FEH

遠東控股國際有限公司

Far East Holdings International Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 36)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Far East Holdings International Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the corresponding year in 2018 are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000 (Re-presented)
Continuing operations			
Revenue	3	**39,733**	3,246
Rental operating cost		**(1,187)**	(786)
Net rental income		**38,546**	2,460
Dividend income from held-for-trading investments		**3,236**	3,235
Other income		**922**	701
Other gains and losses, net	5	**(197,362)**	(120,841)
Administrative expenses		**(7,148)**	(4,903)
Finance costs	6	**(21,897)**	–
Loss before income tax	7	**(183,703)**	(119,348)
Income tax (expense)/credit	8	**(1,954)**	15,107
Loss for the year from continuing operations		**(185,657)**	(104,241)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	9	**32,738**	(3,441)
Loss for the year		**(152,919)**	(107,682)
Other comprehensive (expense)/income for the year			
Item that will not be reclassified to profit or loss:			
Gain on revaluation upon transfer of own-used property to investment property		**–**	3,283
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(547)**	(432)
Other comprehensive (expense)/income for the year		**(547)**	2,851
Total comprehensive expense for the year		**(153,466)**	(104,831)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
			(Re-presented)
Loss for the year attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(149,010)**	(104,241)
Profit/(loss) for the year from discontinued operation		**16,696**	(1,754)
		(132,314)	(105,995)
Non-controlling interests			
Loss for the year from continuing operations		**(36,647)**	–
Profit/(loss) for the year from discontinued operation		**16,042**	(1,687)
		(20,605)	(1,687)
		(152,919)	(107,682)
Total comprehensive expense attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(149,010)**	(100,958)
Profit/(loss) for the year from discontinued operation		**16,417**	(1,976)
		(132,593)	(102,934)
Non-controlling interests			
Loss for the year from continuing operations		**(36,647)**	–
Profit/(loss) for the year from discontinued operation		**15,774**	(1,897)
		(20,873)	(1,897)
		(153,466)	(104,831)
(Loss)/earnings per share from:			
Continuing operations — Basic (HK cents)	*10*	**(13.68)**	(9.57)
Discontinued operation — Basic (HK cents)	*10*	**1.53**	(0.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment properties		**1,672,600**	164,500
Property, plant and equipment		**220**	2,857
Prepaid lease payments		**–**	400
Corporate bond		**–**	5,000
		1,672,820	172,757
Current assets			
Prepaid lease payments		**–**	18
Corporate bond		**5,000**	–
Held-for-trading investments	*11*	**149,366**	567,246
Inventories		**–**	1,506
Trade and other receivables	*12*	**23,667**	1,277
Amount due from a non-controlling interest		**2,680**	–
Tax recoverable		**156**	224
Deposits held at a financial institution		**3,434**	34,955
Bank balances and cash		**33,911**	5,415
		218,214	610,641
Current liabilities			
Trade and other payables	*13*	**21,269**	3,576
Bank borrowing	*14*	**492,662**	–
Lease liabilities		**147**	–
Tax payable		**6,646**	–
		520,724	3,576
Net current (liabilities)/assets		**(302,510)**	607,065
Total assets less current liabilities		**1,370,310**	779,822
Non-current liability			
Promissory note	*15*	**213,200**	–
Net assets		**1,157,110**	779,822
Capital and reserves			
Share capital	*16*	**632,610**	632,610
Reserves		**11,569**	144,162
Equity attributable to owners of the Company		**644,179**	776,772
Non-controlling interests		**512,931**	3,050
Total equity		**1,157,110**	779,822

Notes:

1. BASIS OF PREPARATION

(a) Statutory financial statements

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results 2019 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(b) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the investment properties and financial instruments, which are measured at fair values.

(d) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective on 1 January 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 11, Joint Arrangements
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs

Except for the adoption of HKFRS 16 Leases ("**HKFRS 16**") summarised below, the other new or amended HKFRSs that are effective from 1 January 2019 did not have any material impact on the Group's accounting policies. The Group has not applied any new and revised HKFRSs that are not yet effective for the current period.

HKFRS 16 — Lease

(i) Impact of adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease ("**HK(IFRIC)-Int 4**"), HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

2. **ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)**

(a) Adoption of new/revised HKFRSs — effective on 1 January 2019 (continued)

HKFRS 16 — Lease (continued)

(i) Impact of adoption of HKFRS 16 (continued)

The following table summarised the impact of transition to HKFRS 16 on statement of financial position as of 31 December 2018 to that of 1 January 2019 (increase/(decrease)):

	HK$'000
Consolidated Statement of Financial Position as at 1 January 2019	
Right-of-use assets presented in property, plant and equipment	991
Lease liabilities (non-current)	147
Lease liabilities (current)	426
Prepaid lease payments (non-current)	(400)
Prepaid lease payments (current)	(18)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments as of 31 December 2018	627
Less: leases of low-value assets	(35)
Less: future interest expenses	(19)
Total lease liabilities as of 1 January 2019	573

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 January 2019 was 5.25%.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	573
Reclassifications from prepaid lease payments	418
Total right-of-use assets as of 1 January 2019	991

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(a) Adoption of new/revised HKFRSs — effective on 1 January 2019 (continued)

HKFRS 16 — Lease (continued)

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(a) Adoption of new/revised HKFRSs — effective on 1 January 2019 (continued)

HKFRS 16 — Lease (continued)

(iii) Accounting as a lessee (continued)

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-of-use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(a) Adoption of new/revised HKFRSs — effective on 1 January 2019 (continued)

HKFRS 16 — Lease (continued)

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

(b) New/Revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group has so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. REVENUE

Revenue includes the net invoiced value of goods sold and property rental income earned by the Group. The amount of each significant category of revenue recognised during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Gross rental income from investment properties	**39,733**	3,246
Discontinued operation		
Sales of goods	**3,555**	5,301
	43,288	8,547

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker ("**CODM**") that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Property investment — property investment

Securities investment — short-term securities investment

Industrial — manufacturing and sale of garments

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the CODM for assessment of segment performance.

On 14 October 2019, the Group received notification from Jiangsu Government and entered into an agreement with Haimen People's Government in relation to the recovery of the state-owned land use right of a parcel of land owned by the Group. Upon receiving the notification, the Board has decided to cease the business of industrial segment.

The unallocated other operating income mainly represents the interest income and the unallocated expenses mainly represent the head office expenses including directors' emoluments, employee costs, legal and professional fee and finance costs.

4. **SEGMENT REPORTING (continued)**

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31 December 2019

	Continuing operations		**Discontinued operation**	
	Property investment	**Securities investment**	**Industrial**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue				
External revenue *(note 3)*	**39,733**	**–**	**3,555**	**43,288**
Segment results	**(65,597)**	**(103,668)**	**37,473**	**(131,792)**
Other operating income				**922**
Unallocated expenses				**(15,360)**
Loss before income tax				**(146,230)**

For the year ended 31 December 2018

	Continuing operations		Discontinued operation	
	Property investment	Securities investment	Industrial	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue				
External revenue *(note 3)*	3,246	–	5,301	8,547
Segment results	9,059	(124,383)	(3,441)	(118,765)
Other operating income				701
Unallocated expenses				(4,725)
Loss before income tax				(122,789)

Segment results represent the profit/(loss) from each segment including items disclosed in other segment information below, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of other operating income and corporate expenses. Unallocated items comprise corporate expenses which are not directly attributable to a particular reportable segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. The segment results of the securities investment segment include the fair value gain or loss on held-for-trading investments, dividend income from held-for-trading investments and administrative expenses directly attributable to the securities investment segment.

4. **SEGMENT REPORTING (continued)**

(b) Other segment information

The following other segment information is included in the measure of segment profit or loss:

For the year ended 31 December 2019

	Continuing operations		**Discontinued operation**	
	Property investment	**Securities investment**	**Industrial**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Depreciation of right-of-use assets	**(400)**	**–**	**–**	**(400)**
Depreciation of property, plant and equipment	**(30)**	**–**	**(337)**	**(367)**
Loss allowance on amount due from non-controlling interests	**–**	**–**	**(755)**	**(755)**
Loss allowance on rental receivables	**(1,117)**	**–**	**–**	**(1,117)**
Fair value loss on held-for-trading investments	**–**	**(95,568)**	**–**	**(95,568)**
Loss on disposal of held-for-trading investments	**–**	**(11,277)**	**–**	**(11,277)**
Fair value loss on investment properties	**(89,400)**	**–**	**–**	**(89,400)**
Gain on disposal of property, plant and equipment	**–**	**–**	**353**	**353**
Compensation income, net	**–**	**–**	**42,634**	**42,634**

For the year ended 31 December 2018

	Continuing operations			Discontinued operation	
	Property investment	Securities investment	Unallocated amount	Industrial	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amortisation of prepaid lease payment	(38)	–	–	–	(38)
Depreciation of property, plant and equipment	(31)	–	(168)	(270)	(469)
Loss allowance on amount due from the non-controlling interests	–	–	–	(470)	(470)
Fair value loss on held-for-trading investments	–	(127,879)	–	–	(127,879)
Gain on disposal of held-for-trading investments	–	440	–	–	440
Fair value gain on investment properties	6,598	–	–	–	6,598

4. SEGMENT REPORTING (continued)

(c) Segment assets and liabilities

As the CODM reviews the Group's assets and liabilities as a whole on a consolidated basis and assets or liabilities are not allocated to the operating segments, therefore no analysis of segment assets and liabilities is presented.

(d) Revenue from major products and services

Disaggregation of revenue from contracts with customers

The following analysis of revenue under HKFRS 15 is disaggregated by timing of revenue recognition.

	Industrial	
Time of revenue recognition	**2019**	2018
	HK$'000	*HK$'000*
At a point in time — discontinued operation	**3,555**	5,301

(e) Geographical information

The Group's revenue from external customers analysed by the geographical location of the customers and information about its non-current assets, by the geographical location of the assets are detailed below:

	Revenue from external customers	
	2019	2018
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	**39,733**	3,246
Discontinued operation:		
Hong Kong	**593**	720
Japan	**2,228**	3,978
Other regions in the People's Republic of China (the "**PRC**")	**734**	603
	43,288	8,547

	Non-current assets	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**1,672,780**	169,567
Japan	**–**	–
Other regions in PRC	**40**	3,190
	1,672,820	172,757

4. **SEGMENT REPORTING (continued)**

(f) **Information about major customers**

Revenue from two (2018: three) customers individually contributing over 10% of total revenue of the Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Continuing operations:		
Customer A (from property investment segment)	**31,551**	N/A
Customer B (from property investment segment)	**4,244**	N/A
Customer C (from property investment segment)	**N/A**	1,506
Customer D (from property investment segment)	**N/A**	1,380
Discontinued operation:		
Customer E (from industrial segment)	**N/A**	3,630

5. **OTHER GAINS AND LOSSES, NET**

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Unrealised fair value loss on held-for-trading investments	**95,568**	127,879
Realised fair value loss/(gain) on held-for-trading investments	**11,277**	(440)
Fair value loss/(gain) on investment properties	**89,400**	(6,598)
Loss allowance on rental receivables	**1,117**	–
	197,362	120,841

6. **FINANCE COSTS**

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on lease liabilities *(note 2(a)(i))*	**18**	–
Interest on bank borrowing	**13,563**	–
Interest on promissory note	**8,316**	–
	21,897	–

7. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Depreciation charge		
— Property, plant and equipment	**367**	199
— Right-of-use assets	**400**	–
Auditor's remuneration (including remuneration for non-audit services)	**785**	588
Employee costs	**3,174**	3,113
Loss allowance on rental receivables	**1,117**	–
Operating lease rental in respect of low valued leased office equipment	**15**	11
Operating lease rental in respect of rented premises	**–**	275

8. INCOME TAX (EXPENSE)/CREDIT

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
The income tax (expense)/credit comprises:		
Current tax:		
— Hong Kong Profits Tax	**(1,954)**	(26)
— Under provision in respect of prior year	**–**	(300)
Deferred tax credit	**–**	15,433
Total tax (charge)/credit for the year from continuing operations	**(1,954)**	15,107
Total tax charge for the year from discontinued operation	**(4,735)**	–
	(6,689)	15,107

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

9. DISCONTINUED OPERATION

On 14 October 2019, Jiangsu BangBang-Silky Fashion Manufacturer Company Limited ("JBB"), a 51% owned subsidiary of the Company received the notification from Jiangsu Government and entered into an agreement with Haimen People's Government in relation to the recovery of the state-owned land use right of a parcel of land owned by JBB. Pursuant to the agreement, JBB received a compensation of approximately HK$45,406,000 (equivalent to RMB40,005,000) for the loss of the assets and business on the land, and the compensation were fully received by the Group in November 2019 and January 2020.

Upon receiving the notification from Haimen People's Government, the Board has decided to cease the business of JBB and the garment manufacturing industry business. This business segment is presented as discontinued operation in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The sales, results and cash flows of JBB for the year are presented below:

	2019	2018
	HK$'000	*HK$'000*
Discontinued operation		
Revenue	**3,555**	5,301
Cost of sales	**(4,516)**	(6,648)
Gross loss	**(961)**	(1,347)
Other income	**31**	72
Other (losses) and gains	**42,232**	(470)
Selling and distribution costs	**(13)**	(13)
Administrative expenses	**(3,816)**	(1,683)
Profit/(loss) before income tax	**37,473**	(3,441)
Income tax expense	**(4,735)**	–
Profit/(loss) for the year from discontinued operation	**32,738**	(3,441)
Net cash used in operating activities	**(4,221)**	(1,744)
Net cash generated from investing activities	**23,536**	–
Net cash inflows/(outflows)	**19,315**	(1,744)
Profit/(loss) before income tax after charged/(crediting)		
Cost of inventories recognised as expenses	**4,516**	6,648
Depreciation of property, plant and equipment	**337**	270
Amortisation of prepaid land lease	**–**	38
Employee costs	**6,015**	4,926
Loss allowance on amount due from a non-controlling interest	**755**	470
Compensation income, net	**(42,634)**	–
Gain on disposal of property, plant and equipment	**(353)**	–

10. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(132,314)**	(105,995)
Less: profit/(loss) for the year from a discontinued operation	**16,696**	(1,754)
Loss for the year from continuing operations	**(149,010)**	(104,241)

	2019	2018
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,089,118,593**	1,089,118,593

	2019	2018
	HK cents	*HK cents*
Basic loss per share from continuing operations	**(13.68)**	(9.57)

Discontinued operation

Basic earnings per share from the discontinued operation is 1.53 HK cents per share (2018: loss of 0.16 HK cents per share), based on the profit for the year from the discontinued operation of HK$16,696,000 (2018: loss of HK$1,754,000) and the weighted average number of share for the purpose of basic loss per share at 1,089,118,593 (2018: 1,089,118,593).

No diluted (loss)/earnings per share is presented for the current and prior years as there were no potential ordinary shares in issue.

11. HELD-FOR-TRADING INVESTMENTS

	2019	2018
	HK$'000	*HK$'000*
Listed equity securities:		
Hong Kong	**149,366**	567,246

As at 31 December 2019, held-for-trading investments represent an investment portfolio comprising 24 (2018: 47) equity securities listed in Hong Kong of which 18 (2018: 38) equity securities are/were listed on the Main Board of the Stock Exchange and the remaining 6 (2018: 9) equity securities are listed on GEM of the Stock Exchange.

The fair values of held-for-trading investments have been determined by reference to the quoted market prices available on the Stock Exchange.

12. TRADE AND OTHER RECEIVABLES

For sale of goods, the Group allows an average credit period of 90 days (2018: 90 days) to its trade customers.

	2019	2018
	HK$'000	*HK$'000*
Trade receivables — current and not impaired	**–**	943
Prepayments, deposits and other receivables, net	**23,667**	334
At 31 December	**23,667**	1,277

The ageing analysis of trade debtors, based on invoice date were as follows:

	2019	2018
	HK$'000	*HK$'000*
1 to 30 days	**–**	697
31 to 60 days	**–**	181
61 to 90 days	**–**	65
Total trade receivables	**–**	943

The table below reconciles the loss allowance for trade receivables:

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**10**	10
Amount written off during the year	**(10)**	–
At 31 December	**–**	10

Details of other receivables net of loss allowance of HK$1,120,000 are as following:

	2019	2018
	HK$'000	*HK$'000*
Deposit	**704**	250
Prepayment	**243**	67
Compensation receivables	**22,366**	–
Others	**354**	17
	23,667	334

The others within other receivables do not contain impaired assets.

12. TRADE AND OTHER RECEIVABLES (continued)

The table below reconciles the loss allowance for other receivable:

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**3**	3
Loss allowance for the year	**1,117**	–
At 31 December	**1,120**	3

13. TRADE AND OTHER PAYABLES

The following table is included an analysis of trade payables which is presented based on the invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Trade payables — over 90 days	**–**	44
Other payables and accruals	**21,269**	3,532
	21,269	3,576

14. BANK BORROWING

	2019	2018
	HK$'000	*HK$'000*
Current		
Bank borrowing due for repayment within one year (i)	**20,528**	–
Bank borrowing due for repayment after one year which contain a repayment on demand clause (i) & (ii)	**472,134**	–
	492,662	–

(i) The bank borrowing is secured by an investment property of HK$1,510,000,000.

(ii) The bank borrowing of HK$472,134,000 as at 31 December 2019 is not scheduled to repay within one year. It is classified as current liability as the related loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion. None of the portion of the bank loan due for repayment after one year which contain a repayment on demand clause (and therefore classified as current liability) is expected to be settled within one year.

14. BANK BORROWING (continued)

At the end of the reporting period, bank borrowing was scheduled to repay as follows:

	2019	2018
	HK$'000	*HK$'000*
On demand or within one year	**20,528**	–
More than one year, but not exceeding two years	**20,528**	–
More than two year, but not exceeding five years	**61,582**	–
After five years	**390,024**	–
	492,662	–

The amount due is based on the scheduled repayment date in the loan agreement and ignore the effect of any repayment on demand clause.

15. PROMISSORY NOTE

The principal amount of the promissory note was HK$361,000,000, which is carried 5% interest per annum and to be matured on the third anniversary from the issue date, 1 April 2019. During the year, the Group repaid part of the principal amounted to HK$147,800,000. The balance of the promissory note as at 31 December 2019 was HK$213,200,000. The promising note was issued as a part of the consideration for the acquisition of 51% equity interests of Joy Ease Limited ("**Joy Ease**") in April 2019 (note 17).

16. SHARE CAPITAL

	Number of shares		**Share capital**	
	2019	2018	**2019**	2018
			HK$'000	*HK$'000*
Issued and fully paid:				
At 1 January and 31 December	**1,089,118,593**	1,089,118,593	**632,610**	632,610

17. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY DURING THE YEAR

On 1 April 2019, the Group completed the acquisition of 51% of the issued share capital of Joy Ease at the consideration of HK$552,418,000 which was settled as to HK$191,418,000 by cash and HK$361,000,000 by issue of the promissory note. Joy Ease is principally engaged in property investment and classified under property investment segment. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

17. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY DURING THE YEAR (continued)

The net assets acquired in the transaction were as follows:

	2019
	HK$'000
Investment properties	1,597,500
Other receivables and deposits	4,032
Bank balances and cash	5,266
Other payables	(15,568)
Bank borrowing	(508,058)
	1,083,172
Non-controlling interests	(530,754)
Net assets acquired	552,418
Equity interest acquired	51%
Satisfied by:	
Consideration paid	191,418
Promissory note	361,000
	552,418
Net cash outflow arising on acquisition:	
Cash consideration paid	191,418
Bank balances and cash acquired	(5,266)
	186,152

18. OPERATING LEASES

The Group as lessor

The Group's investment properties are leased to a number of tenants for varying terms. The rental income earned during the year ended 31 December 2019 was HK$39,733,000 (2018: HK$3,246,000).

The minimum rent receivables under non-cancellable operating leases are as follows:

	2019	2018
	HK$'000	*HK$'000*
Not later than one year	**52,139**	3,033
Later than one year and not later than two years	**50,713**	610
	102,852	3,643

18. OPERATING LEASES (continued)

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating lease which fall due as follows:

	2018 *HK$'000*
Not later than one year	459
Later than one year and not later than two years	168
	627

At 31 December 2018, operating lease payments represented rentals payable by the Group for the use of office equipment and premises leases were negotiated for a term of one to three years.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term leases, details are set out in note 2(a)(i).

19. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these consolidated financial statements, the Group had the following related party transaction during the year:

Compensation of key management personnel

The remunerations of Directors and other members of key management of the Group during the year are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Short-term benefits	**2,518**	2,429
Post-employment benefits	**36**	36
	2,554	2,465

The remunerations of Directors and key executives are determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

20. EVENT AFTER REPORTING PERIOD

Since January 2020, Hong Kong has reported certain confirmed cases of Novel Coronavirus ("**COVID-19**") which may affect the usual business environment of the regions as a whole. Pending development of such subsequent non-adjusting event, the Group's financial results may be affected. In the opinion of the Directors, the fair values of investment properties and held-for-trading investments may be declined in the year 2020. However, the extent of which could not be estimated as at the date of this announcement.

21. COMPARATIVE FIGURES

The comparative figures in consolidated statement of profit or loss and other comprehensive income have been re-presented as if the discontinued operation during the current year had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the year ended 31 December 2019 (the "**Year Under Review**"), the Group recorded revenue from continuing operations of approximately HK$39.7 million (2018: approximately HK$3.2 million), representing an increase of approximately 1,141% as compared to that of last year. The Group's loss from continuing operations and discontinued operation attributable to owners of the Company was approximately HK$132.3 million (2018: approximately HK$106.0 million). The total comprehensive expense from continuing operations and discontinued operation of the Group for the Year Under Review was approximately HK$153.5 million (2018: approximately HK$104.8 million), which was mainly attributable to fair value loss on held-for-trading investments listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") of approximately HK$106.8 million (2018: approximately HK$127.9 million) and fair value loss on investment properties of approximately HK$89.4 million (2018: a fair value gain of approximately HK$6.6 million). The basic loss per share from continuing operations for the Year Under Review was 13.68 HK cents (2018: 9.57 HK cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group had cash and bank balances and deposits held at a financial institution amounting to approximately HK$37.3 million (2018: approximately HK$40.4 million). Following the completion of the acquisition of 51% of the issued share capital of Joy Ease, the Group had approximately HK$493 million interest-bearing bank borrowings (2018: Nil) and 5% interest per annum promissory note of approximately HK$213 million (2018: Nil). The Group funds its operations from a combination of internal resources, bank borrowings and financial instruments.

GEARING RATIO

The gearing ratio, expressed as a percentage of total debts (including the bank borrowings and promissory note) to equity attributable to owners of the Company was 109.6% as at 31 December 2019 (31 December 2018: As the Group did not have any interest bearing bank loans, the Group was in net cash position, no gearing ratio information was presented). The increase in gearing ratio was mainly attributable to the acquisition of Joy Ease during the Year Under Review.

CAPITAL STRUCTURE

During the Year Under Review, there was no change to the share capital of the Company. As at 31 December 2019, the total number of issued ordinary shares of the Company was 1,089,118,593 (2018: 1,089,118,593) shares.

EXPOSURE TO FOREIGN EXCHANGE FLUCTUATIONS

The Group had no significant exposure to foreign exchange fluctuations during the Year Under Review.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities

As at 31 December 2019, the Company had no contingent liabilities (2018: Nil).

Capital Commitments

As at 31 December 2019, the Group had no capital commitment (2018: Nil).

SIGNIFICANT INVESTMENTS

The Group had held-for-trading investments of approximately HK$149.4 million as at 31 December 2019 (2018: approximately HK$567.2 million), representing 7.9% (2018: 72.4%) of the total assets of the Group.

During the Year Under Review, the Group recorded fair value loss on held-for-trading investments of approximately HK$106.8 million (2018: approximately HK$127.4 million). Details of the held-for-trading investments are set out on pages 27 to 32 of this announcement.

MATERIAL RISK FACTORS

The Group's held-for-trading investments are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity price risk due to the fluctuation of fair value of held-for-trading investments. Management closely monitors the market condition of listed securities and regularly reviews the exposure to the equity price risk on held-for-trading investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

On 1 April 2019, the Group acquired 51% of the issued share capital of Joy Ease for a consideration of approximately HK$552 million. Joy Ease is principally engaged in property investment and holding of the property at the commercial podium (shop) on lower ground floor, upper ground floor, first floor, second floor, third floor, offices and flat roof on fourth floor, and the remaining portions of the external walls of Silver Fortune Plaza, No.1 Wellington Street, Hong Kong. The consideration was satisfied as to approximately HK$191 million by cash and approximately HK$361 million by the issue of the promissory note. This transaction had been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination. Details of this transaction are disclosed in the Company's announcements dated 3 January 2019 and 1 April 2019 and the circular of the Company dated 26 February 2019.

DIVIDEND

For the Year Under Review, the Board does not recommend any final dividend (2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2019, the Group had approximately 11 employees in Hong Kong and the PRC (2018: 88 employees). The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonuses may be granted to reward and motivate those well-performed employees.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental protection and sustainable development through promoting and adopting green practices in its business activities. Initiatives within the Group include, but are not limited to, encouraging employees to reduce paper consumption by reuse of single-sided printed paper, to assess the necessity of printing where appropriate and to use duplex printing.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year Under Review, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

BUSINESS AND FINANCIAL REVIEW

The Group was principally engaged in manufacturing and sales of garment products, property investment and securities investment. During the Year Under Review, the Group has ceased the garment manufacturing industry business of JBB, a 51% owned subsidiary of the Company, in October 2019. Following the cessation of business of manufacturing and sales of garment products in the PRC, the Group's principal business remains property investment and securities investment.

Garment Industries

For the two years ended 31 December 2019 and 2018, the garment business of the Group recorded revenue of approximately HK$3.6 million and HK$5.3 million, representing a decrease of approximately of 32.1% in 2019 as compared to 2018 as a result of decrease in sales orders and the cessation of its operation during the Year Under Review. The Group has recorded a compensation income of approximately HK$45 million for the Year Under Review (2018: Nil) from the Jiangsu Provincial People's Government of the PRC in relation to the recovery of the state-owned land use right of a parcel of land occupied by JBB.

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK$1,672.6 million (2018: approximately HK$164.5 million) as at 31 December 2019. The Group recorded significant increase in rental income of approximately HK$36.5 million from approximately HK$3.2 million in 2018 to approximately HK$39.7 million for the Year Under Review. In addition, the Group recorded increase in finance costs of approximately HK$21.9 million during the Year Under Review and as at 31 December 2019, the Group had bank borrowing of approximately HK$492.7 million and promissory note of approximately HK$213.2 million as a result of the completion of the acquisition of 51% of the issued share capital of Joy Ease, a company incorporated in the British Virgin Islands and principally engaged in investment in and holding of a property at the commercial podium (shop) on lower ground floor, upper ground floor, first floor, second floor, third floor, offices and flat roof on fourth floor, and the remaining portions of the external walls of Silver Fortune Plaza, No.1 Wellington Street, Hong Kong. Details of the acquisition of the Property are set out in note 17 to the condensed consolidated financial statements.

Management will continue to review its portfolio of investment properties and seek for potential acquisition and/or disposal opportunities from time to time.

Investment in Securities

During the Year Under Review, the Group recorded fair value loss on held-for-trading investments of approximately HK$106.8 million (2018: approximately HK$127.4 million) attributable to unrealised loss of approximately HK$95.6 million and realised loss of approximately HK$11.2 million. Dividend income from held-for-trading investments amounting to approximately HK$3.2 million (2018: approximately HK$3.2 million) was recorded during the Year Under Review.

As at 31 December 2019, held-for-trading investments amounted to approximately HK$149.4 million (2018: approximately HK$567.2 million). This value represented an investment portfolio comprising 24 (2018: 47) equity securities listed in Hong Kong of which 18 (2018: 38) equity securities are/were listed on the Main Board of the Stock Exchange and the remaining 6 (2018: 9) equity securities are listed on the GEM of the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Company name/(stock code)	Notes	No. of shares	Percentage of shareholdings at 31 December 2019* (Note 1) %	Carrying amount at 31 December 2018 HK$'000	Unrealised fair value gain/(loss) for the year ended 31 December 2019 HK$'000	Dividend income for the year ended 31 December 2019 HK$'000	Fair value at 31 December 2019 HK$'000	Percentage of total held-for-trading investments at 31 December 2019* %	Percentage of total assets of the Group at 31 December 2019* %
Evergrande Health Industry Group Limited (708)	2	9,300,000	0.11	95,790	(23,529)	–	72,261	48.4	3.8
China Information Technology Development Limited (8178)	3	190,000,000	3.32	17,860	(1,900)	–	15,960	10.7	0.8
SuperRobotics Limited (8176)	4	3,430,000	0.68	20,580	(10,633)	–	9,947	6.7	0.5
K. H. Group Holdings Limited (1557)	5	6,000,000	1.50	12,120	(3,720)	–	8,400	5.6	0.4
Landing International Development Limited (582)	6	7,999,200	0.27	19,678	(12,639)	–	7,039	4.7	0.4
Eternity Investment Limited (764)	7	35,006,588	0.92	6,126	(840)	–	5,286	3.5	0.3
Global Mastermind Holdings Limited (8063)	8	90,870,000	2.13	8,360	(3,362)	–	4,998	3.3	0.3
China Ocean Fishing Holdings Limited (8047)	9	19,552,000	0.46	10,754	(6,061)	–	4,692	3.1	0.2
Huayi Tencent Entertainment Company Limited (419)	10	32,000,000	0.24	6,208	(2,688)	–	3,520	2.4	0.2
EverChina International Holdings Company Limited (202)	11	15,000,000	0.21	4,200	(840)	–	3,360	2.2	0.2
Ming Lam Holdings Limited (1106)	12	140,000,000	0.94	16,380	(13,300)	–	3,080	2.1	0.2
Lajin Entertainment Network Group Limited (8172)	13	30,000,000	0.71	5,910	(2,910)	–	3,000	2.1	0.2
Others	14			343,280	(13,146)	3,236	7,823	5.2	0.4
				567,246	(95,568)	3,236	149,366	100	7.9

* The percentages are subject to rounding error.

Notes:

1. The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 December 2019 of the issuers publicly available on the website of the Stock Exchange.

2. Evergrande Health Industry Group Limited and its subsidiaries (collectively referred to as the "**Evergrande Health Group**") were principally engaged in "Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-ageing in the PRC, as well as the investment in high technology new energy vehicle manufacture.

   Pursuant to the Evergrande Health Group's interim report for the six months ended 30 June 2019, the Evergrande Health Group recorded revenue of approximately RMB2,648 million and total comprehensive loss of approximately RMB1,998 million. The Evergrande Health Group recorded significant increase in revenue from its elderly care by 132%. In 2019, the Evergrande Health Group will plans to expand its operations into over 50 livable wellness areas in the coming 3 years. The Group believes that the expansion of operations will create value to the shareholders of the Evergrande Health Group.

   During the Year Under Review, the Group has disposed of 5,700,000 shares in the Evergrande Health Group which led to a realised gain of approximately HK$1 million.

3. China Information Technology Development Limited and its subsidiaries (collectively referred to as the "**China Information Group**") were principally engaged in software development, system integration and securities investments.

   Pursuant to the China Information Group's interim report for the six months ended 30 June 2019, the China Information Group recorded revenue of approximately HK$30 million and total comprehensive loss of approximately HK$53 million. The China Information Group has the vision of giving the most suitable data analysis and intelligence systems to their clients, together with the experiences and knowledge they gained through the years, the Group believes that the future prospect of the China Information Group is positive.

   There was no acquisition or disposal of the equity interest in the China Information Group during the Year Under Review.

4. SuperRobotics Limited and its subsidiaries (collectively referred to as the "**SuperRobotics Group**") were principally engaged in provision of engineering products and related services and the sales of beauty products and provision of therapy services.

   Pursuant to the SuperRobotics Group's interim report for the six months ended 30 June 2019, the SuperRobotics Group recorded revenue of approximately HK$36 million and total comprehensive loss of approximately HK$50 million. As the security robotics of the SuperRobotics Group has the potential to become the major replenishment for security systems and expand into civil market for the realization of large-scale expansion, the Group is optimistic about the future prospect of the SuperRobotics Group in the robotics market.

   There was no acquisition or disposal of the equity interest in the SuperRobotics Group during the Year Under Review.

5. K.H. Group Holdings Limited and its subsidiaries (collectively referred to as the "**K.H. Group**") were principally engaged in provision of foundation services and leasing of machinery in Hong Kong.

   Pursuant to the K.H. Group's interim report for the six months ended 30 September 2019, the K.H. Group recorded revenue of approximately HK$129 million and total comprehensive loss of approximately HK$10 million. The Group believes the operating performance of the K.H. Group will be improved as the K.H. Group will try to explore and identify any suitable investment opportunities in order to broaden their revenue base for maximisation of return to its shareholders.

   There was no acquisition or disposal of the equity interest in the K.H. Group during the Year Under Review

6. Landing International Development Limited and its subsidiaries (collectively referred to as the "**Landing Group**") were principally engaged in development and operation of the integrated leisure and entertainment resort, gaming and entertainment facilities and property development.

   Pursuant to the Landing Group's interim report for the six months ended 30 June 2019, the Landing Group recorded revenue of approximately HK$347 million and total comprehensive loss of approximately HK$1,321 million. The Landing Group's flagship resort, namely, Jeju Shinhwa World, will continue to ramp up its businesses and operations. It will continue to actively introduce more exciting activities and events at Jeju Shinhwa World to attract more customers and strengthen its market presence. The Group believes that the future prospect of the Landing Group is optimistic in view of its latest development of Jeju Shinhwa World.

   There was no acquisition or disposal of the equity interest in the Landing Group during the Year Under Review.

7. Eternity Investment Limited and its subsidiaries (collectively referred to as the "**Eternity Investment Group**") were principally engaged in sale of financial assets, property investment, money lending, and design and sale of jewelry products.

   Pursuant to the Eternity Investment Group's interim report for the six months ended 30 June 2019, the Eternity Investment Group recorded revenue of approximately HK$91 million and total comprehensive loss of approximately HK$114 million. Taking into account the Eternity Investment Group will continue to solidify their fundamentals by refining their business operations and developing their existing businesses in a cautious manner, the Group is optimistic about the future prospects of the Eternity Investment Group.

   There was no acquisition or disposal of the equity interest in the Eternity Investment Group during the Year Under Review

8. Global Mastermind Holdings Limited and its subsidiaries (collectively referred to as the "**Global Mastermind Group**") were principally engaged in the provision and operation of travel business, treasury management and money lending.

   Pursuant to the Global Mastermind Group's annual report for the year ended 31 December 2019, the Global Mastermind Group's recorded revenue of approximately HK$26 million and total comprehensive expenses of HK$53 million. Given that the Global Mastermind Group will look at possible business investments in order to further diversify their businesses and broaden their revenue base and continue to put our best efforts to produce good economic results and better return to the shareholders of the Global Mastermind Group, the Group believe the future prospect of the Global Mastermind Group is positive.

   There was no acquisition or disposal of the equity interest in the Global Mastermind Group during the Year Under Review.

9. China Ocean Fishing Holdings Limited and its subsidiaries (collectively referred to as the "**China Ocean Group**") were principally engaged in provision of supply chain management services, money lending business and ocean fishing business.

   Pursuant to the China Ocean Group's interim report for the six months ended 30 September 2019, the China Ocean Group recorded revenue of approximately HK$338 million and total comprehensive loss of approximately HK$65 million. Taking into account the China Ocean Group has adequate resources to continue with its business operations, and will continue to focus on its corporate objective to develop current businesses in order to strengthen its competitiveness, integrate its capital resources and contribute a maximum wealth to its shareholders, the Group is optimistic about the future prospect of the China Ocean Group.

   There was no acquisition or disposal of the equity interest in the China Ocean Group during the Year Under Review.

10. Huayi Tencent Entertainment Company Limited and its subsidiaries (collectively referred to as the "**Huayi Tencent Group**") were principally engaged in entertainment and media business; and provision of online and offline healthcare and wellness services.

    Pursuant to the Huayi Tencent Group's annual results announcement for the year ended 31 December 2019, the Huayi Tencent Group's recorded revenue of approximately HK$99 million and total comprehensive loss of HK$36 million. Since the Huayi Tencent Group will forge ahead into the season of harvest in as much as the projects which it had developed and produced in the past few years will be screened successively, the Group is optimistic about the future prospect of the Huayi Tencent Group.

    During the Year Under Review, the Group has disposed of 8,000,000 shares in the Huayi Tencent Group which led to a realised gain of approximately HK$0.2 million.

11. EverChina International Holdings Company Limited and its subsidiaries (collectively referred to as the "**EverChina International Group**") were principally engaged in property investment operation, hotel operation, financing and securities investment operation and agricultural operation.

    Pursuant to the EverChina International Group's interim report for the six months ended 30 September 2019, the EverChina International Group recorded revenue of approximately HK$70 million and total comprehensive loss of approximately HK$370 million. The EverChina International Group will remain dedicated to constantly review, reinforce and, in appropriate circumstances, restructure its existing business segments in order to maintain its competitiveness. The Group believes that the future business prospect of the EverChina International Group is positive.

    There was no acquisition or disposal of the equity interest in the EverChina International Group during the Year Under Review.

12. Ming Lam Holdings Limited and its subsidiaries (collectively referred to as the "**Ming Lam Group**") were principally engaged in the manufacture and sale of packaging materials, tourism and travel business, securities trading and other investing activities, and money lending business.

    Pursuant to the Ming Lam Group's interim report for the six months ended 30 June 2019, the Ming Lam Group recorded revenue of approximately HK$466 million and total comprehensive loss of approximately HK$84 million. With strong management team who has solid experience in tourism, entertainment and cultural industries, the Ming Lam Group is optimistic about the prospects of the new projects in Southeast Asia. It is expected that these new projects will generate considerable returns to the Ming Lam Group in the future. The Group believes these new projects is beneficial to the Ming Lam Group in the future prospect.

    There was no acquisition or disposal of the equity interest in the Ming Lam Group during the Year Under Review.

13. Lajin Entertainment Network Group Limited and its subsidiaries (collectively referred to as the "**Lajin Entertainment Group**") were principally engaged in provision of artists management services, and investment in movies, TV programmes and internet contents.

    Pursuant to the Lajin Entertainment Group's interim report for the six months ended 30 June 2019, the Lajin Entertainment Group recorded revenue of approximately HK$23 million and total comprehensive loss of approximately HK$19 million. Taking into account the rapid development of video streaming websites and internet movies in the PRC and the Lajin Entertainment Group will continue to increase its investment in internet movies in 2019, the Group is optimistic about the future prospects of the Lajin Entertainment Group.

    There was no acquisition or disposal of the equity interest in the Lajin Entertainment Group during the Year Under Review.

14. Others comprised 12 (2018: 28) listed securities and none of these investments account for more than 0.1% (2018: 1.0%) of the total assets of the Group as at 31 December 2019. There were 4 listed securities whose shares have been suspended for trading, namely Up Energy Development Group Limited (stock code: 307), Hua Han Health Industry Holdings Limited (stock code: 587), Ding He Mining Holdings (stock code: 705) and Town Health International Medical Group Limited (stock code: 3886) whose securities have been suspended for a prolonged period. There was a delisted securities included in the held-for-trading investment, namely Hsin Chong Group Holdings Limited, whose securities had been listed on the Main Board of the Stock Exchange until 31 December 2019. No fair value adjustments have been made regarding these 5 listed securities during the Year Under Review as full impairment loss has been made in the prior years. Breakdown of these 12 listed securities is as follows:

	Company name/(stock code)	No. of shares	Percentage of shareholdings at 31 December 2019*	Fair value at 31 December 2019	Percentage of total held-for-trading investments at 31 December 2019*	Percentage of total assets of the Group at 31 December 2019*
			%	*HK$'000*	%	%
1	The Hong Kong Building and Loan Agency Limited (145)	20,000,000	0.54	1,680	1.1	0.08
2	China City Infrastructure Group Limited (2349)	10,000,000	0.32	1,600	1.1	0.08
3	Global Mastermind Capital Limited (905)	16,568,000	2.37	1,491	1.0	0.08
4	Solartech International Holdings Limited (1166)	25,000,000	1.05	1,350	0.9	0.07
5	Sino Golf Holdings Limited (361)	39,460,000	0.76	829	0.5	0.04
6	CST Group Limited (985)	32,000,000	0.08	768	0.5	0.04
7	China Creative Digital Entertainment Limited (8078)	1,264,000	0.47	105	0.1	0.01
8	Up Energy Development Group Limited (307)	3,200,000	0.07	–	0.0	0.00
9	Hsin Chong Construction Group Limited (404)	35,000,000	0.61	–	0.0	0.00
10	Hua Han Health Industry Holdings Limited (587)	26,272,000	0.37	–	0.0	0.00
11	Ding He Mining Holdings Limited (705)	222,000,000	3.36	–	0.0	0.00
12	Town Health International Medical Group Limited (3886)	12,000,000	0.16	–	0.0	0.00
				7,823	5.2	0.40

* The percentages are subject to rounding error.

BUSINESS PROSPECTS

Following the acquisition of the issued share capital of Joy Ease and cessation of the garment business in the PRC, the Group's properties investment portfolio has been strengthened and the Group's operation remains in Hong Kong.

Looking ahead, it was expected the outbreak of COVID-19 in early 2020 will have adverse impact to the Group's property investment and securities investment. It was also expected certain rent reliefs will be requested by the tenants of the Group which may lead to decrease in the Group's rental income in the first half of 2020 and the fair values of investment properties and held-for-trading investments may be defined. In view of the above, management will closely monitor the investment portfolio and capture opportunities in a prudent manner and balance investment risks of the Group.

ANNUAL GENERAL MEETING

It is proposed that the 2020 annual general meeting of the Company (the "**2020 AGM**") will be held on Friday, 5 June 2020. Notice of the 2020 AGM will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.0036.com.hk) and despatched to the shareholders of the Company ("**Shareholders**") in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2 June 2020 to Friday, 5 June 2020 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for entitlement to attend and vote at the 2020 AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 1 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2019, the Company has complied with all the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules, except for the following deviations:

(a) Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company did not officially have a chief executive officer and prior to the appointment of Dr. Wong Yun Kuen as the chairman of the Board with effect from 18 July 2017, no individual was appointed as chairman of the Board. The responsibilities of the chairman and the daily operation of the Group's business is handled by the executive Directors collectively. The Board is of the view that although there are no chief executive officer and chairman of the Board, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who meet from time to time to discuss issues affecting the operations of the Group. As there is a clear division of responsibilities of each Director, the vacancies of chief executive officer and chairman did not have any material impact on the operations of the Group. The Board will continue to review the effectiveness of the Group's structure as business continues to develop in order to assess whether any changes, including the appointment of a chief executive officer, is necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Year Under Review.

AUDIT COMMITTEE

The Audit Committee was established by the Board with written terms of reference which are consistent with the provisions set out in the relevant section of the CG Code and are available on the websites of the Stock Exchange and the Company at www.0036.com.hk.

The Audit Committee is principally responsible for reviewing with the management of the Company, the accounting principles and practices adopted by the Group and the auditing, risk management and internal control system, financial reporting matters including the review of the consolidated financial statements, and appointment, re-appointment and removal of external auditor and approving its remuneration and terms of engagement and any questions of resignation or dismissal of that auditor. It also acts as an important link between the Board and the Company's auditor in matters within the scope of the Group's audit. Currently, the Audit Committee comprises all the independent non-executive Directors, namely, Ms. Kwan Shan (chairman of the Audit Committee), Mr. Wong Kui Shing, Danny and Mr. Mak Ka Wing, Patrick.

The works performed by the Audit Committee during the Year Under Review are mainly as follows:

(i) reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2019 and the related interim results announcement and made recommendations to the Board that the same be approved;

(ii) reviewed the consolidated financial statements of the Group for the year ended 31 December 2019 and the related annual results announcement and auditor's report; and made recommendations to the Board that the same be approved;

(iii) reviewed external auditor's report to the Audit Committee for the year ended 31 December 2019;

(iv) reviewed the report of the external auditor and made recommendations to the Board for their re-appointment at the annual general meeting on 14 June 2019;

(v) reviewed corporate governance internal control systems, internal audit report and effectiveness of risk management system;

(vi) reviewed the fees for audit and non-audit services provided by the external auditor; and

(vii) met with the external auditor in the absence of management.

SCOPE OF WORK OF MESSRS. BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year as tabled before the Board of Directors meeting for approval. The work performed by Messrs. BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited on this preliminary announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.0036.com.hk). The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and to all our staff for their dedicated efforts during this year, as well as to our customers, suppliers, business partners and the Shareholders for their continuous and full support to our Group.

By Order of the Board
Far East Holdings International Limited
Dr. Wong Yun Kuen
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises five Directors, of which two are executive Directors, namely, Dr. Wong Yun Kuen (Chairman) and Mr. Sheung Kwong Cho; and three are independent non-executive Directors, namely, Ms. Kwan Shan, Mr. Wong Kui Shing, Danny and Mr. Mak Ka Wing, Patrick.