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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 2015

FINANCIAL HIGHLIGHTS

	2015	2014
RESULTS (HK\$'000)		
Revenue	2,194,896	1,682,149
Profit attributable to owners of the Company	71,463	57,738
FINANCIAL INFORMATION PER SHARE		
Earnings – basic (HK cents)	3.32	2.68
Proposed final dividend for the year (HK cent)	0.60	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 2015, together with the comparative figures for 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	2	2,194,896	1,682,149
Costs of sales	4	<u>(1,983,383)</u>	<u>(1,506,811)</u>
Gross profit		211,513	175,338
Other income and other gains, net	3	1,594	13,674
Administrative, selling and other operating expenses	4	(174,840)	(210,290)
Finance costs	5	<u>(11,549)</u>	<u>(11,419)</u>
Profit/(loss) before tax		26,718	(32,697)
Income tax (charge)/credit	6	<u>(22,490)</u>	<u>22,503</u>
Profit/(loss) for the year		<u>4,228</u>	<u>(10,194)</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		71,463	57,738
Non-controlling interests		<u>(67,235)</u>	<u>(67,932)</u>
		<u>4,228</u>	<u>(10,194)</u>
Earnings per share (HK cents)	8		
Basic and diluted		<u>3.32</u>	<u>2.68</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit/(loss) for the year	<u>4,228</u>	<u>(10,194)</u>
Other comprehensive income		
<i>Items that may be reclassified to profit and loss</i>		
Exchange differences arising on translation of foreign operations	(47,409)	(9,859)
Gain on fair value changes of available-for-sale investments	<u>208</u>	<u>289</u>
Other comprehensive income for the year, net of tax	<u>(47,201)</u>	<u>(9,570)</u>
Total comprehensive income for the year, net of tax	<u>(42,973)</u>	<u>(19,764)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	41,426	48,359
Non-controlling interests	<u>(84,399)</u>	<u>(68,123)</u>
	<u>(42,973)</u>	<u>(19,764)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Note</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Non-current Assets			
Property, plant and equipment		138,500	154,525
Goodwill		138,149	138,149
Deferred tax assets		161,519	154,801
Deposits and prepayments		-	1,654
Available-for-sale investments		-	18,853
		438,168	467,982
Current Assets			
Inventories		13,649	12,551
Amounts due from customers for contract work		574,975	672,474
Trade and other receivables	9	817,879	468,832
Deposits and prepayments		31,834	30,739
Available-for-sale investments		19,061	-
Tax recoverable		884	4,760
Bank and cash balances		200,485	242,030
		1,658,767	1,431,386

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 31 December 2015*

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current Liabilities			
Bank and other borrowings	<i>10</i>	180,391	119,585
Amounts due to customers for contract work		182,027	33,864
Trade payables, other payables and accruals	<i>11</i>	462,654	329,462
Finance lease payables		951	998
Current tax payables		44,722	23,824
Amounts due to fellow subsidiaries		1,727	59,311
Deposits received and advances from customers		43,126	80,497
		915,598	647,541
Total Assets less Current Liabilities			
		1,181,337	1,251,827
Capital and Reserves			
Share capital	<i>12</i>	21,555	21,555
Share premium and reserves		1,151,024	1,133,309
Equity attributable to owners of the Company		1,172,579	1,154,864
Non-controlling interests		(206,974)	(122,588)
		965,605	1,032,276
Non-current Liabilities			
Bank and other borrowings	<i>10</i>	212,720	215,778
Finance lease payables		2,719	3,480
Deferred tax liabilities		293	293
		215,732	219,551
		1,181,337	1,251,827

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.

(i) The adoption of amendments and interpretation to existing standards

In the current year, the Group has applied the following amendments and interpretation to existing Hong Kong Accounting Standards (“HKAS(s)”), Hong Kong Financial Reporting Standards (“HKFRS(s)”), (hereinafter collectively referenced to as the “new HKFRSs”) issued by the HKICPA.

HKAS 19 (2011) Amendment	Defined Benefit Plans : Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The application of the above new HKFRSs in the current year has had no material impact on the Group’s results and financial position.

(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 during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(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 ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations ¹
HKFRS 9	Financial Instruments ²
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
Annual Improvements Project	Annual Improvements 2012-2014 Cycle ¹

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

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

3 Effective for annual periods at a date to be determined by the IASB

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 and general contracting business. The Group's revenue represents revenue from construction contracts.

As a result of reporting structure reorganisation, the Group has reclassified the reportable segments into two divisions which are also the Group's operating segments, principally based on the geographical locations of the projects as well as the reporting organisation hierarchy, and are determined as follows:

- North America includes projects in the United States of America and Canada.
- Greater China, Asia and Others includes projects in the People's Republic of China (the "PRC"), Hong Kong and Macau, Singapore, the United Arab 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.

Segment results for the years ended 31 December 2015 and 2014 are as follows:

	Revenue		Gross profit		Segment result	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segments:						
North America	793,340	817,741	(7,118)	(38,517)	(88,666)	(134,005)
Greater China, Asia and Others	1,401,556	864,408	218,631	213,855	186,012	179,216
Total	<u>2,194,896</u>	<u>1,682,149</u>	<u>211,513</u>	<u>175,338</u>	<u>97,346</u>	<u>45,211</u>
Unallocated administrative, selling and other operating expenses					(59,355)	(67,322)
Other income and other gains, net					276	833
Finance costs					<u>(11,549)</u>	<u>(11,419)</u>
Profit/(loss) before tax					<u>26,718</u>	<u>(32,697)</u>

Amounts included in the measure of segment result:

	North America		Greater China, Asia and Others		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment and amortisation of project backlogs	5,106	17,503	4,563	4,408	9,669	21,911
(Gain)/loss on disposal of property, plant and equipment	(36)	(5)	2,236	429	2,200	424

(2) REVENUE AND SEGMENT INFORMATION (continued)

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

	Non-current assets*		Addition to property, plant and equipment	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
North America	214,938	226,295	1,584	4,592
Greater China, Asia and Others	61,711	68,033	6,365	7,355
	<u>276,649</u>	<u>294,328</u>	<u>7,949</u>	<u>11,947</u>

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

Major customer information

Revenue from one (2014: one) customer in Greater China, Asia and Others (2014: North America) amounted to approximately HK\$290,845,000 (2014: HK\$199,324,000), which represents more than 10% (2014: 10%) of the Group's total revenue.

(3) OTHER INCOME AND OTHER GAINS, NET

	For the year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
(Provision)/write back for provision of impairment on trade and other receivables	(1,764)	4,483
Bank interest income	549	1,415
Reversal of other payables and accruals	2,290	2,700
Rental income	241	300
Service income	1,333	1,700
Sundry income	1,145	3,500
Loss on disposal of property, plant and equipment	(2,200)	(424)
	<u>1,594</u>	<u>13,674</u>

(4) EXPENSES BY NATURE

	For the year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Cost of sales		
Cost of contracting works performed	1,975,608	1,481,401
Warranty provisions, net	7,775	13,476
Amortisation of project backlogs	-	11,934
	<u>1,983,383</u>	<u>1,506,811</u>
Administrative, selling and other operating expenses		
Staff costs, including directors' emoluments:		
Salaries, bonuses and allowances	498,056	502,863
Retirement benefits scheme contributions	9,162	10,759
Less: amounts included in cost of contracting works performed	(411,977)	(410,833)
	95,241	102,789
Depreciation	16,688	16,770
Less: amounts included in cost of contracting works performed	(7,019)	(6,793)
	9,669	9,977
Operating lease charges — land and buildings	34,856	31,804
Less: amounts included in cost of contracting works performed	(20,931)	(18,954)
	13,925	12,850
Auditor's remuneration		
- Audit services	2,245	2,177
- Non-audit services	373	370
	2,618	2,547
Others	53,387	82,127
	<u>174,840</u>	<u>210,290</u>

(5) FINANCE COSTS

	For the year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	11,292	11,073
Interest on other loans wholly repayable within five years	-	74
Finance lease charges	257	272
	<u>11,549</u>	<u>11,419</u>

(6) INCOME TAX (CHARGE)/CREDIT

	For the year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Current tax — Hong Kong profits tax		
Provision for the year	2,081	400
Overprovision in prior years	(461)	(1,239)
	<u>1,620</u>	<u>(839)</u>
Current tax — overseas		
Provision for the year	31,489	21,921
Overprovision in prior years	(914)	(820)
	<u>30,575</u>	<u>21,101</u>
Deferred tax, net	<u>(9,705)</u>	<u>(42,765)</u>
Income tax charge/(credit) for the year	<u>22,490</u>	<u>(22,503)</u>

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

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 2015 to 2017.

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

(7) **DIVIDENDS**

	For the year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend paid of HK0.6 cent (2014: HK0.5 cent) per ordinary share	12,933	10,778
Final proposed dividend of HK0.6 cent (2014: HK0.5 cent) per ordinary share	12,933	10,778
	25,866	21,556

The final dividend proposed after 31 December 2015 was not recognised as a liability at 31 December 2015 and is subject to approval by shareholders in the forthcoming annual general meeting. The final dividend for 2014 was recognised 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	
	2015	2014
	HK\$'000	HK\$'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	71,463	57,738
	'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)	3.32	2.68

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2015 (2014: Nil).

(9) TRADE AND OTHER RECEIVABLES

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

	At 31 December	
	2015	2014
	HK\$'000	HK\$'000
Trade receivables:		
0 to 30 days	302,014	114,500
31 to 60 days	85,792	89,666
61 to 90 days	7,212	4,187
More than 90 days	49,879	34,612
	<u>444,897</u>	<u>242,965</u>
Retention receivables	<u>309,881</u>	<u>174,849</u>
	<u>754,778</u>	<u>417,814</u>
Other receivables	<u>63,101</u>	<u>51,018</u>
Trade and other receivables	<u>817,879</u>	<u>468,832</u>

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 (2014: 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	
	2015	2014
	HK\$'000	HK\$'000
Bank loans, secured	13,191	16,308
Bank loans, unsecured	379,920	319,055
	<u>393,111</u>	<u>335,363</u>
The borrowings are repayable as follows:		
On demand or within one year	180,391	119,585
In the second year	12,720	200,564
In the third to fifth years, inclusive	200,000	15,214
	<u>393,111</u>	<u>335,363</u>
Less: amounts due for settlement within twelve months	<u>(180,391)</u>	<u>(119,585)</u>
Amounts due for settlement after twelve months	<u>212,720</u>	<u>215,778</u>

At 31 December 2015, a bank loan of HK\$13,191,000 (2014: HK\$16,308,000) is secured by the Group's land and buildings of HK\$14,463,000 (2014: HK\$17,934,000).

(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 invoice date, is as follows:

	At 31 December	
	2015	2014
	HK\$'000	HK\$'000
Trade payables:		
0 to 30 days	287,680	184,724
31 to 60 days	10,153	20,403
More than 60 days	9,621	14,501
	307,454	219,628
Retention payables	61,488	36,414
	368,942	256,042
Other payables and accruals	93,712	73,420
Trade payables, other payables and accruals	462,654	329,462

(12) SHARE CAPITAL

	Issued and fully paid	
	Number of	Share capital
	shares	Amount
	'000	'000
Ordinary shares of HK\$0.01 each		
At 1 January 2014, 1 January 2015 and 31 December 2015	2,155,545	21,555

BUSINESS REVIEW

In 2015, the Group completed the transition of its senior management, further optimized its management structure, fully capitalized on its own strengths and effectively enhanced its management effectiveness according to the operational strategies formulated at the beginning of the year. The total value of newly awarded contracts of the curtain wall business hit all-time highs, and the projects under construction were carried out smoothly. Furthermore, the general contracting business had been pushed forward steadily, while new businesses were being proactively explored.

Market Conditions

In 2015, the global economic growth further decelerated. Apart from the US which experienced a sluggish economic recovery, other developed countries were also troubled by slow productivity growth, downturn in investments and unimproved economy. The economic structural contradictions of emerging markets and developing nations had become obvious. This, coupled with sluggish domestic demand, shrinking energy exports and capital outflow, had imposed downward pressure on the economies.

The recovery of the construction market in North America had driven the growing demand for curtain walls. In the Asia- Pacific region, the construction market maintained a certain scale as there was an increasing number of private buildings launched in Hong Kong and Macau, creating more curtain wall business opportunities. By adhering to the business strategy of “Big Market, Big Client and Big Project”, the Group had selectively expanded such projects with brand effect and kept focusing on overseas projects funded by developers with Chinese background.

1. North America

The construction market in North America continued to recover. The Group continued to focus on profitable premium projects with controllable risks that were undertaken by private developers. During the year, the total value of newly awarded contracts amounted to HK\$795 million, including successful bids for the MGM National Harbor project in the US, the 125 Greenwich project in New York, the Urban Resort project in Vancouver, and the YUL Condos project in Montreal, Canada.

After reorganization of the management structure in North America in 2014, the Group saw a steady growth in its business size in North America in 2015. Meanwhile, the Group also strengthened its management and internal control, and continued to effectively improve its operating performance and staff quality by adopting such measures as process control, development of cost consciousness and optimization of talent structure.

As at 31 December 2015 the contractual value of the uncompleted projects in the North American market exceeded HK\$1,167 million.

2. Greater China, Asia and other region

As Macau's economy underwent a deep adjustment due to the sluggish gaming industry, the curtain wall market had contracted. The curtain wall market in general appeared robust in the Hong Kong market and the scale of the Group's business continued to expand in the region. During the year, the Group was successfully awarded several curtain wall projects, including the Centre of Excellence in Paediatrics in Kai Tak Development in Hong Kong, the Shangri-La Hotel in Kowloon, a residential area project in So Kun Wat, Tuen Mun, New Territories, and a residential area project at the junction of Sheung Lok Street and Sheung Shing Street, Ho Man Tin, Kowloon. With over 46 years of splendid history and industry experience in Hong Kong, the Group provides one-stop curtain wall service solutions from tendering, design, raw material procurement, processing and assembling, logistics transportation to field installation and subsequent maintenance to ensure more effective implementation of the projects. In addition, our stringent quality control system makes us a reputable curtain wall provider, whereby continuously cementing our presence in the markets in Hong Kong and Macau.

Despite the huge domestic curtain wall market in China, there has been a disorderly competition among industry peers and their service quality varied greatly. The Group always maintains a prudent attitude towards biddings in Mainland China market and focused on large projects owned by owners with good reputation. The Group's total value of newly awarded contracts in the year amounted to HK\$400 million. The Group not only won several projects in relation to the installation of glass curtain walls for Apple stores with traditional advantages, but also entered into a number of additional projects for high-end residential and commercial buildings, including One Shenzhen Bay, UpperHills and Tianjin Chow Tai Fook Financial Center.

3. Construction Contracting Business

The Hong Kong Emperor Hotel project, which was awarded in the third quarter of 2014, is currently going well and generated profits during the year. Meanwhile, the Group still actively involved in bidding medium and small housing construction projects in Hong Kong and was awarded Hong Kong Kai Tak project under the "Hong Kong Properties for Hong Kong People" scheme, paving way for a sustainable development.

4. New Business Expansion

The Group put more efforts to explore new business in 2015. During the second half of the year, the parent company designated one of its major leaders who was in charge of investment business in Mainland China to act as executive director and senior vice president of the Group and take charge of business transformation and new business expansion.

Overall Results

The Group has recorded aggregate revenue of HK\$2,195 million for the year ended 31 December 2015 (2014: HK\$1,682 million), an increase of 30.5% as compared to last year. The profit attributable to owners of the Company increased from HK\$58 million for the year ended 31 December 2014 to HK\$71 million for the year ended 31 December 2015. The basic earnings per share was HK3.32 cents (2014: HK2.68 cents), representing the growth of 23.8% over last year. The Board of Directors recommends the payment of a final dividend of HK0.6 cent per share. Together with the interim dividend of HK0.6 cent per share paid in the year, the total dividends for the year will amount to HK1.2 cents per share, representing a year-on-year increase of 20%.

Segment analysis

North America Division achieved a turnover of HK\$793 million (31 December 2014: HK\$818 million) during the year, representing a decrease of about 3.1% compared to last year. The turnover contributed about 36.1% of the Group's revenue. During the year, North America Division focused on reorganisation of management of the region and implementation of new internal control procedures to strengthen the cost control of both project cost and overheads. In 2015, North America Division achieved an improvement in the gross profit and operating results. There was a 14.6% reduction in overhead cost as compared to 2014 without substantial sacrifice to turnover. North America Division completed several projects in 2015 and those incomplete projects are in a smooth progress. The division has secured large new contracts such as MGM National Harbor in 2015 and will continue the strategy of securing large-size projects going forward.

With the strong backlog in Hong Kong and Macau over the last few years and the diversification into new general contracting business since 2014, revenue derived from Greater China and Other Division recorded an increase of 62.3% from HK\$864 million for the year ended 31 December 2014 to HK\$1,402 million for the year ended 31 December 2015. As a result of the completion of Wynn Palace Cotai and certain projects in Hong Kong and Macau made steady progress during the year under review, the operating profit increased from HK\$179 million for the year ended 31 December 2014 to HK\$186 million for the year ended 31 December 2015.

Administrative, selling and other operating expenses

Benefiting from continuous resources allocation and utilization of North America Division, administrative, selling and other operating expenses decreased by 16.7% to HK\$175 million (2014: HK\$210 million).

Finance costs

For the year ended 31 December 2015, the Group's finance costs remain stable at HK\$11 million (2014: HK\$11 million).

New Projects Awarded

For the year ended 31 December 2015, the Group recorded a new contract value of HK\$2,682 million (representing a growth of 37.2% as compared to last year), among which, the Greater China, Asia and others region amounted to HK\$1,887 million, accounting for 70% of the total contractual value, while the North America region amounted to HK\$795 million, accounting for 30% of the total contractual value. Major new contracts include the following:-

- Centre of Excellence in Paediatrics in Kai Tak Development, Hong Kong
- Shangri-La Hotel, Kowloon Inland Lot No. 11205, Hong Kong
- No. 423 in No. 48 district, Castle Peak Road, So Kwun Wat, Tuen Mun, Hong Kong
- TMTL427, So Kwun Wat, Tuen Mun Residential Development, Hong Kong
- Sheung Lok Street and Sheung Shing Street, Ho Man Tin, Kowloon, Hong Kong
- Vancouver Urban Resort, Vancouver, Canada
- YUL Condos, Montreal, Canada
- MGM National Harbor, Baltimore, USA
- 125 Greenwich Street, New York, USA
- Chow Tai Fook Financial Center, Tianjin, People's Republic of China
- One Shenzhen Bay, Shenzhen, People's Republic of China
- Upper Hills, Shenzhen, People's Republic of China

As of 31 December 2015, the on-hand contract value amounted to HK\$6,387 million, among which the backlog was HK\$3,668 million which meets the Group's expected future works.

Financial Management

During 2015, the Group continued to enhance its financial management. Under the principle of stringent financial management, the Group improved the utilization of its capital and actively expanded finance channel. In addition, the Group focused on expediting its collection of payments due from projects, therefore improving working capital turnover rates.

The Group generally finances its operation with internally generated cash flow and credit facilities provided by its principal bankers. At 31 December 2015, the Group had bank balances and cash of HK\$200 million (31 December 2014: HK\$242 million), total borrowings of the Group were HK\$393 million (31 December 2014: HK\$335 million). The Group's net gearing ratio (net debt to net total equity) as at 31 December 2015 was approximately 20.3% (31 December 2014: 9.5%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK\$1,345 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 2015 and 2014 are set out as follows:

	31 December 2015 HK\$'000	31 December 2014 HK\$'000
On demand or within one year	180,391	119,585
More than one year but not exceeding two years	12,720	200,564
More than two years but not more than five years	200,000	15,214
	393,111	335,363

As at 31 December 2015, the Group's equity attributable to owners of the Company amounted to HK\$1,173 million (31 December 2014: HK\$1,155 million), comprising issued capital of HK\$22 million (31 December 2014: HK\$22 million) and reserves of HK\$1,151 million (31 December 2014: HK\$1,133 million).

Treasury Policy

The Group adopts a conservative treasury policy in cash and financial management. The Group's treasury activities are centralised in order to achieve better risk control and minimise cost of funds. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollar or 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.

Corporate Governance

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

Risk Management and Control

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

The Group proactively scaled down its overseas operation regions and focused on the key cities in North America with relatively optimistic economic prospects to avoid political and currency risks.

Human Resource Management

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

The Group appointed a professional consulting firm to conduct an employee satisfaction survey in the second half of 2015, with 91% of the employees participated. The results of this survey fully demonstrated employees’ confidence in management and their recognition of development strategy of the Company. The Company has also formulated solutions targeted to the needs of employees for regimes, procedure, benefits and training and built a smooth communication platform to create a sound communication atmosphere and contribute ideas for the development of the Company.

At 31 December 2015, the Group employed a total of 1,665 (31 December 2014: 1,519) 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.

Social Responsibilities

The Group has been a participant in public welfare events such as “Walks for Millions” and “Kids’ Dream” for many years. The Group is also named a “Caring Company” by actively promoting the “Earth Hour” event, demonstrating its dedication towards the community and contribution to social harmony and stability.

PROSPECTS

The slow and uneven development momentum of the global economy will continue in 2016. It is expected that the US economy will continue to improve and lead the pack among other developed countries. Benefitting from declining oil price, low exchange rate and loose monetary policy, the economy in Europe is expected to be stabilized at a slow pace, while turbulence in emerging economies may be intensified. China’s economy will benefit from the “Urbanization construction” and the two-child policy in 2016. In the next few years, challenges and opportunities faced by China’s economy will coexist.

It is expected that curtain wall market in North America region will continue to recover, and large projects of property development will be launched successively. Economy in Macau will not pick up in the short term and the construction market will be further contracted; while the market size of Hong Kong and other Asia Pacific regions will expand steadily, and the prospect of the curtain wall market is promising. Mainland market competition will remain disorder and intensified, but it is prominent that an increasing number of glass walls will be used in high-end residential projects.

Business and Development Strategies

The Group will continue to 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. Efforts will be made to further improve branding and market development, strengthen management over projects on hand and consolidate the Group’s core competitiveness in design, procurement, production and construction. By integrating resources and adhering to the business philosophy of “closely focusing on high-end markets and providing high-quality services”, the Group will increase its market share in the three major markets, namely Hong Kong and Macau, North America and Mainland China. Meanwhile, the Group will explore other overseas markets such as the United Kingdom and Asia-Pacific region, while maintaining satisfactory profitability.

The Group highly values the building of its design teams, and will strengthen its design teams in Hong Kong and North American while expanding its design teams in Mainland China, by continuously recruiting additional experts to meet demand for professionals at peak seasons. Meanwhile, the Group will provide stronger supports to its personnel serving overseas, including establishing the basic policies for overseas core management team setup and remuneration and benefits of personnel serving overseas, thereby maintaining the stability of overseas teams and enhancing the Group’s cohesiveness and competitive strengths.

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

In respect of its general contracting business, the Group will learn from its controlling shareholder — CSCIHL’ s rich experience in project management, in particular general contracting, bringing into play the synergistic effects with CSCIHL in Hong Kong to secure premium projects.

In respect of new business field, the Group will continue to enhance its research efforts in investment and transformation and study the strategic transformation of its business structure in a safe and orderly manner by actively interacting and cooperating with the parent company and leveraging their rich experiences and resources while taking into account of market conditions and government policies. By doing so, the Group strives to foster new growth drivers as early as possible and achieve its dual-core-driven strategic objective.

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.6 cent per share (2014: HK0.5 cent) to shareholders whose names appear on the register of members of the Company on Tuesday, 14 June 2016. Together with the interim dividend of HK0.6 cent per share, dividends for the year will amount to a total of HK1.2 cents per share. The proposed final dividend is subject to the approval of the shareholders at the forthcoming annual general meeting. The final dividend will be paid on Wednesday, 6 July 2016.

ANNUAL GENERAL MEETING

The 2016 annual general meeting of the Company (“AGM”) will be held on Wednesday, 25 May 2016. The notice of the AGM, which constitutes part of the circular to the shareholders of the Company, will be sent together with the 2015 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 Monday, 23 May 2016 to Wednesday, 25 May 2016 (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 Friday, 20 May 2016.
- (b) For the purpose of determining shareholders’ entitlement to the final dividend, the register of members of the Company will be closed on Monday, 13 June 2016 and Tuesday, 14 June 2016 (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, 10 June 2016.

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

During the year ended 31 December 2015, 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 2015 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").

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 2015.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015 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 13 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 2015. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

APPRECIATION

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

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

Hong Kong, 17 March 2016

As at the date of this announcement, the Board comprises Mr. Zhou Yong as Chairman and Non-executive Director; Mr. Zhu Yijian (Vice Chairman and Chief Executive Officer), Mr. Luo Haichuan, Mr. Wang Hai, 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.