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**遠東控股國際有限公司**

**Far East Holdings International Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 36)**

## **FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **RESULTS**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Far East Holdings International Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 together with the comparative figures for the corresponding year in 2019 are set out as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	3	<b>37,253</b>	39,733
Rental operating cost		<b>(1,892)</b>	(1,187)
Net rental income		<b>35,361</b>	38,546
Dividend income from held-for-trading investments		–	3,236
Other income		<b>906</b>	922
Other gains and losses, net	5	<b>50,417</b>	(197,362)
Administrative expenses		<b>(5,501)</b>	(7,148)
Finance costs	6	<b>(21,699)</b>	(21,897)
Profit/(loss) before income tax	7	<b>59,484</b>	(183,703)
Income tax expense	8	<b>(2,396)</b>	(1,954)
Profit/(loss) for the year from continuing operations		<b>57,088</b>	(185,657)
<b>Discontinued operation</b>			
Profit for the year from discontinued operation	9	<b>6,154</b>	32,738
Profit/(loss) for the year		<b>63,242</b>	(152,919)
Other comprehensive income/(expense) for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(879)</b>	(547)
Release of exchange reserve upon deregistration of a subsidiary		<b>(5,717)</b>	–
Other comprehensive expense for the year		<b>(6,596)</b>	(547)
<b>Total comprehensive income/(expense) for the year</b>		<b>56,646</b>	(153,466)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME** *(Continued)*  
*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company			
Profit/(loss) for the year from continuing operations		<b>90,301</b>	(149,010)
Profit for the year from discontinued operation		<b>3,138</b>	16,696
		<b>93,439</b>	(132,314)
Non-controlling interests			
Loss for the year from continuing operations		<b>(33,213)</b>	(36,647)
Profit for the year from discontinued operation		<b>3,016</b>	16,042
		<b>(30,197)</b>	(20,605)
		<b>63,242</b>	(152,919)
Total comprehensive income/(expense) attributable to:			
Owners of the Company			
Profit/(loss) for the year from continuing operations		<b>84,584</b>	(149,010)
Profit for the year from discontinued operation		<b>2,690</b>	16,417
		<b>87,274</b>	(132,593)
Non-controlling interests			
Loss for the year from continuing operations		<b>(33,213)</b>	(36,647)
Profit for the year from discontinued operation		<b>2,585</b>	15,774
		<b>(30,628)</b>	(20,873)
		<b>56,646</b>	(153,466)
Earnings/(loss) per share from:			
Continuing operations — Basic (HK cents)	<i>10</i>	<b>8.29</b>	(13.68)
Discontinued operation — Basic (HK cents)	<i>10</i>	<b>0.29</b>	1.53

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		1,552,800	1,672,600
Property, plant and equipment		17,450	220
		<u>1,570,250</u>	<u>1,672,820</u>
<b>Current assets</b>			
Corporate bond		2,667	5,000
Held-for-trading investments	11	278,583	149,366
Rental and other receivables	12	7,688	23,667
Amount due from non-controlling interest		–	2,680
Tax recoverable		190	156
Deposits held at a financial institution		109	3,434
Bank balances and cash		14,589	33,911
		<u>303,826</u>	<u>218,214</u>
<b>Current liabilities</b>			
Other payables and accruals	13	19,526	21,269
Bank borrowing	14	472,135	492,662
Lease liabilities	18	–	147
Amount due to non-controlling interest		2,868	–
Tax payable		–	6,646
		<u>494,529</u>	<u>520,724</u>
<b>Net current liabilities</b>		<u>(190,703)</u>	<u>(302,510)</u>
<b>Total assets less current liabilities</b>		<u>1,379,547</u>	<u>1,370,310</u>
<b>Non-current liability</b>			
Promissory note	15	187,200	213,200
<b>Net assets</b>		<u>1,192,347</u>	<u>1,157,110</u>
<b>Capital and reserves</b>			
Share capital	16	632,610	632,610
Reserves		98,843	11,569
Equity attributable to owners of the Company		731,453	644,179
Non-controlling interests		460,894	512,931
<b>Total equity</b>		<u>1,192,347</u>	<u>1,157,110</u>

Notes:

## 1. BASIS OF PREPARATION

### (a) Statutory financial statements

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results 2020 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 2019 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 2020 in due course.

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

### (b) Statement of compliance

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

### (c) Basis of measurement

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

### (d) Functional and presentation currency

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

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

### (a) Adoption of new/revised HKFRSs — effective on 1 January 2020

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

These new or amended HKFRSs did not have any material impact on the Group's accounting policies. The Group has not applied any new and revised HKFRSs that are not yet effective for the current accounting period.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

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

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

Annual Improvements Framework	Annual Improvements to HKFRSs 2018–2020 (amendments) <sup>3</sup>
Amendment to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendment HKAS 16	Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKAS 1	Presentation of Financial Statements <sup>5</sup>
Amendments to HKFRS 16	COVID-19-related Rent Concessions <sup>1</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>4</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023

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

## 3. REVENUE

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

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
<b>Continuing operations</b>		
Gross rental income from investment properties	<u>37,253</u>	<u>39,733</u>
<b>Discontinued operation</b>		
Sales of goods	<u>–</u>	<u>3,555</u>
	<u><u>37,253</u></u>	<u><u>43,288</u></u>

#### 4. SEGMENT REPORTING

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

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

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

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

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

The unallocated other operating income mainly represents the interest income and gain on deregistration of a subsidiary. The unallocated expenses mainly represent the head office expenses including directors’ emoluments, employee costs, legal and professional fees and finance costs.

##### (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 2020

	Continuing operations		Discontinued operation	Consolidated
	Property investment	Securities investment	Industrial	
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Segment revenue</b>				
External revenue ( <i>note 3</i> )	<u>37,253</u>	<u>–</u>	<u>–</u>	<u>37,253</u>
<b>Segment results</b>	<u>(78,644)</u>	<u>146,558</u>	<u>5,045</u>	<u>72,959</u>
Other operating income				<u>906</u>
Unallocated expenses				<u>(9,336)</u>
Profit before income tax				<u>64,529</u>

#### 4. SEGMENT REPORTING (continued)

##### (a) Segment revenues and results (continued)

For the year ended 31 December 2019

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

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

##### (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 2020

	Continuing operations		Discontinued operation	Consolidated HK\$'000
	Property investment HK\$'000	Securities investment HK\$'000	Industrial HK\$'000	
Depreciation of right-of-use assets	(173)	–	–	(173)
Depreciation of property, plant and equipment	(257)	–	–	(257)
Reversal of loss allowance on amount due from non-controlling interests	–	–	5,030	5,030
Fair value gain on held-for-trading investments	–	146,233	–	146,233
Gain on disposal of held-for-trading investments	–	367	–	367
Fair value loss on investment properties	(102,100)	–	–	(102,100)
Gain/(loss) on disposal of property, plant and equipment	<u>200</u>	<u>–</u>	<u>(40)</u>	<u>160</u>

#### 4. SEGMENT REPORTING (continued)

##### (b) Other segment information (continued)

For the year ended 31 December 2019

	Continuing operations		Discontinued operation	Consolidated HK\$'000
	Property investment HK\$'000	Securities investment HK\$'000	Industrial HK\$'000	
Depreciation of right-of-use assets	(400)	–	–	(400)
Depreciation of property, plant and equipment	(30)	–	(337)	(367)
Loss allowance on amount due from non-controlling interests	–	–	(755)	(755)
Loss allowance on receivables	(1,117)	–	–	(1,117)
Fair value loss on held-for-trading investments	–	(95,568)	–	(95,568)
Loss on disposal of held-for-trading investments	–	(11,277)	–	(11,277)
Fair value loss on investment properties	(89,400)	–	–	(89,400)
Gain on disposal of property, plant and equipment	–	–	353	353
Compensation income, net ( <i>note 9</i> )	–	–	42,634	42,634

##### (c) Segment assets and liabilities

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

##### (d) Revenue from major products and services

*Disaggregation of revenue from contract with customers*

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

	Industrial	
	2020 HK\$'000	2019 HK\$'000
At a point in time — discontinued operation	–	3,555

#### 4. SEGMENT REPORTING (continued)

##### (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	
	2020 HK\$'000	2019 HK\$'000
<b>Continuing operations:</b>		
Hong Kong	37,253	39,733
<b>Discontinued operation:</b>		
Hong Kong	–	593
Japan	–	2,228
Other regions in the People's Republic of China (the "PRC")	–	734
	<u>37,253</u>	<u>43,288</u>
	Non-current assets	
	2020 HK\$'000	2019 HK\$'000
Hong Kong	1,570,250	1,672,780
Other regions in the PRC	–	40
	<u>1,570,250</u>	<u>1,672,820</u>

##### (f) Information about major customers

Revenue from one customer (2019: two customers) individually contributing over 10% of total revenue of the Group is as follows:

	2020 HK\$'000	2019 HK\$'000
<b>Continuing operations:</b>		
Customer A (from property investment segment)	33,897	31,551
Customer B (from property investment segment)	–	4,244

## 5. OTHER GAINS AND LOSSES, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>		
Unrealised fair value gain/(loss) on held-for-trading investments	146,233	(95,568)
Realised fair value gain/(loss) on held-for-trading investments	367	(11,277)
Fair value loss on investment properties	(102,100)	(89,400)
Loss allowance on receivables	–	(1,117)
Gain on disposal of property, plant and equipment	200	–
Gain on deregistration of a subsidiary	5,717	–
	<u>50,417</u>	<u>(197,362)</u>

## 6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest expenses on lease liabilities	1	18
Interest on bank borrowing	11,820	13,563
Interest on promissory note	9,878	8,316
	<u>21,699</u>	<u>21,897</u>

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax has been arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>		
Auditor's remuneration (including remuneration for non-audit services)	550	785
Depreciation charge		
— Property, plant and equipment	257	30
— Right-of-use assets	173	400
Operating lease rental in respect of low valued leased office equipment	15	15
	<u>15</u>	<u>15</u>

## 8. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>		
The income tax expense comprises:		
Current tax:		
— Hong Kong Profits Tax	1,904	1,954
— Over-provision in respect of prior year	(20)	—
— The PRC Enterprise Income Tax	512	—
	<u>2,396</u>	<u>1,954</u>
Total tax charge for the year from continuing operations	<u>2,396</u>	<u>1,954</u>
<b>Discontinued operations</b>		
Total tax (credit)/charge for the year from discontinued operation ( <i>note 9</i> )	<u>(1,109)</u>	<u>4,735</u>
	<u>1,287</u>	<u>6,689</u>

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

## 9. DISCONTINUED OPERATION

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Discontinued operation</b>		
Revenue	—	3,555
Cost of sales	—	(4,516)
	<u>—</u>	<u>(961)</u>
Gross loss	—	(961)
Other income	80	31
Other gains and losses, net	5,030	42,232
Selling and distribution costs	—	(13)
Administrative expenses	(65)	(3,816)
	<u>5,045</u>	<u>37,473</u>
Profit before income tax	5,045	37,473
Income tax credit/(expense)	1,109	(4,735)
	<u>6,154</u>	<u>32,738</u>
Profit for the year	<u>6,154</u>	<u>32,738</u>

## 9. DISCONTINUED OPERATION (continued)

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net cash used in operating activities	<b>(156)</b>	(4,221)
Net cash (used in)/generated from investing activities	<b>(14,295)</b>	23,536
Net cash used in financing activities	<b>(7,525)</b>	–
	<u><b>(21,976)</b></u>	<u>19,315</u>
Net cash (outflows)/inflows		
Profit before income tax after charged/(crediting):		
Cost of inventories recognised as expenses	–	4,516
Depreciation of property, plant and equipment	–	337
Employee costs	<b>61</b>	6,015
(Reversal of)/provision for loss allowance on amount due from non-controlling interest	<b>(5,030)</b>	755
Compensation income, net	–	(42,634)
Loss/(gain) on disposal of property, plant and equipment	<b>40</b>	(353)

## 10. 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:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit/(loss) for the year attributable to owners of the Company	<b>93,439</b>	(132,314)
Less: profit for the year from a discontinued operation	<b>3,138</b>	16,696
	<u><b>90,301</b></u>	<u>(149,010)</u>
Profit/(loss) for the year from continuing operations		
	<b>2020</b> <i>Number of shares</i>	2019 <i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<b>1,089,118,593</b>	1,089,118,593
	<b>2020</b> <i>HK cents</i>	2019 <i>HK cents</i>
Basic earnings/(loss) per share from continuing operations	<b>8.29</b>	(13.68)

### From discontinued operation

Basic earnings per share from the discontinued operation is 0.29 HK cents per share (2019: 1.53 HK cents per share), based on the profit for the year from the discontinued operation of HK\$3,138,000 (2019: HK\$16,696,000) and the weighted average number of share for the purpose of basic earnings/loss per share at 1,089,118,593 (2019: 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.

## 11. HELD-FOR-TRADING INVESTMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Listed equity securities:		
Hong Kong	<u>278,583</u>	<u>149,366</u>

As at 31 December 2020, held-for-trading investments represent an investment portfolio comprising 20 (2019: 24) equity securities listed in Hong Kong of which 14 (2019: 18) equity securities are/were listed on the Main Board of the Stock Exchange and the remaining 6 (2019: 6) equity securities are listed on GEM of the Stock Exchange.

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

## 12. RENTAL AND OTHER RECEIVABLES

The Group does not have any credit period to the tenants (2019: Nil).

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Rental receivables — current and not impaired	6,701	–
Prepayments, deposits and other receivables, net	<u>987</u>	<u>23,667</u>
At 31 December	<u>7,688</u>	<u>23,667</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
1 to 30 days	2,800	–
31 to 60 days	2,800	–
61 to 90 days	<u>1,101</u>	<u>–</u>
Total rental receivables	<u>6,701</u>	<u>–</u>

Details of other receivables net of loss allowance are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Deposits	528	704
Prepayments	75	243
Compensation receivables	–	22,366
Others	<u>384</u>	<u>354</u>
	<u>987</u>	<u>23,667</u>

The others within other receivables do not contain impaired assets.

## 12. RENTAL AND OTHER RECEIVABLES (continued)

The table below reconciles the loss allowance for receivables:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	1,120	3
Loss allowance for the year	–	1,117
Written off	<u>(1,117)</u>	<u>–</u>
At 31 December	<u><u>3</u></u>	<u><u>1,120</u></u>

## 13. OTHER PAYABLES AND ACCRUALS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Rental deposits received	16,084	16,204
Other payables and accruals	<u>3,442</u>	<u>5,065</u>
	<u><u>19,526</u></u>	<u><u>21,269</u></u>

## 14. BANK BORROWING

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Current</b>		
Bank borrowing due for repayment within one year ( <i>note (i)</i> )	20,528	20,528
Bank borrowing due for repayment after one year which contain a repayment on demand clause ( <i>note (i) &amp; note (ii)</i> )	<u>451,607</u>	<u>472,134</u>
	<u><u>472,135</u></u>	<u><u>492,662</u></u>

*Notes:*

- (i) The bank borrowing is secured by an investment property to the extent of HK\$1,430,000,000 (2019: HK\$1,510,000,000).
- (ii) The bank borrowing of HK\$451,607,000 as at 31 December 2020 (2019: HK\$472,134,000) is not scheduled to repay within one year. It is classified as current liability as the related loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion. None of the portion of the bank loan due for repayment after one year which contain a repayment on demand clause (and therefore classified as current liability) is expected to be settled within one year.

#### 14. BANK BORROWING (continued)

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
On demand or within one year	<b>20,528</b>	20,528
More than one year, but not exceeding two years	<b>20,528</b>	20,528
More than two year, but not exceeding five years	<b>61,582</b>	61,582
After five years	<b>369,497</b>	390,024
	<u><b>472,135</b></u>	<u>492,662</u>

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

#### 15. PROMISSORY NOTE

The promissory note was issued as part of the consideration for acquisition of 51% equity interests of Joy Ease in April 2019 (note 17). The principal amount of the promissory note is HK\$361,000,000, which carries 5% interest per annum and is matured on the third anniversary from the issue date, 1 April 2019. During the year, the Group repaid part of the principal amounted to HK\$26,000,000 (2019: HK\$147,800,000).

#### 16. SHARE CAPITAL

	<b>Number of shares</b>		<b>Share capital</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
			<i>HK\$'000</i>	<i>HK\$'000</i>
Issued and fully paid:				
At 1 January and 31 December	<u><b>1,089,118,593</b></u>	<u>1,089,118,593</u>	<u><b>632,610</b></u>	<u>632,610</u>

#### 17. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY IN THE PRIOR YEAR

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 classified under property investment segment. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

**17. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY IN THE PRIOR YEAR (continued)**

The net assets acquired in the transaction were as follows:

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

**18. LEASES**

**The Group as lessor**

The Group's investment properties are leased to a number of tenants for varying terms. The rental income earned during the year ended 31 December 2020 was HK\$37,253,000 (2019: HK\$39,733,000).

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

	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Not later than one year	<b>49,410</b>	52,139
Later than one year and not later than two years	<hr/> –	<hr/> 50,713
	<hr/> <b>49,410</b>	<hr/> 102,852
	<hr/> <hr/>	<hr/> <hr/>

## 18. LEASES (Continued)

### The Group as a lessee

The Group leases one property in the jurisdictions from which it operates. The remaining contractual maturities of the Group's lease liabilities at the end as of 31 December 2019 are as follows:

Future lease payments are due as follows:

	Minimum lease payments 31 December 2019 <i>HK\$'000</i>	Interest 31 December 2019 <i>HK\$'000</i>	Present value 31 December 2019 <i>HK\$'000</i>
Not later than one year	148	(1)	147

The Group did not have any lease liabilities as of 31 December 2020.

## 19. RELATED PARTY TRANSACTIONS

The Group had the following related party transaction during the year:

### Compensation of key management personnel

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Short-term benefits	<b>2,578</b>	2,518
Post-employment benefits	<b>36</b>	36
	<b>2,614</b>	2,554

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CORPORATE RESULTS**

For the year ended 31 December 2020 (the “**Year Under Review**”), the Group recorded revenue of approximately HK\$37.3 million (2019: approximately HK\$39.7 million), representing a decrease of approximately 6.05% as compared to that of last year. The Group’s profit from continuing operations and discontinued operation attributable to owners of the Company was approximately HK\$93.4 million (2019: loss of approximately HK\$132.3 million). The total comprehensive income from continuing operations and discontinued operation of the Group for the Year Under Review was approximately HK\$56.6 million (2019: total comprehensive expense of approximately HK\$153.5 million), which was mainly attributable to fair value gain on held-for-trading investments listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of approximately HK\$146.6 million (2019: fair value loss of approximately HK\$106.8 million), partly offset by fair value loss on investment properties of approximately HK\$102.1 million (2019: approximately HK\$89.4 million). The basic earnings per share from continuing operations for the Year Under Review was 8.29 HK cents (2019: basic loss per share of 13.68 HK cents).

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2020, the Group had cash and bank balances and deposits held at a financial institution amounting to approximately HK\$14.7 million (2019: approximately HK\$37.3 million). The Group funds its operations from a combination of internal resources, bank borrowings and financial instruments.

### **GEARING RATIO**

The gearing ratio, expressed as a percentage of total debts (including the bank borrowing and promissory note) to equity attributable to owners of the Company was 90.14% as at 31 December 2020 (2019: 109.6%).

### **CAPITAL STRUCTURE**

During the Year Under Review, there was no change to the share capital of the Company. As at 31 December 2020, the total number of issued ordinary shares of the Company was 1,089,118,593 (2019: 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 2020, the Company had no contingent liabilities (2019: Nil).

### **Capital Commitments**

As at 31 December 2020, the Group had no capital commitment (2019: Nil).

## **SIGNIFICANT INVESTMENTS**

The Group had held-for-trading investments of approximately HK\$278.6 million as at 31 December 2020 (2019: approximately HK\$149.4 million), representing 14.9% (2019: 7.9%) 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\$146.6 million (2019: fair value loss of approximately HK\$106.8 million).

## **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**

There was no material acquisition nor disposal conducted by the Group during the Year Under Review.

## **DISCONTINUED OPERATION**

On 14 October 2019, due to the regulatory detailed planning of Haimen City approved by the Jiangsu Provincial People's Government ("**Jiangsu Government**") of the PRC, upon receiving the notification from the Jiangsu Government, JBB, a 51% owned subsidiary of the Company, entered into an agreement on 14 October 2019 with the Haimen People's Government in relation to the recovery of the state-owned land use right of a parcel of land owned by JBB located at No. 380 Renmin Middle Road, Haimen, the PRC, with a total site area of 9,368.9 square meters. Given the significant drop in its business and revenue and the segmental loss of the garment manufacturing industry segment, upon receiving the notification from the Jiangsu Government, the Board has decided to cease the business of JBB and the garment manufacturing industry business. Details of the discontinued operation are set out in note 9 to the consolidated financial statements.

## **DIVIDEND**

For the Year Under Review, the Board does not recommend any final dividend (2019: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

At 31 December 2020, the Group had approximately 7 employees in Hong Kong (2019: 11 employees in Hong Kong and the PRC). The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonuses may be granted to reward and motivate those well-performed employees.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

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

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

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

## **BUSINESS AND FINANCIAL REVIEW**

### **Property Investment**

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK\$1,552.8 million (2019: approximately HK\$1,672.6 million) as at 31 December 2020. The Group recorded rental income of approximately HK\$37.3 million (2019: approximately HK\$39.7 million) for the Year Under Review. Management will continue to review its portfolio of investment properties and seek for potential acquisition and/or disposal opportunities from time to time.

### **Investment in Securities**

During the Year Under Review, the Group recorded fair value gain on held-for-trading investments of approximately HK\$146.6 million (2019: fair value loss approximately HK\$106.8 million) attributable to unrealised gain of approximately HK\$146.2 million and realised gain of approximately HK\$0.4 million. No dividend income (2019: approximately HK\$3.2 million) from held-for-trading investments was recorded during the Year Under Review.

As at 31 December 2020, the held-for-trading investments amounted to approximately HK\$278.6 million (2019: approximately HK\$149.4 million). This value represented an investment portfolio comprising 20 (2019: 24) equity securities listed in Hong Kong of which 14 (2019: 18) equity securities are/were listed on the Main Board of the Stock Exchange and the remaining 6 (2019: 6) equity securities are/were 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	Carrying	Unrealised		Percentage	Percentage
			of		amount	gain/(loss)		
			shareholdings	at	for the year	Fair value at	held-for-	of total
			at	31 December	ended	31 December	trading	assets of
			31 December	2019	31 December	2020	investments	the Group at
			2020*	(Note 1)	31 December	2020	at	31 December
			%	HKS'000	HKS'000	HKS'000	31 December	2020*
							2020*	2020*
							%	%
China Evergrande New Energy Vehicle Group Limited (708) (formerly known as Evergrande Health Industry Group Limited)	2	8,070,000	0.09	62,704	181,010	243,714	87.5	13.0
Others	3			86,662	(34,775)	34,869	12.5	1.9
				<u>149,366</u>	<u>146,235</u>	<u>278,583</u>	<u>100.0</u>	<u>14.9</u>

*Notes:*

- 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 2020 of the issuers publicly available on the website of the Stock Exchange.
- China Evergrande New Energy Vehicle Group Limited and its subsidiaries (collectively referred to as the “**Evergrande Group**”) mainly engaged in health management. Evergrande Group operates two segments. The Health Management segment's businesses include Internet plus community health management, international hospitals, the elderly care and rehabilitation industry, medical beauty and anti-aging, as well as the sales of healthcare spaces. The New Energy Vehicle segment is involved in the research, development, production and sales of new energy vehicles, including selling lithium batteries and automotive components, as well as providing technical services.

Pursuant to the Evergrande Group's annual results announcement for the year ended 31 December 2020, the Evergrande Group recorded revenue of approximately RMB15.5 billion and total comprehensive loss of approximately RMB4.9 billion. In 2020, Evergrande Group's new energy vehicle business is progressing steadily on track with its planned goals. Evergrande Group is also rapidly preparing to build Hengchi vehicles display experience centers, sales centers and after-sales maintenance and repair service centers, including 36 Hengchi display experience centers, 1,600 Hengchi sales centers, as well as 3,000 self-operated and authorized after-sales maintenance and repair service centers, thereby creating a vast vehicle sales channel and network of after-sales service outlets. The Group believes that the expansion of operations will create value to the shareholders of the Evergrande Group.

During the Year Under Review, the Group has disposed of 1,230,000 shares in the Evergrande Health Group which led to a realised gain of approximately HK\$1.5 million.

- Others comprised 16 listed securities and 3 delisted securities. Save as disclosed above, the Group does not hold any investment accounted for five per cent or more of the Group's total asset at the end of the reporting period.

## **BUSINESS PROSPECTS**

Looking ahead, it was expected the outbreak of Novel Coronavirus (“**COVID-19**”) in early 2020 will continue to have adverse impact to the Group’s property investment and securities investment. It was also expected certain rent reliefs will be requested by the tenants of the Group which may lead to decrease in the Group’s rental income in 2021 and the fair values of investment properties and held-for-trading investments may be declined. In view of the above, management will closely monitor the investment portfolio and capture opportunities in a prudent manner and balance investment risks of the Group.

## **ANNUAL GENERAL MEETING**

It is proposed that the 2021 annual general meeting of the Company (the “**2021 AGM**”) will be held on Friday, 4 June 2021. Notice of the 2021 AGM will be published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.0036.com.hk](http://www.0036.com.hk)) and despatched to the shareholders of the Company (“**Shareholders**”) in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 1 June 2021 to Friday, 4 June 2021 (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 2021 AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 31 May 2021.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2020, the Company has complied with all the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules, except for the following deviations:

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 daily operation of the Group’s business is handled by the executive Directors collectively. The Board is of the view that although there is 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 vacancies of chief executive officer and chairman did not have any material impact on the operations of the Group. The Board will continue to review the effectiveness of the Group’s structure as business continues to develop in order to assess whether any changes, including the appointment of a chief executive officer, is necessary.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## AUDIT COMMITTEE

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

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

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

- (i) reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2020 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 2020 and the related annual results announcement and auditor’s report; and made recommendations to the Board that the same be approved;
- (iii) reviewed external auditor’s report to the Audit Committee for the year ended 31 December 2020;
- (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 2020;
- (v) reviewed corporate governance internal control systems, internal audit report, enterprise risk assessment report and effectiveness of risk management system;
- (vi) reviewed the fees for audit and non-audit services provided by the external auditor; and
- (vii) met with the external auditor in the absence of management.

## **SCOPE OF WORK OF MESSRS. BDO LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year as tabled before the Board of Directors meeting for approval. The work performed by Messrs. BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited on this preliminary announcement.

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

During the year ended 31 December 2020, 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](http://www.hkex.com.hk)) and the Company ([www.0036.com.hk](http://www.0036.com.hk)). The annual report of the Company for the year ended 31 December 2020 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

## **APPRECIATION**

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

By Order of the Board  
**Far East Holdings International Limited**  
**Mr. Eric Todd**  
*Chairman*

Hong Kong, 26 March 2021

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