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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Far East Holdings International Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019 (the "Period") together with comparative figures of the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended **30.6.2019** ***HK$'000*** **(unaudited)**	 30.6.2018 *HK$'000* (unaudited)
Revenue	*3*	**16,222**	3,349
Cost of sales		**(2,405)**	(2,565)
Gross profit		**13,817**	784
Dividend income from held-for-trading investments		**3,202**	1,122
Other income		**548**	450
Other gains and losses	*4*	**(71,961)**	(31,590)
Selling and distribution costs		**(2)**	(14)
Administrative expenses		**(4,715)**	(3,895)
Finance costs	*5*	**(7,112)**	–
Loss before tax		**(66,223)**	(33,143)
Income tax expense	*6*	**–**	–
Loss for the period	*7*	**(66,223)**	(33,143)
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		**60**	(87)
Other comprehensive income/(loss) for the period		**60**	(87)
Total comprehensive loss for the period		**(66,163)**	(33,230)

	Note	Six months ended 30.6.2019 HK$'000 (unaudited)	30.6.2018 HK$'000 (unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(69,684)**	(32,432)
Non-controlling interests		**3,461**	(711)
		(66,223)	(33,143)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(69,653)**	(32,477)
Non-controlling interests		**3,490**	(753)
		(66,163)	(33,230)
Loss per share			
Basic (HK cents)	*9*	**(6.40)**	(2.98)
Diluted (HK cents)	*9*	**(6.40)**	(2.98)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	**30.6.2019** ***HK$'000*** **(unaudited)**	31.12.2018 *HK$'000* (audited)
NON-CURRENT ASSETS			
Investment properties	*10*	**1,762,000**	164,500
Property, plant and equipment	*10*	**3,088**	2,857
Corporate bond		**5,000**	5,000
Prepaid lease payments		**400**	400
		1,770,488	172,757
CURRENT ASSETS			
Prepaid lease payments		**18**	18
Held-for-trading investments	*11*	**191,926**	567,246
Inventories		**1,754**	1,506
Trade and other receivables	*12*	**5,981**	1,277
Amount due from a non-controlling interest		**2,500**	–
Tax recoverable		**224**	224
Deposits held at a financial institution	*11*	**3,080**	34,955
Bank balances and cash		**5,237**	5,415
		210,720	610,641
CURRENT LIABILITIES			
Trade and other payables	*13*	**19,306**	3,576
Bank borrowings	*15*	**502,926**	–
Lease liabilities		**363**	–
		522,595	3,576
NET CURRENT (LIABILITIES)/ASSETS		**(311,875)**	607,065
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,458,613**	779,822
NON-CURRENT LIABILITY			
Promissory note	*14*	**214,200**	–
		214,200	–
NET ASSETS		**1,244,413**	779,822
CAPITAL AND RESERVES			
Share capital	*16*	**632,610**	632,610
Reserves		**74,509**	144,162
Equity attributable to owners of the Company		**707,119**	776,772
Non-controlling interests		**537,294**	3,050
TOTAL EQUITY		**1,244,413**	779,822

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company						
	Share capital	Exchange reserve	Properties revaluation reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019 (audited)	**632,610**	**6,444**	**3,283**	**134,435**	**776,772**	**3,050**	**779,822**
(Loss)/profit for the period	**–**	**–**	**–**	**(69,684)**	**(69,684)**	**3,461**	**(66,223)**
Other comprehensive income for the period							
Exchange differences arising from the translation of foreign operations	**–**	**31**	**–**	**–**	**31**	**29**	**60**
Total comprehensive (loss)/income for the period	**–**	**31**	**–**	**(69,684)**	**(69,653)**	**3,490**	**(66,163)**
Acquisition of assets through acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**530,754**	**530,754**
At 30 June 2019 (unaudited)	**632,610**	**6,475**	**3,283**	**64,751**	**707,119**	**537,294**	**1,244,413**
At 1 January 2018 (audited)	632,610	6,666	–	240,448	879,724	4,962	884,686
Loss for the period	–	–	–	(32,432)	(32,432)	(711)	(33,143)
Other comprehensive loss for the period							
Exchange differences arising from the translation of foreign operations	–	(45)	–	–	(45)	(42)	(87)
Total comprehensive loss for the period	–	(45)	–	(32,432)	(32,477)	(753)	(33,230)
At 30 June 2018 (unaudited)	632,610	6,621	–	208,016	847,247	4,209	851,456

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial information relating to the year ended 31 December 2018 that is included in this announcement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 Companies Ordinance is as follows:

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Changes in accounting policies

The HKICPA has issued a new Hong Kong Financial Reporting Standards ("HKFRS"), HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 — Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases — incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has transitioned to HKFRS 16 in accordance with the modified retrospective approach and, therefore, the information presented for 2018 has not been restated. After reviewing the leases, there is no change on the opening balance of retained earnings and equity at the date of initial application of HKFRS 16. Both right-of-use assets and lease liabilities of approximately HK$573,000 were recognised at 1 January 2019.

Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) change in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically printer. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

— right-of-use assets that meet the definition of investment property are carried at fair value;

— right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and

— right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.25%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitment as disclosed in note 33 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitment at 31 December 2018	627
Less: commitments relating to leases exempt from capitalisation:	
— Leases of low- value assets	(35)
Less: total future interest expenses	(19)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	573
Total lease liabilities recognised at 1 January 2019	573

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The Group presents right-of-use assets that do not meet the definition of investment property in 'other property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *HK$'000*	Capitalisation of operating lease contracts *HK$'000*	**Carrying amount at 1 January 2019** ***HK$'000***
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16			
Property, plant and equipment	164,500	573	**165,073**
Total non- current assets	172,757	573	**173,330**
Lease liabilities (current)	–	426	**426**
Current liabilities	3,576	426	**4,002**
Net current assets	607,065	(426)	**606,639**
Total assets less current liabilities	779,822	147	**779,969**
Lease liabilities (non-current)	–	147	**147**
Total non-current liabilities	–	147	**147**
Net assets	779,822	–	**779,822**

(c) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments ***HK$'000***	**Total minimum lease payments** ***HK$'000***	Present value of the minimum lease payments *HK$'000*	Total minimum lease payments *HK$'000*
Within 1 year	**363**	**370**	**426**	444
After 1 year but within 2 years	**–**	**–**	**147**	148
	363	**370**	**573**	592
Less: Total future interest expenses		**(7)**		(19)
Present value of lease liabilities		**363**		573

(d) Impact on the financial result, segment results and cash flows of the group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidation of cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidation of cash flow statement.

The following tables may give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial result, segment results and cash flows for the six months ended 30 June 2019, by adjusting the amounts reported under HKFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

			2019		2018
	Amount reported under HKFRS 16 (A)	**Add Back: HKFRS 16 Depreciation and interest expense (B)**	**Deduct: Estimated amounts related to operating leases as if under HKAS 17 (C)**	**Hypothetical amounts for 2019 as it under HKAS 17 (D=A+B-C)**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Financial result for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16:					
Loss from operations	**(59,111)**	**214**	**(222)**	**(59,119)**	(33,143)
Finance costs	**(7,112)**	**12**	**–**	**(7,100)**	–
Loss before taxation	**(66,223)**	**226**	**(222)**	**(66,219)**	(33,143)
Loss for the year	**(66,223)**	**226**	**(222)**	**(66,219)**	(33,143)
Reportable segment profit (adjusted EBITDA) for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16:					
Industrial	**(1,008)**	**–**	**–**	**(1,008)**	(1,476)
Securities investment	**(68,786)**	**–**	**–**	**(68,786)**	(30,519)
Property investment	**9,479**	**226**	**(222)**	**9,483**	1,076
Total	**(60,315)**	**226**	**(222)**	**(60,311)**	(30,919)

	2019 Amount reported under HKFRS 16 (A) HK$'000	2019 Add Back: HKFRS 16 depreciation and interest expense as if under HKAS 17 (B) HK$'000	2019 Hypothetical Amounts for 2019 as it under HKAS 17 (C=A+B) HK$'000	2018 Compared to amounts reported under HKAS 17 HK$'000
Line items in the condensed consolidated cash flow statements for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16:				
Cash generated from operations	**305,139**	**(210)**	**304,929**	1,765
Net cash generated from operating activities	**305,139**	**(210)**	**304,929**	1,765
Capital element of lease rentals paid	**(198)**	**198**	**–**	–
Interest element of lease rentals paid	**(12)**	**12**	**–**	–
Net cash used in financing activities	**(151,237)**	**210**	**(151,027)**	–

3. SEGMENT INFORMATION

Information reported to the executive Directors of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance, is organised into the following segments which focus on the category of different industries and is consistent with the basis of organisation in the Group:

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

(a) Segment revenues and results

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

Six months ended 30 June 2019

	Industrial	**Securities investment**	**Property investment**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
				(unaudited)
Segment and external revenue	**2,194**	**–**	**14,028**	**16,222**
Segment results	**(1,008)**	**(68,786)**	**9,479**	**(60,315)**
Other income				**548**
Unallocated expenses				**(6,456)**
Loss before tax				**(66,223)**

Six months ended 30 June 2018

	Industrial	Securities investment	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
Segment and external revenue	1,996	–	1,353	3,349
Segment results	(1,476)	(30,519)	1,076	(30,919)
Other income				450
Unallocated expenses				(2,674)
Loss before tax				(33,143)

Segment results represent the (loss)/profit from each segment without allocation of other income and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment result of securities investment segment includes gain or loss from changes in fair value of held-for-trading investments and dividend income from held-for-trading investments.

(b) Revenue from major products and services

Disaggregation of revenue from contracts with customers

The following is an analysis of revenue disaggregated by major product and service line.

Time of revenue recognition (within the scope of HKFRS 15)	Garment production	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
At a point in time	**2,194**	1,996

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Fair value loss on held-for-trading investments	**(71,961)**	(31,590)

5. FINANCE COSTS

	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**4,227**	–
Interest on promissory note	**2,873**	–
Interest on lease liabilities	**12**	–
	7,112	–

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	**–**	–

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both periods.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5% (2018: 16.5%). The profits of corporations in Hong Kong not qualifying for two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 June 2019, Hong Kong profits tax had not been provided for as the Group had no assessable profit for the Period.

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 Group's subsidiaries in the PRC is 25%. EIT has not been provided for as the Group has no assessable profit for both periods.

7. LOSS FOR THE PERIOD

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	**–**	10
Depreciation of property, plant and equipment	**169**	492
Depreciation of right-of-use assets	**215**	–
Directors' remuneration and other staff costs	**2,118**	4,090
Legal and professional fee	**1,484**	119

8. DIVIDEND

No dividends was paid, declared or proposed during the Period. The Directors have determined that no dividend will be paid in respect of the Period (2018: Nil).

9. LOSS PER SHARE

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

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	**(69,684)**	(32,432)
Number of shares:		
Weighted average number of ordinary shares for the purposes of loss per share	**1,089,118,593**	1,089,118,593

Diluted loss per share equals to basic loss per share, as there was no potential dilutive ordinary shares issued for the six months ended 30 June 2019 and 2018.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the Period, the Group spent HK$19,000 (2018: HK$9,000) on purchase of property, plant and equipment and there were HK$573,000 additions of right-of-use assets classified as property, plant and equipment when the Group adopted HKFRS 16 (note 2b). There was HK$1,597,500,000 addition of investment property through acquisition of a subsidiary (note 18) during the Period. (2018: Nil).

The fair value of the Group's investment properties at 30 June 2019 was determined by the Directors based on the market approach. The fair value of the Group's investment properties as at 31 December 2018 has been arrived at on the basis of a valuation on the market approach carried out as at that date by Messrs. Roma Appraisals Limited ("Roma"), an independent qualified professional surveyor not connected to the Group. Roma is a member of the Hong Kong Institute of Surveyors who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The market approach uses prices and other relevant information generated by market transactions involving comparable properties. No change in fair value of investment properties has been recognised in profit or loss for the six months ended 30 June 2019 (2018: Nil).

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2019 and 31 December 2018. There were no transfers into or out of Level 3 during the Period.

11. HELD-FOR-TRADING INVESTMENTS/DEPOSITS HELD AT A FINANCIAL INSTITUTION

	30.6.2019 ***HK$'000*** **(unaudited)**	31.12.2018 *HK$'000* (audited)
Listed equity securities:		
Hong Kong	**191,926**	567,246

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

As at 30 June 2019, the Group's five largest held-for-trading investments contributed to approximately 70% of the Group's held-for-trading investments and such investments contributed approximately HK$30,558,000 loss from changes in fair value of held-for-trading investments recognised in profit or loss for the Period.

As at 30 June 2019, the Group's deposits held at a financial institution were held in securities trading accounts for the purpose of the Group's securities investment operation.

12. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 90 days (31 December 2018: 90 days) to its trade customers. The following is an ageing analysis of trade receivables, which are past due but not impaired at the end of the reporting period:

	30.6.2019 ***HK$'000*** **(unaudited)**	31.12.2018 *HK$'000* (audited)
Trade receivables — current	**3,879**	943
Prepayments, deposits and other receivables	**2,102**	334
	5,981	1,277

13. TRADE AND OTHER PAYABLES

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**44**	44
Other payables and accruals	**19,262**	3,532
	19,306	3,576

At 30 June 2019 and 31 December 2018, all trade payables were aged over 90 days based on the invoice date.

14. PROMISSORY NOTE

The principal amount of the promissory note is HK$361,000,000, with 5% interest per annum and to be matured on the third anniversary from the issue date, 1 April 2019. As at 30 June 2019, the balances of the promissory note is HK$214,200,000.

15. BANK BORROWINGS

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current		
Bank borrowings (Note)	**502,926**	–

Note: The bank borrowings are secured by an investment property of the Group amounted to HK$1,597,500,000 with interest charged at HIBOR + 1.6% per annum. The loan agreements contained a repayment on demand clause giving the banks the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount was classified as "on demand".

Ignoring the effect of any repayment on demand clause and based on the maturity term on bank borrowings are repayable:

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within first year	**20,528**	–
Within second year	**20,528**	–
In the third to fifth years, inclusive	**61,584**	–
Beyond five years	**400,286**	–
	502,926	–

16. SHARE CAPITAL

	Number of shares		Share capital	
	30.6.2019	31.12.2018	**30.6.2019**	31.12.2018
			HK$'000	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Issued and fully paid	**1,089,118,593**	1,089,118,593	**632,610**	632,610

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	**Fair value as at 30 June 2019** ***HK$'000***	Fair value as at 31 December 2018 *HK$'000*	**Fair value hierarchy**	**Valuation techniques and key inputs**
1. Listed equity securities in Hong Kong classified as held-for-trading investments in the condensed consolidated statement of financial position	**191,926**	567,246	Level 1	Quoted prices in an active market

There were no transfers between Level 1, 2 and 3 in the current and prior periods.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

The Group is exposed to equity price risk through its investment in listed equity securities classified as held-for-trading investments. During the Period, the decline of share prices in the Hong Kong stock market has resulted in unrealised fair value loss recognised in profit or loss.

18. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY DURING THE PERIOD

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

The net assets acquired in the transaction were as follows:

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

19. RELATED PARTY TRANSACTION

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

Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group are as follows:

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Short-term benefits	**1,344**	1,188
Post-employment benefits	**–**	–
	1,344	1,188

20. REVIEW OF INTERIM ACCOUNTS

The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the six months ended 30 June 2019, the Group recorded revenue from operations of approximately HK$16.0 million (2018: approximately HK$3.3 million), representing an increase of 384% as compared to the corresponding period in 2018 as a result of increase in rental income from investment properties. The Group's loss for the Period attributable to owners of the Company was approximately HK$69.7 million (2018: approximately HK$32.4 million). The total comprehensive loss of the Group for the Period was approximately HK$66.2 million (2018: approximately HK$33.2 million), which was mainly due to decrease in fair value of held-for-trading investments of equity securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") offset in part by rental income from investment properties of approximately HK$14.0 million. The loss per share for the Period was 6.40 HK cents (2018: 2.98 HK cents).

BUSINESS REVIEW AND PROSPECTS

Business Review

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 Manufacturing Industry

Jiangsu BangBang-Silky Fashion Manufacturer Company Limited recorded revenue of approximately HK$2.2 million (2018: approximately HK$2.0 million) for the Period, representing an increase of 9.9% as compared to the corresponding period in 2018. This business is facing challenges in terms of increasing material and labour costs and falling per unit sales prices. Taken into account the Chinese economy grew at its slowest rate since 1990, the Group is not optimistic in its garment manufacturing industry in the second half of 2019.

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK$1,762.0 million (31 December 2018: approximately HK$164.5 million) as at 30 June 2019. The Group recorded significant increase in rental income of approximately HK$12.6 million from approximately HK$1.4 million in 2018 to approximately HK$14.0 million for the Period. Such increase resulted from the completion of the acquisition of 51% of the issued share capital of Joy Ease, a company incorporated in the British Virgin Islands and principally engaged in investment in and holding of a property (the "Property") at the commercial podium (shop) on lower ground floor, upper ground floor, first floor, second floor, third floor, offices and flat roof on fourth floor, and the remaining portions of the external walls of Silver Fortune Plaza, No.1 Wellington Street, Hong Kong. Details of the acquisition of the Property are set out in note 18 to the condensed consolidated financial statements.

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

Investment in Securities

During the Period, the Group has recorded fair value loss on held-for-trading investments of approximately HK$71.9 million (2018: approximately HK$31.6 million) attributable to unrealised loss of approximately HK$63.1 million and realised loss of approximately HK$8.8 million due to the fluctuation of Hong Kong equity market. Dividend income from held-for-trading investments of approximately HK$3.2 million (2018: approximately HK$1.1 million) was recorded for the Period.

As at 30 June 2019, held-for-trading investments amounted to approximately HK$191.9 million (31 December 2018: approximately HK$567.2 million). This value represented an investment portfolio comprising 25 (31 December 2018: 47) equity securities listed in Hong Kong of which 19 (31 December 2018: 38) equity securities are listed on the Main Board of the Stock Exchange and the remaining 6 (31 December 2018: 9) equity securities are listed on the GEM of the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Company Name (Stock Code)		Number of shares held by the Group at 30 June 2019	Percentage of shareholdings at 30 June 2019* (Note 1)	Carrying amount at 31 December 2018	Unrealised fair value gain/(loss) for the Period ended 30 June 2019	Dividend income for the Period ended 30 June 2019	Fair value at 30 June 2019	Percentage of total held-for-trading investments at 30 June 2019*	Percentage of total assets of the Group at 30 June 2019*
	Notes		%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	%	%
Evergrande Health Industry Group Limited (708)	*2*	10,000,000	0.12	103,000	(18,400)	-	84,600	44.1	4.3
China Information Technology Development Limited (8178)	*3*	190,000,000	3.32	17,860	-	-	17,860	9.3	0.9
SuperRobotics Limited (8176)	*4*	3,430,000	0.68	20,580	(8,575)	-	12,005	6.3	0.6
Sino Golf Holdings Limited (361)	*5*	49,000,000	0.94	12,250	(343)	-	11,907	6.2	0.6
K. H. Group Holdings Limited (1557)	*6*	6,000,000	1.50	12,120	(3,240)	-	8,880	4.6	0.4
Landing International Development Limited (582)	*7*	7,999,200	0.27	19,678	(11,039)	-	8,639	4.5	0.4
China Ocean Fishing Holdings Limited (8047)	*8*	19,552,000	0.46	10,754	(3,031)	-	7,723	4.0	0.4
Global Mastermind Holdings Limited (8063)	*9*	90,870,000	2.13	8,360	(1,090)	-	7,270	3.8	0.4
Eternity Investment Limited (764)	*10*	35,006,588	0.92	6,126	280	-	6,406	3.3	0.3
Huayi Tencent Entertainment Company Limited (419)	*11*	32,000,000	0.24	6,208	(1,184)	-	5,024	2.6	0.3
Ming Lam Holdings Limited (1106)	*12*	140,000,000	0.94	16,380	(11,760)	-	4,620	2.4	0.2
Lajin Entertainment Network Group Limited (8172)	*13*	30,000,000	0.71	5,910	(2,160)	-	3,750	2.0	0.2
EverChina International Holdings Company Limited (202)	*14*	15,000,000	0.21	4,200	(1,050)	-	3,150	1.6	0.2
China City Infrastructure Group Limited (2349)	*15*	10,000,000	0.32	3,050	(50)	-	3,000	1.6	0.2
Global Mastermind Capital Limited (905)	*16*	16,568,000	2.37	3,479	(845)	-	2,634	1.4	0.1
Others	*17*	–	–	317,291	(648)	3,202	4,458	2.3	0.2
				567,246	(63,135)	3,202	191,926	100	9.7

* The percentages are subject to rounding error.

Notes:

1. The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 30 June 2019 of the issuers publicly available on the website of the Stock Exchange.

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

   Pursuant to the Evergrande Health Group's annual report for the year ended 31 December 2018, the Evergrande Health Group recorded revenue of approximately RMB3,133 million and total comprehensive loss of approximately RMB1,495 million. The Evergrande Health Group recorded significant increase in revenue from its elderly care by 137.89%. In 2019, the Evergrande Health Group will plans to expand its operations into over 50 livable wellness areas in the coming 3 years. The Group believes that the expansion of operations will create value to the shareholders of the Evergrande Health Group.

   During the Period, the Group has disposed of 5,000,000 shares in the Evergrande Health Group which led to a realised gain of approximately HK$3 million.

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

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

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

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

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

   There was no acquisition or disposal of the equity interest in the SuperRobotics Group during the Period.

5. 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 annual report for the year ended 31 December 2018, the Sino Golf Group recorded revenue of approximately HK$286 million and total comprehensive loss of approximately HK$44 million. The Group believes that the operating performance of the Sino Golf Group will be improved as the Sino Golf Group will continue to pursue a cautious business approach to closely monitor the golf equipment and golf bags business and seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders of the Sino Golf Group.

   During the Period, the Group has disposed of 51,000,000 shares in the Sino Gold Group which led to a realised loss of approximately HK$0.1 million.

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

   Pursuant to the K.H. Group's annual report for the year ended 31 March 2019, the K.H. Group recorded revenue of approximately HK$203 million and total comprehensive loss of approximately HK$29 million. The Group believes the operating performance of the K.H. Group will be improved as the K.H. Group will try to explore and identify any suitable investment opportunities in order to broaden their revenue base for maximisation of return to its shareholders.

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

7. 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 report for the year ended 31 December 2018, the Landing Group recorded revenue of approximately HK$2,099 million and total comprehensive loss of approximately HK$1,396 million. The Landing Group's flagship resort, namely, Jeju Shinhwa World, will continue to ramp up its businesses and operations. It will continue to actively introduce more exciting activities and events at Jeju Shinhwa World to attract more customers and strengthen its market presence. The Group believes that the future prospect of the Landing Group is optimistic in view of its latest development of Jeju Shinhwa World.

   There was no acquisition or disposal of the equity interest in the Landing Group during the Period.

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

   Pursuant to the China Ocean Group's annual report for the year ended 31 March 2019, the China Ocean Group recorded revenue of approximately HK$961 million and total comprehensive loss of approximately HK$9 million. Taken into account the China Ocean Group has adequate resources to continue with its business operations, and will continue to focus on its corporate objective to develop current businesses in order to strengthen its competitiveness, integrate its capital resources and contribute a maximum wealth to its shareholders, the Group is optimistic about the future prospect of the China Ocean Group.

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

9. 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 2019, the Global Mastermind Group recorded revenue of approximately HK$33 million and total comprehensive loss of approximately HK$50 million. Given that the Global Mastermind Group was granted with the licence to carry on Advising on Corporate Finance Business would create enhanced value and synergy to the Global Mastermind Group by providing with more comprehensive services to the customers which in turn increase and broaden the income stream of the Global Mastermind Group in the future, the Group is optimistic about the future prospects of the Global Mastermind Group.

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

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

    Pursuant to the Eternity Investment Group's annual report for the year ended 31 December 2018, the Eternity Investment Group recorded revenue of approximately HK$188 million and total comprehensive loss of approximately HK$623 million. Taking into account the Eternity Investment Group will continue to solidify their fundamentals by refining their business operations and developing their existing businesses in a cautious manner, the Group is optimistic about the future prospects of the Eternity Investment Group.

    There was no acquisition or disposal of the equity interest in the Eternity Investment Group during the Period.

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

    Pursuant to the Huayi Tencent Group's annual report for the year ended 31 December 2018, the Huayi Tencent Group recorded revenue of approximately HK$109 million and total comprehensive loss of approximately HK$7 million. Given that the Huayi Tencent Group will, apart from further bolstering its content investment in North America and Korea, team up with production studios from different countries so as to offer more quality films and television dramas to the global and Chinese audience, the Group is optimistic about the future prospects of the Huayi Tencent Group.

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

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

    Pursuant to the Ming Lam Group's annual report for the year ended 31 December 2018, the Ming Lam Group recorded revenue of approximately HK$1,126 million and total comprehensive loss of approximately HK$330 million. With strong management team who has solid experience in tourism, entertainment and cultural industries, the Ming Lam Group is optimistic about the prospects of the new projects in Southeast Asia. It is expected that these new projects will generate considerable returns to the Ming Lam Group in the future. The Group believes these new projects is beneficial to the Ming Lam Group in the future prospect.

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

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

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

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

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

    Pursuant to the EverChina International Group's annual report for the year ended 31 March 2019, the EverChina International Group recorded revenue of approximately HK$78 million and total comprehensive loss of approximately HK$719 million. The EverChina International Group will remain dedicated to constantly review, reinforce and, in appropriate circumstances, restructure its existing business segments in order to maintain its competitiveness. The Group believes that the future business prospect of the EverChina International Group is positive.

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

15. China City Infrastructure Group Limited and its subsidiaries (collectively referred to as the "China City Infrastructure Group") were principally engaged in property investment operation, hotel operation, financing and securities investment operation and agricultural operation.

    Pursuant to the China City Infrastructure Group's annual report for the year ended 31 December 2018, the China City Infrastructure Group recorded revenue of approximately HK$294 million and total comprehensive loss of approximately HK$250 million. The China City Infrastructure Group. In January 2019, the China City Infrastructure Group entered into a conditional sale and purchase agreement to acquire a company which holds properties and lands in Longgang, Shenzhen. The China City Infrastructure Group hopes to gain property redevelopment experience from this project and is optimistic about the potential redevelopment and appreciation in value of the relevant property following the redevelopment and believes that the potential investment will bring positive returns to the China City Infrastructure Group in the long run. The Group believes that the future business prospect of the China City Infrastructure Group is positive.

    There was no acquisition or disposal of the equity interest in the China City Infrastructure Group during the Period.

16. Global Mastermind Capital Limited and its subsidiaries (collectively referred to as the "Global Mastermind Capital Group") were principally engaged in investment in listed and unlisted companies.

    Pursuant to the Global Mastermind Capital Group's annual report for the year ended 31 December 2018, the Global Mastermind Capital Group recorded revenue of approximately HK$3 million and total comprehensive loss of approximately HK$141 million. The Global Mastermind Capital Group will stay focus on finding and purchase strong companies when they are trading at attractive prices. The Group believes that the future prospect of the Global Mastermind Capital Group is optimistic.

    There was no acquisition or disposal of the equity interest in the Global Mastermind Capital Group during the Period.

17. Others comprised 10 listed securities and none of these investments account for more than 0.1% of the total assets of the Group. As at 30 June 2019, there were 5 listed securities, 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), Ding He Mining Holdings Limited (stock code: 705) and Town Health International Medical Group Limited (stock code: 3886) whose securities have been suspended for a prolonged period. As full impairment loss have been recognised in the prior years, no fair value adjustments have been made regarding these 5 listed securities during the Period. Breakdown of these 10 listed securities are as follows:

Company Name (Stock Code)	Number of shares held by the Group at 30 June 2019	Percentage of shareholdings at 30 June 2019*	Fair value at 30 June 2019	Percentage of total held-for-trading investments at 30 June 2019*	Percentage of total assets of the Group at 30 June 2019*
		%	*HK$'000*	%	%
Hong Kong Building and Loan Agency Limited (145)	20,000,000	0.87	1,820	0.9	0.1
Solartech International Holdings Limited (1166)	25,000,000	1.05	1,450	0.8	0.1
New Century Group Hong Kong Limited (234)	4,304,000	0.07	517	0.3	0.0
CST Group Limited (985)	32,000,000	0.08	512	0.3	0.0
China Creative Digital Entertainment Limited (8078)	1,264,000	0.47	159	0.1	0.0
Up Energy Development Group Limited (307)	3,200,000	0.07	–	0.0	0.0
Hsin Chong Construction Group Limited (404)	35,000,000	0.61	–	0.0	0.0
Hua Han Health Industry Holdings Limited (587)	26,272,000	0.37	–	0.0	0.0
Ding He Mining Holdings Limited (705)	222,000,000	3.36	–	0.0	0.0
Town Health International Medical Group Limited (3886)	12,000,000	0.16	–	0.0	0.0
			4,458	2.3	0.2

* The percentages are subject to rounding error.

Prospects

The overall investing sentiment was hampered by the impending withdrawal of the United Kingdom from the European Union and the trade tensions between the United States and the PRC together with the concerns over the economic and political outlook in Hong Kong, the Board believes the equity securities and property markets in Hong Kong will continued to be fluctuated.

In view of the above, the Group will continue to closely monitor the investment portfolio and capture opportunities arising from the equity securities and property markets in a prudent manner and balance investment risks.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2019, the Group had bank balances and cash and deposits held at financial institutions of approximately HK$8.3 million (31 December 2018: approximately HK$40.4 million). Fundamentally, the Group's funding policy was to finance the business operations with internally-generated cash. As at 30 June 2019, the Group had approximately HK$503 million interest-bearing bank borrowings (31 December 2018: Nil) and 5% interest per annum promissory note of approximately HK$214 million (31 December 2018: Nil).

Gearing Ratio

The gearing ratio, expressed as a percentage of total debts (including the bank borrowings and promissory note) to equity attributable to owners of the Company was 101.4% as at 30 June 2019 (31 December 2018: As the Group did not have any interest bearing bank loans, the Group was in net cash position, no gearing ratio information was presented). The increase in gearing ratio was mainly attributable to the acquisition of the Property during the Period.

Capital Structure

The Group has mainly relied on a combination of operating cash flows, borrowings and equity to finance its operations. As at 30 June 2019, the total number of issued ordinary shares of the Company was 1,089,118,593 shares (31 December 2018: 1,089,118,593).

Exposure to Foreign Exchange Fluctuations

The Group had no significant exposure to foreign exchange fluctuations during the Period.

Charges Over Assets of the Group

As at 30 June 2019, an investment property of approximately HK$1,598 million is secured for the Group's bank borrowings approximately HK$503 million (31 December 2018: Nil).

Contingent Liabilities

As at 30 June 2019, the Company had no contingent liabilities (31 December 2018: Nil).

Capital Commitment

As at 30 June 2019, the Group had no significant capital commitments (31 December 2018: Nil).

Material Acquisitions and Disposals

On 1 April 2019, the Group acquired 51% of the issued share capital of Joy Ease at the consideration of approximately HK$552 million. Joy Ease is principally engaged in property investment and holding of the Property. The consideration was satisfied as to approximately HK$191 million by cash and approximately HK$361 million by the issue of the promissory note. This transaction had been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination. Details of this transaction are disclosed in the Company's announcements dated 3 January 2019 and 1 April 2019 and the circular of the Company dated 26 February 2019 (2018: the Group made no material acquisition or disposal).

Employees and Remuneration Policy

As at 30 June 2019, the Group had approximately 78 employees in Hong Kong and the PRC (31 December 2018: 88 employees). The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonus may be granted to reward and motivate well-performed employees.

INTERIM DIVIDEND

No dividends were paid, declared or proposed during the Period. The Board have determined that no dividend will be paid in respect of the Period.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR ANY ASSOCIATED CORPORATION

As at 30 June 2019, none of the Directors or chief executive of the Company and their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that no shareholder has notified the Company of any interest, direct or indirect, or short position in 5% or more of the issued share capital of the Company.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period and up to the date of this announcement was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTOR

The Company has adopted the Model Code as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the following:

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. The responsibilities of the chief executive officer 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, 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 vacancy of chief executive officer 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.

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2018 Annual Report of the Company are set out below:

Name of Director	Details of change
Mr. Wong Kui Shing, Danny *Independent non-executive Director*	Resigned as an executive director of Huiyin Holdings Group Limited (stock code: 1178) with effect from 10 April 2019.
Dr. Wong Yun Kuen *Chairman and Executive Director*	Resigned as an independent non-executive director of Asia Coal Limited (stock code: 835) with effect from 18 June 2019.

AUDIT COMMITTEE

An audit committee was established by the Board with written terms of reference which are consistent with the provisions as set out in the CG Code. The audit committee comprises three 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 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 Group's unaudited interim financial statements for the six months ended 30 June 2019.

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

Hong Kong, 28 August 2019

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.