

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



遠東控股國際有限公司

Far East Holdings International Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 36)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Far East Holdings International Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “Period”) together with comparative figures of the corresponding period in 2021.

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

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	3	2,286	18,409
Rental operating costs		(198)	(314)
Net rental income		2,088	18,095
Other income		197	194
Other (losses)/gains, net	4	(2,709)	13,236
Administrative expenses		(4,572)	(1,998)
Finance costs	5	(8,094)	(8,261)
(Loss)/profit before income tax		(13,090)	21,266
Income tax expense	6	–	–
(Loss)/profit and total comprehensive (loss)/income for the period	7	(13,090)	21,266
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(11,083)	14,736
Non-controlling interest		(2,007)	6,530
		(13,090)	21,266
(Loss)/earnings per share			
Basic (<i>HK cents</i>)	9	(1.02)	1.35
Diluted (<i>HK cents</i>)		(1.02)	1.35

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	30 June 2022 <i>HK\$'000</i> (unaudited)	31 December 2021 <i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
Investment properties	<i>10</i>	1,497,800	1,497,800
Property, plant and equipment	<i>10</i>	17,042	17,288
		<u>1,514,842</u>	<u>1,515,088</u>
CURRENT ASSETS			
Corporate bond		600	600
Held-for-trading investments	<i>11</i>	7,613	17,919
Rental and other receivables	<i>12</i>	2,263	610
Tax recoverable		1,881	1,881
Deposits held at a financial institution	<i>11</i>	28	900
Bank balances and cash		4,900	10,486
		<u>17,285</u>	<u>32,396</u>
CURRENT LIABILITIES			
Other payables	<i>13</i>	7,437	3,360
Amount due to a non-controlling interest		18,891	14,971
Bank borrowing	<i>16</i>	441,343	451,607
Loan from a non-controlling interest	<i>15</i>	152,700	–
Promissory note	<i>14</i>	–	152,700
		<u>620,371</u>	<u>622,638</u>
NET CURRENT LIABILITIES		<u>(603,086)</u>	<u>(590,242)</u>
NET ASSETS		<u>911,756</u>	<u>924,846</u>
CAPITAL AND RESERVES			
Share capital	<i>17</i>	632,610	632,610
Reserves		(152,902)	(141,819)
Equity attributable to owners of the Company		<u>479,708</u>	490,791
Non-controlling interest		432,048	434,055
TOTAL EQUITY		<u>911,756</u>	<u>924,846</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Properties revaluation reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Total HK\$'000	Non- controlling interest HK\$'000	
At 1 January 2022 (audited)	<u>632,610</u>	<u>3,283</u>	<u>(145,102)</u>	<u>490,791</u>	<u>434,055</u>	<u>924,846</u>
Loss and total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(11,083)</u>	<u>(11,083)</u>	<u>(2,007)</u>	<u>(13,090)</u>
At 30 June 2022 (unaudited)	<u><u>632,610</u></u>	<u><u>3,283</u></u>	<u><u>(156,185)</u></u>	<u><u>479,708</u></u>	<u><u>432,048</u></u>	<u><u>911,756</u></u>
At 1 January 2021 (audited)	<u>632,610</u>	<u>3,283</u>	<u>95,560</u>	<u>731,453</u>	<u>460,894</u>	<u>1,192,347</u>
Profit and total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>14,736</u>	<u>14,736</u>	<u>6,530</u>	<u>21,266</u>
At 30 June 2021 (unaudited)	<u><u>632,610</u></u>	<u><u>3,283</u></u>	<u><u>110,296</u></u>	<u><u>746,189</u></u>	<u><u>467,424</u></u>	<u><u>1,213,613</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(2,418)	2,449
INVESTING ACTIVITIES		
Withdrawal of deposits held at a financial institution	8,560	4,000
Acquisition of property, plant and equipment	–	(330)
Proceed from disposal of property, plant and equipment	–	16
Interest received	45	176
NET CASH FROM INVESTING ACTIVITIES	8,605	3,862
FINANCING ACTIVITIES		
Repayment of bank borrowing	(10,264)	(10,264)
Repayment of promissory note	(152,700)	(2,000)
Loan from a non-controlling interest	152,700	–
Interest paid	(5,429)	(8,319)
Advance from non-controlling interest	3,920	98
NET CASH USED IN FINANCING ACTIVITIES	(11,773)	(20,485)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,586)	(14,174)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	10,486	14,589
CASH AND CASH EQUIVALENTS AT 30 JUNE		
Represented by bank balances and cash	4,900	415

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2021 that is included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

In the current interim period, the Group has adopted all the amended Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. The HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the unaudited condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

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

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

Property investment — property investment
Securities investment — short-term securities investment

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

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

(a) Segment revenues and results

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

For the six months ended 30 June 2022

	Property investment <i>HK\$’000</i> (unaudited)	Securities investment <i>HK\$’000</i> (unaudited)	Total <i>HK\$’000</i> (unaudited)
Segment and external revenue	<u>2,286</u>	<u>–</u>	<u>2,286</u>
Segment results	<u>(3,673)</u>	<u>(2,619)</u>	<u>(6,292)</u>
Other operating income			102
Unallocated expenses			<u>(6,900)</u>
Loss before income tax			<u>(13,090)</u>

For the six months ended 30 June 2021

	Property investment <i>HK\$'000</i> (unaudited)	Securities investment <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Segment and external revenue	<u>18,409</u>	<u>–</u>	<u>18,409</u>
Segment results	<u>14,480</u>	<u>13,403</u>	27,883
Other operating income			194
Unallocated expenses			<u>(6,811)</u>
Profit before income tax			<u>21,266</u>

Segment results represent the profit/(loss) from each segment net of rental operating costs and administrative expenses directly attributable to each segment without allocation of other operating income and corporate expenses. Unallocated items comprise corporate expenses which are not directly attributable to a particular reportable segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment result of securities investment segment includes fair value gain or loss on held-for-trading investments and administrative expenses directly attributable to the securities investment segment.

4. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Realised loss on held-for-trading investments	(2,918)	(476)
Unrealised fair value gain on held-for-trading investments	<u>209</u>	<u>13,712</u>
	<u>(2,709)</u>	<u>13,236</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on bank borrowing	3,526	3,617
Interest on loan from a non-controlling interest	2,665	–
Interest on promissory note	<u>1,903</u>	<u>4,644</u>
	<u>8,094</u>	<u>8,261</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	—	—
	<u>—</u>	<u>—</u>
Total income tax expense	<u>—</u>	<u>—</u>

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

For the six months ended 30 June 2022, Hong Kong Profits Tax had not been provided for as the Group had no assessable profits for the Period.

7. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	246	254
Directors' remuneration and other staff costs	1,450	1,347
Legal and professional fee	143	83
	<u>1,839</u>	<u>1,684</u>

8. DIVIDEND

No dividends was paid, declared or proposed during the Period. The Directors have determined that no dividend will be paid in respect of the Period (2021: Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/profit for the period attributable to owners of the Company	<u>(11,083)</u>	<u>14,736</u>
Number of shares:		
Weighted average number of ordinary shares for the purposes of (loss)/earnings per share	<u>1,089,118,593</u>	<u>1,089,118,593</u>
	HK Cents	HK Cents
Basic (loss)/earnings per share	<u>(1.02)</u>	<u>1.35</u>

Diluted (loss)/earnings per share equals to basic (loss)/earnings per share, as there was no potential dilutive ordinary shares issued for the six months ended 30 June 2022 and 2021.

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

During the Period, the Group has not purchased items of property, plant and equipment (2021: HK\$330,000). There were no additions or disposals of investment properties during the Period (2021: Nil).

The fair value of the Group's investment properties at 30 June 2022 was determined by the Directors based on the market approach. The fair value of the Group's investment properties as at 31 December 2021 has been arrived at on the basis of a valuation on the market approach carried out as at that date by Messrs. Roma Appraisals Limited ("Roma"), an independent qualified professional surveyor not connected to the Group. Roma is a member of the Hong Kong Institute of Surveyors who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The market approach uses prices and other relevant information generated by market transactions involving comparable properties. No change in fair value of investment properties has been recognised in profit or loss for the six months ended 30 June 2022 (2021: Nil).

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2022 and 31 December 2021. There were no transfers into or out of Level 3 during the Period.

11. HELD-FOR-TRADING INVESTMENTS/DEPOSITS HELD AT A FINANCIAL INSTITUTION

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Listed equity securities:		
Hong Kong	<u>7,613</u>	<u>17,919</u>

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

As at 30 June 2022, the Group's four largest held-for-trading investments contributed to 100% of the Group's held-for-trading investments and such investments contributed approximately HK\$209,000 fair value gain on held-for-trading investments and recognised in profit or loss for the Period.

As at 30 June 2022, the Group's deposits held at a financial institution were held in securities trading accounts for the purpose of the Group's securities investment operation.

12. RENTAL AND OTHER RECEIVABLES

The Group does not have any credit period to the tenants (31 December 2021: Nil).

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Rental receivables	1,482	–
Prepayments, deposits and other receivables	<u>781</u>	<u>610</u>
	<u>2,263</u>	<u>610</u>

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

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
1 to 30 days	296	–
31 to 60 days	296	–
61 to 90 days	296	–
91 to 180 days	<u>594</u>	<u>–</u>
Total rental receivables	<u>1,482</u>	<u>–</u>

13. OTHER PAYABLES

	30 June 2022	31 December 2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Rental deposits received	1,746	2,228
Other payables and accruals	3,026	1,132
Interest payable on loan from a non-controlling interest	2,665	–
	<u>7,437</u>	<u>3,360</u>

14. PROMISSORY NOTE

The promissory note was issued as part of the consideration for acquisition of 51% equity interests of Joy Ease Limited in April 2019. The principal amount of the promissory note is HK\$361,000,000, which carries 5% interest per annum and is matured on the third anniversary from the issue date, 1 April 2019. The Group has fully repaid the principal amount of the promissory note during the Period and as at 30 June 2022, the Group has no outstanding promissory note (31 December 2021: HK\$152,700,000).

15. LOAN FROM A NON-CONTROLLING INTEREST

As at 30 June 2022, the Group has an unsecured loan from a non-controlling interest of HK\$152,700,000 (31 December 2021: Nil) bears interest at a fixed rate of 7% per annum and is matured on one year from the date of drawdown, 1 April 2022.

16. BANK BORROWING

	30 June 2022	31 December 2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Current		
Bank borrowing (<i>Note</i>)	<u>441,343</u>	<u>451,607</u>

Note: The bank borrowing is secured by an investment property of the Group amounted to HK\$1,380,000,000 (31 December 2021: HK\$1,380,000,000) with interest charged at Hong Kong Interbank Offered Rate (HIBOR) plus 1.4% per annum. It is classified as current liability as the related loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion. None of the portion of the bank loan due for repayment after one year which contain a repayment on demand clause (and therefore classified as current liability) is expected to be settled within one year.

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

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
On demand or within one year	20,528	20,528
More than one year but not exceeding two years	20,528	20,528
More than two years but not exceeding five years	61,583	61,583
After five years	338,704	348,968
	441,343	451,607

17. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>HK\$'000</i>		<i>HK\$'000</i>	
	(unaudited)	(audited)	(unaudited)	(audited)
Issued and fully paid	1,089,118,593	1,089,118,593	632,610	632,610

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

Financial assets	Fair value as at 30 June 2022 HK\$'000	Fair value as at 31 December 2021 HK\$'000	Fair value hierarchy	Valuation techniques and key inputs
Listed equity securities in Hong Kong classified as held-for-trading investments in the condensed consolidated statement of financial position	<u>7,613</u>	<u>17,919</u>	Level 1	Quoted prices in an active market

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

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

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

19. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	1,164	1,063
Retirement benefits costs	18	15
	<u>1,182</u>	<u>1,078</u>

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

20. REVIEW OF INTERIM ACCOUNTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed in this announcement, there have been no material changes in the development or future development of the Group's business and financial position since the publication of the annual report of the Company for the year ended 31 December 2021.

CORPORATE RESULTS

For the Period, the Group recorded revenue of approximately HK\$2.3 million (2021: approximately HK\$18.4 million), representing a decrease of approximately 88% as compared to the corresponding period in 2021. The Group's loss for the Period attributable to owners of the Company was approximately HK\$11.1 million (2021: profit of approximately HK\$14.7 million). The total comprehensive loss of the Group for the Period was approximately HK\$13.1 million (2021: total comprehensive income of approximately HK\$21.3 million), which was mainly due to rental income from property investment of approximately HK\$2.3 million (2021: approximately HK\$18.4 million), and net loss on held-for-trading investments listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of approximately HK\$2.7 million (2021: net gain of approximately HK\$13.2 million). The basic loss per share for the Period was 1.02 HK cents (2021: earnings per share of 1.35 HK cents).

BUSINESS REVIEW AND PROSPECTS

Business Review

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

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK\$1,497.8 million (31 December 2021: approximately HK\$1,497.8 million) as at 30 June 2022. The Group recorded rental income of approximately HK\$2.3 million (2021: approximately HK\$18.4 million) for the Period. Management will continue to review its portfolio of investment properties and seek for potential acquisition and/or disposal opportunities from time to time.

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

Location of the properties	Notes	Rental income		Increase/ (decrease) in percentage
		Six months ended 30 June 2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	
9/F, Wings Building, 110 –116 Queen's Road Central, Central, Hong Kong	(1)	720	510	41.2%
10/F, Wings Building, 110 –116 Queen's Road Central, Central, Hong Kong	(2)	–	824	(100)%
Workshop No. 5 on 4/F, Fullagar Industrial Building, 234 Aberdeen Main Road, Hong Kong	(3)	126	126	–
Commercial Podium (Shop) On Lower Ground Floor, Upper Ground Floor, First Floor, Second Floor, Third Floor and Offices and Flat Roof on Fourth Floor of Silver Fortune Plaza, No. 1 Wellington Street, Hong Kong	(4)	1,440	16,949	(91.5)%
		<u>2,286</u>	<u>18,409</u>	<u>(87.6)%</u>

Notes:

- (1) The property is currently divided into five rental units and a conference room. The conference room is shared among tenants of the property. At the date of this announcement, four out of the five rental units of the property are leased to three different tenants with their leases expiration dates in October 2022, April and July 2023. Management will seek for renewal with these tenants upon expiration of the leases. Increase in rental income during the Period mainly due to two more rental units have been leased out since the second half of 2021.
- (2) The whole floor of the property with saleable area of 3,393 sq. ft. was vacant since its lease expiration on 31 December 2021. Management expects the property can be leased out by 30 September 2022.
- (3) The property is an industrial unit leased to a tenant with its lease expiration date in December 2022. There is no change in rental income during the Period.
- (4) The property is a commercial podium comprised of six floors from Lower Ground Floor to the Fourth Floor with an aggregate saleable area of 28,923 sq.ft., of which the Fourth Floor was leased to a tenant with its lease expiration date in August 2025. Decrease in rental income mainly due to the vacancy of the Lower Ground Floor to the Third Floor during the Period. Management expects the remaining floors of this property can be leased out in the second half of 2022.

- (b) In accordance with the Hong Kong Property Review 2022 issued by the Rating and Valuation Department, the commercial properties recorded high vacancy rate for grade A, B and C of 12.5%, 13.1% and 9.1%, respectively at year end 2021.

The Group's leasing performance was still suffering from the adverse impact of the COVID-19 pandemic, the restrictive measures imposed by the Government during the first half of 2022 not only reduced economic activities but also negatively affected consumer and business sentiment. The aforementioned created uncertainties to the potential tenants for entering into leases with sizeable area of the properties in prime locations which led to a lengthy vacancy period of the Group's investment properties. In addition, management will continue to review its investment properties and tenants portfolio from time to time with aims to generate stable income to the Group and for capital appreciation.

Investment in Securities

During the Period, the Group recorded net loss on held-for-trading investments of approximately HK\$2.7 million (2021: net gain of approximately HK\$13.2 million) attributable to unrealised gain of approximately HK\$0.2 million and realised loss of approximately HK\$2.9 million due to the fluctuation of Hong Kong equity market. No dividend income from held-for-trading investments was recorded for the Period (2021: Nil).

As at 30 June 2022, held-for-trading investments amounted to approximately HK\$7.6 million (31 December 2021: approximately HK\$17.9 million). This value represented an investment portfolio comprising 4 (31 December 2021: 14) equity securities listed in Hong Kong of which 4 (31 December 2021: 10) equity securities are/were listed on the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Stock Code	Stock Short Name	At 31 December 2021		During the Period			At 30 June 2022		Percentage of shareholdings at 30 June 2022* (Note 1) %	Percentage of total held-for-trading investments at 30 June 2022* %	Percentage of total assets of the Group at 30 June 2022* (Note 2) %
		No. of shares held	Fair value HK\$'000	No. of shares disposed	Realised (loss)/gain HK\$'000	Unrealised fair value gain/(loss) HK\$'000	No. of shares held	Fair value HK\$'000			
361	SINO GOLF HOLD	39,460,000	4,854	(39,460,000)	(3,207)	-	-	-	-	-	-
582	LANDING INTL	7,999,200	1,864	(240,000)	-	(101)	7,759,200	1,707	0.18	22.4	0.1
764	ETERNITY INV	15,006,588	2,806	(10,000,000)	(77)	(250)	5,006,588	686	0.13	9.0	-
1166	SOLARTECH INT'L	25,000,000	1,750	-	-	350	25,000,000	2,100	1.05	27.6	0.1
1557	K.H. GP HLDGS	6,000,000	2,910	-	-	210	6,000,000	3,120	1.50	41.0	0.2
8047	CHINA OCEAN GP	9,552,000	860	(9,552,000)	916	-	-	-	-	-	-
8063	GLOBAL M HLDG	9,087,000	999	(9,087,000)	177	-	-	-	-	-	-
8078	C CREATIVE DIGI	1,264,000	55	(1,264,000)	(16)	-	-	-	-	-	-
8178	CHINA INFO TECH	7,916,666	1,821	(7,916,666)	(711)	-	-	-	-	-	-
			17,919		(2,918)	209		7,613		100	0.4

* 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 30 June 2022 of the issuers publicly available on the website of the Stock Exchange.
2. The Group does not hold any investment accounted for five per cent or more of the Group's total asset at 30 June 2022.

Prospects

Looking ahead, it was expected the outbreak of COVID-19 continue to have adverse impact on the Group's property investment and securities investment. The demand for office space is expected to be weak in the second half of 2022, reflecting increased vacancy rates.

Nonetheless, assuming a gradual re-opening of the international border and the border with the Mainland China and improvements in the financial markets, the demand for office space, particularly from retail business, entertainment enterprises, financial institutions and professional services companies, should increase and may lead to a better performance of the Group's financial results in the second half of 2022.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2022, the Group had bank balances and cash and deposits held at financial institutions of approximately HK\$4.9 million (31 December 2021: approximately HK\$11.4 million). The Group maintains a prudent funding and treasury policy with regard to its overall business operations. The Group funds its operations from a combination of internal resources, bank borrowing and loan from a non-controlling interest. As at 30 June 2022, the Group had approximately HK\$441 million interest-bearing bank borrowing (31 December 2021: approximately HK\$452 million), loan from a non-controlling interest of approximately HK\$153 million (31 December 2021: Nil) which is interest-bearing at 7% per annum.

Gearing Ratio

The gearing ratio, expressed as a percentage of total debts (including the bank borrowing, loan from a non-controlling interest and promissory note) to equity attributable to owners of the Company was 123.8% as at 30 June 2022 (31 December 2021: 123.1%). Increase in gearing ratio was mainly attributable to decrease in equity attributable to owners of the Company during the Period.

Capital Structure

During the Period, there was no change to the share capital of the Company. As at 30 June 2022, the total number of issued ordinary shares of the Company was 1,089,118,593 (31 December 2021: 1,089,118,593) shares.

Exposure to Foreign Exchange Fluctuations

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

Charges Over Assets of the Group

As at 30 June 2022, an investment property of approximately HK\$1,380 million is secured for the Group's bank borrowing of approximately HK\$441 million (31 December 2021: approximately HK\$452 million).

Contingent Liabilities

As at 30 June 2022, the Company had no contingent liabilities (31 December 2021: Nil).

Capital Commitment

As at 30 June 2022, the Group had no significant capital commitments (31 December 2021: Nil).

Material Acquisitions and Disposals

During the Period, the Group made no material acquisition or disposal (2021: Nil).

Employees and Remuneration Policy

As at 30 June 2022, the Group had 7 employees in Hong Kong (31 December 2021: 7). The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonus may be granted to reward and motivate well-performed employees.

INTERIM DIVIDEND

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

DISCLOSURE OF ADDITIONAL INFORMATION

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

As at 30 June 2022, none of the Directors or chief executive of the Company and their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

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

As at 30 June 2022, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that no shareholder has notified the Company of any interest, direct or indirect, or short position in 5% or more of the issued share capital of the Company.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTOR

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in the Part 2 of Appendix 14 to the Listing Rules, except for the following:

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

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

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

There is no change of the Directors’ information pursuant to Rule 13.51.B of the Listing Rules since the disclosure made in the Company’s annual report 2021 or the announcement in relation to the appointment and/or resignation of the Directors.

AUDIT COMMITTEE

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

The audit committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2022.

By Order of the Board
Far East Holdings International Limited
Eric Todd
Chairman & Executive Director

Hong Kong, 26 August 2022

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