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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 2015

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Far East Holdings International Limited (the “**Company**”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014 are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

		<u>2015</u>	<u>2014</u>
	<u>Notes</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Turnover (<i>note</i>)		<u>94,263</u>	<u>17,042</u>
Continuing operations			
Revenue	2	10,970	16,747
Cost of sales		<u>(11,834)</u>	<u>(16,337)</u>
Gross (loss) profit		(864)	410
Dividend income from available-for-sale investments		71	355
Dividend income from held-for-trading investments		4,819	358
Other income		2,952	901
Other gains and losses	4	101,771	42,305
Selling and distribution costs		(91)	(146)
Administrative expenses		(32,730)	(25,153)
Finance costs		<u>(1,285)</u>	<u>(1,372)</u>
Profit before tax		74,643	17,658
Income tax expense	5	<u>(12,657)</u>	<u>–</u>
Profit for the year from continuing operations	6	<u>61,986</u>	<u>17,658</u>
Discontinued operations			
Gain on disposal of discontinued operations	7	<u>–</u>	<u>7,286</u>
Profit for the year		<u>61,986</u>	<u>24,944</u>
Other comprehensive expense:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from the translation of foreign operations		(1,235)	(152)
Fair value gain on available-for-sale investments		10,073	7,087
Reclassification adjustment upon disposal of available-for-sale investments		(18,958)	(38,212)
Reclassification adjustment of exchange reserve upon disposal of a joint venture		<u>–</u>	<u>(4,623)</u>
Other comprehensive expense for the year		<u>(10,120)</u>	<u>(35,900)</u>
Total comprehensive income (expense) for the year		<u>51,866</u>	<u>(10,956)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME** *(Continued)*

For the year ended 31 December 2015

	<u>Note</u>	<u>2015</u> <u>HK\$'000</u>	<u>2014</u> <u>HK\$'000</u>
Profit for the year attributable to owners of the Company			
– from continuing operations		69,100	18,560
– from discontinued operations		–	7,286
		<u>69,100</u>	<u>25,846</u>
Loss for the year attributable to non-controlling interests			
– from continuing operations		(7,114)	(902)
– from discontinued operations		–	–
		<u>(7,114)</u>	<u>(902)</u>
		<u>61,986</u>	<u>24,944</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		59,585	(9,980)
Non-controlling interests		(7,719)	(976)
		<u>51,866</u>	<u>(10,956)</u>
			<u>(Restated)</u>
Earnings per share			
From continuing and discontinued operations			
Basic (HK cents)	9	7.29	4.34
Diluted (HK cents)	9	N/A	4.32
From continuing operations			
Basic (HK cents)	9	7.29	3.12
Diluted (HK cents)	9	N/A	3.10

note: Turnover represents revenue of the Group and fair value gains on held-for-trading investments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		52,516	220,750
Property, plant and equipment		21,927	6,558
Prepaid lease payments		566	659
Available-for-sale investments	<i>10</i>	–	20,951
		75,009	248,918
CURRENT ASSETS			
Prepaid lease payments		22	25
Held-for-trading investments	<i>11</i>	628,026	1,932
Inventories		2,729	3,370
Trade and other receivables	<i>12</i>	1,500	2,583
Amount due from a non-controlling interest		4,009	3,140
Amount due from a related party		–	9
Tax recoverable		10	10
Deposits held at financial institutions		144,917	198,694
Pledged bank deposits		–	7
Bank balances and cash		32,755	74,170
		813,968	283,940
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	3,722	2,414
Amounts due to related parties		–	38
Secured bank borrowings – due within one year	<i>14</i>	–	87,192
		3,722	89,644
NET CURRENT ASSETS		810,246	194,296
TOTAL ASSETS LESS CURRENT LIABILITIES		885,255	443,214
NON-CURRENT LIABILITY			
Deferred tax liabilities		12,657	–
NET ASSETS		872,598	443,214
CAPITAL AND RESERVES			
Share capital	<i>15</i>	632,610	255,092
Share premium and reserves		231,658	172,073
Equity attributable to owners of the Company		864,268	427,165
Non-controlling interests		8,330	16,049
TOTAL EQUITY		872,598	443,214

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Application of new and revised HKFRSs (disclosure of a detailed list of new and revised HKFRSs)

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³

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

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after a date to be determined

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Directors of the Company do not anticipate that the application of the other new and revised HKFRSs will have a material impact on the results and financial position of the Group.

2. REVENUE

The Group’s revenue for the year from continuing operations represents sale of goods amounting to HK\$10,970,000 (2014: HK\$16,747,000).

3. SEGMENT INFORMATION

Information reported to the executive Directors of the Group, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance, is organised into the following segments:

Industrial	–	manufacturing and sale of garments
Securities investment	–	short term securities investment
Other operation	–	property investment

Segment revenues and results

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

For the year ended 31 December 2015

Continuing operations

	<u>Industrial</u>	<u>Securities</u>	<u>Other</u>	<u>Consolidated</u>
	<i>HK\$’000</i>	<i>investment</i>	<i>operation</i>	<i>HK\$’000</i>
		<i>HK\$’000</i>	<i>HK\$’000</i>	
Segment revenue				
External revenue	<u>10,970</u>	<u>–</u>	<u>–</u>	<u>10,970</u>
Segment results	<u>(15,682)</u>	<u>88,028</u>	<u>20</u>	<u>72,366</u>
Other income				2,952
Finance costs				(1,285)
Unallocated expenses				(18,761)
Loss on disposal of property, plant and equipment				(2)
Net gain on disposal of available-for-sale investments				18,846
Gain on disposal of subsidiaries				<u>527</u>
Profit before tax				<u>74,643</u>

3. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 December 2014

Continuing operations

	<u>Industrial</u> <i>HK\$'000</i>	<u>Securities investment</u> <i>HK\$'000</i>	<u>Other operation</u> <i>HK\$'000</i>	<u>Consolidated</u> <i>HK\$'000</i>
Segment revenue				
External revenue	16,747	–	–	16,747
Segment results	<u>(2,978)</u>	<u>653</u>	<u>3,015</u>	690
Other income				901
Finance costs				(1,372)
Unallocated expenses				(20,219)
Net gain on disposal of available-for-sale investments				37,538
Gain on disposal of property, plant and equipment				<u>120</u>
Profit before tax				<u>17,658</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. 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 income, corporate expenses, finance costs, gain (loss) on disposal of subsidiaries, available-for-sale investments and property, plant and equipment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. The segment result of the securities investment segment includes the gain or loss from changes in the fair value of held-for-trading investments, dividend income from held-for-trading investments and administrative expenses directly attributable to the securities investment segment.

Other segment information

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

2015

Continuing operations

	<u>Industrial</u> <i>HK\$'000</i>	<u>Securities investment</u> <i>HK\$'000</i>	<u>Other operation</u> <i>HK\$'000</i>	<u>Unallocated amount</u> <i>HK\$'000</i>	<u>Consolidated</u> <i>HK\$'000</i>
Depreciation of property, plant and equipment	(470)	–	(464)	(390)	(1,324)
Fair value gains on held-for-trading investments	–	83,293	–	–	83,293
Fair value gains on investment properties	–	–	501	–	501

3. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

2014

Continuing operations

	Industrial	Securities investment	Other operation	Unallocated amount	Consolidated
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Depreciation of property, plant and equipment	(1,008)	–	(317)	(46)	(1,371)
Fair value gains on held-for-trading investments	–	295	–	–	295
Fair value gains on investment properties	–	–	3,967	–	3,967
	<u>–</u>	<u>–</u>	<u>3,967</u>	<u>–</u>	<u>3,967</u>

Segment assets and liabilities

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

4. OTHER GAINS AND LOSSES

Continuing operations

	<u>2015</u>	<u>2014</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Net gain on disposal of available-for-sale investments (Note 10)	18,846	37,538
Fair value gains on investment properties	501	3,967
Exchange (loss) gain, net	(616)	385
Fair value gains on held-for-trading investments	83,293	295
(Loss) gain on disposal of property, plant and equipment	(2)	120
Gain on disposal of subsidiaries (Note 17)	527	–
Impairment loss recognised on property, plant and equipment	(778)	–
	<u>101,771</u>	<u>42,305</u>

5. INCOME TAX EXPENSE

Income tax expense represents the deferred taxation charge for the year (2014: Nil).

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Hong Kong Profits Tax has not been provided for the year ended 31 December 2015 and 2014 as the Group has no assessable profit for both years.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

6. PROFIT FOR THE YEAR

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	60	106
Auditor's remuneration		
– current year	1,259	910
– overprovision in prior year	–	(20)
Cost of inventories recognised as an expense	11,834	16,337
Depreciation	1,324	1,371
Staff costs		
– Directors' emoluments	3,429	4,328
– other staff costs, comprising mainly salaries	8,458	11,450
– termination benefits	12,392	–
– retirement benefits schemes contributions excluding those of Directors	1,624	2,296
	<u>25,903</u>	<u>18,074</u>
Operating lease rental in respect of rented premises	423	780
Impairment loss recognised on property, plant and equipment (included in other gains and losses)	778	–
Allowance for inventories	23	–

7. DISCONTINUED OPERATIONS

On 30 September 2013, the Group entered into a disposal agreement (the “Disposal Agreement”) with 中國航空器材集團公司 (“中國航空器材”), pursuant to which 中國航空器材 conditionally agreed to acquire and the Group conditionally agreed to sell its approximately 20.02% equity interest of Beijing Kailan Aviation Technology Co., Ltd. (“Beijing Kailan”) at a consideration of RMB40,500,000 (equivalent to approximately HK\$51,204,000).

Details of the disposal were disclosed in the circular dated 23 October 2013 issued by the Company.

As Beijing Kailan was the only entity within the Group which was engaged in the operation of the aviation segment, the aviation operation was classified as discontinued operations of the Group. The disposal was completed on 17 March 2014, on which date the registration of the change of business had been completed and a new business licence was obtained for Beijing Kailan.

The profit for the year from the discontinued operations is analysed as follows:

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of discontinued operations	–	7,286

During the year ended 31 December 2014, the discontinued operations contributed HK\$50,513,000 to the Group's net cash inflows from investing activities.

8. DIVIDENDS

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distributions during the year:		
2014 interim dividend of HK10 cents per share, paid	–	53,661

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the purposes of basic and diluted earnings per share	<u>69,100</u>	<u>25,846</u>
	<u>2015</u>	<u>2014</u>
		(Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	948,376,042	595,437,508
Effect of dilutive potential ordinary shares in respect of share options outstanding	–	3,526,766
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>948,376,042</u>	<u>598,964,274</u>

For the year ended 31 December 2014, the weighted average number of ordinary shares has been adjusted for the effect of the Open Offer of shares of the Company that was completed on 13 February 2015, details of which are described in note 15.

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year attributable to the owners of the Company	69,100	25,846
Less: Profit for the year from discontinued operations attributable to the owners of the Company	–	(7,286)
Profit for the purposes of calculating basic and diluted earnings per share from continuing operations	<u>69,100</u>	<u>18,560</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

9. EARNINGS PER SHARE (Continued)

From discontinued operations

Basic earnings per share from discontinued operations for the year ended 31 December 2014 was HK1.22 cents (restated) per share and dilutive earnings per share from discontinued operations was HK1.22 cents (restated) per share, based on the profit for the year from discontinued operations of HK\$7,286,000 and the denominators used are the same as those detailed above.

10. AVAILABLE-FOR-SALE INVESTMENTS

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value at quoted market prices	–	20,951

During the year ended 31 December 2014, the Group disposed of its entire equity interest in Chinasoft International Limited with carrying amount of HK\$257,417,000 and a profit of HK\$35,627,000 was recognised in profit or loss. In addition, the Group also disposed of 2,784,000 shares of China Binary Sale Technology Limited with a carrying amount of HK\$3,615,000 and a profit of HK\$1,911,000 was also recognised in profit or loss.

During the year ended 31 December 2015, the Group disposed of the equity securities listed in Hong Kong with a carrying amount of HK\$31,024,000 and a gain of HK\$18,846,000 has been recognised in profit or loss.

11. HELD-FOR-TRADING INVESTMENTS

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity securities: Hong Kong	<u>628,026</u>	<u>1,932</u>

The fair values of held-for-trading investments have been determined by reference to the quoted market bid prices available on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

12. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 90 days (2014: 90 days) to its trade customers. The following is an aged analysis of trade receivables at the end of the reporting period:

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	1,046	1,535
Past due:		
0 to 30 days	–	465
31 to 60 days	–	53
	<hr/>	<hr/>
Total trade receivables	1,046	2,053
Other receivables	454	530
	<hr/>	<hr/>
	1,500	2,583
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2014, included in the Group's trade receivables balance were debtors with an aggregate carrying amount of HK\$518,000 which were past due at the end of the reporting period for which the Group had not provided for impairment loss as the Group considered that the default risk was low after assessing the past payment history of the debtors and settlement after the end of the reporting period. The Group did not hold any collateral over these balances. There is no such balance as at 31 December 2015. The average age of these receivables is 45 days (2014: 61 days).

13. TRADE AND OTHER PAYABLES

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

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables – over 90 days	49	52
Other payables and accruals	3,673	2,362
	<hr/>	<hr/>
	3,722	2,414
	<hr/> <hr/>	<hr/> <hr/>

14. SECURED BANK BORROWINGS

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank borrowings comprise the following:		
Mortgage loans	–	52,092
Term loans	–	35,100
	<u>–</u>	<u>87,192</u>
Carrying amount repayable*:		
Within one year	–	5,706
More than one year, but not exceeding two years	–	5,825
More than two years, but not more than five years	–	46,306
More than five years	–	29,355
	<u>–</u>	<u>87,192</u>
Less: Amounts due within one year shown under current liabilities	–	(87,192)
	<u>–</u>	<u>–</u>
Amounts shown under non-current liabilities	<u>–</u>	<u>–</u>

* The amounts due were based on scheduled repayment dates set out in the loan agreements that contain a repayment on demand clause.

All of the Group's borrowings as at 31 December 2014 were variable-rate borrowings which carry interest at a premium over the Hong Kong Interbank Offered Rate. The range of effective interest rates on the Group's borrowings were from 2.64% to 2.74% per annum. All the secured bank borrowings were settled upon the disposal of the relevant subsidiary as disclosed in note 17.

15. SHARE CAPITAL

	Number of shares		Share capital	
	2015	2014	2015	2014
			HK\$'000	HK\$'000
Issued and fully paid:				
At 1 January	536,613,062	454,256,829	255,092	4,543
Transfer from share premium upon abolition of par value under the new Hong Kong Companies Ordinance (<i>Note i</i>)	–	–	–	202,547
New shares issued as consideration for the acquisition of subsidiaries (<i>Note ii</i>)	–	62,588,235	–	37,971
Exercise of share options	–	19,767,998	–	10,031
Shares issued upon Open Offer (<i>Note iii</i>)	268,306,531	–	78,480	–
Placing of shares (<i>Note iv</i>)	284,199,000	–	299,038	–
At 31 December	1,089,118,593	536,613,062	632,610	255,092

Notes:

- (i) Under the Hong Kong Companies Ordinance (Cap. 622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relevant entitlement of any of the shareholders as a result of this transition.
- (ii) On 24 January 2014, the Company and a connected person ("Person A") of the Company who is a sibling of a Director and a shareholder with significant influence over the Company entered into the acquisition agreement, pursuant to which the Company conditionally agreed to acquire and Person A conditionally agreed to sell the entire issued share capital of Blooming Success Limited ("Blooming Success"), a company wholly-owned by Person A. As at 25 April 2014, the net assets value of Blooming Success and its subsidiary was HK\$48 million, which is the consideration of the acquisition. Of the settlement, HK\$10 million was satisfied in cash and HK\$38 million was satisfied by the issue and allotment of 62,588,235 consideration shares. Subsequent to the fulfilment of all conditions precedent under the acquisition agreement, the acquisition was completed on 25 April 2014, and 62,588,235 consideration shares were issued by the Company to Person A on the same day.
- (iii) Pursuant to an ordinary resolution passed at a board meeting of the Company on 12 February 2015, an issue of shares by the Company at a price of HK\$0.30 per share on the basis of one share for every two shares then held by the qualifying shareholders on the record date and payable in full on acceptance (the "Open Offer") was approved. The Open Offer was completed and a total of 268,306,531 new shares were issued on 13 February 2015, resulting in gross proceeds of approximately HK\$80,492,000 to the Company. Transaction costs attributable to the Open Offer amounted to approximately HK\$2,012,000.
- (iv) On 16 April 2015, the Company entered into a placing agreement, pursuant to which 102,999,000 new shares of the Company would be placed to independent investors at the placing price of HK\$0.55 per share, representing a discount of 19.12% to the closing price of the shares on the date of the placing agreement. The completion of the placing took place on 30 April 2015, resulting in gross proceeds of HK\$56,649,000 to the Company. Transaction costs on the placing of the shares amounted to approximately HK\$1,416,000.

15. SHARE CAPITAL (Continued)

On 4 June 2015, the Company entered into another placing agreement, pursuant to which 181,200,000 new shares of the Company would be placed to independent investors at the placing price of HK\$1.38 per share, representing a discount of 19.77% to the closing price of the shares on the date of the placing agreement. The completion of the placing took place on 23 June 2015, resulting in gross proceeds of HK\$250,056,000 to the Company. Transaction costs on the placing of shares amounted to approximately HK\$6,251,000.

16. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Coast Holdings

On 30 June 2015, the Group acquired 100% of the issued share capital of Coast Holdings Limited (“Coast Holdings”) for a cash consideration of HK\$70,232,000. Coast Holdings is principally engaged in property investment and its major assets are office units in Hong Kong classified as investment properties, one of which was leased out to the Group. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction were as follows:

	<i>HK\$'000</i>
Investment properties	52,015
Property, plant and equipment	17,628
Other receivables	17
Bank balances and cash	742
Other payables	(170)
	<u>70,232</u>
Satisfied by:	
Cash consideration paid	<u>70,232</u>
Net cash outflow arising on acquisition:	
Cash consideration paid	70,232
Bank balances and cash acquired	(742)
	<u>69,490</u>

16. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of Blooming Success

On 25 April 2014, the Group acquired a 100% equity interest in Blooming Success from Person A (see note 15). The consideration of the acquisition composed of a cash consideration of HK\$10,000,000 and issue and allotment of 62,588,235 consideration shares. Blooming Success is principally engaged in property investment and its major assets are investment properties in Hong Kong. This transaction has been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination.

The net assets acquired in the transaction were as follows:

	<i>HK\$'000</i>
Investment properties	99,000
Deposits	17,571
Intangible assets (Note)	12,144
Other receivables	7,371
Bank balances and cash	10
Other payables	(218)
Amounts due to related parties	(33,007)
Secured bank borrowings	(54,900)
	<u>47,971</u>
Satisfied by:	
Cash consideration paid	10,000
Consideration shares issued	37,971
	<u>47,971</u>
Net cash outflow arising on acquisition:	
Cash consideration paid	10,000
Bank balances and cash acquired	(10)
	<u>9,990</u>

Note:

The intangible asset arose from the sale and purchase agreement entered into by Blooming Success in relation to the purchase of properties at a cash consideration HK\$87,856,000 of which HK\$17,571,000 had been paid by Blooming Success as at 25 April 2014. The fair value of these properties to be acquired by Blooming Success as at 25 April 2014 amounted to HK\$100,000,000 was arrived at on the basis of a valuation carried out by DTZ Debenham Tie Leung as at 2 January 2014. The fair value of the intangible asset arising from the contractual rights of Blooming Success under the sale and purchase agreement was determined by reference to the excess of the fair value of these properties of HK\$100,000,000 at the valuation date over the consideration sum in the sale and purchase agreement of HK\$87,856,000.

17. DISPOSAL OF SUBSIDIARIES

On 17 February 2015, the Company and Person A (see notes 15 and 16) entered into sale and purchase agreements under which the Company conditionally agreed to sell and Person A conditionally agreed to acquire the entire equity interest of Blooming Success, a wholly-owned subsidiary of the Company which is engaged in property investment, at an aggregate cash consideration of HK\$121,101,000. The disposal was completed on 12 June 2015, on which date the control of Blooming Success was passed to Person A.

The net assets of the subsidiaries at the date of disposal were as follows:

	<i>HK\$'000</i>
Consideration received:	
Cash received	121,101
Analysis of assets and liabilities over which control was lost:	
Investment properties	206,000
Other receivables	4
Bank balances and cash	221
Accruals	(338)
Secured bank borrowings	(85,313)
Net assets disposed of	120,574
Gain on disposal of subsidiaries:	
Consideration received	121,101
Net assets disposed of	(120,574)
Gain on disposal of subsidiaries	527
Net cash inflow arising on disposal:	
Cash consideration	121,101
Less: bank balances and cash disposed of	(221)
	120,880

18. PLEDGE OF ASSETS

As at 31 December 2015, there were no outstanding banking facilities and none of the Group's assets were pledged.

At 31 December 2014:

- (a) short term loan and margin trading facilities in respect of securities transactions to the extent of approximately HK\$132.0 million were secured by the listed investments and deposits of the Group held at financial institutions of approximately HK\$5.8 million. None of these facilities had been utilised at the end of the reporting period. The listed investments comprise held-for-trading securities and available-for-sale investments held by the Group;
- (b) overdraft and revolving loan facilities to the extent of approximately HK\$44,000 (of which none had been utilised at the end of the reporting period) were secured by the listed investments and deposits of the Group held at financial institutions of approximately HK\$182,000. The listed investments comprised held-for-trading securities held by the Group;

18. PLEDGE OF ASSETS (Continued)

- (c) short term loan and margin facilities in respect of securities transactions of approximately HK\$77.6 million (of which none had been utilised at the end of the reporting period) were secured by the listed investments and deposits held at financial institutions of the Group of approximately HK\$205.5 million. The listed investments comprised held-for-trading securities and available-for-sale investments held by the Group; and
- (d) bank loan facilities to the extent of approximately HK\$87.2 million (of which approximately HK\$87.2 million were drawdown and fully utilised) were secured by the Group's investment properties with an aggregate carrying value of approximately HK\$206.0 million.

The bank loan facilities have been terminated upon the disposal of the respective investment properties during the year ended 31 December 2015.

19. OPERATING LEASES

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 falls due as follows:

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	20	202
In the second to fifth years inclusive	47	66
	<u>67</u>	<u>268</u>

Operating lease payments represent rentals payable by the Group for the use of their office premise and equipment. Leases are negotiated for a term of one to five years (2014: one to five years).

The Group as lessor

Rental income earned from investment properties during the year was HK\$960,000 (2014: HK\$155,000). The properties are expected to generate rental yields of 1.8% (2014: 0.1%) on an ongoing basis. The properties held have committed tenants for one to five years (2014: one to five years).

At the end of the reporting period, the Group had contracted with the tenants for the following future minimum lease payments:

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	559	165
In the second to fifth years inclusive	40	211
	<u>599</u>	<u>376</u>

20. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year are as follows:

	<u>2015</u>	<u>2014</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term benefits	3,824	4,829
Post-employment benefits	<u>36</u>	<u>67</u>
	<u><u>3,860</u></u>	<u><u>4,896</u></u>

The remuneration of directors and key executives is determined by the board of Directors having regard to the performance of individuals and market trends.

21. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, due to the decline of share prices in the Hong Kong securities market, the fair values of the Group's held-for-trading investments have decreased significantly and as at the latest practicable date of 22 March 2016, the fair values were significantly below their carrying amounts as at 31 December 2015 and were below their acquisition costs. As at 22 March 2016, the breakdown of the fair value loss incurred in 2016 in respect of the held-for-trading investments held as at 31 December 2015 are as follows:

	<i>HK\$'000</i>
Unrealised loss on held-for-trading investments	(78,127)
Realised gain on held-for-trading investments	<u>519</u>
	<u><u>(77,608)</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Results

For the year ended 31 December 2015 (the “**Year Under Review**”), the Group recorded revenue of approximately HK\$11.0 million (2014: HK\$16.7 million), representing a decrease of 34.1% as compared to that of last year. The Group’s profit attributable to owners of the Company was approximately HK\$69.1 million (2014: HK\$25.8 million). The total comprehensive income of the Group for the Year Under Review was approximately HK\$51.9 million (2014: total comprehensive expense of approximately HK\$11.0 million), which was mainly due to the net effect of the reclassification adjustment of the fair value gains on available-for-sale investments previously recognised in other comprehensive income and the fair value gains on held-for-trading investments listed on the Stock Exchange. The basic earnings per share for the Year Under Review was 7.29 HK cents (2014: 4.34 HK cents (restated)).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had cash and bank balances and deposits held at financial institutions amounting to approximately HK\$177.7 million (2014: approximately HK\$272.9 million). Fundamentally, the Group’s funding policy is to finance the business operations with internally-generated cash, and bank facilities. As at 31 December 2015, the Group did not have any outstanding interest-bearing bank borrowings (2014: HK\$87.2 million). The Group did not have any financial instruments used for hedging purposes during the Year Under Review (2014: Nil).

GEARING RATIO

As at 31 December 2015, the Group did not have any interest-bearing bank borrowings, the Group was in a net cash position and had no gearing (2014: 20.41%, being the percentage of total debts to equity attributable to owners of the Company).

CURRENT RATIO

The Group’s current ratio (current assets to current liabilities) as at 31 December 2015 increased to 218.7 (2014: 3.17). On the whole, the financial position and liquidity of the Group is healthy.

CAPITAL STRUCTURE

The Group has mainly relied on its equity and internally-generated cash flows to finance its operations.

During the Year Under Review, the Company has issued (i) 268,306,531 offer shares at HK\$0.30 per share; (ii) 102,999,000 new ordinary shares upon a placement at HK\$0.55 per share; and (iii) 181,200,000 new ordinary shares upon a placement at HK\$1.38 per share. As at 31 December 2015, the total number of issued ordinary shares of the Company was 1,089,118,593 shares.

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the Year Under Review:

Date of completion of the fund raising activities	Fund raising activities	Net proceeds (approximate)	Intended use of proceeds (approximate)	Actual use of proceeds as at the date of this announcement
13 February 2015	Open offer of 268,306,531 offer shares on the basis of one offer share for every two existing shares	HK\$78 million	To be used as to HK\$62 million for short-term investments in securities and HK\$16 million for working capital of the Group	Used as intended
30 April 2015	Placing of 102,999,000 shares	HK\$55 million	For general working capital and/or securities investment of the Group	Entirely used for securities investment of the Group
23 June 2015	Placing of 181,200,000 shares	HK\$244 million	For general working capital and/or securities investment and/or further investment opportunities of the Group	HK\$70 million was utilised to acquire Coast Holdings and the balance of HK\$174 million used for securities investment of the Group

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 2015, the Company had no contingent liabilities (2014: HK\$87.2 million, representing guarantees given to banks in respect of banking facilities granted to subsidiaries).

Capital Commitments

As at 31 December 2015, the Group had no significant capital commitments (2014: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

On 17 February 2015, the Company and Person A who is a sibling of a director and a shareholder with significant influence over the Company entered into sale and purchase agreements in which the Company conditionally agreed to sell and Person A conditionally agreed to acquire the entire equity interest of Blooming Success, a wholly-owned subsidiary of the Company which is engaged in property investment, at an aggregate cash consideration of HK\$121.1 million. The disposal was completed on 12 June 2015, on which date the control of Blooming Success passed to Person A. Details of this transaction are disclosed in the Company's announcements dated 18 February 2015, 20 April 2015, 30 April 2015, 18 May 2015 and 12 June 2015 and the circular of the Company dated 31 March 2015.

On 30 June 2015, the Group acquired 100% of the issued share capital of Coast Holdings for a cash consideration of HK\$70.2 million. Coast Holdings is principally engaged in property investment and its major assets are office units in Hong Kong classified as investment properties, one of which was leased out to the Group. 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 15 June 2015 and 30 June 2015.

DIVIDEND

For the year ended 31 December 2015, the Board does not recommend any final dividend (2014: interim dividend for the six months ended 30 June 2014 of HK10 cents per share).

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2015, the Group had approximately 107 employees in Hong Kong and the PRC (2014: 163 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. The Group adopted a share option scheme on 23 May 2005 and discretionary share options would be granted to reward and motivate those employees who performed well. There was no outstanding share options under the share option scheme of the Company as at 31 December 2015 (2014: Nil).

BUSINESS REVIEW AND PROSPECTS

The Group's core business continues to be in the PRC and Hong Kong. The principal activities include manufacturing and export of garment products, property investment and investment in securities.

Garment Industries

For each of the two years end 31 December 2015 and 2014, the garment products business of the Group recorded revenue of approximately HK\$11.0 million and HK\$16.7 million, respectively, representing a decrease of approximately 34.1% in 2015 as compared to 2014. This business is facing challenges in terms of the increasing material and labour costs and falling per unit sales price. The market conditions in Japan and Europe have yet to improve and demand for children's wear remains low. Management will continue to down size and find ways to increase its income to offset its losses. Management is currently looking for ways to structurally change the business model of this segment to improve productivity and profitability, including PRC business development.

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a total carrying amount of approximately HK\$52.5 million (2014: HK\$220.8 million) as at 31 December 2015. The decrease in 2015 was due to the completion of the disposal of the entire equity interest of Blooming Success and acquisition of the entire equity interest of Coast Holdings.

Investment in Securities

During the Year Under Review, the Group has focused on short-term securities trading and disposed of its entire available-for-sale investments with a carrying amount of HK\$31.0 million (2014: HK\$261.0 million). A gain on disposal of available-for-sale investments of approximately HK\$18.8 million (2014: HK\$37.5 million) was recorded. The Group has recorded fair value gains on held-for-trading investments of approximately HK\$83.3 million (2014: HK\$0.3 million) which comprised of realised gains and unrealised gains on held-for-trading investments amounting to HK\$6.8 million and HK\$76.5 million, respectively. Dividend income from held-for-trading investments amounting to HK\$4.8 million (2014: HK\$0.4 million) was recorded during the Year Under Review. In view of the unrealised gains of HK\$76.5 million, a deferred tax liability of HK\$12.7 million (2014: Nil) was recognised during the Year Under Review.

As at 31 December 2015, held-for-trading investments amounted to HK\$628.0 million (2014: HK\$1.9 million). This value represented an investment portfolio comprising 31 (2014: 16) equity securities listed in Hong Kong of which 26 (2014: 16) equity securities are listed on the Main Board of the Stock Exchange and the remaining 5 (2014: none) equity securities are

listed on the Growth Enterprise Market of the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Company Name/Stock Code	Percentage of shareholdings at 31 December 2015	Fair value gain/(loss) for the year ended 31 December 2015	Dividend income for the year ended 31 December 2015	Fair value as at 31 December 2015	Percentage of total held-for-trading investments	Percentage of total assets of the Group as at 31 December 2015
	%	HK\$'000	HK\$'000	HK\$'000	%	%
Telefield International (Holdings) Limited (1143)	2.02%	75,074	–	99,500	15.84%	11.19%
Hong Kong Exchanges and Clearing Limited (388)	0.02%	(24,107)	827	50,527	8.05%	5.68%
China Information Technology Development Limited (8178)	4.90%	18,773	–	42,750	6.81%	4.81%
China Jiu hao Health Industry Corporation Limited (419)	0.60%	(2,158)	3,006	42,000	6.69%	4.72%
HengTen Networks Group Limited (formerly known as Mascotte Holdings Limited) (136)	0.07%	18,061	–	29,000	4.62%	3.26%
Lajin Entertainment Network Group Limited (8172)	1.07%	(8,438)	–	27,600	4.39%	3.10%
Hsin Chong Construction Group Ltd. (404)	0.67%	(6,946)	957	26,950	4.29%	3.03%
China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) (412)	0.17%	(13,583)	–	26,558	4.23%	2.99%
Cheung Wo International Holdings Limited (9)	1.15%	3,643	–	25,664	4.09%	2.89%
China Smarter Energy Group Holdings Limited (1004)	0.33%	1,737	–	24,960	3.97%	2.81%
OP Financial Investments Limited (1140)	0.81%	(668)	–	24,000	3.82%	2.70%
Sino Haijing Holdings Limited (1106)	3.90%	(3,876)	–	22,960	3.66%	2.58%
Sino Golf Holdings Limited (361)	4.27%	1,355	–	22,800	3.63%	2.56%
Others (Note)		17,841	29	162,757	25.91%	18.31%
		<u>76,708</u>	<u>4,819</u>	<u>628,026</u>	<u>100.00%</u>	<u>70.63%</u>

Note: It represented 18 listed securities and none of these investments represented more than 2.5% of the total assets of the Group as at 31 December 2015.

Outlook

The Group is working with business partners in working out a long-term and viable strategy for the garment business. Some diversification efforts have been made and management is working on a more holistic solution. Meanwhile containing losses and cost control will be the focus.

While investment in securities contributed to the Group's bottom line and accounted for a significant portion of the Group's total assets, management will closely monitor the investment portfolio and capture opportunities arising from held-for-trading investments in a prudent manner. Management will continue to identify other investment opportunities to broaden the investment strategy and balance investment risks.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, due to the decline of share prices in the Hong Kong securities market, the fair values of the Group's held-for-trading investments have decreased significantly and as at the latest practicable date of 22 March 2016, the fair values were significantly below their carrying amounts as at 31 December 2015 and were below their acquisition costs. As at 22 March 2016, the breakdown of the fair value loss incurred in 2016 in respect of the held-for-trading investments held as at 31 December 2015 are as follows:

	<i>HK\$'000</i>
Unrealised loss on held-for-trading investments	(78,127)
Realised gain on held-for-trading investments	<u>519</u>
	<u><u>(77,608)</u></u>

ANNUAL GENERAL MEETING

It is proposed that the 2016 Annual General Meeting of the Company will be held on Monday, 6 June 2016 (the "**2016 AGM**"). Notice of the 2016 AGM will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.feholdings.com.hk) and despatched to the shareholders of the Company ("**Shareholders**") in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") in due course.

The register of members of the Company will be closed from 2 June 2016 to 6 June 2016 (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 2016 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, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 1 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2015, the Company has complied with all the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules, except for the following deviations:

- (a) code provision A.1.3 stipulates that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the Year Under Review, a regular Board meeting was convened with less than 14 days’ notice to enable the Board members to react in a timely way and make expeditious decision making in respect of transactions which were of significance to the Group’s business. As a result, the aforesaid regular Board meeting was held with a shorter notice period than required, with the consent of all the Directors. The Board will do its best endeavours to meet the requirement of code provision A.1.3 of the CG Code in future.
- (b) 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 has not had a chairman since the resignation of Mr. Deacon Te Ken Chiu, J.P. as the chairman of the Board with effect from 12 December 2014. After his resignation, the responsibilities of the chairman are taken up by the executive Directors. During the Year Under Review, Mr. Richard Yen was the managing director and chief executive officer of the Company until his resignation with effect from 31 May 2015. Since then, the Company did not have a designated chief executive officer and the day-to-day management of the Group’s business is handled by the executive Directors collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group’s business operations. The Board will continue to review the effectiveness of the Group’s structure as business continues to grow and develop in order to assess whether any changes, including the appointment of a chairman and chief executive officer, are necessary.

- (c) Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Mr. Desmond Chiu, a non-executive Director until his resignation with effect from 16 February 2015, was not appointed for a specific term. However, all Directors are subject to retirement by rotation at each annual general meeting of the Company under articles 79 and 80 of the Articles of Association of the Company. As such, the Company considered that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

- (d) Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment.

Mr. Chan Ming Sun, Jonathan, Dr. Wong Yun Kuen and Ms. Kwan Shan, independent non-executive Directors, were appointed to fill the casual vacancies in November and December 2014 respectively and should retire and be re-elected at the general meeting of the Company held on 20 April 2015. However, they were retired and re-elected at the annual general meeting of the Company held on 3 June 2015 (“2015 AGM”).

- (e) Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Chan Ming Sun, Jonathan, an independent non-executive Director, was unable to attend the 2015 AGM due to his other business engagement.

- (f) Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting.

As stated above, the Company did not have a chairman since 12 December 2014. A majority of the Directors attended the 2015 AGM and one of the executive Directors was elected chairman of the said meeting.

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. Having made specific enquiry with all Directors, the Company confirmed that the Directors complied with the required standard set out in the Model Code during the year ended 31 December 2015.

AUDIT COMMITTEE

An audit committee of the Company (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.

During the year ended 31 December 2015, the Audit Committee met three times to consider the financial reporting matters. The Audit Committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Mr. Chan Ming Sun, Jonathan (chairman of the Audit Committee), Dr. Wong Yun Kuen and Ms. Kwan Shan.

The final results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee which is of the opinion that the preparation of such results was in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation in respect of his/her independence during the Year Under Review pursuant to rule 3.13 of the Listing Rules. All the independent non-executive Directors are still considered to be independent.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 2015 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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. Deloitte Touche Tohmatsu on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, 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.feholdings.com.hk). The annual report of the Company for the year ended 31 December 2015 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 Shareholders for their continuous and full support to our Group.

By Order of the Board
Far East Holdings International Limited
Yu Pak Yan, Peter
Executive Director

Hong Kong, 22 March 2016

As at the date of this announcement, the Board comprises five Directors, of which two are executive Directors, namely, Mr. Yu Pak Yan, Peter and Mr. Fok Chi Tak; and three are independent non-executive Directors, namely, Mr. Chan Ming Sun, Jonathan, Dr. Wong Yun Kuen and Ms. Kwan Shan.