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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Far East Global Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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遠東環球集團有限公司

FAR EAST GLOBAL GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code : 830)

### CONTINUING CONNECTED TRANSACTIONS

### IN RELATION TO COLI WORKS

### AND

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to  
to the Independent Board Committee and the Independent Shareholders**



紅日資本有限公司

RED SUN CAPITAL LIMITED

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A letter from the Board is set out on pages 4 to 13 of this circular and a letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from Red Sun, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 27 of this circular.

A notice convening the EGM to be held at 16th Floor, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong on Friday, 17 August 2018 at 9:30 a.m. is set out on pages 33 to 34 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) should you so wish.

18 July 2018

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## DEFINITIONS

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

“Acquisition”	the acquisition by the Company from a wholly-owned subsidiary of CSC of the entire equity interests in China Overseas Supervision as contemplated under the equity transfer agreement dated 14 March 2018 and entered into between the Company and the wholly-owned subsidiary of CSC;
“Acquisition Announcement”	the announcement of the Company dated 14 March 2018 in relation to the Acquisition;
“Acquisition Completion”	the completion of the Acquisition, which took place on 26 June 2018;
“associates”, “connected persons”, “controlling shareholder” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“China Overseas Supervision”	China Overseas Supervision Limited* (中海監理有限公司), a company established under the laws of the PRC with limited liability;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability;
“COLI”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“COLI Works”	the provision of building construction, contracting and engineering works, project management, supervision and consultancy services by the Group for the COLI Group’s construction works as a contractor, subcontractor or service provider (as the case may be) from time to time pursuant to the COLI Works Framework Agreement;

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## DEFINITIONS

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“COLI Works Engagement Cap”	the maximum total contract sum of the contracts in respect of the COLI Works that may be awarded by the COLI Group to the Group for the term of the COLI Works Framework Agreement;
“COLI Works Framework Agreement”	the framework agreement entered into between COLI and the Company on 26 June 2018 in respect of the engagement of members of the Group by members of the COLI Group for the COLI Works;
“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);
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CSC Group”	CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“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 and whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is an intermediate holding company of the Company;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the COLI Works Framework Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, consisting of Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna, all being independent non-executive Directors;

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## DEFINITIONS

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“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise the terms of the COLI Works Framework Agreement and the transactions contemplated thereunder, and a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities;
“Independent Shareholders”	Shareholders, other than COHL and its associates;
“Latest Practicable Date”	13 July 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein, as the case may be;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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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)**

*Chairman and Non-executive Director:*

Mr. ZHOU Yong

*Executive Directors:*

Mr. ZHU Yijian (*Vice Chairman and*

*Chief Executive Officer*)

Mr. LUO Haichuan

Mr. WANG Hai

Mr. CHAN Sim Wang

*Non-executive Director:*

Mr. HUANG Jiang

*Independent Non-executive Directors:*

Mr. ZHOU Jinsong

Mr. HONG Winn

Ms. KWONG Sum Yee Anna

*Registered office:*

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

16th Floor

Eight Commercial Tower

No. 8 Sun Yip Street

Chai Wan

Hong Kong

18 July 2018

*To the Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO COLI WORKS**

#### **INTRODUCTION**

Reference is made to the Acquisition Announcement and the circular dated 9 April 2018 published by the Company. The Company acquired the entire equity interests in China Overseas Supervision from a wholly-owned subsidiary of CSC, the completion of which took place on 26 June 2018. As mentioned in the Acquisition Announcement, prior to the Acquisition Completion, China Overseas Supervision entered into certain transactions with the COLI Group to provide the construction supervision services in respect of the prevailing projects which would subsist after the Acquisition Completion. It is expected that the COLI Group may continue to engage China Overseas Supervision (which has become a member of the Group subsequent to the Acquisition Completion) for the provision of construction supervision services for its construction works.

In addition, the directors of COLI expect that the COLI Group will invite the Group to participate in competitive tender for the COLI Works as a contractor, subcontractor or service provider from time to time.

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## LETTER FROM THE BOARD

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According to the announcement dated 26 June 2018 jointly issued by COLI, CSC and the Company in respect of, among other things, that on 26 June 2018, COLI and the Company entered into the COLI Works Framework Agreement for the provision of the COLI Works from time to time for the period commencing from 20 August 2018 and ending on 30 June 2021 subject to the COLI Works Engagement Cap.

The purpose of this circular is to provide you with, among other things:

- (i) the particulars of the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap);
- (ii) the letter from the Independent Board Committee with its view on the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap); and
- (iii) the letter from Red Sun with its advice on the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap) to the Independent Board Committee and the Independent Shareholders,

as well as to seek the approval of the Independent Shareholders in respect of the entering into of the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).

### THE COLI WORKS FRAMEWORK AGREEMENT

#### Date

26 June 2018

#### Parties

1. COLI; and
2. The Company.

#### Condition Precedent

The transactions contemplated under the COLI Works Framework Agreement (together with the COLI Works Engagement Cap) are conditional upon the Company having obtained the approval of the Independent Shareholders at EGM by way of poll approving the COLI Works Framework Agreement and the transactions contemplated thereunder.

#### Term

Subject to the fulfillment of the condition precedent to the COLI Works Framework Agreement on or before 31 August 2018 (or such other date as the parties may agree in writing), the COLI Works Framework Agreement will commence on 20 August 2018 and end on 30 June 2021 (both days inclusive).

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## LETTER FROM THE BOARD

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### Subject matter

The directors of COLI expect that the COLI Group will engage the Group for the COLI Works from time to time provided that the total contract sum awarded to the Group for the relevant period/year shall not exceed the corresponding COLI Works Engagement Cap set out in the paragraph headed “COLI Works Engagement Cap”. The parties agreed that:

- (a) the COLI Group may invite any member of the Group to participate in competitive tender for the COLI Works as a contractor, subcontractor or service provider from time to time. The Group may tender for the COLI Works in accordance with the tendering procedures of the COLI Group and on the same and normal terms as offered to other independent third party construction contractors, subcontractors or service providers;
- (b) if any contract is granted in favour of the Group as a result of the above tender, the Group may act as contractor, subcontractor or service provider for the COLI Works based on the terms of the successful tender subject to the relevant COLI Works Engagement Cap set out in the paragraph headed “COLI Works Engagement Cap” below; and
- (c) the fees payable by the COLI Group to the Group will be settled pursuant to the payment terms set out in the tender documents or the specific contracts.

(a) ***Building construction works***

With respect to the COLI Works, the Company expects the transactions with the COLI Group would substantially focus on the building construction works:-

- (a) the provision of general contracting and engineering works for the COLI Group’s construction works as the main contractor; and
- (b) the provision of contracting and engineering works such as exterior facade contracting works for the COLI Group’s construction works as a subcontractor,

both of which are the major revenue and profit contributor of the Group. In the event that the COLI Group, as the project owner, selects the Group as its main contractor through tender process, the Group will be commissioned by the COLI Group to undertake the procurement, construction and engineering works of the COLI’s property development project whereby the Group will typically carry out project works such as survey, design, procurement, foundation digging, main structure construction, equipment installation and engineering work, or any combination of the above, either through the Group’s own labour or by subcontracting part or all of the project work. The Group is responsible for procuring all of the building materials and providing all labour, equipment and services necessary for the construction of a project according to the tender documents.

As a main contractor, the Group is responsible for the quality, safety, timely delivery and cost of the whole project. As a sub-contractor, the Group is responsible for part of the construction and engineering works of COLI’s property development project whereby the Group will typically be commissioned by the COLI Group to undertake the design, engineering, installation and maintenance of the curtain wall systems manufactured by the Group.



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## LETTER FROM THE BOARD

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(b) *Project management, supervision and consultancy services*

With respect to the project management, supervision and consultancy services, the Company expects that the transactions with the COLI Group would substantially focus on construction supervision services to be undertaken by China Overseas Supervision for COLI's property development projects in the PRC.

It is the industry practice in the PRC that a project owner of property development projects would typically engage a construction supervisor to supervise and monitor the constructions works undertaken by the main contractor. The construction supervisor shall inspect and monitor the construction quality of the construction works undertaken by the main contractor to ensure that they meet the standards as prescribed by the relevant laws and regulations as well as the requirements as specified in the contract between the project owner and its main contractor.

As construction supervisors serve to monitor and supervise the works performed by the main contractors, they shall be third parties independent from the main contractors. In addition, a construction supervisor must obtain necessary licences, certificates and qualifications to perform various types and classification of construction supervision services. As disclosed in the circular of the Company dated 9 April 2018, China Overseas Supervision holds the license of Agency for Engineering Tender (A Grade) (工程招標代理機構甲級) and the license of Comprehensive Qualification of Engineering Supervision (工程監理綜合資質) and has obtained all necessary licenses for its business operation.

In the event that the COLI Group, as the project owner, selects the Group as its construction supervisor through tender process, the Group will be commissioned by the COLI Group to supervise and monitor building construction works undertaken by the main contractor of COLI's property development project in the PRC, in order to ensure that they are carried out pursuant to the requisite construction quality and the construction progress and costs as agreed between COLI and its main contractor. The Group is responsible for providing experienced and qualified engineers to perform the construction supervision service.

Given the building construction works and the project management, supervision and consultancy services are different and distinct businesses, the Group submits a separate tender for each business. There is no overlapping of the two businesses in a tender or property development project to be submitted or undertaken by the Group.

### **Pricing basis**

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

As for the provision of the COLI Works, the Group will normally need to go through a tender or similar process before being selected and appointed as a contractor, subcontractor or service provider of the COLI Group.

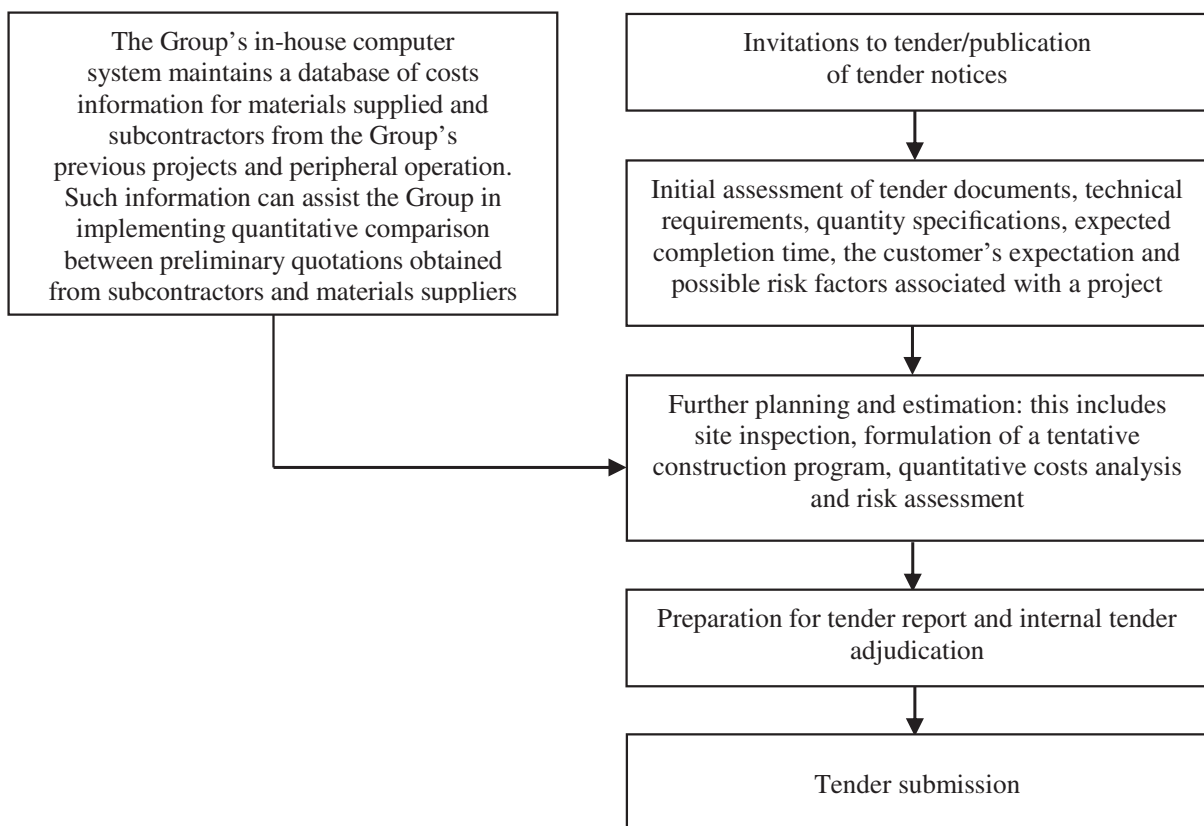
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## LETTER FROM THE BOARD

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The price and terms of the tenders submitted by the Group to the COLI Group for the COLI Works are subject to the standard and systematic tender submission procedures maintained by the Group, which applies for tender submitted to both connected persons and independent third parties of the Group, in order to ensure that the price and terms of the proposed tender submitted by the Group to the COLI Group are no more favourable than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involves (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission. The procedures, as illustrated in the following diagram, will enable the Group to review the feasibility and profitability of the tender to be submitted and to decide the contents and pricing terms of the tender to be submitted.



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

In determining the pricing terms, the Group will review the costs information maintained by its in-house computer database for materials supplied and subcontractors from the Group's previous projects and peripheral operation. The costs information maintained by the in-house computer

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## LETTER FROM THE BOARD

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database will be updated upon obtaining initial quotation during the tender preparation stage and upon obtaining final quotation during the actual project implementation stage, which is usually done on a half yearly basis. Such information will assist the Group in conducting quantitative comparison between quotations obtained from subcontractors and on the costs of the materials.

The Group will also review and compare previous tender prices submitted to both connected persons and up to two independent third parties, so as to ensure that the tender price to be submitted is no more favourable than those submitted to independent third parties.

If any contract is granted in favour of the Group as a result of the competitive tender, the relevant project owner of the COLI Group will issue a letter of award to the Group and the Group will act as the construction contractor, subcontractor or service provider for the COLI Group's construction works based on the terms of the successful tender.

### **COLI Works Engagement Cap**

In respect of the COLI Works Engagement Cap, the maximum total contract sum that may be awarded by the COLI Group to the Group during the term of the COLI Works Framework Agreement in respect of (a) the building construction works; and (b) project management, supervision and consultancy services is as follows:

	<b>For the period from 20 August 2018 to 31 December 2018</b>	<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>	<b>For the period from 1 January 2021 to 30 June 2021</b>
<b>COLI Works Engagement Cap</b>				
(a) Building construction works	HK\$1,190 million	HK\$1,190 million	HK\$1,190 million	HK\$790 million
(b) Project management, supervision and consultancy services	HK\$10 million	HK\$10 million	HK\$10 million	HK\$10 million
<b>Total</b>	<b>HK\$1,200 million</b>	<b>HK\$1,200 million</b>	<b>HK\$1,200 million</b>	<b>HK\$800 million</b>

### ***Calculation of the COLI Works Engagement Cap***

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

- (a) the estimated total contract sum of new construction projects of the COLI Group in the period commencing from 20 August 2018 and ending on 30 June 2021, with reference to (i) the historical contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau for the year ended 31 December 2015 of approximately HK\$29,562.90 million, for the year ended 31 December 2016 of approximately HK\$24,520.80 million, and in the period between 1 January 2017 and 30 June 2017 of approximately HK\$16,595.53 million; and (ii) COLI's land reserves of approximately 63.8 million square metres for the year ended 31 December 2017 and the associated construction works that may be required for future property development projects;

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## LETTER FROM THE BOARD

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- (b) the estimated total contract sum of the COLI Works that may be awarded by the COLI Group to the Group, which is estimated by the Directors based on (i) tenders in the amount of approximately HK\$790 million submitted to the COLI Group for the COLI Group's construction works for 2018; (ii) potential tenders with an estimated amount of approximately HK\$400 million planned to be submitted to the COLI Group in respect of COLI's potential new construction projects for which the COLI Group has opened for tender and/or invited the Group to participate in the tender; (iii) other potential general construction works available from the COLI Group in the year of 2018 and the projected increase in general construction works for 2019 and 2020 given the positive outlook of the construction market; and (iv) the Group's construction works capacity for such period; and
- (c) other factors such as inflation with an estimated inflation rate of 2.5% and the growth of the construction markets in the PRC, Hong Kong and Macau for such period.

The total contract sum awarded by the COLI Group to China Overseas Supervision in respect of the provision of the construction supervision services for the years ended 31 December 2016 and 2017 are approximately HK\$21 million and HK\$16 million respectively. Save for the aforementioned transactions, there was no other historical transaction between the COLI Group and the Group in respect of the COLI Works since 2016 and up to 26 June 2018.

### **Reasons for the entering into of the COLI Works Framework Agreement**

The COLI Group is principally engaged in the business of property development and investment and other operations.

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

The Directors consider that being able to participate in the construction works of the COLI Group upon successful tender allows the Group to secure a more diverse base of customers for building construction.

The Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the COLI Works Framework Agreement (together with the COLI Works Engagement Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the COLI Works Framework Agreement (together with the COLI Works Engagement Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATION

As at the Latest Practicable Date, COHL is a controlling shareholder of COLI and the Company by virtue of being interested in approximately 55.99% of the number of shares of COLI in issue and approximately 74.06% of the issued share capital of the Company. Accordingly, members of the COLI Group are connected persons of the Company. The transactions contemplated under the COLI Works Framework Agreement between members of the COLI Group and members of the Group, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded by the COLI Group for each period/year under the COLI Works Framework Agreement (i.e. the COLI Works Engagement Cap) exceed 5%, the transactions contemplated under the COLI Works Framework Agreement are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements.

Shareholders should note that the COLI Works Engagement Cap represents the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The COLI Works Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The COLI Group may or may not engage the Group in respect of the COLI Works up to the level of the COLI Works Engagement Cap, if at all.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the terms of the COLI Works Framework Agreements and the transactions contemplated thereunder (together with the COLI Works Engagement Cap). Red Sun has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

### EGM

A notice convening the EGM to be held at 16th Floor, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong on Friday, 17 August 2018 at 9:30 a.m. is set out on pages 33 to 34 of this circular. Ordinary resolution will be proposed to the Independent Shareholders at the EGM to consider and, if thought fit, to approve the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).

A form of proxy for the EGM is enclosed with this circular. Whether or not you will be able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) should you so wish.

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## LETTER FROM THE BOARD

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In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. As at the Latest Practicable Date, COHL and its associates, in aggregate holding 1,596,403,279 shares of the Company, representing approximately 74.06% of the issued share capital of the Company, will abstain from voting at the EGM on the resolution relating to the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).

To the extent that the Directors are aware having made all reasonable enquiries, as at the Latest Practicable Date:

- (i) there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon COHL;
- (ii) COHL was not subject to any obligation or entitlement whereby it had or it might have temporarily or permanently passed control over the exercise of the voting right in respect of its shares in the Company to a third party, either generally or on a case-by-case basis; and
- (iii) it was not expected that there would be any discrepancy between COHL's beneficial shareholding interest in the Company as disclosed in this circular and the number of shares in the Company in respect of which it would control or would be entitled to exercise control over the voting right at the EGM.

No Director has a material interest in the transactions contemplated under the COLI Works Framework Agreement, however, Mr. Zhou Yong, who is the chairman of the Board and non-executive Director and also the chairman of COHL, has voluntarily abstained from voting on the board resolutions approving the entering into of the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap). The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the EGM.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 14 August 2018 to Friday, 17 August 2018, both days inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the EGM.

In order to qualify for attending and voting at the EGM, 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 Monday, 13 August 2018.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 14 to 15 in this circular which contains its recommendation to the Independent Shareholders in relation to the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).

Your attention is also drawn to the letter from the Sun Red set out on pages 16 to 27 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).

The Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the COLI Works Framework Agreement (together with the COLI Works Engagement Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the COLI Works Framework Agreement (together with the COLI Works Engagement Cap) are fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. The Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

18 July 2018

*To the Independent Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS IN RELATION TO COLI WORKS

We refer to the circular dated 18 July 2018 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap) are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Red Sun has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 13 of the Circular and the text of a letter of advice from Red Sun, as set out on pages 16 to 27 of the Circular, both of which provide details of the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).

Having considered (i) the COLI Works Framework Agreement, (ii) the advice of Red Sun, and (iii) the relevant information contained in the letter from the Board, we are of the opinion that the terms of the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).



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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Yours faithfully,  
For and on behalf of  
**The Independent Board Committee of  
Far East Global Group Limited**

**ZHOU Jinsong**  
*Independent*  
*Non-executive Director*

**HONG Winn**  
*Independent*  
*Non-executive Director*

**KWONG Sum Yee Anna**  
*Independent*  
*Non-executive Director*

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## LETTER FROM RED SUN

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Shareholders for inclusion in this circular.*



18 July 2018

*To: The Independent Board Committee and the Independent Shareholders of  
Far East Global Group Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO COLI WORKS**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the COLI Works Framework Agreement between members of the COLI Group and members of the Group, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 18 July 2018, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 26 June 2018, COLI and the Company entered into the COLI Works Framework Agreement, pursuant to which the COLI Group may engage the Group for the provision of the COLI Works from time to time for the period commencing from 20 August 2018 and ending on 30 June 2021, subject to the COLI Works Engagement Cap.

As at the Latest Practicable Date, COHL is a controlling shareholder of COLI and the Company by virtue of being interested in approximately 55.99% of the number of shares of COLI in issue and approximately 74.06% of the issued share capital of the Company. Accordingly, members of the COLI Group are connected persons of the Company. The transactions contemplated under the COLI Works Framework Agreement between members of the COLI Group and members of the Group, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM RED SUN

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The Board currently comprises Mr. Zhou Yong as Chairman and Non-executive Director, Mr. Zhu Yijian as 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 three Independent Non-executive Directors, namely Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna.

The Independent Board Committee comprising all the aforementioned Independent Non-executive Directors has been established to advise the Independent Shareholders in respect of the transactions contemplated under the COLI Works Framework Agreement and the COLI Works Engagement Cap in relation thereto, and whether the COLI Works Framework Agreement and the transactions contemplated thereunder, together with the COLI Work Engagement Cap, are in the interests of the Company and the Shareholders as a whole, respectively.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the transactions contemplated under the COLI Works Framework Agreement, together with the COLI Works Engagement Cap, for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted twice as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to (i) the renewal of continuing connected transactions with 中國建築股份有限公司 (China State Construction Engineering Corporation Limited) and the renewal of continuing connected transactions with CSC, respectively (details of which are set out in the circular of the Company dated 1 November 2017); and (ii) the disclosable and connected transaction in relation to the acquisition of the entire equity interests in China Overseas Supervision, (details of which are set out in the circular of the Company dated 9 April 2018).

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM RED SUN

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### **BASIS OF OUR ADVICE**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group, COLI Group and their respective associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the COLI Works Framework Agreement and the transactions contemplated thereunder, together with the COLI Work Engagement Cap, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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## LETTER FROM RED SUN

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the terms of the transactions contemplated under the COLI Works Framework Agreement, we have taken into consideration the following principal factors and reasons:

#### 1. Background information of the Group and the COLI Group

##### 1.1 *Principal business and the financial information of the Group*

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

Set out below is a summary of the Group's operating results extracted from the latest published annual report of the Company for the year ended 31 December 2017 (the "2017 Annual Report"):

	For the year ended 31 December	
	2017	2016
	(Audited)	(Audited)
	HK\$'000	HK\$'000
<b>Revenue</b>	2,910,942	2,647,272
— Facade Contracting Works	2,209,728	2,190,069
— General Contracting Works	660,276	457,203

Based on the 2017 Annual Report, revenue for the year ended 31 December 2016 and 2017 was approximately HK\$2.6 billion and HK\$2.9 billion, respectively, representing a growth rate of approximately 11.5%.

We understand from the Management and the transactions contemplated under the COLI Works Framework Agreement are mainly related to services between the Group and the COLI Group for the provision of building construction, contracting and engineering works, project management, supervision and consultancy services. As set out in the table above, we noted that the revenue generated from facade contracting works and general contracting works accounted for approximately 75.9% and 22.7% of the Group's total revenue for the year ended 31 December 2017, respectively.

##### 1.2 *Principal activities of the COLI Group*

The COLI Group is principally engaged in the business of property development and investment and other operations. The COLI Group's business activities are principally carried out in Hong Kong, Macau and the PRC.

According to the annual report of COLI for the year ended 31 December 2017 ("COLI 2017 Annual Report"), its total revenue increased by approximately 1.2% from approximately HK\$164 billion for the year ended 31 December 2016 to approximately HK\$166 billion for the year ended 31 December 2017, in which, approximately 97.6% was derived from property development for the year ended 31 December 2017.

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## LETTER FROM RED SUN

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### 1.3 Overview of the economy and building construction activities

#### The PRC

As extracted from the data of The World Bank, the gross domestic product (the “GDP”) of the PRC recorded a year-on year increase of approximately 6.9% and 6.7% in 2015 and 2016, respectively. In the first quarter of 2018, the GDP of the PRC recorded an accumulated growth of approximately 6.8% in comparison to the same period in the previous year. As extracted from the website of the National Bureau of Statistics of China (the “NBS”) at <http://data.stats.gov.cn>, the total gross output value of the construction industry in the PRC has increased year-on-year by approximately 6.8% and 7.2% in 2015 and 2016, respectively.

The table below shows a summary of the PRC’s urbanisation levels from 2010 to 2016.

	2010	2011	2012	2013	2014	2015	2016
Total population (in millions)	1,340.9	1,347.4	1,354.0	1,360.7	1,367.8	1,374.6	1,382.7
Urban Population (in millions)	670.0	690.8	711.8	731.1	749.2	771.2	793.0
Urbanisation Rate (%)	50.0%	51.3%	52.6%	53.7%	54.8%	56.1%	57.4%

Source: National Bureau of Statistics of China

The table below shows a summary of the PRC’s disposable income of urban households per capita from 2015 to 2017 and until the end of the first quarter of 2018.

	2015	2016	2017	1Q2017	1Q2018
Per Capita Disposable Income of Urban Households (RMB)	31,195	33,616	36,396	9,986	10,781

Source: National Bureau of Statistics of China

According to the information set out in the website of the NBS, the annual disposable income per capita of urban households in the PRC increased from approximately RMB31,195 in 2015 to approximately RMB33,616 in 2016 and further increased to approximately RMB36,396 in 2017, representing a year-on-year increase of approximately 7.8% and 8.3%, respectively. The annual disposable income per capita of urban households in the PRC increased from approximately RMB9,986 for the first quarter of 2017, compared to approximately RMB10,781 for the corresponding quarter of 2018 (representing a period-on-period increase of approximately 8.0%).

In addition, we also noted that promotion of urbanisation remains one of the main objectives of the PRC government under its thirteenth five year plan (十三五規劃), which sets out the overall direction of PRC governmental policies from 2015 to 2020. Pursuant to the thirteenth five year plan, the PRC government has set the target for the percentage of permanent urban residents at 60% by 2020, an increase from approximately 56.1% recorded at the beginning of the thirteenth five year plan.

The urbanisation rate and income per capita in the PRC have increased steadily in recent years, which, in turn, has contributed towards a sustainable growth potential of PRC’s real estate industry.

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## LETTER FROM RED SUN

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### *Hong Kong*

In Hong Kong, according to the data published by the Census and Statistics Department of the Hong Kong Government, the GDP recorded year-on-year growth of approximately 2.2% and 3.8% in 2016 and 2017, respectively, and approximately 4.7% and 3.4% in the first quarter of 2018 and fourth quarter of 2017, respectively, comparing to the same quarters in the previous year. The gross value of construction works in nominal terms performed by main contractors recorded year-on-year growth of approximately 5.6% and 5.7% in 2016 and 2017, respectively, and approximately 12.1% of the first quarter of 2018, respectively, comparing to the same quarter in the previous year.

Public and private sector demand for residential buildings is a key driver of the construction industry in Hong Kong. The supply of residential buildings is expected to increase due to the implementation of a Hong Kong Government initiative to reduce the average waiting time for public rental housing applicants. Furthermore, the Housing Authority provides public residential housing in order to satisfy the housing needs of low income families. For the five-year period beginning 2016/17, it is estimated that 94,500 public housing units would be developed by the Hong Kong Housing Authority and the Hong Kong Housing Society, according to 2017 Policy Address. As for the private property sector, it has benefited from the low interest rate environment and sound economic fundamentals in Hong Kong and the PRC.

In light of the above information from independent and official sources, we concur with the Directors that the construction industry in both the PRC and Hong Kong will continue to be positive.

## **2. The COLI Works Framework Agreement**

### **2.1 *Principal terms of the COLI Works Framework Agreement***

Subject to the fulfilment of the condition precedent to the COLI Works Framework Agreement on or before 31 August 2018 (or such other date as the parties may agree in writing), the COLI Works Framework Agreement will commence on 20 August 2018 and end on 30 June 2021 (both days inclusive).

Details of the terms of the COLI Works Framework Agreement, including the pricing basis of the Group's tenders to be submitted to the COLI Group, are set out in the section headed "The COLI Works Framework Agreement" in the Letter from the Board in the Circular.

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## LETTER FROM RED SUN

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### *2.2 Reasons for and benefits of entering into the COLI Works Framework Agreement*

The Group is principally engaged in the general contracting business, facade contracting business (including design, engineering, manufacture, installation of curtain wall systems), and project consultancy and management services. It is also noted that the Group has acquired the entire equity interests in China Overseas Supervision which is principally engaged in the provision of construction supervision services for construction works from a wholly-owned subsidiary of CSC, the completion of which took place on 26 June 2018.

The Directors consider that being able to participate in the construction works of the COLI Group upon successful tender allows the Group to secure a more diverse base of customers for building construction.

Based on the principal activities of the Group as mentioned above, the Group has expertise in the provision of building construction, contracting and engineering works, project management, supervision and consultancy services for the construction works under the COLI Works Framework Agreement.

The Directors consider that the transactions contemplated under the COLI Work Framework Agreement will allow the Company to maximise the profits and bring synergy effect to both the Group and COLI Group; thereby facilitating the expansion of the Group's businesses.

Having considered that the Group's principal activities in the provision of contracting and engineering work as well as its expertise in construction supervision services, we concur with the Management that the provision of services under the COLI Work Framework Agreement which would further enhance the Group's revenue, thereby, generate stable income to be beneficial to the Group and its Shareholders as a whole.

### *2.3 Internal procedures and pricing basis of the Group in respect of the COLI Works*

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

As for the provision of the COLI Works, the Group will normally need to go through a tender or similar process before being selected and appointed as a contractor, subcontractor or service provider of the COLI Group.

The price and terms of the tenders submitted by the Group to the COLI Group for the COLI Works are subject to the standard and systematic tender submission procedures maintained by the Group, which applies for tender submitted to both connected persons and independent third parties of the Group, in order to ensure that the price and terms of the proposed tender submitted by the Group to the COLI Group are no more favourable than those submitted to independent third parties.



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## LETTER FROM RED SUN

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

In determining the pricing terms, the Group will review the costs information maintained by its in-house computer database for materials supplied and subcontractors from the Group's previous projects and peripheral operation. Such information will assist the Group to conduct quantitative comparison between quotations obtained from subcontractors and on the costs of the materials.

The Group will also review and compare previous tender prices submitted to both connected persons and up to two independent third parties, so as to ensure that the tender price to be submitted is no more favourable than those submitted to independent third parties.

In connection with our works performed on assessing whether the terms under the COLI Works Framework Agreement are fair and reasonable, we have reviewed the internal standard procedures of the Group governing the tendering process (市場營銷管理工作程序) which set out, among others, standard procedures for tenders covering areas, such as (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission (the "**Tender Procedures**").

For our assessment, we have obtained and reviewed a total of six samples of the tender approval forms, including tenders to connected persons and independent third parties. Based on our discussions with the Management and reviewed sample tender approval forms, we noted that the sampled tenders under the tender approval forms submitted to connected persons were reviewed against the stated processes under the Tender Procedures, being the same prescribed procedures which were applied to the sampled tenders under the tender approval forms submitted to independent third parties. Based on our review of the aforesaid samples, we did not aware any material non-compliance to the Tender Procedures.

In addition, we have further discussed with the Management and understand that all tenders have followed the Tender Procedures for the period from 1 January 2017 to the Latest Practicable Date.

In addition, we have also reviewed the internal control measures guidance of the Company in order to safeguard the continuing connected transactions as described in COLI Work Framework Agreement (i.e. ensuring the transactions (i) are conducted in accordance with the pricing mechanism; (ii) are conducted on normal commercial terms; (iii) are in the interests of the Company and its shareholders as a whole; and (iv) have not exceeded the annual caps), and to provide information for the independent non-executive directors and auditors to properly review the transactions annually.

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## LETTER FROM RED SUN

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The COLI Group is a sizeable state-owned construction group listed on the Stock Exchange with a market capitalisation of in excess over HK\$2.7 billion as at 26 June 2018 (being the date of the COLI Works Framework Agreement) with a revenue of approximately HK\$166 billion for the year ended 31 December 2017. As set out in the 2017 COLI Annual Report, the land reserves of COLI Group have increased by approximately 12.3% from approximately 56.8 million square metre for the year ended 31 December 2016 to approximately 63.8 million square metres for the year ended 31 December 2017. Together with the positive prospect on the macro environment of the construction industry in the PRC and Hong Kong as discussed above, we concur with the Directors that the Group will be able to participate in the construction works of the COLI Group upon successful tender which will enable the Group to participate in more sizeable projects and in turns, would bring positive impact to the Group's business operation.

Having considered that (i) the Group's intention to tender for the COLI Works; (ii) the engagement by COLI Group will enable the Group to participate in more sizeable projects; (iii) the pricing basis under the COLI Work Framework Agreement, in particular, the prices and terms of the tenders shall follow the Tender Procedures, which also applies to the tenders to independent third party customers of the Group; and (iv) the internal control guidance regarding a proper tender procedure of the Group and the pricing basis, we concur with the Directors' view that the COLI Work Framework Agreement was entered into in the ordinary and usual course of business of the Group, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### 2.4 *Basis for determining the COLI Works Engagement Cap*

In respect of the COLI Works Engagement Cap, the maximum total contract sum that may be awarded by the COLI Group to the Group during the term of the COLI Works Framework Agreement in respect of (a) the building construction works; and (b) project management, supervision and consultancy services is as follows:

	<b>For the period from 20 August 2018 to 31 December 2018</b>	<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>	<b>For the period from 1 January 2021 to 30 June 2021</b>
<b>COLI Works Engagement Cap</b>				
(a) Building construction works	HK\$1,190 million	HK\$1,190 million	HK\$1,190 million	HK\$790 million
(b) Project management, supervision and consultancy services	HK\$10 million	HK\$10 million	HK\$10 million	HK\$10 million
<b>Total</b>	<b>HK\$1,200 million</b>	<b>HK\$1,200 million</b>	<b>HK\$1,200 million</b>	<b>HK\$800 million</b>

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## LETTER FROM RED SUN

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As set out in the Letter from the Board, the COLI Works Engagement Cap is calculated with reference to the following factors:

- (a) the estimated total contract sum of new construction projects of the COLI Group in the period commencing from 20 August 2018 and ending on 30 June 2021, with reference to (i) the historical contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau for the year ended 31 December 2015 of approximately HK\$29,562.90 million, for the year ended 31 December 2016 of approximately HK\$24,520.80 million, and in the period between 1 January 2017 and 30 June 2017 of approximately HK\$16,595.53 million; and (ii) COLI's land reserves of approximately 63.8 million square metres for the year ended 31 December 2017 and the associated construction works that may be required for future property development projects;
- (b) the estimated total contract sum of the COLI Works that may be awarded by the COLI Group to the Group, which is estimated by the Directors based on (i) tenders in the amount of approximately HK\$790 million submitted to the COLI Group for the COLI Group's construction works for 2018; (ii) potential tenders with an estimated amount of approximately HK\$400 million planned to be submitted to the COLI Group in respect of COLI's potential new construction project for which the COLI Group has opened for tender and/or invited the Group to participate in the tender; (iii) other potential general construction works available from the COLI Group in the year of 2018 and the projected increase in general construction works for 2019 and 2020 given the positive outlook of the construction market; and (iv) the Group's construction works capacity for such period; and
- (c) other factors such as inflation with an estimated inflation rate of 2.5% and the growth of the construction markets in the PRC Hong Kong and Macau for such period.

In assessing the fairness and reasonableness of the COLI Works Engagement Cap, we have reviewed and discussed with the Management (i) a potential construction project to engage the Group, subject to successful tender, for the provision of COLI Works in Hong Kong for 2018 with an estimated transaction value of approximately HK\$790 million; (ii) a list of potential new construction projects for 2018 from the COLI Group (including transaction amount with tenders submitted or tenders in preparation) to engage the Group, subject to successful tender, for the provision of façade contracting works in various cities in the PRC, namely Shanghai, Beijing and Chengdu, such schedule includes seven projects, ranging from RMB8 million to RMB210 million, with an aggregate contract sum to be awarded or tendered for in excess of RMB400 million; and (iii) an estimated service fee of HK\$10 million for the provision of project management, supervision and consultancy services. The estimated aggregate contract sum of the above potential projects is in line with the COLI Works Engagement Cap for the year ending 31 December 2018. We understand from the Management that aforesaid contract sum is currently subject to tenders, negotiation or upcoming tenders, accordingly, the Group may or may not be awarded with any of the contracts.

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## LETTER FROM RED SUN

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Notwithstanding that there is no COLI Works (i.e. no contracting and engineer works) were provided by the Group to COLI in the past, we noted from the joint announcement by COLI and China State Construction International Holdings Limited (Stock Code:3311) dated 6 October 2017, the total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau for the year ended 31 December 2015 of approximately HK\$29,562.90 million, for the year ended 31 December 2016 of approximately HK\$24,520.80 million, and in the period between 1 January 2017 and 30 June 2017 of approximately HK\$16,595.53 million. Given that (i) property development is one of COLI Group's core business activities; (ii) COLI Group has land reserves of approximately 63.8 million square metres for the year ended 31 December 2017; and (iii) the substantial amount of contract sum of construction projects incurred in the past as mentioned above, COLI will continue to engage in property development whereas the associated construction work of the property development which may be required to be tender. Subject to the approval of the Independent Shareholders' approval of the COLI Works Framework Agreement, the Group will also be eligible to submit potential tenders for such properties development projects by COLI.

In addition, we have reviewed and discussed with the Management a list of potential land acquisition, subject to tender, by COLI Group from 2018 to 2019 in order to expand its land reserves in Hong Kong, the estimated aggregate construction costs associated with such potential new properties development exceed HK\$7 billion. Upon successful tenders of the potential land acquisition by COLI Group, the associated construction works, hence the costs of HK\$7 billion, for the development such properties which may be required to be tender. Subject to the Independent Shareholders' approval of the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap), pursuant of which, the Group will also be eligible to submit potential tenders for such properties development projects by COLI, which is higher than the aggregate of HK\$4.4 billion of COLI Works Engagement Cap from 20 August 2018 and ending on 30 June 2021. To this end, we concur with the Management's view that it is reasonable to set the COLI Work Engagement Cap for the year ending 31 December 2018 as the basis to determine the COLI Work Engagement Cap for the remaining two years ending 31 December 2020.

Having considered that (i) the overview of the PRC and Hong Kong economy and their respective building construction activities have been set out under the paragraph headed "Overview of the economy and building construction activities" in this letter; (ii) the COLI Group is a sizeable state-owned construction group in the PRC with a market capitalisation in excess over HK\$2.7 billion as at 26 June 2018 (being the date of the COLI Works Framework Agreement) with land reserves of approximately 63.8 million square metres as at 31 December 2017; (iii) the potential projects with an aggregate contract sum is in line with the COLI Work Engagement Cap for the year ending 31 December 2018; (iv) the COLI Work Engagement Cap for 2019 and 2020 represent no increase from the COLI Work Engagement Cap for 2018; (v) the estimated aggregate construction costs associated with potential new properties development by COLI Group that may be awarded by the COLI Group to the Group, subject to tender, in Hong Kong alone exceeds HK\$7 billion which is larger than the aggregate of COLI Works Engagement Cap from 20 August 2018 and ending 30 June 2021; and (vi) the historical contact sum of construction projects of COLI Group in the PRC, Hong Kong and Macau for the two years ended 31 December 2016 ranged from approximately HK\$24.5 billion to approximately HK\$29.6 billion and for the six months ended 30 June 2017 exceeded approximately HK\$16.6 billion which were substantially higher than the COLI Work Engagement Cap for each of the periods from 20 August 2018 and ending on 30 June 2021, we concur with the Directors that the COLI Works Engagement Cap is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

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## LETTER FROM RED SUN

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Nevertheless, the Shareholders are advised that the COLI Works Engagement Cap represents the best estimates by the Group based on the information available at the time and the COLI Works Engagement Cap could be fully utilised at the end of each of the terms under the COLI Works Framework Agreement. In addition, the COLI Works Engagement Cap would provide the Group the flexibility but not the obligation to provide services to the COLI Group, and that it would avoid undue delay in the services which the Group wishes to provide to the COLI Group in the event that the Group is successful in its tenders and be awarded with the COLI Works.

### RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

- (i) the basis and reasons for the COLI Works Framework Agreement;
- (ii) the provision of COLI Works contemplated under the COLI Works Framework Agreement is a furtherance and continuance of the Group's businesses;
- (iii) the provision of COLI Works contemplated under the COLI Works Framework Agreement will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms that are no less favourable than those prices and terms available to independent third parties to the Group; and
- (iv) the basis for determining the COLI Works Engagement Cap is reasonable, details of which are set out in the section headed "Basis for determining the COLI Works Engagement Cap" in this letter.

Having considered the aforementioned factors and reasons, we are of the opinion that the COLI Works Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and the terms thereof. Furthermore, based on our analysis set out above, we consider that the COLI Works Engagement Cap is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the COLI Works Framework Agreement and the transactions contemplated thereunder (together with the COLI Works Engagement Cap).

Yours faithfully,  
For and on behalf of  
**Red Sun Capital Limited**  
**Jimmy Chung**  
*Managing Director*

*Mr. Jimmy Chung is a Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and permitted to undertake work as sponsor. He has over 20 years of experience in corporate finance industry in Greater China.*

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

**Long positions in shares of the Company**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of ordinary shares in the Company held</b>	<b>% of shares in the Company in issue<sup>1</sup></b>
Zhu Yijian	Beneficial owner	1,000,000	0.046%
Chan Sim Wang	Beneficial owner	50,000	0.002%
Huang Jiang	Beneficial owner	1,000,000	0.046%

*Note:*

1. The percentage is based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date (i.e. 2,155,545,000 ordinary shares).

**Long positions in shares and underlying shares of associated corporations**

As at the Latest Practicable Date:

- (i) Mr. Zhou Yong (a) had beneficial interests in 3,233,027 ordinary shares in CSC, representing approximately 0.064% of the issued shares of CSC; and (b) held 255,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL;
- (ii) Mr. Zhu Yijian (a) had interests in 2,538,237 ordinary shares in CSC, representing approximately 0.050% of the issued shares of CSC (comprising personal interests in 1,487,487 ordinary shares held by him as beneficial owner and family interests in 1,050,750 ordinary shares held by his spouse); and (b) held 210,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL;
- (iii) Mr. Luo Haichuan held 150,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL;
- (iv) Mr. Wang Hai held 150,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL;
- (v) Mr. Chan Sim Wang had personal interests in 32,400 ordinary shares in CSC, representing approximately 0.001% of the issued shares of CSC; and
- (vi) Mr. Huang Jiang held 150,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL.

The Company was informed that all the interests in A-shares in CSCECL held by the Directors as set out above were granted to them by CSCECL pursuant to its share award scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed below, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Name of companies which had such discloseable interest or short position</b>	<b>Position within such companies</b>
Zhou Yong	COHL	Chairman
	CSC	Chairman, Executive Director and Chief Executive Officer
	Add Treasure Holdings Limited	Director
Zhu Yijian	Add Treasure Holdings Limited	Director
Wang Hai	Add Treasure Holdings Limited	Director

There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

#### **MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest published audited accounts of the Company were made up.

#### **COMPETING BUSINESS INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, Messrs. Zhou Yong, Zhu Yijian, Luo Haichuan, Wang Hai, Chan Sim Wang and Huang Jiang held directorships and/or senior management positions in the Company's holding companies and/or their subsidiaries. These companies are engaged in construction, property development and related business.



The Board is independent of the boards of directors of the Company's holding companies and their subsidiaries. With the presence of appropriate portion of independent non-executive Directors in the Board, the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of its holding group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, proposed Directors or their respective close associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competes or is likely to compete with the business of the Group.

### **EXPERT**

The following is the qualification of the expert who had given its opinion and advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Red Sun	A corporation licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance)

- (a) As at the Latest Practicable Date, Red Sun had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) Red Sun has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (c) As at the Latest Practicable Date, Red Sun did not have any direct or indirect interest in any assets which have been, since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) The Letter from Red Sun is given as of the date of this circular for incorporation herein.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the office of the Company at 16th Floor, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong from the date of this circular up to and including 17 August 2018 (except Saturdays and Sundays) and will be available for inspection at the EGM:-

- (i) the COLI Works Framework Agreement;

- (ii) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (iii) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from Red Sun” of this circular; and
- (iv) the letter of consent from the expert referred to under the section headed “Expert” in this appendix.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Far East Global Group Limited (the “**Company**”) will be held at 16th Floor, Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong on Friday, 17 August 2018 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

### ORDINARY RESOLUTION

“**THAT:**

- (A) (i) the COLI Works Framework Agreement (as defined in the circular of the Company dated 18 July 2018 of which this notice forms part (the “**Circular**”)) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;
- (ii) provided that the maximum total contract sum that may be awarded by the COLI Group to the Group in respect of the project management, supervision and consultancy services not exceeding HK\$10 million for each of the period from 20 August 2018 to 31 December 2018, the years ending 31 December 2019 and 31 December 2020, and the period from 1 January 2021 to 30 June 2021, the COLI Works Engagement Cap (as defined in the Circular) for the period between 20 August 2018 and 30 June 2021 be and is hereby approved; and
- (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the COLI Works Framework Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”

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

Hong Kong, 18 July 2018

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Head Office and Principal Place of  
Business in Hong Kong:*  
16th Floor, Eight Commercial Tower  
No. 8 Sun Yip Street  
Chai Wan  
Hong Kong

*Registered Office:*  
P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Notes:*

1. A form of proxy for the meeting is enclosed.
2. Only members are entitled to attend and vote at the meeting (or at any adjournment thereof).
3. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more proxies (who must be an individual) to attend and vote instead of him. A proxy need not be a member of the Company.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorized to sign the same.
5. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
6. Completion and return of a proxy form shall not preclude a member from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should the member so wish, and in such event, the proxy form shall be deemed to be revoked.
7. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. The register of members of the Company will be closed from Tuesday, 14 August 2018 to Friday, 17 August 2018, both days inclusive, for the purpose of determining members' entitlement to attend and vote at the meeting. In order to qualify for attending and voting at the meeting, 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 Monday, 13 August 2018.