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 2017

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") 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 2017 together with the comparative figures for the year ended 31 December 2016 are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Revenue	*3*	**9,139**	11,683
Cost of sales		**(6,726)**	(9,342)
Gross profit		**2,413**	2,341
Dividend income from held-for-trading investments		**2,046**	2,217
Other income		**1,039**	867
Other gains and losses	*5*	**84,752**	(62,197)
Selling and distribution costs		**(49)**	(102)
Administrative expenses		**(8,432)**	(9,420)
Profit/(loss) before income tax	*6*	**81,769**	(66,294)
Income tax (expense)/credit	*7*	**(14,963)**	11,780
Profit/(loss) for the year		**66,806**	(54,514)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**855**	(1,059)
Other comprehensive income/(loss) for the year		**855**	(1,059)
Total comprehensive income/(loss) for the year		**67,661**	(55,573)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2017

	Note	**2017** **HK$'000**	2016 *HK$'000*
Profit/(loss) for the year attributable to:			
Owners of the Company		**69,450**	(53,887)
Non-controlling interests		**(2,644)**	(627)
		66,806	(54,514)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**69,883**	(54,427)
Non-controlling interests		**(2,222)**	(1,146)
		67,661	(55,573)
Earnings/(loss) per share — Basic (HK cents)	*9*	**6.38**	(4.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Non-current assets			
Investment properties		**138,167**	52,516
Property, plant and equipment		**19,938**	20,612
Prepaid lease payments		**464**	481
		158,569	73,609
Current assets			
Prepaid lease payments		**20**	19
Held-for-trading investments	*10*	**648,368**	678,190
Inventories		**1,955**	1,984
Trade and other receivables	*11*	**1,354**	1,844
Amount due from a non-controlling interest		**1,085**	5,542
Tax recoverable		**197**	8
Deposits held at a financial institution		**82,477**	48,758
Bank balances and cash		**10,074**	11,726
		745,530	748,071
Current liabilities			
Trade and other payables	*12*	**3,670**	3,778
Tax payable		**310**	97
		3,980	3,875
Net current assets		**741,550**	744,196
Total assets less current liabilities		**900,119**	817,805
Non-current liability			
Deferred tax liabilities		**15,433**	780
Net assets		**884,686**	817,025
Capital and reserves			
Share capital	*13*	**632,610**	632,610
Reserves		**247,114**	177,231
Equity attributable to owners of the Company		**879,724**	809,841
Non-controlling interests		**4,962**	7,184
Total equity		**884,686**	817,025

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the Hong Kong Companies Ordinance which concern the preparation of the consolidated financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and financial instruments which are measured at fair values. The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

The financial information relating to the years ended 31 December 2017 and 2016 included in this preliminary announcement of annual results 2017 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 2016 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 2017 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.

2. ADOPTION OF HKFRS

(a) Adoption of new/revised HKFRS — effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Entities are not required to give comparative information in the first period in complies with the disclosure requirement in HKAS 7. The Group has no bank borrowings during the years ended 31 December 2017 and 2016, no additional disclosure as transitional provision adopted accordingly.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on the consolidated financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

2. **ADOPTION OF HKFRS** *(Continued)*

(a) Adoption of new/revised HKFRS — effective 1 January 2017 (*Continued*)

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on the consolidated financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

(b) New/revised HKFRS that have been issued but are not yet effective

The following new/revised HKFRS, potentially relevant to the consolidated financial statements of the Group, 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.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contract[3]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021

Expect for the new/revised HKFRS mentioned below, the Directors anticipate that the application of all other new/revised HKFRS will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 — Financial Instruments

The HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("**FVTPL**").

2. **ADOPTION OF HKFRS** *(Continued)*

(b) **New/revised HKFRS that have been issued but are not yet effective** *(Continued)*

HKFRS 9 — Financial Instruments (Continued)

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Directors anticipate that the application of HKFRS 9 in the future will have an impact on amounts reported in respect of the Group's financial performance and financial assets (e.g. impairment on trade receivables) resulting from early provision of credit losses using the expected loss impairment model under HKFRS 9 instead of incurred loss model under HKAS 39. Currently, the Directors are in the midst of assessing the financial impact of the application of HKFRS 9 and a reasonable estimate of the effect will be available once the detailed review is completed.

HKFRS 15 — Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported on revenue as the timing of revenue recognition may be affected by the new standard, and more disclosures relating to revenue is required. Currently, the Directors are in the midst of assessing the financial impact of the application of HKFRS 15 and a reasonable estimate of the effect will be available once the detailed review is completed.

2. ADOPTION OF HKFRS *(Continued)*

(b) New/revised HKFRS that have been issued but are not yet effective *(Continued)*

HKFRS 16 — Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirement of HKAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

Total operating lease commitments of the Group in respect of office equipment as at 31 December 2017 amounted to approximately HK$26,000 (2016: HK$47,000). The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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:

	2017	2016
	HK$'000	*HK$'000*
Sales of goods	**6,613**	9,820
Property rental income	**2,526**	1,863
	9,139	11,683

4. SEGMENT INFORMATION

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:

- Industrial — manufacturing and sale of garments
- Securities investment — short-term securities investment
- Property investment — property investment

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central 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.

(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 2017

	Industrial *HK$'000*	Securities investment *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External revenue	**6,613**	**–**	**2,526**	**9,139**
Segment results	**(5,719)**	**55,121**	**37,305**	**86,707**
Other operating income				**835**
Unallocated expenses				**(5,773)**
Profit before income tax				**81,769**

4. SEGMENT INFORMATION *(Continued)*

(a) Segment revenues and results (*Continued*)

For the year ended 31 December 2016

	Industrial *HK$'000*	Securities investment *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External revenue	9,820	–	1,863	11,683
Segment results	(1,748)	(60,046)	1,337	(60,457)
Other operating income				867
Unallocated expenses				(6,704)
Loss before income tax				(66,294)

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 the other operating income and corporate expenses. 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.

(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 2017

	Industrial ***HK$'000***	**Securities investment** ***HK$'000***	**Property Investment** ***HK$'000***	**Unallocated amount** ***HK$'000***	**Consolidated** ***HK$'000***
Depreciation of property, plant and equipment	**(290)**	**–**	**(435)**	**(288)**	**(1,013)**
Impairment loss on amount due from a non-controlling interest	**(3,764)**	**–**	**–**	**–**	**(3,764)**
Fair value gain on held-for-trading investments	**–**	**52,964**	**–**	**–**	**52,964**
Fair value gain on investment properties	**–**	**–**	**35,552**	**–**	**35,552**

4. SEGMENT INFORMATION *(Continued)*

(b) Other segment information (*Continued*)

For the year ended 31 December 2016

	Industrial *HK$'000*	Securities investment *HK$'000*	Property Investment *HK$'000*	Unallocated amount *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	(332)	–	(174)	(749)	(1,255)
Fair value loss on held-for-trading investments	–	(62,211)	–	–	(62,211)

(c) 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.

(d) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2017 ***HK$'000***	2016 *HK$'000*
Sales of goods	**6,613**	9,820
Property rental income	**2,526**	1,863
	9,139	11,683

(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		**Non-current assets**	
	2017 ***HK$'000***	2016 *HK$'000*	**2017** ***HK$'000***	2016 *HK$'000*
Hong Kong	**4,999**	5,583	**154,884**	69,936
Japan	**3,470**	5,761	**–**	–
Other regions in the People's Republic of China (the "PRC")	**670**	339	**3,685**	3,673
	9,139	11,683	**158,569**	73,609

4. SEGMENT INFORMATION *(Continued)*

(f) Information about major customers

Revenue from four (2016: three) customers individually contributing over 10% of total revenue of the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A (from industrial segment)	**2,473**	3,720
Customer B (from industrial segment)	**974**	4,156
Customer C (from industrial segment)	**2,316**	1,180
Customer D (from property investment segment)	**1,506**	N/A

5. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Fair value gain/(loss) on held-for-trading investments	**52,964**	(62,211)
Impairment loss on amount due from a non-controlling interest	**(3,764)**	–
Fair value gain on investment properties	**35,552**	–
Exchange gain, net	**–**	14
	84,752	(62,197)

6. PROFIT/(LOSS) BEFORE INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Profit/(loss) before income tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**1,013**	1,255
Amortisation of prepaid lease payments	**51**	52
Auditor's remuneration (including remuneration for non-audit services)	**580**	851
Cost of inventories recognised as an expense	**6,644**	9,262
Employee costs (including directors' emoluments)	**7,759**	8,930
Operating lease rental in respect of rented office equipment	**18**	18
Reversal of write-off of trade receivables	**–**	(52)

7. INCOME TAX (EXPENSE)/CREDIT

	2017	2016
	HK$'000	*HK$'000*
The income tax (expense)/credit comprises:		
Current tax:		
Hong Kong Profits Tax	**(310)**	(97)
Deferred tax (charge)/credit	**(14,653)**	11,877
	(14,963)	11,780

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

The income tax (expense)/credit for the year can be reconciled to the profit/(loss) before income tax per the consolidated statement of profit or loss and other comprehensive income is as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit/(loss) before income tax	**81,769**	(66,294)
Tax at the domestic income tax rate of 16.5% (2016: 16.5%) *(note)*	**(13,492)**	10,939
Tax effect of expenses not deductible for tax purposes	**(108)**	(666)
Tax effect of income not taxable for tax purposes	**418**	492
Tax effect of tax losses not recognised	**(1,863)**	(554)
Utilisation of tax losses previously not recognised	**82**	1,569
Income tax (expense)/credit	**(14,963)**	11,780

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used (which is the Hong Kong Profits Tax rate).

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

9. EARNINGS/(LOSS) PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) for the year attributable to owners of the Company	**69,450**	(53,887)

	2017	2016
Number of share:		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,089,118,593**	1,089,118,593

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

10. HELD-FOR-TRADING INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Listed equity securities:		
Hong Kong	**648,368**	678,190

As at 31 December 2017, held-for-trading investments represent an investment portfolio comprising 49 (2016: 56) equity securities listed in Hong Kong of which 40 (2016: 47) equity securities are listed on the Main Board of the Stock Exchange and the remaining 9 (2016: 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 bid prices available on the Stock Exchange.

11. TRADE AND OTHER RECEIVABLES

For sale of goods, the Group allows an average credit period of 90 days (2016: 90 days) to its trade customers. The following is an aged analysis of trade receivables which are past due but not impaired at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Current	**885**	711
Past due:		
1 to 30 days	**104**	180
31 to 60 days	**14**	175
61 to 90 days	**4**	380
Total trade receivables	**1,007**	1,446
Prepayments, deposits and other receivables	**347**	398
	1,354	1,844

As at 31 December 2017, included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$122,000 (2016: HK$735,000) which are past due at the end of the reporting period for which the Group had not provided for impairment loss as the Group considers that the default risk is low after assessing the past payment history of the debtors and settlement after the end of the reporting period. The Group does not hold any collateral over these balances. The average age of these receivables is 110 days (2016: 143 days).

12. 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:

	2017	2016
	HK$'000	*HK$'000*
Trade payables — over 90 days	**49**	46
Other payables and accruals	**3,621**	3,732
	3,670	3,778

13. SHARE CAPITAL

	Number of shares		Share capital	
	2017	2016	2017	2016
			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

14. ACQUISITION OF ASSETS TROUGH ACQUISITION OF A SUBSIDIARY

On 19 January 2017, the Group acquired 100% of the issued share capital of Lead Power Investments Limited ("**Lead Power**") for a cash consideration of HK$53,425,000. Lead Power was principally engaged in property investment and its major assets were office units in Hong Kong classified as investment properties. This transaction had been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination.

	HK$'000
Property, plant and equipment	20
Investment properties	50,099
Other receivables and deposits	13
Bank balances and cash	3,778
Other payables	(485)
	53,425
Satisfied by:	
Cash consideration paid	53,425
Net cash outflow arising on acquisition:	
Cash consideration paid	53,425
Bank balance and cash acquired	(3,778)
	49,647

15. 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 fall due as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Within one year	**11**	20
In the second to fifth year inclusive	**15**	27
	26	47

Operating lease payments represent rentals payable by the Group for the use of its office equipment. Leases are negotiated for a term of one to three years (2016: one to five years).

The Group as lessor

Property rental income earned from investment properties during the year was HK$2,526,000 (2016: HK$1,863,000). Direct operating expenses incurred for investment properties that generated property rental income during the year amounted to HK$98,000 (2016: HK$80,000). The properties are expected to generate rental yields of 1.8% (2016: 3.6%) on an ongoing basis. The properties held have committed tenants for one to three years (2016: 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:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**1,910**	637
In the second to fifth year inclusive	**1,374**	–
	3,284	637

16. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the 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 is as follows:

	2017	2016
	HK$'000	*HK$'000*
Short-term benefits	**2,837**	2,834
Post-employment benefits	**27**	18
	2,864	2,852

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

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the year ended 31 December 2017 (the "**Year Under Review**"), the Group recorded revenue of approximately HK$9.1 million (2016: approximately HK$11.7 million), representing a decrease of approximately 22.2% as compared to that of last year. The Group's profit attributable to owners of the Company was approximately HK$69.5 million (2016: loss attributable to owners of the Company of approximately HK$53.9 million). The total comprehensive income of the Group for the Year Under Review was approximately HK$67.7 million (2016: total comprehensive loss of approximately HK$55.6 million), which mainly contributed from the fair value gain on held-for-trading investments listed on the Stock Exchange and fair value gain on investment properties. The basic earnings per share for the Year Under Review was 6.38 HK cents (2016: basic loss per share of 4.95 HK cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had cash and bank balances and deposits held at a financial institution amounting to approximately HK$92.6 million (2016: approximately HK$60.5 million). Fundamentally, the Group's funding policy is to finance the business operations with internally-generated cash. As at 31 December 2017, the Group did not have any outstanding interest-bearing bank borrowings (2016: nil). The Group did not have any financial instruments used for hedging purposes during the Year Under Review (2016: nil).

GEARING RATIO

As at 31 December 2017, the Group did not have any interest-bearing bank borrowings. The Group was in a net cash position and had no gearing (2016: nil).

CURRENT RATIO

The Group's current ratio (current assets to current liabilities) as at 31 December 2017 decreased to 187.3 (2016: 193.1). 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, there was no change to the share capital of the Company. As at 31 December 2017, the total number of issued ordinary shares of the Company was 1,089,118,593 (2016: 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 2017, the Company had no contingent liabilities (2016: nil).

Capital Commitments

As at 31 December 2017, the Group had no capital commitment (2016: HK$53 million in relation to the acquisition of a subsidiary).

SIGNIFICANT INVESTMENTS

The Group had held-for-trading investments of approximately HK$648.4 million as at 31 December 2017 (2016: approximately HK$678.2 million), representing 71.7% (2016: 82.5%) of the total assets of the Group.

During the Year Under Review, the Group recorded fair value gain on held-for-trading investments of approximately HK$53.0 million (2016: fair value loss of approximately HK$62.2 million). Details of the held-for-trading investments are set out in note 10 to the consolidated financial statements and pages 21 to 28 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 28 December 2016, the Group and an independent third party (the "**Vendor**") entered into a sale and purchase agreement in which the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire equity interest of Lead Power, a company engaged in property investment in Hong Kong, at a cash consideration of HK$53 million. Details of the transaction are set out in the Company's announcement dated 28 December 2016. The transaction was completed on 19 January 2017 and Lead Power became a wholly-owned subsidiary of the Company.

DIVIDEND

For the year ended 31 December 2017, the Board does not recommend any final dividend (2016: nil).

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2017, the Group had 93 employees in Hong Kong and the PRC (2016: 91 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 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 the two years ended 31 December 2017 and 2016, the garment products business of the Group recorded revenue of approximately HK$6.6 million and HK$9.8 million, respectively, representing a decrease of approximately 32.7% in 2017 as compared to 2016.

As this business is still facing challenges in terms of increasing material and labour costs and falling per unit sales prices, management has implemented cost controls during the Year Under Review. Management will continue to down-size this business and seek to find ways to increase its income to offset its losses.

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a total carrying amount of approximately HK$138.2 million (2016: approximately HK$52.5 million) as at 31 December 2017. For the two years ended 31 December 2017 and 2016, the Group recorded property rental income of approximately HK$2.5 million and HK$1.9 million, respectively.

Following the completion of acquisition of Lead Power in January 2017, management will seek to identify further property investment opportunities in order to enhance and generate stable income stream to the Group.

Investment in Securities

During the Year Under Review, the Group continues to focus on short-term securities trading and has recorded fair value gain on held-for-trading investments of approximately HK$53.0 million (2016: fair value loss of approximately HK$62.2 million) attributable to unrealised gain of approximately HK$56.1 million, offset by a realised loss of approximately HK$3.1 million. Dividend income from held-for-trading investments amounting to approximately HK$2.0 million (2016: approximately HK$2.2 million) was recorded during the Year Under Review.

As at 31 December 2017, held-for-trading investments amounted to approximately HK$648.4 million (2016: approximately HK$678.2 million). This value represented an investment portfolio comprising 49 (2016: 56) equity securities listed in Hong Kong of which 40 (2016: 47) equity securities are listed on the Main Board of the Stock Exchange and the remaining 9 (2016: 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 2017* (Note 1) %	Carrying amount at 31 December 2016 HK$'000	Unrealised fair value gain/(loss) for the year ended 31 December 2017 HK$'000	Dividend income for the year ended 31 December 2017 HK$'000	Fair value at 31 December 2017 HK$'000	Percentage of total held-for-trading investments as at 31 December 2017* %	Percentage of total assets of the Group at 31 December 2017* %
Landing International Development Limited (582)	2	399,960,000	0.27	–	93,958	–	123,988	19.1	13.7
Hong Kong Exchanges and Clearing Limited (388)	3	268,032	0.02	47,979	15,086	1,209	64,274	9.9	7.1
Evergrande Health Industry Group Limited (708)	4	15,000,000	0.17	22,050	24,300	–	46,350	7.1	5.1
SuperRobotics Limited *(formerly known as SkyNet Group Limited)* (8176)	5	3,430,000	0.72	32,242	11,936	–	44,178	6.8	4.9
OP Financial Investments Limited (1140)	6	15,000,000	0.57	33,300	8,400	597	41,700	6.4	4.6
Wang On Properties Limited (1243)	7	25,000,000	0.16	28,500	4,000	–	32,500	5.0	3.6
Sino Golf Holdings Limited (361)	8	100,000,000	1.92	31,000	(4,000)	–	27,000	4.2	3.0
China Information Technology Development Limited (8178)	9	190,000,000	3.33	26,980	(1,140)	–	25,840	4.0	2.9
Sino Haijing Holdings Limited (1106)	10	140,000,000	1.18	26,040	(1,120)	–	24,920	3.8	2.8
Newton Resources Limited (1231)	11	18,886,000	0.47	15,298	2,455	–	17,753	2.7	2.0
Solartech International Holdings Limited (1166)	12	25,000,000	1.06	11,625	4,875	–	16,500	2.5	1.8
HMV Digital China Group Limited (8078)	13	63,200,000	0.47	24,332	(8,785)	–	15,547	2.4	1.7
KuangChi Science Limited (439)	14	6,120,000	0.10	17,504	(2,326)	–	15,178	2.3	1.7
Huayi Tencent Entertainment Company Limited (419)	15	40,000,000	0.30	18,800	(4,600)	–	14,200	2.2	1.6
Global Mastermind Holdings Limited (8063)	16	90,870,000	2.13	14,085	(1,727)	–	12,358	1.9	1.4
Lajin Entertainment Network Group Limited (8172)	17	30,000,000	0.71	19,500	(8,400)	–	11,100	1.7	1.2
Yunfeng Financial Group Limited (376)	18	2,000,000	0.08	11,140	(240)	–	10,900	1.7	1.2
China Shandong Hi-Speed Financial Group Limited (412) *(formerly known as China Innovative Finance Group Limited)*	19	31,998,000	0.13	17,919	(7,200)	–	10,719	1.7	1.2
Hong Kong Education (Int'l) Investments Limited (1082)	20	14,792,000	2.70	16,271	(6,804)	–	9,467	1.5	1.0
Others	21			263,625	(62,536)	240	83,896	13.1	9.2
				678,190	56,132	2,046	648,368	100	71.7

* The percentage are subject to rounding error

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 2017 of the issuers publicly available on the website of the Stock Exchange.

2. 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 annual results announcement for the year ended 31 December 2017, the Landing Group recorded revenue of approximately HK$896 million and total comprehensive income of approximately HK$2,072 million.

   During the Year Under Review, the Landing Group has entered into (i) certain agreements with Four Seasons Hotels and Resorts Asia Pacific Pte Ltd and their affiliates, the world's leading luxury hospitality group, for the launch of a luxury Jeju Shinhwa World Four Seasons Resort & Spa in the heart of Jeju Shinhwa World, and (ii) a theme park development agreement with Lions Gate Entertainment Inc. ("**Lionsgate**"), a global entertainment and media leader, in relation to the development of Lionsgate's first branded outdoor theme park built exclusively around world famous movies named 'Lionsgate Movie World' at Jeju Shinhwa World. Jeju Shinhwa World Four Seasons Resort & Spa and Lionsgate Movie World are expected to be opened in first half of 2020. The Group believes that the future prospect of the Landing Group is optimistic in view of its latest development of the integrated resort in Jeju, South Korea.

   The Group acquired 399,960,000 shares in the Landing Group during the Year Under Review at an acquisition cost of approximately HK$30 million.

3. Hong Kong Exchanges and Clearing Limited and its subsidiaries (collectively referred to as the "**HKEx Group**") own and operate the only stock exchange and futures exchange in Hong Kong and their related clearing houses.

   Pursuant to the HKEx Group's annual report for the year ended 31 December 2017, the HKEx Group's recorded revenue of approximately HK$11,574 million and total comprehensive income was approximately HK$7,512 million.

   The HKEx Group strives to make the initial public offering market more relevant, the equity market more connected, and the derivatives market more competitive. The key areas of the HKEx Group focus include implementing listing reform, extension of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect by including exchange traded funds and other assets, building of new product ecosystems and the launch of derivative products with Mainland underlyings, as well as the launch of new trading systems in the securities and derivatives markets. The Group believes that the abovementioned initiatives will further boost the competitiveness of the market of the HKEx Group at a time of vast opportunity in the new global economy and the future prospect of the HKEx Group is positive.

   Except for a scrip dividend of 6,136 shares in the HKEx Group of approximately HK$1.2 million, there was no acquisition or disposal of the equity interest in the HKEx Group during the Year Under Review.

4. Evergrande Health Industry Group Limited and its subsidiaries (collectively referred to as the "**Evergrande Health Group**") were principally engaged in magazine publishing, distribution of magazine, digital business and provision of magazine content and community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-ageing.

   Pursuant to the Evergrande Health Group's interim report for the six months ended 30 June 2017, the Evergrande Health Group recorded revenue of approximately HK$576 million and total comprehensive income of approximately HK$113 million.

The Evergrande Health Group will continue to explore cross-sector integration with different industries such as financial, tourism, internet, sports, leisure and food industry, and cultivate new operation, new business trend and new model in mega health industry. The Group believes that the business plan in relation to the cross-sector integration will create value to the shareholders of the Evergrande Health Group.

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

5. SuperRobotics Limited *(formerly known as SkyNet Group Limited)* and its subsidiaries (collectively referred to as the "**SuperRobotics Group**") were principally engaged in the sale of beauty products, provision of therapy services, and provision of engineering products and related services.

   Pursuant to the SuperRobotics Group's final results announcement for the year ended 31 December 2017, the SuperRobotics Group recorded revenue of approximately HK$79 million and total comprehensive loss of approximately HK$87 million.

   In view of the China robotics market reached RMB20 billion in 2017, the Group is optimistic about the prospect of the SuperRobotics Group as they have obtained the parts manufacturers approval for inflight wireless local area network granted by the Civil Aviation Administration of China.

   During the Year Under Review, the Group has disposed of 75,000 shares in the SuperRobotics Group which led to a realised loss of HK$25,000.

6. OP Financial Investments Limited and its subsidiaries (collectively referred to as the "**OP Financial Group**") were principally engaged in investment in a diversified portfolio of global investments in listed and unlisted enterprises thereby to achieve earnings in the form of medium to long term capital appreciation.

   Pursuant to the OP Financial Group's interim report for the six months ended 30 September 2017, the OP Financial Group recorded revenue of approximately HK$43 million and total comprehensive income of approximately HK$160 million.

   Looking forward, the OP Financial Group will continue enhance the cooperation with leading companies in the industry to jointly discover the extensive business opportunities embedded in cross-border and crossover investments. In addition, the OP Financial Group will improve its capability of integrated investment solutions to capture the medium to short-term investment and enhance the liquidity of assets. The Group believes that the OP Financial Group has sufficient capital managed by experienced management team and will be able to become an excellent cross-border investment platform and its future business prospect is positive and growing.

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

7. Wang On Properties Limited and its subsidiaries (collectively referred to as the "**Wang On Group**") were principally engaged in property development and property investment businesses.

   Pursuant to the Wang On Group's interim report for the six months ended 30 September 2017, the Wang On Group recorded revenue of approximately HK$12 million and total comprehensive income of approximately HK$904 million.

   Since the Hong Kong residential market recorded continuous growth in both property price and number of transactions, the Group is optimistic about the property market and the performance of the Wang On Group in the future.

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

8. Sino Golf Holdings Limited and its subsidiaries (collectively referred to as the "**Sino Golf Group**") were principally engaged in manufacturing and trading of golf equipment, golf bags and accessories and the development of integrated resort in Saipan.

   Pursuant to the Sino Golf Group's interim report for the six months ended 30 June 2017, the Sino Golf Group recorded revenue of approximately HK$96 million and total comprehensive loss of approximately HK$18 million.

   The Sino Golf Group will continue to streamline the golf bags operations to enhance efficiency and launch active marketing initiatives to promote sales for the future. Taking into consideration the sales orders status and the prevailing market conditions, the management of the Sino Golf Group has adopted a positive view with caution on the outlook of the golf bags business for the ensuing period. The Group believes that the operating performance of the Sino Golf Group will be improved as the Sino Gold Group is determined to continually develop the golf equipment business through strengthening the cooperation with existing customers as well as exploring business opportunities with other credible and potential customers in golf market.

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

9. 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 2017, the China Information Group recorded revenue of approximately HK$24 million and total comprehensive loss of approximately HK$44 million.

   The China Information Group has continued to broaden the business scope and open up new income source. The business structure of the China Information Group has been more complete and refined upon the corporate actions. The Group believes that the new income source will have positive impact on the future prospect of the China Information Group.

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

10. Sino Haijing Holdings Limited and its subsidiaries (collectively referred to as the "**Sino Haijing Group**") were principally engaged in manufacturing and sale of packaging products, securities trading and other investing activities, ticketing agency business and money lending business.

    Pursuant to the Sino Haijing Group's interim report for the six months ended 30 June 2017, the Sino Haijing Group recorded revenue of approximately HK$417 million and total comprehensive loss of approximately HK$47 million.

    With strong management team who has solid experience in tourism, entertainment and cultural industries, the Sino Haijing Group is optimistic about the prospects of the new projects in the PRC and Southeast Asia. It is expected that these new projects will generate considerable returns to the Sino Haijing Group in the future. The Sino Haijing Group will continue to review the performance of business portfolios and seek for other potential acquisition opportunities from time to time. The Group expects the new projects is beneficial to the Sino Haijing Group in the future prospect.

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

11. Newton Resources Ltd and its subsidiaries (collectively referred to as the "**Newton Group**") were principally engaged in mining, processing and sale of iron concentrates and gabbro-diabase, stone products in the PRC and carpark service.

    Pursuant to the Newton Group's interim report for the six months ended 30 June 2017, the Newton Group recorded revenue of approximately RMB291 million and total comprehensive loss of approximately RMB19 million.

    In view of the Newton Group has been pragmatic in calibrating its business strategies from time to time to expand other existing businesses and explore new opportunities so as to enhance the corporate development and strengthen its income source, the Group believes that the business expansion and diversification will increase the revenue and improve the future prospect of the Newtown Group.

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

12. Solartech International Holdings Limited and its subsidiaries (collectively referred to as the "**Solartech Group**") were principally engaged in the manufacture and trading of cables and wires, manufacture, trading of copper rods, trading of metallurgical grade bauxite and investment properties.

    Pursuant to the Solartech Group's interim report for the six months ended 31 December 2017, the Solartech Group recorded revenue of approximately HK$200 million and total comprehensive income of approximately HK$12 million.

    The Solartech Group has been devoting substantial effort on the restructuring of the cables and wires business over the past two years, which involved consolidating of plants and acquiring automatic machinery and equipment to enhance efficiency and reduce cost. This has achieved positive results of the Solartech Group. The Group expects the future prospect of the Solartech Group is positive.

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

13. HMV Digital China Group Limited and its subsidiaries (collectively referred to as the "**HMV Digital Group**") were principally engaged in the entertainment business, with a focus in television program and movie production, distribution, distribution licensing, cinema operation and management in both Hong Kong and the PRC, artiste management, money lending activities and acquisitions of corporate bonds, preference shares as well as investment in securities.

    Pursuant to the HMV Digital Group's interim report for the six months ended 31 December 2017, the HMV Digital Group recorded revenue of approximately HK$264 million and total comprehensive loss of approximately HK$31 million.

    Since the HMV Digital Group has been taking a leading position in the cultural and entertainment industry in Hong Kong and the PRC with vertically-integrated business chains, whose main businesses comprise up-stream business of movie production, mid-stream business of movie distribution, cinema operations, artiste management and down-stream new-retail-concept stores. Each of the business chain operates well and provides strong synergy among the HMV Digital Group, the Group believes the future prospect of the HMV Digital Group is positive.

    Except for the bonus shares of 31,600,000 shares in the HMV Digital Group, there was no acquisition or disposal of the equity interest in the HMV Digital Group during the Year Under Review.

14. KuangChi Science Limited and its subsidiaries (collectively referred to as the "**KuangChi Group**") were principally engaged in the research and development and manufacture of innovative products for future technology businesses, and the provision of other innovative technology service solutions.

    Pursuant to the KuangChi Group's final results announcement for the year ended 31 December 2017, the KuangChi Group recorded revenue of approximately HK$306 million and total comprehensive loss of approximately HK$299 million.

    The KuangChi Group put their focus on the future technology business and was committed to building future smart cities by developing and integrating different future technologies, including "future space" technology and "future artificial intelligence" technology. Such technology will allow the KuangChi Group to provide a comprehensive range of innovative products, services and solutions, thereby enhancing service efficiency, satisfying residents' needs, upgrading living quality and, in particular, solving various problems that are faced by human beings. The Group believes the aforementioned will have positive impact to the future prospect of the KuangChi Group.

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

15. 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 interim report for the six months ended 30 June 2017, the Huayi Tencent Group recorded revenue of approximately HK$67 million and total comprehensive loss of approximately HK$82 million.

    The Huayi Tencent Group aims to build a comprehensive platform which integrates content production and online and offline entertainment channels, and becomes a new media business company with a leading position in China and is recognized in the international community. The Group believes that the increase in average spending of residents on education, culture and entertainment in the PRC create a favourable development environment for the Huayi Tencent Group in the Chinese market.

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

16. 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 interim report for the six months ended 30 June 2017, the Global Mastermind Group recorded revenue of approximately HK$24 million and total comprehensive loss of approximately HK$11 million.

    The travel business environment of the Global Mastermind Group is continuing to be challenging. The Global Mastermind Group's profitability in travel business is facing pressure from the rising costs of operations and stiff price driven competition and will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions. The Global Mastermind Group will adopt a conservative investment approach towards its treasury management business in the coming quarters and will cautiously monitor Hong Kong equity, change the Global Mastermind Group's equity portfolio mix from time to time and realise the equities held by the Global Mastermind Group into cash as and when appropriate. Given that the Global Mastermind Group's new business in the provision of securities and asset management services is in the final stage of applying for trading rights from the Stock Exchange, the Group believes that the new business of the Global Mastermind Group will broaden its revenue source and beneficial to its future prospect.

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

17. 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, television programs and internet contents.

    Pursuant to the Lajin Entertainment Group's interim report for the six months ended 30 June 2017, the Lajin Entertainment Group recorded revenue of approximately HK$50 million and total comprehensive loss of approximately HK$32 million.

    The Laijin Entertainment Group has other investments projects include equity investments in companies which are principally engaged in e-commerce platforms focusing the branding of individual celebrities; and some new media companies which integrate research, creation and production, and final broadcast of online new media contents. The Group believes the other investments projects of the Laijin Entertainment Group will broaden its revenue source and beneficial to its future prospect.

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

18. Yunfeng Financial Group Limited and its subsidiaries (collectively referred to as the "**Yunfeng Financial Group**") were principally engaged in wealth management, securities brokerage, employee stock ownership plan administration, corporate finance advisory and investment research.

    Pursuant to the Yunfeng Financial Group's interim report for the six months ended 30 June 2017, the Yunfeng Financial Group recorded revenue of approximately HK$9 million and total comprehensive loss of approximately HK$222 million.

    The focus of the Yunfeng Financial Group remains on improving the overall operating result through effective cost control and increase of revenue streams with different strategies based on market situations. The Group believes there is room for growth in the future prospect of the Yunfeng Financial Group.

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

19. China Shandong Hi-Speed Finance Group Limited *(formerly known as China Innovative Finance Group Limited)* and its subsidiaries (collectively referred to as the "**China Shandong Hi-Speed Group**") were principally engaged in various kinds of financial services, including financial leasing, operation of an asset trading platform, investments in securities, money lending and investment holding, business factoring and securities brokerage business.

    Pursuant to the China Shandong Hi-Speed Group's interim report for the six months ended 30 September 2017, the China Shandong Hi-Speed Group recorded revenue of approximately HK$74 million and total comprehensive loss of approximately HK$193 million.

    The China Shandong Hi-Speed Group will actively identify merger and acquisition opportunities in the asset management and financial service sectors in a bid to diversify the business risks and create value for shareholders. The China Shandong Hi-Speed Group's operations and future investments will continue to be financed by internal resources and bank borrowings. The Group believes the merger and acquisition activities will have positive impact in the future prospect of the China Shandong Hi-Speed Group.

    There was no acquisition or disposal of the equity interest in the China Shandong Hi-Speed Group during the Year Under Review.

20. Hong Kong Education (Int'l) Investments Limited and its subsidiaries (collectively referred to as the "**Hong Kong Education Group**") were principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.

Pursuant to the Hong Kong Education Group's interim report for the six months ended 31 December 2017, the Hong Kong Education Group recorded revenue of approximately HK$53 million and total comprehensive income of approximately HK$14 million.

The Hong Kong Education Group will embrace new growth opportunities through diversification and carefully study the feasibility of potential mergers and acquisitions with the aim of generating more revenue. The Group believes the business diversification together with the potential mergers and acquisitions will have positive impact to the future prospect of the Hong Kong Education Group.

During the Year Under Review, the Group has disposed of 5,208,000 shares in the Hong Kong Education Group which led to a realised loss of approximately HK$3,054,000.

21. Others comprised 30 listed securities and none of these investments account for more than 1% of the total assets of the Group as at 31 December 2017.

    There were 4 listed securities included in others, namely Up Energy Development Group Limited (stock code: 307), Hsin Chong Group Holdings Limited (stock code: 404), Hua Han Health Industry Holdings Limited (stock code: 587) and Town Health International Medical Group Limited (stock code: 3886) whose securities were suspended for trading as at 31 December 2017. In view of the prolonged trading suspensions of trading in the securities of these companies, an unrealized fair value loss of approximately HK$27 million (2016: approximately HK$14 million) have been recorded for the investment in securities of these companies during the Year Under Review.

OUTLOOK

As investment in securities accounts 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 and balance investment risks. The combination of the investment portfolio may change from time to time. Considering that following the implementation of the favorable financial policies in Hong Kong, such as the Shanghai-Hong Kong Stock Connect, mutual recognition of funds and the Shenzhen-Hong Kong Stock Connect, the proposed expansion of the existing listing regime by introducing two new chapters to the Main Board Listing Rules to allow the listing of (i) biotech companies which do not meet any of the financial eligibility requirements of the Main Board; and (ii) issuers from emerging and innovative sectors that have weighted voting rights structures, management is optimistic about the future equity securities markets in Hong Kong.

Meanwhile, the Company has been exploring suitable opportunities to acquire investment properties in Hong Kong in order to generate more stable and recurrent rental income to the Group. Nonetheless, cost controls continue to be the focus of the garment industries.

ANNUAL GENERAL MEETING

It is proposed that the 2018 annual general meeting of the Company (the "**2018 AGM**") will be held on Friday, 15 June 2018. Notice of the 2018 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 Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 June 2018 to 15 June 2018 (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 2018 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 11 June 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2017, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**"), 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.

(b) 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 officially have a chairman until the appointment of Dr. Wong Yun Kuen as the chairman of the Board with effect from 18 July 2017. All Directors have attended the annual general meeting on 5 June 2017 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. 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 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 and are available on the websites of the Stock Exchange and the Company at www.feholdings.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, and 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 as follows:

(i) reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2017 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 2017 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 reports to the Audit Committee for the year ended 31 December 2017;

(iv) reviewed the report of the external auditor and made recommendations to the Board for their re-appointment at the annual general meeting on 5 June 2017;

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

(vi) reviewed the terms of reference of the Audit Committee and concluded that no revision was required;

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

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

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. 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 2017 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 audited consolidated financial statements for the year. 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 2017, 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 2017 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
Dr. Wong Yun Kuen
Chairman

Hong Kong, 23 March 2018

As at the date of this announcement, the Board comprises five Directors, of which two are executive Directors, namely, Dr. Wong Yun Kuen (Chairman), 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.