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 : 00830

2012
ANNUAL REPORT

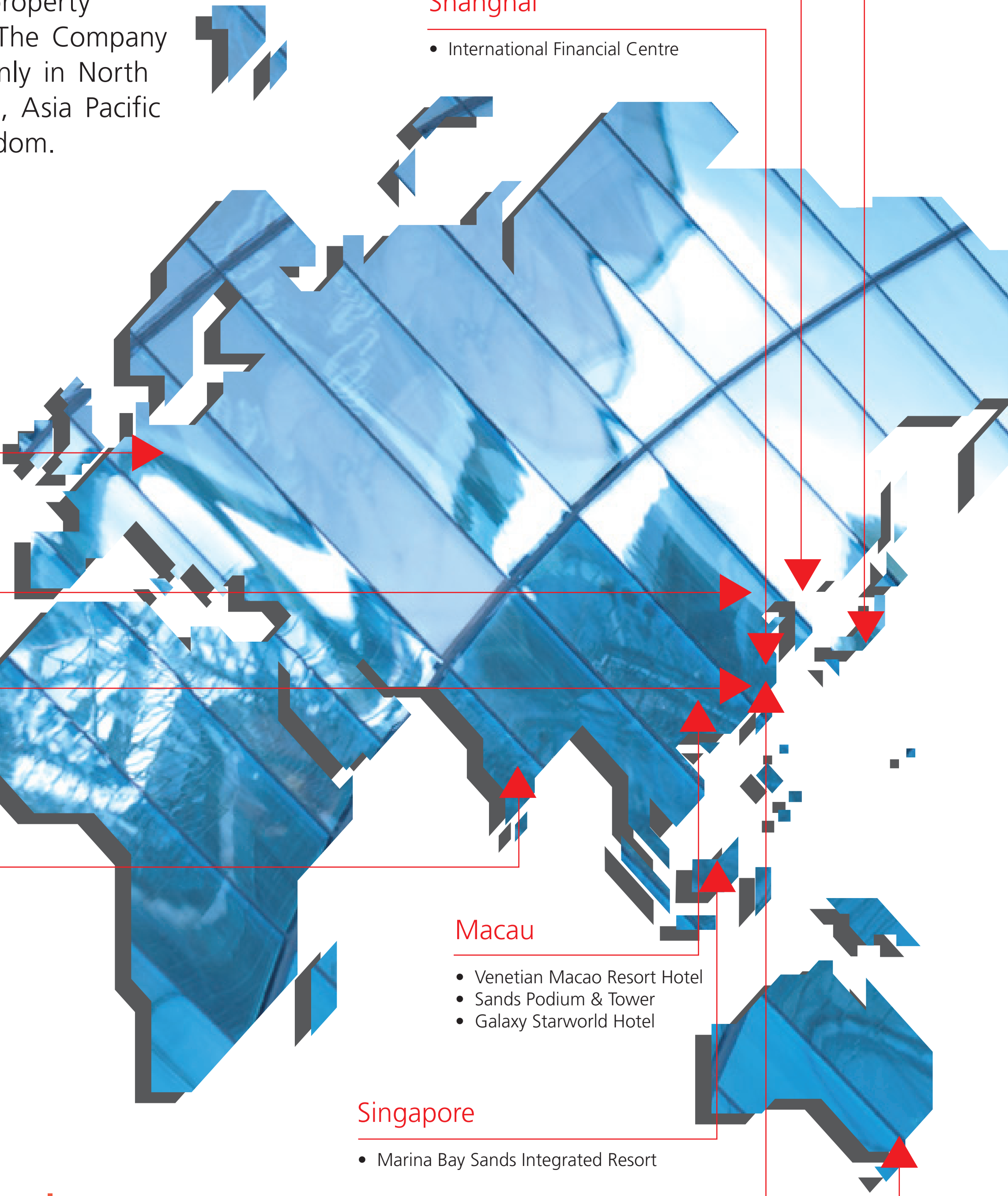
Mission & Vision

We believe the world of ideas is infinite and when passionate design is integrated with advanced engineering, results are often extraordinary. We are dedicated to elevating the industry standards and broadening our global presence. At the same time, we strive to bring our clients' most imaginative drawing concept to reality.

Contents

About Far East Global

Established in 1969, Far East Global Group is one of the world's leading speciality engineering firms in providing one-stop curtain wall and building facade solution for high-end property development projects. The Company is running projects mainly in North America, Greater China, Asia Pacific as well as United Kingdom.



Shenyang
- New World Int'l Connvention & Exhibition Centre

Shanghai
- International Financial Centre

London
- 71 Queen Victoria Street

Beijing
- CYTS Plaza

Hong Kong
- The One
- Kerry Centre
- Kai Tak Cruise Terminal

Dubai
- Burj Khalifa
- Sama Tower
- Darwish Tower

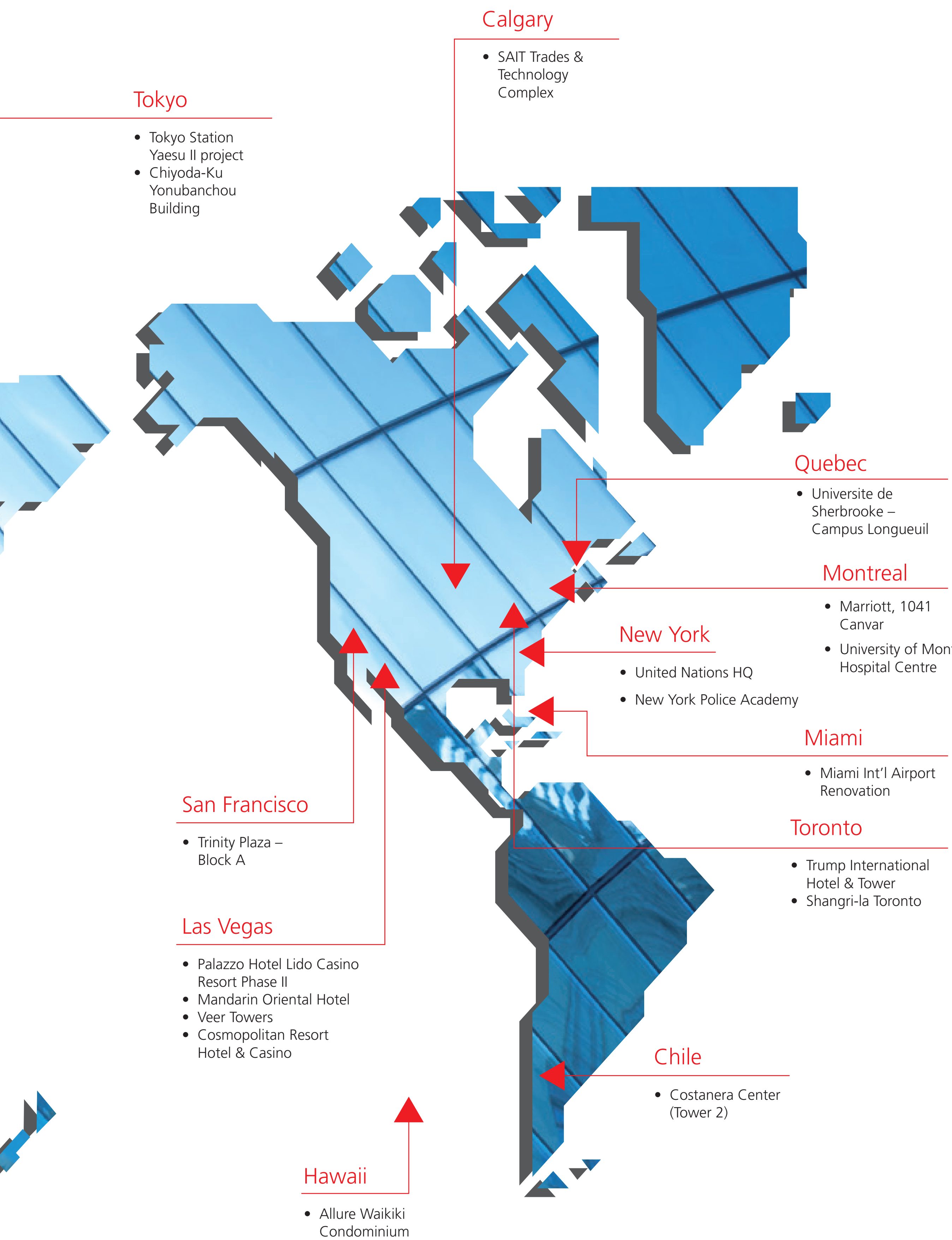
Macau
- Venetian Macao Resort Hotel
- Sands Podium & Tower
- Galaxy Starworld Hotel

Singapore
- Marina Bay Sands Integrated Resort

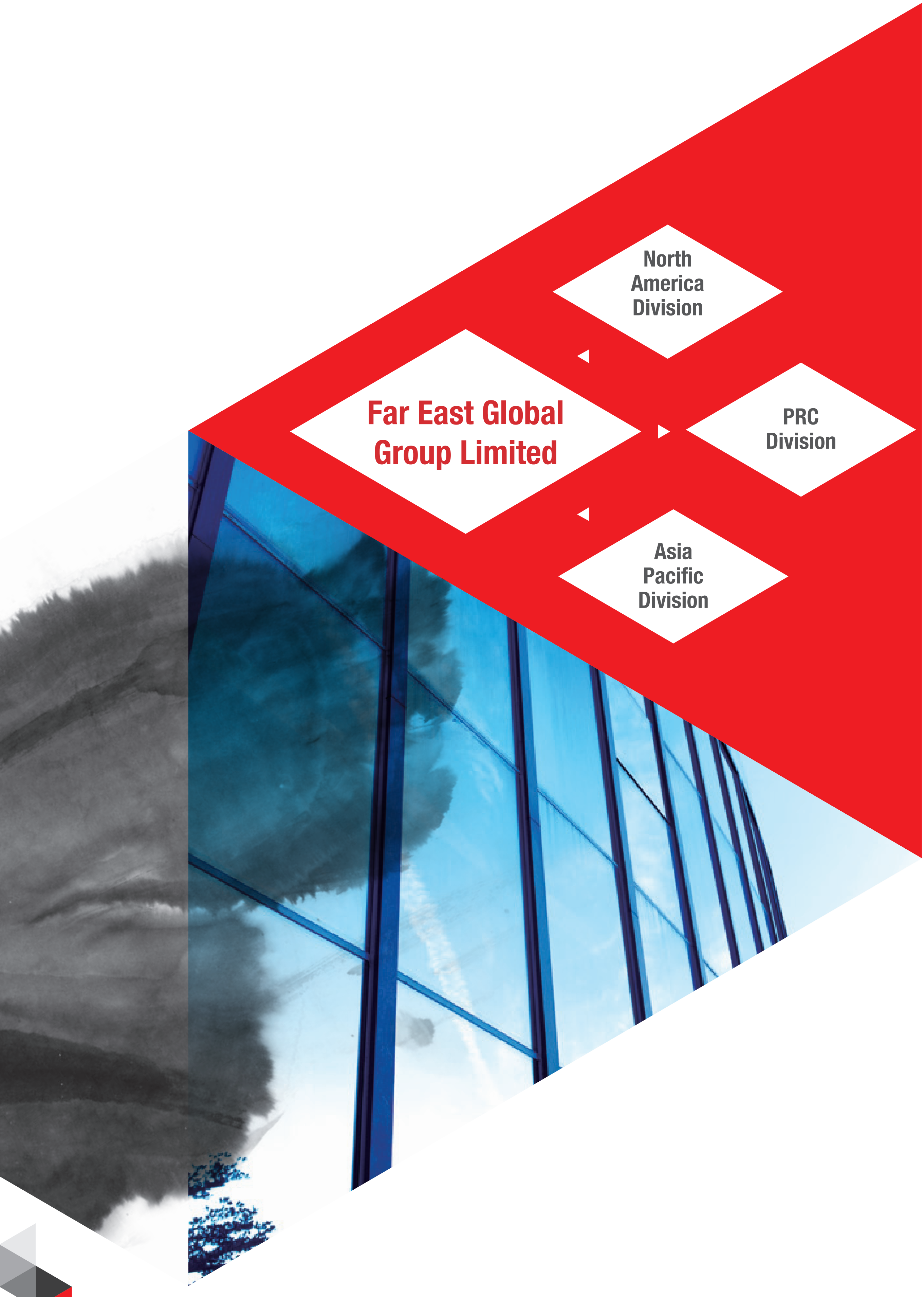
Zhangzhou
- Dynasty Park

Melbourne
- Upper West Side T2
- Prima Pearl

Our Global Presence


Calgary
• SAIT Trades & Technology Complex
Tokyo
• Tokyo Station Yaesu II project
• Chiyoda-Ku Yonubanchou Building
Quebec
• Universite de Sherbrooke – Campus Longueuil
Montreal
• Marriott, 1041 Canvar
• University of Montreal Hospital Centre
New York
• United Nations HQ
• New York Police Academy
Miami
• Miami Int'l Airport Renovation
San Francisco
• Trinity Plaza – Block A
Toronto
• Trump International Hotel & Tower
• Shangri-la Toronto
Las Vegas
• Palazzo Hotel Lido Casino Resort Phase II
• Mandarin Oriental Hotel
• Veer Towers
• Cosmopolitan Resort Hotel & Casino
Chile
• Costanera Center (Tower 2)
Hawaii
• Allure Waikiki Condominium

Corporate Structure



Major Events of the Year 2012

February

The Company alloted and issued new shares to China State Construction International Holdings Limited ("CSCIHL") and it became the controlling shareholder of the Company.

March

Announcement of 2011 annual results on 30 March 2012.

April

The Company was awarded of new contracts in Mainland China and USA.

Upper West Side T2, Melbourne

May

The Company was awarded of the first new contract in Australia.

June

The Company entered into a sub-construction engagement agreement with each of CSCIHL and China State Construction Engineering Corporation Limited ("CSCECL") for the continual development of the Company's business. The Company expects the synergy effect to provide exterior facade solutions to CSCIHL and CSCECL.

University of Montreal Hospital Centre, Montreal

July

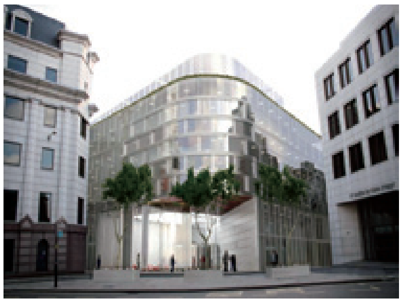
The Company was awarded of major contract in Canada.

Buffalo City manufacturing facility

August

Announcement of 2012 interim result on 15 August 2012.

The Company purchased manufacturing facility in Buffalo City, New York, USA to further expand the capacity in North America Region.



71 Queen Victoria London

October

The Company was awarded of the first project in UK.

December

The Company recorded new contract value awarded of HK$1,176 million in 2012, representing a year on year growth of 60.2% and accomplishment of the full year target.

Major Projects in Progress Overview

Costanera Center, Chile

Project Name(1)

Mainland China

New World International Convention and Exhibition Centre (Podium roofing), Shenyang
Dynasty Park, Zhangzhou

Hong Kong & Macau

Kai Tak Cruise Terminal, Hong Kong
New International Mail Centre, Kowloon Bay, Hong Kong
Residential Development at Sai Wan Terrace, S.I.L. 761, Hong Kong
Sha Tin Communication & Technology Centre, Hong Kong
St. Paul's Hospital, Block B, Causeway Bay, Hong Kong
Nova City, Phase 4, Macau

North America

Lot B Refurbishment of United Nation Headquarters, New York
The New School University Center Building, 65 5th Avenue, New York
New York City Department of Design and Construction
— New York Police Academy, New York
Sanitation Garage, 500 Washington Street, New York
World Trade Center Site Retail Pre-Tenant Parking Garage Fit Out, New York
420 East 61st Street, New York
1565 West 6th Avenue, Vancouver
150 Elgin, Ottawa
Marriott, 1041 Canvar, Montreal
Tour Viger/Altoria, Montreal
University of Montreal Hospital Centre, Montreal
Jewish General Hospital — Pavilion K, Montreal

Asia(2) & Others

71 Queen Victoria Street, London
Upper West Side T2, Melbourne
Prima Pearl, Melbourne

South America

Costanera Center (Tower 2), Chile

Project Type	Estimated Contract Sum HK$/m	Year of Actual/ Estimated Commencement	Year of Estimated Project Completion
Exhibition Centre	98.1	2011	2013
Residential	20.9	2012	2013
Passenger Terminal	364.0	2011	2013
Public Building	60.4	2011	2013
Residential	85.5	2011	2013
Multipurpose Complex	137.8	2013	2014
Hospital	113.0	2013	2014
Residential	32.3	2012	2013
Public Building	246.1	2009	2014
Public Building	160.6	2010	2013
Public Building	320.6	2010	2013
Public Building	100.6	2011	2013
Public Building	209.8	2012	2014
Residential	134.2	2012	2013
Residential	8.7	2012	2013
Commercial	80.9	2012	2014
Hotel	81.1	2011	2013
Multipurpose complex	88.8	2012	2014
Hospital	471.9	2012	2014
Hospital	78.3	2012	2014
Commercial	36.0	2012	2013
Residential	19.4	2012	2013
Residential	88.4	2012	2014
Commercial	212.9	2008	2013

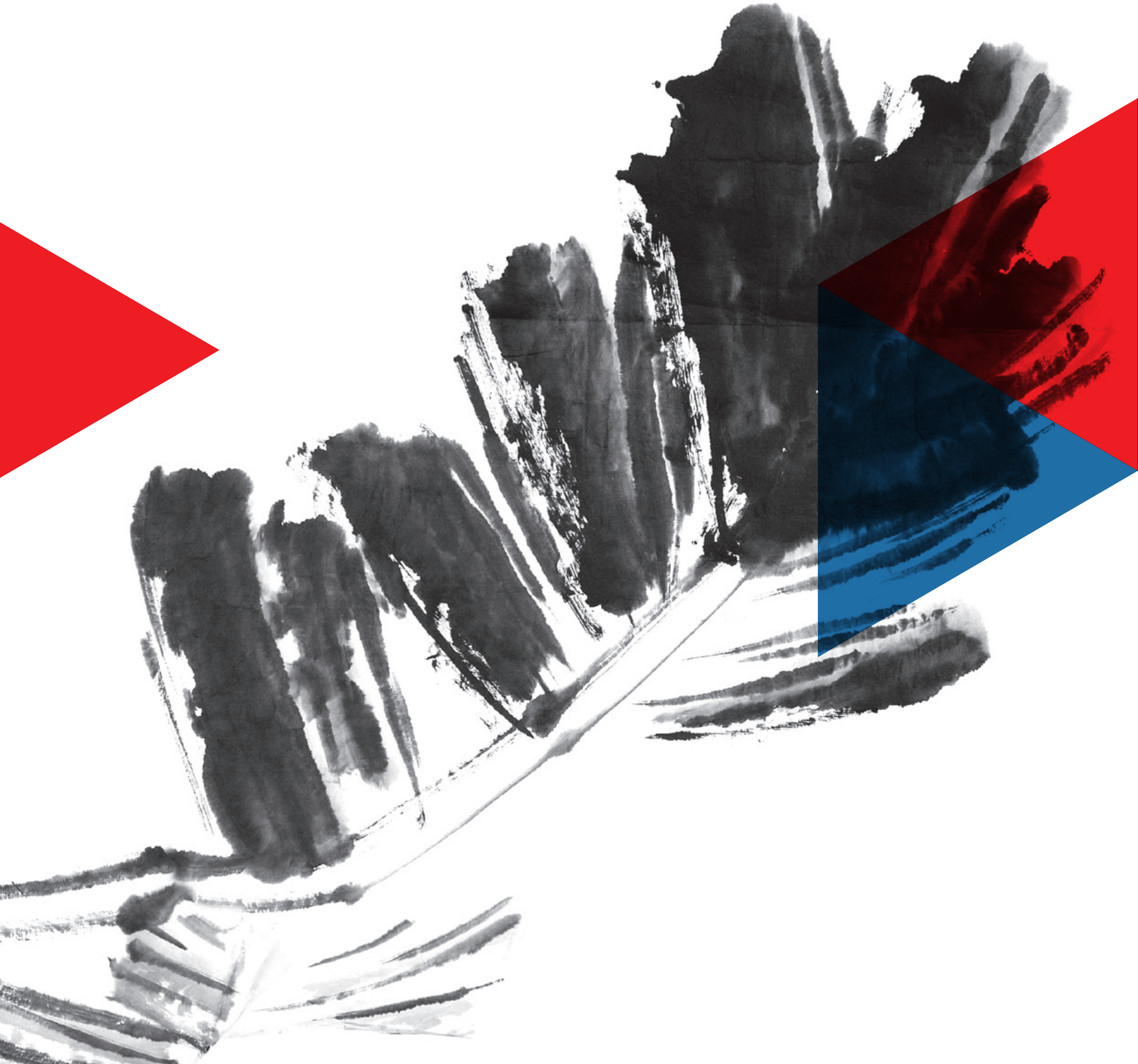
Notes:

(1) The scope of work undertaken in the projects set forth in the table generally involves the design, fabrication, supply and installation of curtain walls and other building facade products except projects in Melbourne which are design and supply only projects.

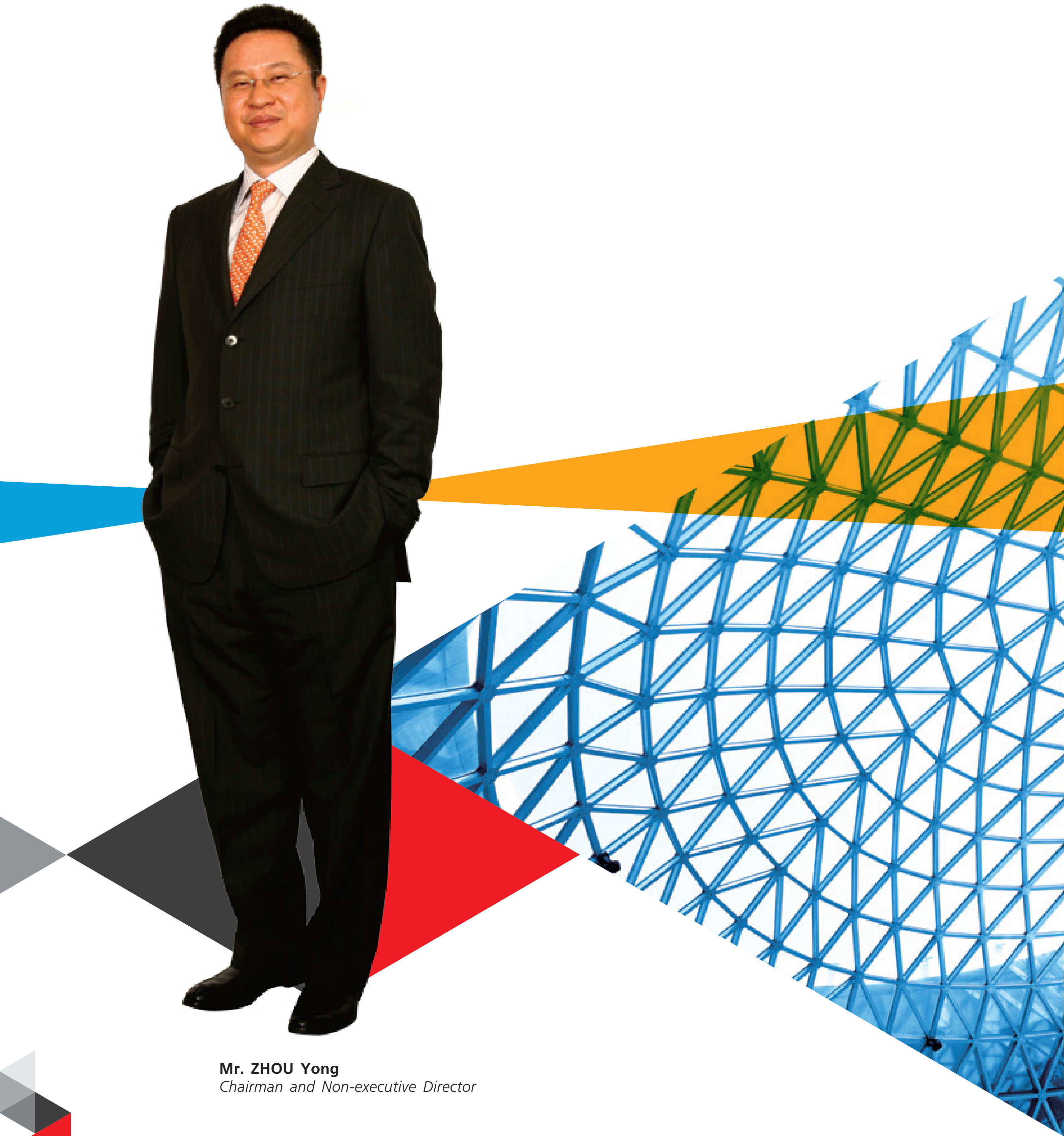
(2) As used herein, Asia consists of Asian Countries/Cities excluding the Greater China region (which included Mainland China, Hong Kong and Macau).

Chairman's Statement

Far East Global now has the strategy, resources, and adherence to transform into a multi-discipline global enterprise.

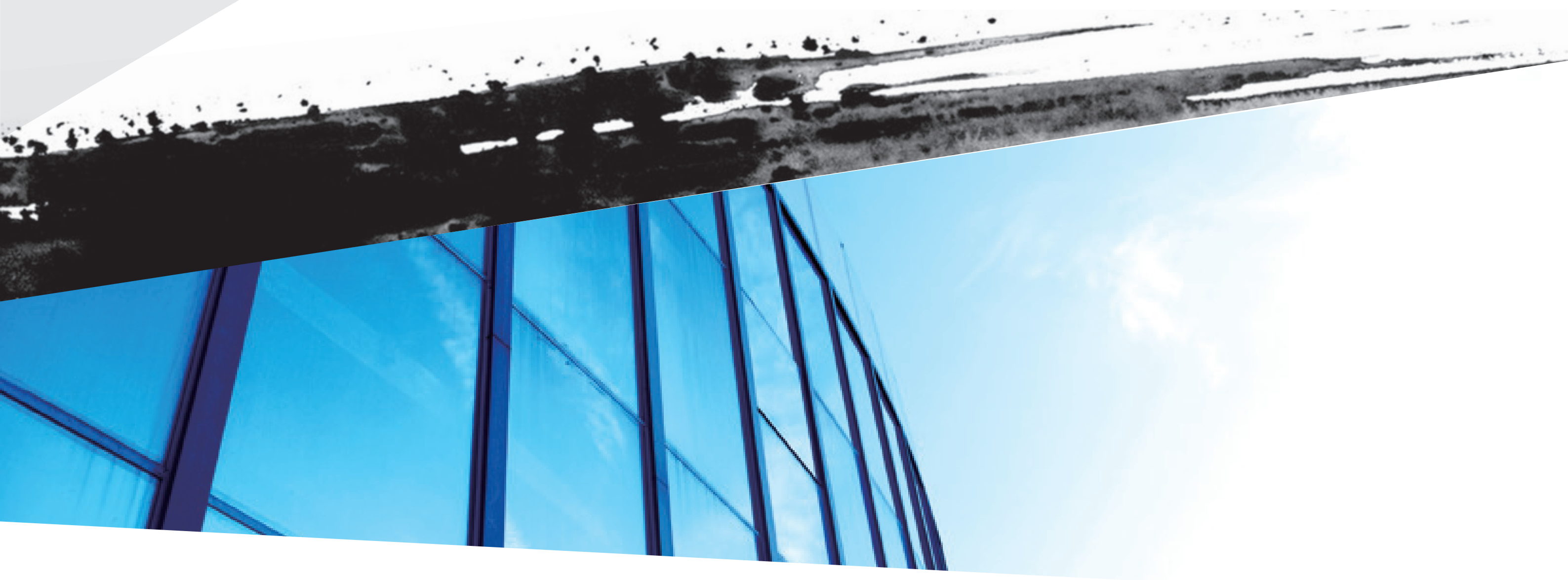


Chairman's Statement



Mr. ZHOU Yong
Chairman and Non-executive Director

The Group has been engaged in the curtain wall industry for over forty years and established its own unique operation model.



RESULTS

During the year ended 31 December 2012, the Group recorded an audited total revenue of approximately HK$1,295.8 million, representing an increase of 52.9% year-on-year; loss attributable to owners of the Company was approximately HK$136.3 million.

REVIEW OF OPERATION

The Group experienced many significant events in 2012. During the first half of the year, China State Construction International Holdings Limited ("CSCIHL", a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 03311) completed the acquisition of controlling shareholding of the Company. Under the leadership of the new Board, the Group underwent a series of structural reorganization to optimize resource utilization and efficiency, on the other hand, the Group set up a new fabrication and processing centre at Buffalo City in USA to strengthen its existing high-end curtain wall business.

North America Region

The local demand for high-end curtain wall increased due to the recovery of the North America construction markets, and both USA and Canada mainly supported the demand for their local products, thus the Company localised its fabrication and production business in North America to enhance competitiveness, quality and reputation of the Group. With the establishment of companies in the North America region and their efforts, the value of new contracts in the North America region in 2012 was better than that of the same period last year. The Group also obtained the first curtain wall project contract in London in 2012 to further expand new markets.

Asia-Pacific Region

In 2012, Hong Kong headquarters restructured its departments through reforming various businesses, structure and departments, to enhance the competitiveness of the Company and pave way for business development in the Asia-Pacific region in the future. Leveraging on the synergies with CSCIHL in Hong Kong and Macau construction markets, the Group successfully obtained a curtain wall contract in Macau in 2012, and also secured a curtain wall contract in Hong Kong in January 2013. In terms of projects in progress, the Group accelerated the process of Hong Kong Kai Tak Cruise Terminal Passenger Building, which is expected to be completed within this year. Through actively exploring new potential markets, the Group obtained the first curtain wall contract in Australia in 2012, which further reflected the international presence of the Group.

Mainland China Region

As a result of control measures implemented by the Chinese government, the fund approval procedures relating to construction market were tightened and together with fierce competition, resulting in a slowdown in domestic expansion of the Group. The Group adjusted its previous strategies upon the domestic market to cope with the restructuring change. The Group set up the PRC division in 2012 to manage its Mainland China operation, and strengthened communication with its domestic parent company and local developers following its structural reorganization, for the purpose of seeking more potential projects in the Mainland China high-end curtain wall market.

New Projects Awarded

The Group secured 12 new contracts in 2012, which total contract value of approximately HK$1,176 million, among which the North America region accounted for 89.7%, the Asia-Pacific region accounted for 4.7%, and Greater China accounted for 5.6%. The new projects included University of Montreal Hospital Centre and Jewish Hospital — Pavilion K in Montreal, Canada and World Trade Center Site Retail Pre-Tenant Parking Garage Fit Out in New York, USA, etc. Year to date of this report, the Group secured 4 new projects and the total value of these contracts is approximately HK$443 million.

Projects in Progress

During the year ended 31 December 2012, total contract value of projects in progress was approximately HK$2,900 million, among which contract value attributable to the uncompleted projects was approximately HK$1,682 million. Refer to page 6 for overview of major projects in progress.

PROSPECTS

Market Situation

The increasing demand for high-end curtain wall is due to various economic stimulus plans put forward by developed western countries which had positive impact on the recovery of construction market. However, some countries in North America carried out an anti-dumping investigation against curtain wall products made in Mainland China, so those companies which rely on Chinese production and operate in these countries must adjust their strategies to maintain competitive power and market share. Although local governments' austerity measures resulted in a slowdown in economic growth, the urbanization is developing at different speeds across the cities, and the needs of high-end curtain wall technology remains important. Therefore, it is worth developing high-end curtain wall market in Mainland China, but also necessary to pay attention to the impact of the stringent approval in domestic loans on the overall investment opportunities.

Operating Strategies

The Group has been engaged in the curtain wall industry for over forty years, and established its own unique operation model and competitive advantages in Hong Kong, Mainland China and overseas. In 2013, the Group will further develop and strengthen high-end curtain wall market by improving design capability, quality and cost-control, following internal optimisation and adjustment in 2012. We will always actively seek projects in North America, Asia-Pacific and Mainland China, and expand into new markets when suitable opportunities arise to increase our market share and maintain our leadership position in the industry. The production of curtain wall in North America will be further localized to meet the needs of the local market, cut down overseas transportation cost and carbon emissions, and reduce the impact of anti-dumping policy. The Group will continue to focus on the trend of construction market of Hong Kong and Macau in the Asia-Pacific region to capture opportunities, and also keep a watchful eye on latest changes in other regions and fine-tuned our strategies. The urbanization is continuing in Mainland China, and the construction of large-scale projects creates a huge demand for high-end curtain wall in the future. Accordingly, the Group will emphasis on seeking favourable tenders to increase our market share in Mainland China. Furthermore, the Group will proactively explore different investment platforms to bring new opportunities for the Group and accelerate our expansion progress.

The Group attaches great importance to excellent project management model and will actively improve the management of design, procurement, processing, transportation, construction and safety monitoring, meanwhile use more environment-friendly production methods, to deliver curtain wall solutions with quality assurance for our customers. We will adhere to prudent financial management and centralized monitoring to maintain a sound financial position. The Group will also improve the human resources management system to create a good international team, and reinforce information management to enhance staff's internal and external communications. The Group will actively participate in more community care activities in the future to establish a healthy corporate citizenship image.

Our Mission

The Group strives to provide timely, environment-friendly and high-quality services, increase our customer confidence and consolidate the high-end curtain wall leadership position.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank the leadership of the Board, our shareholders and customers support and continuous efforts of all our staffs.

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

Hong Kong, 13 March 2013

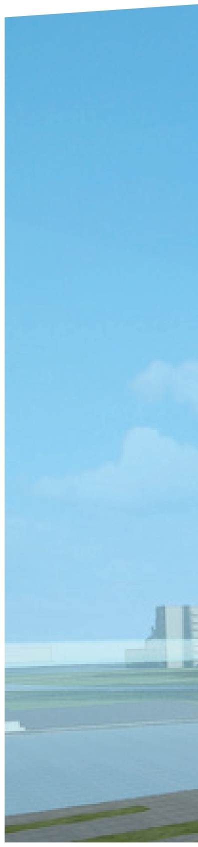
Management Discussion and Analysis

Kai Tak Cruise Terminal, Hong Kong

CHANGE OF THE CONTROLLING SHAREHOLDER

In February 2012, Add Treasure Holdings Limited, a wholly-owned subsidiary of China State Construction International Holdings Limited ("CSCIHL") subscribed from the Company 1,038,550,000 shares of the Company and immediately after the completion of the subscription, the CSCIHL group of companies in aggregate holding approximately 53.1% of the then issued share capital of the Company, was required to make a mandatory offer for all the shares of the Company pursuant to the Takeovers Code. Following the completion of mandatory offer and the subsequent placing of shares in the Company, as at the date of this report, CSCIHL holds 74.06% interest in the shares of the Company and is the controlling shareholder of the Company.

Management Discussion and Analysis



BUSINESS REVIEW

For the reporting year, the Group reported turnover of approximately HK$1,295.8 million (2011: HK$847.6 million), an increase of approximately 52.9% compared to last year. Loss attributable to owners of the Company was approximately HK$136.3 million, compared to profit of HK$76.6 million in last year. It was mainly attributable to impairment of receivables, the one-off restructuring costs for the PRC factory, impairment of goodwill and provision for project cost as set out in note 7 and note 14 to the consolidated financial statements.

In 2012, the Group actively pursued structural reorganization to optimize resource utilization and efficiency. The Group focused on restructuring and standardizing the operational and financial procedures for its operations in different regions and putting in place internal control systems to monitor the operation efficiency and financial integrity.

The Group restructured the North America operation of which the major subsidiaries are Gamma USA, Inc. and Gamma Windows and Walls International Inc. (collectively referred to as "North America Division") to better fit overall strategies of the Group. To further strengthen North America Division's capabilities in design, manufacturing and assembly, the Group has acquired a production centre in Buffalo City, New York, USA during early August 2012. While North America Division has successfully increased contribution such that revenue from North America region accounted for 59.5% of 2012 total Group revenue or approximately HK$771.1 million, project margins from North America Division has come under pressure from highly challenging engineering requirements and setup cost of the new factory acquired in the second half of the year. North America Division's project backlog amounts to HK$1,236.3 million as at December 31, 2012. The Group expects contribution of new contracts from North America Division to continue alongside improvement of project margins in new projects to be awarded in 2013. The Group also expects margins to improve in 2013 through increasing operational leverage as the division's revenue size grows. The Group has set specific performance targets for North America Division and hopes 2013 to be a banner year post restructuring and integration.

The Group's UK office, now restructured to be managed by North America Division and is expected to make contribution to the revenue in 2013 as the brand becomes established in UK.

During the year, the Group established PRC division to seek expansion opportunities in Mainland China market, especially those skyscraper projects in China. Furthermore Asia Pacific division adopted measures to streamline processes and optimize costs on procurement, design, and operational levels, and make necessary adjustments on employees' incentive programs to retain and attract key talent for the Group.

University of Montreal Hospital Centre, Montreal

As of 31 December 2012, the Group has secured new contracts with an aggregate value of approximately HK$1,176.4 million. Moreover, year to date of this report, the Group has further secured a total new contract value of approximately HK$443.1 million. Major new contracts include the following:

Contracts secured in 2012

1. World Trade Center Site Retail Pre-Tenant Parking Garage Fit-Out, New York, USA
2. Tour Viger/Altoria, Montreal, Canada
3. Dynasty Park (Phase 1), Zhangzhou, China
4. Apple Shop, Wangfujing, Beijing, China
5. Upper West Side T2, Melbourne, Australia
6. 150 Elgin Street Office Complex, Ottawa, Canada
7. Jewish General Hospital — Pavilion K, Montreal, Canada
8. University of Montreal Hospital Centre, Montreal, Canada
9. Nova City (Phase 4), Macau
10. 420 East 61st Street, New York, USA
11. 71 Queen Victoria Street, London, UK

Management Discussion and Analysis


New World Int'l Convention & Exhibition, Shenyang

Contracts secured in 2013

1. St. Paul's Hospital Block B, Hong Kong
2. Shatin Communication and Technology Centre, Hong Kong
3. Prima Pearl, Melbourne, Australia
4. St. Justin Hospital, Montreal, Canada

Segment Analysis

Revenue derived from North America increased by approximately HK$328.4 million, or approximately 74.2%, from approximately HK$442.7 million for the year ended 31 December 2011 to approximately HK$771.1 million for the year ended 31 December 2012 as a result of the contribution from the newly acquired subsidiaries in North America. The gross profit decreased by approximately HK$32.4 million from approximately HK$101.6 million to HK$69.2 million. It is mainly because of the setup cost of newly acquired factory which has not operated at full capacity in the second half of the year and the increase in project costs of certain projects in Canada with highly challenging engineering requirements.

Revenue derived from Greater China increased by approximately HK$195.8 million, or approximately 76.7%, from approximately HK$255.3 million for the year ended 31 December 2011 to approximately HK$451.1 million for the year ended 31 December 2012. The increase in revenue was primarily due to the fact that our new project in Hong Kong like the Kai Tak Cruise Terminal in Hong Kong had desirable progress during the year.

New School University, New York

SAIT Trades & Technology Complex, Calgary

The Group recorded a loss of approximately HK$1 million in Greater China region as a result of a provision for increased cost of the projects in the region.

In the absence of the contribution from completed projects in Singapore, Japan and Dubai and the substantial completion of the Costanera Centre (Tower II) project in the first half of the year, revenue derived from Asia and others for the year ended 31 December 2012 was decreased by approximately HK$76.1 million from approximately HK$149.6 million for the year ended 31 December 2011 to approximately HK$73.5 million for the year ended 31 December 2012 whereas the gross profit reported a decrease from approximately HK$33.1 million to HK$8.8 million as a result of an a provision for additional cost of the Chile project.

Administrative expenses

During the year ended 31 December 2012, the Group's administrative expenses were approximately HK$198.4 million (31 December 2011: approximately HK$104.9 million), representing an increase of approximately 89.1% as compared to last year. The increase was mainly due to the consolidation of the administrative expenses of North America Division during the year as compared with the consolidation of expenses of the newly acquired subsidiaries in North America in 4th quarter of 2011.

Finance costs

During the year ended 31 December 2012, the Group's finance costs were approximately HK$3.4 million (31 December 2011: HK$0.6 million). This was mainly due to the consolidation of the full year of finance cost increased by North America Division in 2012 while the finance cost incurred by the division was consolidated of last quarter in 2011.

Shangri-la, Toronto

Marriott, 1041 Canvar, Montreal

Costanera Center, Chile

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is sound and strong. At 31 December 2012, the Group had net cash of approximately HK$289.0 million (2011: approximately HK$37.0 million), which represented total bank and cash balances of approximately HK$340.5 million (2011: approximately HK$127.2 million) and total debt of approximately HK$51.5 million (2011: approximately HK$90.2 million). On the basis of net borrowings for the calculation of gearing ratio, the Group was practically debt free as at 31 December 2011 and 2012. Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK$1,044.3 million, the Group had sufficient financial resources to meet the business development and expansion. The Group's borrowings have not been hedged by any interest rate financial instruments.

As at 31 December 2012, the Group's equity attributable to owners of the Company amounted to approximately HK$1,093.9 million (31 December 2011: approximately HK$574.4 million), comprising issued capital of approximately HK$21.6 million (31 December 2011: HK$11.1 million) and reserves of approximately HK$1,072.3 million (31 December 2011: approximately HK$563.3 million).

Trump International Hotel & Tower, Toronto

New York Police Academy

Miami International Airport

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2012, the Group employed a total of 1,429 (31 December 2011: 364) employees. The Group has sound policies of management incentives and competitive remuneration, which align the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds as well as incentives such as discretionary bonus and participation in the share option scheme.

FOREIGN CURRENCY RISK

The Group's foreign currency exposures primarily arise from certain sales or purchases by operating units in currencies other than the unit's functional currency where these sales or purchases are mainly denominated in United States dollar, Renminbi, United Arab Emirates Dirham, Canadian dollar and Singapore dollar.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currencies should the need arise.

Directors and Organisation

Mr. ZHOU Yong

BOARD OF DIRECTORS

Mr. ZHOU Yong

Chairman and Non-executive director
Chairman of the Nomination Committee
Member of the Remuneration Committee

Aged 42, was appointed as a Non-executive Director of the Company and the Chairman of the Board since 2 March 2012. Mr. Zhou graduated from Changsha Academy of Military Engineering and University of South Australia. Mr. Zhou is Fellow of The Chartered Institute of Building (UK) and The Institution of Civil Engineers (UK). Mr. Zhou joined China State Construction Engineering Corporation ("CSCEC") in 1994 and was seconded to the China State Construction International Holdings Limited ("CSCIHL", listed on the Main Board of the Stock Exchange) Group in 1996. Mr. Zhou has been a director of certain subsidiaries of CSCIHL since 2001. Currently, Mr. Zhou is an executive director, vice-chairman and chief executive officer of CSCIHL and a director of China Overseas Holdings Limited ("COHL"). CSCEC, COHL and CSCIHL are all controlling shareholders of the Company. Mr. Zhou was awarded the "Director of the Year Award — Executive Director of Listed Companies (SEHK — Non Hang Seng Index Constituents)" by The Hong Kong Institute of Directors in 2009. Mr. Zhou has more than 20 years' construction, project and corporate management experience in Mainland China and Hong Kong, in particular, specializes in investment and development new business startup, formulating and executing business strategies for companies.

Dr. CHEONG Chit Sun

Dr. CHEONG Chit Sun

Vice-chairman, Executive Director and Chief Executive Officer
Member of the Nomination Committee
Member of the Remuneration Committee

Aged 61, was appointed as an Executive Director, Chief Executive Officer of the Company and Vice-chairman of the Board since 2 March 2012. Dr. Cheong is also a director of the Company's subsidiaries. Dr. Cheong graduated from the Hong Kong Baptist University (formerly known as Hong Kong Baptist College) and the University of Hull (UK) and obtained a PhD Degree from University of Loughborough (UK). Dr. Cheong is a Fellow of The Institution of Civil Engineers (UK) and a member of The Hong Kong Institution of Engineers. Dr. Cheong joined the CSCIHL Group in 2003 and has been a director of certain subsidiaries of CSCIHL since 2004. Dr. Cheong was an executive director of CSCIHL, was re-designated as a non-executive director on 2 March 2012 and resigned from the CSCIHL Board on 22 August 2012. Dr. Cheong has over 39 years' experience in engineering, construction and project management in Hong Kong and overseas.

Directors and Organisation

Mr. WANG Hai

Mr. WANG Hai

Executive Director and Chief Operating Officer

Aged 40, was appointed as an Executive Director and Chief Operating Officer of the Company since 15 August 2012. Mr. Wang is also a director of the Company's subsidiaries. Mr. Wang joined the Company as Vice President of Operation in March 2012. Mr. Wang graduated from Tianjin University and Greenwich University and is a member of the Royal Institution of Chartered Surveyors. Mr. Wang joined CSCEC in 1994 and started getting involved in the operation of certain subsidiaries of CSCIHL since 2003. Mr. Wang is a director of a joint venture between China State Construction Engineering Corporation Limited ("CSCECL", a controlling shareholder of the Company) and CSCIHL. Mr. Wang has over 19 years of experience in construction engineering and project contract management as well as several years of experience in infrastructure investment.

Mr. CHAN Sim Wang

Mr. CHAN Sim Wang

Executive Director and Chief Financial Officer

Aged 44, was appointed as an Executive Director and Chief Financial Officer of the Company since 2 March 2012. Mr. Chan is also a director of the Company's subsidiaries. Mr. Chan graduated from Hong Kong Baptist University (formerly known as Hong Kong Baptist College). Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants, Fellow of the Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan joined the CSCIHL Group in 1997 and has been a director of one of the subsidiaries of CSCIHL since 2010. Prior to joining the Company, Mr. Chan was deputy general manager of Finance and Treasury Department of CSCIHL. Mr. Chan has over 20 years' experience in finance, accounting and auditing. Mr. Chan has experience in supervising the accounts and finance departments of various subsidiaries of CSCIHL in Mainland China and overseas.

Mr. ZHOU Jinsong

Mr. ZHOU Jinsong

Independent Non-executive Director
Chairman of the Audit Committee
Member of the Nomination Committee
Chairman of the Remuneration Committee

Aged 42, was appointed as a Director on 8 March 2010 and was subsequently designated as an Independent Non-executive Director on 10 March 2010. Mr. Zhou graduated from Guangdong Radio and TV University (廣東廣播電視大學) in 1992 and with a Master of Business Administration degree from Harbin Institute of Technology (哈爾濱工業大學) in 2003. Mr. Zhou is a Certified Public Accountant licensed in the PRC. Mr. Zhou has extensive experience in accounting, audit and business advisory in various audit firms and private companies in the PRC. Mr. Zhou was an accountant supervisor in the fund management office of the Shenzhen Cultural Development Department (深圳市宣傳文化事業發展專項基金領導小組辦公室) from 1995 to 2002. Mr. Zhou was an independent non-executive director of Macau Investment Holdings Limited (a company listed on the Main Board of the Stock Exchange) until 12 January 2011. Mr. Zhou is currently the president of Weiya, an accounting firm in Shenzhen.

Mr. YEN Homer Shih Hung

Mr. YEN Homer Shih Hung

Independent Non-executive Director
Member of the Audit Committee
Member of the Nomination Committee
Member of the Remuneration Committee

Aged 54, was appointed as a Director on 8 March 2010 and was subsequently designated as an Independent Non-executive Director on 10 March 2010. Mr. Yen graduated from the Southern California Institute of Architecture with a Master's degree of Architecture in 1986. Mr. Yen is a professional architect licensed in California, a member of the American Institute of Architects and a member of the Royal Architectural Institute of Canada. Mr. Yen is an experienced real estate developer and has over 16 years of experience in architectural design, development and marketing of a wide variety of real estate projects in Southern California. Mr. Yen is currently the manager of real estate private equity firm, Ginkgo Pacific Management, LLC.

Mr. HONG Winn

Mr. HONG Winn

Independent Non-executive Director
Member of the Audit Committee
Member of the Nomination Committee
Member of the Remuneration Committee

Aged 43, was appointed as a Director on 8 March 2010 and was subsequently designated as our Independent Non-executive Director on 10 March 2010. Mr. Hong obtained a Bachelor of Science degree in Aerospace Engineering and a Master of Science degree in Mechanical Engineering from the University of California, Los Angeles in 1993 and 1996, respectively. Mr. Hong graduated from the University of Chicago with a Master of Business Administration degree in 2005. Mr. Hong is a senior technology development manager for the Alfred E. Mann Institute for Biomedical Engineering at the University of South California (AMI-USC) focusing on biotechnology, medical device, and medical and health care technologies. Mr. Hong has over 13 years of experience in high-tech product development and high-tech start-up success and leadership.

Senior Management

Mr. Elliot KRACKO
Vice President and President of North America Division

Aged 65, has over 40 years of experience in the aluminium and glass curtain wall, window wall and façade recladding industry. His diversified knowledge extends from design, fabrication, to installation for large scale commercial and residential buildings. He has established a reputation with prestigious real estate developers and architects in metropolitan New York City, as one of the most recognized and respected individuals in this field. Mr. Kracko's expertise includes significant projects completed in United States and Canada. Presently as Chief Officer of the affiliated companies Gamma USA and Gamma Windows and Walls International in Canada, he is responsible for new business development and executing business strategy for new curtain wall contracts in the region.

Mr. HO Wai Man, Raymond
Vice President and President of Asia Pacific Division

Aged 51. Mr. Ho received his Bachelor of Science degree in Civil Engineering from the National Cheng Kung University, Taiwan in 1984 and a Master of Science degree in Civil Engineering from the Queen's University of Belfast, United Kingdom in 1986. He is the member of Hong Kong Institute of Construction Managers. Mr. Ho has over 27 years' experience in engineering, construction, contract administration, project management, tendering and business development in Hong Kong and overseas.

Mr. QIN Ji Dong
Vice President

Aged 45. Mr. Qin graduated from the Tianjin University and the Loughborough University (UK). Mr. Qin joined CSCIHL Group in 1996. He has been a director of certain subsidiaries of the CSCIHL Group since 2004. Mr. Qin has over 20 years' experience in international construction project management. He is responsible for the Group's operation in Dubai.

Mr. QU Bao Cheng
Deputy General Manager and General Manager of PRC Division

Aged 38, is also the President of Netfortune (Shanghai) Aluminium Works Company Limited and Far East Facade Manufacturing (Shenzhen) Limited. He joined the Group since November 2012. Mr. Qu graduated from Harbin University of Architecture and obtained a Bachelor Degree in International Project Management and is a Certified Constructor. Mr. Qu joined CSCIHL in 2001 and has 10 years of experience in project management in Hong Kong and Macau, and was responsible for implementation of many large scales property construction projects. Mr. Qu was the president and general manager of Shenzhen Novophalt Asphalt High Technology Company Limited in 2011.

Mr. Jim MITCHELL
Vice President of North America Division

Aged 53, is responsible for the Group's Canadian curtain wall operations. Mr. Mitchell started his career in Canada with Kawneer Inc.. He joined Antamex International Inc., a Canada-based custom designer and fabricator of curtain wall and cladding systems as Executive Vice President and Partner in 2000. In 2011 Mr. Mitchell joined Gamma International — bringing his over 30 years of industry experience to the Group. Mr. Mitchell held various operational and sales positions in North America and Asia during his over 32 years in the business.

Mr. LI Xu Guang
Deputy General Manager of PRC Division

Aged 47, has over 25 years of experience in engineering and project management. He joined the Group as the General Manger of Netfortune (Shanghai) Aluminium Works Company Limited (a subsidiary of the Group) in 2008 and was assigned as the Deputy General Manager for Far East PRC Division in November 2012. He is now also the General Manager of Far East Facade Manufacturing (Shenzhen) Limited. Mr. Li is responsible for operation management and market development in PRC region. Mr. Li received his Bachelor of Engineering degree from Wuhan Polytechnic University in 1987.

Mr. Edward M. BOYLE, III
Vice President of Asia Pacific Division

Aged 52, is responsible for the Group's curtain wall operations in the Asia Pacific Region. Mr. Boyle has held various senior management positions, vice president, president, chief operating officer, chief executive officer, and director with industry leading designers, manufacturers and installers of bespoke curtain wall and cladding systems in North America, Europe, and Asia. In 2012 Mr. Boyle joined the Group — bringing his 30 years of industry experience to the Group.

Mr. Johnson FONG
Director of Finance & Business Development

Aged 33, joined the Group in September 2010. He has over 8 years of corporate finance experience and has previously worked at investment banks in Hong Kong and New York. Mr. Fong received his Master of Science in Financial Engineering degree from Columbia University, United States in 2004 and a Bachelor of Science in Electrical Engineering degree from Washington University, United States in 2001.

Mr. LAU Sai Ying, Alan
Marketing Director

Aged 52, has over 20 years of engineering and facade system project management experience in Canada and Hong Kong, Mr. Lau joined the Group in 1997 and is responsible for the Group's regional marketing in exploring and enhancing the existing and new markets with reference to his strong global marketing experience in this industry. Mr. Lau is a member of Hong Kong Institution of Engineers, a registered professional engineer in Hong Kong and professional engineer for the Province of Ontario, Canada. Mr. Lau received his Bachelor of Science degree in Civil Engineering from the University of Manitoba, Canada in 1981.

Corporate Governance Report

GOVERNANCE FRAMEWORK

The Company is committed to building and maintaining high standards of corporate governance to promote corporate accountability, transparency and integrity. The Board recognises that good corporate practices are fundamental to the smooth and effective operation of the Group and protection of the interests of shareholders and other stakeholders.

The Company has applied the principles, and complied with all code provisions, of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), from 1 January 2012 until its amendment on 1 April 2012 and with the amended Code (together with the Code, the "CG Code") from 1 April 2012 to 31 December 2012 with the exception of Code Provision A.6.7.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings of the Company. Due to an unexpected business engagement, Mr. Huang Brad was unable to attend the extraordinary general meeting of the Company held on 6 July 2012.

THE BOARD

The Board is responsible for promoting the overall success of the Company and delivering long-term value to shareholders. The Board has delegated the management and day-to-day running of the Group to the Company management and certain matters to the Board committees, which are described more fully in the "Board Committees" section of this report. The Board reserved for its consideration and decision certain other matters which include:

- determining the Group's strategic direction;
- approving financial reporting including the annual, half-year and quarterly results;
- approving interim, and recommending final, dividends;
- approving major acquisitions, disposals and capital expenditure;
- approving Board appointments; and
- approving broad policies and systems of internal control and risk management.

As at 31 December 2012, the Board comprised seven Directors — three Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The Directors have a broad range of expertise and experience, which we believe, contributes significantly to the effectiveness of the Board. The list of Directors and their biographical details are set out on pages 23 to 27.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and continues to consider each of them to be independent.

The roles of Chairman and Chief Executive Officer are performed by separate individuals in accordance with the CG Code. There is a clear division of responsibilities between the Chairman and Chief Executive Officer to ensure a balance of power and authority so that no one individual should have unfettered powers of decision. Mr. Zhou Yong, the Chairman of the Board, is responsible for providing effective leadership of the Board and ensuring that Directors receive relevant and timely information and that all key and appropriate issues are discussed in a timely manner. The Chairman is also responsible for promoting open discussion and constructive debates in the boardroom and ensuring that good corporate practices and procedures are established. Dr. Cheong Chit Sun, the Chief Executive Officer, is responsible for managing the business of the Group, formulating and executing the Group's strategic plan and policies and keeping the Board informed of all relevant matters.

Board meetings shall be held at least once every quarter. Additional meetings of the Board or the Board committee established by it to consider specific matters, can be convened, when necessary. During the year, the Board held 6 meetings, of which 4 were regular meetings. Notice of at least 14 days is given to Directors of regular Board meetings and all Directors are given the opportunity to include matters in the agenda for discussion. The Board is supplied with an agenda and supporting documentation at least three days prior to the regular Board and committee meetings. The Board receives briefing from the chairmen of the Audit, Nomination and Remuneration Committees following meetings of these Committees.

The attendance of Directors at general meetings, meetings of the Board and Board committees of which they were members during the year is set out in the table below.

	Meetings attended/eligible to attend				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meetings
Chairman and Non-executive Director					
Zhou Yong (note 1)	3/3	N/A	2/2	2/2	2/2
Executive Directors					
Cheong Chit Sun (note 2)	3/3	N/A	2/2	2/2	2/2
Wang Hai (note 3)	1/1	N/A	N/A	N/A	0/0
Chan Sim Wang (note 4)	3/3	N/A	N/A	N/A	2/2
Ko Chuk Kin, Herbert (note 5)	6/6	N/A	1/1	0/0	3/3
Chiu Lok Man (note 6)	0/0	N/A	N/A	N/A	0/0
Non-Executive Directors					
Huang Brad (note 7)	5/5	N/A	1/1	0/0	2/3
Hung Cheung Shew (note 8)	4/5	N/A	N/A	N/A	3/3
Independent Non-executive Directors					
Zhou Jinsong	6/6	3/3	3/3	2/2	3/3
Yen Homer Shih Hung	6/6	3/3	3/3	2/2	3/3
Hong Winn	6/6	3/3	3/3	2/2	3/3

Notes:

1. Mr. Zhou Yong was appointed as a Non-executive Director and the Chairman of the Board on 2 March 2012 and as the chairman of the Nomination Committee and a member of the Remuneration Committee on 30 March 2012.

2. Dr. Cheong Chit Sun was appointed to the Board on 2 March 2012 and as members of both the Nomination Committee and the Remuneration Committee on 30 March 2012.

3. Mr. Wang Hai was appointed to the Board on 15 August 2012.

4. Mr. Chan Sim Wang was appointed to the Board on 2 March 2012.

5. Mr. Ko Chuk Kin, Herbert ceased to be members of both the Nomination Committee and the Remuneration Committee on 30 March 2012 and resigned from the Board on 2 November 2012.

6. Mr. Chiu Lok Man was removed from the Board on 30 January 2012.

7. Mr. Huang Brad ceased to be members of both the Nomination Committee and the Remuneration Committee on 30 March 2012 and resigned from the Board on 15 August 2012.

8. Mr. Hung Cheung Shew resigned from the Board on 15 August 2012.

Each Director is fully aware of his duties and responsibilities as a Director of the Company and the requirement to give sufficient time and attention to the affairs of the Company. The Board is dominated by Non-executive Directors who can bring independent and objective judgement to bear on Board decisions through regular attendance and active participation in the meetings of the Board and the Board committees on which they serve.

Directors have access to relevant and timely information, and they can ask for further information if necessary. They also have access to the advice and services of the Company Secretary and, if required, can seek independent professional advice at the Company's expense. There is an agreed procedure to enable them to do so which is managed by the Company Secretary. Directors are given sufficient time for discussion at the Board meetings. Where queries are raised by Directors, prompt and full responses will be given if possible.

If a conflict of interest involving a substantial shareholder or a Director arises, the matter will be discussed at a physical meeting, as opposed to being dealt with by written resolution. Independent Non-executive Directors with no material interest in the proposed matter or transaction will be present at the meeting to deal with the conflict.

The Company has in place appropriate directors and officers insurance cover in respect of legal action against Directors. The coverage and sum insured under the directors and officers issuance policy are reviewed annually.

All Non-executive Directors are appointed under letters of appointment for specific terms. Directors appointed by the Board are subject to election by shareholders at the first general meeting following their appointments in the case to fill a casual vacancy or at the next following annual general meeting in the case as an addition to the Board. In addition, all Directors are subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company. A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate resolutions.

All newly-appointed Directors are briefed on the duties and responsibilities they owe as directors to the Company as well as on the relevant Company policies and key governance issues following their appointments. Directors are encouraged to attend internal and external briefings and courses on aspects of their respective committee specialisms and regular updates on relevant legal, regulatory and corporate governance matters are provided to Directors as appropriate.

All Directors are required to provide training records to the Company on a half-yearly basis and such records are maintained by the Company Secretary.

During the year, the participation of individual Directors in the continuing professional development activities is set out as below:

	Attending seminars, conferences, courses or briefings	Giving talks	Reading relevant materials
Chairman and Non-executive Director			
Zhou Yong	✓	✓	✓
Executive Directors			
Cheong Chit Sun	✓	✓	✓
Wang Hai	✓	—	✓
Chan Sim Wang	✓	✓	✓
Independent Non-executive Directors			
Zhou Jinsong	✓	—	✓
Yen Homer Shih Hung	—	—	✓
Hong Winn	—	—	✓

BOARD COMMITTEES

The Board currently has three committees, namely, the Audit Committee, Nomination Committee and Remuneration Committee and each of which has specific written terms of reference approved by the Board. The terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee are available on the Company's website or, on request, from the Company Secretary. All committees report back to the Board on their decisions and recommendations on a regular basis.

The committees are provided with all necessary resources including access to independent professional advice, if necessary, to enable them to undertake their duties in an effective manner. The Company Secretary acts as secretary to the committees.

Audit Committee

The Audit Committee, established in 2010, is currently composed of the three Independent Non-executive Directors with Mr. Zhou Jinsong who possesses appropriate professional qualifications and experience in financial matters, as chairman of the committee since March 2010. This is in compliance with Rule 3.21 of the Listing Rules. Both Mr. Yen Homer Shih Hung and Mr. Hong Winn have served on the committee since its establishment.

Starting from 2013, the Audit Committee will meet at least four times a year and its primary duties include ensuring the Group's financial statements (including annual, half-year and quarterly results) present a true and balanced assessment of the Group's financial position; reviewing the Group's financial reporting process, internal control and risk management systems; reviewing the Group's financial and accounting policies and practices; and recommending the appointment and approving remuneration of external auditor. Other duties of the Audit Committee are set out in its specific terms of reference.

The committee met three times during the year. The Chief Financial Officer and Financial Controller attended each meeting by invitation. External auditors were invited to attend two of those meetings to discuss various accounting issues and findings and the audit plan with the Audit Committee.

The work of the committee during the year included reviewing the annual financial statements and the preliminary results announcement for the year ended 31 December 2011, the interim financial statements and results announcement for the six months ended 30 June 2012, the third quarter results, report from external auditors on the annual financial statements, the connected transactions and internal control matters, approving the audit plan for the 2012 year end audit and making recommendation on the appointment of new auditor.

In addition, the Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditor and ensures that their engagement in non-audit services will not impair their audit independence or objectivity. An independence confirmation has been obtained from PricewaterhouseCoopers which confirms that they are independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by PricewaterhouseCoopers for the financial year ended 31 December 2012 amounted to approximately HK$1,886,000 and HK$436,000, respectively. The non-audit services mainly consist of tax services and other services for ad hoc project.

The Audit Committee was satisfied with the findings of their review of the audit fees, process and effectiveness, independence and objectivity of PricewaterhouseCoopers and had recommended the Board to propose a resolution of their re-appointment as the Company's external auditor at the 2013 annual general meeting of the Company.

Nomination Committee

The Nomination Committee, established on 10 March 2010, currently comprises the Chairman of the Board, Mr. Zhou Yong who was appointed as chairman of the committee on 30 March 2012, and the three Independent Non-executive Directors, namely, Mr. Zhou Jinsong, Mr. Yen Homer Shih Hung and Mr. Hong Winn as members. Dr. Cheong Chit Sun, an Executive Director and Chief Executive Officer of the Company, was appointed to the committee on 30 March 2012 in place of Mr. Ko Chuk Kin, Herbert who stepped down from the committee following his cessation to act as Chief Executive Officer. Mr. Huang Brad also stepped down from the committee on 30 March 2012 upon his cessation to act as the Chairman of the Board.

The Nomination Committee meets as necessary and is responsible for reviewing the Board structure, size and composition, identifying and nominating to the Board candidates who are appropriate for appointment or reappointment as Directors, assessing the independence of Independent Non-executive Directors and making recommendation to the Board on succession planning. The committee is conscious of the need for due regard to be given to diversity when considering appointments to the Board following the publication by the Stock Exchange of the consultation conclusions on board diversity which will be implemented on 1 September 2013.

The Nomination Committee met twice during the year. The work of the committee during the year included consideration of the composition of the Board to ensure there is an appropriate balance of skills, knowledge and experience, the independence of Independent Non-executive Directors, the appointment of Mr. Zhou Yong, Dr. Cheong Chit Sun, Mr. Chan Sim Wang and Mr. Wang Hai to the Board and the re-appointment of the retiring Directors at the annual general meeting. There has been a formal procedure for the appointment of Directors to the Board which may involve the Nomination Committee meeting candidates proposed by existing Board members, if necessary. Careful consideration is given to ensure appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained. When the committee has found a suitable candidate, the chairman of the committee will make a proposal to the Board since the appointment is the responsibility of the whole Board following recommendation from the committee.

Remuneration Committee

The Remuneration Committee, established on 10 March 2010, currently comprises the three Independent Non-executive Directors, namely, Mr. Zhou Jinsong as the chairman and Mr. Yen Homer Shih Hung and Mr. Hong Winn as members since its establishment. Mr. Zhou Yong, the Chairman of the Board, and Dr. Cheong Chit Sun, an Executive Director and Chief Executive Officer of the Company, was appointed to the committee on 30 March 2012 in place of Mr. Huang Brad and Mr. Ko Chuk Kin, Herbert who stepped down from the committee following their cessation to act as the Chairman of the Board and Chief Executive Officer of the Company respectively.

The Remuneration Committee meets as necessary and is responsible for formulating and making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure and other compensation-related issues. The Remuneration Committee determines the remuneration packages of individual Executive Directors and senior management and reviews the adequacy and effectiveness of the Group's remuneration policy. The committee also has the responsibility to make recommendations to the Board on the remuneration of Non-Executive Directors.

The Remuneration Committee held three meetings during the year. The committee reviewed and approved the remuneration packages of Directors and senior management on their appointments which were determined by reference to the job responsibilities of the individuals in the Company, prevailing market conditions, salaries paid by comparable companies and time commitment. The committee also reviewed and approved the annual salary adjustment and discretionary bonus of individual Executive Directors and senior management of the Company which were determined with reference to the Group's overall performance as well as individuals' performance. In addition, the Committee also reviewed and determined the termination packages of a senior employee.

Remuneration of Directors and Senior Management

Information relating to the remuneration of each Director for the year ended 31 December 2012 is set out in note 10 to the consolidated financial statements.

The remuneration of members of the senior management by band for the year end 31 December 2012 is set out below:

	Number of individuals
Nil–HK$1,000,000	4
HK$1,000,001–HK$1,500,000	3
HK$1,500,001–HK$2,000,000	0
HK$2,000,001–HK$2,500,000	1
HK$2,500,001–HK$3,000,000	1

CORPORATE GOVERNANCE

The Board has undertaken the responsibility for performing the corporate governance duties pursuant to the CG Code and is committed to ensuring that an effective governance structure is in place to continuously review, monitor and improve the corporate governance practices within the Group with regard to the prevailing legal and regulatory requirements.

During the year, the work of the Board in this area included reviewing the policies and practices on the Group's corporate governance, monitoring the Company's legal and regulatory compliance and training and continuing professional development of Directors and senior management, developing a code of conduct applicable to the Directors and employees and reviewing the Company's compliance with the CG Code and the disclosure in this report.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Director's securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the Model Code in their securities transactions throughout the year ended 31 December 2012.

ACCOUNTABILITY AND AUDIT

Financial Reporting

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.

Management is responsible for providing such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other matters put before the Board for approval. All members of the Board are provided with regular updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Director, individually and collectively, to discharge their legal and regulatory duties.

The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that judgments and estimates made are prudent and reasonable. In preparing the consolidated financial statements, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of Hong Kong Financial Reporting Standards and the applicable laws have been complied with.

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2012. The Directors, having made appropriate enquiries, were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern and on such basis, the Board has prepared the financial statements on a going concern basis.

The responsibilities of external auditors of the Company with respect to financial reporting are set out in the "Independent Auditor's Report".

Internal Controls

The Board is responsible for maintaining appropriate systems of internal control, policies and procedures within the Group and the Audit Committee has the delegated responsibility to assess on an onging basis the effectiveness and relevancy of the systems. Processes and procedures have been put in place to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and to ensure compliance of applicable laws, rules and regulations.

During the year, management conducted review of the financial and treasury management, procurement process and sub-contracting arrangements in respect of the two principal operating subsidiaries of the Group in China and the findings and recommendations were reported to the Audit Committee. Following an annual review of the effectiveness of the financial, operational and compliance controls and risk management functions of the Group and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, the Board confirms that no material control failure was noted and there were adequate resources and expertise in the accounting and financial reporting function.

COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to Board approval at a physical meeting in accordance with the Articles of Association of the Company. Whilst the Company Secretary reports to the Board through the Chairman and the Chief Executive Officer, all Directors have access to the advice and services of the Company Secretary for the ongoing discharge of their duties and responsibilities.

The Company Secretary assists the Chairman in preparing the agenda for the Board meetings, taking into account matters proposed by the Directors and ensures that all applicable rules and regulations regarding the Board meetings are followed. Minutes of meetings of the Board and Board committees are taken and kept by the Company Secretary and are open for inspection by Directors.

During 2012, the Company Secretary undertook no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Shareholders are encouraged to maintain direct communication with the Company. Shareholders who have any questions for the Board may send a letter to:

Company Secretary

Address: Far East Global Group Limited
16th Floor, Eight Commercial Tower
8 Sun Yip Street
Chai Wan
Hong Kong

The Company maintains procedures for Shareholders to propose a person for election as a Director. The details of these procedures are available on the Company's website.

Should shareholders wish to call an extraordinary general meeting, it must be convened according to the Company's Articles of Association, which state in summary:

- Two or more shareholders, or any one shareholder which is a recognised clearing house (or its nominee(s)) holding not less than one-tenth of the paid up capital of the Company can, in writing to the Board or the Company Secretary, request an extraordinary general meeting to be called by the Board so as to carry out any business specified in such request.

- The signed written requisition, which should specify the purpose of the meeting, should be delivered to the Company's principal office in Hong Kong. If the Board does not within twenty-one days of receiving the requisition proceed to convene such meeting to be held within a further twenty-one days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonably expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board attaches great importance to maintaining good relationships with all shareholders and investors and ensures that shareholders are kept informed of significant Company developments.

The Board regards the Company's general meetings as an opportunity to communicate directly with private investors and actively encourages participative dialogue with all the Company's shareholders. The chairmen of the Board committees attend the annual general meeting each year as well as the other Directors and are available to answer questions from shareholders. To enhance the communication between the Company and the capital market, the management of the Company meets investors and analysts regularly and irregularly to present the latest development strategies and operation conditions to them in a timely manner. The Company holds briefing sessions to institutional shareholders, brokers and analysts following the announcement of its half-year and annual results. The Company will continue its effort to increase the investor relations service to shareholders and investors in 2013.

The website www.fareastglobal.com is an important source of information on the Group, including press releases, shareholder documentation, annual, half-year and quarterly results and the terms of reference of the principal Board committees.

Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are shown in note 17 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 50 and 51 respectively.

An analysis of the Group's performance for the year by segments is set out in note 5 to the consolidated financial statements.

The Board does not recommend payment of a final dividend for the year ended 31 December 2012.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 114.

PROPERTY, PLANT AND EQUIPMENT

Particulars of the movements of property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 29 to the consolidated financial statements.

SHARE PREMIUM AND RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 30 to the consolidated financial statements on pages 109 to 110 and the consolidated statement of changes in equity on page 55 respectively.

DIRECTORS

The board of Directors of the Company (the "Board") during the year and up to the date of this Annual Report are:

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Zhou Yong	(appointed on 2 March 2012)

EXECUTIVE DIRECTORS

Dr. Cheong Chit Sun *(Vice-chairman and Chief Executive Officer)*	(appointed on 2 March 2012)
Mr. Wang Hai	(appointed on 15 August 2012)
Mr. Chan Sim Wang	(appointed on 2 March 2012)
Mr. Ko Chuk Kin, Herbert	(resigned on 2 November 2012)
Mr. Chiu Lok Man	(removed on 30 January 2012)

NON-EXECUTIVE DIRECTORS

Mr. Huang Brad	(ceased to be the Chairman of the Board and re-designated from an Executive Director to a Non-executive Director on 2 March 2012, resigned on 15 August 2012)
Mr. Hung Cheung Shew	(resigned on 15 August 2012)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhou Jinsong
Mr. Yen Homer Shih Hung
Mr. Hong Winn

Notes:

In accordance with article 16.2 of the Articles of Association of the Company, Mr. Wang Hai, who was appointed by the Board after the annual general meeting held on 30 May 2012, will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

In accordance with article 16.18 of the Articles of Association of the Company, Mr. Zhou Jinsong and Mr. Yen Homer Shih Hung will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Information of Directors' emoluments is set out in note 10 to the consolidated financial statements.

With effect from 1 January 2013, Dr. Cheong Chit Sun's salary has been increased to HK$2,241,200 per annum from HK$2,104,700 per annum and Mr. Chan Sim Wang's salary (which is inclusive of fixed allowance) has been increased to HK$1,031,000 per annum from HK$910,000 per annum. Also, with effect from 30 March 2013, Mr. Zhou Jinsong is entitled to receive an additional fee of HK$30,000 per annum for being chairman of the two Board committees which results in his total director's fee being increased to HK$150,000 per annum from HK$120,000 per annum. The remuneration of all other Directors remains unchanged.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and Senior Management as at the date of this Annual Report are set out in the "Directors and Organisation" section of this Annual Report.

CONFIRMATION OF INDEPENDENCE

The Company received an annual confirmation from each of the Independent Non-executive Directors of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considered each of them to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that during the year and up to the date of this Annual Report, each of Mr. Zhou Yong, Dr. Cheong Chit Sun, Mr. Wang Hai and Mr. Chan Sim Wang held directorships in the Company's holding companies and/or their subsidiaries or associated company. These companies are engaged in construction and related business.

The Board is independent of the boards of directors of the Company's holding companies, their subsidiaries and associated company. 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.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

(a) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of ordinary shares held	% of shares in issue[1]
Chan Sim Wang	Beneficial owner	Personal interest	50,000	0.002

Note:

1. The percentage is based on the total number of ordinary shares of the Company in issue as at 31 December 2012 (i.e. 2,155,545,000 ordinary shares).

(b) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

Long positions in the shares and underlying shares of the associated corporations of the Company — China State Construction International Holdings Limited ("CSCIHL")

Name of Director	Number of ordinary shares held Personal interest[1]	Number of underlying shares held Share options[2]	Total	% of shares in issue[3]
Zhou Yong	2,273,780	959,247	3,233,027	0.083
Cheong Chit Sun	1,915,872	—	1,915,872	0.049
Chan Sim Wang	28,800	—	28,800	0.001

Notes:

1. This represents interests held by the relevant Director as beneficial owner.

2. This represents interests in share options of CSCIHL held by the relevant Director as beneficial owner to subscribe for the relevant underlying ordinary shares pursuant to the Share Option Scheme of CSCIHL. Details of which are set out in the section headed "Directors' Rights to Acquire Shares" of this report.

3. The percentage is based on the total number of ordinary shares of CSCIHL in issue as at 31 December 2012 (i.e. 3,887,447,383 ordinary shares).

CONTRACTS OF SIGNIFICANCE

Except for the connected transactions set out on pages 45 to 47 and the related party transactions set out in note 33 to the consolidated financial statements, there were no contracts of significance in relation to the business of the Company and its subsidiaries to which the Company, its subsidiary, fellow subsidiary or holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

(i) The Company

Share Options

As at 31 December 2012, the number of outstanding share options granted by the Company under the Company's share option scheme to Directors to subscribe for shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code is set out in the "Share Options" section of this report.

(ii) Associated Corporation — CSCIHL

Share Options

As at 31 December 2012, the number of outstanding share options granted by CSCIHL to Directors to subscribe for shares of CSCIHL, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code is set out below:

Name of Director	**Date of grant**	**Exercise period**	**Exercise price** (HK$)	**Number of share options**	**% of shares in issue** (note)
Zhou Yong	14.09.2005	14.09.2006 to 13.09.2015	0.2254	959,247	0.025

Note: The percentage is based on the total number of ordinary shares of CSCIHL in issue as at 31 December 2012 (i.e. 3,887,447,383 ordinary shares).

Save as the share options disclosed above, at no time during the year ended 31 December 2012 was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 31 to the consolidated financial statements.

Movements of the share options of the Company during the year are as below:

Grantee	Date of Grant	Number of share options: Outstanding at 01.01.2012	Granted during 2012	Exercised during 2012	Cancelled/ lapsed during 2012(1)	Outstanding at 31.12.2012	Exercise price (HK$)	Exercise Period: Date from which first exercisable	Expiry of the exercise period
Category I:									
Directors									
Ko Chuk Kin, Herbert(2) (3)	29.06.2010	3,000,000	—	—	3,000,000	—	0.65	29.06.2011	28.06.2020
Huang Brad(4) (5)	27.07.2010	10,000,000	—	—	10,000,000	—	0.65	29.06.2011	28.06.2020
Chiu Lok Man(2) (6)	29.06.2010	1,800,000	—	—	1,800,000	—	0.65	29.06.2011	28.06.2020
All Directors		14,800,000	—	—	14,800,000	—			
Category II:									
PRC employees(7)	29.06.2010	11,307,000	—	249,500	11,057,500	—	0.65	29.06.2011	28.06.2020
Other employees(2)	29.06.2010	32,344,000	—	3,868,000	28,476,000	—	0.65	29.06.2011	28.06.2020
	04.10.2011	7,500,000	—	—	7,500,000	—	0.52	04.10.2012	03.10.2016
Category III:									
Business partners(7)	29.06.2010	8,000,000	—	—	8,000,000	—	0.65	29.06.2011	28.06.2020
Business partners(2)	04.10.2011	16,100,000	—	—	16,100,000	—	0.52	04.10.2012	03.10.2016
Total		90,051,000	—	4,117,500	85,933,500	—			

Notes:

1. Pursuant to the mandatory unconditional cash offer made by Add Treasure Holdings Limited as required under the Hong Kong Code on Takeovers and Mergers, details of which are set out in the Composite Document issued by the Company dated 2 March 2012, all share options that were not exercised within 14 days after the date of the Composite Document lapsed upon closing of the mandatory offer on 23 March 2012.

2. 25% of the share options granted shall vest each year for a four-year period from the date of grant. The share options granted are exercisable, subject to a vesting schedule of 25% each year, from each of the first, second, third and fourth anniversaries of the date of the grant until they are fully exercised or lapsed.

3. Mr. Ko Chuk Kin, Herbert resigned from the Board on 2 November 2012.

4. 25% of the share options granted shall vest for the period between 27 July 2010 and 28 June 2011 and 25% shall then vest each year for a three-year period from 29 June 2011. The share options granted are exercisable, subject to a vesting schedule of 25% each year/period, from each of 29 June 2011, 29 June 2012, 29 June 2013 and 29 June 2014 until they are fully exercised or lapsed.

5. Mr. Huang Brad resigned from the Board on 15 August 2012.

6. Mr. Chiu Lok Man was removed from the Board with effect from 30 January 2012.

7. 50% of the share options granted shall vest each year for a two-year period from the date of grant. The share options granted are exercisable, subject to a vesting schedule of 50% each year, from each of the first and second anniversaries of the date of grant until they are fully exercised or lapsed.

As at the date of this Annual Report, the total number of shares available for issue under the Company's share option scheme is 38,689,000 shares, which represents approximately 1.79% of the Company's shares in issue as at that date.

No share options were granted under the Company's share option scheme during the year.

During the year, 44,651,000 share options at an exercise price of HK$0.65 per share and 23,600,000 share options at an exercise price of HK$0.52 per share were cancelled and 17,682,500 share options lapsed.

The weighted average closing price of the Company's shares immediately before the dates of which the share options were exercised were as follows:

Exercise date	Number of share options exercised	Weighted average closing price of the Company's shares immediately before the exercise (HK$)
08.02.2012	893,500	0.6592
15.02.2012	224,000	0.7455
22.02.2012	200,000	0.8071
29.02.2012	520,000	0.8526
02.03.2012	600,000	0.8683
05.03.2012	100,000	0.8757
07.03.2012	680,000	0.8893
09.03.2012	900,000	0.9015
	4,117,500	

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under Section 336 of the SFO shows that as at 31 December 2012, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital:

Long positions in the shares of the Company

Name of Shareholder	Capacity	Number of ordinary shares held	Total	% of shares in issue[1]
Add Treasure Holdings Limited ("Add Treasure")	Beneficial owner	1,537,983,279	1,537,983,279	71.35
China State Construction International Holdings Limited ("CSCIHL")[2]	Interest in controlled corporation	1,596,403,279	1,596,403,279	74.06
China Overseas Holdings Limited ("COHL")[3]	Interest in controlled corporation	1,596,403,279	1,596,403,279	74.06
中國建築股份有限公司 (China State Construction Engineering Corporation Limited) ("CSCECL")[3]	Interest in controlled corporation	1,596,403,279	1,596,403,279	74.06
China State Construction Engineering Corporation ("CSCEC")[3]	Interest in controlled corporation	1,596,403,279	1,596,403,279	74.06

Notes:

1. The percentage is based on the total number of ordinary shares of the Company in issue as at 31 December 2012 (i.e. 2,155,545,000 ordinary shares).

2. Add Treasure is a wholly-owned subsidiary of CSCIHL which, by virtue of the SFO, is taken to be interested in the same 1,537,983,279 shares held by Add Treasure and the 58,420,000 shares of the Company held by another wholly-owned subsidiary of CSCIHL.

3. As at 31 December 2012, CSCIHL was owned as to 57.08% by COHL, which in turn, was a wholly owned subsidiary of CSCECL. CSCECL was, in turn, owned as to 55.07% by CSCEC. By virtue of the SFO, each of COHL, CSCECL and CSCEC is deemed to be interested in the same 1,596,403,279 shares held by CSCIHL.

So far as is known to any Directors or chief executive of the Company, save as disclosed above, as at 31 December 2012, no other person (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

The connected and continuing connected transactions required to be disclosed in accordance with Chapter 14A of the Listing Rules, are disclosed on pages 45 and 47.

RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to these schemes is to make the required contributions under the scheme. During the year, the Group made contribution to MPF Scheme amounting to approximately HK$5.2 million. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company, or the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PUBLIC FLOAT

As at the date of this Annual Report, based on publicly available information and within the Directors' knowledge, more than 25 per cent of the Company's issued share capital was held by the public.

DONATIONS

During the year, the Group made charitable and other donations amounted to approximately HK$224,944.

MAJOR CUSTOMERS AND SUPPLIERS

In 2012, the five largest customers of the Group accounted for approximately 50.13% of the Group's turnover and the turnover from the largest customer included therein accounted for approximately 16.38%. The five largest suppliers of the Group accounted for approximately 46.66% of the Group's total purchases for the year and the Group's purchases from the largest supplier included therein accounted for approximately 13.57%.

Other than disclosed above, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

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

During the year, neither the Company nor any of its subsidiaries has made any purchase, sale or redemption of any of the Company's listed securities.

AUDITOR

RSM Nelson Wheeler retired as auditor of the Company and PricewaterhouseCoopers was appointed as auditor of the Company at the annual general meeting held on 30 May 2012.

Save as disclosed above, there was no other change of the auditor of the Company in the past three years.

The consolidated financial statements for the year ended 31 December 2012 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
FAR EAST GLOBAL GROUP LIMITED
Zhou Yong
Chairman and Non-executive Director

Hong Kong, 13 March 2013

Connected Transactions

CONTINUING CONNECTED TRANSACTIONS UNDER THE LISTING RULES

1. Xi'an Yuanheng Master Agreement

On 10 March 2010, Far East Aluminium Works Company Limited, a wholly owned subsidiary of the Company, entered into an agreement with 西安遠恒鋁質工程有限責任公司 (Xi'an Yuanheng Aluminium Works Company Limited) ("Xi'an Yuanheng") for provision of design services in support of the Group's business on a non-exclusive basis for the period commencing from 30 March 2010 and ending on 31 December 2012 ("Xi'an Yuanheng Master Agreement") in accordance with the written quotations of Xi'an Yuanheng which are accepted from time to time by the Group, at the design fees to be determined with reference to the then prevailing market rate and the charging scale prescribed by Shenzhen Decoration Association (深圳市裝飾協會) or other third party institutions in the PRC, provided that the maximum aggregate annual value of the services provided by Xi'an Yuanheng under the Xi'an Yuanheng Master Agreement for the period between 30 March 2010 and 31 December 2010 shall not exceed HK$5,500,000, and for each of the two years ending 31 December 2012 shall not exceed HK$6,500,000 and HK$7,900,000 respectively (i.e. the Xi'an Annual Cap).

The Xi'an Yuanheng Master Agreement was entered into by the Group prior to the listing of shares of the Company on the Stock Exchange ("Listing"). By virtue of Xi'an Yuanheng's holding a 25% equity interest in Netfortune (Shanghai) Aluminium Works Company Limited, a non-wholly owned subsidiary of the Company, Xi'an Yuanheng was a connected person of the Company and under the Listing Rules, any transactions between Xi'an Yuanheng and the Group under the Xi'an Yuanheng Master Agreement would constitute continuing connected transactions after the Listing. As the maximum aggregate annual value of the design services that may be provided by Xi'an Yuanheng for each year/period under the Xi'an Yuanheng Master Agreement, (i.e. the Xi'an Annual Cap) was expected to be less than 2.5%, pursuant to the then Listing Rules, such continuing connected transactions must comply with the reporting and announcement requirements but were exempt from independents shareholders' approval, on each occasion as they arose, after the Listing. Accordingly, the Company applied to the Stock Exchange and the Stock Exchange granted the Company, a waiver to exempt the continuing connection transactions from compliance with the announcement requirements.

Details of the transactions were set out in the section headed "Connected Transactions" in the prospectus dated 17 March 2010.

During the year ended 31 December 2012, the total amount paid by the Group to Xi'an Yuanheng under the Xi'an Yuanheng Master Agreement was HK$4,711,904.

2. FE-CSCECL Sub-construction Engagement Agreement

On 11 June 2012, the Company entered into an agreement with China State Construction Engineering Corporation Limited ("CSCECL", an intermediate holding company of the Company) pursuant to which the Group may act as subcontractor of CSCECL and its subsidiaries (the "CSCECL Group") for provision of contracting service, supply, project consultancy service and project management service in relation to exterior facade work to the construction works of CSCECL Group for the period commencing from 16 July 2012 and ending on 30 June 2015 ("FE-CSCECL Sub-construction Engagement Agreement") provided that the total contract sum that may be awarded by the CSCECL Group to the Group under the FE-CSCECL Sub-construction Engagement Agreement for the period between 16 July 2012 and 31 December 2012 shall not exceed HK$400 million, for each of the two years ending 31 December 2014 shall not exceed HK$800 million, and for the period between 1 January 2015 and 30 June 2015 shall not exceed HK$400 million (i.e. the CSCECL Works Cap).

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year/period under the FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) exceed 5%, the transactions contemplated thereunder were subject to the annual review, reporting, announcement and independent shareholders' approval requirements.

A circular dated 19 June 2012 containing details of the FE-CSCECL Sub-construction Engagement Agreement was despatched to the shareholders of the Company. The FE-CSCECL Sub-construction Engagement Agreement was duly approved by the independent shareholders of the Company at an extraordinary general meeting held on 6 July 2012.

No contracts were awarded to the Group under the FE-CSCECL Sub-construction Engagement Agreement during the year ended 31 December 2012.

3. FE-CSC Sub-construction Engagement Agreement

On 11 June 2012, the Company entered into an agreement with China State Construction International Holdings Limited ("CSCIHL" an intermediate holding company of the Company) pursuant to which the Group may act as subcontractor of CSCIHL and its subsidiaries (the "CSCIHL Group") for provision of contracting and engineering works, project consultancy service and project management service to the construction works of the CSCIHL Group for the period commencing from 16 July 2012 and ending on 30 June 2015 ("FE-CSC Sub-construction Engagement Agreement") provided that the total contract sum that may be awarded by the CSCIHL Group to the Group under the FE-CSC Sub-construction Engagement Agreement for the period between 16 July 2012 and 31 December 2012 shall not exceed HK$400 million, for each of the two years ending 31 December 2014 shall not exceed HK$800 million, and for the period between 1 January 2015 and 30 June 2015 shall not exceed HK$400 million (i.e. the CSC Works Cap).

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year/period under the FE-CSC Sub-construction Engagement Agreement (i.e. the CSC Works Cap) exceed 5%, the transactions contemplated thereunder were subject to the annual review, reporting, announcement and independent shareholders' approval requirements.

A circular dated 19 June 2012 containing details of the FE-CSC Sub-construction Engagement Agreement was despatched to the shareholders of the Company. The FE-CSC Sub-construction Engagement Agreement was duly approved by the independent shareholders of the Company at an extraordinary general meeting held on 6 July 2012.

The total value of the contracts awarded to the Group under the FE-CSC Sub-construction Engagement Agreement during the year ended 31 December 2012 was HK$32,612,547.

A summary of all related party transactions entered into by the Group during the year ended 31 December 2012 is contained in note 33 to the consolidated financial statements. The construction fee received from a fellow subsidiary as set out in paragraph (a) of note 33 to the consolidated financial statement relates to the provision of contracting and engineering work to the CSCIHL Group by the Group for a construction project under a sub-contractor agreement which was entered into between the parties in September 2009 and at which time, members of the CSCIHL Group were not connected persons of the Company. Except for the service income of HK$314,000 received from a fellow subsidiary under the FE-CSC Sub-construction Engagement Agreement, none of the related party transactions constitute "connected transactions" or "continuing connected transactions" as defined in Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions entered into by the Group during the year ended 31 December 2012.

In respect of the financial year ended 31 December 2012, each of the continuing connected transactions mentioned above has been subject to annual review by the Independent Non-executive Directors of the Company pursuant to Rule 14A.37 of the Listing Rules who have concluded that each continuing connected transaction has been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, in those instances where there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties;
- in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions disclosed by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Independent Auditor's Report

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FAR EAST GLOBAL GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Far East Global Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 50 to 113, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 March 2013

Consolidated Income Statement

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	5	**1,295,847**	847,622
Cost of sales	7	**(1,218,716)**	(652,703)
Gross profit		**77,131**	194,919
Other income and other gains, net	6	**17,395**	12,529
Administrative expenses	7	**(198,419)**	(104,927)
Other operating expenses	7	**(73,714)**	(6,579)
Finance costs	8	**(3,382)**	(552)
Share of losses of jointly controlled entities		**—**	(6,303)
(Loss) / profit before tax		**(180,989)**	89,087
Income tax credit / (charge)	9	**26,059**	(9,236)
(Loss) / profit for the year		**(154,930)**	79,851
(Loss) / profit for the year attributable to:			
Owners of the Company		**(136,273)**	76,634
Non-controlling interests		**(18,657)**	3,217
		(154,930)	79,851
(Loss) / earnings per share (HK cents)	12		
Basic		**(6.85)**	6.88
Diluted		**(6.85)**	6.80

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
(Loss) / profit for the year	**(154,930)**	79,851
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**5,607**	(1,738)
Release of investment revaluation reserve to profit or loss upon disposal of available-for-sale investments	**(203)**	(53)
Gain / (loss) on fair value changes of available-for-sale investments	**329**	(1,246)
Other comprehensive income for the year, net of tax	**5,733**	(3,037)
Total comprehensive income for the year	**(149,197)**	76,814
Total comprehensive income for the year attributable to:		
Owners of the Company	**(131,272)**	73,789
Non-controlling interests	**(17,925)**	3,025
	(149,197)	76,814

Consolidated Statement of Financial Position

At 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current Assets			
Property, plant and equipment	13	159,992	114,467
Goodwill	14	138,149	159,707
Project backlogs	15	30,510	45,766
Available-for-sale investments	16	42,283	54,637
Deferred tax assets	28	6,000	1,087
		376,934	375,664
Current Assets			
Inventories	18	8,601	4,785
Amounts due from customers for contract work	19	442,151	196,497
Trade and other receivables	20	377,921	329,987
Deposits and prepayments		80,641	32,167
Amount due from a fellow subsidiary	21	5,152	—
Tax recoverable		4,934	935
Pledged time deposits	23	—	44,381
Bank and cash balances	23	340,465	82,875
		1,259,865	691,627
Non-current assets held for sale		—	2,897
		1,259,865	694,524
Current Liabilities			
Bank and other borrowings	24	24,113	62,573
Amounts due to customers for contract work	19	86,753	89,553
Trade payables, other payables and accruals	25	275,122	179,454
Finance lease payables	26	1,158	524
Current tax payables		15,875	41,663
Warranty provisions	27	18,991	17,356
Advances from customers for contract work		31,785	—
		453,797	391,123
Net Current Assets		806,068	303,401
Total Assets less Current Liabilities		1,183,002	679,065

	Note	2012 HK$'000	2011 HK$'000
Capital and Reserves			
Share capital	29	**21,555**	11,129
Share premium and reserves	30	**1,072,304**	563,256
Equity attributable to owners of the Company		**1,093,859**	574,385
Non-controlling interests		**35,277**	53,202
		1,129,136	627,587
Non-current liabilities			
Bank and other borrowings	24	**27,390**	27,639
Finance lease payables	26	**4,938**	1,185
Deferred tax liabilities	28	**21,538**	22,654
		53,866	51,478
		1,183,002	679,065

On behalf of the Board

Cheong Chit Sun
Director

Chan Sim Wang
Director

Statement of Financial Position

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current Asset			
Interests in subsidiaries	17	739,849	301,761
Current Assets			
Prepayments, deposits and other receivables		484	524
Bank and cash balances	23	204,514	360
		204,998	884
Current Liabilities			
Other payables and accruals		1,052	210
Amounts due to subsidiaries	22	—	872
		1,052	1,082
Net Current Assets / (Liabilities)		203,946	(198)
Total Assets less Current Liabilities		943,795	301,563
Capital and Reserves			
Share capital	29	21,555	11,129
Share premium and reserves	30	922,240	290,434
		943,795	301,563

On behalf of the Board

Cheong Chit Sun
Director

Chan Sim Wang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to owners of the Company									
	Share capital (note 29) HK$'000	Share premium (note 30) HK$'000	Share-based payments reserve HK$'000	Investment revaluation reserve HK$'000	Foreign currency translation reserve HK$'000	Statutory reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2011	11,161	265,636	10,132	176	4,834	12	222,027	513,978	7,337	521,315
Total comprehensive income for the year	—	—	—	(1,299)	(1,546)	—	76,634	73,789	3,025	76,814
Repurchase of shares	(43)	(3,848)	—	—	—	—	(22)	(3,913)	—	(3,913)
Share-based payments	—	—	6,525	—	—	—	—	6,525	—	6,525
Issue of shares upon exercise of share options	11	715	—	—	—	—	—	726	—	726
2011 dividend paid	—	—	—	—	—	—	(16,720)	(16,720)	—	(16,720)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	42,840	42,840
Changes in equity for the year	(32)	(3,133)	6,525	(1,299)	(1,546)	—	59,892	60,407	45,865	106,272
At 31 December 2011 and 1 January 2012	11,129	262,503	16,657	(1,123)	3,288	12	281,919	574,385	53,202	627,587
Total comprehensive income for the year	—	—	—	126	4,875	—	(136,273)	(131,272)	(17,925)	(149,197)
Share-based payments	—	—	4,169	—	—	—	—	4,169	—	4,169
Settlement of share options by acquirer	—	—	(16,190)	—	—	—	16,190	—	—	—
Issue of shares	10,426	636,151	—	—	—	—	—	646,577	—	646,577
Changes in equity for the year	10,426	636,151	(12,021)	126	4,875	—	(120,083)	519,474	(17,925)	501,549
At 31 December 2012	21,555	898,654	4,636	(997)	8,163	12	161,836	1,093,859	35,277	1,129,136

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
(Loss) / profit before tax	**(180,989)**	89,087
Adjustments for:		
Finance costs	**3,382**	552
Bank interest income	**(4,681)**	(2,306)
Loss on disposal of property, plant and equipment	**63**	1,750
Gain on disposal of investment in a subsidiary	**(6,949)**	—
Gain on disposal of an available-for-sale investment	**(406)**	—
Warranty provisions, net	**4,071**	508
Amortisation of project backlogs	**15,256**	1,971
Depreciation, net of amounts capitalised in contracts in progress	**8,879**	5,131
Provision for impairment of goodwill	**21,558**	—
Provision for impairment of property, plant and equipment	**—**	4,992
Provision for impairment of trade and other receivables, net	**18,800**	1,587
Provision for impairment of deposits and prepayments	**18,720**	—
Reversal of provision for impairment of inventories	**(65)**	(200)
Share of losses of jointly controlled entities	**—**	6,303
Gain on remeasuring the jointly controlled entities at fair value on business combination	**—**	(7,769)
Share-based payments	**4,169**	6,525
Operating cash flows before working capital changes	**(98,192)**	108,131
(Increase) / decrease in inventories	**(3,751)**	674
Increase in amounts due from / to customers for contract work, net	**(238,704)**	(137,271)
Increase in trade and other receivables	**(66,851)**	(28,139)
Increase in deposits and prepayments	**(64,297)**	(8,472)
Increase in amount due from a fellow subsidiary	**(5,152)**	—
Increase in trade payables, other payables and accruals	**102,503**	19,766
Decrease in warranty provisions, net	**(2,435)**	(2,730)
Increase in advances from customers for contract work	**31,785**	—
Net cash used in operations	**(345,094)**	(48,041)
Income tax paid, net	**(9,829)**	(14,380)
Interest paid	**(3,382)**	(630)
Net cash used in operating activities	**(358,305)**	(63,051)

	2012 HK$'000	2011 HK$'000
Cash flows from investing activities		
Acquisition of subsidiaries	—	(227,406)
Purchase of property, plant and equipment	(59,775)	(58,722)
Purchase of available-for-sale investments	—	(19,500)
Proceeds from disposals of property, plant and equipment	915	447
Proceeds from disposals of available-for-sale investments	12,886	11,453
Interest received	4,798	2,539
Decrease in pledged time deposits	44,381	38,303
Net cash from / (used) in investing activities	3,205	(252,886)
Cash flows from financing activities		
New bank loan raised	—	13,612
Repayment of bank loans	(501)	(122)
Trust receipt loans raised / settled, net	(41,820)	41,820
Repayment of finance lease payables	(524)	(156)
Issue of shares	646,577	726
Repurchase of shares	—	(3,913)
Dividend paid	—	(16,720)
Net cash from financing activities	603,732	35,247
Net increase / (decrease) in cash and cash equivalents	248,632	(280,690)
Effect of foreign exchange rate changes	5,346	(1,965)
Cash and cash equivalents at the beginning of year	81,564	364,219
Cash and cash equivalents at the end of year	335,542	81,564
Analysis of cash and cash equivalents		
Bank and cash balances	340,465	82,875
Bank overdrafts	(4,923)	(1,311)
	335,542	81,564

1 GENERAL INFORMATION

Far East Global Group Limited (the "Company") and its subsidiaries (together the "Group") involve in the facade contracting business, including the design, engineering, manufacture and installation of curtain wall systems made primarily of fabricated aluminium cladding, stainless steel and glass.

The Company is a limited liability company incorporated in Cayman Islands and under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is 16/F., Eight Commercial Tower, No. 8 Sun Yip Street, Chai Wan, Hong Kong.

Its immediate holding company is Add Treasure Holdings Limited, a private company incorporated in the British Virgin Islands and a wholly-owned subsidiary of China State Construction International Holdings Limited ("CSCIHL") with its shares listed on the Stock Exchange of Hong Kong Limited.

Its intermediate holding company and its ultimate holding company are China State Construction Engineering Corporation Limited ("CSCECL"), a joint stock company with its shares listed on the Shanghai Stock Exchange, and China State Construction Engineering Corporation ("CSCEC"), respectively, both of which are established in the People's Republic of China ("PRC") and controlled by the PRC Government.

The company has its primary listing on The Stock Exchange of Hong Kong Limited since 30 March 2010.

These consolidated financial statements are presented in the thousands of Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 13 March 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(i) Adoption of an amendment to an existing standard

The following amendment to an existing standard is relevant to the operations of the Group and effective for the accounting period of the Group beginning on 1 January 2012:

- HKFRS 7 (amendment), 'Disclosures — Transfers of financial assets'

The amendment promotes transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.

The adoption of the above amendment had no material financial impact on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) Standards and amendments which are not yet effective

The following standards and amendments to existing standards, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2013, but the Group has not early adopted them:

	Applicable for accounting periods of the Group beginning on
HKAS 1 (amendment), 'Presentation of items of other comprehensive income'	1 January 2013
HKAS 19 (revised 2011), 'Employee benefits'	1 January 2013
HKAS 27 (revised 2011), 'Separate financial statements'	1 January 2013
HKAS 28 (revised 2011), 'Investments in associates and joint ventures'	1 January 2013
HKAS 32 (amendment), 'Offsetting financial assets and financial liabilities'	1 January 2014
HKFRS 7 (amendment), 'Disclosures — offsetting financial assets and financial liabilities'	1 January 2013
HKFRS 9, 'Financial instruments'	1 January 2015
HKFRS 10, 'Consolidated financial statements'	1 January 2013
HKFRS 11, 'Joint arrangements'	1 January 2013
HKFRS 12, 'Disclosure of interests in other entities'	1 January 2013
HKFRS 13, 'Fair value measurement'	1 January 2013
Annual improvements 2009–2011 cycle	1 January 2013
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, 'Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition guidance'	1 January 2013
Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12, 'Investment entities'	1 January 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) Standards and amendments which are not yet effective *(Continued)*

HKFRS 9, 'Financial Instruments'

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39, 'Financial Instruments: Recognition and Measurement' to be subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) Standards and amendments which are not yet effective *(Continued)*

HKFRS 10, 'Consolidated Financial Statements'

HKFRS 10 replaces the parts of HKAS 27, 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and HK (SIC)-Int 12, 'Consolidation — Special Purpose Entities'. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11, 'Joint Arrangements'

HKFRS 11 replaces HKAS 31, 'Interests in Joint Ventures' and HK (SIC)-Int 13, 'Jointly Controlled Entities — Non-Monetary Contributions by Venturers'. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12, 'Disclosure of Interests in Other Entities'

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

HKFRS 13, 'Fair Value Measurement'

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) Standards and amendments which are not yet effective (Continued)

These four standards are effective for annual periods beginning on or after 1 January 2013. The directors anticipate that these four standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The Group has already commenced an assessment of the impact of these four standards, except for HKFRS 10, "Consolidated financial statements" which management assessed having no impact to subsidiaries classification upon adoption, certain of which may be relevant to the operations of the Group and may give rise to changes in accounting policies, disclosures, classification and remeasurement of certain items in the financial statements.

Amendments to HKAS 1, 'Presentation of Items of Other Comprehensive Income' and other revised standards and amendments

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The directors anticipate that the application of the HKAS 1 (Amendment) and other revised standards and amendments will have no material impact on the results and the financial position of the Group except for certain changes in presentation of the Groups' consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2012.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation *(Continued)*

(ii) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is the Company's functional and the Group's presentation currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency translation *(Continued)*

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement within 'other income and other gains, net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency translation *(Continued)*

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(f) Property, plant and equipment

Land and buildings comprise mainly factories and offices. Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold land	Not depreciated
Land and buildings	Over the shorter of the term of the relevant leases or 50 years
Leasehold improvements	4 years
Machinery	5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	4–5 years
Tools and moulds	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment *(Continued)*

Construction in progress represents buildings under construction and machinery pending installation, and is stated at cost less impairment losses. It will be reclassified to the relevant property, plant and equipment category upon completion and depreciation begins when the relevant assets are available for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and other gains, net' in the consolidated income statement.

(g) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(h) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over Far East Global Group Limited's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Project backlogs

Project backlogs arise in business combination are recognised at fair value on initial recognition. Subsequent to initial recognition, project backlogs are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to profit or loss based on straight-line method over the respective contract period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or project backlogs not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than twelve months after the end of the reporting period. These are classified as non-current assets.

(ii) Available-for-sale investment

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale investments are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'other income and other gains, net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Financial assets *(Continued)*

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(k) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/ losses on qualifying cash flow hedges purchases of raw materials.

(m) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenue of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when they were negotiated as a single package and are so closely inter-related that they constitute a single project with an overall profit margin.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as receipt in advance. Amounts billed for work performed, but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

(n) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

(p) Trade payables, other payables and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables, other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables, other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(r) Borrowing costs

Relevant general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Provisions

Provisions for warranties, environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(v) Leases, the Group as a lessee

(i) Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(ii) Finance lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Employee benefits

(i) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies. The Group has defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(x) Share-based payments

(a) Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in consolidated income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve. When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

(b) Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses with a corresponding increase in equity (share options reserve), when the counterparties render services, unless the services qualify for recognition as assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Revenue recognition

(i) Construction contracts

When the outcome of a fixed price construction contract can be estimated reliably, revenue is recognised on the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract, after making due allowances for contingencies. Provisions are made for any foreseeable losses when they are identified. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a cost-plus construction contract including construction services of the infrastructure under service concession arrangements can be estimated reliably, revenue is recognised by reference to the recoverable costs incurred during the year plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

(ii) Interest income

Interest income on bank deposits is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(iii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(iv) Service income

Service income is recognised on an accrual basis when the services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(aa) Insurance contracts

The Group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. If the carrying amount of the relevant insurance liabilities is less than the best estimate of the expenditure required to settle the relevant insurance liabilities at the end of the reporting period, the Group recognises the entire difference in the consolidated income statement. These estimates are recognised only when the outflow is probable and the estimates can be reliably measured.

(ab) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders / directors.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Canadian dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's foreign currency exposures primarily arise from monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency, where these assets and liabilities are mainly denominated in United States dollar, Renminbi, United Arab Emirates Dirham, Canadian dollar and Singapore dollar.

In view of the fact that Hong Kong dollar is pegged to United States dollar, the foreign currency exposure of operating units having Hong Kong dollar as functional currency on United States dollar transactions and balances is minimal.

At 31 December 2012, if Hong Kong dollar had weakened/strengthened 5% against Renminbi, United Arab Emirates Dirham, Canadian dollar and Singapore dollar with all other variables held constant, the consolidated loss/profit for the year would have been HK$2,213,000 higher/lower (2011: HK$19,000 higher/lower), HK$578,000 lower/higher (2011: HK$164,000 higher/lower), HK$3,686,000 lower/higher (2011: HK$537,000 higher/lower) and HK$313,000 higher/lower (2011: HK$195,000 lower/higher), respectively.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group currently does not have a formal foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) ***Market risk*** *(Continued)*

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale investments. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

At 31 December 2012, if the prices of the respective securities had been 5% higher/lower with all other variables held constant, the consolidated other comprehensive income would increase/decrease by HK$2,114,000 (2011: HK$2,732,000) as a result of gains/losses on investments classified as available-for-sale.

(iii) Interest rate risk

The Group's interest rate risk arises from bank and other borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2012 and 2011, all the Group's borrowings are carried at variable interest rates.

At 31 December 2012, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated loss/profit for the year would have been HK$1,036,000 (2011: HK$154,000) lower/higher, arising mainly as a result of higher/lower interest expense on bank and other borrowings.

(b) ***Credit risk***

The carrying amount of the pledged time deposits, bank balances, amount due from a fellow subsidiary, trade and other receivables, deposits and available-for-sale investments included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers and fellow subsidiary with an appropriate credit history. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on pledged time deposits and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on available-for-sale investments is limited because the counterparties are well-established securities broker firms in Hong Kong.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) *Liquidity risk*

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Group					
At 31 December 2012					
Trade payables, other payables and accruals	**275,122**	**—**	**—**	**—**	**275,122**
Bank and other borrowings	**30,523**	**2,033**	**29,955**	**—**	**62,511**
Finance lease payables	**1,187**	**1,133**	**2,692**	**2,612**	**7,624**
	306,832	**3,166**	**32,647**	**2,612**	**345,257**
At 31 December 2011					
Trade payables, other payables and accruals	179,454	—	—	—	179,454
Bank and other borrowings	64,415	1,983	31,592	—	97,990
Finance lease payables	582	424	853	—	1,859
	244,451	2,407	32,445	—	279,303

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Company					
At 31 December 2012					
Other payables and accruals	**1,052**	**—**	**—**	**—**	**1,052**
At 31 December 2011					
Other payables and accruals	210	—	—	—	210
Amounts due to subsidiaries	872	—	—	—	872
	1,082	—	—	—	1,082

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current bank and other borrowings' as shown in the consolidated statement of financial position) less bank and cash balances. Total capital is calculated as 'equity attributable to the owners of the Company' as shown in the consolidated statement of financial position.

At 31 December 2012, the Group had net bank and cash balances of HK$288,962,000 (2011: HK$37,044,000).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2012.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale investments				
— Club debenture	—	—	380	380
— Investment funds and certificates of deposits	—	—	41,903	41,903
Total assets	—	—	42,283	42,283

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2011.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale financial assets				
— Club debenture	—	—	380	380
— Investment funds and certificates of deposits	—	—	54,257	54,257
Total assets	—	—	54,637	54,637

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

Specific valuation techniques used to value financial instruments include:

- The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group has adopted the indicative market value provided by the issuers as its best estimate of the fair value of the investment.

As at 31 December 2012 and 2011, all available-for-sale investments are level 3 instruments.

The following table presents the changes in level 3 instruments.

	Available-for-sale investments	
	2012	2011
	HK$'000	HK$'000
Opening balance	**54,637**	47,889
Additions	**—**	19,500
Disposals	**(12,480)**	(11,453)
Net gain / (loss) on fair value changes recognised in other comprehensive income	**126**	(1,299)
Closing balance	**42,283**	54,637

During the year ended 31 December 2012, there was no transfer between the levels.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Construction contracts

As explained in note 2(y), revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contract, as well as the work done to date. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of management budgets by comparing the budgeted amounts to the actual amounts incurred.

A considerable amount of judgement is required in estimating the total contract revenue, contract costs, variation works and contract claims which may have an impact in terms of percentage of completion and job profit taken.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(ii) Estimation of foreseeable losses in respect of construction works

Management estimates the amount of foreseeable losses of construction works based on management budgets prepared for the construction works. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise sub-contracting charges and costs of materials are prepared by management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic review of management budgets by comparing the budgeted amounts to the actual amounts incurred.

(iii) Impairment of assets

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2(h)(i). The recoverable amount of goodwill is the higher of the assets' fair values less costs to sell and value in use.

A considerable amount of judgement and assumptions are required in estimating the recoverable amount of goodwill, including growth rate, gross margin and weighted average discount rate applied to the discounted cash flows.

An impairment charge of HK$21,558,000 arose during 2012, resulting in the carrying amount of the goodwill being written down to its recoverable amount. If the budgeted gross margin used in the value-in-use calculation had been 1% lower than management's estimates at 31 December 2012, the group would have recognised a further impairment of goodwill by HK$38,464,000.

Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. The Group estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

(iv) Allowances for bad and doubtful debts

The allowances for bad and doubtful debts of the Group are based on the evaluation of collectability and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

(v) Fair value of available-for-sale financial assets

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has adopted the indicative market value provided by the issuer as its best estimate of the fair value of the investment.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(vi) Warranty provision

The Group provides a maintenance warranty for a period of 10 years for the projects completed by the Group. The Group undertakes to rectify products that fail to perform satisfactorily. The warranty provision has been recognised at the year end for expected warranty claims based on past experience of the level of repairs and returns. Management will review the sufficiency of provision and make adjustments, if appropriate, at the end of each reporting period.

(vii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the facade contracting business. The Group's revenue / turnover represents revenue from construction contracts.

The executive directors of the Company are the Group's chief operating decision-makers ("CODM"). Management has determined the geographical segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM considers the business from a geographic perspective.

The Group has three reportable segments principally based on the geographical locations of the projects and are determined as follows:

— North America includes projects in the United States of America and Canada.

— Greater China includes projects in the People's Republic of China (the "PRC"), Hong Kong and Macau.

— Asia and Others includes projects in Japan, Singapore, the United Arabs of Emirates, Chile and maintenance projects in all segments.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The CODM assesses the performance of the operating segments based on a measure of adjusted profit or loss before interest expenses and tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, if any such as legal expenses and impairment of goodwill. The measurement also excludes the effects of share-based payments, interest income and expenses resulting from the central treasury function, other unallocated administrative expenses and other operating expenses.

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

	Segment revenue		Gross profit		Segment result	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segments						
North America	**771,147**	442,698	**69,232**	101,570	**(24,385)**	73,388
Greater China	**451,152**	255,283	**(940)**	60,241	**(10,311)**	47,567
Asia and Others	**73,548**	149,641	**8,839**	33,108	**(2,184)**	25,954
Total	**1,295,847**	847,622	**77,131**	194,919	**(36,880)**	146,909
Unallocated administrative expenses					**(79,001)**	(55,261)
Other income and other gains, net					**11,988**	10,873
Other operating expenses					**(73,714)**	(6,579)
Finance costs					**(3,382)**	(552)
Share of losses of jointly controlled entities					**—**	(6,303)
(Loss) / profit before tax					**(180,989)**	89,087
Income tax credit / (charge)					**26,059**	(9,236)
(Loss) / profit for the year					**(154,930)**	79,851

Amounts included in the measurement of segment result:

	North America		Greater China		Asia and Others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation of property, plant and equipment and amortisation of project backlogs	**19,832**	3,878	**4,171**	3,055	**132**	169	**24,135**	7,102
Loss on disposal of property, plant and equipment	**55**	627	**4**	1,119	**4**	4	**63**	1,750

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	Non-current assets*		Addition to property, plant and equipment	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
North America	**257,985**	252,699	**55,516**	39,037
Greater China	**70,541**	66,997	**9,139**	58,536
Asia and Others	**125**	244	**32**	75
Total	**328,651**	319,940	**64,687**	97,648

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

Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the CODM for performance assessment and resource allocation. Accordingly, no segment assets and liabilities are presented.

Major customer information

Revenue from two (2011: two) customers in North America and Greater China amounted to approximately HK$212,222,000 and HK$209,927,000 respectively (2011: HK$138,430,000 and HK$100,754,000), which individually represent more than 10 per cent of the Group's total revenue.

6 OTHER INCOME AND OTHER GAINS, NET

	2012	2011
	HK$'000	HK$'000
Bank interest income	**4,681**	2,306
Gain on remeasuring the jointly controlled entities at fair value on business combination	**—**	7,769
Gain on disposal of investment in a subsidiary	**6,949**	—
Gain on disposal of an available-for-sale investment	**406**	—
Net foreign exchange gains	**—**	1,334
Rental income	**573**	—
Service income	**921**	—
Loss on disposal of property, plant and equipment	**(63)**	(1,750)
Sundry income	**3,928**	2,870
	17,395	12,529

7 EXPENSES BY NATURE

	2012 HK$'000	2011 HK$'000
Cost of sales		
Cost of contracting works performed	1,199,389	650,224
Warranty provisions, net	4,071	508
Amortisation of project backlogs	15,256	1,971
	1,218,716	652,703
Administrative expenses		
Staff costs, including directors' emoluments:		
Salaries, bonuses and allowances	425,759	118,110
Share-based payments	4,169	3,760
Retirement benefits scheme contributions	5,193	5,028
Less: amounts capitalised in contracts in progress	(324,748)	(77,086)
	110,373	49,812
Depreciation	18,629	9,530
Less: amounts capitalised in contracts in progress	(9,750)	(4,399)
	8,879	5,131
Operating lease charges — land and buildings	25,034	13,824
Less: amounts capitalised in contracts in progress	(14,450)	(12,159)
	10,584	1,665
Reversal of provision for impairment of inventories	(65)	(200)
Auditor's remuneration		
— Provision for the year	2,322	1,730
— Over-provision in prior years	(38)	—
	2,284	1,730
Transaction costs of business combination	—	5,561
Other share-based payments	—	2,765
Others	66,364	38,463
	198,419	104,927
Other operating expenses		
Provision for impairment of goodwill	21,558	—
Provision for impairment of deposits and prepayments	18,720	—
Provision for impairment of trade and other receivables, net	18,800	1,587
Provision for impairment of property, plant and equipment	—	4,992
Cost of setting up a subsidiary	14,636	—
	73,714	6,579

8 FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	3,259	684
Interest on other loans wholly repayable within five years	553	65
Finance lease charges	74	170
Total finance cost incurred	3,886	919
Less: amounts capitalised in contracts in progress	(504)	(367)
	3,382	552

During the year, the Group has capitalised borrowing costs on qualifying assets. Borrowing costs were capitalised at a weighted average rate of its general borrowings of 2.71% (2011: 2.28%).

9 INCOME TAX (CREDIT) / CHARGE

(a) The amount of taxation (credited) / charged to the consolidated income statement represents:

	2012 HK$'000	2011 HK$'000
Current tax — Hong Kong profits tax		
Provision for the year	—	9,000
Over-provision in prior years	(8,346)	(892)
	(8,346)	8,108
Current tax — overseas		
Provision for the year	674	5,163
Over-provision in prior years	(12,286)	(3,383)
	(11,612)	1,780
Deferred tax (note 28)	(6,101)	(652)
Income tax (credit) / charge for the year	(26,059)	9,236

Hong Kong profits tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

The Group's subsidiary in the PRC was approved as a new and high technology enterprise pursuant to which the PRC subsidiary can enjoy a preferential income tax rate of 15% effective from 2009 to 2012.

Tax charges on estimated assessable profits elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9 INCOME TAX (CREDIT) / CHARGE *(Continued)*

(b) The taxation on the Group's (loss) / profit before tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2012 HK$'000	2011 HK$'000
(Loss) / profit before tax	(180,989)	89,087
Less: share of result of jointly controlled entities	—	6,303
	(180,989)	95,390
Taxation at Hong Kong profits tax rate at 16.5%	(29,863)	15,739
Effect of different taxation rates in other countries	480	(4,262)
Income not subject to taxation	(1,294)	(1,618)
Expenses not deductible for taxation purposes	6,539	2,611
Temporary differences not recognised	900	1,041
Recognition of previously unrecognised temporary differences	5,015	—
Tax losses not recognised	12,796	—
Over-provision in prior years	(20,632)	(4,275)
Income tax (credit) / charge	(26,059)	9,236

10 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The remuneration of every director and the chief executive were as follows:

For the year ended 31 December 2012

Name of director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Zhou Yong (i)	665	—	—	—	—	665
Cheong Chit Sun (ii)	—	1,975	938	—	12	2,925
Wang Hai (iii)	—	390	910	—	—	1,300
Chan Sim Wang (iv)	—	764	400	—	12	1,176
Ko Chuk Kin Herbert (v)	—	2,487	79	—	120	2,686
Huang Brad (vi)	55	—	—	—	—	55
Chiu Lok Man (vii)	—	79	—	—	1	80
Hong Winn	120	—	—	—	—	120
Yen Shih Hung Homer	120	—	—	—	—	120
Zhou Jin Song	120	—	—	—	—	120
Hung Cheung Shew (viii)	80	—	—	—	—	80
	1,160	5,695	2,327	—	145	9,327

10 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2011

Name of director	Fees	Salaries and allowances	Discretionary bonuses	Share-based payments	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Ko Chuk Kin Herbert	—	1,395	670	164	92	2,321
Huang Brad	—	—	—	751	—	751
Kwok Yeung Kwong (ix)	—	876	—	—	54	930
Chiu Lok Man (vii)	—	901	—	98	12	1,011
Huang Guangyu (x)	55	—	—	—	—	55
Hong Winn	120	—	—	—	—	120
Yen Shih Hung Homer	120	—	—	—	—	120
Zhou Jin Song	120	—	—	—	—	120
Hung Cheung Shew (viii)	65	—	—	—	—	65
	480	3,172	670	1,013	158	5,493

Note:

(i) Appointed on 2 March 2012.

(ii) Appointed on 2 March 2012 as Executive Director and Chief Executive Officer.

(iii) Appointed on 15 August 2012.

(iv) Appointed on 2 March 2012.

(v) Resigned on 2 November 2012.

(vi) Resigned on 15 August 2012.

(vii) Removed on 30 January 2012.

(viii) Appointed on 17 June 2011 and resigned on 15 August 2012.

(ix) Resigned on 4 July 2011.

(x) Resigned on 17 June 2011.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

10 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Five highest paid individuals

The five highest paid individuals in the Group during the year included 2 (2011: 1) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 3 (2011: 4) individuals are set out below:

	2012 HK$'000	2011 HK$'000
Basic salaries and allowances	5,686	4,311
Discretionary bonuses	840	818
Share-based payments	—	300
Retirement benefit scheme contributions	64	141
	6,590	5,570

The emoluments fell within the following band:

	2012 HK$'000	2011 HK$'000
Nil to HK$1,000,000	—	—
HK$1,000,001 to HK$1,500,000	—	3
HK$1,500,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$2,500,000	1	—
HK$2,500,001 to HK$3,000,000	1	—
	3	4

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11 LOSS / PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company included a loss of approximately HK$8,514,000 (2011: profit of HK$47,843,000) which has been dealt with in the financial statements of the Company.

12 (LOSS) / EARNINGS PER SHARE

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

	2012 HK$'000	2011 HK$'000
(Loss) / earnings		
(Loss) / profit attributable to owners of the Company, used in the basic and diluted (loss) / earnings per share calculation	**(136,273)**	76,634
Number of shares	**'000**	'000
Weighted average number of ordinary shares used in basic (loss) / earnings per share calculation	**1,990,326**	1,114,143
Effect of dilutive potential ordinary shares arising from share options	**—**	12,287
Weighted average number of ordinary shares used in diluted (loss) / earnings per share calculation	**1,990,326**	1,126,430

The share options are anti-dilutive and therefore not included in calculating diluted loss per share for the year ended 31 December 2012.

13 PROPERTY, PLANT AND EQUIPMENT

Cost	Land and buildings	Leasehold improvements	Machinery	Furniture, fixtures and machinery	Motor vehicles	Tools and mould	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011	27,202	10,326	19,942	20,379	4,348	1,484	4,770	88,451
Exchange difference	—	—	—	449	(2)	—	—	447
Acquisition of subsidiaries	23,078	389	12,045	2,654	527	—	—	38,693
Additions	50,645	394	129	5,901	1,886	—	—	58,955
Disposals	—	(26)	(2,459)	(3,888)	(2,041)	—	—	(8,414)
At 31 December 2011 and 1 January 2012	100,925	11,083	29,657	25,495	4,718	1,484	4,770	178,132
Exchange difference	408	17	224	87	63	—	—	799
Additions	36,597	1,419	15,793	9,698	832	—	348	64,687
Disposals	—	(10,694)	(16,392)	(4,918)	(1,258)	(1,484)	—	(34,746)
At 31 December 2012	137,930	1,825	29,282	30,362	4,355	—	5,118	208,872
Accumulated depreciation and impairment								
At 1 January 2011	8,801	8,540	16,472	11,360	3,714	1,482	4,770	55,139
Exchange difference	1	—	2	215	2	—	—	220
Charge for the year	1,482	787	3,563	3,211	485	2	—	9,530
Disposals	—	(10)	(1,828)	(2,545)	(1,833)	—	—	(6,216)
Impairment	4,992	—	—	—	—	—	—	4,992
At 31 December 2011 and 1 January 2012	15,276	9,317	18,209	12,241	2,368	1,484	4,770	63,665
Exchange difference	67	16	171	45	55	—	—	354
Charge for the year	2,683	1,773	7,377	5,946	850	—	—	18,629
Disposals	—	(10,694)	(16,348)	(4,087)	(1,155)	(1,484)	—	(33,768)
At 31 December 2012	18,026	412	9,409	14,145	2,118	—	4,770	48,880
Net book values as at								
At 31 December 2012	119,904	1,413	19,873	16,217	2,237	—	348	159,992
At 31 December 2011	85,649	1,766	11,448	13,254	2,350	—	—	114,467

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

An analysis of the cost of the Group's land and buildings is as follows:

	2012 HK$'000	2011 HK$'000
Located in:		
Hong Kong, under medium-term leases	50,645	50,645
Mainland China, under medium-term leases	7,306	7,306
Canada, freehold	23,552	23,078
The United States of America, freehold	56,427	19,896
	137,930	100,925

At 31 December 2012, the carrying amount of the Group's land and buildings pledged as security for the Group's banking facilities amounted to HK$22,386,000 (2011: HK$72,474,000) (Note 24).

At 31 December 2012, the carrying amount of property and motor vehicles held under finance lease is HK$38,417,000 (2011: HK$1,702,000) (Note 26).

14 GOODWILL

	2012 HK$'000	2011 HK$'000
At 1 January	159,707	—
Acquisition of subsidiaries	—	159,707
Impairment	(21,558)	—
At 31 December	138,149	159,707

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit ("CGU") that is expected to benefit from that business combination.

For the purpose of impairment testing, the carrying amount of goodwill had been allocated to the CGU relating to the operations of Red Holdings Group, Inc. and its subsidiaries within the North America segment. An impairment of HK$21,558,000 was recognised in the first half of 2012, which was mainly due to fewer new contracts secured in North America in early 2012. However, the Group secured new contracts in the second half of 2012 and no further impairment was considered necessary.

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average economic growth rates of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and turnover are based on past practices and expectations of market development.

14 GOODWILL *(Continued)*

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant markets. The pre-tax rates used to discount the forecast cash flows range from 27.2% to 31.2%. As at 31 December 2012, the recoverable amount calculated based on value in use exceeded the carrying value (net of impairment) by HK$4,648,000. A reduction in gross margin of 0.2%, a fall in growth rate to 0.5% or a rise in average discount rate to 0.19% would remove the remaining headroom.

15 PROJECT BACKLOGS

	2012 HK$'000	2011 HK$'000
Cost		
At 1 January	47,737	—
Acquisition of subsidiaries	—	47,737
At 31 December	47,737	47,737
Accumulated amortisation		
At 1 January	1,971	—
Amortisation for the year	15,256	1,971
At 31 December	17,227	1,971
Carrying amount		
At 31 December	30,510	45,766

The project backlogs were acquired through business combination, which represent construction projects not yet commenced on the acquisition date.

16 AVAILABLE-FOR-SALE INVESTMENTS

	2012 HK$'000	2011 HK$'000
Unlisted investments, at fair value:		
Club debenture	380	380
Investment funds and certificates of deposits	41,903	54,257
	42,283	54,637

The investment funds and certificates of deposits were designated as available-for-sale investments on initial recognition. These investments are capital guaranteed.

16 AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

The fair value of unlisted available-for-sale investments is determined with reference to the quoted market price or secondary market redemption price as provided by the issuers of the underlying investments.

The investment funds and certificates of deposits were arranged at floating rates and maturity dates range between October 2015 and February 2016. The maximum exposure to credit risk at the reporting date is the carrying value of the investment funds and certificates of deposits. None of these financial assets is either past due or impaired. No impairment loss on investment funds and certificates of deposits is recognised as the issuers of the securities are with high credit ratings and no default interest payment was noted in the past records.

As at 31 December 2012, no available-for-sale investments were pledged as security for the Group's banking facilities (2011: HK$54,257,000) (Note 24). The balances are denominated in United States dollar.

17 INTERESTS IN SUBSIDIARIES

	2012 **HK$'000**	2011 HK$'000
Unlisted investments, at cost	**43,652**	43,652
Capital contribution relating to share-based payment	**12,793**	9,128
Amounts due from subsidiaries	**683,404**	248,981
	739,849	301,761

The capital contribution relating to share-based payment relates to share options granted by the Company to employees of its subsidiaries. Details on the Group's share option schemes are set out in note 31.

The amounts due from subsidiaries are unsecured, interest-free and have no specific repayment terms. The balances are denominated in Hong Kong dollar.

Particulars of principal subsidiaries as at 31 December 2012 are as follows:

Name	**Place of incorporation/ registration and operation**	**Issued and paid up capital**	**Percentage of ownership interest**		**Principal activities**
			Direct	**Indirect**	
Far East Aluminium (BVI) Limited	British Virgin Islands	6,000 ordinary shares of US$1 each	100%	—	Investment holding
Far East Aluminium Works Company Limited	Hong Kong	900,000 ordinary shares of HK$100 each	—	100%	Design, manufacture and installation of curtain walls, aluminium windows and other related products
Far East Facade (UK) Limited	United Kingdom	1 ordinary share of GBP1	—	100%	Design and installation of curtain walls, aluminium windows and other related products
Far East Facade (UAE) Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	—	100%	Investment holding
World Eastern Cladding Works (LLC)	United Arab of Emirates	100 ordinary shares of AED3,000 each	—	100%	Installation of curtain walls, aluminium windows and other related products

17 INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and paid up capital	Percentage of ownership interest Direct	Indirect	Principal activities
Far East Facade, Inc.	United States of America	100,000 common shares of US$0.01 each	—	100%	Installation of curtain walls, aluminium windows and other related products
Far East Facade (HK) Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	—	100%	Investment holding
Heng Fai International Limited	Hong Kong	1 ordinary share of HK$1	—	100%	Investment holding
Venture Synergy Limited	British Virgin Islands	1 ordinary share of US$1	—	100%	Investment holding
Netfortune Limited	Hong Kong	500,000 ordinary shares of HK$1 each	—	100%	Investment holding
Netfortune Enterprise Limited	British Virgin Islands	1 ordinary share of US$1	—	100%	Investment holding
Netfortune Façade Limited	Hong Kong	5,000,000 ordinary shares of HK$1 each	—	100%	Investment holding
Willbert Limited	British Virgin Islands	1 ordinary share of US$1	—	100%	Property holding
Far East Aluminium Works (Guangzhou) Company Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Property holding
FEA Engineering Limited	British Virgin Islands	100 ordinary shares of US$1 each	—	100%	Investment holding
FEA Investments Limited	British Virgin Islands	1 ordinary share of US$1	—	100%	Investment holding
Better View Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Property holding
FEA Corporate Services Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Provision of company secretarial services to Group companies
Far East Aluminium Works (Singapore) Pte. Ltd.	Singapore	700,000 ordinary shares of SGD1 each	—	100%	Installation of curtain walls, aluminum windows and other related products
上海力進鋁質工程有限公司 (a sino-foreign equity joint venture enterprise)	The People's Republic of China	Registered capital of RMB10,000,000	—	75%	Design, manufacture and installation of curtain walls, aluminium windows and other related products
Netfortune Engineering (FEA) Macau Limited	Macau	25,000 ordinary shares of MOP1 each	—	100%	Installation of curtain walls, aluminium windows and other related products

17 INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and paid up capital	Percentage of ownership interest Direct	Indirect	Principal activities
Far East Aluminum Works (U.S.) Corporation	United States of America	200,000,000 common stock of US$0.001 each	—	100%	Installation of curtain walls, aluminium windows and other related products
Far East Facade Investments Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	—	100%	Investment holding
Far East Aluminium Works Canada Corp.	Canada	100 common shares of CAD1 each	—	100%	Installation of curtain walls, aluminium windows and other related products
Far East Aluminium Works Chile Limitada	Chile	Registered share capital of PESO10,000,000	—	100%	Installation of curtain walls, aluminium windows and other related products
力進幕牆(上海)有限公司	The People's Republic of China	Registered capital of USD2,000,000	—	100%	Manufacture of curtain walls, aluminium windows and other related products in Shanghai
遠東幕牆制品(深圳)有限公司	The People's Republic of China	Registered capital of HK$20,000,000	—	100%	Manufacture of curtain walls, aluminium windows and other related products
Gamma Buffalo, Inc.	United States of America	1 share of US$1	—	100%	Property holding
Red Holdings Group, Inc.	United States of America	1,000 shares of US$0.001 each	—	55%	Investment holding
Gamma USA, Inc.	United States of America	1,000 shares of US$0.001 each	—	55%	Design, manufacture and installation of curtain walls, aluminium windows and other related products
Gamma Installations Inc.	United States of America	100 shares of US$0.001 each	—	55%	Installation of curtain walls, aluminium windows and other related products
Gamma Windows and Walls International Inc.	Canada	100 common shares of CAD53,362.36 each	—	55%	Design, manufacture and installation of curtain walls, aluminium windows and other related products
Gamma North Corporation	United States of America	1 share of US$1	—	55%	Manufacture of curtain walls, aluminium windows and other related products

18 INVENTORIES

	2012 HK$'000	2011 HK$'000
Raw materials	**8,484**	4,692
Consumables	**117**	93
	8,601	4,785

The cost of inventories recognised as expense and included in 'cost of sales' amounted to approximately HK$80,590,000 (2011: HK$12,296,000).

19 AMOUNTS DUE FROM / TO CUSTOMERS FOR CONTRACT WORK

	2012 HK$'000	2011 HK$'000
Contract costs incurred plus recognised profits less foreseeable losses	**1,139,196**	5,570,991
Less: progress billings	**(783,798)**	(5,464,047)
	355,398	106,944
Amounts due from contract customers	**442,151**	196,497
Amounts due to contract customers	**(86,753)**	(89,553)
	355,398	106,944

20 TRADE AND OTHER RECEIVABLES

	2012 HK$'000	2011 HK$'000
Trade receivables	**218,523**	157,309
Retention receivables	**180,359**	169,908
	398,882	327,217
Less: Provision for impairment	**(37,880)**	(19,080)
	361,002	308,137
Other receivables	**16,919**	21,850
Trade and other receivables	**377,921**	329,987

20 TRADE AND OTHER RECEIVABLES *(Continued)*

The Group's trade receivables mainly represent progress billings receivable from facade building contracting works. The Group adopts credit policies which are consistent with the trade practices prevalent in the building industry in countries in which the Group has operations. The Group recognises its trade receivables when the value of the subcontract works is certified by the architect. Pursuant to the trade practices, the main contractor from time to time makes applications for payment certificates which include the certified value of the nominated subcontract works.

Retention receivables represent certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated as a prescribed percentage of the contract sum. No aging analysis of retention receivables is presented as the retentions are released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects in question.

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

	2012	2011
	HK$'000	HK$'000
Trade receivables:		
0 to 30 days	**110,712**	72,993
31 to 60 days	**46,438**	30,233
61 to 90 days	**22,629**	22,151
More than 90 days	**17,713**	27,430
	197,492	152,807
Retention receivables	**163,510**	155,330
	361,002	308,137
Other receivables	**16,919**	21,850
Trade and other receivables	**377,921**	329,987

At 31 December 2012, the amount of retention receivables expected to be recovered after more than twelve months was HK$128,593,000 (2011: HK$88,447,000).

Except for the receivable arising from construction contracts which are billed and immediately payable in accordance with the terms of the relevant agreement, the Group generally allows an average credit period not exceeding 90 days (2011: 90 days) to its customers and the retention receivables are repayable approximately one year after the expiry of the defect liability period of construction projects.

20 TRADE AND OTHER RECEIVABLES *(Continued)*

As of 31 December 2012, trade receivables of HK$40,343,000 (2011: HK$62,809,000) were past due based on credit terms but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
Up to 3 months	35,725	35,379
3 to 6 months	4,618	27,430
	40,343	62,809

As at 31 December 2012, trade and retention receivables of approximately HK$37,880,000 (2011: HK$ 19,080,000) were impaired and fully provided.

The individually impaired trade and retention receivables relate to contracts under disputes with customers and are expected not to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

Movements of provision for impairment of the trade and retention receivables are as follows:

	2012 HK$'000	2011 HK$'000
At 1 January	19,080	17,493
Reversal of provisions	(525)	(2,534)
Provision for impairment	19,325	4,121
At 31 December	37,880	19,080

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
United States dollar	166,295	130,960
Hong Kong dollar	91,498	55,159
Canadian dollar	77,195	95,668
Renminbi	26,756	24,440
United Arab Emirates Dirham	10,022	10,753
Singapore dollar	4,650	8,986
Others	1,505	4,021
	377,921	329,987

There is no concentration of credit risk with respect to trade and retention receivables, as the Group has a large number of customers.

The carrying amounts of the Group's trade and other receivables approximate the fair value of these balances.

21 AMOUNT DUE FROM A FELLOW SUBSIDIARY

The amount due from a fellow subsidiary is unsecured, interest-free and repayable on demand. The amount is denominated in Hong Kong dollar.

22 AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The amounts are denominated in Hong Kong dollar.

23 PLEDGED TIME DEPOSITS AND BANK AND CASH BALANCES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Pledged time deposits	**—**	44,381	**—**	—
Bank and cash balances	**340,465**	82,875	**204,514**	360
	340,465	127,256	**204,514**	360

The Group's pledged time deposits are pledged to banks to secure the Group's banking facilities (Note 24).

The carrying amounts of pledged time deposits and bank and cash balances of the Group and the Company are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**214,342**	6,906	**200,614**	360
Canadian dollar	**59,280**	28,623	**—**	—
United States dollar	**47,869**	34,826	**3,900**	—
Renminbi	**15,847**	51,562	**—**	—
United Arab Emirates Dirham	**1,731**	4,469	**—**	—
Others	**1,396**	870	**—**	—
	340,465	127,256	**204,514**	360

In respect of the Renminbi of the Group's subsidiaries incorporated in the PRC amounting to approximately HK$15,847,000 (2011: HK$5,562,000), conversion of this into foreign currencies is subject to the Foreign Exchange Administrative Regulations of the People's Republic of China.

24 BANK AND OTHER BORROWINGS

	2012 HK$'000	2011 HK$'000
Bank loans, secured	**20,136**	20,345
Bank loans, unsecured	**18,644**	18,936
Trust receipt loans, secured	**—**	41,820
Loans from non-controlling interests, unsecured	**7,800**	7,800
Bank overdrafts, unsecured	**4,923**	1,311
	51,503	90,212
The borrowings are repayable as follows:		
On demand or within one year	**24,113**	62,573
In the second year	**581**	539
In the third to fifth years, inclusive	**26,809**	27,100
	51,503	90,212
Less: Amount due for settlement within twelve months	**(24,113)**	(62,573)
Amount due for settlement after twelve months	**27,390**	27,639

At 31 December 2012, bank loans and trust receipt loans are secured by the Group's land & buildings (Note 13), available-for-sale investments (Note 16) and pledged time deposits (Note 23).

The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	Hong Kong dollar HK$'000	**Canadian dollar** HK$'000	**United States dollar** HK$'000	**Total** HK$'000
2012				
Bank loans	**—**	**38,780**	**—**	**38,780**
Loans from non-controlling interests	**—**	**—**	**7,800**	**7,800**
Unsecured bank overdrafts	**—**	**4,923**	**—**	**4,923**
	—	**43,703**	**7,800**	**51,503**
2011				
Bank loans	10,000	29,281	—	39,281
Trust receipt loans	2,753	—	39,067	41,820
Loans from non-controlling interests	—	—	7,800	7,800
Unsecured bank overdrafts	—	764	547	1,311
	12,753	30,045	47,414	90,212

24 BANK AND OTHER BORROWINGS *(Continued)*

The average interest rates at 31 December were as follows:

	2012	2011
Bank loans	5.05%	4.81%
Trust receipt loans	—	3.54%
Loans from non-controlling interests	3.30%	3.30%
Unsecured bank overdrafts	4.25%	4.81%

All bank and other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 December 2012, the Group had available and unutilised banking facilities of HK$1,044,278,000 (2011: HK$493,857,000).

The carrying amounts of bank and other borrowings approximate the fair value of these balances.

25 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The analysis of trade payables, other payables and accruals, including the aging analysis of trade payables, based on invoice date, is as follows:

	2012 HK$'000	2011 HK$'000
Trade payables:		
0 to 30 days	147,904	54,676
31 to 60 days	19,112	20,823
More than 60 days	15,649	21,670
	182,665	97,169
Retention payables	34,420	30,912
	217,085	128,081
Other payables and accruals	58,037	51,373
Trade payables, other payables and accruals	275,122	179,454

At 31 December 2012, the amount of retention payables expected to be due after more than twelve months was approximately HK$19,377,000 (2011: HK$15,043,000).

25 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS *(Continued)*

The carrying amounts of the Group's trade payables, other payables and accruals are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
Hong Kong dollar	**113,929**	77,427
Canadian dollar	**62,029**	42,403
Renminbi	**53,683**	23,320
United States dollar	**39,261**	22,266
United Arab Emirates Dirham	**3,768**	11,597
Others	**2,452**	2,441
	275,122	179,454

The carrying amounts of trade payables, other payables and accruals approximate the fair value of these balances.

26 FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Within one year	**1,187**	582	**1,158**	524
In the second to fifth years, inclusive	**3,825**	1,277	**3,302**	1,185
Over five years	**2,612**	—	**1,636**	—
	7,624	1,859	**6,096**	1,709
Less: Future finance charges	**(1,528)**	(150)		
Present value of lease obligations	**6,096**	1,709		
Less: Amount due for settlement within twelve months			**(1,158)**	(524)
Amount due for settlement after twelve months			**4,938**	1,185

The average lease term is 7 years. At 31 December 2012, the average effective borrowing rate was 2.5% (2011: 4%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the property and motor vehicles at nominal prices.

26 FINANCE LEASE PAYABLES *(Continued)*

All finance lease payables are denominated in the following currencies:

	2012	2011
	HK$'000	HK$'000
United States dollar	**5,365**	1,068
Canadian dollar	**615**	447
Hong Kong dollar	**116**	194
	6,096	1,709

The Group's finance lease payables are secured by the lessor's title to the leased assets (Note 13).

27 WARRANTY PROVISIONS

	2012	2011
	HK$'000	HK$'000
At 1 January	**17,356**	15,190
Addition	**4,071**	2,901
Acquisition of subsidiaries	**—**	4,388
Reversal	**—**	(2,393)
Exchange differences	**25**	—
Utilisation	**(2,461)**	(2,730)
At 31 December	**18,991**	17,356

The Group provides warranties to its customers on façade contracting works in accordance with terms and conditions as stipulated in contracts, under which defective works are rectified or replaced.

The amount of the warranty provision is estimated based on the past experience of the level of defective works and the estimation basis is reviewed on an ongoing basis and revised where appropriate.

28 DEFERRED TAXATION

The analysis of the Group's deferred tax liabilities and (assets) is as follows:

	2012 HK$'000	2011 HK$'000
Deferred tax liabilities to be crystalised after more than twelve months	**15,335**	16,553
Deferred tax liabilities to be crystalised within twelve months	**6,203**	6,101
	21,538	22,654
Deferred tax assets to be recovered after more than twelve months	**(6,000)**	(1,087)

The following are the major deferred tax liabilities and (assets) recognised by the Group.

	Accelerated tax depreciation HK$'000	**Recognition of intangible assets on business combination** HK$'000	**Revaluation of land and buildings** HK$'000	**Tax losses** HK$'000	**Others** (note) HK$'000	**Total** HK$'000
At 1 January 2011	—	—	—	—	—	—
Acquisition of subsidiaries	3,029	19,260	753	—	(823)	22,219
Credited to consolidated income statement	—	(652)	—	—	—	(652)
At 31 December 2011	3,029	18,608	753	—	(823)	21,567
Exchange difference	72	—	—	—	—	72
(Credited) / charged to consolidated income statement	(1,111)	(6,203)	—	(6,000)	7,213	(6,101)
At 31 December 2012	1,990	12,405	753	(6,000)	6,390	15,538

Note:

The balance mainly represents the deferred tax arising from the accrued income to the construction work in progress.

28 DEFERRED TAXATION *(Continued)*

The following is the analysis of the net deferred tax balances for statement of financial position purposes:

	2012	2011
	HK$'000	HK$'000
Deferred tax liabilities	**21,538**	22,654
Deferred tax assets	**(6,000)**	(1,087)
	15,538	21,567

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$77,552,000 (2011: Nil) to be carried forward in offsetting the future taxable income. These tax losses have no expiry dates.

29 SHARE CAPITAL

	Authorised		**Issued and fully paid**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
	'000	HK$'000	'000	HK$'000
Ordinary share of HK$0.01 each				
At 1 January 2011	10,000,000	100,000	1,116,108	11,161
Repurchase of shares	—	—	(4,348)	(43)
Issue of shares upon exercise of share options	—	—	1,118	11
At 31 December 2011	10,000,000	100,000	1,112,878	11,129
Issue of shares upon exercise of share options	—	—	4,117	41
Issue of shares	—	—	1,038,550	10,385
At 31 December 2012	10,000,000	100,000	2,155,545	21,555

Note: On 2 February 2012, the Company entered into a subscription agreement with Add Treasure Holdings Limited ("Add Treasure"), a wholly-owned subsidiary of CSCIHL pursuant to which Add Treasure conditionally agreed to subscribe from the Company 1,038,550,000 new shares of the Company (the "Subscription") for a total consideration of HK$643,901,000. Completion of the Subscription took place on 28 February 2012. Subsequently, CSCIHL became the holding company of the Company.

30 SHARE PREMIUM AND RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Company

The amounts of the Company's reserves and the movements therein are presented below.

	Share premium HK$'000	Share-based payment reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000
At 1 January 2011	265,636	10,132	(19,827)	255,941
Profit for the year	—	—	47,843	47,843
Repurchase of shares	(3,848)	—	(22)	(3,870)
Share-based payments	—	6,525	—	6,525
2011 dividend paid	—	—	(16,720)	(16,720)
Issue of shares upon exercise of share options	715	—	—	715
At 31 December 2011 and 1 January 2012	262,503	16,657	11,274	290,434
Loss for the year	—	—	(8,514)	(8,514)
Share-based payments	—	4,169	—	4,169
Settlement of share options by acquirer	—	(16,190)	16,190	—
Issue of shares	636,151	—	—	636,151
At 31 December 2012	898,654	4,636	18,950	922,240

(c) Nature and purpose of reserves

(i) Share premium account and retained profits

Under the Companies Law of the Cayman Islands, the funds in the share premium account and retained profits of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The distributable reserves of the Company amounted to approximately HK$904,811,000 (2011: HK$273,777,000).

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2 to the financial statements.

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 2 to the financial statements.

30 SHARE PREMIUM AND RESERVES *(Continued)*

(c) Nature and purpose of reserves *(Continued)*

(iv) Share-based payment reserve

The share-based payment reserve represents the fair value of the equity instruments granted to directors and employees of the Group, recognised in accordance with the accounting policy adopted for share-based payments in note 2 to the financial statements.

(v) Statutory reserves

The statutory reserves, which are non-distributable, are appropriated from the profit after taxation of the Group's PRC and Macau subsidiaries under the applicable laws and regulations in the PRC and Macau respectively.

31 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company adopted a share option scheme (the "Scheme") on 10 March 2010 and unless otherwise cancelled or amended, is valid and effective for 10 years from 30 March 2010, the date on which the shares of the Company were listed on the Stock Exchange. The purpose of the Scheme is to provide incentives or rewards to the eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible persons include directors, employees, suppliers and customers of the Group and consultants, advisers, managers, officers or entities that provide research, development and other technological support to the Group.

The maximum number of shares in respect of which options may be granted under the Scheme shall not in aggregate exceed 10% of the shares of the Company in issue immediately following the completion of the global offering of the Company (as defined in the Prospectus issued by the Company dated 17 March 2010). As at 31 December 2012, there were no outstanding share options under the Scheme.

The maximum entitlement for any eligible person (other than a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates) under the Scheme is that the total number of shares issued and to be issued upon exercise of all options granted and to be granted in any 12-month period up to and including the date of the proposed grant does not exceed 1% of the shares of the Company for the time being in issue. Any further grant of shares options in excess of this limit is subject to shareholders' approval at a general meeting.

The period within which an option may be exercised under the Scheme will be determined by the Board at its absolute discretion provided that such period shall not be more than ten years from the date of grant of the option.

The exercise price of the share options shall be determined by the Board, at its absolute discretion, but in any case, shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant of such option; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant of such option; and (iii) the nominal value of a share of the Company on the date of grant of such option.

Upon acceptance of the option, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

31 SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Details of the share options granted on 29 June 2010, 27 July 2010 and 4 October 2011 are as follows:

Exercise price per share	Vesting period	Exercisable period	Outstanding at 1 January 2011	Exercised during the year	Settled during the year by acquirer	Lapsed during the year	Held at 31 December 2012
Granted on 29 June 2010 and 27 July 2010							
0.65	27 July 2010 to 28 June 2011	29 June 2011 to 28 June 2020	2,500,000	—	(2,500,000)	—	—
0.65	29 June 2010 to 28 June 2011	29 June 2011 to 28 June 2020	18,908,500	(1,867,500)	(10,709,500)	(6,331,500)	—
0.65	29 June 2010 to 28 June 2012	29 June 2012 to 28 June 2020	21,421,500	(750,000)	(10,480,500)	(10,191,000)	—
0.65	29 June 2010 to 28 June 2013	29 June 2013 to 28 June 2020	11,810,500	(750,000)	(10,480,500)	(580,000)	—
0.65	29 June 2010 to 28 June 2014	29 June 2014 to 28 June 2020	11,810,500	(750,000)	(10,480,500)	(580,000)	—
Granted on 4 October 2011							
0.52	4 October 2011 to 3 October 2012	4 October 2012 to 3 October 2016	5,900,000	—	(5,900,000)	—	—
0.52	4 October 2011 to 3 October 2013	4 October 2013 to 3 October 2016	5,900,000	—	(5,900,000)	—	—
0.52	4 October 2011 to 3 October 2014	4 October 2014 to 3 October 2016	5,900,000	—	(5,900,000)	—	—
0.52	4 October 2011 to 3 October 2015	4 October 2015 to 3 October 2016	5,900,000	—	(5,900,000)	—	—
			90,051,000	(4,117,500)	(68,251,000)	(17,682,500)	—

31 SHARE-BASED PAYMENTS *(Continued)*

The following table discloses the share options of the Company held by employees (including directors) and business partners:

	Outstanding at 1 January 2012	Exercised during the year	Settled during the year by acquirer	Lapsed during the year	Held at 31 December 2012
Directors	14,800,000	—	(13,000,000)	(1,800,000)	—
Employees	51,151,000	(4,117,500)	(35,151,000)	(11,882,500)	—
Business Partners	24,100,000	—	(20,100,000)	(4,000,000)	—
	90,051,000	(4,117,500)	(68,251,000)	(17,682,500)	—

Pursuant to the mandatory unconditional cash offer made by Add Treasure Holdings Limited as required under the Hong Kong Code on Takeovers and Mergers, all share options were offered at a cash consideration of $1.18 per share. Add Treasure Holding Limited received valid acceptances in respect of (i) 23,600,000 shares options with exercise price at HK$0.52 and (ii) 44,651,000 share options with exercise price at HK$0.65 under the mandatory unconditional cash offer.

32 LEASE COMMITMENTS

At 31 December 2012 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2012 HK$'000	2011 HK$'000
Within one year	**23,200**	10,112
In the second to fifth years inclusive	**88,803**	16,191
After fifth year	**53,242**	67,862
	165,245	94,165

Operating lease payments represents rentals payable by the Group for certain of its offices, factories and staff quarters. Leases are negotiated for a term ranging from one to ten years and rentals are fixed over the lease terms and do not include contingent rentals.

33 RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

(a) Transactions with related parties

	2012 HK$'000	2011 HK$'000
Construction fee received from a fellow subsidiary	**847**	—
Service income received from a fellow subsidiary	**314**	—

33 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

Transactions with other state-controlled entities in the PRC

Certain of the Group's business are operated in an economic environment currently predominated by entities directly or indirectly owned, controlled or significantly influenced by the PRC government. In addition, the Group is itself part of a larger group of companies under CSCEC which is controlled by the PRC government.

Apart from transactions with its fellow subsidiaries, the Group has transaction with other state-controlled entities, mainly interest income.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

The construction fee received from a fellow subsidiary relates to the provision of contracting and engineering work to the CSCIHL Group by the Group for a construction project under a sub-contractor agreement which was entered into between the parties in September 2009 and at which time, members of the CSCIHL Group were not connected persons of the Company. Except for the service income received from a fellow subsidiary under the FE-CSC Sub-construction Engagement Agreement, none of the aforesaid related party transactions are regarded as "connected transaction" or "continuing connected transactions" under Chapter 14A of the Listing Rules.

(b) Balances with related parties

	2012 HK$'000	2011 HK$'000
Other loans:		
Loans from non-controlling shareholders of a subsidiary who have significant influence over that subsidiary (Note)	7,800	7,800

Note: The loans are unsecured, interest-bearing at United States prime rate plus 0.5% per annum compounded daily and repayable on 15 November 2015.

(c) Compensation of key management personnel

	2012 HK$'000	2011 HK$'000
Short term employee benefits	10,702	14,062
Share-based payments	—	(1,025)
Post-employment benefits	160	507

34 COMPARATIVE FIGURES

Certain comparative figures have been reclassified, including the regrouping of "trade and other receivables", "trade payables, other payables and accruals" and "interests in subsidiaries" to conform to the presentation of CSCIHL, its intermediate holding company.

Five-Year Financial Summary

The table set out below summarizes the results and the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the Group's published consolidated financial statements of the respective years and restated/reclassified as appropriate. This summary is not part of the audited consolidated financial statements.

CONSOLIDATED RESULTS

	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,295,847**	847,622	866,664	860,192	1,284,709
Gross profit	**77,131**	194,919	226,448	192,153	253,127
(Loss) / profit before tax	**(180,989)**	89,087	137,487	98,416	139,605
(Loss) / profit attributable to owners of the Company	**(136,273)**	76,634	110,113	74,288	104,993
Basic (loss) / earnings per share (HK cents) (Note)	**(6.85)**	6.88	10.45	8.74	12.35
Diluted (loss) / earnings per share (HK cents)	**(6.85)**	6.80	10.37	N/A	N/A

Note: For comparison purpose, the basic earnings per share for each of the years from 2008 to 2009 as indicated is derived by dividing the profit attributable to owners of the Company by 850,000,000 shares, being the number of shares in issue after the capitalization issue immediately before the global offering of the shares of the Company in March 2010.

CONSOLIDATED NET ASSETS

	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**376,934**	375,664	83,279	72,910	79,302
Current assets	**1,259,865**	694,524	749,843	729,276	818,439
Current liabilities	**453,797**	391,123	311,807	462,217	594,203
Non-current liabilities	**53,866**	51,478	—	—	—
Net asset	**1,129,136**	627,587	521,315	339,969	303,538

Board of Directors and Committees

BOARD OF DIRECTORS

Chairman and Non-executive Director

ZHOU Yong

Executive Directors

CHEONG Chit Sun
(Vice-chairman and Chief Executive Officer)
WANG Hai
CHAN Sim Wang

Independent Non-executive Directors

ZHOU Jinsong
YEN Homer Shih Hung
HONG Winn

COMMITTEES

Audit Committee

ZHOU Jinsong, *CPA (Chairman)*
YEN Homer Shih Hung
HONG Winn

Remuneration Committee

ZHOU Jinsong *(Chairman)*
ZHOU Yong
CHEONG Chit Sun
YEN Homer Shih Hung
HONG Winn

Nomination Committee

ZHOU Yong *(Chairman)*
CHEONG Chit Sun
ZHOU Jinsong
YEN Homer Shih Hung
HONG Winn

Corporate Information

AUTHORISED REPRESENTATIVES

ZHOU Yong
CHEONG Chit Sun

COMPANY SECRETARY

LAU Shuk Yin Connie

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples FS Limited
P.O. Box 1093
Queensgate House
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

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
8 Sun Yip Street
Chai Wan
Hong Kong

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISOR

Mayer Brown JSM

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
DBS Bank (Hong Kong) Limited
Deutsche Bank AG, Hong Kong Branch
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

00830

CORPORATE WEBSITE

www.fareastglobal.com

FINANCIAL CALENDAR

Annual Results Announcement
13 March 2013
Closure of register of members for Annual General Meeting
29–31 May 2013 (both days inclusive)
Annual General Meeting
31 May 2013

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

www.fareastglobal.com