC Group for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 subject to the Machineries Leasing Cap; (iv) the Group may engage the CSC Group to provide insurance services to the Group for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 subject to the Insurance Services Cap; and (v) the CSC Group may supply building materials to the Group for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 subject to the Supply of Building Materials Cap.

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 CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement and the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSC Sub-construction Engagement Agreement (i.e. the CSC Works Cap) exceed 5%, the CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Voting at the EGM will be conducted by poll and CSC and its associates will abstain from voting at the EGM.

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSC Operational Services Agreement (i.e. the Mechanical and Electrical Engineering Works Cap, the Machineries Leasing Cap, the Insurance Services Cap and the Supply of Building Materials Cap in aggregate) exceed 5%, the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Voting at the EGM will be conducted by poll and CSC and its associates will abstain from voting at the EGM.

An independent board committee of the Company comprising all the independent non-executive directors of the Company has been formed to advise the Independent Shareholders in respect of the CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement and the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement and the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM will be expected to be despatched to the Shareholders on or before 18 November 2014 in accordance with the Listing Rules.

TERMINATION OF THE PREVIOUS FE-CSC SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

Reference is made to the announcement dated 11 June 2012 and the circular dated 19 June 2012 of the Company in relation to the Previous FE-CSC Sub-construction Engagement Agreement entered into between CSC and the Company which will expire on 30 June 2015.

On 28 October 2014, CSC and the Company entered into the New FE-CSC Sub-construction Engagement Agreement under which CSC and the Company agreed to, among others, terminate the Previous FE-CSC Sub-construction Engagement Agreement upon the taking effect of the New FE-CSC Sub-construction Engagement Agreement.

In the event that the New FE-CSC Sub-construction Engagement Agreement does not become effective, the Previous FE-CSC Sub-construction Engagement Agreement will remain in full force and binding on CSC and the Company.

The directors of the Company confirm that neither the Company nor CSC has to pay the other party any compensation as a result of the termination of the Previous FE-CSC Sub-construction Engagement Agreement.

The directors of the Company also confirm that the termination of the Previous FE-CSC Sub-construction Engagement Agreement was occasioned by an expected increase in business transactions with CSC and that the termination of the Previous FE-CSC Sub-construction Engagement Agreement will not cause any material adverse impact on the Group due to the entering into of the New CSC Sub-construction Engagement Agreement.

NEW FE-CSC SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

Date

28 October 2014

Parties

1. CSC; and
2. the Company.

CSC Works Transactions

The Company expects that the CSC Group will continue to engage the Group as its subcontractor for provision of contracting and engineering works, project consultancy service and project management service to the CSC Group's construction

works from time to time. In this connection, on 28 October 2014, CSC and the Company entered into the New FE-CSC Sub-construction Engagement Agreement for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 whereby the parties agreed that:

- (a) any member of the Group may act as subcontractor of the CSC Group for provision of contracting and engineering works, project consultancy service and project management service to the CSC Group's construction works in accordance with the applicable subcontracting procedures of the CSC Group from time to time;
- (b) the parties may from time to time enter into further specific contracts, which set out the detailed terms in relation to the engagement of the member of the Group to act as subcontractor of the CSC Group for provision of contracting and engineering works, project consultancy service and project management service to the CSC Group's construction works, provided that the total contract sum that may be awarded by the CSC Group to the Group under the New FE-CSC Sub-construction Engagement Agreement for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed HK\$1,200 million (i.e. the CSC Works Cap). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the fees payable by the CSC Group to the Group will be settled pursuant to the payment terms set out in the specific contracts.

Pricing basis of the Group's tenders submitted to the CSC Group

As a general principle, the prices and terms of the contracts with respect to the CSC Works Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those provided to the independent third party customers of the Group.

As for the provision of contracting and engineering works, the Group will normally need to go through a tender or similar process before being selected and appointed as subcontractor of the CSC Group.

The prices and terms of the Group's tenders submitted to the CSC Group for the CSC Group's construction works are subject to a standard and systematic tender submission procedure maintained by the Group, which applies to tenders submitted to both connected persons and independent third parties, in order to ensure that the prices and terms of the proposed tenders submitted by the Group to the CSC Group are no more favourable than those submitted to independent third parties.

In preparing and assessing the tender documents, the Group will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectations and the possible risk factors associated with the project. The Group will then perform site inspection, formulate a tentative construction program and conduct quantitative costs analysis and risk assessment.

Where a member of the Group participates 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 tender procedure(s) of the member of the CSC Group 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.

Where a member of the Group is nominated as subcontractor designated by the ultimate employer, consideration to such member of the Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer.

As for the provision of project management service and project consultancy service, the Group is typically engaged to provide such services through direct appointment by the CSC Group. The price and terms of each service provided to the CSC Group shall be determined on a fair basis and on normal commercial terms based on the scale, degree of difficulty of the project, geographical location and duration of the project, which shall also be in line with the basis for engagements by independent third parties to provide services for projects of similar size and nature.

Calculation of the CSC Works Cap

The CSC Works Cap is calculated with reference to the following factors:

- (a) total contract sum of contracting and engineering works, project consultancy service and project management service provided by the Group to the construction works of CSC and its subsidiaries in the period between 16 July 2012 and 31 December 2012 of approximately HK\$32,613,000, for the year ended 31 December 2013 of approximately HK\$153,671,000, and in the period between 1 January 2014 and 31 August 2014 of approximately HK\$589,784,000;
- (b) estimated total contract sum of new construction projects of the CSC Group in the three-year period commencing from 1 January 2015 and ending on 31 December 2017, with reference to the CSC Group's future growth and expansion for such period; and

(c) the growth of the construction markets in the PRC in the three-year period commencing from 1 January 2015 and ending on 31 December 2017 estimated by the directors of the Company.

Condition Precedent

The CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement (together with the CSC Works Cap) are conditional upon the passing of the resolution by the Independent Shareholders at the EGM approving the New FE-CSC Sub-construction Engagement Agreement and the transactions contemplated thereunder.

Reasons for the CSC Works Transactions

The directors of the Company consider that the CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement will allow the Company to maximise profits and bring synergy effect to both CSC and the Company; thereby facilitating the expansion of the Company's businesses.

The directors of the Company (other than the independent non-executive directors of the Company whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Group, and the New FE-CSC Sub-construction Engagement Agreement (together with the CSC Works Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement (together with the CSC Works Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

TERMINATION OF THE PREVIOUS OPERATIONAL SERVICES AGREEMENTS

Reference is made to the announcement dated 14 October 2014 of the Company in relation to, among other things, the Previous Operational Services Agreements entered into between CSC and the Company.

On 28 October 2014, CSC and the Company entered into the New FE-CSC Operational Services Agreement under which CSC and the Company agreed to, among others, terminate the Previous Operational Services Agreements upon the taking effect of the New FE-CSC Operational Services Agreement.

In the event that the New FE-CSC Operational Services Agreement does not become effective, the Operational Services Agreements will remain in full force and binding on CSC and the Company.

The directors of the Company confirm that neither the Company nor CSC has to pay the other party any compensation as a result of the termination of the Previous Operational Services Agreements.

The directors of the Company also confirm that the termination of the Previous Operational Services Agreements was occasioned by the intention to streamline the continuing connected transactions in relation to each type of operational services between members of the Group and members of the CSC Group under a framework agreement and an expected increase in business transactions with CSC and that the termination of the Previous Operational Services Agreements will not cause any material adverse impact on the Group due to the entering into of the New FE-CSC Operational Services Agreement.

NEW FE-CSC OPERATIONAL SERVICES AGREEMENT

Date

28 October 2014

Parties

1. CSC; and
2. the Company.

(1) Mechanical and Electrical Engineering Works Transactions

The Company expects that the Group may engage the CSC Group as its subcontractor for provision of mechanical and electrical engineering works to the Group's construction works from time to time. Accordingly, under the New FE-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2015 and ending on 31 December 2017:

- (a) any member of the CSC Group may act as subcontractor of the Group for provision of mechanical and electrical engineering works to the Group's construction works in accordance with the applicable subcontracting procedures of the Group from time to time;

- (b) the parties may from time to time enter into further specific contracts, which set out the detailed terms in relation to the engagement of the member of the CSC Group to act as subcontractor of the Group for provision of mechanical and electrical engineering works to the Group's construction works, provided that the total contract sum that may be awarded by the Group to the CSC Group under the New FE-CSC Operational Services Agreement for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed HK\$450 million (i.e. the Mechanical and Electrical Engineering Works Cap). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the fees payable by the Group to the CSC Group will be settled pursuant to the payment terms set out in the specific contracts.

Pricing basis of the contract sum awarded by the Group to the CSC Group

As a general principle, the prices and terms of the contracts with respect to the Mechanical and Electrical Engineering Works Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those awarded to independent third party subcontractors of the Group.

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 independent contractors, such member of the Group may probably award the contract to such member of the CSC Group.

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 and historical relationship and track records) as set out in the bid invitation.

Calculation of the Mechanical and Electrical Engineering Works Cap

The Mechanical and Electrical Engineering Works Cap is calculated with reference to the following factors:

- (a) the growth of the construction markets in the three-year period commencing from 1 January 2015 and ending on 31 December 2017 estimated by the directors of the Company; and
- (b) the estimated total contract sum of the new construction projects of the Group involving mechanical and electrical engineering works in the three-year period commencing from 1 January 2015 and ending on 31 December 2017, with reference to the expected expansion and development of the Group's businesses.

(2) Machineries Leasing Transactions

The Company expects that the Group may lease machineries from the CSC Group for the Group's construction works from time to time. Accordingly, under the New FE-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2015 and ending on 31 December 2017:

- (a) any member of the Group may lease machineries from the CSC Group for the Group's construction works from time to time;
- (b) the parties may from time to time enter into further specific contracts, which set out the detailed terms in relation to the leasing of machineries from the CSC Group to the Group for the Group's construction works, provided that the total rent for the leasing of machineries under the New FE-CSC Operational Services Agreement for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed HK\$25 million (i.e. the Machineries Leasing Cap). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the rent payable by the Group to the CSC Group will be settled pursuant to the payment terms set out in the specific contracts.

Pricing basis of the rent payable for the leasing of machineries

As a general principle, the prices and terms of the contracts with respect to the Machineries Leasing Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those paid to independent third party vendors of the Group.

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 independent vendors, such member of the Group may probably accept the quotation from such member of the CSC Group.

Calculation of the Machineries Leasing Cap

The Machineries Leasing Cap is calculated with reference to the following factors:

- (a) the growth of the construction markets in the three-year period commencing from 1 January 2015 and ending on 31 December 2017 estimated by the directors of the Company; and
- (b) the estimated total contract sum of the new construction projects of the Group requiring the leasing of machineries in the three-year period commencing from 1 January 2015 and ending on 31 December 2017, with reference to the expected expansion and development of the Group's businesses.

(3) Insurance Services Transactions

The Company expects that the Group may engage the CSC Group to provide insurance services (including but not limited to Public Liability Employees' Compensation insurance and Contractors' All Risks insurance) to the Group from time to time. Accordingly, under the New FE-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2015 and ending on 31 December 2017:

- (a) any member of the CSC Group may provide insurance services to the Group from time to time;

- (b) the parties may from time to time enter into further specific contracts, which set out the detailed terms in relation to the engagement of the member of the CSC Group to provide insurance services to the Group, provided that the total fees payable for the provision of insurance services under the New FE-CSC Operational Services Agreement for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed HK\$70 million (i.e. the Insurance Services Cap). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the fees payable by the Group to the CSC Group will be settled pursuant to the payment terms set out in the specific contracts.

Pricing basis of the fees payable for the provision of insurance services

As a general principle, the prices and terms of the contracts with respect to the Insurance Services Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those paid to independent third party insurers of the Group.

Member of the Group will obtain quotations from independent insurers (directly or indirectly through independent insurance brokers) and a member of CSC Group. If the price and terms offered by the member of the CSC Group are equal to or better than those offered by 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 accept the quotation from such member of the CSC Group.

Calculation of the Insurance Services Cap

The Insurance Services Cap is calculated with reference to the following factors:

- (a) the growth of the construction markets in the three-year period commencing from 1 January 2015 and ending on 31 December 2017 estimated by the directors of the Company;
- (b) the estimated total contract sum of the new construction projects of the Group in the three-year period commencing from 1 January 2015 and ending on 31 December 2017, with reference to the expected expansion and development of the Group's businesses; and
- (c) historical, current and projected insurance premiums for similar insurance services.

(4) Supply of Building Materials Transactions

The Company expects that the CSC Group may supply building materials to the Group for the Group's construction works from time to time. Accordingly, under the New FE-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2015 and ending on 31 December 2017:

- (a) any member of the CSC Group may supply building materials to the Group for the Group's construction works from time to time;
- (b) the parties may from time to time enter into further specific contracts, which set out the detailed terms in relation to the supply of building materials by the CSC Group to the Group for the Group's construction works, provided that the total sum for the supply of building materials under the New FE-CSC Operational Services Agreement for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed HK\$150 million (i.e. the Supply of Building Materials Cap). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the fees payable by the Group to the CSC Group will be settled pursuant to the payment terms set out in the specific contracts.

Pricing basis of the supply of building materials to the Group by the CSC Group

As a general principle, the prices and terms of the contracts with respect to the Supply of Building Materials Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those paid to independent third party suppliers of the Group.

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 accept the quotation from such member of the CSC Group.

Calculation of the Supply of Building Materials Cap

The Supply of Building Materials Cap is calculated with reference to the following factors:

- (a) the growth of the construction markets in the three-year period commencing from 1 January 2015 and ending on 31 December 2017 estimated by the directors of the Company; and
- (b) the estimated total contract sum of the new construction projects of the Group in the three-year period commencing from 1 January 2015 and ending on 31 December 2017, with reference to the expected expansion and development of the Group's businesses.

Condition Precedent

The Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement (together with the Mechanical and Electrical Engineering Works Cap, the Machineries Leasing Cap, the Insurance Services Cap and the Supply of Building Materials Cap) are conditional upon the passing of the resolution by the Independent Shareholders' at the EGM approving the New FE-CSC Operational Services Agreement and the transactions contemplated thereunder.

Reasons for the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions

The Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, as well as the CSC Group.

The CSC Group with profound experience in building construction and solid financial standing have demonstrated itself as reliable contractor and service provider to its customers and the maintenance of a strategic business relationship with the CSC Group will not only allow the realization of synergies and economies of scale but also facilitate the expansion of the Company's businesses.

The directors of the Company (other than the independent non-executive directors of the Company whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement are expected to be entered into in the ordinary and usual course of business of the Group, and the New FE-CSC Operational Services Agreement (together with the Mechanical and Electrical Engineering Works Cap, the Machineries Leasing Cap, the Insurance Services Cap and the Supply of Building Materials Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions (together with the Mechanical and Electrical Engineering Works Cap, the Machineries Leasing Cap, the Insurance Services Cap and the Supply of Building Materials Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

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

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 CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement and the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSC Sub-construction Engagement Agreement (i.e. the CSC Works Cap) exceed 5%, the CSC Works Transactions contemplated under the New FE-CSC

Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Voting at the EGM will be conducted by poll and CSC and its associates will abstain from voting at the EGM.

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSC Operational Services Agreement (i.e. the Mechanical and Electrical Engineering Works Cap, the Machineries Leasing Cap, the Insurance Services Cap and the Supply of Building Materials Cap in aggregate) exceed 5%, the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Voting at the EGM will be conducted by poll and CSC and its associates will abstain from voting at the EGM.

An independent board committee of the Company comprising all the independent non-executive directors of the Company has been formed to advise the Independent Shareholders in respect of the CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement and the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the CSC Works Transactions contemplated under the New FE-CSC Sub-construction Engagement Agreement and the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions contemplated under the New FE-CSC Operational Services Agreement together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM will be expected to be despatched to the Shareholders on or before 18 November 2014 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

DEFINITIONS

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

“30%-controlled company(ies)”, “associate(s)”, “connected person(s)”, “controlling shareholder(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“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;
“CSC Works Cap”	the maximum total contract sum of the contracts for provision of contracting and engineering works, project consultancy service and project management service that may be awarded by the CSC Group to the Group (as subcontractor of the CSC Group) for each year under the New FE-CSC Sub-construction Engagement Agreement;
“CSC Works Transactions”	the engagement by the CSC Group of the Group as subcontractor for the CSC Group’s construction works as described under the sub-section headed “CSC Works Transactions” in this announcement;

“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the New FE-CSC Sub-construction Engagement Agreement, the New FE-CSC Operational Services Agreement and the transactions contemplated thereunder;
“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;
“Independent Shareholders”	Shareholder(s), other than CSC and its associates;
“Insurance Services Cap”	the maximum total fees for provision of insurance services by the CSC Group to the Group for each year under the New FE-CSC Operational Services Agreement;
“Insurance Services Transactions”	the engagement of the CSC Group to provide insurance services to the Group as described under the sub-section headed “(3) Insurance Services Transactions” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Machineries Leasing Cap”	the maximum total rent for the leasing of machineries from the CSC Group to the Group for each year under the New FE-CSC Operational Services Agreement;
“Machineries Leasing Transactions”	the leasing of machineries from the CSC Group to the Group for the Group’s construction works as described under the sub-section headed “(2) Machineries Leasing Transactions” in this announcement;
“Mechanical and Electrical Engineering Works Cap”	the maximum total contract sum of the contracts for provision of mechanical and electrical engineering works that may be awarded by the Group to the CSC Group (as subcontractor of the Group) for each year under the New FE-CSC Operational Services Agreement;

“Mechanical and Electrical Engineering Works Transactions”	the engagement by the Group of the CSC Group as subcontractor for provision of mechanical and electrical engineering works to the Group’s construction works as described under the sub-section headed “(1) Mechanical and Electrical Engineering Works Transactions” in this announcement;
“New FE-CSC Operational Services Agreement”	the agreement entered into between CSC and the Company on 28 October 2014 in respect of the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services Transactions and Supply of Building Materials Transactions;
“New FE-CSC Sub-construction Engagement Agreement”	the engagement agreement entered into between CSC and the Company on 28 October 2014 in respect of the CSC Works Transactions;
“Previous FE-CSC Sub-construction Engagement Agreement”	the engagement agreement entered into between CSC and the Company on 11 June 2012 in respect of the engagement of members of the Group by members of CSC and its subsidiaries as subcontractor for provision of contracting and engineering works, project consultancy service and project management service to the construction works of CSC and its subsidiaries from time to time;
“Previous Operation Services Agreements”	the three letter agreements entered into between CSC and the Company on 14 October 2014 in respect of (i) the provision of operational services by the CSC Group to the Group for the hotel development project; (ii) the provision of operational services by the CSC Group to the Group for the property development project; and (iii) the provision of operational services by the CSC Group to the Group for the maintenance projects, respectively;
“Shareholder(s)”	shareholder(s) of the Company from time to time;
“Supply of Building Materials Cap”	the maximum total sum for the supply of building materials by the CSC Group to the Group for each year under the New FE-CSC Operational Services Agreement;

“Supply of Building Materials Transactions” the supply of building materials by the CSC Group to the Group for the Group’s construction works as described under the sub-section headed “(4) Supply of Building Materials Transactions” in this announcement;

“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, 28 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.