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 31ST DECEMBER, 2011

RESULTS

The board of directors (the "Board") of Far East Holdings International Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2011 together with the comparative figures for the corresponding period in 2010 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
			(restated)
Continuing operations			
Revenue	2	**21,635**	20,955
Cost of sales		**(19,620)**	(18,742)
Gross profit		**2,015**	2,213
Dividend income from available-for-sale investments		**164**	837
Dividend income from held-for-trading investments		**414**	198
Other income		**1,050**	164
Other gains and losses	4	**7,078**	28,793
Selling and distribution costs		**(97)**	(118)
Administrative expenses		**(18,544)**	(14,087)
Finance costs		**(61)**	(251)
Share of results of associates		**–**	(5,777)
Share of results of jointly controlled entities		**2,162**	637
Gain on deemed disposal of an associate		**–**	188,121
(Loss) profit before tax		**(5,819)**	200,730
Income tax expense	6	**(52)**	(333)
(Loss) profit for the year from continuing operations	5	**(5,871)**	200,397
Discontinued operations			
Profit (loss) for the year from discontinued operations	7	**6,922**	(52,832)
Profit for the year		**1,051**	147,565
Other comprehensive income (expense)			
Exchange differences arising from the translation of foreign operations		**917**	1,187
Fair value gain (loss) on available-for-sale investments		**24,689**	(2,174)
Reclassification adjustment of exchange reserve upon deemed disposal of an associate		**–**	(21,120)
Reclassification adjustment upon disposal of available-for-sale investments		**(5,020)**	–
Share of exchange difference of an associate		**–**	162
Share of exchange difference of a jointly controlled entity		**1,469**	1,467
Release of exchange reserve upon disposal of subsidiaries	13	**(497)**	–
		21,558	(20,478)
Total comprehensive income for the year		**22,609**	127,087

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31st December, 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
			(restated)
Profit for the year attributable to owners of the Company			
– from continuing operations		**(5,702)**	200,777
– from discontinued operations		**8,191**	(48,717)
		2,489	152,060
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(169)**	(380)
– from discontinued operations		**(1,269)**	(4,115)
		(1,438)	(4,495)
		1,051	147,565
Total comprehensive income attributable to:			
Owners of the Company		**23,454**	131,123
Non-controlling interests		**(845)**	(4,036)
		22,609	127,087
Earning (loss) per share (expressed in HK cents)			
From continuing and discontinued operations:			
Basic	9	**0.82**	50.21
Diluted	9	**0.82**	50.12
From continuing operations:			
Basic	9	**(1.88)**	66.30
Diluted	9	**(1.88)**	66.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Investment properties		**15,760**	18,755
Property, plant and equipment		**8,889**	18,315
Prepaid lease payments		**939**	1,003
Goodwill		**–**	–
Interests in associates		**–**	–
Interests in jointly controlled entities		**43,549**	39,918
Available-for-sale investments		**264,864**	298,644
Other non-current assets		**–**	5,506
		334,001	382,141
CURRENT ASSETS			
Prepaid lease payments		**32**	33
Held-for-trading investments		**30,090**	11,067
Inventories		**4,091**	4,712
Trade and other receivables	10	**4,058**	5,033
Amount due from a non-controlling interest		**3,175**	4,146
Amounts due from related parties		**9**	9
Tax recoverable		**69**	–
Deposits held at financial institutions		**18,639**	4,951
Pledged bank deposits		**41**	2,541
Bank balances and cash		**54,929**	29,558
		115,133	62,050
CURRENT LIABILITIES			
Trade and other payables	11	**1,399**	16,870
Amounts due to non-controlling interests		**297**	1,242
Amounts due to related parties		**2,903**	2,753
Tax liabilities		**–**	39
Other loans		**–**	2,952
Dividend payable to a non-controlling interest		**–**	380
Obligations under finance leases			
– due within one year		**277**	479
		4,876	24,715
NET CURRENT ASSETS		**110,257**	37,335
TOTAL ASSETS LESS CURRENT LIABILITIES		**444,258**	419,476

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31st December, 2011

	2011	2010
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**3,028**	3,028
Share premium and reserves	**422,954**	399,500
Equity attributable to owners of the Company	**425,982**	402,528
Non-controlling interests	**17,602**	15,997
	443,584	418,525
NON-CURRENT LIABILITIES		
Obligations under finance leases		
– due after one year	**674**	951
Deferred tax liabilities	**–**	–
	674	951
	444,258	419,476

Notes:

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[5]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1st July, 2011
2 Effective for annual periods beginning on or after 1st January, 2013
3 Effective for annual periods beginning on or after 1st January, 2015
4 Effective for annual periods beginning on or after 1st July, 2012
5 Effective for annual periods beginning on or after 1st January, 2012
6 Effective for annual periods beginning on or after 1st January, 2014

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's classification and measurement of available-for-sale investments but not on the Group's other financial assets and financial liabilities. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Venture*s and HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1st January, 2013.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2013. The application of these five standards is not expected to have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope. HKFRS 13 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be applied in the Group's consolidated financial statements for the annual period beginning 1st January, 2013 and that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1st January, 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale.

2. REVENUE

The Group's revenue for the year from continuing operations represents sale of goods amounting to HK$21,635,000 (2010: HK$20,955,000).

3. SEGMENT INFORMATION

Information internally reported to the Managing Directors and Chief Executive Officer 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 followings segments which focus on the category of different industries and the basis of organisation in the Group.

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

1. Industrial – manufacturing and sale of garments
2. Aviation – provision of aviation maintenance services by a jointly controlled entity
3. Other operation – property investment

During the year, the Group's entertainment segment has been classified as discontinued operations as a result of the disposal transaction as set out in note 13. Accordingly, the comparative information has been represented to conform with the current year's presentation.

In addition, as a result of the loss of significant influence of the listed associate at 31st December, 2010, the CODM did not consider Technology segment as operating segment in current year for the purpose of resource allocation and assessment of segment performance.

Segment revenues and results

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

For the year ended 31st December, 2011

Continuing operations

	Industrial	Aviation	Other operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue				
External revenue	21,635	–	–	21,635
Total	21,635	–	–	21,635
Segment result	(1,001)	2,162	4,538	5,699
Other income				1,050
Finance costs				(61)
Unallocated expenses				(14,263)
Decrease in fair value of held-for-trading investments				(5,964)
Gain on disposal of available-for-sale investments				5,020
Gain on disposal of property, plant and equipment				1,206
Gain on disposal of other non-current assets				1,494
Loss before tax				(5,819)

3. **SEGMENT INFORMATION** *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31st December, 2010

Continuing operations

	Industrial	Technology	Aviation	Other operation	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
External revenue	20,955	–	–	–	–	20,955
Inter-segment revenue	–	–	–	600	(600)	–
Total	20,955	–	–	600	(600)	20,955
Segment result	(48)	182,344	637	2,643	–	185,576
Other income						164
Finance costs						(251)
Unallocated expenses						(9,972)
Increase in fair value of held-for-trading investments						3,251
Gain on disposal of property, plant and equipment						20,708
Gain on disposal of an associate						3
Gain on disposal of other non-current assets						1,251
Profit before tax						200,730

Inter-segment revenue are charged at mutually agreed terms.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the (loss) profit from each segment including items disclosed in other segment information below, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of other income, corporate expenses, finance costs, changes in fair value of held-for-trading investments, gain on disposal of available-for-sale investments, other non-current assets, an associate and property, plant and equipment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

3. **SEGMENT INFORMATION** *(Continued)*

Other segment information

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

2011

Continuing operations

	Industrial	**Aviation**	**Other operation**	**Unallocated amount**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Depreciation of property, plant and equipment	821	–	658	116	1,595
Increase in fair value of investment properties	–	–	(5,533)	–	(5,533)
Share of results of jointly controlled entities	–	(2,162)	–	–	(2,162)

2010

Continuing operations

	Industrial	Technology	Aviation	Other operation	Unallocated amount	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	745	–	–	1,176	116	2,037
Gain on deemed disposal of an associate	–	(188,121)	–	–	–	(188,121)
Increase in fair value of investment properties	–	–	–	(3,910)	–	(3,910)
Share of results of associates	–	5,777	–	–	–	5,777
Share of results of jointly controlled entities	–	–	(637)	–	–	(637)
Write down of inventories	1,123	–	–	–	–	1,123

Segment assets and liabilities

As the CODM reviews the Group's assets and liabilities for the Group as a whole on a consolidated basis, no assets or liabilities are allocated to the operating segments. Therefore, no analysis of segment assets and liabilities is presented.

4. **OTHER GAINS AND LOSSES**

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Exchange loss, net	**(211)**	(330)
Gain on disposal of an associate	**–**	3
Gain on disposal of other non-current assets	**1,494**	1,251
Gain on disposal of property, plant and equipment	**1,206**	20,708
(Decrease) increase in fair value of held-for-trading investments	**(5,964)**	3,251
Increase in fair value of investment properties	**5,533**	3,910
Gain on disposal of available-for-sale investments	**5,020**	–
	7,078	28,793

5. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit for the year from continuing operations has been arrived at after charging:		
Amortisation of prepaid lease payments	**101**	97
Auditor's remuneration		
– current year	**1,298**	1,480
– underprovision in prior year	**82**	30
Cost of inventories recognised as expense including write down of inventories of Nil (2010: HK$1,123,000)	**19,620**	18,742
Depreciation	**1,595**	2,037
Directors' remuneration and other staff costs, including retirement benefits schemes contributions of approximately HK$1,550,000 (2010: HK$2,002,000)	**13,662**	11,083
Operating lease rental in respect of rented premise	**1,941**	561
Share of tax of associates (included in share of results of associates)	**–**	2,110
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**134**	332

Operating lease rental in respect of a director's accommodation amounting to HK$1,275,000 (2010: HK$882,000) is also included under directors' remuneration.

6. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
The income tax expense from continuing operations comprises:		
PRC Enterprise Income Tax:		
Current year	**31**	345
Overprovision in prior years	**–**	(12)
	31	333
PRC withholding income tax	**21**	–
	52	333

Hong Kong profits tax has not been provided for as the Group has no assessable profit for the year.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiaries in the PRC is 25% from 1st January, 2008 onwards.

7. DISCONTINUED OPERATIONS

On 20th May, 2011, the Group entered into the sale and purchase and subscription agreement in relation to the disposal of its entire equity interest in certain subsidiaries, which carried out all of the Group's entertainment operations. The transaction has given rise to the entertainment operation being classified as discontinued operations for the Group. The disposal was completed on 30th August, 2011, on which date control of the subsidiaries has been passed to the acquirer.

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

	2011	2010
	HK'000	*HK'000*
Loss on discontinued operations for the year	**(7,604)**	(52,832)
Gain on disposal of discontinued operations *(note 13)*	**14,526**	–
	6,922	(52,832)

The results of the entertainment operations for the period from 1st January, 2011 to 30th August, 2011, which have been included in the consolidated statement of comprehensive income, were as follows:

	Period ended 30.08.2011	Year ended 31.12.2010
	HK$'000	*HK$'000*
Revenue	**8,904**	8,109
Cost of sales	**(5,277)**	(7,618)
Other income	**116**	297
Other expenses	**(11,322)**	(53,295)
Finance costs	**(25)**	(150)
Share of results of jointly controlled entities	**–**	(175)
Loss for the period/year	**(7,604)**	(52,832)

Loss for the year from discontinued operations include the following:

	Period ended 30.08.2011	Year ended 31.12.2010
	HK$'000	*HK$'000*
Depreciation	**1,364**	1,855
Auditor's remuneration	**122**	18
Impairment loss on amount due from a jointly controlled entity	**–**	4,200
Impairment loss on goodwill	**–**	30,926
Staff costs including retirement benefit scheme contributions of approximately HK$776,000 (2010: HK$1,390,000)	**5,174**	7,650
Interest income	**–**	195

7. DISCONTINUED OPERATIONS *(Continued)*

During the year, the discontinued operations contributed HK$6,560,000 to the Group's operating cash outflows, HK$2,477,000 in respect of cash inflows of investing activities and HK$2,397,000 in respect of cash inflows of financing activities up to the effective date of disposal.

The carrying amounts of the assets and liabilities of the subsidiaries comprising the discontinued operations at the date of disposal are disclosed in note 13.

8. DIVIDEND

No dividend was declared, paid or proposed, nor has any dividend been proposed since the end of the reporting period for both years presented.

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2011	2010
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**2,489**	152,060
Number of shares:	**2011**	2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	**302,837,886**	302,837,886
Effect of dilutive potential ordinary shares in respect of share options outstanding	**–**	551,822
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**302,837,886**	303,389,708

The diluted loss per share for current year has not assumed the effect of share options as it would result in decrease in loss per share from continuing operations.

From continuing operations

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

	2011	2010
	HK$'000	*HK$'000*
Profit for the year attributable to the owners of the Company	**2,489**	152,060
Less: Profit (loss) for the year from discontinued operations attributable to the owners of the Company	**8,191**	(48,717)
(Loss) earning for the purposes of calculating basic and diluted (loss) earning per share from continuing operations	**(5,702)**	200,777

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

The diluted loss per share for current year has not assumed the effect of share options as it would result in decrease in loss per share from continuing operations.

9. **EARNINGS PER SHARE** *(Continued)*

From discontinued operations

Basic and diluted earnings per share from discontinued operations for the year ended 31st December, 2011 is HK 2.70 cents per share, based on the profit for the year from discontinued operations of HK$8,191,000 and the denominators detailed above for both basic and diluted earnings per share from continuing operations.

The diluted earnings per share for current year has not assumed the effect of share options as it would result in decrease in loss per share from continuing operations.

Basic and diluted loss per share from discontinued operations for the year ended 31st December, 2010 is HK 16.09 cents per share, based on the loss for the year from discontinued operations of HK$48,717,000 and the denominators detailed above for both basic and diluted loss per share from continuing operations.

The diluted loss per share for prior year has not assumed the effect of share options as it would result in decrease in loss per share from discontinued operations.

10. **TRADE AND OTHER RECEIVABLES**

For sales of goods, the Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables:

	THE GROUP	
	2011	2010
	HK$'000	*HK$'000*
Current	**–**	975
Past due:		
0 to 30 days	**1,243**	582
31 to 60 days	**120**	566
61 to 90 days	**822**	619
Over 90 days	**859**	690
Total trade receivables	**3,044**	3,432
Other receivables	**1,014**	1,601
	4,058	5,033

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$3,044,000 (2010: HK$2,457,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considered that the default risk is low after assessing the past payment history of the debtors and settlement after the end of the reporting period. The Group does not hold any collateral over these balances. Trade receivables which are neither overdue nor impaired are in good quality with reference to past payment history. The average age of these receivables is 62 days (2010: 65 days).

11. TRADE AND OTHER PAYABLES

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

	THE GROUP	
	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**116**	5,211
31 to 60 days	**–**	14
61 to 90 days	**–**	11
Over 90 days	**42**	40
Total trade payables	**158**	5,276
Other payables and accruals	**1,241**	11,594
	1,399	16,870

12. PLEDGE OF ASSETS

At 31st December, 2011:

(a) margin trading facilities in respect of securities transactions to the extent of approximately HK$6.4 million (2010: HK$6.5 million), of which none has been utilised at the end of the reporting periods is secured by the listed investments and deposit held at financial institutions of the Group and the Company of approximately HK$24.9 million (2010: HK$23.8 million) and HK$24.9 million (2010: HK$23.8 million), respectively. The listed investments comprise held-for-trading securities and available-for-sale investments held by the Group and the Company;

(b) overdraft and revolving loan facilities to the extent of approximately HK$17.1 million (2010: HK$17.1 million), of which none has been utilised at the end of the reporting periods, are secured by the deposit held at financial institutions of the Company of approximately HK$41,000 (2010: HK$39,000); and

(c) short term loan and margin facilities in respect of securities transactions to the extent of approximately HK$233.1 million (2010: HK$233.5 million) of which none has been utilised at the end of the reporting periods, is secured by the listed investments and deposit held at financial institutions of the Group and the Company of approximately HK$241.8 million (2010: HK$239.5 million) and HK$241.8 million (2010: HK$239.5 million), respectively. The listed investments comprise held-for-trading securities and available-for-sale investment held by the Group.

13. DISPOSAL OF SUBSIDIARIES

As set out in note 7, the Group entered into the sale and purchase and subscription agreement in relation to the disposal of its entire equity interest in certain subsidiaries, which carried out all of the Group's entertainment operations, at an aggregate consideration of HK$8,000,000 which were satisfied by 104 new ordinary shares of the acquirer, Market Talent Limited ("Market Talent") alloted and issued to the Group. The fair value of the consideration of HK$8,000,000 was determined with reference to the profit of Market Talent and the prevailing price-to-earnings multiple of market comparable in the industry.

In addition, the Group agreed to subscribe for 117 new ordinary shares of Market Talent at a cash consideration of HK$9,000,000. Both Market Talent and its legal and beneficial owner are unrelated to the Group. Market Talent is engaged in trading of electronic products and provision of on-demand video services and solutions. The disposal and subscription transaction was completed on 30th August 2011. Immediately after the disposal and subscription transaction, the Group holds 18.1% equity interest in Market Talent which has been classified as available-for-sale investments. The net liabilities of certain subsidiaries at the date of disposal were as follows:

	HK$'000
Consideration received:	
Consideration share	8,000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	7,344
Trade and other receivables	3,340
Bank balances and cash	781
Other loans	(5,500)
Trade and other payables	(13,949)
Amount due to non-controlling interests	(979)
Net liabilities disposed of	(8,963)
Gain on disposal of subsidiaries:	
Consideration received	8,000
Net liabilities disposed of	8,963
Non-controlling interests	(2,934)
Cumulative exchange differences in respect of the net liabilities of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	497
Gain on disposal of subsidiaries	14,526
Cash outflow arising on disposal:	
Bank balances and cash disposed of	781

The impact of disposed subsidiaries on the Group's results and cash flows in the current and prior period is disclosed in note 7.

14. OPERATING LEASES

The Group and the Company as lessee

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

	2011	2010
	HK$'000	*HK$'000*
(i) Leased premises		
Within one year	**932**	1,999
In the second to fifth year inclusive	**192**	990
	1,124	2,989

Operating lease payments represent rentals payable by the Group for the use of its office premise. Leases are negotiated for a term of two years.

(ii) Royalty payment for background music and music licensing services

	2011	2010
	HK$'000	*HK$'000*
Within one year	**–**	2,902
In the second to fifth year inclusive	**–**	9,770
	–	12,672

Royalty payment was negotiated for a term of fifteen years and could be terminated after five years from the date of commencement of the licensing services. Upon the disposal of subsidiaries during the year as detailed in note 13, the Group had no commitments under operating leases of royalty payment for background music and music licensing services.

15. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

The remunerations of directors and the members of key management in respect of the years are as follows:

	2011	2010
	HK$'000	*HK$'000*
Short-term employment benefits	**4,392**	3,546
Post-employment benefits	**60**	60
	4,452	3,606

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

DIVIDEND

No interim dividend was paid during the year and the Board do not recommend a final dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Results

For the year ended 31st December, 2011, the Group recorded revenue from operations of approximately HK$21.64 million (2010:HK$20.96 million), representing a rise of 3.25% compared with last year. The Group's profit attributable to owners of the Company approximately HK$2.49 million (2010: HK$152.06 million), representing a decline of approximately 98.36% as compared to last year. The Board considers the decline in profit was mainly attributable to the lack of an extraordinary gain during the year as the Company recognized an one-off gain from deemed disposal of an associate amounted to approximately HK$188 million during the year ended 31 December 2010. The earnings per share for the year ended 31st December, 2011 was 0.82 HK cents (2010: 50.21 HK cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2011, the Group had cash and bank balances and deposits held at financial institutions amounting to HK$73.6 million (2010: HK$37.1 million). Fundamentally, the Group's funding policy is to finance the business operations with internally net generated cash and bank facilities. As at 31st December, 2011, the Group had no bank and other loans (2010: HK$2.95 million). The Group's borrowings in 2010 were denominated in Hong Kong dollar, Renminbi and Japanese Yen. Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate. The Group did not have any financial instruments used for hedging purpose.

CURRENT RATIO

The Group's current ratio (current assets to current liabilities) as at 31st December, 2011 rised to 23.6 (2010: 2.51). On the whole, the financial position and liquidity of the Group were healthy.

CAPITAL STRUCTURE

During the year, there was no change to the share capital of the Company. As at 31st December, 2011, the total number of issued ordinary shares of the Company was 302,837,886 shares.

EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS

The Group had no significant exposure to foreign fluctuation during the year.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities

As at 31st December, 2011, the Group and the Company do not have significant contingent liabilities.

Capital Commitments

At 31st December, 2011, the Group had no significant capital commitments (2010: nil).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The following are material acquisitions and disposals of subsidiaries and associated companies executed in 2011:

1) On 20th May, 2011, the Company, Market Talent and Mr. Chu entered into the Agreement to sell and Market Talent to purchase 100% of HomeBase Group and the Sale Loan of HK$96.4 million at an aggregate consideration of HK$8,000,000 by allotment and issue of Market Talent. In addition, the Company subscribed for Market Talent at a consideration of HK$9,000,000.

   After the Disposal and Subscription, the Company, through Market Talent, indirectly hold 18.1% of the interests in HomeBase Group and AMX Asia, and investment in Market Talent is an available-for-sale investment of the Group.

   HomeBase Group has been suffering from loss from its operation, but AMX has a solid online video platform and customers. The Company believes that this partnership will allow Market Talent to leverage and create synergy in order to improve the overall financial performance.

2) On 26th May, 2011, the Company and the Keen Insight Limited entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to dispose of the Sale Shares represent 1.97% of the entire issued share capital of Chinasoft at HK$46,500,000, or HK$1.86 per Sale Share.

   The Company considers that the Disposal is an opportunity for the Company to realize its investment in the Disposal Company and to reutilize the proceeds towards other appropriate investment opportunities for better return of the Shareholders.

3) On 13th December, 2011, Power Profit offered an aggregate of 53,033,479 shares for listing of First Credit on GEM, representing approximately 6.63% of the issued share capital of the First Credit at HK$0.30 per share.

EMPLOYEES AND REMUNERATION POLICIES

At 31st December, 2011 the Group had approximately 230 employees in Hong Kong and PRC (2010: 340 employees). The Group offers its employees competitive remuneration packages based on industry's practices and performance of individual employee. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. The Group was adopted a share option scheme on 23rd May, 2005 and discretionary share options would be granted to reward and motivate those well performed employees. There were totaling 1.32 million (2010: 2.3 million) share options outstanding under the share option scheme as at 31st December, 2011.

BUSINESS REVIEW AND PROSPECTS

The Company's principal business continues to focus on potential businesses in the PRC. Year 2011 was a turbulent year for the World economy as well as China. Identifying investment opportunities is becoming more challenging but the Company is committed to the same strategy: grow market share and revenue through strategic alliances with selected partners, mergers and acquisitions.

However, with rising risk factors, the Company will be more cautious in evaluating and capturing business opportunities. At the same time, the Company will expand its scope and look into new areas and creative ways to improve the competitiveness and financial standing of the Company.

Industries

Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited ("Jiangsu Bang Bang")

For the year ended 31st December, 2011, Jiangsu Bang Bang reported a turnover of approximately HK$ 21.64 million (2010: HK$20.96 million) representing 3% increase comparing with 2010. It reported a net profit of approximately HK$89,000 (2010: net loss of HK$116,000) representing a slight improvement comparing with 2010.

Jiangsu Bang Bang is faced with some challenges in the market. Recovery efforts from earthquake, tsunami and nuclear crisis in Japanare putting pressure on consumer spending. However, Japanese Government is likely to put a lot of effort and financial support in turning around the economy of Japan. At the same time, Chinese government is implementing measures to encourage local demand, which will also give the market positive support.

Aviation Holdings

Beijing Kailan Aviation Technology Co., Ltd. ("Beijing Kailan")

During the year, net profit of Beijing Kailan is estimated to be HK$3.24 million (2010: HK$4.89 million) representing 34% decrease over that of 2010.

Despite slower GDP growth projection, Beijing Kailan expects that demand for aviation maintenance services to remain strong in 2012 provided that oil price remain relatively steady.

Outlook

The economic and labour market conditions in Hong Kong and the positive economic policies and measures implemented in Hong Kong and in the PRC are anticipated to improve further with strengthening consumer confidence. However, the Group will seize opportunities for growth in term of market share and revenue through strategic alliances with selected partners, mergers and acquisitions. The Group's ultimate vision is to achieve economies of scale in operation and maximize the return to shareholders of the Company.

OTHER MATTERS

As disclosed in the announcement made by the Company on 6th September, 2010, the Company was informed on 3rd September, 2010 that one director and two employees of the Company have been charged by the Commercial Crime Bureau of the Hong Kong Police Force in respect of alleged offences including section 157H (2)(a) of the Companies Ordinance, Cap. 32 of the Laws of Hong Kong. Based on the information available to the Board, the said director and employees are now still on bail.

In addition, as disclosed in the announcement made by the Company on 24th January, 2011, the Company set out the resumption conditions as imposed by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the resumption of trading in the shares of the Company. The Company is seeking advice from the professional advisers to address the aforesaid resumption conditions and will announce any further material developments as and when appropriate.

Based on information available to the Board as at the date of this announcement, the Board believes that the above matter would not have a material adverse impact to the operations and financial position of the Company and its subsidiaries as a whole. Further, the Company will keep the shareholders updated on the aforesaid matter by making further announcement as and when appropriate in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.

PURCHASE, SALE AND REDEMPTION OF LISTING SECURITIES

During the year under review, the Company and its subsidiaries have not purchased, sold or redeemed any of the listed securities in the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. Following a specific enquiry, each of the director of the Company confirmed that he complied with the Model Code for transactions in the Company's securities throughout the year.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2011, with deviation from code provision A.4.1 of the Code in respect of the service term and rotation of Directors.

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all directors of the Company are subject to the retirement by rotation at each annual general meeting under Articles 79 and 80 of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Board with written terms of reference. Pursuant to the provisions set out in the Code, as at the date of this announcement, it comprises three members, namely Dr. Lee G. Lam (chairman of the Remuneration Committee) and Mr. Wang Eugene Yun Hang, both are independent non-executive directors of the Company and Mr. Derek Chiu, an executive director of the Company. The Remuneration Committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management.

AUDIT COMMITTEE

An 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 Code.

The Audit Committee is principally responsibile for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely, Dr. Lee G. Lam (chairman of the Audit Committee), Mr. Eugene Yun Hang Wang and Mr. Lee Kwan Hung.

The annual results of the Group for the year ended 31st December, 2011 have been reviewed by the Audit Committee which is of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and the legal requirements, and that adequate disclosures have been made.

NOMINATION COMMITTEE

A Nomination Committee was established by the Board on 28th March, 2012 with written terms of reference. Pursuant to the provisions set out in the Code, the Nomination Committee comprises Mr. Eugene Yun Hang Wang (chairman of the Nomination Committee), an independent non-executive director of the Company, Mr. Derek Chiu, an executive director of the Company, and Dr. Lee G. Lam, an independent non-executive director of the Company. The Nomination Committee is principally responsible for formulating and making recommendation to the Board regarding the Board composition.

By order of the Board
Far East Holdings International Limited
Richard Yen
Managing Director

Hong Kong, 30th March, 2012

As at the date of this announcement, the Board comprises eight directors of which four are executive directors, namely Deacon Te Ken Chiu, J.P., Mr. Derek Chiu, Mr. Richard Yen and Dr. Ip Ngai Sang; one is non-executive director, namely, Mr. Desmond Chiu; and three are independent non-executive directors, namely Dr. Lee G. Lam, Mr. Eugene Yun Hang Wang and Mr. Lee Kwan Hung.