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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 2024**

### **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 2024 (the “**Period**”) together with comparative figures of the corresponding period in 2023.

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

*For the six months ended 30 June 2024*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>6,746</b>	4,024
Rental operating costs		<b>(719)</b>	(2,123)
Net rental income		<b>6,027</b>	1,901
Other income		<b>15</b>	53
Other (losses)/gains, net	4	<b>(487,540)</b>	690
Administrative expenses		<b>(1,901)</b>	(2,071)
Finance costs	5	<b>(23,511)</b>	(17,781)
Loss before income tax		<b>(506,910)</b>	(17,208)
Income tax expense	6	<b>–</b>	(356)
<b>Loss and total comprehensive loss for the period</b>	7	<b><u>(506,910)</u></b>	<b><u>(17,564)</u></b>
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		<b>(272,868)</b>	(12,841)
Non-controlling interest		<b>(234,042)</b>	(4,723)
		<b><u>(506,910)</u></b>	<b><u>(17,564)</u></b>
<b>Loss per share</b>			
Basic ( <i>HK cents</i> )	9	<b><u>(25.05)</u></b>	<b><u>(1.18)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties	10	846,600	1,331,800
Property, plant and equipment	10	<u>16,074</u>	<u>16,270</u>
		<u>862,674</u>	<u>1,348,070</u>
<b>CURRENT ASSETS</b>			
Corporate bond		600	600
Held-for-trading investments	11	2,400	4,740
Rental and other receivables	12	820	801
Deposits held at a financial institution		–	1
Bank balances and cash		<u>1,014</u>	<u>1,670</u>
		<u>4,834</u>	<u>7,812</u>
<b>CURRENT LIABILITIES</b>			
Other payables	13	35,522	26,666
Tax payable		61	61
Amount due to a non-controlling interest		52,652	44,420
Bank borrowing	16	400,288	410,551
Loan from a non-controlling interest	14	152,700	152,700
Other loans	15	<u>38,911</u>	<u>27,200</u>
		<u>680,134</u>	<u>661,598</u>
<b>NET CURRENT LIABILITIES</b>		<u>(675,300)</u>	<u>(653,786)</u>
<b>NET ASSETS</b>		<u>187,374</u>	<u>694,284</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	17	632,610	632,610
Reserves		<u>(556,337)</u>	<u>(283,469)</u>
Equity attributable to owners of the Company		76,273	349,141
Non-controlling interest		<u>111,101</u>	<u>345,143</u>
<b>TOTAL EQUITY</b>		<u>187,374</u>	<u>694,284</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2024*

	Attributable to owners of the Company			Non- controlling interest	Total	
	Share capital	Properties revaluation reserve	Accumulated losses			Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At 1 January 2024 (audited)	<u>632,610</u>	<u>3,283</u>	<u>(286,752)</u>	<u>349,141</u>	<u>345,143</u>	<u>694,284</u>
Loss and total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(272,868)</u>	<u>(272,868)</u>	<u>(234,042)</u>	<u>(506,910)</u>
At 30 June 2024 (unaudited)	<u><u>632,610</u></u>	<u><u>3,283</u></u>	<u><u>(559,620)</u></u>	<u><u>76,273</u></u>	<u><u>111,101</u></u>	<u><u>187,374</u></u>
At 1 January 2023 (audited)	<u>632,610</u>	<u>3,283</u>	<u>(213,901)</u>	<u>421,992</u>	<u>394,874</u>	<u>816,866</u>
Loss and total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(12,841)</u>	<u>(12,841)</u>	<u>(4,723)</u>	<u>(17,564)</u>
At 30 June 2023 (unaudited)	<u><u>632,610</u></u>	<u><u>3,283</u></u>	<u><u>(226,742)</u></u>	<u><u>409,151</u></u>	<u><u>390,151</u></u>	<u><u>799,302</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>13,177</b>	<b>1,870</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	–	45
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>–</b>	<b>45</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of bank borrowing	(10,264)	(10,264)
Repayment of other loans	–	(10,000)
Interest paid	(23,512)	(11,044)
Advance from non-controlling interest	8,232	8,428
Advance from other loans	11,711	26,000
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(13,833)</b>	<b>3,120</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(656)</b>	<b>5,035</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>1,670</b>	<b>762</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>		
Represented by bank balances and cash	<b>1,014</b>	<b>5,797</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

## 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 2023 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 2023 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.

### (i) Going concern assumption

As at 30 June 2024, the Group has net current liabilities of HK\$675,300,000 which mainly included (i) a bank borrowing with the demand clause of HK\$400,288,000; and (ii) the loan from a non-controlling interest of HK\$152,700,000 that will be matured on 30 April 2025.

Taking into account the adverse impact of the net current liabilities of the Group, the directors of the Company had prepared a cash flow forecast covering a period of 12 months from the date of approval of these consolidated financial statements (“**Forecast**”). The assumptions are taking into consideration of its subsequent development since the end of the reporting period. The following measures have considered the Group’s historical operating performance in the preparation of the Forecast and included certain actions taken by the Group’s for the purposes of improving its operating cash flows and financial position:

- (a) The Group is negotiating with the non-controlling interest to extend the loan of HK\$152,700,000 upon mature on 30 April 2025;
- (b) The Group will dispose of certain of its held-for-trading investments;
- (c) The Group will reassess its marketing strategy in order to decrease the vacancies rate of its investment properties in the near future; and

- (d) The Group will consider to dispose of certain of its investment properties to strengthen the liquidity position of the Group, if necessary. Taking into account the Forecast and assuming the successful implementation of the above measures, the Directors considered the Group would be able to finance its operations and to meet its financial obligations as and when they fall due at least for the next twelve months from the end of the reporting period.

## 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

In the current interim period, the Group has adopted all the amended Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. The HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the unaudited condensed consolidated financial statements of the Group.

## 3. SEGMENT INFORMATION

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

The Group has two 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

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.

The unallocated other operating income mainly represents the interest income and government subsidy. The unallocated expenses mainly represent the head office expenses including directors' emoluments, employee costs, legal and professional fees.

(a) **Segment revenues and results**

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

**For the six months ended 30 June 2024**

	<b>Property investment HK\$'000 (unaudited)</b>	<b>Securities investment HK\$'000 (unaudited)</b>	<b>Total HK\$'000 (unaudited)</b>
<b>Segment and external revenue</b>	<u>6,746</u>	<u>–</u>	<u>6,746</u>
<b>Segment results</b>	<u>(491,568)</u>	<u>(2,340)</u>	<u>(493,908)</u>
Other operating income			15
Unallocated expenses			<u>(13,017)</u>
Loss before income tax			<u>(506,910)</u>

**For the six months ended 30 June 2023**

	<b>Property investment HK\$'000 (unaudited)</b>	<b>Securities investment HK\$'000 (unaudited)</b>	<b>Total HK\$'000 (unaudited)</b>
<b>Segment and external revenue</b>	<u>4,024</u>	<u>–</u>	<u>4,024</u>
<b>Segment results</b>	<u>(8,390)</u>	<u>(284)</u>	<u>(8,674)</u>
Other operating income			53
Unallocated expenses			<u>(8,587)</u>
Loss before income tax			<u>(17,208)</u>

Segment results represent the loss from each segment net of rental operating 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. Segment result of securities investment segment includes fair value gain or loss on held-for-trading investments and administrative expenses directly attributable to the securities investment segment.



#### 4. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fair value loss on investment properties	(485,200)	–
Unrealised fair value (loss)/gain on held-for-trading investments	(2,340)	690
	<u>(487,540)</u>	<u>690</u>

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowing	12,199	10,290
Interest on loan from a non-controlling interest	8,721	6,737
Interest on other loans	2,591	754
	<u>23,511</u>	<u>17,781</u>

#### 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Under provision in prior years:		
Hong Kong Profits Tax	–	356
Total income tax expense	<u>–</u>	<u>356</u>

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

For the six months ended 30 June 2024, Hong Kong Profits Tax had not been provided for as the Group had no assessable profits for the Period.

## 7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Bad debt written off ( <i>note</i> )	–	169
Depreciation of property, plant and equipment	197	197
Directors' remuneration and other staff costs	983	1,273
Legal and professional fee	34	540
	<u>          </u>	<u>          </u>

*Note:*

During the six months ended 30 June 2023, the Group terminated a rental contract with a tenant due to long outstanding rental payment. The Group incurred a bad debt amounting to HK\$169,000 after considering the rental deposit received from the tenant.

## 8. DIVIDEND

No dividends was paid, declared or proposed during the Period. The Directors have determined that no dividend will be paid in respect of the Period (2023: Nil).

## 9. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	<u>(272,868)</u>	<u>(12,841)</u>
	2024	2023
	Number of	Number of
	shares	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>
	2024	2023
	HK Cents	HK Cents
Basic loss per share	<u>(25.05)</u>	<u>(1.18)</u>

Diluted loss per share equals to basic loss per share, as there was no potential dilutive ordinary shares issued for the six months ended 30 June 2024 and 2023.

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

During the Period, the Group has not purchased items of property, plant and equipment (2023: Nil). There were no additions or disposals of investment properties during the Period (2023: Nil).

The fair value of the Group's investment properties at 30 June 2024 has been arrived at on the basis of a valuation on the market approach carried out as at that date by Messrs. Roma Appraisals Limited (“**Roma**”), an independent qualified professional surveyor not connected to the Group. Roma is a member of the Hong Kong Institute of Surveyors who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The market approach uses prices and other relevant information generated by market transactions involving comparable properties. The fair value loss of investment properties recognised in profit or loss for the Period was HK\$485,200,000 (2023: Nil).

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2024 and 31 December 2023.

A reconciliation of the opening and closing fair value balance is disclosed as below:

	<b>2024</b> <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (audited)
<b>FAIR VALUE</b>		
At 1 January (level 3 recurring fair value)	<b>1,331,800</b>	1,418,100
Fair value changes recognised in profit and loss	<b>(485,200)</b>	(86,300)
	<u><b>846,600</b></u>	<u>1,331,800</u>
At 30 June/31 December (level 3 recurring fair value)	<u><b>846,600</b></u>	<u>1,331,800</u>

## 11. HELD-FOR-TRADING INVESTMENTS

	<b>30 June</b> <b>2024</b> <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Listed equity securities:		
Hong Kong	<u><b>2,400</b></u>	<u>4,740</u>

The fair value of held-for-trading investments have been determined by reference to the quoted market prices available on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

## 12. RENTAL AND OTHER RECEIVABLES

The Group does not have any credit period to the tenants (31 December 2023: Nil).

	<b>30 June 2024 HK\$'000 (unaudited)</b>	31 December 2023 HK\$'000 (audited)
Rental receivables	<b>64</b>	–
Prepayments, deposits and other receivables	<b>756</b>	801
	<b>820</b>	801

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

	<b>30 June 2024 HK\$'000 (unaudited)</b>	31 December 2023 HK\$'000 (audited)
1 to 30 days	<b>32</b>	–
31 to 60 days	<b>32</b>	–
Total rental receivables	<b>64</b>	–

## 13. OTHER PAYABLES

	<b>30 June 2024 HK\$'000 (unaudited)</b>	31 December 2023 HK\$'000 (audited)
Rental deposits received	<b>4,130</b>	3,445
Other payables and accruals	<b>1,361</b>	2,048
Interest payable on loan from a non-controlling interest and other loans	<b>30,031</b>	21,173
	<b>35,522</b>	26,666

#### 14. LOAN FROM A NON-CONTROLLING INTEREST

As at 30 June 2024, the Group has an unsecured loan from a non-controlling interest of HK\$152,700,000 (31 December 2023: 152,700,000) bears interest at a fixed rate of 10% per annum and is matured on 30 April 2025.

#### 15. OTHER LOANS

As at 30 June 2024, the Group has aggregate unsecured loans of HK\$24,600,000 and HK\$14,311,000 (31 December 2023: HK\$26,600,000 and HK\$600,000) bearing interest at a fixed rate of 15% per annum and will be matured on 7 October 2024 and 11 November 2024.

#### 16. BANK BORROWING

	<b>30 June 2024</b>	31 December 2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
<b>Current</b>		
Bank borrowing ( <i>Note</i> )	<u><b>400,288</b></u>	<u>410,551</u>

*Note:* The bank borrowing is secured by an investment property of the Group amounted to HK\$760,000,000 (31 December 2023: HK\$1,230,000,000) with interest charged at Hong Kong Interbank Offered Rate (HIBOR) plus 1.4% per annum. 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.

Ignoring the effect of any repayment on demand clause and based on the scheduled repayment date in the loan agreement, bank borrowing was scheduled to repay as follows:

	<b>30 June 2024</b>	31 December 2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
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 years but not exceeding five years	<b>61,583</b>	61,583
After five years	<u><b>297,649</b></u>	<u>307,912</u>
	<u><b>400,288</b></u>	<u>410,551</u>

## 17. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2024 (unaudited)	31 December 2023 (audited)	30 June 2024 (unaudited) <i>HK\$'000</i>	31 December 2023 (audited) <i>HK\$'000</i>
Issued and fully paid	<u>1,089,118,593</u>	<u>1,089,118,593</u>	<u>632,610</u>	<u>632,610</u>

## 18. 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 2024 <i>HK\$'000</i>	Fair value as at 31 December 2023 <i>HK\$'000</i>	Fair value hierarchy	Valuation techniques and key inputs
<b>Financial assets</b>				
Listed equity securities in Hong Kong classified as held-for-trading investments in the condensed consolidated statement of financial position	<u>2,400</u>	<u>4,740</u>	Level 1	Quoted prices in an active market

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

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

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

## 19. RELATED PARTY TRANSACTIONS

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

### (a) Compensation of key management personnel

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

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Short-term benefits	684	950
Retirement benefits costs	12	17
	<u>696</u>	<u>967</u>

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

- (b) Save as disclosed elsewhere on the consolidated financial statements, the Group entered into the following material related party transactions. These transactions are made of terms mutually agreed by the related parties.

Related party relationship	Nature of transaction	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Company with common executive director	Rental income	<u>180</u>	<u>180</u>

During the period ended 30 June 2023 and 2024, a director of the tenant, which is a wholly owned subsidiary of a company with its ordinary shares listed on the Stock Exchange, namely Affluent Partners Holdings Limited, was also an executive director of the Company.

## 20. REVIEW OF INTERIM ACCOUNTS

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORPORATE RESULTS

For the six months ended 30 June 2024 (the “**Period**”), Far East Holdings International Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) recorded revenue of approximately HK\$6.7 million (2023: approximately HK\$4.0 million), representing an increase of approximately 68% as compared to the corresponding period in 2023. The Group’s loss for the Period attributable to owners of the Company was approximately HK\$272.9 million (2023: HK\$12.8 million). The total comprehensive loss of the Group for the Period was approximately HK\$506.9 million (2023: HK\$17.6 million), which was mainly due to the fair value loss on investment properties and the increase in finance costs during the Period. The basic loss per share for the Period was 25.05 HK cents (2023: 1.18 HK cents).

### BUSINESS REVIEW AND PROSPECTS

Save as disclosed in this announcement, there have been no material changes in the development or future development of the Group’s business and financial position since the publication of the annual report of the Company for the year ended 31 December 2023.

#### Business Review

The Group’s core business continues to be in Hong Kong. The principal activities include property investment and investment in securities.

#### Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK\$846.6 million as at 30 June 2024 (31 December 2023: approximately HK\$1,331.8 million). The Group recorded rental income of approximately HK\$6.7 million (2023: approximately HK\$4.0 million) for the Period. Management will continue to review its portfolio of investment properties and seek for potential acquisition and/or disposal opportunities from time to time.



(a) Details analysis of the rental income of the Group during the Period are as follows:

Location of the properties	Notes	Rental income Six months ended 30 June		Increase/ (decrease) in percentage
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	
9/F, Wings Building, 110–116 Queen's Road Central, Central, Hong Kong	(1)	720	720	0%
10/F, Wings Building, 110–116 Queen's Road Central, Central, Hong Kong	(2)	743	743	0%
Workshop No. 5 on 4/F, Fullagar Industrial Building, 234 Aberdeen Main Road, Hong Kong	(3)	126	126	0%
Commercial Podium (Shop) On Lower Ground Floor, Upper Ground Floor, First Floor, Second Floor, Third Floor and Offices and Flat Roof on Fourth Floor of Silver Fortune Plaza, No. 1 Wellington Street, Hong Kong	(4)	5,157	2,435	112%
		<u>6,746</u>	<u>4,024</u>	<u>68%</u>

Notes:

- (1) The property is currently divided into five rental units and a conference room. The conference room is shared among tenants of the property. At the date of this announcement, four out of the five rental units of the property are leased to four different tenants with their leases expiration dates in October 2024, October 2024, April 2025 and July 2025. Management will seek for renewal with these tenants upon expiration of the leases.
- (2) The whole floor of the property is leased to a tenant with its lease expiration date on September 2025.
- (3) The property is an industrial unit leased to a tenant with its lease expiration date on December 2024. There is no change in rental income during the Period.

- (4) The property is a commercial podium comprised of six floors from Lower Ground Floor to the Fourth Floor with an aggregate saleable area of 28,923 sq.ft.. The fourth floor of this property which was previously leased to a tenant with its lease expiration date in August 2025 and this tenant failed to pay rent during the period in 2023. The Group had taken legal action against this tenant and the lease was terminated by then.

During the Period, the lower ground floor, the upper ground floor, the second floor and the third floor of this property have been leased to four tenants with their leases expiration dates in March 2027, January 2026, August 2026 and January 2026.

Management will continue to review its investment properties and tenants portfolio from time to time with aims to generate stable income to the Group and for capital appreciation. Management will diversify its tenant mix, if necessary, in order to minimize the financial impact to the Group. In addition, the Group will seek to optimize the composition of the property portfolio based on the outlook of the property market and expand the property portfolio with suitable additional investment properties. The Group will also investigate with reference to the rate of returns and market price to identify for any potential disposals.

### Investment in Securities

During the Period, the Group recorded net loss on held-for-trading investments of approximately HK\$2.3 million (2023: net gain of approximately HK\$0.7 million) attributable to unrealised loss of approximately HK\$2.3 million due to the fluctuation of Hong Kong equity market. No dividend income from held-for-trading investments was recorded for the Period (2023: Nil).

As at 30 June 2024, held-for-trading investments amounted to approximately HK\$2.4 million (31 December 2023: approximately HK\$4.7 million). This value represented an investment portfolio comprising 1 (31 December 2023: 1) equity securities that are listed on the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Stock Code	Stock Short Name	At 31 December 2023		During the Period			At 30 June 2024	
		No. of shares held	Fair value HK\$'000	No. of shares disposed	Realised (loss)/gain HK\$'000	Unrealised fair value gain/(loss) HK\$'000	No. of shares held	Fair value HK\$'000
1557	K.H. GP HLDGS	6,000,000	4,740	-	-	(2,340)	6,000,000	2,400

Note:

The Group does not hold any investment accounted for five per cent or more of the Group's total asset at 30 June 2024.

## **Prospects**

Looking ahead, with the full reopening of the economies of the nearby areas, it will still have a positive impact to the Group's property investment. It was also expected that the Group's rental income will be increased in the coming future as well as the fair value of investment properties and held-for-trading investments.

The Group is devoted to increasing the occupancy rate of the properties and looking for potential acquisition/disposal of properties to generate stable income and capital appreciation from the properties. 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.

The demand for office space, particularly from retail business, entertainment enterprises, financial institutions and professional services companies, should increase and may lead to a better performance of the Group's financial results in the second half of 2024.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 June 2024, the Group had bank balances and cash and deposits held at financial institutions of approximately HK\$1.0 million (31 December 2023: approximately HK\$1.7 million). The Group maintains a prudent funding and treasury policy with regard to its overall business operations. The Group funds its operations from a combination of internal resources, bank borrowing, loan from a non-controlling interest and other loans. As at 30 June 2024, the Group had approximately HK\$400.3 million interest-bearing bank borrowing (31 December 2023: approximately HK\$410.6 million), loan from a non-controlling interest of approximately HK\$152.7 million (31 December 2023: HK\$152.7 million) which is interest-bearing at 10% per annum and other loan of HK\$38.9 million (31 December 2023: HK\$27.2 million) which is interest-bearing at 15% per annum.

### **Gearing Ratio**

The gearing ratio, expressed as a percentage of total debts (including the bank borrowing, loan from a non-controlling interest and other loans) to equity attributable to owners of the Company was 776% as at 30 June 2024 (31 December 2023: 169.1%). Increase in gearing ratio was mainly attributable to the decrease in equity attributable to owners of the Company during the Period.

## **Capital Structure**

During the Period, there was no change to the share capital of the Company. As at 30 June 2024, the total number of issued ordinary shares of the Company was 1,089,118,593 (31 December 2023: 1,089,118,593) shares.

## **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 2024, an investment property of approximately HK\$760 million (31 December 2023: approximately HK\$1,230.0 million) is secured for the Group's bank borrowing of approximately HK\$400.3 million (31 December 2023: approximately HK\$410.6 million).

## **Contingent Liabilities**

As at 30 June 2024, the Company had no contingent liabilities (31 December 2023: Nil).

## **Capital Commitment**

As at 30 June 2024, the Group had no significant capital commitments (31 December 2023: Nil).

## **Material Acquisitions and Disposals**

During the Period, the Group made no material acquisition or disposal (2023: Nil).

## **Employees and Remuneration Policy**

As at 30 June 2024, the Group had 7 employees in Hong Kong (31 December 2023: 8). 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.

## **DISCLOSURE OF ADDITIONAL INFORMATION**

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

As at 30 June 2024, 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 2024, 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 the Part 2 of Appendix 14 to the Listing Rules, except for the following:

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

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

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

There is no change of the Directors’ information pursuant to Rule 13.51.B of the Listing Rules since the disclosure made in the Company’s annual report 2023 or the announcement in relation to the appointment and/or resignation of the Directors.

## 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, Mr. Lam Wai Hung (chairman of the audit committee), Mr. Mak Ka Wing, Patrick and Mr. Lam Cheung Shing, Richard.

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 2024.

By Order of the Board  
**Far East Holdings International Limited**  
**Cheung Sze Ming**  
*Executive Director*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board comprises Mr. Cheung Sze Ming as executive Director; Mr. Zhu Weiwen as non-executive Director; and Mr. Mak Ka Wing, Patrick, Mr. Lam Wai Hung and Mr. Lam Cheung Shing, Richard as independent non-executive Directors.*