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遠東控股國際有限公司

Far East Holdings International Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 36)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Far East Holdings International Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 together with the comparative figures for the corresponding year in 2022 are set out as follows:

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

For the year ended 31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Revenue	3	9,256	4,696
Rental operating cost		<u>(2,957)</u>	<u>(3,030)</u>
Net rental income		6,299	1,666
Other income		89	205
Other gains and losses, net	5	(83,120)	(84,530)
Administrative expenses		(4,606)	(4,590)
Finance costs	6	<u>(40,799)</u>	<u>(20,498)</u>
Loss before income tax	7	(122,137)	(107,747)
Income tax expense	8	<u>(445)</u>	<u>(233)</u>
Loss and total comprehensive income for the year		<u>(122,582)</u>	<u>(107,980)</u>
Loss for the year attributable to:			
Owners of the Company		(72,851)	(68,799)
Non-controlling interests		<u>(49,731)</u>	<u>(39,181)</u>
		<u>(122,582)</u>	<u>(107,980)</u>
Loss per share — Basic (HK cents)	9	<u>(6.69)</u>	<u>(6.32)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Investment properties		1,331,800	1,418,100
Property, plant and equipment		16,270	16,664
		<u>1,348,070</u>	<u>1,434,764</u>
Current assets			
Corporate bond		600	600
Held-for-trading investments	<i>10</i>	4,740	1,560
Rental and other receivables	<i>11</i>	801	2,194
Tax recoverable		–	1,853
Deposits held in a financial institution		1	32
Bank balances and cash		1,670	762
		<u>7,812</u>	<u>7,001</u>
Current liabilities			
Other payables and accruals	<i>12</i>	26,666	10,478
Tax payable		61	205
Amount due to a non-controlling interest	<i>13</i>	44,420	26,437
Bank borrowing	<i>14</i>	410,551	431,079
Loan from a non-controlling interest	<i>15</i>	152,700	152,700
Other loans	<i>16</i>	27,200	4,000
		<u>661,598</u>	<u>624,899</u>
Net current liabilities		<u>(653,786)</u>	<u>(617,898)</u>
Net assets		<u>694,284</u>	<u>816,866</u>
Capital and reserves			
Share capital		632,610	632,610
Reserves		(283,469)	(210,618)
Equity attributable to owners of the Company		349,141	421,992
Non-controlling interests		345,143	394,874
Total equity		<u>694,284</u>	<u>816,866</u>

Notes:

1. BASIS OF PREPARATION

(a) Statutory financial statements

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement does not constitute the Company's statutory annual consolidated financial statements for those years 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 Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(b) Statement of compliance

The financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) 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 (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

(c) Basis of measurement and going concern assumption

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 at 31 December 2023, the Group has net current liabilities of HK\$653,786,000 which mainly included (i) a bank borrowing with the demand clause of HK\$410,551,000; and (ii) the loan from a non-controlling interest of HK\$152,700,000 that will be matured on 30 April 2024.

1. BASIS OF PREPARATION (continued)

(c) Basis of measurement and going concern assumption (continued)

The directors of the Company had prepared a cash flow forecast covering a period of 12 months from the date of approval of these consolidated financial statements (“**Forecast**”). The following measures have considered the Group’s historical operating performance in the preparation of the Forecast and included certain actions taken by the Group’s for the purposes of improving its operating cash flows and financial position:

- (a) Subsequent to the reporting period, the Group has obtained the extension of loan from a non-controlling interest and the accrued interest to extend the maturity date to 30 April 2025;
- (b) Subsequent to the reporting period, the Group has obtained a mortgage loan facility approximately of HK\$70 million by pledging two of its investment properties;
- (c) The Group will reassess its marketing strategy in order to decrease the vacancies rate of its investment properties in the near future; and
- (d) The Group will consider to dispose of certain of its investment properties to strengthen the liquidity position of the Group, if necessary.

Taking into account the Forecast and assuming the successful implementation of the above measures, the Directors of the Company considered the Group would be able to finance its operations and to meet its financial obligations as and when they fall due at least for the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(d) 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.

2. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs — effective on 1 January 2023

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except for the Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements summarised below, the other new or amended HKFRSs has no material impact on the Group's results and financial position for the current or prior period and on accounting policies. The Group has not applied any new and revised HKFRSs that are not yet effective for the current period.

Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements (Disclosure of Accounting Policies)

The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose “significant accounting policies” with “material accounting policy information”. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

2. ADOPTION OF HKFRSs (continued)

(b) Revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, 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.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The Group has already commenced an assessment of the impact of adopting the above amendments to existing standards to the Group. The Group has so far concluded that the application of these new pronouncements will have no material impact on the Group's consolidated financial statements.

3. REVENUE

Revenue includes property rental income in both years. The amount of each significant category of revenue recognised during the year is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gross rental income from investment properties	<u>9,256</u>	<u>4,696</u>

4. 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 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 reportable and operating segments:

For the year ended 31 December 2023

	Property investment <i>HK\$’000</i>	Securities investment <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Segment revenue			
External revenue (<i>note 3</i>)	<u>9,256</u>	<u>–</u>	<u>9,256</u>
Segment results	<u>(103,847)</u>	<u>3,167</u>	<u>(100,680)</u>
Other operating income			89
Unallocated expenses			<u>(21,546)</u>
Loss before income tax			<u>(122,137)</u>

4. SEGMENT REPORTING (continued)

(a) Segment revenues and results (continued)

For the year ended 31 December 2022

	Property investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue			
External revenue (<i>note 3</i>)	<u>4,696</u>	<u>–</u>	<u>4,696</u>
Segment results	<u>(88,389)</u>	<u>(4,868)</u>	(93,257)
Other operating income			205
Unallocated expenses			<u>(14,695)</u>
Loss before income tax			<u>(107,747)</u>

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. 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. The segment results of the securities investment segment include the fair value gain or loss on held-for-trading investments and administrative expenses directly attributable to the securities investment segment.

4. SEGMENT REPORTING (continued)

(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 2023

	Property investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	(394)	–	(394)
Unrealised fair value gain on held-for-trading investments	–	3,180	3,180
Fair value loss on investment properties	<u>(86,300)</u>	<u>–</u>	<u>(86,300)</u>

For the year ended 31 December 2022

	Property investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	(459)	–	(459)
Unrealised fair value loss on held-for-trading investments	–	(1,350)	(1,350)
Realised loss on held-for-trading investments	–	(3,497)	(3,497)
Fair value loss on investment properties	<u>(79,700)</u>	<u>–</u>	<u>(79,700)</u>

4. SEGMENT REPORTING (continued)

(c) Segment assets and liabilities

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

(d) Geographical information

The Group's revenue is solely generated from, and non-current assets are located in, Hong Kong, based on the location on relevant entities' operation.

(e) Information about major customers

Revenue from three customer (2022: two customer) individually contributing over 10% of total revenue of the Group is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A (from property investment segment)	<u>1,486</u>	<u>N/A¹</u>
Customer B (from property investment segment)	<u>N/A¹</u>	<u>2,880</u>
Customer C (from property investment segment)	<u>N/A¹</u>	<u>720</u>
Customer D (from property investment segment)	<u>2,100</u>	<u>N/A¹</u>
Customer E (from property investment segment)	<u>2,975</u>	<u>N/A¹</u>

¹ The corresponding revenue did not contribute over 10% of the Group's total revenue in the respective year.

5. OTHER GAINS AND LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unrealised fair value gain/(loss) on held-for-trading Investments	3,180	(1,350)
Realised loss on held-for-trading investments	–	(3,497)
Fair value loss on investment properties	(86,300)	(79,700)
Gain on disposal of subsidiaries	–	17
	<u>(83,120)</u>	<u>(84,530)</u>

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on other loans	2,295	110
Interest on bank borrowing	23,354	10,355
Interest on promissory note	–	1,903
Interest on loan from a non-controlling interest	15,150	8,130
	<u>40,799</u>	<u>20,498</u>

7. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration (including remuneration for non-audit services)	600	560
Bad debt written off (<i>note</i>)	169	–
Depreciation charge		
— Property, plant and equipment	394	459
Operating lease rental in respect of low valued leased office equipment	21	15
	<u>21</u>	<u>15</u>

Note: During the year ended 31 December 2023, the Group terminated a rental contract with a tenant due to long outstanding rental payment. The Group incurred a bad debt amounting to HK\$169,000 after considering the rental deposit received from the tenant.

8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax:		
— Hong Kong profits tax	89	–
— Under-provision in respect of prior year	356	233
	<u>445</u>	<u>233</u>
Total tax charge for the year	<u>445</u>	<u>233</u>

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

The Group is subject to Hong Kong Profits Tax under the two-tiered profits tax rates regime. For the years ended 31 December 2023 and 2022, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2022: 16.5%).

8. INCOME TAX EXPENSE (continued)

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before income tax	<u>(122,137)</u>	<u>(107,747)</u>
Tax calculated at the domestic income tax rate of 16.5% (2022: 16.5%) (note)	(20,153)	(17,778)
Tax effect of losses and expenses not deductible for tax purposes	14,478	15,764
Tax effect of revenue not taxable for tax purposes	(691)	(47)
Tax effect of tax losses not recognised	6,988	2,433
Tax effect of deductible temporary difference not recognised	(327)	(340)
Utilisation of tax losses previously not recognised	(117)	(32)
Tax at concessionary rate	(89)	–
Under-provision in respect of prior year	<u>356</u>	<u>233</u>
Income tax expense	<u>445</u>	<u>233</u>

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).

9. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(72,851)</u>	<u>(68,799)</u>
	2023 <i>Number of shares</i>	2022 <i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,089,118,593</u>	<u>1,089,118,593</u>
	2023 <i>HK cents</i>	2022 <i>HK cents</i>
Basic loss per share	<u>(6.69)</u>	<u>(6.32)</u>

For the purpose of calculating diluted loss per share for the years ended 31 December 2023 and 2022, no adjustment has been made as there was no potential ordinary share outstanding.

10. HELD-FOR-TRADING INVESTMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Listed equity securities:		
Hong Kong	<u>4,740</u>	<u>1,560</u>

As at 31 December 2023, held-for-trading investments represent 1 (2022: 1) equity securities listed in the Main Board of the Stock Exchange of Hong Kong Limited.

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

11. RENTAL AND OTHER RECEIVABLES

The Group does not have any credit period to the tenants (2022: Nil).

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental receivables — current and not impaired	–	1,432
Prepayments, deposits and other receivables	<u>801</u>	<u>762</u>
At 31 December	<u>801</u>	<u>2,194</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1 to 30 days	–	259
31 to 60 days	–	259
61 to 90 days	–	307
91 to 180 days	–	607
Total rental receivables	<u>–</u>	<u>1,432</u>

Details of other receivables net of loss allowance are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Deposits	671	710
Prepayments	76	48
Others	<u>54</u>	<u>4</u>
	<u>801</u>	<u>762</u>

12. OTHER PAYABLES AND ACCRUALS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental deposits received	3,445	2,717
Other payables and accruals	2,048	2,385
Interest payable on loan from a non-controlling interest and other loans	<u>21,173</u>	<u>5,376</u>
	<u><u>26,666</u></u>	<u><u>10,478</u></u>

13. AMOUNT DUE TO A NON-CONTROLLING INTEREST

As at 31 December 2023 and 2022, the amount due to a non-controlling interest represented the loan from shareholder of a non-wholly owned subsidiary which is unsecured, interest-free, and repayable on demand.

14. BANK BORROWING

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current		
Bank borrowing due for repayment within one year (<i>note (i)</i>)	20,528	20,528
Bank borrowing due for repayment after one year which contain a repayment on demand clause (<i>note (i) & note (ii)</i>)	<u>390,023</u>	<u>410,551</u>
	<u><u>410,551</u></u>	<u><u>431,079</u></u>

Notes:

- (i) The bank borrowing is secured by an investment property at the carrying value of HK\$1,230,000,000 (2022: HK\$1,310,000,000).
- (ii) The bank borrowing of HK\$390,023,000 as at 31 December 2023 (2022: HK\$410,551,000) is not scheduled to repay within one year. 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.

14. BANK BORROWING (continued)

At the end of the reporting period, bank borrowing was scheduled to repay as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
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 year, but not exceeding five years	61,583	61,583
After five years	307,912	328,440
	<u>410,551</u>	<u>431,079</u>

The amount due is based on the scheduled repayment date in the loan agreement and ignore the effect of any repayment on demand clause.

15. LOAN FROM A NON-CONTROLLING INTEREST

As at 31 December 2023, the Group has an unsecured loan from a non-controlling interest of HK\$152,700,000 (2022: HK\$152,700,000) bearing interest at a fixed rate of 10% (2022: 7%) per annum and will be matured on 30 April 2024.

16. OTHER LOANS

As at 31 December 2023, the Group has an unsecured loans of HK\$24,600,000, HK\$2,000,000, HK\$600,000 (2022: HK\$4,000,000) bearing interest at a fixed rate of 15% (2022: 12%) per annum and will be matured on 7 October 2024, 11 November 2024, 11 November 2024 respectively (2022: 10 October 2023).

17. LEASES

The Group as lessor

The Group's investment properties are leased to a number of tenants for varying terms. The rental income earned during the year ended 31 December 2023 was HK\$9,256,000 (2022: HK\$4,696,000).

The minimum rent receivables under non-cancellable operating leases are as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	12,136	5,938
Later than one year and not later than two years	11,195	5,256
Later than two year and not later than five years	2,660	8,845
	<u>25,991</u>	<u>20,039</u>

18. RELATED PARTY TRANSACTIONS

Save as those disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions with related parties during the year:

(a) Revenue

Related party relationship	Nature of transaction	2023	2022
		HK\$'000	HK\$'000
Company with common executive director	Rental income	<u>360</u>	<u>–</u>

During the year ended 31 December 2023, a director of the tenant, which is a wholly owned subsidiary of a company with its ordinary shares listed on the Stock Exchange, namely Affluent Partners Holdings Limited, has been appointed as an executive director of the Company. The amount shown is represented the rental income contributed in the related investment property throughout the year ended 31 December 2023.

(b) Compensation of key management personnel

The remunerations of Directors and key management of the Group during the year are as follows:

	2023	2022
	HK\$'000	HK\$'000
Short-term benefits	1,810	2,398
Post-employment benefits	<u>37</u>	<u>36</u>
	<u>1,847</u>	<u>2,434</u>

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

19. EVENTS AFTER REPORTING PERIOD

Subsequent to the year ended 31 December 2023, the Group has obtained the extension of loan from a non-controlling interest to extend the maturity date to 30 April 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the year ended 31 December 2023 (the “**Year Under Review**”), Far East Holdings International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded revenue of approximately HK\$9.3 million (2022: approximately HK\$4.7 million), representing an increase of approximately 97.9% as compared to that of last year. The Group’s loss attributable to owners of the Company was approximately HK\$72.9 million (2022: HK\$68.8 million). The loss and total comprehensive income of the Group for the Year Under Review was approximately HK\$122.6 million (2022: HK\$108.0 million), which was mainly attributable to the increase in finance costs during the Year Under Review. The basic loss per share for the Year Under Review was 6.69 HK cents (2022: 6.32 HK cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had cash and bank balances and deposits held at a financial institution amounting to approximately HK\$1.7 million (2022: approximately HK\$0.8 million). The Group funds its operations from a combination of internal resources, bank borrowings, loan from a non-controlling interest and other loans.

GEARING RATIO

The gearing ratio, expressed as a percentage of total debts (including the bank borrowing, loan from a non-controlling interest and other loans) to equity attributable to owners of the Company was 169.1% as at 31 December 2023 (2022: 139.3%).

CAPITAL STRUCTURE

During the Year Under Review, there was no change to the share capital of the Company. As at 31 December 2023, the total number of issued ordinary shares of the Company was 1,089,118,593 (2022: 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 2023, the Company had no contingent liabilities (2022: Nil).

Capital Commitments

As at 31 December 2023, the Group had no capital commitment (2022: Nil).

SIGNIFICANT INVESTMENTS

The Group had held-for-trading investments of approximately HK\$4.7 million as at 31 December 2023 (2022: approximately HK\$1.6 million), representing 0.3% (2022: 0.1%) 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\$3.2 million (2022: realised loss and fair value loss of approximately HK\$4.8 million).

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.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

There was no material acquisition nor disposal of conducted by the Group during the Year Under Review.

DIVIDEND

For the Year Under Review, the Board does not recommend any final dividend (2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2023, the Group had 8 employees in Hong Kong (2022: 7 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.

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 AND FINANCIAL REVIEW

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK\$1,331.8 million (2022: approximately HK\$1,418.1 million) as at 31 December 2023. The Group recorded rental income of approximately HK\$9.3 million (2022: approximately HK\$4.7 million) for the Year Under Review. 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 Year Under Review are as follows:

Location of the properties	Notes	Rental income		Increase
		2023 HK\$'000	2022 HK\$'000	in percentage %
9/F Wings Building, 110–116 Queen's Road Central, Central, Hong Kong	(1)	1,440	1,440	0%
10/F, Wings Building, 110–116 Queen's Road Central, Central, Hong Kong	(2)	1,486	124	1,098%
Workshop No. 5 on 4/F, Fullagar Industrial Building, 234 Aberdeen Main Road, Hong Kong	(3)	252	252	0%
Commercial Podium (Shop) on Lower Ground Floor, Upper Ground Floor, First Floor, Second Floor, Third Floor and Offices and Flat Roof on Fourth Floor of Silver Fortune Plaza, 1 Wellington Street, Hong Kong	(4)	6,078	2,880	111%

Notes:

- (1) The property is currently divided into five rental units and a conference room. The conference room is shared among tenants of the property. At the date of this announcement, four out of the five rental units of the property are leased to four tenants with their leases expiration dates in April 2024, October 2024, July 2025 and April 2024 respectively. Management will seek for renewal with these tenants upon expiration of the leases.
- (2) The whole floor of this property is leased to a tenant with its lease expiration date on September 2025. Increase in rental income is mainly due to the whole period rental during the Year Under Review.
- (3) The property is an industrial unit leased to a tenant with its lease expiration date on December 2024.
- (4) The property is a commercial podium comprised of six floors from Lower Ground Floor to the Fourth Floor. The fourth floor of this property which was previously leased to a tenant with its lease expiration date in August 2025 and this tenant failed to pay rent during the Year Under Review. The Group had taken legal action against this tenant and the lease was terminated by then.

During the Year Under Review, the Upper Ground Floor, the Second Floor and the Third Floor have been leased to three tenants with their leases expiration dates in January 2026, August 2026 and January 2026 respectively.

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

Investment in Securities

During the Year Under Review, the Group recorded fair value gain on held-for-trading investments of approximately HK\$3.2 million (2022: realised loss and fair value loss of approximately HK\$4.8 million).

As at 31 December 2023, the held-for-trading investments amounted to approximately HK\$4.7 million (2022: approximately HK\$1.6 million). This value represented an investment portfolio comprising 1 (2022: 1) equity securities that are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Group does not hold any investment accounted for five per cent or more of the Group’s total asset at the end of the reporting period.

BUSINESS PROSPECTS

Looking ahead, with the full reopening of the border with the Chinese Mainland and the economies of the nearby areas, it will have a positive impact to the Group’s property investment. It was also expected that the Group’s rental income will be increased in 2024 and the fair value of investment properties and held-for-trading investments will be increased as the city returns to normalcy. The Group is devoted to increasing the occupancy rate of the properties and looking for potential acquisition/disposal of properties to generate stable income and capital appreciation from the properties. In view of the above, management will closely monitor the investment portfolio and capture opportunities in a prudent manner and balance investment risks of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2023, 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:

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. The daily operation of the Group's business is handled by the executive Director collectively. The Board is of the view that although there is 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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (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.

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.0036.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, Mr. Lam Wai Hung (chairman of the Audit Committee), Mr. Mak Ka Wing, Patrick and Mr. Lam Cheung Shing, Richard.

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

- (i) reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2023 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 2023 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 2023;
- (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 2023;
- (v) reviewed corporate governance and internal control systems, enterprise risk assessment report, internal control review report and effectiveness of risk management system;
- (vi) reviewed the fees for audit and non-audit services provided by the external auditor; and
- (vii) met with the external auditor in the absence of management.

SCOPE OF WORK OF MESSRS. BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year as tabled before the Board of Directors meeting for approval. The work performed by Messrs. BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited on this preliminary announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.0036.com.hk). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

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 the Shareholders for their continuous and full support to our Group.

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

Hong Kong, 26 March 2024

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