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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)**

**(1) MAJOR AND CONNECTED TRANSACTION  
RELATING TO ACQUISITION OF  
ENTIRE ISSUED SHARES IN BLOOMING SUCCESS;  
(2) APPLICATION FOR WHITEWASH WAIVER;  
AND  
(3) RESUMPTION OF TRADING IN SHARES**

**Financial Adviser to the Company**



**ASIAN CAPITAL**

**(CORPORATE FINANCE) LIMITED**

**卓亞 (企業融資) 有限公司**

**THE ACQUISITION AGREEMENT**

The Board is pleased to announce that on 24 January 2014, the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares at the Consideration of HK\$36.6 million, in which HK\$10 million of the Consideration will be satisfied in cash and HK\$26.6 million will be satisfied by the issue and allotment of 62,588,235 Consideration Shares at an issue price of HK\$0.425 per Consideration Share.

## **LISTING RULES IMPLICATIONS**

The Vendor is beneficially interested in approximately 22.20% of the issued share capital of the Company and is therefore a substantial Shareholder and a connected person of the Company under the Listing Rules. The Acquisition from the Vendor constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition also constitutes a major transaction to the Company under Chapter 14 of the Listing Rules. As such, the Acquisition is subject to the applicable reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A and Chapter 14 of the Listing Rules.

## **TAKEOVERS CODE IMPLICATIONS**

As at the date of this announcement, the Vendor and the parties acting in concert with him in aggregate owns 181,235,497 Shares, representing approximately 39.90% of the issued share capital of the Company. Assuming all the conditions precedent of the Acquisition Agreement are fulfilled, 62,588,235 Consideration Shares will be issued to the Vendor upon Completion. As such, the interest of the Vendor in the Company will increase from 100,829,369 Shares, representing approximately 22.20% of the issued share capital of the Company as at the date of this announcement, to 163,417,604 Shares, representing approximately 31.62% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming no additional Shares other than the Consideration Shares will be issued and the Outstanding Share Options are not exercised since the date of this announcement up to the Completion). The aggregate shareholding of the Vendor and the parties acting in concert with him will increase from 181,235,497 Shares, representing approximately 39.90% of the issued share capital of the Company as at the date of this announcement, to 243,823,732 Shares, representing approximately 47.18% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming no additional Shares other than the Consideration Shares will be issued and the Outstanding Share Options are not exercised since the date of this announcement up to the Completion). In the absence of the Whitewash Waiver, the Vendor would be obligated to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by him and parties acting in concert with him pursuant to the Takeovers Code as a result of the Acquisition.

An application to the Executive for the Whitewash Waiver will be made by the Vendor pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Vendor and the parties acting in concert with him, who owns 181,235,497 Shares in aggregate or approximately 39.90% of the issued share capital of the Company as at the date of this announcement, and any other parties who are involved or interested in the Acquisition and/or the Whitewash Waiver shall abstain from voting at the EGM in respect of the resolution approving the Acquisition Agreement and the Whitewash Waiver.

## **GENERAL**

The Company will convene an EGM to seek Independent Shareholders' approval on the Acquisition and the Whitewash Waiver. The Vendor, his associates, parties acting in concert with him, and any other parties who are involved or interested in the Acquisition and/or the Whitewash Waiver will abstain from voting on the above resolution(s) to be proposed at the EGM.

Pursuant to Rule 13.39(6) of the Listing Rules, the Company has established the Independent Board Committee comprising all its independent non-executive Directors, namely Dr. Lam Lee G., Mr. Eugene Yun Hang Wang and Mr. Lee Kwan Hung to advise the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated therein, including the allotment and issue of the Consideration Shares. Pursuant to Rule 2 of the Takeovers Code, the Independent Board Committee should comprise all non-executive Directors of the Company to advise the Independent Shareholders on the terms of the Whitewash Waiver. Given Mr. Desmond Chiu is a brother of the Vendor and therefore is deemed a party acting in concert with the Vendor, in order to avoid any conflict of interests, the Independent Board Committee has been formed without Mr. Desmond Chiu acting as a member of the Independent Board Committee.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Acquisition Agreement or the Whitewash Waiver. Independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition Agreement and the Whitewash Waiver. The Independent Board Committee will form its view in respect of the terms of the Acquisition and the Whitewash Waiver after obtaining and considering the advice from the independent financial adviser. Further announcement will be made upon the appointment of the independent financial adviser pursuant to the requirement of Takeovers Code.

A circular of the Company containing, among other things, (i) the details of the Acquisition; (ii) the details of the Whitewash Waiver; (iii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (v) the valuation reports on the Properties conducted by the Valuer; and (vi) other information as required under the Listing Rules and the Takeovers Code together with a notice convening the EGM is expected to be despatched to the Shareholders on or before 26 February 2014 under the requirements of the Listing Rules and Takeovers Code.

## **RESUMPTION OF TRADING IN THE SHARES**

The trading in the Shares has been suspended since 1:00 p.m. on 23 January 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 5 February 2014.

**Shareholders and potential investors should note that the Acquisition, which is subject to a number of conditions precedent, and therefore may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **THE ACQUISITION AGREEMENT**

The Board is pleased to announce that on 24 January 2014, the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares at the Consideration of HK\$36.6 million.

The principal terms of the Acquisition Agreement are set out below:

### **Date**

24 January 2014

### **Parties**

- (i) the Company, as the Purchaser
- (ii) Mr. Duncan Chiu, as the Vendor

As at the date of this announcement, the Vendor is beneficially interested in approximately 22.20% of the issued share capital of the Company and is therefore a substantial Shareholder and a connected person of the Company under the Listing Rules.

### **Assets to be acquired**

The Sale Shares represent the entire issued share capital of Blooming Success as at the date of this announcement. Upon Completion, Blooming Success will become a wholly-owned subsidiary of the Company.

### **Basis of the Consideration**

Pursuant to the Acquisition Agreement, the Consideration of HK\$36.6 million shall be satisfied by the Company at Completion in the following manner:

- (i) HK\$10 million to be satisfied in cash; and
- (ii) HK\$26.6 million, to be satisfied by the issue and allotment of 62,588,235 Consideration Shares at an issue price of HK\$0.425 per Consideration Share credited as fully paid by the Company to the Vendor (or its nominee (s) as notified to the Company in writing), unless conditions precedent set out in paragraphs (ix) and (x) under the section headed “Conditions Precedent” in this announcement are waived by the Company (in which case this portion of the Consideration will be satisfied in cash instead).

The Consideration was arrived at after arm's length negotiations between the Company and the Vendor and was determined after having taken into account various relevant factors including (i) the audited net asset value of Blooming Success Group as at 31 December 2013; and (ii) the valuations of Property A and Uncompleted Property B in accordance with the draft valuation reports prepared by the Valuer (the finalised updated valuation reports will be disclosed in the circular in relation to the Acquisition and the Whitewash Waiver to be despatched by the Company).

The Consideration Shares, upon issue, shall rank pari passu in all aspects with the existing Shares save that the Consideration Shares will not rank for any dividend or other distribution of the Company declared by reference to a record date prior to the issue date of the Consideration Shares.

The issue price of the Consideration Shares at HK\$0.425 per Consideration Share was determined with reference to the prevailing market price of the Shares and represents:

- (a) the same price as the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 7.21% to the average closing price of HK\$0.458 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 8.60% to the average closing price of HK\$0.465 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

The Directors (excluding the independent non-executive Directors) are of the view that the issue price of the Consideration Shares is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

### **Conditions Precedent**

The Acquisition shall be subject to and conditional upon the fulfillment of the following material conditions:

- (i) the warranties given by the Vendor remaining true and accurate and not misleading at the Completion as if repeated at the Completion and at all times between the date of the Acquisition Agreement and the Completion Date;
- (ii) the Company notifying the Vendor in writing that it is satisfied, in its sole discretion, upon conducting due diligence on each member of Blooming Success Group as to (a) the respective financial, contractual, taxation and trading positions of each member of Blooming Success Group; (b) the title of the members of Blooming Success Group to their respective assets; and (c) the results of the Company's searches and the replies to the Company's enquiries in regard to the Properties;

- (iii) the Vendor having complied fully with the pre-completion obligations as set out in the Acquisition Agreement and otherwise having performed in all material respects all of the covenants and agreements required to be performed under the Acquisition Agreement;
- (iv) the amounts due by Blooming Success to a member of Chiu Family (who is a Shareholder) and a company jointly owned by the Vendor and two members of Chiu Family (who are also Shareholders) be assigned to the Vendor such that the entire amount will be due from Blooming Success to the Vendor;
- (v) no bona fide investigation, action, suit, injunction, order or proceedings being in effect, pending or genuinely threatened as of the Completion Date before any court of competent jurisdiction or by any relevant governmental body which seeks to restrain, prohibit, impose limitations or conditions or otherwise challenge the transactions contemplated by the Acquisition Agreement;
- (vi) during the period from the date of the Acquisition Agreement to the Completion Date, there not having occurred, and there not being in existence on the Completion Date, any material adverse effect on the assets, liabilities, financial results of or operations, financial condition, business or prospects of Blooming Success Group;
- (vii) the giving of a written notice by the Vendor to the mortgagee of the existing secured bank loan of Blooming Success regarding the change in shareholding of Blooming Success as contemplated by the transfer of Sale Shares as set out in the Acquisition Agreement;
- (viii) the approval of the Independent Shareholders approving the entering into by the Company of the Acquisition Agreement and the transactions contemplated thereunder having been obtained in accordance with the Listing Rules or any other applicable laws or regulations;
- (ix) the approval from the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares; and
- (x) the granting of the Whitewash Waiver by the Executive to the Vendor and the parties acting in concert with him pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from the obligation to make a mandatory general offer, and if so required by the Executive as a condition to his granting of the Whitewash Waiver, the approval of the Independent Shareholders at the EGM by way of poll approving the Whitewash Waiver.

The Company may, in its absolute discretion, waive all or any of the conditions precedent set out in paragraphs (i) to (vii) above at any time by notice in writing to the Vendor. Condition precedent set out in (viii) above cannot be waived in any circumstance.

In the event that all the conditions precedent other than conditions precedent set out in paragraphs (ix) and (x) above are fulfilled, satisfied or being waived on or before the Long Stop Date, the Company may waive conditions precedent set out in paragraphs (ix) and (x) above by notice in writing to the Vendor, following which no Consideration Shares shall be issued and allotted by the Company and the Consideration to be paid by the Company shall be satisfied solely in cash to the Vendor (or its nominee as notified to the Company in writing). As such, no mandatory general offer will be triggered by the Vendor in such circumstance.



In the event that the aforementioned conditions precedent are not fulfilled or being waived on or before the Long Stop Date and such non-fulfilment causes a material adverse effect on the assets, liabilities, financial results of or operations, financial condition, business or prospects of Blooming Success Group or a material adverse effect on the ability of a party to perform the obligations of the Acquisition Agreement, the Company shall not be bound to proceed with the Acquisition and the Acquisition Agreement shall cease to be of any effect (save in respect of claims arising out of any antecedent breach of the Acquisition Agreement).

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table summarized the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Completion (assuming no Outstanding Share Options of the Company are exercised at all); and (iii) immediately after the Completion (assuming full exercise of Outstanding Share Options of the Company):

	As at the date of this announcement		Immediately after the Completion (assuming no Outstanding Share Options are exercised at all)		Immediately after the Completion (assuming full exercise of Outstanding Share Options) <i>(Note)</i>	
		%		%		%
<b>Mr. Duncan Chiu and parties acting in concert with him</b>						
Mr. Duncan Chiu and companies controlled by him	100,829,369	22.20%	163,417,604	31.62%	163,417,604	30.45%
Chiu Family and companies controlled by Chiu Family	80,406,128	17.70%	80,406,128	15.56%	83,585,925	15.58%
<b>Sub-total</b>	<b>181,235,497</b>	<b>39.90%</b>	<b>243,823,732</b>	<b>47.18%</b>	<b>247,003,529</b>	<b>46.03%</b>
<b>The Directors (other than members of Chiu Family)</b>						
Mr. Richard Yen	–	–	–	–	4,542,568	0.84%
Mr. Ip Ngai Sang	–	–	–	–	1,817,027	0.34%
Dr. Lam Lee G.	–	–	–	–	1,817,027	0.34%
Mr. Eugene Yun Hang Wang	–	–	–	–	1,817,027	0.34%
Mr. Lee Kwan Hung	–	–	–	–	1,817,027	0.34%
<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11,810,676</b>	<b>2.20%</b>
<b>Public Shareholders</b>	<b>273,021,332</b>	<b>60.10%</b>	<b>273,021,332</b>	<b>52.82%</b>	<b>277,798,857</b>	<b>51.77%</b>
<b>Total</b>	<b>454,256,829</b>	<b>100.00%</b>	<b>516,845,064</b>	<b>100.00%</b>	<b>536,613,062</b>	<b>100.00%</b>

*Note:* Full exercise of the Outstanding Share Options would result in a maximum of 19,767,998 new Shares being fallen to be allotted and issued to its holders.

## INFORMATION OF BLOOMING SUCCESS GROUP

As at the date of this announcement, Blooming Success Group comprises Blooming Success and New Continent.

### Blooming Success

Blooming Success is an investment holding company incorporated in the British Virgin Islands on 8 April 2010 with limited liability. Blooming Success owns the entire interests of Property A and has a wholly-owned subsidiary, namely New Continent.

Property A comprises four shop units on ground floor of On Fung Building located at Nos. 110, 112, 112A, 114, 116 and 118 Caine Road, Mid-Levels, Hong Kong and was purchased by Blooming Success at the cost of HK\$67.3 million.

As at the date of this announcement, Blooming Success is wholly-owned by the Vendor. The total original acquisition cost of the Sale Shares by the Vendor was HK\$5.2 million.

### New Continent

New Continent is an investment holding company incorporated in the British Virgin Islands on 5 April 2012 with limited liability and is a wholly-owned subsidiary of Blooming Success. New Continent owns Uncompleted Property B which is expected to be completed in May 2014. New Continent has paid deposits of HK\$24.9 million for Uncompleted Property B and the remaining balance of HK\$62.9 million will be fall due after the property developer assigns Uncompleted Property B to New Continent.

## FINANCIAL INFORMATION OF BLOOMING SUCCESS GROUP

Set out below is the key financial information of Blooming Success Group based on its audited consolidated financial statements for the years ended 31 March 2012 and 2013 and the nine-month period ended 31 December 2013:

	<b>For the year ended 31 March 2012</b> <i>HK\$ million</i>	<b>For the year ended 31 March 2013</b> <i>HK\$ million</i>	<b>For the nine-month period ended 31 December 2013</b> <i>HK\$ million</i>
Profit/ (Loss) before and after taxation	(5.0)	47.3	(3.5)
	<b>As at 31 March 2012</b> <i>HK\$ million</i>	<b>As at 31 March 2013</b> <i>HK\$ million</i>	<b>As at 31 December 2013</b> <i>HK\$ million (Note)</i>
Net assets/(liabilities)	(4.1)	7.5	3.9

*Note:* Property A was accounted on the audited consolidated financial statements at net book value of approximately HK66.4 million as at 31 December 2013.



## **REASONS FOR, AND BENEFITS OF, THE ACQUISITION**

The Company is an investment holding company. The principal activities of the Company's subsidiaries include manufacturing and trading of garment, investment in properties for rental purpose, property investment and investment in securities.

Property A comprises four shop units on ground floor of On Fung Building located at Nos. 110, 112, 112A, 114, 116 and 118 Caine Road, Mid-Levels, Hong Kong with saleable area of approximately 2,654 square feet. Uncompleted Property B comprises an office floor with gross floor area of approximately 9,820 square feet and two parking spaces on the 23rd floor and 5th floor of Global Trade Square respectively. Global Trade Square is a 30-storey commercial building which is still under construction and is expected to be completed in May 2014 based on the brochure published by the developer of Global Trade Square.

The Acquisition is in line with the Group's strategy to invest in assets with stable income and potential value appreciation in the long term. It is the preliminary plan of the Company that part of Uncompleted Property B will be self-occupied as an office premise of the Company. Property A and the remaining part of Uncompleted Property B would be leased out for rental income. The Directors consider that the Acquisition represents a reasonable investment opportunity and expect that the Group will benefit from the anticipated appreciation in value of the Property.

The Directors (excluding the independent non-executive Directors) are of the view that the issue of the Consideration Shares as part of the Consideration will allow the Group to retain more liquid financial resources and if there are other investment opportunities arise, the Group is in a better financial position to capture such opportunities. Furthermore, the increased shareholding position of the Vendor will allow the Company to have a single largest shareholder with a controlling interest and the Group may benefit from his business connections and networks.

The Directors (excluding the independent non-executive Directors) believe that the Acquisition and the terms of the Acquisition Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Vendor is beneficially interested in approximately 22.20% of the issued share capital of the Company and is therefore a substantial Shareholder and a connected person of the Company under the Listing Rules. The Acquisition from the Vendor constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition also constitutes a major transaction to the Company under Chapter 14 of the Listing Rules. As such, the Acquisition is subject to the applicable reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A and Chapter 14 of the Listing Rules.

## TAKEOVERS CODE IMPLICATIONS

As at the date of this announcement, the Vendor and the parties acting in concert with him in aggregate owns 181,235,497 Shares, representing approximately 39.90% of the issued share capital of the Company. Assuming all the conditions precedent of the Acquisition Agreement are fulfilled, 62,588,235 Consideration Shares will be issued to the Vendor upon Completion. As such, the interest of the Vendor in the Company will increase from 100,829,369 Shares, representing approximately 22.20% of the issued share capital of the Company as at the date of this announcement, to 163,417,604 Shares, representing approximately 31.62% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming no additional Shares other than the Consideration Shares will be issued and the Outstanding Share Options are not exercised since the date of this announcement up to the Completion). The aggregate shareholding of the Vendor and the parties acting in concert with him will increase from 181,235,497 Shares, representing approximately 39.90% of the issued share capital of the Company as at the date of this announcement, to 243,823,732 Shares, representing approximately 47.18% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming no additional Shares other than the Consideration Shares will be issued and the Outstanding Share Options are not exercised since the date of this announcement up to the Completion). In the absence of the Whitewash Waiver, the Vendor would be obligated to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by him and parties acting in concert with him pursuant to the Takeovers Code as a result of the Acquisition.

An application to the Executive for the Whitewash Waiver will be made by the Vendor pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Vendor and the parties acting in concert with him, who owns 181,235,497 Shares in aggregate or approximately 39.90% of the issued share capital of the Company as at the date of this announcement, and any other parties who are involved or interested in the Acquisition and/or the Whitewash Waiver shall abstain from voting at the EGM in respect of the resolution approving the Acquisition Agreement and the Whitewash Waiver.

Completion of the Acquisition Agreement is conditional upon, among other matters, the granting of the Whitewash Waiver by the Executive and the approval of the Independent Shareholders of the Whitewash Waiver at the EGM. If the Whitewash Waiver is not granted by the Executive, or the Whitewash Waiver is not approved at the EGM or the listing of, and permission to deal in, the Consideration Shares is not approved by the Stock Exchange and all the other conditions precedent are fulfilled, the relevant condition(s) precedent will be waived and the Consideration Shares will not be issued and instead such portion of Consideration shall be satisfied in cash.

## **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

As at the date of this announcement, the Company has in aggregate 454,256,829 Shares in issue and other than the Outstanding Share Options granted under the share option scheme of the Company, the Company does not have any options, warrants or convertible securities in issue.

The Vendor has confirmed that neither the Vendor nor the parties acting in concert with him:

- (i) apart from 62,588,235 Consideration Shares under the Acquisition Agreement, have acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within six months prior to the date of the Acquisition Agreement and up to and including the date of this announcement;
- (ii) apart from 100,829,369 Shares owned by the Vendor, and 80,406,128 Shares and 3,179,797 Outstanding Share Options owned by the parties acting in concert with the Vendor, own, control or has direction over any Shares, options, warrants or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company as at the date of this announcement;
- (iii) have any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the transactions contemplated under the Acquisition Agreement and/or the Whitewash Waiver as at the date of this announcement;
- (iv) have any agreement or arrangement to which the Vendor or the parties acting in concert with him is/are a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Acquisition Agreement and/or the Whitewash Waiver as at the date of this announcement;
- (v) have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22) in the Company as at the date of this announcement; and
- (vi) have received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution(s) approving the transactions contemplated under the Acquisition Agreement and/or the Whitewash Waiver.

## **EGM AND INDEPENDENT BOARD COMMITTEE**

The Company will convene an EGM to seek Independent Shareholders' approval on the Acquisition and the Whitewash Waiver. The Vendor, his associates, parties acting in concert with him, and any other parties who are involved or interested in the Acquisition and/or the Whitewash Waiver will abstain from voting on the above resolution(s) to be proposed at the EGM.

Pursuant to Rule 13.39(6) of the Listing Rules, the Company has established the Independent Board Committee comprising all its independent non-executive Directors, namely Dr. Lam Lee G., Mr. Eugene Yun Hang Wang and Mr. Lee Kwan Hung to advise the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated therein, including the allotment and issue of the Consideration Shares. Pursuant to Rule 2 of the Takeovers Code, the Independent Board Committee should comprise all non-executive Directors of the Company to advise the Independent Shareholders on the terms of the Whitewash Waiver. Given Mr. Desmond Chiu is a brother of the Vendor and therefore is deemed a party acting in concert with the Vendor, in order to avoid any conflict of interests, the Independent Board Committee has been formed without Mr. Desmond Chiu acting as a member of the Independent Board Committee.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Acquisition Agreement or the Whitewash Waiver. Independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition Agreement and the Whitewash Waiver. The Independent Board Committee will form its view in respect of the terms of the Acquisition and the Whitewash Waiver after obtaining and considering the advice from the independent financial adviser. Further announcement will be made upon the appointment of the independent financial adviser pursuant to the requirement of Takeovers Code.

A circular of the Company containing, among other things, (i) the details of the Acquisition; (ii) the details of the Whitewash Waiver; (iii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (v) the valuation reports on the Properties conducted by the Valuer; and (vi) other information as required under the Listing Rules and the Takeovers Code together with a notice convening the EGM is expected to be despatched to the Shareholders on or before 26 February 2014 under the requirements of the Listing Rules and Takeovers Code.

## **RESUMPTION OF TRADING IN THE SHARES**

The trading in the Shares has been suspended since 1:00 p.m. on 23 January 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 5 February 2014.

**Shareholders and potential investors should note that the Acquisition, which is subject to a number of conditions precedent, and therefore may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Company from the Vendor pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 24 January 2014 entered into between the Company and the Vendor in relation to the Acquisition
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Blooming Success”	Blooming Success Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor as at the date of this announcement
“Blooming Success Group”	Blooming Success and New Continent collectively
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday and Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Chiu Family”	members of Chiu Family who are persons acting in concert with the Vendor, namely Deacon Te Ken Chiu, <i>J.P.</i> , Madam Chiu Ju Ching Lan, Mr. David Chiu, Ms. Margaret Chiu, Mr. Dennis Chiu, Mr. Daniel Tat Jung Chiu, Mr. Derek Chiu and Mr. Desmond Chiu
“Company” or “Purchaser”	Far East Holdings International Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 36)
“Completion”	the completion of the Acquisition pursuant to the terms and conditions contained in the Acquisition Agreement
“Completion Date”	3 Business Days immediately following the date on which all conditions are satisfied or waived
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$36.6 million, being the total consideration payable by the Company to the Vendor for the Acquisition pursuant to the Acquisition Agreement

“Consideration Shares”	a total of 62,588,235 Shares to be allotted and issued by the Company to the Vendor pursuant to the Acquisition Agreement as part of the Consideration at a price of HK\$0.425 per Share
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for, among other things, the Independent Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates(s)
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, established for the purpose of advising Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated therein and also the Whitewash Waiver
“Independent Shareholders”	Shareholders, other than (i) the Vendor and parties acting in concert with him; and (ii) all parties involved in or interested in the Acquisition and the Whitewash Waiver
“Last Trading Day”	22 January 2014, being the last full trading day on which the Shares were traded on the Stock Exchange prior to the publishing of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	22 April 2014
“New Continent”	New Continent Development Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Blooming Success as at the date of this announcement
“Outstanding Share Options”	the options granted by the Company to subscribe for an aggregate of 19,767,998 new Shares under the share option scheme of the Company currently in force and adopted by the Company on 23 May 2005



“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes, Hong Kong, the Macau Special Administrative Region and Taiwan
“Properties”	Property A and Uncompleted Property B collectively
“Property A”	the shops B, C, D and E on ground floor of On Fung Building located at Nos. 110, 112, 112A, 114, 116 and 118 Caine Road, Mid-Levels, Hong Kong wholly-owned by Blooming Success
“Sale Shares”	50,000 ordinary shares of US\$1 each, representing the entire issued share capital of Blooming Success to be acquired by the Company from the Vendor pursuant to the Acquisition Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Uncompleted Property B”	an office and two parking lots located at Global Trade Square, 21 Wong Chuk Hang Road, which are still under construction by the developer, and wholly-owned by New Continent
“Valuer”	DTZ Debenham Tie Leung Limited, an independent valuer qualified under The Hong Kong Institute of Surveyors
“Vendor” or “Mr. Duncan Chiu”	Mr. Duncan Chiu, a substantial Shareholder who is beneficially interested in approximately 22.20% of the issued share capital of the Company as at the date of this announcement
“Whitewash Waiver”	the waiver by the Executive pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code in respect of the Vendor to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities not already owned or agreed to be acquired by the Vendor as a result of the Acquisition

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

Hong Kong, 5 February 2014

By Order of the Board  
**Far East Holdings International Limited**  
**Richard Yen**  
*Managing Director*

*As at the date of this announcement, the Board comprises eight Directors, of which four are executive Directors, namely, Deacon Te Ken Chiu, J.P., Mr. Derek Chiu, Mr. Richard Yen and Mr. Ip Ngai Sang, one is non-executive Director, namely, Mr. Desmond Chiu; and three are independent non-executive Directors, namely, Dr. Lam Lee G., Mr. Eugene Yun Hang Wang and Mr. Lee Kwan Hung.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, 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 statement in this announcement misleading.*