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遠東環球集團有限公司
FAR EAST GLOBAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 830)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

	2014	2013
		(restated)
RESULTS (HK\$'000)		
Revenue	1,682,149	1,418,808
Profit attributable to owners of the Company	57,738	50,398
FINANCIAL INFORMATION PER SHARE		
Earnings – basic (HK cents)	2.68	2.34
Proposed final dividend for the year (HK cent)	0.50	0.50

The board of directors (the “Board”) of Far East Global Group Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2014, together with the comparative figures for 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (restated)
Revenue	2	1,682,149	1,418,808
Costs of sales	4	<u>(1,506,811)</u>	<u>(1,410,365)</u>
Gross profit		175,338	8,443
Other income and other gains, net	3	13,674	58,914
Administrative expenses	4	(192,709)	(199,727)
Distribution and selling expenses		(17,581)	(21,297)
Finance costs	5	<u>(11,419)</u>	<u>(14,501)</u>
Loss before tax		(32,697)	(168,168)
Income tax credit	6	<u>22,503</u>	<u>129,220</u>
Loss for the year		<u>(10,194)</u>	<u>(38,948)</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		57,738	50,398
Non-controlling interests		<u>(67,932)</u>	<u>(89,346)</u>
		<u>(10,194)</u>	<u>(38,948)</u>
Earnings per share (HK cents)	8		
Basic and diluted		<u>2.68</u>	<u>2.34</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (restated)
Loss for the year	<u>(10,194)</u>	<u>(38,948)</u>
Other comprehensive income		
<i>Items that may be reclassified to profit and loss</i>		
Exchange differences arising on translation of foreign operations	(9,859)	(3,969)
Gain on fair value changes of available-for-sale investments	<u>289</u>	<u>60</u>
Other comprehensive income for the year, net of tax	<u>(9,570)</u>	<u>(3,909)</u>
Total comprehensive income for the year	<u>(19,764)</u>	<u>(42,857)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	48,359	48,139
Non-controlling interests	<u>(68,123)</u>	<u>(90,996)</u>
	<u>(19,764)</u>	<u>(42,857)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000 (restated)
Non-current Assets			
Property, plant and equipment		154,525	162,627
Goodwill		138,149	138,149
Project backlogs		-	11,934
Deposits and prepayments		1,654	7,216
Available-for-sale investments		18,853	18,564
Deferred tax assets		154,801	117,564
		<hr/> 467,982	<hr/> 456,054
Current Assets			
Inventories		12,551	17,650
Amounts due from customers for contract work		672,474	563,455
Trade and other receivables	9	468,832	356,719
Deposits and prepayments		30,739	14,870
Amount due from an intermediate holding company		-	96,470
Amounts due from fellow subsidiaries		-	396,248
Tax recoverable		4,760	936
Bank and cash balances		242,030	310,452
		<hr/> 1,431,386	<hr/> 1,756,800

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 31 December 2014*

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000 (restated)
Current Liabilities			
Bank and other borrowings	10	119,585	157,463
Amounts due to customers for contract work		33,864	22,550
Trade payables, other payables and accruals	11	329,462	258,650
Finance lease payables		998	1,087
Current tax payables		23,824	11,470
Amounts due to fellow subsidiaries		59,311	45,255
Deposits received and advances from customers		80,497	-
		647,541	496,475
Net Current Assets			
		783,845	1,260,325
Total Assets less Current Liabilities			
		1,251,827	1,716,379
Capital and Reserves			
Share capital	12	21,555	21,555
Share premium and reserves		1,133,309	1,114,305
Equity attributable to owners of the Company		1,154,864	1,135,860
Non-controlling interests		(122,588)	(54,465)
		1,032,276	1,081,395
Non-current Liabilities			
Bank and other borrowings	10	215,778	625,595
Finance lease payables		3,480	4,280
Deferred tax liabilities		293	5,109
		219,551	634,984
		1,251,827	1,716,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PREPARATION

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

On 11 March 2014, the Group acquired 100% of equity interests in Treasure Construction Engineering Limited (“Treasure Construction”) from Barkgate Enterprises Limited, a wholly owned subsidiary of China State Construction International Holdings Limited (“CSCIHL”), an intermediate holding company of the Company, for a cash consideration of HK\$2,000,000.

The transfer of the equity interests in Treasure Construction (the “Acquired Company”) was regarded as a common control combination. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2014 was prepared using the principle of Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA, as if the Acquired Company had been combined from the date when the Acquired Company first came under the control of the controlling party of the Group and Acquired Company. The comparative figures of the consolidated financial statements have been restated accordingly.

The effect of the combination of Acquired Company on the result of the Group for the year ended 31 December 2014 and the position of the Group as at 31 December 2014 are considered as insignificant.

The effect of the combination of Acquired Company on the result of the Group for the year ended 31 December 2013 and the position of the Group as at 31 December 2013 are summarised below:

	For the year ended 31 December 2013 (previously stated) HK\$’000	Combination of Acquired Company HK\$’000	Combination Adjustment HK\$’000	For the year ended 31 December 2013 (restated) HK\$’000
Revenue	1,418,808	-	-	1,418,808
Cost of sales	(1,410,365)	-	-	(1,410,365)
Gross profit	8,443	-	-	8,443
Other income and other gains, net	51,164	7,750	-	58,914
Administrative expenses	(199,569)	(158)	-	(199,727)
Distribution and selling expenses	(21,297)	-	-	(21,297)
(Loss)/profit from operation	(161,259)	7,592	-	(153,667)
Finance costs	(6,844)	(7,657)	-	(14,501)
Loss before tax	(168,103)	(65)	-	(168,168)
Income tax credit	129,220	-	-	129,220
Loss for the year	(38,883)	(65)	-	(38,948)
Profit/(loss) for the year attributable to:				
Owners of the Company	50,463	(65)	-	50,398
Non-controlling interests	(89,346)	-	-	(89,346)
	(38,883)	(65)	-	(38,948)

(1) BASIS OF PREPARATION (continued)

	31 December 2013 (previously stated) HK\$'000	Combination of Acquired Company HK\$'000	Combination Adjustment (Note) HK\$'000	31 December 2013 (restated) HK\$'000
Non-current Assets				
Property, plant and equipment	162,624	3	-	162,627
Goodwill	138,149	-	-	138,149
Project backlogs	11,934	-	-	11,934
Deposits and prepayments	7,216	-	-	7,216
Available-for-sale investments	18,564	-	-	18,564
Deferred tax assets	117,564	-	-	117,564
	<u>456,051</u>	<u>3</u>	<u>-</u>	<u>456,054</u>
Current Assets				
Inventories	17,650	-	-	17,650
Amounts due from customers for contract work	563,455	-	-	563,455
Trade and other receivables	356,719	-	-	356,719
Deposits and prepayments	14,870	-	-	14,870
Amount due from an intermediate holding company	-	96,470	-	96,470
Amounts due from fellow subsidiaries	4,376	391,872	-	396,248
Tax recoverable	936	-	-	936
Bank and cash balances	213,404	97,048	-	310,452
	<u>1,171,410</u>	<u>585,390</u>	<u>-</u>	<u>1,756,800</u>
Current Liabilities				
Bank and other borrowings	157,463	-	-	157,463
Amounts due to customers for contract work	22,550	-	-	22,550
Trade payables, other payables and accruals	224,341	34,309	-	258,650
Finance lease payables	1,087	-	-	1,087
Current tax payables	11,470	-	-	11,470
Amounts due to fellow subsidiaries	-	43,255	2,000	45,255
	<u>416,911</u>	<u>77,564</u>	<u>2,000</u>	<u>496,475</u>
Net Current Assets	<u>754,499</u>	<u>507,826</u>	<u>(2,000)</u>	<u>1,260,325</u>
Total Assets less Current Liabilities	<u>1,210,550</u>	<u>507,829</u>	<u>(2,000)</u>	<u>1,716,379</u>
Capital and reserves	1,130,031	7,829	(2,000)	1,135,860
Non-controlling interests	(54,465)	-	-	(54,465)
Non-current liabilities	134,984	500,000	-	634,984
	<u>1,210,550</u>	<u>507,829</u>	<u>(2,000)</u>	<u>1,716,379</u>

Note : The combination adjustment represents the excess of consideration paid over share capital of the acquired company.

(1) BASIS OF PREPARATION (continued)

(i) The adoption of revised HKFRS

The new or revised standards, amendments and interpretations to existing standards, which are mandatory for the financial year beginning on 1 January 2014, are either currently not relevant to the Group or had no material impact on the Group's consolidated financial statements.

(ii) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(iii) New standards, amendments and improvements to existing standards not yet effective

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

Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 19	Employee Benefits: Defined Benefit Plans - Employee Contributions ¹
Amendments to HKAS 16 and HKAS 41	Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations ²
HKFRS 9	Financial Instruments ⁴
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ²
Annual Improvements Project	Annual Improvement to HKFRS 2010-2012 Cycle ¹
Annual Improvements Project	Annual Improvement to HKFRS 2011-2013 Cycle ¹
Annual Improvements Project	Annual Improvement to HKFRS 2012-2014 Cycle ²

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

2 Effective for annual periods beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 January 2018

The Group has not early adopted the above new standards, amendments and improvements to existing standards, and is not yet in a position to state whether there are substantial changes to the Group's accounting policies and presentation of the Group's consolidated financial statements.

(2) REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the facade contracting business. The Group's revenue 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 Singapore, the United Arabs of Emirates, Chile, Australia, the United Kingdom and maintenance projects in all segments.

The executive directors of the Company are the Group's chief operating decision-maker ("CODM"). The CODM assess the performance of the operating segments based on a measure of adjusted profit or loss before interest and tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments if any such as restructuring costs, legal expenses and impairment 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. Comparative figures for the distribution and selling expenses have been reclassified in the segment results of North America, Greater China and Asia and Others to conform to the current year's presentation.

Segment results for the years ended 31 December 2014 and 2013 are as follows:

	Revenue		Gross profit/(loss)		Segment result	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segments:						(restated)
North America	817,741	684,350	(38,517)	(185,057)	(134,005)	(296,356)
Greater China	655,244	545,169	141,859	104,368	122,161	107,440
Asia and Others	209,164	189,289	71,996	89,132	51,913	95,572
Total	<u>1,682,149</u>	<u>1,418,808</u>	<u>175,338</u>	<u>8,443</u>	<u>40,069</u>	<u>(93,344)</u>
Unallocated administrative expenses					(62,180)	(66,625)
Other income and other gains, net					833	6,302
Finance costs					<u>(11,419)</u>	<u>(14,501)</u>
Loss before tax					<u>(32,697)</u>	<u>(168,168)</u>

(2) REVENUE AND SEGMENT INFORMATION (continued)

Amounts included in the measure of segment result:

	North America		Greater China		Asia and others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	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	17,492	22,885	3,795	3,534	613	68	21,900	26,487
(Gain)/loss on disposal of property, plant and equipment	(5)	37	429	(8)	-	(8)	424	21

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

	Non-current assets*		Addition to property, plant and equipment	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
North America	226,295	245,789	4,592	14,143
Greater China	64,674	73,883	3,632	4,511
Asia and Others	3,359	254	3,723	36
	<u>294,328</u>	<u>319,926</u>	<u>11,947</u>	<u>18,690</u>

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

Major customer information

Revenue from one (2013: one) customer in North America (2013: Greater China) amounted to approximately HK\$199,324,000 (2013: HK\$210,116,000), which represents more than 10 per cent (2013: 10 per cent) of the Group's total revenue.

(3) OTHER INCOME AND OTHER GAINS, NET

	For the year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Write back of provision for impairment on trade and other receivables	4,483	19,164
Write back of provision for impairment on deposits	-	18,720
Bank interest income	1,415	1,013
Gain on acquisition of a subsidiary	-	700
Loss on disposal of an available-for-sale investments	-	(85)
Reversal of other payables and accruals	2,700	5,124
Rental income	300	566
Service income	1,700	740
Sundry income	3,500	5,337
Recharge of finance costs to a fellow subsidiary	-	7,656
Loss on disposal of property, plant and equipment	(424)	(21)
	<u>13,674</u>	<u>58,914</u>

(4) EXPENSES BY NATURE

	For the year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
		(restated)
Cost of sales		
Cost of contracting works performed	1,481,401	1,436,640
Warranty provisions, net	13,476	1,882
Amortisation of project backlogs	11,934	18,576
Reversal of provisions for project losses	-	(46,733)
	1,506,811	1,410,365
Administrative expenses		
Staff costs including directors' emoluments:		
Salaries, bonuses and allowances	490,196	540,793
Retirement benefits scheme contributions	10,523	5,649
Less: amounts included in cost of contracting works performed	(410,833)	(432,763)
	89,886	113,679
Depreciation	16,759	14,373
Less: amounts included in cost of contracting works performed	(6,793)	(6,462)
	9,966	7,911
Operating lease charges — land and buildings	31,804	28,148
Less: amounts included in cost of contracting works performed	(18,954)	(17,500)
	12,850	10,648
Auditor's remuneration	2,177	2,128
Others	77,830	65,361
	192,709	199,727

(5) FINANCE COSTS

	For the year ended 31 December	
	2014 HK\$'000	2013 HK\$'000 (restated)
Interest on bank loans and overdrafts wholly repayable within five years	11,073	6,224
Interest on other loans wholly repayable within five years	74	5,142
Finance lease charges	272	325
Others	-	2,810
	<u>11,419</u>	<u>14,501</u>

(6) INCOME TAX CREDIT

	For the year ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Current tax — Hong Kong profits tax		
Provision for the year	400	272
Overprovision in prior years	(1,239)	(101)
	<u>(839)</u>	<u>171</u>
Current tax — overseas		
Provision for the year	21,921	1,974
Overprovision in prior years	(820)	(3,419)
	<u>21,101</u>	<u>(1,445)</u>
Deferred tax	<u>(42,765)</u>	<u>(127,946)</u>
Income tax credit for the year	<u>(22,503)</u>	<u>(129,220)</u>

Hong Kong profits tax has been provided at a rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

The Group's subsidiaries in the Mainland China were approved as a new and high technology enterprise pursuant to which the Mainland China subsidiaries can enjoy a preferential income tax rate of 15% effective from 2014 to 2016.

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	
	2014	2013
	HK\$'000	HK\$'000
Interim dividend paid of HK0.5 cent (2013: HK0.5 cent) per ordinary share	10,778	10,778
Final dividend proposed of HK0.5 cent (2013: HK0.5 cent) per ordinary share	10,778	10,778
	21,556	21,556

The final dividend proposed after 31 December 2014 was not recognised as a liability at 31 December 2014 and is subject to approval by shareholders in the forthcoming annual general meeting. The final dividend for 2013 was recognized and paid during the year

(8) **EARNINGS PER SHARE**

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

	For the year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000 (restated)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	57,738	50,398
	'000	'000
Number of shares		
Weighted average number of ordinary shares used in diluted earnings per share calculation	2,155,545	2,155,545
Basic earnings per share (HK cents)	2.68	2.34

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2014 (2013: 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	
	2014	2013
	HK\$'000	HK\$'000 (restated)
Trade receivables:		
0 to 30 days	114,500	58,628
31 to 60 days	89,666	55,538
61 to 90 days	4,187	9,764
More than 90 days	34,612	14,171
	<hr/>	<hr/>
	242,965	138,101
Retention receivables	174,849	161,204
	<hr/>	<hr/>
	417,814	299,305
Other receivables	51,018	57,414
	<hr/>	<hr/>
Trade and other receivables	468,832	356,719

At 31 December 2014, the amount of retention receivables expected to be recovered after more than twelve months is approximately HK\$121,368,000 (2013: HK\$90,499,000).

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 (2013: 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	
	2014	2013
	HK\$'000	HK\$'000 (restated)
Bank loans, secured	16,308	18,339
Bank loans, unsecured	319,055	756,919
Loan from non-controlling interests	-	7,800
	<hr/>	<hr/>
	335,363	783,058
	<hr/>	<hr/>
The borrowing are repayable as follows:		
On demand or within one year	119,585	157,463
In the second year	200,564	8,378
In the third to fifth years, inclusive	15,214	617,217
	<hr/>	<hr/>
	335,363	783,058
Less: amounts due for settlement within twelve months	(119,585)	(157,463)
	<hr/>	<hr/>
Amounts due for settlement after twelve months	215,778	625,595

At 31 December 2014, a bank loan of HK\$16,308,000 (2013: HK\$18,339,000) is secured by the Group's land and buildings of HK\$17,934,000 (2013: HK\$20,234,000).

(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	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (restated)
Trade payables:		
0 to 30 days	184,724	117,664
31 to 60 days	20,403	24,140
More than 60 days	14,501	15,426
	219,628	157,230
Retention payables	36,414	32,523
	256,042	189,753
Other payables and accruals	73,420	68,897
Trade payables, other payables and accruals	329,462	258,650

(12) SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares '000	Amount <i>HK\$'000</i>	Number of shares '000	Amount <i>HK\$'000</i>
Ordinary share of HK\$0.01 each				
At 1 January 2013, 1 January 2014 and 31 December 2014	10,000,000	100,000	2,155,545	21,555

REVIEW OF OPERATION

Overall Performance

The Group recorded aggregate revenue of HK\$1,682 million for the year ended 31 December 2014 (2013: HK\$1,419 million), an increase of 18.5% as compared to last year. The gross profit margin has been improved significantly from 0.6% last year to 10.4% this year. The profit attributable to owners of the Company increased from HK\$50 million for the year ended 31 December 2013 to HK\$58 million for the year ended 31 December 2014. The basic earnings per share was HK2.68 cents (2013: HK2.34 cents), representing the growth of 14.5% over last year. The Board of Directors recommends the payment of a final dividend of HK0.5 cent per share and together with the interim dividend of HK0.5 cent per share paid in the year, the total dividends for the year amounted to HK1 cent per share, representing 37.3% payout of the distributable profit for the year.

During the year, the Group acquired 100% of equity interests in Treasure Construction Engineering Limited (“Treasure Construction”) from Barkgate Enterprises Limited, a wholly owned subsidiary of China State Construction International Holdings Limited (“CSCIHL”) for a cash consideration of HK\$2 million. The acquisition was treated as common control combination and merger accounting was adopted as if Treasure Construction had been combined from the date when Treasure Construction first came under the control of the controlling party. The comparative figures of the consolidated financial statements have been restated. In the third quarter of the year, Treasure Construction has undertaken a new main contract works for Queen’s Road East 373 Hotel, a hotel development project with an attributable contract value of HK\$530 million.

Segment Analysis

North America Division achieved a turnover of HK\$818 million (31 December 2013: HK\$684 million) during the year, representing an increase of about 19.6% compared to last year. This turnover contributed about 49% of the Group’s revenue. During the year, North America focused on execution of its existing projects and restructuring of senior management in the region. Hong Kong headquarter has transferred a few senior staff to be stationed in North America, to supplement the region’s needs in management, claim settlement, and cost control. New management team has stemmed losses from old projects and secured new projects during later half of 2014. New management also implemented sizable reductions in overhead costs. North America Division largely reduced a gross loss to HK\$38 million (31 December 2013: gross loss of HK\$185 million) during the year.

North America Division has completed most of its old problematic projects that incurred more manufacturing, design, and installation costs than expected. The region has secured a few new contracts during latter half of 2014 and will continue these efforts going forward. North America Division expects continued efforts in overhead reductions and operating efficiency improvements. Future projects shall undergo rigorous review prior to tender, thereby ensuring increasing probability of higher margins and smoother execution.

Revenue derived from Greater China recorded an increase of 20.2% from HK\$545 million for the year ended 31 December 2013 to HK\$655 million for the year ended 31 December 2014 as a result of the commencement of contract works of casinos and integrated resorts projects in Macau like Wynn Palace Cotai, MGM Cotai and Louis XIII. In addition, certain projects in Hong Kong and Mainland China made steady progress during the year under review. Riding on the contribution from Macau projects, the gross profit increased by 36.5% from HK\$104 million for the year ended 31 December 2013 to HK\$142 million for the year ended 31 December 2014.

With the continuous contribution from projects in Australia and UK, revenue derived from Asia and Others was increased by HK\$20 million from HK\$189 million for the year ended 31 December 2013 to HK\$209 million for the year ended 31 December 2014 whereas the Group recorded a gross profit of HK\$72 million, a decrease in gross profit of HK\$17 million as compared with last year.

Administrative expenses

Further cost efficiency as a result of structural reorganisation of divisions was observed over our overhead expenses. During the year ended 31 December 2014, administrative expenses decreased by 3.5% to HK\$193 million (2013: HK\$200 million).

Finance costs

For the year ended 31 December 2014, the Group's finance costs were HK\$11 million (2013 (restated): HK\$14 million of which the Group included the interest expense of HK\$7 million from Treasure Construction). The decrease in bank borrowings reduced the finance costs during the year.

New contract awarded

As of 31 December 2014, the Group has secured new contracts with an aggregate value of approximately HK\$1,955 million. Major new contracts include the following:

1. Queen's Road East 373 Hotel, Hong Kong
2. K.I.L 11111 Hung Luen Road, Hong Kong
3. MGM Cotai, Macau
4. Louis XIII, Macau
5. Vancouver Stock Exchange, Vancouver, Canada
6. L' Avenue, Montreal, Canada
7. 605 42nd Street, New York

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 2014, the Group had bank balances and cash of HK\$242 million (31 December 2013 (restated): HK\$310 million of which the Group included the amount of HK\$97 million from Treasure Construction), total borrowings of the Group were HK\$335 million (31 December 2013 (restated): HK\$783 million of which the Group included the amount of HK\$500 million from Treasure Construction). The Group's net gearing ratio (net debt to net total capital) as at 31 December 2014 was approximately 9.5% (31 December 2013 (restated): 7% after excluding the impact on the net borrowings of HK\$403 million from Treasure Construction). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK\$931 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 2014 and 2013 are set out as follows:

	31 December 2014 HK\$'000	31 December 2013 HK\$'000 (restated)
On demand or within one year	119,585	157,463
More than one year but not exceeding two years	200,564	8,378
More than two years but not more than five years	15,214	617,217
	<u>335,363</u>	<u>783,058</u>

As at 31 December 2014, the Group's equity attributable to owners of the Company amounted to HK\$1,155 million (31 December 2013: HK\$1,136 million), comprising issued capital of HK\$22 million (31 December 2013: HK\$22 million) and reserves of HK\$1,133 million (31 December 2013(restated): HK\$1,114 million).

Treasury Policy

The Group adopts a conservative treasury policy on cash and financial management. The Group's treasury activities are centralised in order to achieve better risk control and minimise cost of funds. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollar or 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 2014, the Group employed a total of 1,519 (31 December 2013: 1,462) 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, United Arab Emirates Dirham, Pound Sterling and Macau Pataca. 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

For 2015, many risks remain that affect regional economic trends, including a declining price of crude oil, unstable geopolitical conditions, Greek debt crisis, etc. It is expected that global economic development will be faced with uncertainties. In Hong Kong, a favorable construction market will continue. In United States, the market will maintain its growth momentum arising from 2014. For the UK market, the recovery sustains with some fluctuation risks. As to the economy of the Mainland China, it is expected that a relatively high growth rate will be maintained due to stimulation policies. In the next few years, as a result of “new model of urbanization” of the Mainland China, reforms and innovation in the public services, and the “one belt and one road” policies, enormous business opportunities are expected to arise in Mainland China, Asian countries, and European markets involved in public services, infrastructure, and housing construction.

Development Strategies

Far East Global will continue focus on the work schedule, quality, safety, cash, and cost-effective management of projects, while improving the synergies created during in design, production, and installation processes. The Group will sharpen its integrated competitive edges in its curtain wall business. By integrating resources, the Group will increase its market shares in three major markets, including Hong Kong and Macau, North America, and the Mainland China. Meanwhile, the Group will explore other overseas markets, while maintaining satisfactory profitability. For Hong Kong and Macau and the Mainland China markets, the Group will continue to wield the advantages of CSCIHL as well as CSCECL's larger platform, while innovating collaborative models. As to the North American market, the Group will constantly explore premium developer projects, while expanding the scale of new contracts.

In addition to constantly crystallizing achievements of from integration, the Group will gauge certain critical issues and determine the proper timing for deepening and expanding the level and scope of integration work. Being able to identify and acknowledge all kinds of issues appearing over the course of integration work, the Board wishes to establish and maintain a healthy system through continuous exploration and attempts. This system will promote multilateral benefits for shareholders, the Board, the management, the employees, and clients, while continuing the growth of the Group's profitability.

In exploring new businesses, the Group will learn from its Controlling Shareholder CSCIHL's vast experience in project management, in particular general contracting and investment fields. In addition to developing its general contracting business in Hong Kong, the Group will facilitate its pace of investment and transformation, weigh the market conditions and government policies, and closely study new development opportunities surfacing or arising from the economic upgrade in the Mainland China. In doing so, the Group will maximize the synergic effects of developing a dual core businesses.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.5 cent per share (2013: HK0.5 cent) to shareholders whose names appear on the register of members of the Company on Tuesday, 16 June 2015. 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 Monday, 6 July 2015.

ANNUAL GENERAL MEETING

The 2015 annual general meeting of the Company (“AGM”) will be held on Wednesday, 27 May 2015. The notice of the AGM, which constitutes part of the circular to the shareholders of the Company, will be sent together with the 2014 Annual Report.

CLOSURE OF REGISTER OF MEMBERS

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

- (a) For the purpose of determining shareholders’ right to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 22 May 2015 to Wednesday, 27 May 2015 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 21 May 2015.
- (b) For the purpose of determining shareholders’ entitlement to the final dividend, the register of members of the Company will be closed on Monday, 15 June 2015 and Tuesday, 16 June 2015 (both days inclusive). In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 12 June 2015.

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

During the year ended 31 December 2014, 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 2014 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"), saved for the following deviation:

Code Provision A.6.7 — this code provision stipulates that individual non-executive directors and other non-executive directors should attend general meetings. Mr. Zhou Yong, Chairman of the Board and Non-executive Director, was unable to attend the extraordinary general meeting held on 12 December 2014 due to other business engagement and Mr. Zhang Yifeng, Vice Chairman and Chief Executive Officer chaired the meeting in his stead. The Vice Chairman reported back to the Chairman the views of shareholders after the meeting.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. All Directors have confirmed that they have complied with the Model Code in their securities transactions throughout the year ended 31 December 2014.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial figures on page 2 to page 15 of this announcement have been agreed by the Company's external auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2014. 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 hereby express my heartfelt appreciation towards all shareholders, directors, employees, and customers for their support over the year.

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

Hong Kong, 17 March 2015

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.