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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)**

## **CONNECTED TRANSACTION**

On 19 June 2018, CCSSC (a subsidiary of CSCECL) and Treasure Construction (an indirect wholly-owned subsidiary of the Company) entered into the JV Agreement, pursuant to which CCSSC and Treasure Construction agreed to establish the Hong Kong JV on a 95:5 basis to undertake the Structural Steel Works as a sub-contractor of the Group for the Exhibition Centre Project.

CCSSC is a subsidiary of CSCECL, which in turn is a controlling shareholder of the Company. Accordingly, CCSSC is a connected person of the Company and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to the Transaction exceed 0.1% but are less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 19 June 2018, CCSSC (a subsidiary of CSCECL) and Treasure Construction (an indirect wholly-owned subsidiary of the Company) entered into the JV Agreement, pursuant to which CCSSC and Treasure Construction agreed to establish the Hong Kong JV on a 95:5 basis to undertake the Structural Steel Works as a sub-contractor of the Group for the Exhibition Centre Project.

## **THE TRANSACTION**

### **Date**

19 June 2018

## **Parties**

1. CCSSC, a subsidiary of CSCECL, which in turn is a controlling shareholder of the Company; and
2. Treasure Construction, an indirect wholly-owned subsidiary of the Company.

## **Subject Matter**

CCSSC and Treasure Construction shall establish the Hong Kong JV in the form of an unincorporated joint venture to undertake the Structural Steel Works as a sub-contractor of the Group for the Exhibition Centre Project. CCSSC and Treasure Construction shall hold 95% and 5% interests in the Hong Kong JV respectively.

## **Contract value of the Exhibition Centre Project**

CCSSC tendered for and was selected by the Group in respect of the Structural Steel Works for the Exhibition Centre Project in accordance with the tendering procedure of the Group. The parties further agreed that CCSSC shall establish a joint venture with the Group (i.e. the Hong Kong JV) which will be awarded the contract in respect of the Structural Steel Works as the sub-contractor of the Group.

Within 30 days upon the successful business registration of the Hong Kong JV, Treasure Construction, as the main contractor, shall enter into a sub-contract with the Hong Kong JV, pursuant to which Treasure Construction shall engage the Hong Kong JV to undertake the Structural Steel Works as its sub-contractor of the Exhibition Centre Project.

The total contract value in relation to the Structural Steel Works is approximately HK\$40,781,000, which shall be payable by the Group to the Hong Kong JV in monthly progress payment as certified by Treasure Construction as the main contractor, provided that the total contract value shall be settled upon completion of final accounts by Treasure Construction under the head construction contract.

The total contract value awarded by the Group to CCSSC and/or the Hong Kong JV in respect of the Structural Steel Works was negotiated on an arm's length basis and determined between the Group and CCSSC subject to the standard and systematic tender review procedure maintained by the Group, which applies to tenders obtained from both connected persons and independent third parties, and on terms no more favourable than those awarded by the Group to the independent third party sub-contractors of the Group.

The Group invited submission of tender from at least three contractors. After reviewing and evaluating all submitted tenders, CCSSC was selected by the Group as its sub-contractor after taking into account the following selection criteria: (a) tender amount; (b) quality of work; (c) measures on environmental protection, safety and workers' health undertaken; (d) time management and project management plan; (e) financial arrangement and financial ability; (f) material and supply management; and (g) past cooperation record with the Group.

### **Profit / loss sharing**

All responsibilities, obligations and funding requirements of the Hong Kong JV together with its profits or losses will be borne by the parties in proportion to their respective interests in the Hong Kong JV. No parties shall assign or sell any or part of the rights or obligations under the JV Agreement without the prior written consent of the other party.

### **Management**

The Hong Kong JV shall be managed by a committee (the "**Management Committee**") to be set up by the parties. The Management Committee shall comprise two members appointed by CCSSC and three members appointed by Treasure Construction. Any three members with at least two members appointed by Treasure Construction shall form a quorum. The chairperson of the Management Committee shall be appointed by Treasure Construction who shall have a casting vote.

### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is principally engaged in the general contracting business and facade contracting business (including design, engineering, manufacture, installation of curtain wall system, project consultancy and management services).

CCSSC has substantial experience in structural steel works. The Directors consider that the Transaction (including the establishment of the Hong Kong JV and the engagement of the Hong Kong JV to undertake the Structural Steel Works as a sub-contractor of the Group for the Exhibition Centre Project) will benefit the Group by leveraging the substantial experience of CCSSC.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business, on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transaction are fair and reasonable and in the interest of the Company and its shareholders as a whole. None of the Directors has a material interest in the Transaction and no Director is required to abstain from voting on the board resolution(s) approving the Transaction.

### **LISTING RULES IMPLICATION**

CCSSC is a subsidiary of CSCECL, which in turn is a controlling shareholder of the Company. Accordingly, CCSSC is a connected person of the Company and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to the Transaction exceed 0.1% but are less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **DEFINITIONS**

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

“Board”	the board of Directors;
“CCSSC”	中建鋼構有限公司 (China Construction Steel Structure Corp. Ltd.), a company incorporated in the PRC with limited liability, which is a subsidiary of CSCECL;
“Company”	Far East Global Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830);
“connected person”, “controlling shareholder”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;

“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC (the shares of which are listed on The Shanghai Stock Exchange), a controlling shareholder of the Company;
“Directors”	the directors of the Company;
“Exhibition Centre Project”	an exhibition centre construction project in Hong Kong in which the Group has been appointed as main contractor and the Hong Kong JV (as nominated by CCSSC) has been appointed as the sub-contractor in respect of the Structural Steel Works;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong JV”	the joint venture between CCSSC and Treasure Construction to be established in the form of an unincorporated joint venture pursuant to the JV Agreement;
“JV Agreement”	the joint venture agreement entered into between CCSSC and Treasure Construction dated 19 June 2018 involving, among other things, the establishment of the Hong Kong JV;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Structural Steel Works”	the structural steel works for the Exhibition Centre Project;

“Transaction”	the entering into of the JV Agreement and the transaction contemplated thereunder (including but not limited to the engagement of the Hong Kong JV to undertake the Structural Steel Works as a sub-contractor of the Group for the Exhibition Centre Project);
“Treasure Construction”	Treasure Construction Engineering Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 19 June 2018

*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 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.*