遠東控股國際有限公司
FAR EAST HOLDINGS INTERNATIONAL LIMITED

Stock Code: 36

FEH

Annual Report 2017

Contents

The English text of this annual report shall prevail over the Chinese text

This annual report is printed on environmentally friendly paper

CORPORATE INFORMATION

PLACE OF INCORPORATION

Hong Kong

BOARD OF DIRECTORS

Executive Directors

Dr. Wong Yun Kuen *(Chairman) (re-designated and appointed on 18 July 2017)*
Mr. Sheung Kwong Cho *(appointed on 31 October 2017)*
Mr. Yu Pak Yan, Peter *(resigned on 31 October 2017)*
Mr. Fok Chi Tak *(resigned on 18 July 2017)*

Independent Non-executive Directors

Ms. Kwan Shan
Mr. Wong Kui Shing, Danny *(appointed on 18 July 2017)*
Mr. Mak Ka Wing, Patrick *(appointed on 18 July 2017)*
Mr. Chan Ming Sun, Jonathan *(resigned on 18 July 2017)*
Dr. Wong Yun Kuen *(re-designated on 18 July 2017)*

COMPANY SECRETARY

Mr. Sheung Kwong Cho

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

AUTHORISED REPRESENTATIVES

Dr. Wong Yun Kuen *(appointed on 31 October 2017)*
Mr. Sheung Kwong Cho

AUDIT COMMITTEE

Ms. Kwan Shan *(Chairman)*
Mr. Wong Kui Shing, Danny
Mr. Mak Ka Wing, Patrick

REMUNERATION COMMITTEE

Mr. Wong Kui Shing, Danny *(Chairman)*
Mr. Mak Ka Wing, Patrick
Ms. Kwan Shan

NOMINATION COMMITTEE

Mr. Mak Ka Wing, Patrick *(Chairman)*
Mr. Wong Kui Shing, Danny
Ms. Kwan Shan

INVESTMENT COMMITTEE

Dr. Wong Yun Kuen *(Chairman)*
Mr. Wong Kui Shing, Danny
Mr. Sheung Kwong Cho

PRINCIPAL BANKER

Hang Seng Bank Limited

REGISTERED OFFICE

Unit 904, 9/F Wings Building
110–116 Queen's Road Central
Central, Hong Kong
Telephone: 3970 4010
Facsimile: 3970 4019
Email: admin@feholdings.com.hk

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

LISTING INFORMATION

Stock Code: 36
Board Lot Size: 3000

WEBSITE

http://www.feholdings.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the year ended 31 December 2017 (the "Year Under Review"), Far East Holdings International Limited (the "Company", together with its subsidiaries, collectively, the "Group") recorded revenue of approximately HK$9.1 million (2016: approximately HK$11.7 million), representing a decrease of approximately 22.2% as compared to that of last year. The Group's profit attributable to owners of the Company was approximately HK$69.5 million (2016: loss attributable to owners of the Company of approximately HK$53.9 million). The total comprehensive income of the Group for the Year Under Review was approximately HK$67.7 million (2016: total comprehensive loss of approximately HK$55.6 million), which mainly contributed from fair value gain on held-for-trading investments listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and fair value gain on investment properties. The basic earnings per share for the Year Under Review was 6.38 HK cents (2016: basic loss per share of 4.95 HK cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had cash and bank balances and deposits held at a financial institution amounting to approximately HK$92.6 million (2016: approximately HK$60.5 million). Fundamentally, the Group's funding policy is to finance the business operations with internally-generated cash. As at 31 December 2017, the Group did not have any outstanding interest-bearing bank borrowings (2016: nil). The Group did not have any financial instruments used for hedging purposes during the Year Under Review (2016: nil).

GEARING RATIO

As at 31 December 2017, the Group did not have any interest-bearing bank borrowings. The Group was in a net cash position and had no gearing (2016: nil).

CURRENT RATIO

The Group's current ratio (current assets to current liabilities) as at 31 December 2017 decreased to 187.3 (2016: 193.1). On the whole, the financial position and liquidity of the Group is healthy.

CAPITAL STRUCTURE

The Group has mainly relied on its equity and internally-generated cash flows to finance its operations. During the Year Under Review, there was no change to the share capital of the Company. As at 31 December 2017, the total number of issued ordinary shares of the Company was 1,089,118,593 (2016: 1,089,118,593) shares.

EXPOSURE TO FOREIGN EXCHANGE FLUCTUATIONS

The Group had no significant exposure to foreign exchange fluctuations during the Year Under Review.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities

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

Capital Commitments

As at 31 December 2017, the Group had no capital commitment (2016: $53 million in relation to the acquisition of a subsidiary).

SIGNIFICANT INVESTMENTS

The Group had held-for-trading investments of approximately HK$648.4 million as at 31 December 2017 (2016: approximately HK$678.2 million), representing 71.7% (2016: 82.5%) of the total assets of the Group.

During the Year Under Review, the Group recorded fair value gain on held-for-trading investments of approximately HK$53.0 million (2016: fair value loss of approximately HK$62.2 million). Details of the held-for-trading investments are set out in note 20 to the consolidated financial statements and pages 5 to 12 of this annual report.

MATERIAL RISK FACTORS

The Group's held-for-trading investments are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity price risk due to the fluctuation of fair value of held-for-trading investments. Management closely monitors the market condition of listed securities and regularly reviews the exposure to the equity price risk on held-for-trading investments. Details of the Group's financial risk and analysis are set out in note 30(b)(iii) to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

On 28 December 2016, the Group and an independent third party (the "Vendor") entered into a sale and purchase agreement in which the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire equity interest of Lead Power Investments Limited ("Lead Power"), a company engaged in property investment in Hong Kong, at a cash consideration of HK$53 million. Details of the transaction are set out in the Company's announcement dated 28 December 2016 and note 29 to the consolidated financial statements. The transaction was completed on 19 January 2017 and Lead Power became a wholly-owned subsidiary of the Company.

DIVIDEND

For the year ended 31 December 2017, the board (the "Board") of directors (the "Director(s)") of the Company does not recommend any final dividend (2016: nil).

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2017, the Group had approximately 93 employees in Hong Kong and the People's Republic of China (the "PRC") (2016: 91 employees). The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonuses may be granted to reward and motivate those well-performed employees.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental protection and sustainable development through promoting and adopting green practices in its business activities. Initiatives within the Group include, but are not limited to, encouraging employees to reduce paper consumption by reuse of single-sided printed paper, to assess the necessity of printing where appropriate and to use duplex printing. Information on the environmental policies and performance of the Company is set out in the "Environmental, Social and Governance Report" on pages 21 to 33 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

BUSINESS REVIEW AND PROSPECTS

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 Industries

For the two years ended 31 December 2017 and 2016, the garment products business of the Group recorded revenue of approximately HK$6.6 million and HK$9.8 million, respectively, representing a decrease of approximately 32.7% in 2017 as compared to 2016.

As this business is still facing challenges in terms of increasing material and labour costs and falling per unit sales prices, management has implemented cost controls during the Year Under Review. Management 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 total carrying amount of approximately HK$138.2 million (2016: approximately HK$52.5 million) as at 31 December 2017. For the years ended 31 December 2017 and 2016, the Group recorded property rental income of approximately HK$2.5 million and HK$1.9 million, respectively.

Following the completion of acquisition of Lead Power in January 2017, management will seek to identify further property investment opportunities in order to enhance and generate stable income stream to the Group.

Investment in Securities

During the Year Under Review, the Group continues to focus on short-term securities trading and has recorded fair value gain on held-for-trading investments of approximately HK$53.0 million (2016: fair value loss of approximately HK$62.2 million) attributable to unrealised gain of approximately HK$56.1 million, offset by a realised loss of approximately HK$3.1 million. Dividend income from held-for-trading investments amounting to approximately HK$2.0 million (2016: approximately HK$2.2 million) was recorded during the Year Under Review.

As at 31 December 2017, held-for-trading investments amounted to approximately HK$648.4 million (2016: approximately HK$678.2 million). This value represented an investment portfolio comprising 49 (2016: 56) equity securities listed in Hong Kong of which 40 (2016: 47) equity securities are listed on the Main Board of the Stock Exchange and the remaining 9 (2016: 9) equity securities are listed on the GEM of the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Company name/(stock code)	Notes	No. of shares	Percentage of shareholdings at 31 December 2017* (Note 1) %	Carrying amount at 31 December 2016 HK$'000	Unrealised fair value gain/(loss) for the year ended 31 December 2017 HK$'000	Dividend income for the year ended 31 December 2017 HK$'000	Fair value at 31 December 2017 HK$'000	Percentage of total held-for-trading investments as at 31 December 2017* %	Percentage of total assets of the Group at 31 December 2017* %
Landing International Development Limited (582)	2	399,960,000	0.27	–	93,958	–	123,988	19.1	13.7
Hong Kong Exchanges and Clearing Limited (388)	3	268,032	0.02	47,979	15,086	1,209	64,274	9.9	7.1
Evergrande Health Industry Group Limited (708)	4	15,000,000	0.17	22,050	24,300	–	46,350	7.1	5.1
SuperRobotics Limited *(formerly known as SkyNet Group Limited)* (8176)	5	3,430,000	0.72	32,242	11,936	–	44,178	6.8	4.9
OP Financial Investments Limited (1140)	6	15,000,000	0.57	33,300	8,400	597	41,700	6.4	4.6
Wang On Properties Limited (1243)	7	25,000,000	0.16	28,500	4,000	–	32,500	5.0	3.6
Sino Golf Holdings Limited (361)	8	100,000,000	1.92	31,000	(4,000)	–	27,000	4.2	3.0
China Information Technology Development Limited (8178)	9	190,000,000	3.33	26,980	(1,140)	–	25,840	4.0	2.9
Sino Haijing Holdings Limited (1106)	10	140,000,000	1.18	26,040	(1,120)	–	24,920	3.8	2.8
Newton Resources Limited (1231)	11	18,886,000	0.47	15,298	2,455	–	17,753	2.7	2.0
Solartech International Holdings Limited (1166)	12	25,000,000	1.06	11,625	4,875	–	16,500	2.5	1.8
HMV Digital China Group Limited (8078)	13	63,200,000	0.47	24,332	(8,785)	–	15,547	2.4	1.7
KuangChi Science Limited (439)	14	6,120,000	0.10	17,504	(2,326)	–	15,178	2.3	1.7
Huayi Tencent Entertainment Company Limited (419)	15	40,000,000	0.30	18,800	(4,600)	–	14,200	2.2	1.6
Global Mastermind Holdings Limited (8063)	16	90,870,000	2.13	14,085	(1,727)	–	12,358	1.9	1.4
Lajin Entertainment Network Group Limited(8172)	17	30,000,000	0.71	19,500	(8,400)	–	11,100	1.7	1.2
Yunfeng Financial Group Limited (376)	18	2,000,000	0.08	11,140	(240)	–	10,900	1.7	1.2
China Shandong Hi-Speed Financial Group Limited (412) *(formerly known as China Innovative Finance Group Limited)*	19	31,998,000	0.13	17,919	(7,200)	–	10,719	1.7	1.2
Hong Kong Education (Int'l) Investments Limited (1082)	20	14,792,000	2.70	16,271	(6,804)	–	9,467	1.5	1.0
Others	21			263,625	(62,536)	240	83,896	13.1	9.2
				678,190	56,132	2,046	648,368	100	71.7

* The percentages are subject to rounding error

Notes:

1. The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 December 2017 of the issuers publicly available on the website of the Stock Exchange.

2. Landing International Development Limited and its subsidiaries (collectively referred to as the "Landing Group") were principally engaged in development and operation of the integrated leisure and entertainment resort, gaming and entertainment facilities and property development.

   Pursuant to the Landing Group's annual results announcement for the year ended 31 December 2017, the Landing Group recorded revenue of approximately HK$896 million and total comprehensive income of approximately HK$2,072 million.

   During the Year Under Review, the Landing Group has entered into (i) certain agreements with Four Seasons Hotels and Resorts Asia Pacific Pte Ltd and their affiliates, the world's leading luxury hospitality group, for the launch of a luxury Jeju Shinhwa World Four Seasons Resort & Spa in the heart of Jeju Shinhwa World, and (ii) a theme park development agreement with Lions Gate Entertainment Inc. ("Lionsgate"), a global entertainment and media leader, in relation to the development of Lionsgate's first branded outdoor theme park built exclusively around world famous movies named 'Lionsgate Movie World' at Jeju Shinhwa World. Jeju Shinhwa World Four Seasons Resort & Spa and Lionsgate Movie World are expected to be opened in first half of 2020. The Group believes that the future prospect of the Landing Group is optimistic in view of its latest development of the integrated resort in Jeju, South Korea.

   The Group acquired 399,960,000 shares in the Landing Group during the Year Under Review at an acquisition cost of approximately HK$30 million.

3. Hong Kong Exchanges and Clearing Limited and its subsidiaries (collectively referred to as the "HKEx Group") own and operate the only stock exchange and futures exchange in Hong Kong and their related clearing houses.

   Pursuant to the HKEx Group's annual report for the year ended 31 December 2017, the HKEx Group's recorded revenue of approximately HK$11,574 million and total comprehensive income was approximately HK$7,512 million.

   The HKEx Group strives to make the initial public offering market more relevant, the equity market more connected, and the derivatives market more competitive. The key areas of the HKEx Group focus include implementing listing reform, extension of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect by including exchange traded funds and other assets, building of new product ecosystems and the launch of derivative products with Mainland underlyings, as well as the launch of new trading systems in the securities and derivatives markets. The Group believes that the abovementioned initiatives will further boost the competitiveness of the market of the HKEx Group at a time of vast opportunity in the new global economy and the future prospect of the HKEx Group is positive.

   Except for a scrip dividend of 6,136 shares in the HKEx Group of approximately HK$1.2 million, there was no acquisition or disposal of the equity interest in the HKEx Group during the Year Under Review.

4. Evergrande Health Industry Group Limited and its subsidiaries (collectively referred to as the "Evergrande Health Group") were principally engaged in magazine publishing, distribution of magazine, digital business and provision of magazine content and community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-ageing.

   Pursuant to the Evergrande Health Group's interim report for the six months ended 30 June 2017, the Evergrande Health Group recorded revenue of approximately HK$576 million and total comprehensive income of approximately HK$113 million.

   The Evergrande Health Group will continue to explore cross-sector integration with different industries such as financial, tourism, internet, sports, leisure and food industry, and cultivate new operation, new business trend and new model in mega health industry. The Group believes that the business plan in relation to the cross-sector integration will create value to the shareholders of the Evergrande Health Group.

   There was no acquisition or disposal of the equity interest in the Evergrande Health Group during the Year Under Review.

5. SuperRobotics Limited (formerly known as SkyNet Group Limited) and its subsidiaries (collectively referred to as the "SuperRobotics Group") were principally engaged in the sale of beauty products, provision of therapy services, and provision of engineering products and related services.

   Pursuant to the SuperRobotics Group's final results announcement for the year ended 31 December 2017, the SuperRobotics Group recorded revenue of approximately HK$79 million and total comprehensive loss of approximately HK$87 million.

   In view of the China robotics market reached RMB20 billion in 2017, the Group is optimistic about the prospect of the SuperRobotics Group as they have obtained the parts manufacturers approval for inflight wireless local area network granted by the Civil Aviation Administration of China.

   During the Year Under Review, the Group has disposed of 75,000 shares in the SuperRobotics Group which led to a realised loss of HK$25,000.

6. OP Financial Investments Limited and its subsidiaries (collectively referred to as the "OP Financial Group") were principally engaged in investment in a diversified portfolio of global investments in listed and unlisted enterprises thereby to achieve earnings in the form of medium to long term capital appreciation.

   Pursuant to the OP Financial Group's interim report for the six months ended 30 September 2017, the OP Financial Group recorded revenue of approximately HK$43 million and total comprehensive income of approximately HK$160 million.

   Looking forward, the OP Financial Group will continue enhance the cooperation with leading companies in the industry to jointly discover the extensive business opportunities embedded in cross-border and crossover investments. In addition, the OP Financial Group will improve its capability of integrated investment solutions to capture the medium to short-term investment and enhance the liquidity of assets. The Group believes that the OP Financial Group has sufficient capital managed by experienced management team and will be able to become an excellent cross-border investment platform and its future business prospect is positive and growing.

   There was no acquisition or disposal of the equity interest in the OP Financial Group during the Year Under Review.

7. Wang On Properties Limited and its subsidiaries (collectively referred to as the "Wang On Group") were principally engaged in property development and property investment businesses.

   Pursuant to the Wang On Group's interim report for the six months ended 30 September 2017, the Wang On Group recorded revenue of approximately HK$12 million and total comprehensive income of approximately HK$904 million.

   Since the Hong Kong residential market recorded continuous growth in both property price and number of transactions, the Group is optimistic about the property market and the performance of the Wang On Group in the future.

   There was no acquisition or disposal of the equity interest in the Wang On Group during the Year Under Review.

8. Sino Golf Holdings Limited and its subsidiaries (collectively referred to as the "Sino Golf Group") were principally engaged in manufacturing and trading of golf equipment, golf bags and accessories and the development of integrated resort in Saipan.

   Pursuant to the Sino Golf Group's interim report for the six months ended 30 June 2017, the Sino Golf Group recorded revenue of approximately HK$96 million and total comprehensive loss of approximately HK$18 million.

   The Sino Golf Group will continue to streamline the golf bags operations to enhance efficiency and launch active marketing initiatives to promote sales for the future. Taking into consideration the sales orders status and the prevailing market conditions, the management of the Sino Golf Group has adopted a positive view with caution on the outlook of the golf bags business for the ensuing period. The Group believes that the operating performance of the Sino Golf Group will be improved as the Sino Gold Group is determined to continually develop the golf equipment business through strengthening the cooperation with existing customers as well as exploring business opportunities with other credible and potential customers in golf market.

   There was no acquisition or disposal of the equity interest in the Sino Golf Group during the Year Under Review.

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

   Pursuant to the China Information Group's interim report for the six months ended 30 June 2017, the China Information Group recorded revenue of approximately HK$24 million and total comprehensive loss of approximately HK$44 million.

   The China Information Group has continued to broaden the business scope and open up new income source. The business structure of the China Information Group has been more complete and refined upon the corporate actions. The Group believes that the new income source will have positive impact on the future prospect of the China Information Group.

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

10. Sino Haijing Holdings Limited and its subsidiaries (collectively referred to as the "Sino Haijing Group") were principally engaged in manufacturing and sale of packaging products, securities trading and other investing activities, ticketing agency business and money lending business.

    Pursuant to the Sino Haijing Group's interim report for the six months ended 30 June 2017, the Sino Haijing Group recorded revenue of approximately HK$417 million and total comprehensive loss of approximately HK$47 million.

    With strong management team who has solid experience in tourism, entertainment and cultural industries, the Sino Haijing Group is optimistic about the prospects of the new projects in the PRC and Southeast Asia. It is expected that these new projects will generate considerable returns to the Sino Haijing Group in the future. The Sino Haijing Group will continue to review the performance of business portfolios and seek for other potential acquisition opportunities from time to time. The Group expects the new projects is beneficial to the Sino Haijing Group in the future prospect.

    There was no acquisition or disposal of the equity interest in the Sino Haijing Group during the Year Under Review.

11. Newton Resources Ltd and its subsidiaries (collectively referred to as the "Newton Group") were principally engaged in mining, processing and sale of iron concentrates and gabbro-diabase, stone products in the PRC and carpark service.

    Pursuant to the Newton Group's interim report for the six months ended 30 June 2017, the Newton Group recorded revenue of approximately RMB291 million and total comprehensive loss of approximately RMB19 million.

    In view of the Newton Group has been pragmatic in calibrating its business strategies from time to time to expand other existing businesses and explore new opportunities so as to enhance the corporate development and strengthen its income source, the Group believes that the business expansion and diversification will increase the revenue and improve the future prospect of the Newtown Group.

    There was no acquisition or disposal of the equity interest in the Newton Group during the Year Under Review.

12. Solartech International Holdings Limited and its subsidiaries (collectively referred to as the "Solartech Group") were principally engaged in the manufacture and trading of cables and wires, manufacture, trading of copper rods, trading of metallurgical grade bauxite and investment properties.

    Pursuant to the Solartech Group's interim report for the six months ended 31 December 2017, the Solartech Group recorded revenue of approximately HK$200 million and total comprehensive income of approximately HK$12 million.

    The Solartech Group has been devoting substantial effort on the restructuring of the cables and wires business over the past two years, which involved consolidating of plants and acquiring automatic machinery and equipment to enhance efficiency and reduce cost. This has achieved positive results of the Solartech Group. The Group expects the future prospect of the Solartech Group is positive.

    There was no acquisition or disposal of the equity interest in the Solartech Group during the Year Under Review.

13. HMV Digital China Group Limited and its subsidiaries (collectively referred to as the "HMV Digital Group") were principally engaged in the entertainment business, with a focus in television program and movie production, distribution, distribution licensing, cinema operation and management in both Hong Kong and the PRC, artiste management, money lending activities and acquisitions of corporate bonds, preference shares as well as investment in securities.

    Pursuant to the HMV Digital Group's interim report for the six months ended 31 December 2017, the HMV Digital Group recorded revenue of approximately HK$264 million and total comprehensive loss of approximately HK$31 million.

    Since the HMV Digital Group has been taking a leading position in the cultural and entertainment industry in Hong Kong and the PRC with vertically-integrated business chains, whose main businesses comprise up-stream business of movie production, mid-stream business of movie distribution, cinema operations, artiste management and down-stream new-retail-concept stores. Each of the business chain operates well and provides strong synergy among the HMV Digital Group, the Group believes the future prospect of the HMV Digital Group is positive.

    Except for the bonus shares of 31,600,000 shares in the HMV Digital Group, there was no acquisition or disposal of the equity interest in the HMV Digital Group during the Year Under Review.

14. KuangChi Science Limited and its subsidiaries (collectively referred to as the "KuangChi Group") were principally engaged in the research and development and manufacture of innovative products for future technology businesses, and the provision of other innovative technology service solutions.

    Pursuant to the KuangChi Group's final results announcement for the year ended 31 December 2017, the KuangChi Group recorded revenue of approximately HK$306 million and total comprehensive loss of approximately HK$299 million.

    The KuangChi Group put their focus on the future technology business and was committed to building future smart cities by developing and integrating different future technologies, including "future space" technology and "future artificial intelligence" technology. Such technology will allow the KuangChi Group to provide a comprehensive range of innovative products, services and solutions, thereby enhancing service efficiency, satisfying residents' needs, upgrading living quality and, in particular, solving various problems that are faced by human beings. The Group believes the aforementioned will have positive impact to the future prospect of the KuangChi Group.

    There was no acquisition or disposal of the equity interest in the KuangChi Group during the Year Under Review.

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

    Pursuant to the Huayi Tencent Group's interim report for the six months ended 30 June 2017, the Huayi Tencent Group recorded revenue of approximately HK$67 million and total comprehensive loss of approximately HK$82 million.

    The Huayi Tencent Group aims to build a comprehensive platform which integrates content production and online and offline entertainment channels, and becomes a new media business company with a leading position in China and is recognized in the international community. The Group believes that the increase in average spending of residents on education, culture and entertainment in the PRC create a favourable development environment for the Huayi Tencent Group in the Chinese market.

    There was no acquisition or disposal of the equity interest in the Huayi Tencent Group during the Year Under Review.

16. Global Mastermind Holdings Limited and its subsidiaries (collectively referred to as the "Global Mastermind Group") were principally engaged in the provision and operation of travel business, treasury management and money lending.

    Pursuant to the Global Mastermind Group's interim report for the six months ended 30 June 2017, the Global Mastermind Group recorded revenue of approximately HK$24 million and total comprehensive loss of approximately HK$11 million.

The travel business environment of the Global Mastermind Group is continuing to be challenging. The Global Mastermind Group's profitability in travel business is facing pressure from the rising costs of operations and stiff price driven competition and will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions. The Global Mastermind Group will adopt a conservative investment approach towards its treasury management business in the coming quarters and will cautiously monitor Hong Kong equity, change the Global Mastermind Group's equity portfolio mix from time to time and realise the equities held by the Global Mastermind Group into cash as and when appropriate. Given that the Global Mastermind Group's new business in the provision of securities and asset management services is in the final stage of applying for trading rights from the Stock Exchange, the Group believes that the new business of the Global Mastermind Group will broaden its revenue source and beneficial to its future prospect.

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

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

    Pursuant to the Lajin Entertainment Group's interim report for the six months ended 30 June 2017, the Lajin Entertainment Group recorded revenue of approximately HK$50 million and total comprehensive loss of approximately HK$32 million.

    The Laijin Entertainment Group has other investments projects include equity investments in companies which are principally engaged in e-commerce platforms focusing the branding of individual celebrities; and some new media companies which integrate research, creation and production, and final broadcast of online new media contents. The Group believes the other investments projects of the Laijin Entertainment Group will broaden its revenue source and beneficial to its future prospect.

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

18. Yunfeng Financial Group Limited and its subsidiaries (collectively referred to as the "Yunfeng Financial Group") were principally engaged in wealth management, securities brokerage, employee stock ownership plan administration, corporate finance advisory and investment research.

    Pursuant to the Yunfeng Financial Group's interim report for the six months ended 30 June 2017, the Yunfeng Financial Group recorded revenue of approximately HK$9 million and total comprehensive loss of approximately HK$222 million.

    The focus of the Yunfeng Financial Group remains on improving the overall operating result through effective cost control and increase of revenue streams with different strategies based on market situations. The Group believes there is room for growth in the future prospect of the Yunfeng Financial Group.

    There was no acquisition or disposal of the equity interest in the Yunfeng Financial Group during the Year Under Review.

19. China Shandong Hi-Speed Finance Group Limited (formerly known as China Innovative Finance Group Limited) and its subsidiaries (collectively referred to as the "China Shandong Hi-Speed Group") were principally engaged in various kinds of financial services, including financial leasing, operation of an asset trading platform, investments in securities, money lending and investment holding, business factoring and securities brokerage business.

    Pursuant to the China Shandong Hi-Speed Group's interim report for the six months ended 30 September 2017, the China Shandong Hi-Speed Group recorded revenue of approximately HK$74 million and total comprehensive loss of approximately HK$193 million.

    The China Shandong Hi-Speed Group will actively identify merger and acquisition opportunities in the asset management and financial service sectors in a bid to diversify the business risks and create value for shareholders. The China Shandong Hi-Speed Group's operations and future investments will continue to be financed by internal resources and bank borrowings. The Group believes the merger and acquisition activities will have positive impact in the future prospect of the China Shandong Hi-Speed Group.

    There was no acquisition or disposal of the equity interest in the China Shandong Hi-Speed Group during the Year Under Review.

20. Hong Kong Education (Int'l) Investments Limited and its subsidiaries (collectively referred to as the "Hong Kong Education Group") were principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.

    Pursuant to the Hong Kong Education Group's interim report for the six months ended 31 December 2017, the Hong Kong Education Group recorded revenue of approximately HK$53 million and total comprehensive income of approximately HK$14 million.

    The Hong Kong Education Group will embrace new growth opportunities through diversification and carefully study the feasibility of potential mergers and acquisitions with the aim of generating more revenue. The Group believes the business diversification together with the potential mergers and acquisitions will have positive impact to the future prospect of the Hong Kong Education Group.

    During the Year Under Review, the Group has disposed of 5,208,000 shares in the Hong Kong Education Group which led to a realised loss of approximately HK$3,054,000.

21. Others comprised 30 listed securities and none of these investments account for more than 1% of the total assets of the Group as at 31 December 2017.

    There were 4 listed securities included in others, namely Up Energy Development Group Limited (stock code: 307), Hsin Chong Group Holdings Limited (stock code: 404), Hua Han Health Industry Holdings Limited (stock code: 587) and Town Health International Medical Group Limited (stock code: 3886) whose securities were suspended for trading as at 31 December 2017. In view of the prolonged trading suspensions of trading in the securities of these companies, an unrealized fair value loss of approximately HK$27 million (2016: approximately HK$14 million) have been recorded for the investment in securities of these companies during the Year Under Review.

Outlook

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. The combination of the investment portfolio may change from time to time. Considering 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 proposed expansion of the existing listing regime by introducing two new chapters to the Main Board Listing Rules to allow the listing of (i) biotech companies which do not meet any of the financial eligibility requirements of the Main Board; and (ii) issuers from emerging and innovative sectors that have weighted voting rights structures, management 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.

Dr. Wong Yun Kuen
Chairman

Hong Kong, 23 March 2018

PROFILE OF THE DIRECTORS

EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen

Dr. Wong, aged 60, joined the Group in December 2014 as an independent non-executive Director. In July 2017, Dr. Wong has been re-designated from an independent non-executive Director to executive Director and further appointed as the chairman of the Board, the chairman of investment committee of the Company and a director of certain subsidiaries of the Company.

Dr. Wong received his Ph.D. degree from Harvard University, and was a "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities and Investment Institute.

Dr. Wong is currently an executive director and the chairman of UBA Investments Limited (stock code: 768), an executive director of Boill Healthcare Holdings Limited (stock code: 1246). Dr. Wong is a non-executive director of China Sandi Holdings Limited (stock code: 910). Dr. Wong is an independent non-executive director of GT Group Holdings Limited (stock code: 263), Kingston Financial Group Limited (stock code: 1031), DeTai New Energy Group Limited (stock code: 559), Tech Pro Technology Development Limited (stock code: 3823) and Synergis Holdings Limited (stock code: 2340). The securities of the above companies are listed on the Main Board of the Stock Exchange. Dr. Wong is also an independent non-executive director of Kaisun Energy Group Limited (stock code: 8203), whose securities are listed on the GEM of the Stock Exchange.

Dr. Wong was an independent non-executive director of Huge China Holdings Limited (stock code: 428) from September 2004 to January 2015, Bauhaus International (Holdings) Limited (stock code: 483) from October 2004 to December 2016 and Sincere Watch (Hong Kong) Limited (stock code: 444) from September 2012 to December 2017. The securities of these companies are listed on the Main Board of the Stock Exchange.

Mr. Sheung Kwong Cho

Mr. Sheung, aged 37, joined the Group in May 2015 as the financial controller. In June 2016, he was appointed as the company secretary and authorized representative of the Company. In October 2017, Mr. Sheung has been further appointed as an executive Director and the director of certain subsidiaries of the Company. Mr. Sheung is currently a member of investment committee of the Company.

Mr. Sheung holds a Bachelor of Commerce degree from Macquarie University in Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and has more than 12 years of experience in corporate governance, mergers and acquisitions, auditing and financial management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Kwan Shan

Ms. Kwan, aged 46, joined the Group in December 2014 as an independent non-executive Director, the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company. In July 2017, Ms. Kwan has ceased to be the chairman of the nomination committee of the Company and remains as a member of the nomination committee and further appointed as the chairman of the audit committee of the Company.

Ms. Kwan has more than 20 years of experience in the accounting and finance field in listed companies. Ms. Kwan holds a Master of Corporate Governance and a Bachelor's Degree in Accountancy both from The Hong Kong Polytechnic University. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants. Ms. Kwan is currently a company secretary of Good Resources Holdings Limited (stock code: 109).

Ms. Kwan was an executive director of China Gem Holdings Limited (stock code: 1191) from April 2016 to May 2017, and an independent non-executive director of Good Resources Holdings Limited (stock code: 109) from June 2015 to May 2017. The securities of these companies are listed on the Main Board of the Stock Exchange.

Mr. Wong Kui Shing, Danny

Mr. Wong, aged 58, joined the Group in July 2017 as an independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee, nomination committee and investment committee of the Company. Mr. Wong holds a Bachelor of Arts degree from the University of Hong Kong. He has extensive exposure in the financial and investment fields for over 20 years and is well experienced in the international investment market.

Mr. Wong is currently an executive director and chief executive officer of TFG International Group Limited (stock code: 542), an executive director of Huiyin Holdings Group Limited (stock code: 1178) and an independent non-executive director of Tech Pro Technology Development Limited (stock code: 3823). The securities of the above companies are listed on the Main Board of the Stock Exchange. Mr. Wong is also an executive director, the chairman of the board and chief executive officer of China Information Technology Development Limited (stock code: 8178) and an executive director of Larry Jewelry International Company Limited (stock code: 8351). The securities of the above companies are listed on the GEM of the Stock Exchange.

Mr. Wong was a vice chief executive officer of InvesTech Holdings Limited (stock code: 1087) from June 2015 to September 2015 and a non-executive director from September 2015 to June 2017. Mr. Wong was an executive director and managing director of Emperor Culture Group Limited (stock code: 491) from December 2009 to January 2015. In addition, Mr. Wong was an executive director of SMI Holdings Group Limited (stock code: 198) from November 2011 to June 2014. The securities of the above companies are listed on the Main Board of the Stock Exchange. Mr. Wong was a non-executive director of Kong Shum Union Property Management (Holding) Limited (stock code: 8181) from October 2015 to January 2017, whose securities are listed on the GEM of the Stock Exchange.

Pursuant to the listing enforcement notice/announcement of the Stock Exchange dated 16 October 2008, Mr. Wong, together with another former director of China Oil and Gas Group Limited ("China Oil and Gas Group") (stock code: 603), had admitted breaching the directors' declaration, undertaking and acknowledgement with regard to directors given by each of them to the Stock Exchange in the form set out in Appendix 5B to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in failing to use their best endeavours to procure China Oil and Gas Group's compliance with the Listing Rules in relation to the failure of China Oil and Gas Group to publish its annual results and annual report for the year ended 31 July 2005 by 30 November 2005 and the interim results and interim report for the six months ended 31 January 2006 by 30 April 2006. Accordingly, the Listing Committee of the Stock Exchange publicly criticised Mr. Wong and another former director of China Oil and Gas Group for their respective breaches mentioned above.

Mr. Mak Ka Wing, Patrick

Mr. Mak, aged 53, joined the Group in July 2017 and was appointed as an independent non-executive Director, the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company. Mr. Mak is a registered solicitor of the High Court of Hong Kong and Managing Partner of Patrick Mak & Tse, Solicitors. Mr. Mak has over 20 years' legal experience in the legal field. He was awarded the Common Professional Examination Certificate in Laws by the University of Hong Kong in 1995 and was awarded his Postgraduate Certificate in Laws (P.C.LL) by the University of Hong Kong in 1998.

Mr. Mak is currently an independent non-executive director of Fullsun International Holdings Group Co., Limited (stock code: 627) and Fresh Express Delivery Holdings Group Co., Ltd. (stock code: 1175). The securities of these companies are listed on the Main Board of the Stock Exchange.

Mr. Mak was an independent non-executive director of Convoy Global Holdings Limited (stock code: 1019) from March 2017 to November 2017, Tianli Holdings Group Limited (stock code: 117) from September 2013 to July 2015 and Golden Shield Holdings (Industrial) Limited (in liquidation) (stock code: 2123) from November 2014 to May 2015. The securities of these companies are listed on the Main Board of the Stock Exchange. A winding up order against Golden Shield Holdings (Industrial) Limited (in liquidation) was made by the High Court of Hong Kong on 11 May 2015 and the Official Receiver was appointed as its Provisional Liquidator. The subject winding-up petition was filed by a former legal adviser of Golden Shield Holdings (Industrial) Limited (in liquidation) in respect of a claim of approximately HK$833,000.

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements. There were no significant changes to the Group's principal activities during the current year. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 3 to 12 of this annual report. This discussion forms part of this Directors' Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 and the Group's financial position at that date are set out in the Group's consolidated financial statements on pages 46 to 94.

DIVIDEND

The Directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 95 of this annual report.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of the investment properties and property, plant and equipment held by the Group as at 31 December 2017 are set out in notes 17 and 18 to the consolidated financial statements respectively. Particulars of the properties and property interests of the Group are set out on page 96 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the shareholders of the Company ("Shareholders") as at 31 December 2017 comprised the retained profits of approximately HK$123,882,000 (2016: HK$141,634,000).

CHARITABLE DONATIONS

No charitable donation was made by the Group during the year (2016: nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 13 to 15 of this annual report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective associates (as defined in the Listing Rules) had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business during the year.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Dr. Wong Yun Kuen *(Chairman)*	(re-designated from independent non-executive Director to executive Director with effect from 18 July 2017)
Mr. Sheung Kwong Cho	(appointed with effect from 31 October 2017)
Mr. Yu Pak Yan, Peter	(resigned with effect from 31 October 2017)
Mr. Fok Chi Tak	(resigned with effect from 18 July 2017)

Independent Non-Executive Directors

Ms. Kwan Shan	
Mr. Wong Kui Shing, Danny	(appointed with effect from 18 July 2017)
Mr. Mak Ka Wing, Patrick	(appointed with effect from 18 July 2017)
Mr. Chan Ming Sun, Jonathan	(resigned with effect from 18 July 2017)
Dr. Wong Yun Kuen	(re-designed from independent non-executive Director to executive Director with effect from 18 July 2017)

Mr. Yu Park Yan, Mr. Fok Chi Tak and Mr. Chan Ming Sun, Jonathan have confirmed that they has no disagreement with the Board and nothing relating to the affairs of the company needed to be brought to the attention of the Shareholders.

Pursuant to articles 73, 74 and 78 of the articles of association of the Company (the "Articles") and code provision A.4.2 of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, Mr. Sheung Kwong Cho, Mr. Wong Kui Shing, Danny and Mr. Mak Ka Wing, Patrick, being the newly appointed Directors, shall hold office only until the forthcoming annual general meeting of the Company (the "AGM"). They, being eligible, have offered themselves for re-election as Directors at the AGM.

Details of the Directors offering themselves for re-election are set out in the circular of the Company dated 6 April 2018.

DIRECTORS OF SUBSIDIARIES

During the year and up to the date of this report, Dr. Wong Yun Kuen and Mr. Sheung Kwong Cho are also directors in certain subsidiaries of the Company. Other directors of the Company's subsidiaries during the year and up to the date of this report were:

Mr. Duncan Chiu
Mr. Derek Chiu
Mr. Yu Pak Yan, Peter (resigned with effect from 31 October 2017)
Mr. Fok Chi Tak (resigned with effect from 18 July 2017)

DIRECTORS' SERVICE CONTRACTS

Mr. Sheung Kwong Cho has entered into a service agreement with the Company in relation to his appointment as the financial controller, company secretary and authorised representative of the Company. He has no fixed term of service unless terminated by at least one month's written notice served by either party at any time during the then existing term.

Dr. Wong Yun Kuen, Ms. Kwan Shan, Mr. Wong Kui Shing, Danny and Mr. Mak Ka Wing, Patrick were appointed to the Board pursuant to their respective letters of appointment, for a term of one year, and such appointment may be terminated in accordance with its terms.

Save as disclosed above, none of the Directors who is proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2017, none of the Directors or chief executives 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.

PERMITTED INDEMNITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles and subject to the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), every Director or other officer of the Company shall be indemnified out of the assets of the Company against all loss and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such Article shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUBSTANTIAL SHAREHOLDERS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO discloses no person as having a notifiable interest or short position in the share capital of the Company as at 31 December 2017.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, form each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales to the Group's five largest and the Group's largest customer accounted for approximately 84.80% and 27.06% of the total turnover for the year, respectively.

Aggregate purchases from the Group's five largest and the Group's largest supplier accounted for approximately 55.47% and 27.45% of the total purchases for the year, respectively.

At no time during the year did a Director, a close associate of a Director or a Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's number of issued shares) have an interest in any of the Group's five largest suppliers or customers.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 34 to 41 of this annual report.

AUDIT COMMITTEE

An audit committee of the Company (the "Audit Committee") was established by the Board with written terms of reference which are consistent with the provisions set out in the relevant section of the CG Code.

During the year ended 31 December 2017, the Audit Committee met four times to consider the financial reporting matters. 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, risk management and internal control system, and financial reporting matters including the review of the consolidated financial statements. As at the date of this annual report, 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 final results of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee which is of the opinion that the preparation of such results was in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares during the year and up to the latest practicable date of this annual report.

EMOLUMENT POLICY

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in notes 12 and 14 to the consolidated financial statements, respectively.

The emolument policy of the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

AUDITOR

During the year ended 31 December 2017, Messrs. Deloitte Touche Tohmatsu, who acted as auditor of the Company for the past three years, resigned and Messrs. BDO Limited was appointed as auditor of the Company. A resolution will be submitted to the AGM to re-appoint the auditor, Messrs. BDO Limited.

APPRECIATION

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

On behalf of the Board

Dr. Wong Yun Kuen
Chairman

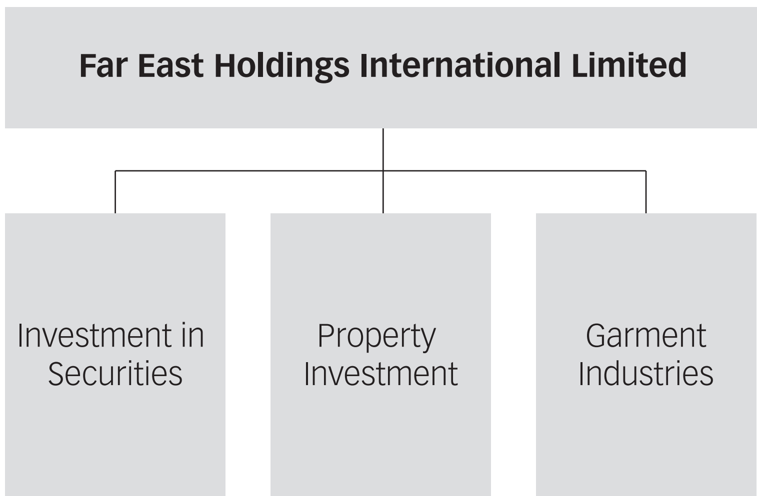
Hong Kong, 23 March 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT US

The Group was listed on the Main Board of the Stock Exchange since 1973. 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. While downsizing the garment manufacturing business due to changing market conditions, the Group is committed to seeking opportunities to strengthen its property investment business in Hong Kong, as well as monitoring its securities investment portfolio closely to maximise value for shareholders of the Company.

The Group's Business Structure



ABOUT THIS REPORT

This is the second Environmental, Social and Governance Report (the "ESG Report") published by the Group for the Year Under Review. By reporting the policies, measures and performances of the Group in environmental, social and governmental aspects, it allows all stakeholders to understand its progress and development direction. The ESG Report is available on the website of the Company (http://www.feholdings.com.hk) and website of the Stock Exchange.

Reporting Boundary

This report focuses on the operations of the Group's business segments of securities investment and property investment for the Year Under Review, with the Group's registered office in Hong Kong[1] as the reporting boundary.

Reporting Standard

The ESG report is prepared in accordance with the 'comply or explain' provisions of Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") launched by the Stock Exchange. The four reporting principles: materiality; quantitative; balance; and consistency form the backbone of the ESG report. To ensure the accuracy of environmental key performance indicators, the Group commissioned a professional consultancy, Carbon Care Asia Limited ("CCA"), to conduct a carbon assessment. In addition, selected key performance indicators that are categorised by the ESG Reporting Guide as 'recommended disclosures' are included for enhanced reporting. A complete index was disclosed on pages 31 to 33 of this annual report.

Confirmation and Approval

The information documented in the ESG report is sourced from the official documents, statistical data, management and operation information of and collected by the Group the according to the policies of the Group. The ESG report has been confirmed and approved by the board of directors on 23 March of 2018.

Opinion and Feedback

The Group values the feedback and opinion from the stakeholders about this ESG Report. Stakeholders may send their feedback and opinion to the registered office of the Company by post, fax or email. The address of the registered office and contact information of the Company are as follows:

Far East Holdings International Limited
Address: Unit 904, 9/F Wings Building, 110–116 Queen's Road Central, Central, Hong Kong
Email: admin@feholdings.com.hk
Fax: (852) 3970 4019

[1] The principal subsidiaries of the Company are Gold Sky Investments Limited, River Joy Limited, Kingston Property Investment Limited and Coast Holdings Limited.

MESSAGE FROM THE MANAGEMENT

We are pleased to present the ESG Report and we are committed to implementing effective environmental and social policies in our operations.

We are committed to minimising the environmental impact of its operations. We conducted a formal carbon assessment for the first time as an important start of our carbon reduction efforts. Since year ended 31 December 2016, the Company has established a green office policy (the "Green Office Policy") which helps us to utilise resources more effectively and in an environmentally friendly manner.

The principal activities of the Group are increasingly subject to environmental and social challenges. For the Group to respond to changes in the market and the community in a timely and appropriate manner, we make every effort to ensure that our staff are adequately equipped and trained.

We encourage our employee to contribute to the community in which we operate as we owe a duty to those affected by our business activities. Accordingly, frequent volunteering activities provide our staff with the opportunity to understand and engage the community closely. This enables us to target our actions towards what is needed by the community.

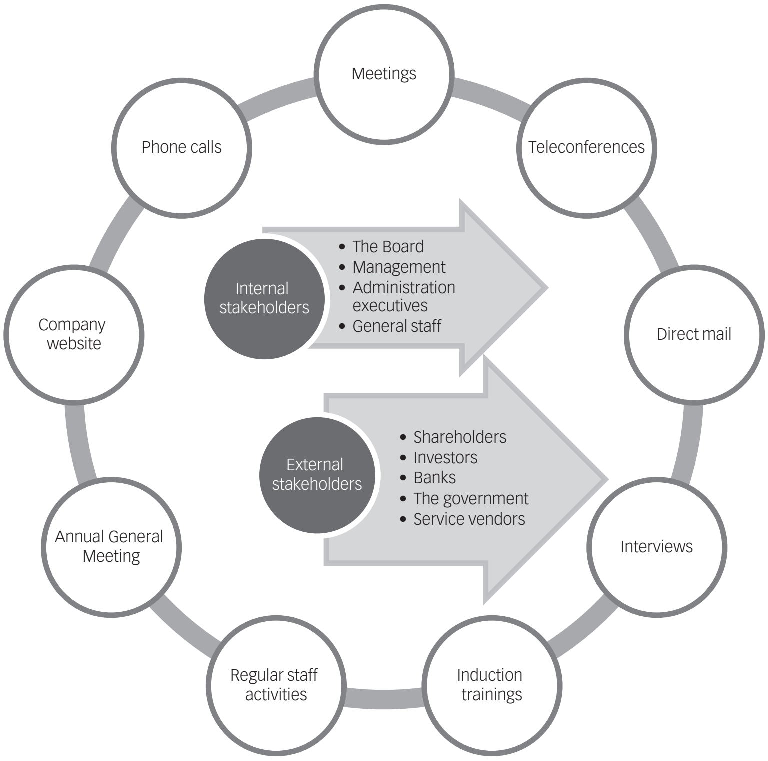
Looking ahead, we are committed to implementing and strengthening our environmental and social initiatives.

Dr. Wong Yun Kuen
Chairman
Far East Holdings International Limited

STAKEHOLDER ENGAGEMENT

The Group engages its stakeholders[2] continuously. Engagement is not only a form of respect the Group shows to its stakeholders, it also allows the Group to listen to and respond to their needs, as well as improve the services and products the Group delivers. Various engagement channels have been set up to guarantee all feedback from each group is responded in a timely manner.

Main means of stakeholder engagement



Material sustainability issues in the reporting year

Consistent with the prior year, the Group commissioned CCA to conduct a management interview by combining the results of interview and the expert advice, the Group has identified three material issues from the eleven environmental and social aspects from the ESG Reporting Guide to be the material focus of the ESG report.

Use of resources	Development and training	Community investment

2 Stakeholders generally refer to groups or individuals materially influencing or affected by the Group's business. Internal stakeholders include the Board, management, administration executives and general staff. External stakeholders include shareholders, investors, banks, the government and service vendors.

To ensure the effectiveness of stakeholder engagement, the Group dedicates itself to establishing communication mechanisms for transparency, integrity and accuracy and providing timely response to the stakeholders. Looking ahead, the Group will explore more possibilities to strengthen its interaction with the stakeholders.

PROTECTING THE ENVIRONMENT

Use of Resources

The Group recognises that a core component of maintaining sustainable development is to manage its use of resources and is committed to utilise resources in an efficient and responsible manner. Since the adoption of the Green Office Policy in 2016, the Group has engaged its employees in practising various energy and resource saving measures in daily operations. Further details of such is set out in the table below:

Resources	Measure highlights
Energy	— Set up power-saving mode for electrical appliances, including computers, photocopiers and printers, etc. — Set up timers in air conditioners to initiate shutdown after office hours. — Encourage staff to dress suitably according to seasonal temperatures and avoid excessive air conditioning at office.
Paper	— Adopt paperless communication for internal meetings. — Prioritize electronic communication over mailing with external parties whenever possible. — Optimise page margins and font size before printing. — Reuse one-sided printer paper.
Water	— Ban bottled water at office.

In addition to managing its use of resources, the Group adopts a similar approach regarding the sourcing of office supplies. For example, the annual reports and interim reports of the Company are printed by using environmentally friendly papers.

In the future, the Group will progress towards a more comprehensive resource management approach, reviewing and reporting energy and water performance regularly, as well as sharing such practices with other business segments.

Emissions

For the Year Under Review, the Group engaged CCA to quantify the greenhouse gas (the "GHG") emissions from its operations through carbon assessment. CCA referred to the Guidelines[3] compiled by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong during the quantification of the GHG emissions.

Based on the business nature of the Group, mobile combustion from passenger cars accounts for the majority of the GHG emissions of the Group. To comply with the Green Office Policy, the Group emphasises its preference for meeting venues of higher walking accessibility, over those requiring access by transport.

3 Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong

With regard to waste generation, the Group continues its emphasis on reducing waste at source, with recycling bins installed throughout the office and conference room. An office 'swap closet' is also in place for exchanging office supplies between former and new employees to reduce wastage. For details on emissions and waste generation during the Year Under Review, please refer to the 'Key Performance Indicators' chapter on page 28 of this annual report.

Target achieved: Recycled 12.5kg of printed mail

The Group will continue to assess, record and disclose the GHG emissions annually. Data in the current year will be used as a baseline for comparison against the results in the coming years, which will form the foundation for establishing a more refined carbon reduction strategy to better engage staff in its sustainability effort.

The Environment and Natural Resources

Beyond the GHG emissions, waste and resource use as the abovementioned, the nature of the Group's business does not have a significant impact on the environment and natural resources in its sphere of operation. Furthermore, the Group also places emphasis on food consumption among its employees by providing a catering list in the Green Office Policy that recommend restaurants using local and organic produce. This list is also shared with the Group's business partners.

The Group believes if adheres to environmental laws and regulations in its daily operations. During the Year Under Review, the Group did not identify any non-compliance with relevant environmental laws and regulations.

EMPLOYMENT AND LABOUR PRACTICES

Training and Development

The Group dedicates itself to providing employees opportunities to learn important and transferrable skills that would allow them to advance in their future careers. The Group believes that investment in employees should be a priority and gives continuous emphasis to training and development.

Acknowledging that employees have various training needs, the Group arranges different training sessions that correspond to the roles of employees. During the Year Under Review, employee attended external training sessions that provided insight into corporate and regulatory updates. An ongoing mentoring program is conducted for employees who joined the Group during the Year Under Review, where a mentor is assigned to guide the new employees through the work environment and their job functions.

100% of employees trained in the reporting year

Through the performance appraisal system, the Group aims to continually identify employees' development opportunities. In addition to discussions of employees' performance, there were constructive discussions around career development and training needs. Looking ahead, the Group will continue to commit itself to providing support for employees' development and training needs.

Employee Well-Being

Creating a work environment that values equal opportunities and diversity remains a focus of the Group for the Year Under Review. On top of the existing employment policies including but not limited to remuneration, working hours, zero tolerance for discrimination and harassment, as well as employee benefits etc. established in the Employee Handbook of the Group (the "Employee Handbook"), the Group treasures employees' feedback by encouraging open communication in its Open Door Policy. For employees terminating their employments with the Group, management ensures exit interviews are conducted to collect feedback, which will assist the Group in improving the work environment and reviewing measures to reduce employee turnover.

Health and Safety

The Group is committed to providing a safe and healthy workplace. As stated in the Employee Handbook, occupational health and safety guidelines ranging from fire hazards, pandemic diseases, to expectations on employee conduct such as alcohol abuse and violent behaviour that may affect the workplace environment are in place. Communication is seen as the key to effectively implementing the Group's measures as management welcomes feedback and non-compliance reporting.

Labour Standards

Child labour and forced labour violate fundamental human rights and threaten sustainable social and economic development of the world. The Group complies with the relevant laws and regulations to avoid child and forced labour in its operations. In line with the Group's policies, staff engaged in human resources are well informed of laws and regulations regarding child labour and forced labour, and ensures complete verification of employees' identification documents upon recruitment. The Group does not withhold these documents or establish terms in contracts that undermines employees' fair employment, such as involuntary overtime work or payroll deduction without the employees' consent.

During the Year Under Review, the Group complied fully with laws and regulations relating to employment, providing a safe working environment and protecting employees from occupational hazards, as well as preventing child and forced labour.

INVESTING IN SOCIETY

As a caring enterprise, the Group is keen on understanding the needs and fulfilling the expectations of various stakeholders and the communities in which the Group provides its services. During the Year Under Review, the Group's employee at the head office contributed a total of 96 hours towards volunteering programs serving the elderly and the intellectually challenged at the Senior Citizen Home Safety Association and Fu Hong Society respectively.

In the future, the Group will continue its engagement, consider identifying focus areas of contribution and making use of its sectorial expertise in community investment initiatives.

OPERATING PRACTICES

Product Responsibility

In view of the Group's business nature in investment in securities and property investment, delivering its services in a responsible manner remains the Group's focus. The audit committee (the "Audit Committee") and investment committee (the "Investment Committee") of the Company have significant roles in delivering this objective. On one hand, the Audit Committee is responsible for risk assessment in financial, compliance and proposing relevant strategies to the Group; on the other hand, the Investment Committee upholds the Group's responsible investment approach. Before making investment decisions, the Committee assesses the potential companies' level of transparency, accountability and financial strength.

During the Year Under Review, the Group did not identify any non-compliance with laws and regulations relating to product responsibility.

In the future, the Group will consider establishing a well-rounded product responsibility policy with increasing focus on areas such as data protection and quality assurance relating to the services provided by the Group.

Anti-corruption

In line with the Employee Handbook and the Internal Control Policies and Procedures Manual (the "IC Manual"), the Group commits itself to complying with all laws and regulations, including observing and complying with anti-corruption and bribery laws. All employees have received sufficient information on the Company's anti-corruption principles with reference to the established guidelines. For instance, the IC Manual states the expectations for employees in handling confidential information and gains from investment to avoid misappropriation. The Employee Handbook sets out clear guidelines from accepting favours that may be perceived as attempts to influence the Group's decisions to engaging in personal external activities that may imply the Group's endorsement for particular products or services. In any event, employees must declare to management any situation which may present a conflict of interest. Any complaints or allegations will be documented and investigated by the executive Director.

During the Year Under Review, the Group did not identify any non-compliance with laws and regulations and there were no incidents in relation to corruption that involve the Group and its employees within the reporting scope.

Supply Chain Management

Since the Group's operations are in an office setting, purchases mainly relate to office supplies including stationeries and electronic equipments. At the procurement stage, the Group compares potential suppliers in terms of not only price and reputation but also product safety, environmental and social responsibility. For example, the Group currently sources printer paper from brands that actively manages its carbon footprint, and those that have a greater percentage of recycled content in their products. While the Group does not have a standalone environmental, social and governance policy that applies to its supply chain, it will continue to take into consideration sustainability performance when selecting suppliers.

KEY PERFORMANCE INDICATORS

The GHG emissions

Scope	Emission Source	Emissions in 2017 (tonnes of carbon dioxide equivalent)
Scope 1: Direct GHG Emissions	Fossil Fuel Combustion — Petrol	21.4
	Sub-total	21.4
Scope 2: Energy Indirect GHG Emissions	Purchased Electricity	18.6
	Sub-total	18.6
Scope 3: Other Indirect GHG Emissions	Paper Waste Disposal	7.97
	Freshwater & Sewage Processing	0.02
	Sub-total	8.0
	Total GHG emissions	48.0

Energy consumption by type

Type	Energy	Consumption in 2017 (MWh)
Direct Energy	Petrol	68.9
Indirect Energy	Electricity	23.6
Total energy consumption		92.5

Number of employees by gender, employment type and age group

			Below 30	30 to 50	Above 50	Total	Total Workforce	Workforce ratio by gender 2017
Number of employees	Male	Senior Management	0	1	3	4	7	1.33:1
		Middle Management	0	0	0			
		General staff	0	0	0			
	Female	Senior Management	0	1	0	3		
		Middle Management	0	1	0			
		General staff	0	0	1			

Number of new employees by gender, employment type and age group

			Below 30	30 to 50	Above 50	Total number of new employees	New Employees rate 2017
Number of new employees	Male	Senior Management	0	0	2	3	43%
		Middle Management	0	0	0		
		General staff	0	0	0		
	Female	Senior Management	0	0	0		
		Middle Management	0	0	0		
		General staff	0	0	1		

Employee turnover by gender, employment type and age group

			Below 30	30 to 50	Above 50	Total employee turnover[4]	Employee turnover rate 2017
Employee turnover	Male	Senior Management	0	2	1	3	43%
		Middle Management	0	0	0		
		General staff	0	0	0		
	Female	Senior Management	0	0	0		
		Middle Management	0	0	0		
		General staff	0	0	0		

		Senior management	Middle management	General staff	
Number of trained employees	Male	4	0	0	100% of employees received training
	Female	1	1	1	

		Senior management	Middle management	General staff
Training hours	Male	40	0	0
	Female	30	1,800	3

	Male	Female
Average training hours by gender	10	611

	Senior management	Middle management	General staff
Average training hours by employee category	14	1,800	3

4 Employee turnover during the Year Under Review involved resignation of three Directors, who tendered their resignations due to personal reasons and pursuit of other business opportunities. All three Directors have confirmed no disagreement with the Board and there was no matter in relation to their resignations that should be brought to the attention of the Shareholders or the Stock Exchange.

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Data of the Year Under Review	Page Index
A. Environmental			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	–	25–26
A1.1	The types of emissions and respective emissions data	–	–
	Nitrogen oxides (NO_x) (kilogram)	3.83	–
	Sulphur oxides (SO_x) (kilogram)	0.12	–
	Particulate matter (PM) (kilogram)	0.28	–
A1.2	Greenhouse gas emissions in total (tonnes CO2-e)	48	–
	Intensity of greenhouse gas emissions (tonnes CO2-e/employee)	12	–
A1.3	Total hazardous waste produced (tonnes)	0	–
	Intensity of total hazardous waste produced (tonnes/employee)	0	–
A1.4	Total non-hazardous waste produced (tonnes)	0.06	–
	Intensity of non-hazardous waste produced (tonnes/employee)	0.02	–
A1.5	Description of measures to mitigate emissions and results achieved	–	25–26
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	–	25–26
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	–	25
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh).	92,509	–
	Petrol	68,909	–
	Purchased electricity	23,600	–
	Direct and/or indirect energy intensity by type (e.g. electricity, gas or oil) (MWh/employee)	23,127	–
A2.2	Water consumption in total (cubic meter)	33	–
	Water intensity (cubic meter/unit of product)	8.25	–
A2.3	Description of energy use efficiency initiatives and results achieved	–	25
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	–	25
A2.5	Total packaging material used for finished products (tonnes)	0	–
	Packaging material intensity (tonnes/employee)	0	–
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	–	26
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	–	26

Material Aspect	Content	Data of the Year Under Review	Page Index
B. Social			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	–	27
B1.1	Total workforce	–	29
	Total workforce by gender, employment type, age group and geographical region	–	29
B1.2	Employee turnover rate	–	30
	Employee turnover rate by gender, age group and geographical region	–	30
GRI 401-1	Total number of new employee hires	–	29
	Rate of new employee hires	–	29
	Total number and rate of new employee hires by gender, age group and geographical region	–	29
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	–	27
B2.1	Number and rate of work-related fatalities	0	–
B2.2	Lost days due to work injury	0	–
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	–	27
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	–	26
B3.1	Percentage of employees trained	–	30
	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	–	30
B3.2	Average training hours completed per employee	–	30
	The average training hours completed per employee by gender and employee category	–	30

Material Aspect	Content	Data of the Year Under Review	Page Index
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	–	27
B4.1	Description of measures to review employment practices to avoid child and forced labour	–	27
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	–	28
B5.1	Number of suppliers by geographical region	18; all in Hong Kong	–
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	–	28
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	–	27–28
B7 Anticorruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	–	28
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	–	28
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	–	27
B8.2	Employee volunteer service hours	96	–

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in this annual report for the year ended 31 December 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2017, the Company has complied with all the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules, except for the following deviations:

(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.

DIRECTORS' SECURITIES TRANSACTIONS

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 the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Year Under Review.

THE BOARD OF DIRECTORS

The Board's primary responsibilities are to formulate long-term corporate strategy, to oversee the management of the Group, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board, while the management of the Company is responsible for the daily management and operations of the Group. The Board is directly accountable to the Shareholders and is responsible for preparing the accounts.

During the Year Under Review, the management of the Company provided (i) sufficient explanation and information to the Board to enable it to make an informed assessment of the financial and other information put before it for approval; and (ii) all the Directors with timely updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Board Composition

The Board currently comprises five Directors, whose biographical details are set out in the "Profile of the Directors" on pages 13 to 15 of this annual report. Two of the Directors are executive and three are independent non-executive. The three independent non-executive Directors bring a broad range of financial, regulatory and commercial experience and skills to the Board, which contributes to the effective strategic management of the Group. The executive Directors are not permitted to engage in any other business which is in competition with that of the Group, and are required to devote sufficient business time to the business and affairs of the Group.

The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and the Company at www.feholdings.com.hk.

To the best of the knowledge and belief of the Directors, there is no relationship, including financial, business, family or other material/relevant relationships among the Board members.

Appointment, Re-election and Removal of Directors

In accordance with article 73 of the Articles, at the annual general meeting of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office.

In accordance with article 78 of the Articles, a director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election.

In accordance with article 80 of the Articles, the Company may by an ordinary resolution remove any Director (including a managing or other executive Director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

The Company has taken out appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against the Directors arising from the corporate activities.

Independence of Independent Non-Executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation in respect of his/her independence during the Year Under Review pursuant to Rule 3.13 of the Listing Rules. All the independent non-executive Directors are still considered to be independent.

Board Meetings

The Board meets regularly to review the financial and operating performance of the Group and considers and approves the overall strategies and policies of the Group. An agenda accompanying the Board/committee papers is distributed to the Directors/members of the Board committees with reasonable notice in advance of the meetings. Minutes of Board meetings and Board committees meetings, which record in sufficient details the matters considered by the Board/members of the Board committees and decisions reached, including any concerns raised by the Directors/members of the Board committees or dissenting views expressed, are kept by the company secretary of the Company and open for inspection by Directors. Full Board meetings were held for any material transactions instead of by way of written resolutions and the independent non-executive Directors who, and whose close associates, have no material interest in the transactions were present at such meetings. All the Directors have separate and independent access to the Company's senior management to fulfill their duties, and to independent professional advice in appropriate circumstances upon reasonable request, at the expense of the Company.

12 Board meetings and 1 general meeting were held during the Year Under Review. The attendance record of each Director at the Board meetings and the general meeting is set out in the table below:

	Board meeting attended/ Eligible to attend	General meeting* attended/ Eligible to attend
Executive Directors		
Dr. Wong Yun Kuen**	5/5	0/0
Mr. Sheung Kwong Cho (appointed with effect from 31 October 2017)	1/1	0/0
Mr. Yu Pak Yan, Peter (resigned with effect from 31 October 2017)	11/11	1/1
Mr. Fok Chi Tak (resigned with effect from 18 July 2017)	7/7	1/1
Independent Non-Executive Directors		
Ms. Kwan Shan	12/12	1/1
Mr. Wong Kui Shing, Danny (appointed with effect from 18 July 2017)	4/5	0/0
Mr. Mak Ka Wing, Patrick (appointed with effect from 18 July 2017)	5/5	0/0
Mr. Chan Ming Sun, Jonathan (resigned with effect from 18 July 2017)	7/7	1/1
Dr. Wong Yun Kuen**	7/7	1/1

* The meeting was annual general meeting held on 5 June 2017.

** Re-designated from independent non-executive Director to executive Director with effect from 18 July 2017

Continuous Professional Development

According to the records maintained by the Company, the Directors have participated in the following forms of continuous professional development to develop and refresh their knowledge and skills in compliance with the requirements of the CG Code on continuous professional development for the year ended 31 December 2017:

Directors	Attending in-house briefings	Giving talks	Attending training conducted by professional parties	Reading materials relevant to director's duties and responsibilities
Executive Directors				
Dr. Wong Yun Kuen*	✓	✓	✓	✓
Mr. Sheung Kwong Cho (appointed with effect from 31 October 2017)	✓	–	✓	✓
Mr. Yu Pak Yan, Peter (resigned with effect from 31 October 2017)	✓	✓	✓	✓
Mr. Fok Chi Tak (resigned with effect from 18 July 2017)	✓	–	✓	✓
Independent non-executive Directors				
Ms. Kwan Shan	–	–	✓	✓
Mr. Wong Kui Shing, Danny (appointed with effect from 18 July 2017)	–	–	✓	✓
Mr. Mak Ka Wing, Patrick (appointed with effect from 18 July 2017)	–	–	✓	✓
Dr. Wong Yun Kuen*	–	✓	✓	✓
Mr. Chan Ming Sun, Jonathan (resigned with effect from 18 July 2017)	–	–	✓	✓

* Re-designated from independent non-executive Director to executive Director with effect from 18 July 2017

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of the Chairman is held by Dr. Wong Yun Kuen. The Company has not had a designated chief executive officer and the day-to-day management of the Group's business is handled by the executive Directors collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The existing independent non-executive Directors are appointed for a specific term and are subject to retirement by rotation and re-election at the annual general meeting of the Company.

During the Year Under Review, the independent non-executive Directors made a positive contribution to the development of the Company's strategies and policies through independent, constructive and informed comments.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective risk management and internal control system of the Group. The Group's risk management and internal control system includes a well-defined management structure with limits of authority which is designed for the achievement of business objectives, detailed risk identification procedures and risk management process, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.

During the Year Under Review, the Board through the Audit Committee had conducted review on the risk management of the Group. The review covered risk management functions of the Group. Appropriate measures have been put in place to manage the risks. No major issue was raised for improvement.

The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time. During the Year Under Review, the Board, through the Audit Committee and an independent accounting firm, has conducted a review of the effectiveness of the internal control system of the Company and is satisfied that the internal control systems within the Group are effective.

AUDITOR'S REMUNERATION

For the year ended 31 December 2017, the auditors of the Company received approximately HK$580,000 for audit services (2016: HK$730,000) and nil for non-audit services (2016: HK$121,000).

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparation of the consolidated financial statements of the Group for the year ended 31 December 2017 which give a true and fair view of the state of affairs of the Group, and are prepared in accordance with the applicable statutory requirements and accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore, the Directors continue to adopt the going concern approach in preparing the consolidated financial statements of the Group. The statement of the external auditor of the Company, BDO Limited, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 42 to 45 of this annual report.

BOARD COMMITTEES

The Board has established the following Board committees to oversee the particular aspects of the Group's affairs.

Audit Committee

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

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

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

(i) reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2017 and the related interim results announcement and made recommendations to the Board that the same be approved;

(ii) reviewed the consolidated financial statements of the Group for the year ended 31 December 2017 and the related annual results announcement and auditor's report; and made recommendations to the Board that the same be approved;

(iii) reviewed external auditor's report to the Audit Committee for the year ended 31 December 2017;

(iv) reviewed the report of the external auditor and made recommendations to the Board for their re-appointment at the annual general meeting on 5 June 2017;

(v) reviewed corporate governance internal control systems, internal audit report and effectiveness of risk management system;

(vi) reviewed the terms of reference of the Audit Committee and concluded that no revision was required;

(vii) reviewed the fees for audit and non-audit services provided by the external auditor; and

(viii) met with the external auditor in the absence of management.

During the year ended 31 December 2017, four meetings were held. The attendance record of each member of the Audit Committee is as follows:

	Audit Committee meeting attended/ Eligible to attend
Ms. Kwan Shan (chairman of the Audit Committee)	4/4
Mr. Chan Ming Sun, Jonathan (resigned with effect from 18 July 2017)	2/2
Mr. Wong Kui Shing, Danny (appointed with effect from 18 July 2017)	2/2
Mr. Mak Ka Wing, Patrick (appointed with effect from 18 July 2017)	2/2
Dr. Wong Yun Kuen (re-designated from independent non-executive Director to an executive Director with effect from 18 July 2017)	2/2

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established by the Board with written terms of reference. The terms of reference of the Remuneration Committee are consistent with the provisions set out in the relevant section of the CG Code, and the same are available on the websites of the Stock Exchange and the Company at www.feholdings.com.hk.

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 of the Company. No Director is involved in deciding his own remuneration. Currently, the Remuneration Committee comprises all the independent non-executive Directors, namely, Mr. Wong Kui Shing, Danny (chairman of the Remuneration Committee), Ms. Kwan Shan and Mr. Mak Ka Wing, Patrick.

During the Year Under Review, the Company's policy and the structure of the remuneration of all the Directors and senior management of the Company have been reviewed by the Remuneration Committee and recommendations have been made to the Board for approval.

During the year ended 31 December 2017, three Remuneration Committee meetings were held. The attendance record of each member of the Remuneration Committee is as follows:

	Remuneration Committee meeting attended/ Eligible to attend
Mr. Wong Kui Shing, Danny (chairman of the Remuneration Committee) (appointed with effect from 18 July 2017)	1/1
Ms. Kwan Shan	3/3
Mr. Mak Ka Wing, Patrick (appointed with effect from 18 July 2017)	1/1
Mr. Chan Ming Sun, Jonathan (resigned with effect from 18 July 2017)	2/2
Dr. Wong Yun Kuen (re-designated from an independent non-executive Director to executive director with effect from 18 July 2017)	2/2

Nomination Committee

The nomination committee (the "Nomination Committee") was established by the Board with written terms of reference. The terms of reference of the Nomination Committee are consistent with the provisions set out in the relevant section of the CG Code, and the same are available on the websites of the Stock Exchange and the Company at www.feholdings.com.hk.

The Nomination Committee is principally responsible for formulating and making recommendation to the Board regarding the Board composition. Currently, the Nomination Committee comprises all the independent non-executive Directors, namely, Mr. Mak Ka Wing, Patrick (chairman of the Nomination Committee), Ms. Kwan Shan and Mr. Wong Kui Shing, Danny.

The Board approved the adoption of the Board Diversity Policy (the "Policy") in 2013. It sets out the approach to achieve diversity on the Board to enhance the quality of its performance. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender. The Nomination Committee will monitor the implementation of the Policy and review the Policy, as appropriate, to ensure its effectiveness. The Nomination Committee will also discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

During the Year Under Review, the structure, size and composition of the Board has been reviewed by the Nomination Committee and the independence of the independent non-executive Directors has been assessed by the Nomination Committee.

During the year ended 31 December 2017, two Nomination Committee meetings were held. The attendance record of each member of the Nomination Committee is as follows:

	Nomination Committee meeting attended/ Eligible to attend
Mr. Mak Ka Wing, Patrick (chairman of the Nomination Committee) (appointed with effect from 18 July 2017)	1/1
Ms. Kwan Shan	2/2
Mr. Wong Kui Shing, Danny (appointed with effect from 18 July 2017)	1/1
Mr. Chan Ming Sun, Jonathan (resigned with effect from 18 July 2017)	1/1
Dr. Wong Yun Kuen (re-designated from independent non-executive Director to executive Director with effect from 18 July 2017)	1/1

Investment Committee

The investment committee of the Company (the "Investment Committee") was established by the Board with written terms of reference.

The Investment Committee is principally responsible for reviewing and evaluating any investment projects proposed by the Group and making recommendations to the Board on such investment projects. It also monitors the investments of the Group. Currently, the Investment Committee comprises Dr. Wong Yun Kuen (chairman of the Investment Committee) and Mr. Sheung Kwong Cho, both of whom are executive Directors, and Mr. Wong Kui Shing, Danny, an independent non-executive Director.

During the Year Under Review, the Investment Committee provided guidance and recommendations to the Board on investment projects.

CORPORATE GOVERNANCE FUNCTIONS

During the Year Under Review, the Board was responsible for performing the functions set out in code provision D.3.1 of the CG Code. The Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management of the Company, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

COMPANY SECRETARY

During the Year Under Review, the company secretary of the Company was Mr. Sheung Kwong Cho ("Mr. Sheung"). The biographical details of Mr. Sheung were disclosed on page 13 of this annual report. Mr. Sheung confirmed that he has received not less than 15 hours professional training during the Year Under Review.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining clear, timely and effective communications with the Shareholders and investors. The Board also recognises that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the Shareholders will receive accurate, clear, comprehensive and timely information of the Group through the publications of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at www.feholdings.com.hk. The Directors and members of various committees of the Board will attend the AGM and answer any questions raised. The chairman of general meetings of the Company would explain the procedures for conducting a poll before proposing a resolution for voting. The poll results will be published on the websites of the Stock Exchange and the Company at www.feholdings.com.hk.

SHAREHOLDERS' RIGHTS

Procedures for Convening General Meeting by Shareholders

The procedures for Shareholders to convene a general meeting (including making proposals/moving a resolution at the general meeting) can be found in article 41 of the Articles, which is available on the websites of the Stock Exchange and the Company at www.feholdings.com.hk.

Procedures for Making Enquiry to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the registered office of the Company by post or by fax at (852) 3970 4019 or by email to admin@feholdings.com.hk. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for Putting Forward Proposals at General Meetings

The procedures for Shareholders to put forward proposals at the general meetings can be found in article 41 of the Articles, which is available on the websites of the Stock Exchange and the Company at www.feholdings.com.hk. The procedures for Shareholders to propose a person for election as a Director are available on the website of the Company at www.feholdings.com.hk.

INVESTOR RELATIONS

Changes in the Articles of Association of the Company

During the Year Under Review, a new articles of association of the Company was adopted by the Company to bring the Company's articles in line with the Companies Ordinance and to make other consequential and housekeeping changes. The latest version of the Company's Articles is available on the Company's website (www.feholdings.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

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TO THE MEMBERS OF FAR EAST HOLDINGS INTERNATIONAL LIMITED
遠東控股國際有限公司
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Far East Holdings International Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 46 to 94, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recording of held-for-trading investments

We identified the recording of held-for-trading investments as a key audit matter due to the significance to the consolidated financial statements, and that the held-for-trading investments may not be recorded correctly given the high volume of securities trading transactions recorded throughout the year as set out in note 30(b)(iii) to the consolidated financial statements.

The carrying amount of held-for-trading investments amounted to approximately HK$648.4 million as at 31 December 2017 as set out in note 20 to the consolidated financial statements, which represent 71.7% of total assets of the Group as at 31 December 2017. Moreover, fair value gain on held-for-trading investments amounted to approximately HK$53.0 million for the year ended 31 December 2017 as set out in note 9 to the consolidated financial statements.

Our procedures in relation to the recording of held-for-trading investments included:

- Obtaining an understanding of the key controls over recording of held-for-trading investments;

- Agreeing the carrying amount of held-for trading investments as at 31 December 2017 to the quoted market bid prices available on The Stock Exchange of Hong Kong Limited;

- Agreeing the Group's investment portfolio as at 31 December 2017 to confirmations received directly from the securities broker; and

- In respect of the acquisitions and disposals of held-for-trading investments during the year ended 31 December 2017, agreeing to the contract notes and securities broker's statements, on a sample basis.

OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the Directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate no. P01220

Hong Kong, 23 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 *HK$'000*	2016 *HK$'000*
Revenue	*7*	**9,139**	11,683
Cost of sales		**(6,726)**	(9,342)
Gross profit		**2,413**	2,341
Dividend income from held-for-trading investments		**2,046**	2,217
Other income	*8*	**1,039**	867
Other gains and losses	*9*	**84,752**	(62,197)
Selling and distribution costs		**(49)**	(102)
Administrative expenses		**(8,432)**	(9,420)
Profit/(loss) before income tax	*10*	**81,769**	(66,294)
Income tax (expense)/credit	*11*	**(14,963)**	11,780
Profit/(loss) for the year		**66,806**	(54,514)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**855**	(1,059)
Other comprehensive income/(loss) for the year		**855**	(1,059)
Total comprehensive income/(loss) for the year		**67,661**	(55,573)
Profit/(loss) for the year attributable to:			
Owners of the Company		**69,450**	(53,887)
Non-controlling interests		**(2,644)**	(627)
		66,806	(54,514)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**69,883**	(54,427)
Non-controlling interests		**(2,222)**	(1,146)
		67,661	(55,573)
Earnings/(loss) per share — Basic (HK cents)	*16*	**6.38**	(4.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Investment properties	17	**138,167**	52,516
Property, plant and equipment	18	**19,938**	20,612
Prepaid lease payments	19	**464**	481
		158,569	73,609
Current assets			
Prepaid lease payments	19	**20**	19
Held-for-trading investments	20	**648,368**	678,190
Inventories	21	**1,955**	1,984
Trade and other receivables	22	**1,354**	1,844
Amount due from a non-controlling interest	23	**1,085**	5,542
Tax recoverable		**197**	8
Deposits held at a financial institution	24	**82,477**	48,758
Bank balances and cash	24	**10,074**	11,726
		745,530	748,071
Current liabilities			
Trade and other payables	25	**3,670**	3,778
Tax payable		**310**	97
		3,980	3,875
Net current assets		**741,550**	744,196
Total assets less current liabilities		**900,119**	817,805
Non-current liability			
Deferred tax liabilities	26	**15,433**	780
Net assets		**884,686**	817,025

	Notes	2017 HK$'000	2016 HK$'000
Capital and reserves			
Share capital	*27*	**632,610**	632,610
Reserves	*28*	**247,114**	177,231
Equity attributable to owners of the Company		**879,724**	809,841
Non-controlling interests		**4,962**	7,184
Total equity		**884,686**	817,025

The consolidated financial statements on pages 46 to 94 were approved and authorised for issue by the Board of Directors (the "Board") on 23 March 2018 and are signed on its behalf by:

Wong Yun Kuen
DIRECTOR

Sheung Kwong Cho
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company					
	Share capital *HK$'000*	**Exchange reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
Balance at 1 January 2016	632,610	6,773	224,885	864,268	8,330	872,598
Loss for the year	–	–	(53,887)	(53,887)	(627)	(54,514)
Other comprehensive loss for the year						
Exchange differences arising on translation of foreign operations	–	(540)	–	(540)	(519)	(1,059)
Total comprehensive loss for the year	–	(540)	(53,887)	(54,427)	(1,146)	(55,573)
Balance at 31 December 2016 and 1 January 2017	632,610	6,233	170,998	809,841	7,184	817,025
Profit for the year	–	–	69,450	69,450	(2,644)	66,806
Other comprehensive income for the year						
Exchange differences arising on translation of foreign operations	–	433	–	433	422	855
Total comprehensive income for the year	–	433	69,450	69,883	(2,222)	67,661
Balance at 31 December 2017	632,610	6,666	240,448	879,724	4,962	884,686

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before income tax		**81,769**	(66,294)
Adjustments for:			
Scrip dividend received from held-for-trading investments		**(1,209)**	(1,334)
Interest income from banks and a financial institution		**(174)**	(55)
Fair value gain on investment properties		**(35,552)**	–
Unrealised (gain)/loss on held-for-trading investments		**(56,132)**	10,731
Impairment loss on amount due from a non-controlling interest		**3,764**	–
Amortisation of prepaid lease payments		**51**	52
Depreciation of property, plant and equipment		**1,013**	1,255
Reversal of write-off of trade receivables		**–**	(52)
Operating cash flows before movements in working capital		**(6,470)**	(55,697)
Decrease/(increase) in held-for-trading investments		**87,163**	(59,561)
Decrease in inventories		**168**	595
Decrease/(increase) in trade and other receivables		**606**	(394)
Decrease/(increase) in amount due from a non-controlling interest		**883**	(1,874)
(Decrease)/increase in trade and other payables		**(742)**	196
CASH FROM/(USED IN) OPERATIONS		**81,608**	(116,735)
Hong Kong Profits Tax paid		**(287)**	–
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**81,321**	(116,735)
INVESTING ACTIVITIES			
Withdrawal of deposits held at a financial institution		**233,350**	257,308
Interest received		**174**	55
Placement of deposits with a financial institution		**(267,069)**	(161,149)
Acquisition of property, plant and equipment		**(91)**	(166)
Acquisition of assets through acquisition of a subsidiary	29	**(49,647)**	–
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(83,283)**	96,048
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,962)**	(20,687)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**11,726**	32,755
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**310**	(342)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**10,074**	11,726

1. GENERAL

Far East Holdings International Limited ("the Company") is a limited liability company incorporated in Hong Kong. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Unit 904, 9/F Wings Building, 110–116 Queen's Road Central, Central, Hong Kong, which is also its principal place of business.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

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

(a) Adoption of new/revised HKFRSs — effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Entities are not required to give comparative information in the first period in compliance with the disclosure requirement in HKAS 7. The Company and its subsidiaries ("the Group") has no bank borrowings during the years ended 31 December 2017 and 2016, no additional disclosure as transitional provision adopted accordingly.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on the consolidated financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on the consolidated financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contract[3]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021

Expect for the new/revised HKFRSs mentioned below, the Directors anticipate that the application of all other new/revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 — Financial Instruments

The HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 9 — Financial Instruments (continued)

The Directors anticipate that the application of HKFRS 9 in the future will have an impact on amounts reported in respect of the Group's financial performance and financial assets (e.g. impairment on trade receivables) resulting from early provision of credit losses using the expected loss impairment model under HKFRS 9 instead of incurred loss model under HKAS 39. Currently, the Directors are in the midst of assessing the financial impact of the application of HKFRS 9 and a reasonable estimate of the effect will be available once the detailed review is completed.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported on revenue as the timing of revenue recognition may be affected by the new standard, and more disclosures relating to revenue is required. Currently, the Directors are in the midst of assessing the financial impact of the application of HKFRS 15 and a reasonable estimate of the effect will be available once the detailed review is completed.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 16 — Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirement of HKAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

Total operating lease commitments of the Group in respect of office equipment as at 31 December 2017 amounted to approximately HK$26,000 (2016: HK$47,000). The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the investment properties and financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold land and building in Hong Kong	Over 50 years or the remaining terms of the relevant lease if shorter
Building in the People's Republic of China (the "PRC")	Over the shorter of the lease terms of land or estimated useful life of 50 years
Leasehold improvements	10% or over the terms of the lease, whichever is shorter
Lifts, electrical and office equipment	10%–20%
Motor vehicles	20%–30%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Investment property

Investment property is property held either to earn property rental incomes or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

When the Group holds a property interest under an operating lease to earn property rental incomes, the Group chooses not to classify and account for these property interests as investment property.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease terms on a straight line basis, except for those that are classified and accounted for as investment properties under fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instrument

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instrument (continued)

(ii) Impairment loss on financial assets (continued)

For Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and other monetary liabilities, are initially recognised at fair value, net of directly attributable transaction cost incurred, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Revenue recognition

Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Property rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Dividend income is recognised when the right to receive the dividend is established.

(j) Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

(l) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

Fair value measurement

A number of assets included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted price in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data)

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value measurement (continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Investment property (note 17); and
- Held-for-trading investment (note 20)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

6. SEGMENT REPORTING

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

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

- Industrial — manufacturing and sale of garments
- Securities investment — short-term securities investment
- Property investment — property 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 that is used by the CODM for assessment of segment performance.

6. SEGMENT REPORTING (continued)

(a) Segment revenues and results

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

For the year ended 31 December 2017

	Industrial *HK$'000*	Securities investment *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External revenue	6,613	–	2,526	9,139
Segment results	(5,719)	55,121	37,305	86,707
Other operating income				835
Unallocated expenses				(5,773)
Profit before income tax				81,769

For the year ended 31 December 2016

	Industrial *HK$'000*	Securities investment *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External revenue	9,820	–	1,863	11,683
Segment results	(1,748)	(60,046)	1,337	(60,457)
Other operating income				867
Unallocated expenses				(6,704)
Loss before income tax				(66,294)

6. SEGMENT REPORTING (continued)

(a) Segment revenues and results (continued)

Segment results represent the profit/(loss) from each segment including items disclosed in other segment information below, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of other operating income and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. The segment results of the securities investment segment include the fair value gain or loss on held-for-trading investments, dividend income from held-for-trading investments and administrative expenses directly attributable to the securities investment segment.

(b) Other segment information

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

For the year ended 31 December 2017

	Industrial *HK$'000*	**Securities investment** *HK$'000*	**Property Investment** *HK$'000*	**Unallocated amount** *HK$'000*	**Consolidated** *HK$'000*
Depreciation of property, plant and equipment	**(290)**	**–**	**(435)**	**(288)**	**(1,013)**
Impairment loss on amount due from a non-controlling interest	**(3,764)**	**–**	**–**	**–**	**(3,764)**
Fair value gain on held-for-trading investments	**–**	**52,964**	**–**	**–**	**52,964**
Fair value gain on investment properties	**–**	**–**	**35,552**	**–**	**35,552**

For the year ended 31 December 2016

	Industrial *HK$'000*	Securities investment *HK$'000*	Property Investment *HK$'000*	Unallocated amount *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	(332)	–	(174)	(749)	(1,255)
Fair value loss on held-for-trading investments	–	(62,211)	–	–	(62,211)

(c) Segment assets and liabilities

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

6. SEGMENT REPORTING (continued)

(d) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2017 HK$'000	2016 HK$'000
Sales of goods	**6,613**	9,820
Property rental income	**2,526**	1,863
	9,139	11,683

(e) Geographical information

The Group's revenue from external customers analysed by the geographical location of the customers and information about its non-current assets, by the geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Hong Kong	**4,999**	5,583	**154,884**	69,936
Japan	**3,470**	5,761	**–**	–
Other regions in the PRC	**670**	339	**3,685**	3,673
	9,139	11,683	**158,569**	73,609

(f) Information about major customers

Revenue from four (2016: three) customers individually contributing over 10% of total revenue of the Group are as follows:

	2017 HK$'000	2016 HK$'000
Customer A (from industrial segment)	**2,473**	3,720
Customer B (from industrial segment)	**974**	4,156
Customer C (from industrial segment)	**2,316**	1,180
Customer D (from property investment segment)	**1,506**	N/A

7. REVENUE

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

	2017	2016
	HK$'000	*HK$'000*
Sales of goods	**6,613**	9,820
Property rental income	**2,526**	1,863
	9,139	11,683

8. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Included in other income is:		
Interest income from banks and a financial institution	**174**	55

9. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Fair value gain/(loss) on held-for-trading investments	**52,964**	(62,211)
Fair value gain on investment properties (note 17)	**35,552**	–
Impairment loss on amount due from a non-controlling interest	**(3,764)**	–
Exchange gain, net	**–**	14
	84,752	(62,197)

10. PROFIT/(LOSS) BEFORE INCOME TAX

	2017 HK$'000	2016 HK$'000
Profit/(loss) before income tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**1,013**	1,255
Amortisation of prepaid lease payments	**51**	52
Auditor's remuneration (including remuneration for non-audit services)	**580**	851
Cost of inventories recognised as an expense	**6,644**	9,262
Employee costs (note 13)	**7,759**	8,930
Operating lease rental in respect of rented office equipment	**18**	18
Reversal of write-off of trade receivables	**–**	(52)

11. INCOME TAX (EXPENSE)/CREDIT

	2017 HK$'000	2016 HK$'000
The income tax (expense)/credit comprises:		
Current tax:		
Hong Kong Profits Tax	**(310)**	(97)
Deferred tax (charge)/credit (note 26)	**(14,653)**	11,877
	(14,963)	11,780

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

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 PRC subsidiary is 25% for both years.

11. INCOME TAX (EXPENSE)/CREDIT (continued)

The income tax (expense)/credit for the years can be reconciled to the profit/(loss) before income tax per the consolidated statement of profit or loss and other comprehensive income is as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit/(loss) before income tax	**81,769**	(66,294)
Tax at the domestic income tax rate of 16.5% (2016: 16.5%) (note)	**(13,492)**	10,939
Tax effect of expenses not deductible for tax purposes	**(108)**	(666)
Tax effect of income not taxable for tax purposes	**418**	492
Tax effect of tax losses not recognised	**(1,863)**	(554)
Utilisation of tax losses previously not recognised	**82**	1,569
Income tax (expense)/credit	**(14,963)**	11,780

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used (which is the Hong Kong Profits Tax rate).

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the eight Directors (2016: five Directors), disclosed pursuant to the Listing Rules and the Companies Ordinance, are as follows:

For the year ended 31 December 2017

	Fees	**Salaries and other benefits**	**Retirement benefit scheme contributions**	**Total emoluments**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Executive Directors				
Dr. Wong Yun Kuen (note i)	**327**	**–**	**9**	**336**
Mr. Sheung Kwong Cho (note ii)	**34**	**147**	**3**	**184**
Mr. Yu Pak Yan, Peter (note iii)	**600**	**–**	**–**	**600**
Mr. Fok Chi Tak (note iv)	**395**	**–**	**–**	**395**
Independent Non-Executive Directors				
Dr. Wong Yun Kuen (note i)	**99**	**–**	**–**	**99**
Mr. Wong Kui Shing, Danny (note v)	**91**	**–**	**–**	**91**
Mr. Mak Ka Wing, Patrick (note vi)	**91**	**–**	**–**	**91**
Ms. Kwan Shan	**190**	**–**	**–**	**190**
Mr. Chan Ming Sun, Jonathan (note vii)	**100**	**–**	**–**	**100**
	1,927	**147**	**12**	**2,086**

12. DIRECTORS' EMOLUMENTS (continued)

For the year ended 31 December 2016

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total emoluments *HK$'000*
Executive Directors				
Mr. Yu Pak Yan, Peter	780	–	–	780
Mr. Fok Chi Tak	720	–	–	720
Independent Non-Executive Directors				
Mr. Chan Ming Sun, Jonathan	180	–	–	180
Dr. Wong Yun Kuen	180	–	–	180
Ms. Kwan Shan	180	–	–	180
	2,040	–	–	2,040

Notes:

(i) Dr. Wong Yun Kuen has been re-designated from independent non-executive Director to executive Director and he has been appointed as the chairman of the Board with effect from 18 July 2017.

(ii) Mr. Sheung Kwong Cho has been appointed as an executive Director with effect from 31 October 2017.

(iii) Mr. Yu Pak Yan, Peter has resigned as an executive Director with effect from 31 October 2017.

(iv) Mr. Fok Chi Tak has resigned as an executive Director with effect from 18 July 2017.

(v) Mr. Wong Kui Shing, Danny has been appointed as an independent non-executive Director with effect from 18 July 2017.

(vi) Mr. Mak Ka Wing, Patrick has been appointed as an independent non-executive Director with effect from 18 July 2017.

(vii) Mr. Chan Ming Sun, Jonathan has resigned as an independent non-executive Director with effect from 18 July 2017.

The executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Group. The independent non-executive Directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a Director waived or agreed to waive any remuneration during the year. No emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

13. EMPLOYEE COSTS

	2017	2016
	HK$'000	*HK$'000*
Employee costs (including Directors' emoluments (note 12)) comprise		
Wages and salaries	**6,567**	7,426
Retirement benefit scheme contributions	**1,192**	1,352
Termination benefits	**–**	152
	7,759	8,930

14. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, four (2016: two) were Directors of the Company whose emoluments are set out in note 12 above. The emolument of the remaining one (2016: three) highest paid individual was as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries and other benefits	**488**	1,425
Retirement benefit scheme contributions	**18**	70
	506	1,495

The emolument was within the following band:

	2017	2016
	No. of individuals	*No. of individuals*
Nil to HK$1,000,000	**1**	3

15. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

16. EARNINGS/(LOSS) PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) for the year attributable to owners of the Company	**69,450**	(53,887)

	2017	2016
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,089,118,593**	1,089,118,593

No diluted earnings/(loss) per share is presented for the current and prior years as there were no potential ordinary shares in issue.

17. INVESTMENT PROPERTIES

	2017	2016
	HK$'000	*HK$'000*
FAIR VALUE		
At 1 January (level 3 recurring fair value)	**52,516**	52,516
Acquired on acquisition of assets through acquisition of a subsidiary (note 29)	**50,099**	–
Fair value gain recognised in profit and loss	**35,552**	–
At 31 December (level 3 recurring fair value)	**138,167**	52,516

All of the Group's property interests held under operating leases to earn property rental income or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 December 2017 and 2016 have been arrived at on the basis of a valuation carried out by Roma Appraisals Limited, an independent qualified professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The valuation technique is direct comparison method based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. There are no change to the valuation technique in compared with 31 December 2016.

17. INVESTMENT PROPERTIES (continued)

The fair values of investment properties are a Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided above.

There were no transfers into or out of Level 3 during the year.

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.

In estimating the fair values of the properties, the highest and best use of the properties is their current use.

One of the key inputs used in valuing the investment properties is the sales prices of properties nearby the Group's investment properties, which ranged from HK$4,200/sq.ft to HK$29,700/sq.ft (2016: HK$17,907/sq.ft to HK$23,269/sq.ft) where sq.ft is a common unit of area used in Hong Kong. An increase in the sales prices would result in an increase in fair value measurement of the investment properties, and vice versa. The carrying amounts of investment properties shown above comprise:

	2017	2016
	HK$'000	*HK$'000*
Commercial property units located in Hong Kong	**138,167**	52,516

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building in Hong Kong HK$'000	Building in the PRC HK$'000	Leasehold improvements HK$'000	Lifts, electrical and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 January 2016	17,317	12,573	1,051	31,375	2,638	64,954
Additions	–	–	–	166	–	166
Disposals	–	–	(650)	(402)	–	(1,052)
Exchange realignment	–	(809)	–	(1,989)	(28)	(2,826)
At 31 December 2016 and 1 January 2017	17,317	11,764	401	29,150	2,610	61,242
Additions	–	–	–	91	–	91
Addition through acquisition of a subsidiary (note 29)	–	–	20	–	–	20
Exchange realignment	–	873	–	2,154	29	3,056
At 31 December 2017	17,317	12,637	421	31,395	2,639	64,409
Accumulated depreciation						
At 1 January 2016	173	9,069	906	31,164	1,715	43,027
Provided for the year	346	296	125	66	422	1,255
Eliminated on disposals	–	–	(650)	(402)	–	(1,052)
Exchange realignment	–	(597)	–	(1,978)	(25)	(2,600)
At 31 December 2016 and 1 January 2017	519	8,768	381	28,850	2,112	40,630
Provided for the year	346	268	40	71	288	1,013
Exchange realignment	–	664	–	2,137	27	2,828
At 31 December 2017	865	9,700	421	31,058	2,427	44,471
Net book value						
At 31 December 2017	16,452	2,937	–	337	212	19,938
At 31 December 2016	16,798	2,996	20	300	498	20,612

An insignificant portion of the building in the PRC has been leased to a third party under an operating lease and the remaining portion is occupied by the Group as factory premises.

19. PREPAID LEASE PAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current	**20**	19
Non-current	**464**	481
	484	500

20. HELD-FOR-TRADING INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Listed equity securities:		
Hong Kong	**648,368**	678,190

As at 31 December 2017, held-for-trading investments represent an investment portfolio comprising 49 (2016: 56) equity securities listed in Hong Kong of which 40 (2016: 47) equity securities are listed on the Main Board of the Stock Exchange and the remaining 9 (2016: 9) equity securities are listed on GEM of the Stock Exchange.

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

21. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**690**	699
Work in progress	**1,238**	1,109
Finished goods	**27**	176
	1,955	1,984

22. TRADE AND OTHER RECEIVABLES

For sale of goods, the Group allows an average credit period of 90 days (2016: 90 days) to its trade customers. The following is an aged analysis of trade receivables which are past due but not impaired at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Current	**885**	711
Past due:		
1 to 30 days	**104**	180
31 to 60 days	**14**	175
61 to 90 days	**4**	380
Total trade receivables	**1,007**	1,446
Prepayments, deposits and other receivables	**347**	398
	1,354	1,844

The ageing analysis of trade debtors, based on invoice date, as of the end of reporting period are as follows:

	2017	2016
	HK$'000	*HK$'000*
1 to 30 days	**262**	159
31 to 60 days	**237**	72
61 to 90 days	**386**	480
91 to 180 days	**122**	735
Total trade receivables	**1,007**	1,446

As at 31 December 2017, included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$122,000 (2016: HK$735,000) which are past due at the end of the reporting period for which the Group had not provided for impairment loss as the Group considers 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. The average age of these receivables is 110 days (2016: 143 days).

23. AMOUNT DUE FROM A NON-CONTROLLING INTEREST

The amount due from a non-controlling interest is unsecured and interest-free.

The amount due from a non-controlling interest is trade in nature and the Group has a policy of allowing a credit period of 90 days (2016: 90 days) to the non-controlling interest. The aged analysis of the receivable past due but not impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current	**206**	1,255
Past due but not impaired:		
1 to 30 days	**193**	721
31 to 60 days	**55**	129
61 to 90 days	**–**	488
91 to 180 days	**238**	731
181 to 270 days	**393**	1,020
271 to 365 days	**–**	621
Over 365 days	**–**	577
	1,085	5,542

Included in the amount due from a non-controlling interest is a trade receivable balance of HK$879,000 (2016: HK$4,287,000) which is past due but not impaired at the end of the reporting period as the Group considers that the default risk is low after assessing the past payment history of the non-controlling interest, settlement after the end of the reporting period and no disagreement with the non-controlling interest on those balance. The Group does not hold any collateral over this balance. The average age of this receivable is 233 days (2016: 274 days).

During the year ended 31 December 2017, an impairment loss on amount due from a non-controlling interest of approximately HK$3.764 million (2016: nil) has been recorded as the Group considers the default risk of that amount is high and the recoverability of such is uncertain.

The table below reconciles the impairment loss on the amount due from non-controlling interest for the year:

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**–**	–
Impairment loss recognised	**3,764**	–
Exchange realignment	**177**	–
At 31 December	**3,941**	–

The Group recognised impairment loss based on accounting policy stated in note 4(f)(ii).

24. DEPOSITS HELD AT A FINANCIAL INSTITUTION/BANK BALANCES AND CASH

Bank balances and deposits held at a financial institution carry interest at market rates which range from 0.001% to 1.8% (2016: 0.001% to 3.08%) per annum. The deposits held at a financial institution are in relation to securities trading accounts which the Group maintained with this institution.

25. 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:

	2017	2016
	HK$'000	*HK$'000*
Trade payables — over 90 days	**49**	46
Other payables and accruals	**3,621**	3,732
	3,670	3,778

26. DEFERRED TAX

The following are the major deferred tax movements during the current and prior years:

	Unrealised gain on held-for-trading investments	**Accelerated tax depreciation**	**Revaluation of properties**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	12,657	(190)	273	(83)	12,657
Charge/(credit) to profit or loss	17,195	190	(273)	(28,989)	(11,877)
At 31 December 2016 and 1 January 2017	29,852	–	–	(29,072)	780
Charge to profit or loss	19,006	–	5,929	(10,282)	14,653
At 31 December 2017	48,858	–	5,929	(39,354)	15,433

At the end of the reporting period, the Group has unused tax losses of HK$449,703,000 (2016: HK$391,548,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$238,507,000 (2016: HK$176,188,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$211,196,000 (2016: HK$215,360,000) due to the unpredictability of future profit streams. Included in the unrecognised tax losses are tax losses of HK$17,914,000 which will lapse in 2018 to 2022 (2016: tax losses of HK$17,491,000 which will lapse in 2017 to 2021), the remaining tax losses may be carried forward indefinitely.

27. SHARE CAPITAL

	Number of shares		Share capital	
	2017	2016	**2017**	2016
			HK$'000	*HK$'000*
Issued and fully paid:				
At 1 January and 31 December	**1,089,118,593**	1,089,118,593	**632,610**	632,610

28. RESERVES

The Group

Details of the movements in the Group's reserves are set out in the consolidated statement of changes in equity.

The Company	**Retained profits** ***HK$'000***
Balance at 1 January 2017	**141,634**
Loss for the year	**(17,752)**
At 31 December 2017	**123,882**

	Retained profits *HK$'000*
Balance at 1 January 2016	149,668
Loss for the year	(8,034)
At 31 December 2016	141,634

The following describes the nature and purpose of each reserve within owners' equity:

Reserves	**Description and purpose**
Exchange reserve	Gains/losses arising on retranslating the net assets of foreign operations into presentation currency.
Retained profits	Cumulative net gains and losses recognised in profit or loss.

29. ACQUISITION OF ASSETS TROUGH ACQUISITION OF A SUBSIDIARY

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$53,425,000. Lead Power was principally engaged in property investment and its major assets were office units in Hong Kong classified as investment properties. This transaction had been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination.

	HK$'000
Property, plant and equipment	20
Investment properties	50,099
Other receivables and deposits	13
Bank balances and cash	3,778
Other payables	(485)
	53,425
Satisfied by:	
Cash consideration paid	53,425
Net cash outflow arising on acquisition:	
Cash consideration paid	53,425
Bank balance and cash acquired	(3,778)
	49,647

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 **HK$'000**	2016 *HK$'000*
Financial assets		
Held-for-trading investments	**648,368**	678,190
Loans and receivables (including cash and cash equivalents)	**93,794**	67,658
Financial liabilities		
Amortised cost	**2,166**	2,037

(b) Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2017 **HK$'000**	2016 *HK$'000*
United States dollars ("US$")	**2,006**	7,402

30. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2016: 10%) increase and decrease in the relevant foreign currency against the functional currency of respective group entity. 10% (2016: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% (2016: 10%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit (2016: a decrease in post-tax loss) where the relevant foreign currency strengthens 10% (2016: 10%) against the functional currency of respective group entity. For a 10% (2016: 10%) weakening of the relevant foreign currency against the functional currency of respective group entity, there would be an opposite impact on the post-tax results and the balances below would be negative.

	2017	2016
	HK$'000	*HK$'000*
Effect on post-tax results:		
US$ against Renminbi	**168**	618

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and deposits held at a financial institution (see note 24 for details).

The Group currently does not have an interest rate hedging policy to hedge against their exposures. However, management closely monitors interest rate exposures and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arise.

The Directors of the Company consider that the overall cash flow interest rate risk is not significant as interest rates are currently at low level and no significant changes are expected for the foreseeable future. Accordingly, no sensitivity analysis is prepared.

30. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Price risk

The Group is principally engaged in short-term securities investment with high volume of securities trading transactions recorded throughout the year. The Group is exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments quoted on the Stock Exchange. Management manages the exposure to price risk by maintaining a portfolio of investments with different risks and return profiles.

Sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective held-for-trading investments had been 10% (2016: 10%) higher/lower, the post-tax profit of the Group for the year would increase/decrease by HK$54,139,000 (2016: post-tax loss would decrease/increase by HK$56,629,000) as a result of the changes in fair value of held-for-trading investments.

Credit risk

As at 31 December 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit standings.

The credit risk on deposits held at a financial institution is limited because the counterparty is a financial institution with strong financial background.

The Group has concentration of credit risk as 55.09% (2016: 100%) and 89.30% (2016: 100%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the industrial operating segment.

30. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and working capital deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows and working capital. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group has no bank loan facilities as at 31 December 2017 and 31 December 2016.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liquidity tables

	Weighted average interest rate	**On demand or less than 1 month**	**Total undiscounted cash flows**	**Carrying amount at 31.12.2017**
	%	***HK$'000***	***HK$'000***	***HK$'000***
2017				
Non-derivative financial liabilities				
Trade and other payables	**–**	**2,166**	**2,166**	**2,166**

	Weighted average interest rate	On demand or less than 1 month	Total undiscounted cash flows	Carrying amount at 31.12.2016
	%	*HK$'000*	*HK$'000*	*HK$'000*
2016				
Non-derivative financial liabilities				
Trade and other payables	–	2,037	2,037	2,037

30. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

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

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

Financial assets	Fair value 2017 HK$'000	Fair value 2016 HK$'000	Fair value hierarchy	Valuation techniques and key inputs
Listed equity securities in Hong Kong classified as held-for-trading investments in the consolidated statement of financial position	**648,368**	678,190	Level 1	Quoted bid prices in an active market

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

The Group is exposed to equity price risk through its investments in listed equity securities classified as held-for-trading investments. During the year ended 31 December 2017, the appreciation of share prices in the Hong Kong stock market has resulted in unrealised fair value gain recognised in profit or loss.

(ii) Financial instruments that are recorded at amortised cost

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

31. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

The Group considers total equity when reviewing its capital risk management, which was HK$884,686,000 as at 31 December 2017 (2016: HK$817,025,000).

32. OPERATING LEASES

The Group as lessee

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

	2017	2016
	HK$'000	*HK$'000*
Within one year	**11**	20
In the second to fifth year inclusive	**15**	27
	26	47

Operating lease payments represent rentals payable by the Group for the use of its office equipment. Leases are negotiated for a term of one to three years (2016: one to five years).

The Group as lessor

Property rental income earned from investment properties during the year was HK$2,526,000 (2016: HK$1,863,000). Direct operating expenses incurred for investment properties that generated property rental income during the year amounted to HK$98,000 (2016: HK$80,000). The properties are expected to generate rental yields of 1.8% (2016: 3.6%) on an ongoing basis. The properties held have committed tenants for one to three years (2016: one to five years).

At the end of the reporting period, the Group had contracted with the tenants for the following future minimum lease payments:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**1,910**	637
In the second to fifth year inclusive	**1,374**	–
	3,284	637

33. CAPITAL COMMITMENTS

	2017 HK$'000	2016 HK$'000
Capital expenditure in respect of the acquisition of a subsidiary contracted for but not provided in the consolidated financial statements	–	53,000

34. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

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

	2017 HK$'000	2016 HK$'000
Short-term benefits	2,837	2,834
Post-employment benefits	27	18
	2,864	2,852

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

35. INTEREST IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Paid up issued registered capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2017	2016	2017	2016	
Coast Holdings Limited	Hong Kong	HK$100,000 Ordinary shares	–	–	100%	100%	Property investment
Far East Holdings China Limited	Hong Kong	HK$2 Ordinary shares	100%	100%	–	–	Investment holding
Far East Holdings (Jiangsu) Limited	Hong Kong	HK$1 Ordinary share	–	–	100%	100%	Investment holding
Far East Technology International Limited	Hong Kong	HK$10,000 Ordinary shares	–	–	100%	100%	Investment holding

35. INTEREST IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation or registration/ operations	Paid up issued registered capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2017	2016	**2017**	2016	
Gold Sky Investments Limited	Hong Kong	HK$1 Ordinary shares	**100%**	100%	**–**	–	Securities investment
Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd.	The PRC*	US$3,940,000 paid up registered capital	**–**	–	**51%**	51%	Manufacturing and sale of garment products
Joy Wide Limited	British Virgin Islands (the "BVI")/Hong Kong	US$1 Ordinary share	**100%**	100%	**–**	–	Investment holding
Jubilee Star Limited	Hong Kong	HK$1 Ordinary share	**–**	–	**100%**	100%	Dormant
Kingston Property Investment Limited (Formerly known as River Joy Limited	Hong Kong	HK$1 Ordinary share	**100%**	100%	**–**	–	Dormant
Lead Power Investments Limited	BVI/Hong Kong	US$1 Ordinary share	**–**	–	**100% (note i)**	–	Investment holding
Marvel Star Group Limited	BVI/Hong Kong	US$1 Ordinary share	**100%**	100%	**–**	–	Investment holding
Wings Property Investments Limited (Formerly known as Kingston Property Investment Limited	Hong Kong	HK$20,000 Ordinary shares	**–**	–	**100% (note i)**	–	Property investment

* Sino-foreign equity joint venture

Note:

(i) The Group acquired the entire equity interest of the subsidiary during the year ended 31 December 2017 as detailed in note 29.

None of the subsidiaries had issued any debt securities at the end of the year.

36. NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017**	2016
				HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*
Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd.	The PRC	**49%**	49%	**(2,644)**	(627)	**4,962**	7,184

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd.

	2017	2016
	HK\$'000	*HK\$'000*
Current assets	**8,923**	13,348
Non-current assets	**3,685**	3,673
Current liabilities	**(2,159)**	(2,039)
Equity attributable to owners of the Company	**5,487**	7,798
Non-controlling interests	**4,962**	7,184

36. NON-CONTROLLING INTERESTS (continued)

Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd. (continued)

	2017	2016
	HK$'000	*HK$'000*
Revenue	**6,612**	9,820
Expenses	**(12,004)**	(11,100)
Loss for the year	**(5,392)**	(1,280)
Loss attributable to owners of the Company	**(2,748)**	(653)
Loss attributable to the non-controlling interests	**(2,644)**	(627)
Loss for the year	**(5,392)**	(1,280)
Other comprehensive income/(loss) attributable to owner of the Company	**433**	(540)
Other comprehensive income/(loss) attributable to the non-controlling interests	**422**	(519)
Total comprehensive income/(loss) for the year	**855**	(1,059)
Other comprehensive loss attributable to owner of the Company	**(2,315)**	(1,193)
Other comprehensive loss attributable to the non-controlling interests	**(2,222)**	(1,146)
Total comprehensive loss for the year	**(4,537)**	(2,339)
Net cash inflow/(outflow) from operating activities	**358**	(3,004)
Net cash outflow from investing activities	**(91)**	(49)
Net cash inflow/(outflow)	**267**	(3,053)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Investments in subsidiaries		**42,631**	42,633
Amounts due from subsidiaries		**715,450**	729,166
		758,081	771,799
Current assets			
Other receivables		**68**	80
Bank balances and cash		**865**	3,672
		933	3,752
Current liability			
Other payables		**2,522**	1,307
Net current (liabilities)/assets		**(1,589)**	2,445
Net assets		**756,492**	774,244
Capital and reserves			
Share capital	*27*	**632,610**	632,610
Reserves	*28*	**123,882**	141,634
Total equity		**756,492**	774,244

The Company's statement of financial position was approved and authorised for issue by the Board on 23 March 2018 and are signed on its behalf by:

Wong Yun Kuen
DIRECTOR

Sheung Kwong Cho
DIRECTOR

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 December 2017

	For the year ended 31 December				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**9,139**	11,683	11,930	16,747	15,931
Profit/(loss) before tax	**81,769**	(66,294)	74,643	24,944	(11,427)
Income tax (expense)/credit	**(14,963)**	11,780	(12,657)	–	–
Profit/(loss) for the year	**66,806**	(54,514)	61,986	24,944	(11,427)
Profit/(loss) for the year attributable to:					
Owners of the Company	**69,450**	(53,887)	69,100	25,846	(11,012)
Non-controlling interests	**(2,644)**	(627)	(7,114)	(902)	(415)
	66,806	(54,514)	61,986	24,944	(11,427)

	For the year ended 31 December				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**904,099**	821,680	888,977	532,858	465,991
Total liabilities	**(19,413)**	(4,655)	(16,379)	(89,644)	(1,841)
	884,686	817,025	872,598	443,214	464,150
Non-controlling interests	**(4,962)**	(7,184)	(8,330)	(16,049)	(17,025)
Equity attributable to owners of the Company	**879,724**	809,841	864,268	427,165	447,125

PARTICULARS OF PROPERTIES HELD BY THE GROUP

For the year ended 31 December 2017

Location	Group's interests	Approximate site area (sq.ft.)	Existing use
Units 901, 902, 903, 905 and 906, 9/F Wings Building, 110–116 Queen's Road Central, Central, Hong Kong	100%	2,546	Rental
Unit 904, 9/F Wings Building, 110–116 Queen's Road Central, Central, Hong Kong	100%	848	Office
10/F, Wings Building, 110–116 Queen's Road Central, Central, Hong Kong	100%	3,393	Rental
Workshop No. 5 on 4/F, Fullagar Industrial Building, 234 Aberdeen Main Road, Hong Kong	100%	1,402	Rental