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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)

**DISCLOSABLE TRANSACTION
IN RELATION TO DISPOSAL OF
SHARES IN CHINASOFT INTERNATIONAL LIMITED**

**Financial Adviser to
FAR EAST HOLDINGS INTERNATIONAL LIMITED**



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

DISCLOSABLE TRANSACTION

The Board is pleased to announce that on 26 May 2011, the Company and the Purchaser entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to dispose of the Sale Shares at a total consideration of HK\$46,500,000.

Given that the applicable percentage ratios (as defined under the Listing Rules) for the Disposal are more than 5% but less than 25%, the transaction contemplated under the Agreement constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE AGREEMENT

The Board is pleased to announce that on 26 May 2011, the Company and the Purchaser entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to dispose of the Sale Shares at a total consideration of HK\$46,500,000.

Set out below are the major terms of the Agreement:

Date

26 May 2011

Parties involved

Vendor: The Company

Purchaser: Keen Insight Limited

The Purchaser is incorporated in the British Virgin Islands with limited liability.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner and associates are third parties independent of the Company and connected persons of the Company.

In addition, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Purchaser and its ultimate beneficial owner and associates did not hold any Shares or other convertible securities in the Company as at the date of this announcement; and (ii) there were no previous transactions or business relationship between the Company and each of the Purchaser, its ultimate beneficial owner and associates which would result in aggregation under Rule 14.22 of the Listing Rules.

Assets to be disposed

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to dispose of the Sale Shares, including all rights to any dividend or other distribution declared, made or paid after the Completion Date.

The Sale Shares represent 1.97% of the entire issued share capital of the Disposal Company as at the date of the Agreement.

The consideration

The consideration for the Disposal shall be HK\$46.5 million at HK\$1.86 per Sale Share.

Basis of the consideration

The consideration was determined after arm's length negotiations between the Company and the Purchaser, taking into account (i) the closing price of HK\$1.85 per Sale Share as quoted on the Stock Exchange on 25 May 2011; and (ii) the average closing price of HK\$1.85 per Sale Share as quoted on the Stock Exchange for the past ten trading days immediately preceding the date of the Agreement.

Conditions precedent

Completion of the Disposal shall be conditional upon all of the following conditions being fulfilled:

- (a) it has not come to the attention of the Purchaser that the representations, warranties or undertakings by the Company as set out in the Agreement being inaccurate and incorrect in any material aspects;
- (b) trading in the shares of the Disposal Company generally not having been suspended (excluding any suspension in the trading of the shares of the Disposal Company on the Stock Exchange pending the clearance or release of any announcement relation to the transactions contemplated under the Agreement) or materially limited on, or by, the Stock Exchange after the date of the Agreement;
- (c) any moratorium on commercial banking activities not having been declared by Hong Kong authorities after the signing of this Agreement; and
- (d) all necessary approvals, waivers, consents and authorization having been obtained by the Vendor in connection with the transactions contemplated under the Agreement, whether pursuant to law, regulatory compliance or the Listing or otherwise.

In the event of the abovementioned conditions precedent are not fulfilled on or before the Completion Date (or such other date the Company and the Purchaser may agree in writing), the Agreement shall cease and terminate and thereafter, neither party shall have any obligations and liabilities towards each other hereunder, save for any antecedent breach of the terms hereof.

Completion

Completion shall take place on the Completion Date, subject to all conditions precedent to the Agreement being fulfilled.

INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. As at the date of the Agreement, the Disposal Company has an authorized share capital of HK\$100 million divided into 2 billion shares of HK\$0.05 each, of which 1,266,602,259 shares have been issued and are fully paid or credited. The Company currently owns 138,989,822 shares of the Disposal Company, representing approximately 10.97% of the issued share capital of the Disposal Company as at the date of this announcement.

The Disposal Company is an investment holding company and through its subsidiaries, it is principally engaged in development and provision of information technology solutions services, information technology outsourcing services, consulting services, mobile internet technology services and training services.

REASONS FOR THE DISPOSAL

The Company's principal business is to invest in potential businesses in PRC. The Company keeps on identifying investment opportunities for growth in terms of market share and revenue through strategic alliances with selected partners, mergers and acquisitions.

The Company considers that the Disposal is an opportunity for the Company to realize its investment in the Disposal Company and to reutilize the proceeds towards other appropriate investment opportunities for better return of the Shareholders.

The Directors are of the view that the Disposal is in the interest of the Company and the terms and conditions of the Agreement are on normal commercial terms, which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion of the Disposal, the shareholding of the Company, which held a total of 138,989,822 shares of the Disposal Company as at the date of the Agreement, will reduce from 10.97% to 9.00% of the entire issued share capital of the Disposal Company. The Disposal Company will remain to be accounted as an available-for-sale investment of the Company.

It is expected that the Group will record a loss of approximately HK\$2.2 million from the Disposal, being the difference between the consideration of HK\$46.5 million and the carrying value of the Disposal Company of approximately HK\$48.7 million as at 31 December 2010.

USE OF PROCEEDS

It is expected that the net proceeds from the Disposal of HK\$46.2 million will be used as general working capital and, where appropriate, future expansion of existing business or investing in new business where suitable opportunities arise in future.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) for the Disposal are more than 5% but less than 25%, the transaction contemplated under the Agreement constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

Trading in the Shares has been suspended since 12:05 p.m. on 3 September 2010 and will remain suspended until further notice. The Company will update the Shareholders when and as appropriate by publishing further announcement(s).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	the sale and purchase agreement dated 26 May 2011 entered into between the Company and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“business day(s)”	a day (other than a Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business
“Company”	Far East Holdings International Limited, a company incorporated in Hong Kong with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Completion”	means the completion of the Disposal
“Completion Date”	any date falling on the fifth trading day after the date of the Agreement
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Agreement
“Disposal Company”	Chinasoft International Limited, a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Keen Insight Limited, a company incorporated in the British Virgin Islands with limited liability, which is third parties independent of the Company and its connected persons
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	25,000,000 ordinary shares of HK\$0.05 each in the Disposal Company, representing approximately 1.97% of the entire issued share capital of the Disposal Company as at the date of this announcements
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“trading day”	a day (other than a Saturday, Sunday or public holiday) on which (i) the Stock Exchange is open for trading and settlement business at all times between 9:30 a.m. and 4:00 p.m.; and (ii) licensed banks in Hong Kong are generally open for business
“%”	per cent
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

For and on behalf of
FAR EAST HOLDINGS INTERNATIONAL LIMITED
Derek Chiu
Director

Hong Kong, 26 May 2011

As at the date of this announcement, the Board of the Company comprises eight Directors, of which three are executive Directors, namely Deacon Te Ken Chiu, J.P., Mr. Duncan Chiu and Mr. Dennis Chiu; two are non-executive Directors, namely Mr. Derek Chiu and Mr. Desmond Chiu; and three are independent non-executive Directors, namely Dr. Lee G. Lam, Mr. Eugene Yun Hang Wang and Mr. Andrew Chun Wah Fan.