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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)*

**PLACING OF EXISTING SHARES,  
SUBSCRIPTION OF NEW SHARES**

**AND**

**RESUMPTION OF TRADING**

**Placing agent**



**Financial adviser**  
**VINCO** 城高

**Grand Vinco Capital Limited**

#### **PLACING OF SHARES**

On 30 November 2007 and 4 December 2007, the Vendors entered into the Placing Agreement and the Supplemental Placing Agreement respectively with the Placing Agent pursuant to which the Placing Agent agreed to on a best-effort basis to place up to 21,000,000 existing Shares at the Placing Price of HK\$1.39 per Placing Share on behalf of the Vendors to not less than six independent professional, institutional and/or individual investors who are third parties independent of and not connected persons of the Company or any of its associates and are not or will not be acting in concert (as defined in the Takeovers Codes) with the Vendors, the Company or its subsidiaries (as defined under the Listing Rules).

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendors and the Placing Agent with reference to the recent trading prices of the Shares on the Stock Exchange. The Directors (including independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **SUBSCRIPTION OF SHARES**

On 30 November 2007 and 4 December 2007, the Vendors also entered into the Subscription Agreement and the Supplemental Subscription Agreement respectively with the Company pursuant to which the Vendors agreed to subscribe for up to 21,000,000 New Shares, which is equal to the number

of Placing Shares to be placed under the Placing, at HK\$1.39 per Subscription Shares. An application and permission to deal in, all of the New Shares.

The New Shares represent approximately 19.19% of the entire issued share capital of the Company as the date of this announcement and represent approximately 16.10% of the entire issued share capital of the Company as enlarged by the allotment and issue of the New Shares. The New Shares are to be issued under the General Mandate.

The Placing is unconditional, but the completion of Subscription is subject to a number of conditions. If such conditions are not fulfilled, the Subscription will not proceed. Shareholders and prospective investors are advised to exercise caution when dealing in the Shares of the Company.

The aggregate percentage shareholdings of the Vendors and parties acting in concert with it will reduce from 62.89% of the Company's existing share capital to 43.70% after the Placing and will increase from 43.70% to 52.76% of the Company's enlarged share capital after the Subscription.

The net proceeds of the Subscription of approximately HK\$28.40 million will be applied for general working capital and/or possible future investment of the Group. As at the date of this announcement, the Directors have not identified any target investment opportunities.

As the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30a.m. on 3 December 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30a.m. on 5 December 2007.

Details of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) and the Subscription Agreement (as supplemented by the Supplemental Subscription Agreement) are set out below.

## **I. PLACING**

### **Date:**

The Placing Agreement and the Supplemental Placing Agreement entered into on 30 November 2007 and 4 December 2007 respectively.

### **The Vendors:**

First Vendor: Deacon Te Ken Chiu J.P., a director and the chairman of the Company, a beneficial owner of 11,359,015 Shares

Second Vendor: Mr. Duncan Chiu, a managing director and chief executive officer of the Company a beneficial owner of 28,788,878 Shares

### **The Placing Agent:**

Orient Securities Limited, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Party. The Placing Agent will receive a placing commission of 2.25% of the amount equal to the Placing Price multiplied by the number of Placing Shares. The placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent. The Directors (including independent non-executive Directors) are of the view that placing commission is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **The Placees:**

There will be not less than six placees, who will be independent professional, institutional or other

investors selected and procured by the Placing Agent.

The placees will be third parties independent of the Group and not connected persons (as defined in the Listing Rules) of the Group, or any of its associates and are not acting in concert (as defined in the Takeovers Codes) with the Vendors, the Company or its subsidiaries (as defined in the Listing Rules) and that no placee will become substantial Shareholder as a result of the Placing.

**Number of Placing Shares:**

Up to 21,000,000 Placing Shares on a best effort basis. The Placing Shares represent 19.19% of the existing issued share capital of the Company of 16.10% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares.

**Placing Price:**

HK\$1.39 per Placing Share (exclusive of stamp duty, brokerage (if any), Stock Exchange trading fee and SFC transaction levy), which represent:

- (i) a discount of 16.27% to the closing price of HK\$1.66 per Share quoted on the Stock Exchange on 30 November 2007, being the last full trading day immediately before the date of this announcement;
- (ii) a discount of approximately 19.65% to the average closing prices of approximately HK\$1.73 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately before the date of this announcement;
- (iii) a discount of approximately 27.75% to the average closing prices of approximately HK\$1.74 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the date of this announcement; and
- (iv) a discount of approximately 19.65% over the average of the net assets per Share of approximately HK\$1.73 per Share as derived by dividing HK\$189,075,920 of net assets of the Company as at 31 December 2006 by 109,450,595 issued Shares as at 31 December 2006.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendors and the Placing Agent by reference to the recent trading prices of the Shares on the Stock Exchange. The Directors (including the independent non-executive Directors) consider that the Placing Price in view of the premium over net assets per Share and the terms of the Placing Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

**Rights:**

The Placing Shares will rank pari passu with all other issued Shares as at the date of this announcement in all respects.

**Completion of the Placing:**

The Placing is unconditional. Completion of the Placing is expected to take place on 5 December 2007 (or at such other time and date as may be agreed between the Vendors and the Placing Agent).

## **II. SUBSCRIPTION**

### **Date:**

The Subscription Agreement and the Supplemental Subscription Agreement entered into on 30 November 2007 and 4 December 2007 respectively.

### **The Issuer:**

The Company

### **The Subscriber:**

The Vendors and its associates are beneficially interested in approximately 62.89% of the entire issued share capital of the Company as at the date of this announcement. Immediately after completion of the Placing, the total shareholding of the Vendors and its associates will be reduced to approximately 43.70% of the entire issued share capital of the Company. The Subscription will then increase the total shareholding of the Vendors and its associates to approximately 52.76% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares.

### **Number of New Shares:**

Equivalent to the number of Shares placed pursuant to the Placing. Assuming all the Placing Shares have been placed, the new Shares shall represent 19.19% of the existing issued share capital of the Company and approximately 16.10% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares

### **Subscription Price:**

HK\$1.39 per New Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses in relation to the Subscription and will reimburse the costs incurred in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$1.35 per Share.

### **Rights:**

The New Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the New Shares.

### **Mandate to issue the New Shares:**

The New Shares are to be issued under the General Mandate. Under the General Mandate, up to 21,890,119 Shares, representing 20% of the issued Shares as at the date of the annual general meeting of the Company held on 1 June 2007, may be issued by the Company. As at the date of this announcement, no Shares have been issued under the General Mandate pursuant to a placing and subscription of the Company. Accordingly, there are up to 21,890,119 Shares which may be issued under the General Mandate as at the date of this announcement.

### **Conditions of the Subscription:**

The Subscription is conditional upon the following conditions:

- (i) the completion of the Placing having occurred pursuant to the terms of the Placing Agreement;
- (ii) the listing of and permission to deal in the New Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the completion date of the Subscription); and
- (iii) if required, the Companies Registry granting permission to allot and issue the New Shares.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, the Subscription Agreement and all rights and obligations under the Subscription Agreement will cease and terminate.

#### **Completion of the Subscription:**

Completion of the Subscription will take place on the date upon which all conditions of the Subscription have been fulfilled. The subscription must be completed and the New Shares must be issued within 14 days after the date of Subscription Agreement which is on or before 14 December 2007 or such other time as both the Company and Subscriber may agree. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

#### **Application for listing:**

Application will be made by the Company to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, all of the New Shares.

### **EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING**

The Shareholdings in the Company immediately before the completion of the Placing and the Subscription and immediately after the completion of the Placing and the Subscription are and will be as follows:

	As at the date of this announcement		Immediately after the Placing but before the Subscription		Immediately after Subscription	
	Million Shares	Approximate %	Million Shares	Approximate %	Million Shares	Approximate %
Shareholder						
Deacon Chiu	11.36	10.38	1.36	1.24	11.36	8.71
Duncan Chiu	28.79	26.30	17.79	16.25	28.79	22.07
Daniel Chiu	12.79	11.66	12.76	11.66	12.76	9.78
David Chiu	8.04	7.35	8.04	7.35	8.04	6.16
Dennis Chiu	4.62	4.22	4.62	4.22	4.62	3.54
Other Chiu family members	3.26	2.98	3.26	2.98	3.26	2.50
Vendors and parties of acting in concert of Chiu's family	68.83	62.89	47.83	43.70	68.83	52.76
Placees	-	-	21.00	19.19	21.00	16.10
Public	40.62	37.11	40.62	37.11	40.62	31.14
<b>Total</b>	<b>109.45</b>	<b>100</b>	<b>109.45</b>	<b>100</b>	<b>130.45</b>	<b>100</b>

Note:

The directorship of the Chiu family in the Company is as follows:

Deacon Chiu	Chairman #
Duncan Chiu	Managing Director# *
Daniel Tat Jung Chiu	Non-Executive Director# *
Dennis Chiu	Non-Executive Director# *
David Chiu	Non-Executive Director# *

# Parties acting in concert of Chiu family

\* sons of Mr. Deacon Chiu

## **REASONS FOR AND BENEFITS OF THE PLACING AND SUBSCRIPTION AND THE USE OF THE PROCEEDS**

The Company is an investment holding company. The principal activities of its subsidiaries are manufacturing and trading of garment, investment in properties for rental purpose, property development and investment in securities.

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital by way of the Placing and the Subscription as it will broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares.

The net proceeds of the Subscription of approximately HK\$28.40 million will be applied for general working capital and/or possible future investments of the Group. As at the date of this announcement, the Directors have not identified any new target investment opportunities.

The Directors consider that the Placing Agreement (as supplemented by the Supplemental Placing Agreement) and Subscription Agreement (as supplemented by the Supplemental Subscription Agreement) are entered into upon normal commercial terms following arm's length negotiations among the Company, the Vendors and the Placing Agent and that the terms of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) and Subscription Agreement (as supplemented by the Supplemental Subscription Agreement) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Group has not conducted any fund raising activities during the 12 months immediately preceding the date of this announcement.

The Directors consider that if other investment or acquisition opportunities arise, decisions may have to be made within a short period of time. The Placing and the Subscription would provide the Group with a source of finance for funding such potential investments and/or acquisitions in a timely and efficient manner as and when such opportunities arise. As such, the Directors are of the view that funding raised through the Placing and the Subscription is fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on 3 December 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30a.m. on 5 December 2007.

**DEFINITIONS:**

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Company”	Far East Holdings International Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“First Vendor”	Deacon Te Ken Chiu J.P., a director and the chairman of the Company, a beneficial owner of 11,359,015 Shares
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the annual general meeting of the Company held on 1 June 2007
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s of the Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Independent Third Party(-ies)”	independent third party(-ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who are not connected with the Company and its connected persons (as defined under the Listing Rules) and who are independent of and not acting in concert with the Vendors or any of its concert parties (as defined in the Takeovers Codes)
“New Shares”	21,000,000 new Shares to be subscribed by the Vendors pursuant to the Subscription Agreement
“Placing”	the placing of the Placing Shares by the Vendors, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Orient Securities Limited, an Independent Third Party
“Placing Agreement”	the placing agreement entered into between the Vendors and the Placing Agent dated 30 November 2007 in relation to the Placing
“Placing Price”	HK\$1.39 per Placing Share
“Placing Shares”	21,000,000 existing Shares to be placed pursuant to the Placing Agreement
“Second Vendor”	Mr. Duncan Chiu, a managing director and chief executive officer of the Company a beneficial owner of 28,788,878 Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 21,000,000 new Shares by the Vendors pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Vendors dated 30 November 2007 in relation to the Subscription
“Subscription Price”	HK\$1.39 per Subscription Share
“Supplemental Placing Agreement”	The supplemental agreement supplemental to the Placing Agreement entered into between the Vendors and the Placing Agent on 4 December 2007
“Supplemental Subscription Agreement”	The supplemental agreement supplemental to the Subscription Agreement entered into between the Company and the Vendors on 4 December 2007
“Takeovers Codes”	the Hong Kong Codes on Takeovers and Mergers
“Vendors”	The First Vendor and the Second Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Far East Holdings International Limited**  
**Duncan Chiu**  
*Managing Director and Chief Executive Officer*

Hong Kong, 4 December 2007

*As at the date of this announcement, the executive Directors are Deacon Te Ken Chiu J.P., Mr. Duncan Chiu and Mr. Dennis Chiu, the non-executive Directors are Tan Sri Dato David Chiu, Mr. Daniel Tat Jung Chiu, Mr. Derek Chiu, Mr. Desmond Chiu and Ms. Margaret Chiu, Ms Min Tang; and the independent non-executive Directors are Dr. Lee G. Lam, Mr. Hing Wah Yim and Mr. Eugene Yun Hang Wang.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.*