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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Far East Holdings International Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 (the “Period”) together with comparative figures of the corresponding period in 2016.

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

For the six months ended 30 June 2017

		Six months ended	
	<i>Notes</i>	30.6.2017	30.6.2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited) (Restated)
Revenue	3	4,796	4,808
Cost of sales		(3,614)	(4,294)
Gross profit		1,182	514
Dividend income from held-for-trading investments		545	794
Other income		904	647
Other gains and losses	4	(58,161)	(131,864)
Selling and distribution costs		(26)	(51)
Administrative expenses		(4,305)	(4,758)
Loss before tax		(59,861)	(134,718)
Income tax credit	5	–	12,657
Loss for the period	6	(59,861)	(122,061)
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		305	(352)
Other comprehensive income (expense) for the period		305	(352)
Total comprehensive expense for the period		(59,556)	(122,413)

		Six months ended	
		30.6.2017	30.6.2016
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(59,473)	(121,393)
Non-controlling interests		(388)	(668)
		<u>(59,861)</u>	<u>(122,061)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(59,320)	(121,573)
Non-controlling interests		(236)	(840)
		<u>(59,556)</u>	<u>(122,413)</u>
Loss per share			
Basic (HK cents)	8	<u>(5.46)</u>	<u>(11.15)</u>
Diluted (HK cents)	8	<u>(5.46)</u>	<u>(11.15)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<i>Notes</i>	30.6.2017 <i>HK\$'000</i> (unaudited)	31.12.2016 <i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
Investment properties	9	102,615	52,516
Property, plant and equipment	9	20,170	20,612
Prepaid lease payments		466	481
		<hr/> 123,251 <hr/>	<hr/> 73,609 <hr/>
CURRENT ASSETS			
Prepaid lease payments		19	19
Held-for-trading investments	10	562,270	678,190
Inventories		1,898	1,984
Trade and other receivables	11	1,771	1,844
Amount due from a non-controlling interest		4,764	5,542
Tax recoverable		–	8
Deposits held at financial institutions	10	55,893	48,758
Bank balances and cash		12,179	11,726
		<hr/> 638,794 <hr/>	<hr/> 748,071 <hr/>
CURRENT LIABILITIES			
Trade and other payables	12	3,699	3,778
Tax payable		97	97
		<hr/> 3,796 <hr/>	<hr/> 3,875 <hr/>
NET CURRENT ASSETS		<hr/> 634,998 <hr/>	<hr/> 744,196 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 758,249 <hr/>	<hr/> 817,805 <hr/>
NON-CURRENT LIABILITY			
Deferred tax liabilities		780	780
NET ASSETS		<hr/> 757,469 <hr/>	<hr/> 817,025 <hr/>
CAPITAL AND RESERVES			
Share capital	13	632,610	632,610
Reserves		117,911	177,231
Equity attributable to owners of the Company		750,521	809,841
Non-controlling interests		6,948	7,184
TOTAL EQUITY		<hr/> 757,469 <hr/>	<hr/> 817,025 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company			Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000			
At 1 January 2017 (audited)	632,610	6,233	170,998	809,841	7,184	817,025
Loss for the period	–	–	(59,473)	(59,473)	(388)	(59,861)
Other comprehensive income for the period						
Exchange differences arising from the translation of foreign operations	–	153	–	153	152	305
Total comprehensive income (expense) for the period	–	153	(59,473)	(59,320)	(236)	(59,556)
At 30 June 2017 (unaudited)	632,610	6,386	111,525	750,521	6,948	757,469
At 1 January 2016 (audited)	632,610	6,773	224,885	864,268	8,330	872,598
Loss for the period	–	–	(121,393)	(121,393)	(668)	(122,061)
Other comprehensive expense for the period						
Exchange differences arising from the translation of foreign operations	–	(180)	–	(180)	(172)	(352)
Total comprehensive expense for the period	–	(180)	(121,393)	(121,573)	(840)	(122,413)
At 30 June 2016 (unaudited)	632,610	6,593	103,492	742,695	7,490	750,185

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2016 that is included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

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

Segment revenues and results

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

Six months ended 30 June 2017

	Industrial <i>HK\$’000</i>	Securities investment <i>HK\$’000</i>	Property investment <i>HK\$’000</i>	Consolidated <i>HK\$’000</i> (unaudited)
Segment and external revenue	<u>3,503</u>	<u>–</u>	<u>1,293</u>	<u>4,796</u>
Segment results	<u>(941)</u>	<u>(57,436)</u>	<u>1,115</u>	<u>(57,262)</u>
Other income				904
Unallocated expenses				<u>(3,503)</u>
Loss before tax				<u>(59,861)</u>

Six months ended 30 June 2016

	Industrial <i>HK\$’000</i>	Securities investment <i>HK\$’000</i>	Property investment <i>HK\$’000</i> (Restated)	Consolidated <i>HK\$’000</i> (unaudited) (Restated)
Segment and external revenue	<u>4,088</u>	<u>–</u>	<u>720</u>	<u>4,808</u>
Segment results	<u>(1,622)</u>	<u>(131,070)</u>	<u>663</u>	<u>(132,029)</u>
Other income				1,367
Unallocated expenses				<u>(4,056)</u>
Loss before tax				<u>(134,718)</u>

Segment results represent the (loss) profit from each segment without allocation of other income, corporate expenses, finance costs, loss on disposal of property, plant and equipment, gain on disposal of derivative financial instruments, subsidiaries and available-for-sale investments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment result of securities investment segment includes gain or loss from changes in fair value of held-for-trading investments and dividend income from held-for-trading investments.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fair value loss on held-for-trading investments	<u>(58,161)</u>	<u>(131,864)</u>

5. INCOME TAX CREDIT

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Deferred tax:		
Hong Kong Profits Tax	<u>–</u>	<u>12,657</u>

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

For the six months ended 30 June 2017, Hong Kong profits tax had not been provided for as the Group had no assessable profit for the period.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiaries in the PRC is 25%. EIT has not been provided for as the Group has no assessable profit for both periods.

6. LOSS FOR THE PERIOD

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	15	29
Depreciation of property, plant and equipment	537	749
Directors' remuneration and other staff costs	4,287	4,380
Legal and professional fee	<u>187</u>	<u>432</u>

7. DIVIDEND

No dividends were paid, declared or proposed during the current interim period. The Directors of the Company have determined that no dividend will be paid in respect of the current interim period (2016: Nil).

8. LOSS PER SHARE

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

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of loss per share	<u>(59,473)</u>	<u>(121,393)</u>
Number of shares:		
Weighted average number of ordinary shares for the purposes of loss per share	<u>1,089,118,593</u>	<u>1,089,118,593</u>

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

During the current interim period, the Group spent HK\$3,000 (2016: HK\$40,000) on purchase of property, plant and equipment. Investment properties of HK\$50,099,000 (2016: Nil) were acquired during the period on acquisition of assets through acquisition of subsidiaries, details of which are set out in note 15.

The fair value of the Group's investment properties at 30 June 2017 was determined by the Directors of the Company based on the market approach. The fair value of the Group's investment properties as at 31 December 2016 has been arrived at on the basis of a valuation carried out as at that date by Messrs. Roma Appraisals Limited ("Roma"), an independent qualified professional surveyor not connected to the Group. Roma is a member of the Hong Kong Institute of Surveyors who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The fair values were determined based on the market approach. The market approach uses prices and other relevant information generated by market transactions involving comparable properties. No change in fair value of investment properties has been recognised in profit or loss for the six months ended 30 June 2017 (2016: Nil).

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2017 and 31 December 2016. There were no transfers into or out of Level 3 during the period.

10. HELD-FOR-TRADING INVESTMENTS/DEPOSITS HELD AT FINANCIAL INSTITUTIONS

	30.6.2017	31.12.2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Listed equity securities:		
Hong Kong	<u>562,270</u>	<u>678,190</u>

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

As at 30 June 2017, the Group's five largest held-for-trading investments contributed to approximately 34.6% of the Group's held-for-trading investments and such investments contributed approximately HK\$27,076,000 gain from changes in fair value of held-for-trading investments recognised in profit or loss for the current interim period.

As at 30 June 2017, the Group's deposits held at financial institutions were held in securities trading accounts in one (31 December 2016: one) financial institution for the purpose of the Group's securities investment operation.

11. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 90 days (31 December 2016: 90 days) to its trade customers. The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, at the end of the reporting period:

	30.6.2017 <i>HK\$'000</i> (unaudited)	31.12.2016 <i>HK\$'000</i> (audited)
Current	1,188	711
Past due:		
1 to 30 days	44	180
31 to 60 days	93	555
61 to 90 days	131	–
More than 90 days	52	–
	<hr/>	<hr/>
Total trade receivables	1,508	1,446
Other receivables	263	398
	<hr/>	<hr/>
	1,771	1,844
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE AND OTHER PAYABLES

	30.6.2017 <i>HK\$'000</i> (unaudited)	31.12.2016 <i>HK\$'000</i> (audited)
Trade payables	47	46
Other payables and accruals	3,652	3,732
	<hr/>	<hr/>
	3,699	3,778
	<hr/> <hr/>	<hr/> <hr/>

At 30 June 2017 and 31 December 2016, all trade payables were aged over 90 days based on the invoice date.

13. SHARE CAPITAL

	Number of shares		Share capital	
	30.6.2017 (unaudited)	31.12.2016 (audited)	30.6.2017 <i>HK\$'000</i> (unaudited)	31.12.2016 <i>HK\$'000</i> (audited)
Issued and fully paid	1,089,118,593	1,089,118,593	632,610	632,610
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at 30 June 2017 HK\$'000	Fair value as at 31 December 2016 HK\$'000	Fair value hierarchy	Valuation techniques and key inputs
Financial assets				
1. Listed equity securities in Hong Kong classified as held-for-trading investments in the condensed consolidated statement of financial position	562,270	678,190	Level 1	Quoted bid prices in an active market

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

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

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

15. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 19 January 2017, the Group acquired 100% of the issued share capital of Lead Power Investments Limited (“Lead Power”) for a cash consideration of HK\$53,424,800. Lead Power and its subsidiary are principally engaged in property investment and their major assets are office units in Hong Kong classified as investment properties. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction were as follows:

	<i>HK\$'000</i>
Investment properties	50,099
Property, plant and equipment	21
Other receivables	13
Bank balances and cash	3,778
Other payables	(486)
	<u>53,425</u>
Satisfied by:	
Cash consideration paid	<u>53,425</u>
Net cash outflow arising on acquisition:	
Cash consideration paid	53,425
Bank balances and cash acquired	(3,778)
	<u>49,647</u>

16. RELATED PARTY TRANSACTION

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

Compensation of key management personnel

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

	Six months ended	
	30.6.2017	30.6.2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Short-term benefits	990	990
Post-employment benefits	–	–
	<u>990</u>	<u>990</u>

17. REVIEW OF INTERIM ACCOUNTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the Period, the Group recorded revenue from operations of approximately HK\$4.8 million (2016: approximately of HK\$4.8 million (restated)), representing a decrease of 0.2% as compared to the corresponding period in 2016. The Group's loss for the Period attributable to owners of the Company was approximately HK\$59.5 million (2016: approximately HK\$121.4 million). The total comprehensive expense of the Group for the Period was approximately HK\$59.6 million (2016: approximately HK\$122.4 million), which was mainly due to decrease in fair value of held-for-trading investments of equity securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The loss per share for the Period was 5.46 HK cents (2016: 11.15 HK cents).

BUSINESS REVIEW AND PROSPECTS

Business Review

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

Garment Manufacturing Industry

Jiangsu BangBang-Silky Fashion Manufacturer Company Limited ("JBB")

JBB recorded revenue of approximately HK\$3.5 million for the Period, representing a decrease of 14.3% as compared to the corresponding period in 2016.

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

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK\$102.6 million (31 December 2016: approximately HK\$52.5 million) as at 30 June 2017. Increase in balance was due to the acquisition of Lead Power during the Period. In addition, the Group recorded rental income of approximately HK\$1.3 million (2016: approximately HK\$0.7 million). Management will seek to identify further property investment opportunities in order to enhance and generate stable income stream to the Group.

Investment in Securities

The Group has focused on short-term securities trading since the establishment of its wholly-owned subsidiary, namely Gold Sky Investments Limited. During the Period, the Group has recorded fair value loss on held-for-trading investments of approximately HK\$58.2 million (2016: approximately HK\$131.9 million) attributable to unrealised loss of approximately HK\$40.6 million and realised loss of approximately HK\$17.6 million due to the fluctuation of Hong Kong equity market. Dividend income from held-for-trading investments of approximately HK\$0.5 million (2016: approximately HK\$0.8 million) was recorded for the Period.

As at 30 June 2017, held-for-trading investments amounted to approximately HK\$562.3 million (31 December 2016: approximately HK\$678.2 million). This value represented an investment portfolio comprising 51 (31 December 2016: 56) equity securities listed in Hong Kong of which 42 (31 December 2016: 47) equity securities are listed on the Main Board of the Stock Exchange and the remaining 9 (31 December 2016: 9) equity securities are listed on the Growth Enterprise Market of the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Company Name/Stock Code	Percentage of shareholdings at 30 June 2017 %	Unrealised Fair value gain/(loss) for the Period HK\$'000 (unaudited)	Dividend income for the Period HK\$'000 (unaudited)	Fair value at 30 June 2017 HK\$'000 (unaudited)	Percentage of total held-for-trading investments %	Percentage of total assets of the Group at 30 June 2017 %
Hong Kong Exchanges and Clearing Limited (stock code: 388)	0.02	5,451	535	53,430	9.5	7.0
Wang On Properties Limited (stock code: 1243)	0.16	10,500	-	39,000	6.9	5.1
OP Financial Investments Limited (stock code: 1140)	0.79	5,700	-	39,000	6.9	5.1
SkyNet Group Limited (stock code: 8176)	0.75	(377)	-	31,865	5.7	4.2
O Luxe Holdings Limited (stock code: 860)	0.77	5,802	-	31,056	5.5	4.1
Sino Golf Holdings Limited (stock code: 361)	1.92	-	-	31,000	5.5	4.1
Hong Kong Education (Int'l) Investments Limited (stock code: 1082)	3.65	7,800	-	29,800	5.3	3.9
Sino Haijing Holdings Limited (stock code: 1106)	1.18	2,100	-	28,140	5.0	3.7
China Information Technology Development Limited (stock code: 8178)	3.33	(2,280)	-	24,700	4.4	3.2
Evergrande Health Industry Group Limited (stock code: 708)	0.17	1,500	-	23,550	4.2	3.1
HMV Digital China Group Limited (stock code: 8078)	0.47	(6,636)	-	17,696	3.2	2.3
KuangChi Science Limited (stock code: 439)	0.10	(551)	-	16,952	3.0	2.2
Newton Resources Limited (stock code: 1231)	0.47	(1,133)	-	14,165	2.5	1.9
Huayi Tencent Entertainment Company Limited (stock code: 419)	0.30	(5,600)	-	13,200	2.4	1.7
Lajin Entertainment Network Group Limited (stock code: 8172)	0.71	(6,900)	-	12,600	2.2	1.7
Hsin Chong Construction Group Limited (stock code: 404)	0.61	(175)	-	12,250	2.2	1.6
Ding He Mining Holdings Limited (stock code: 705)	3.36	(17,760)	-	11,322	2.0	1.5
Solartech International Holdings Limited (stock code: 1166)	1.06	(1,000)	-	10,625	1.9	1.4
China Innovative Finance Group Limited (stock code: 412)	0.17	(7,360)	-	10,559	1.9	1.4
Yunfeng Financial Group Limited (stock code: 376)	0.08	(2,200)	-	8,940	1.6	1.2
Town Health International Medical Group Limited (stock code: 3886)	0.16	(6,840)	-	8,160	1.5	1.1
China Eco-Farming Limited (stock code: 8166)	0.82	2,350	-	8,000	1.4	1.1
Global Mastermind Holdings Limited (stock code: 8063)	1.71	(1,393)	-	7,997	1.4	1.0
International Entertainment Corporation (stock code: 1009)	0.34	2,680	-	7,520	1.3	1.0
China City Infrastructure Group Limited (stock code: 2349)	0.35	1,850	-	6,500	1.2	0.9
Others (Note)		(26,110)	10	64,243	11.4	8.4
		<u>(40,582)</u>	<u>545</u>	<u>562,270</u>	<u>100</u>	<u>73.9</u>

Note: It represented 26 (31 December 2016: 36) listed securities and none of these investments represented more than 1% (31 December 2016: 2%) of the total assets of the Group as at 30 June 2017.

Prospects

As investment in securities accounts for a significant portion of the Group's total assets, management will closely monitor the investment portfolio and capture opportunities arising from held-for-trading investments in a prudent manner and balance investment risks. Notwithstanding the overall operating result of investment in securities for the Period was in a loss position, the Group believes that following the implementation of the favorable financial policies in Hong Kong, such as the Shanghai-Hong Kong Stock Connect, mutual recognition of funds and the Shenzhen-Hong Kong Stock Connect, the Group is optimistic about the future equity securities markets in Hong Kong. Meanwhile, the Company has been exploring suitable opportunities to acquire investment properties in Hong Kong in order to generate more stable and recurrent rental income to the Group. Nonetheless, cost controls continue to be the focus of the garment industries.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2017, the Group had bank balances and cash and deposits held at financial institutions of approximately HK\$68.1 million (31 December 2016: approximately HK\$60.5 million). Fundamentally, the Group's funding policy was to finance the business operations with internally-generated cash. As at 30 June 2017, the Group had no outstanding interest-bearing bank borrowings (31 December 2016: Nil).

Gearing Ratio

As the Group did not have any interest-bearing bank loans and was in a net cash position as at 30 June 2017, no gearing ratio (total debts as percentage of equity attributable to owners of the Company) information was presented (31 December 2016: Nil).

Current Ratio

The Group's current ratio (current assets to current liabilities) as at 30 June 2017 decreased to 168.3 (31 December 2016: 193.1). On the whole, the financial position and liquidity of the Group remained strong and stable.

Capital Structure

The Group has mainly relied on its equity and internally-generated cash flow to finance its operations. As at 30 June 2017, the total number of issued ordinary shares of the Company was 1,089,118,593 shares (31 December 2016: 1,089,118,593).

Exposure to Foreign Exchange Fluctuations

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

Charges Over Assets of the Group

As at 30 June 2017, the Group did not have any charges on its assets (31 December 2016: Nil).

Contingent Liabilities

As at 30 June 2017, the Company had no contingent liabilities (31 December 2016: Nil).

Capital Commitment

As at 30 June 2017, the Group had no significant capital commitments (31 December 2016: approximately HK\$53 million in respect of the acquisition of a subsidiary).

Material Acquisitions and Disposals

During the Period, the Group has acquired the entire equity interest of Lead Power, a company engaged in property investment in Hong Kong, at a cash consideration of approximately HK\$53 million and Lead Power became a wholly owned subsidiary of the Company. Details of the transaction are set out in the Company's announcement dated 28 December 2016, 19 January 2017 and note 15 to the condensed consolidated financial statements.

Employees and Remuneration Policy

As at 30 June 2017, the Group had approximately 93 employees in Hong Kong and the PRC (31 December 2016: 91 employees). The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonus may be granted to reward and motivate well-performed employees.

INTERIM DIVIDEND

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

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

As at 30 June 2017, none of the Directors or chief executive of the Company and their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

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

As at 30 June 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that no shareholder has notified the Company of any interest, direct or indirect, or short position in 5% or more of the issued share capital of the Company.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTOR

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

- (a) Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company did not officially have a chief executive officer and prior to the appointment of Dr. Wong Yun Kuen as the chairman of the Board with effect from 18 July 2017, no individual was appointed as chairman of the Board. The responsibilities of the chairman and the daily operation of the Group’s business is handled by the executive Directors collectively. The Board is of the view that although there are no chief executive officer and chairman of the Board, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who meet from time to time to discuss issues affecting the operations of the Group. As there is a clear division of responsibilities of each Director, the vacancies of chief executive officer and chairman did not have any material impact on the operations of the Group. The Board will continue to review the effectiveness of the Group’s structure as business continues to develop in order to assess whether any changes, including the appointment of a chief executive officer, is necessary.

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

As stated above, the Company did not officially have a chairman until the appointment of Dr. Wong Yun Kuen as the chairman of the Board with effect from 18 July 2017. All Directors have attended the annual general meeting on 5 June 2017 and one of the executive Directors was elected chairman of the said meeting.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2016 Annual Report of the Company are set out below:

Name of Director	Details of change
Dr. Wong Yun Kuen <i>Chairman and executive Director</i>	re-designated from an independent non-executive Director to an executive Director of the Company and appointed as the chairman of the Board and ceased to be a member of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 18 July 2017.
Ms. Kwan Shan <i>Independent non-executive Director</i>	appointed as the chairman of the audit committee of the Company, ceased to be the chairman of the nomination committee of the Company and remains as a member of the nomination committee with effect from 18 July 2017; resigned as an independent non-executive director of Good Resources Holdings Limited (stock code: 109) with effect from May 2017; and resigned as an executive director of Yueshou Environmental Holdings Limited (stock code: 1191) with effect from May 2017
Mr. Wong Kui Shing, Danny <i>Independent non-executive Director</i>	appointed as an independent non-executive Director, chairman of the remuneration committee and a member of each of the audit committee, nomination committee and investment committee of the Company with effect from 18 July 2017.
Mr. Mak Ka Wing, Patrick <i>Independent non-executive Director</i>	appointed as an independent non-executive Director, chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company with effect from 18 July 2017.
Mr. Fok Chi Tak <i>Executive Director</i>	resigned as an executive Director with effect from 18 July 2017.
Mr. Chan Ming Sun, Jonathan <i>Independent non-executive Director</i>	resigned as an independent non-executive Director and ceased to be the chairman of the audit committee, remuneration committee and member of investment committee of the Company with effect from 18 July 2017.

AUDIT COMMITTEE

An audit committee was established by the Board with written terms of reference which are consistent with the provisions as set out in the CG Code. The audit committee comprises three independent non-executive Directors, namely, Ms. Kwan Shan (chairman of the audit committee), Mr. Wong Kui Shing, Danny and Mr. Mak Ka Wing, Patrick.

The audit committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2017.

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

Hong Kong, 31 August 2017

As at the date of this announcement, the Board comprises five Directors, of which two are executive Directors, namely, Dr. Wong Yun Kuen (Chairman), Mr. Yu Pak Yan, Peter; and three are independent non-executive Directors, namely, Ms. Kwan Shan, Mr. Wong Kui Shing, Danny and Mr. Mak Ka Wing, Patrick.