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 2016

FINANCIAL HIGHLIGHTS

	2016	2015
RESULTS (HK$'000)		
Revenue	**2,647,272**	2,194,896
Profit attributable to owners of the Company	**88,391**	71,463
FINANCIAL INFORMATION PER SHARE		
Earnings – basic (HK cents)	**4.10**	3.32
Proposed final dividend for the year (HK cent)	**0.80**	0.60

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 2016, together with the comparative figures for 2015 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2016

	Note	**2016**	2015
		HK$’000	*HK$’000*
Revenue	*2*	**2,647,272**	2,194,896
Costs of sales	*4*	**(2,457,732)**	(1,983,383)
Gross profit		**189,540**	211,513
Other income and other gains, net	*3*	**5,165**	1,594
Administrative, selling and other operating expenses	*4*	**(160,940)**	(174,840)
Finance costs	*5*	**(15,295)**	(11,549)
Profit before tax		**18,470**	26,718
Income tax charge	*6*	**(57,796)**	(22,490)
(Loss)/profit for the year		**(39,326)**	4,228
Profit/(loss) for the year attributable to:			
Owners of the Company		**88,391**	71,463
Non-controlling interests		**(127,717)**	(67,235)
		(39,326)	4,228
Earnings per share (HK cents)	*8*		
Basic and diluted		**4.10**	3.32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(39,326)**	4,228
Other comprehensive income		
Items that may be reclassified to profit and loss		
Exchange differences arising on translation of foreign operations	**(12,315)**	(47,409)
Release of investment revaluation reserve to profit and loss upon disposal of available-for-sales investments	**440**	-
Gain on fair value changes of available-for-sale investments	**-**	208
Other comprehensive income for the year, net of tax	**(11,875)**	(47,201)
Total comprehensive income for the year, net of tax	**(51,201)**	(42,973)
Total comprehensive income for the year attributable to:		
Owners of the Company	**74,851**	41,426
Non-controlling interests	**(126,052)**	(84,399)
	(51,201)	(42,973)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current Assets			
Property, plant and equipment		**143,500**	138,500
Prepaid lease payments		**33,130**	-
Goodwill		**138,149**	138,149
Deferred tax assets		**147,013**	161,519
		461,792	438,168
Current Assets			
Inventories		**10,341**	13,649
Amounts due from customers for contract work		**565,763**	574,975
Trade and other receivables	*9*	**793,406**	817,879
Deposits and prepayments		**41,443**	31,834
Available-for-sale investments		**-**	19,061
Tax recoverable		**489**	884
Amounts due from fellow subsidiaries		**24,527**	-
Bank and cash balances		**386,891**	200,485
		1,822,860	1,658,767

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31 December 2016

	Note	**2016** **HK$'000**	2015 *HK$'000*
Current Liabilities			
Bank and other borrowings	*10*	**322,843**	180,391
Amounts due to customers for contract work		**137,440**	182,027
Trade payables, other payables and accruals	*11*	**572,351**	462,654
Finance lease payables		**774**	951
Current tax payables		**68,269**	44,722
Amounts due to fellow subsidiaries		**29,370**	1,727
Deposits received and advances from customers		**66,947**	43,126
		1,197,994	915,598
Total Assets less Current Liabilities		**1,086,658**	1,181,337
Capital and Reserves			
Share capital	*12*	**21,555**	21,555
Share premium and reserves		**907,930**	1,151,024
Equity attributable to owners of the Company		**929,485**	1,172,579
Non-controlling interests		**(45,258)**	(206,974)
		884,227	965,605
Non-current Liabilities			
Bank and other borrowings	*10*	**200,000**	212,720
Finance lease payables		**2,138**	2,719
Deferred tax liabilities		**293**	293
		202,431	215,732
		1,086,658	1,181,337

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 improvements to existing standards

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

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements Project	Annual Improvements to HKFRS 2012-2014 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 standards and amendments to existing standards not yet effective

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

Amendments to HKAS 7	Statement of Cash Flows[1]
Amendments to HKAS 12	Income Taxes[1]
Amendments to HKFRS 2	Share-based Payment[2]
Amendments to HKFRS 4	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Clarifications to HKFRS15, Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

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

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

3 Effective for annual periods beginning on or after 1 January 2019

4 To be determined

(1) BASIS OF PREPARATION *(continued)*

The Group will adopt the above standards and amendments to existing standards as and when they become effective. None of the above is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 15, "Revenue from Contracts with Customers"

The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. At this stage, the Group is in the process of assessing the impact of HKFRS 15 on the Group's financial statements.

HKFRS 16, "Leases"

HKFRS 16 will affect primarily the accounting for Group's operating leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the consolidated statement of financial position. The Group is in the process of assessing to what extent the operating lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

(2) REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the facade contracting business, general contracting business and urban planning management and consultation 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 three operating segments, principally based on reportable business units as well as the reporting organisation hierarchy, and are determined as follows:

— Façade Contracting Works

— General Contracting Works

— Urban Planning Management and Consultation Services

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

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

Segment results for the years ended 31 December 2016 and 2015 are as follows:

	Revenue		Gross profit		Segment result	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(reclassified)		(reclassified)		(reclassified)
Reportable segments:						
Façade Contracting Works	**2,190,069**	2,041,338	**139,679**	202,649	**37,210**	88,528
General Contracting Works	**457,203**	153,558	**49,861**	8,864	**49,756**	8,818
Total	**2,647,272**	2,194,896	**189,540**	211,513	**86,966**	97,346
Unallocated administrative, selling and other operating expenses					**(54,262)**	(59,355)
Other income and other gains, net					**1,061**	276
Finance costs					**(15,295)**	(11,549)
Profit before tax					**18,470**	26,718

Segment revenue of Facade Contracting Works comprises revenue from Greater China, Asia and other region amounting HK$1,570,081,000 (2015: HK$1,247,998,000) and revenue from North America region amounting HK$619,988,000 (2015: HK$793,340,000). Segment revenue of General Contracting Works represents revenue from Greater China, Asia and other region.

Amounts included in the measure of segment result:

	Façade Contracting Works		General Contracting Works		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(reclassified)		(reclassified)		(reclassified)
Depreciation of property, plant and equipment	**7,442**	9,669	**-**	-	**7,442**	9,669
Loss on disposal of property, plant and equipment	**74**	2,200	**-**	-	**74**	2,200

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

	Non-current assets*		Addition to property, plant and equipment	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North America	**214,217**	214,938	**6,271**	1,584
Greater China, Asia and Others	**100,562**	61,711	**13,106**	6,365
	314,779	276,649	**19,377**	7,949

* *Other than deferred tax assets.*

Major customer information
Revenue from two (2015: one) customers, one in Façade Contracting Works and one in General Contracting Works (2015: Façade Contracting Works), amounted to approximately HK$694,838,000 and approximately HK$309,315,000 respectively (2015: HK$290,845,000), which each represents more than 10 per cent (2015: 10 per cent) of the Group's total revenue.

(3) OTHER INCOME AND OTHER GAINS, NET

	For the year ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**916**	549
Exchange gain	**2,855**	-
Reversal of other payables and accruals	**-**	2,290
Rental income	**237**	241
Service income	**1,397**	1,333
Sundry income	**1,159**	1,145
Provision of trade and other receivables, net	**(1,325)**	(1,764)
Loss on disposal of property, plant and equipment	**(74)**	(2,200)
	5,165	1,594

(4) EXPENSES BY NATURE

	For the year ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
Cost of sales		
Cost of contracting works performed	**2,442,811**	1,975,608
Warranty provisions, net	**14,921**	7,775
	2,457,732	1,983,383
Administrative, selling and other operating expenses		
Staff costs, including directors' emoluments:		
Salaries, bonuses and allowances	**512,576**	498,056
Retirement benefits scheme contributions	**12,292**	9,162
Less: amounts included in cost of contracting works performed	**(430,885)**	(411,977)
	93,983	95,241
Depreciation	**14,059**	16,688
Less: amounts included in cost of contracting works performed	**(6,617)**	(7,019)
	7,442	9,669
Operating lease charges — land and buildings	**35,492**	34,856
Less: amounts included in cost of contracting works performed	**(24,084)**	(20,931)
	11,408	13,925
Auditor's remuneration		
- Audit services	**2,371**	2,245
- Non-audit services	**482**	373
	2,853	2,618
Others	**45,254**	53,387
	160,940	174,840

(5) FINANCE COSTS

	For the year ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**15,076**	11,292
Finance lease charges	**219**	257
	15,295	11,549

(6) INCOME TAX CHARGE

	For the year ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
Provision for the year	**40,587**	2,081
Overprovision in prior years	**(46)**	(461)
	40,541	1,620
Current tax — overseas		
Provision for the year	**4,321**	31,489
Under/(over)provision in prior years	**418**	(914)
	4,739	30,575
Deferred tax, net	**12,516**	(9,705)
Income tax charge for the year	**57,796**	22,490

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	
	2016	2015
	HK$'000	*HK$'000*
Interim dividend paid of HK0.8 cent (2015: HK0.6 cent) per ordinary share	**17,244**	12,933
Final proposed dividend of HK0.8 cent (2015: HK0.6 cent) per ordinary share	**17,244**	12,933
	34,488	25,866

The final dividend proposed after 31 December 2016 was not recognised as a liability at 31 December 2016 and is subject to approval by shareholders in the forthcoming annual general meeting. The final dividend for 2015 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	
	2016	2015
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**88,391**	71,463
	'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)	**4.10**	3.32

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2016 (2015: 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	
	2016	2015
	HK$'000	*HK$'000*
Trade receivables:		
0 to 30 days	**272,228**	302,014
31 to 60 days	**28,008**	85,792
61 to 90 days	**9,589**	7,212
More than 90 days	**54,773**	49,879
	364,598	444,897
Retention receivables	**384,046**	309,881
	748,644	754,778
Other receivables	**44,762**	63,101
Trade and other receivables	**793,406**	817,879

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 (2015: 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	
	2016	2015
	HK$'000	*HK$'000*
Bank loans, secured	**13,153**	13,191
Bank loans, unsecured	**509,690**	379,920
	522,843	393,111
The borrowings are repayable as follows:		
On demand or within one year	**322,843**	180,391
In the second year	**-**	12,720
In the third to fifth years, inclusive	**200,000**	200,000
	522,843	393,111
Less: amounts due for settlement within twelve months	**(322,843)**	(180,391)
Amounts due for settlement after twelve months	**200,000**	212,720

At 31 December 2016, a bank loan of HK$13,153,000 (2015: HK$13,191,000) is secured by the Group's land and buildings of HK$18,383,000 (2015: HK$14,463,000).

(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	
	2016	2015
	HK$'000	*HK$'000*
Trade payables:		
0 to 30 days	**325,118**	287,680
31 to 60 days	**22,682**	10,153
More than 60 days	**26,657**	9,621
	374,457	307,454
Retention payables	**99,081**	61,488
	473,538	368,942
Other payables and accruals	**98,813**	93,712
Trade payables, other payables and accruals	**572,351**	462,654

(12) SHARE CAPITAL

	Issued and fully paid	
	Number of shares	**Share capital Amount**
	'000	***HK$'000***
Ordinary shares of HK$0.01 each		
At 1 January 2015, 1 January 2016 and 31 December 2016	2,155,545	**21,555**

BUSINESS REVIEW

In 2016, Far East Global Group Limited and its subsidiaries (collectively the "Group") accurately capitalised on the changes in the macroeconomic environment, timely adjusted its operational strategies, consolidated its superior internal resources, effectively implemented the strategy of "driven by both traditional and new businesses", and proactively developed domestic and overseas markets. The newly awarded contract value of the curtain wall business hit all-time highs again. The general contracting business continued to grow steadily. The transformation of new business in Mainland China also made significant progress.

Market Conditions

In 2016, the complex and grim-looking global economy was filled with "Black Swan" events, resulting in significantly higher uncertainties. The US economy recovered progressively with another rate hike by the Federal Reserve and strengthening US dollars. Brexit threw the international financial markets into turmoil, enshrouding the global economic outlook. Emerging economies remained in the doldrums while China's economy underwent transformation and correction, rendering larger downward pressure in the macro economy.

The construction market in North America showed reassuring signs and embarked on a virtuous growth cycle. The curtain wall market continued to grow on the back of economic recovery in the US. Taking advantage of the robust construction market in Hong Kong, the curtain wall business remained stable in terms of size. The Group adhered to the operational strategy of "rooting in Hong Kong and Macau, relying on Mainland China, exploring overseas markets, joining internal and external forces", persisted with its prudent bidding strategy, drew on internal synergy, and proactively developed premium projects that could enjoy branding effect.

1. **Facade Contracting Business**

   The Group further consolidated its advantages in Hong Kong and Macau, the traditional key markets of the Group. The curtain wall market in Hong Kong was prosperous in general with the successive launch of major property development projects, whereas in Macau, the high-end curtain wall market shrank further with the apparent economic downturn. The Group is a leading high-end curtain wall total solution provider in the region and adopts the operational strategy of "big markets, big clients, big projects". Its brand is highly recognised by its key and major clients and promising new clients, contributing to the continuous business growth in the region. In 2016, the Group's newly awarded contract value in the region amounted to HK$1.44 billion, up 34% year-on-year, including Taikoo Place Phase 2A; the "Hong Kong Property for Hong Kong People" in Kai Tak; NKIL 6312, Lam Lee Street, Kowloon Bay; Nos. 12-24 Lun Fat Street, Wan Chai; TKOTL 126D, Area 68B2, Tseung Kwan O, NT in Hong Kong; and the commercial and residential development project of Nova City, Phase 5 in Taipa, Macau. The Group has put emphasis on managing the schedule, quality, safety, cash flow and efficiency of its projects in progress. Synergy is achieved by consolidating the internal design, procurement, production and installation resources of the Group. The Group has also been working on construction planning and design optimisation, controlling each key segment throughout the construction process rigorously, optimising project management and division of labour, and implementing incentive schemes to maximise project teams' motivation.

In 2016, the curtain wall industry in Mainland China saw turbulence and higher fragmentation with apparent and vicious competition on price. The Group has been selective in choosing curtain wall projects in Mainland China and has focused on major projects owned by landlords with good reputation. In 2016, in addition to the curtain wall projects for Apple stores in which we have been enjoying advantages, the Group explored similar boutique projects leveraging its branding effect and won several high-end residential and commercial office projects, such as the office building of Shanghai Johnson Controls and Section III of Phase I of Upper Hills (south part) in Shenzhen.

The Group continued to consolidate its design, research and development centre and production site in Mainland China. To further increase its capacity, the Group acquired a land with more than 85,000 square metres in Jinwan District, Zhuhai during the year and started the construction of a new plant at the end of 2016.

In addition to the Greater China region and North America, the Group actively kept track of premium curtain wall projects in other overseas regions and continued to develop the Australia market with a design and supply model. The Group was awarded the project to supply apartment facilities for Aurora Melbourne Central in Melbourne, Australia in 2016.

The construction market in North America continued to recover. The Group paid special attention to profitable premium projects with controllable risks that were undertaken by private developers. In 2016, the projects in North America were still loss-making, but with strengthened project cost control and contract management as well as enhanced cross-field resources allocation and coordination, the negative impact of anti-dumping policy on US projects was drawing to a close with operating results trending up. The operation scale of the Group in North America expanded further. During the year, the Group was awarded the projects of 99 Hudson Street, New Jersey, US; Ice Tower A, Edmonton, Canada; True North Square, Winnipeg, Canada; and 620 King Street, Toronto, Canada, amounting to a newly awarded contract value of approximately HK$833 million. As at 31 December 2016, the contract value of uncompleted projects on hand in the North American market exceeded HK$1,330 million.

2. General Contracting Business

The projects in progress were making steady progress. The Emperor Hotel and "Hong Kong Property for Hong Kong People" projects were being carried out smoothly. Meanwhile, the Group actively participated in the bidding of medium and small housing projects in Hong Kong in an effort to work with property developers with Chinese background in Hong Kong, and won the residential development project in Tsing Lung Tau from MCC Real Estate.

3. New Business Expansion

The Group continued to push ahead investment transformation and new business expansion in Mainland China. In 2016, the Group established 中建城市發展管理咨詢有限公司 to develop municipal planning, management and consulting service business. It achieved internal synergy and made an effective breakthrough.

Overall Results

Under the volatile global economic environment and market fluctuation, our core construction business continued to grow with the aggregate revenue of HK$2,647 million for the year ended 31 December 2016 (2015: HK$2,195 million), an increase of 20.6% as compared to last year. The profit attributable to owners of the Company increased from HK$71 million for the year ended 31 December 2015 to HK$88 million for the year ended 31 December 2016. The net cash from operating activities turned around to be net cash inflow of HK$145 million (2015: net cash outflow of HK$18 million) during the year. The basic earnings per share was HK4.10 cents (2015: HK3.32 cents), representing the growth of 23.5% over last year. The Board of Directors recommends the payment of a final dividend of HK0.8 cent per share and together with the interim dividend of HK0.8 cent per share paid in the year, the total dividends for the year amounted to HK1.6 cents per share, representing 39% payout of the distributable profit for the year.

Segment analysis

Facade Contracting Business

With the strong backlog in Hong Kong and Macau over the last few years and new contribution from Australian market for the year, the segment's revenue recorded an increase to HK$2,190 million for the year ended 31 December 2016 (2015: HK$2,041 million). However, the strong performance of the Hong Kong and Macau region was partially offset by the loss of previous projects in North America which resulted in the decrease of the segment profit to HK$37 million (2015: HK$88 million).

General Contracting and Other Business

Since expanding into the general contracting business in 2014, the segment recorded a steady growth in the revenue and profit contribution during the year due to the sustainable development of the construction industry in Hong Kong. The segment delivered a satisfactory growth of revenue to HK$457 million for the year ended 31 December 2016 (2015: HK$154 million). The segment profit increased by 4.5 times to HK$50 million for the year ended 31 December 2016 (2015: HK$9 million).

Urban Planning Management and Consultation Business

The Group have actively explored the new business in urban planning management and consultation business. In December 2016, the Group established 中建城市發展管理咨詢有限公司 to develop municipal planning, management and consulting service business.

Administrative, selling and other operating expenses

Expenses have been managed tightly and the business is on track to deliver the planned cost efficiencies for the year, administrative expenses decreased by 8% to HK$161 million (2015: HK$175 million).

Finance costs

For the year ended 31 December 2016, the Group's finance costs increased to HK$ 15 million (2015: HK$11 million) as a result of the increase in bank borrowings.

New Projects Awarded
The Group recorded a new contract value of HK$3,140 million for the year ended 31 December 2016, representing a growth of 17.0% as compared to last year. Major new contracts include the following:

Facade Project
- One Kai Tak, Hong Kong
- NKIL 6312, Lam Lee Street, Kowloon Bay, Hong Kong
- Nos. 12-24 Lun Fat Street, Wan Chai, Hong Kong
- Taikoo Place Phase 2A, Hong Kong
- TKOTL126, Area 68B2, Tseung Kwan O, Hong Kong
- Nova City, Phase 5, Macau
- Upper Hills (South Area), Shenzhen, People's Republic of China
- 江森辦公樓, Shanghai, People's Republic of China
- Aurora Melbourne Central, Melbourne, Australia
- Edmonton Ice Tower A, Edmonton, Canada
- True North Square 242 Hargrave Street, Winnipeg, Canada
- 620 King Street, Toronto, Canada
- 99 Hudson, Jersey City, New Jersey, USA

General Contracting Project
- Lot No. 70, Tsing Lun Tau, Tsuen Wan, Hong Kong

As of 31 December 2016, the on-hand contract value amounted to HK$7,229 million, among which the backlog was HK$4,164 million which meets the Group's expected future works.

Financial Management
During 2016, the Group continued to enhance its financial management. Under the principle of stringent financial management, the Group improved the utilisation of its capital and actively expanded finance channel. In addition, the Group focused on expediting its collection of payments due from projects, therefore improving cash flow and liquidity.

The Group generally finances its operation with internally generated cash flow and credit facilities provided by its principal bankers. At 31 December 2016, the Group had bank balances and cash of HK$387 million (31 December 2015: HK$200 million), total borrowings of the Group were HK$523 million (31 December 2015: HK$393 million). The Group's net gearing ratio (net debt to total net assets) as at 31 December 2016 was approximately 15.7% (31 December 2015: 20.3%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK$900 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 2016 and 2015 are set out as follows:

	31 December 2016 ***HK$'000***	31 December 2015 *HK$'000*
On demand or within one year	322,843	180,391
More than one year but not exceeding two years	-	12,720
More than two years but not more than five years	200,000	200,000
	522,843	393,111

As at 31 December 2016, the Group's equity attributable to owners of the Company amounted to HK$929 million (31 December 2015: HK$1,173 million), comprising issued capital of HK$22 million (31 December 2015: HK$22 million) and reserves of HK$907 million (31 December 2015: HK$1,151 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 optimise 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 is 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 regionalised 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 changes in business environments and 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 monitored the policies in overseas markets and the trends of exchange rates constantly and focused on the key cities in Europe and North America with relatively optimistic economic prospects to avoid political and exchange rate risks.

Human Resource Management

By persisting in the "people-oriented" managerial philosophy, the Group emphasises on attraction, retention, and cultivation of all levels of talents who recognise 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. On 30 August, the Group held its first "830 Company Day" (830公司日) so that the employees and their families could understand the Company's corporate culture together and their sense of belonging could be enhanced through a variety of activities.

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 2016, the Group employed a total of 1,585 (31 December 2015: 1,665) 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

In 2017, given the complex and ever-changing political and economic environments in the world, progressive development of Brexit, higher volatility in financial markets as well as the upsurge of trade protectionism, the prospect of the global economy is full of uncertainties and challenges. The US economy continues to be on an uptrend while developed economies such as Europe and Japan recover slowly. With the fluctuations in exchange and interest rates and commodity prices, emerging economies would continue to search for a bottom in general. In the short run, China's economy still faces considerable downward pressure. However, following the further implementation of the "13th Five-Year Plan", supply-side structural reform and "the Belt and Road", China's economy will have huge growth potential in the future.

The construction market in North America is expected to recover continuously with the launch of stimulus policy for infrastructure in the US and drive the curtain wall market to grow rapidly. The US is set to become an important overseas market. Hong Kong economy remains stagnant with a stable market size overall despite stiffer competition. In Macau, the economy is still mired in recession, the high-end curtain wall market is expected to fall further. The imbalance between demand and supply in the curtain wall market in Mainland China manifests, resulting in more disordered competition.

Business and Development Strategies

The Group will continue to focus on the work schedule, quality, safety, capital and cost management of projects while improving the synergies created during 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 Australia, the United Kingdom and Asia-Pacific region while maintaining desired 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 the 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 of 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 improve the operation model of its new business by actively interacting and cooperating with the parent company and leveraging their rich experiences and resources while taking into account of the current situation and national policies. By doing so, the Group strives to attain economy of scale and 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 HK0.8 cent per share (2015: HK0.6 cent) to shareholders whose names appear on the register of members of the Company on Thursday, 29 June 2017. Together with the interim dividend of HK0.8 cent per share, dividends for the year will amount to a total of HK1.6 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 Monday, 10 July 2017.

ANNUAL GENERAL MEETING

The 2017 annual general meeting of the Company ("AGM") will be held on Tuesday, 20 June 2017. The notice of the AGM, which constitutes part of the circular to the shareholders of the Company, will be sent together with the 2016 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, 16 June 2017 to Tuesday, 20 June 2017 (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, 15 June 2017.

(b) For the purpose of determining shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Wednesday, 28 June 2017 and Thursday, 29 June 2017 (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 Tuesday, 27 June 2017.

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

During the year ended 31 December 2016, 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 2016 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 2016.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2016 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 2016. 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, 16 March 2017

As at the time 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 and Mr. Chan Sim Wang as Executive Directors; Mr. Huang Jiang as Non-executive Director; and Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna as Independent Non-executive Directors.