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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
LEAD POWER INVESTMENTS LIMITED**

THE ACQUISITION

On 28 December 2016, (after trading hours) the Purchaser entered into the Agreement with the Vendor pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share, representing the entire equity interest in the Target Company at the Consideration of HK\$53,000,000, which shall be payable in cash.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding, and holds the entire equity interest of KPI, which is principally engaged in investment and holding of the Properties.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

Shareholders and potential investors of the Company should note that the completion of the Acquisition is subject to the conditions precedent to be fulfilled and/or waived (as the case may be) and therefore, may or may not take place. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

PRINCIPAL TERMS OF THE AGREEMENT

Date: 28 December 2016 (after trading hours)

Parties:

1. Joy Wide Limited, being the Purchaser; and
2. Kong Sun Holdings Limited, being the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is an Independent Third Party.

Ms. Kwan Shan, an independent non-executive Director, a director of the Target Company and a director of KPI, has abstained from voting at the meeting of the Board held in connection with the transaction contemplated with the Acquisition.

ASSETS TO BE ACQUIRED

As at the date of this announcement, the Vendor directly holds the entire equity interest in the Target Company. The Target Company directly holds the entire equity interest in KPI, which is principally engaged in investment and holding of the Properties.

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share, representing the entire equity interest in the Target Company.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Company.

CONDITIONS PRECEDENT

Completion of the Acquisition is conditional upon the satisfaction of the following conditions precedent on or before Long Stop Date:

- (a) the Purchaser being satisfied with the results of the business, financial and legal due diligence review to be conducted on the Target Group including but not limited to satisfactory results as to the title, use and conditions of the Properties;
- (b) the compliance by the Vendor of the applicable requirements of the Listing Rules in relation to the transactions contemplated under the Agreement, including where necessary the obtaining of its shareholders' approval with respect to the Acquisition;
- (c) the compliance by the Company of the applicable requirements of the Listing Rules in relation to the transactions contemplated under the Agreement, including where necessary the obtaining of the Shareholders' approval with respect to the Acquisition;
- (d) the Vendor's warranties under the Agreement remaining true and accurate in all material respects; and

- (e) the Purchaser's warranties under the Agreement remaining true and accurate in all material respects.

The Purchaser may at any time by notice in writing to the Vendor waive the conditions (a) and/or (d), whereas the Vendor may at any time by notice in writing to the Purchaser waive the condition (e). If any of the conditions set out above has not been satisfied (or, as the case may be, waived by the Purchaser or the Vendor) on or before 12:00 noon on the Long Stop Date, the Vendor shall return the Deposit without interest to the Purchaser and the Agreement shall cease and determine and neither party shall have any obligations and liabilities save for any antecedent breaches.

WAIVER ON REPAYMENT OF THE INTERGROUP BALANCES

As at 30 November 2016, there was a net balance of HK\$43,692,339 due by several members of the Vendor's Group to the Target Company, which was unsecured, interest-free and repayable on demand.

Pursuant to the Agreement, the Vendor and the Purchaser have agreed that the actual outstanding amounts of the Intergroup Balances shall be waived by the Target Company in favour of such members of the Vendor's Group by executing a deed of waiver effective on or before 31 December 2016.

CONSIDERATION AND DEPOSIT

The Consideration was determined after arm's length negotiations between the Vendor and the Company with reference to (1) the unaudited net asset value of the Target Group as at 30 November 2016 of approximately HK\$102,948,000 adjusted by the waiver on repayment on the Intergroup Balances of HK\$43,692,339, and (2) the prevailing market price of comparable commercial properties in the vicinity to the Properties.

The Consideration shall be paid by the Purchaser to the Vendor in the following manner:

- (a) the Deposit in the amount of HK\$2,650,000 shall be paid by the Purchaser to the Vendor in cash within ten Business Days from the date of this Agreement; and
- (b) the balance of the Consideration of HK\$50,350,000, being the Consideration less the Deposit, shall be paid by the Purchaser to the Vendor in cash on the Completion Date.

If the Agreement is terminated for whatever reason or any of the conditions precedent of the Acquisition is not satisfied or waived (as the case may be), the Vendor shall refund the Deposit in cash within ten days from the date of the Agreement is terminated or the Long Stop Date (as the case may be) without interest.

The Directors (with Ms. Kwan Shan, an independent non-executive Director, a director of the Target Company and a director of KPI, who has abstained from voting in the meeting of the Board held in connection with the transaction contemplated with the Acquisition consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration will be funded by the internal resources of the Company.

COMPLETION

Completion shall take place within five Business Days following the day on which all the conditions precedent of the Agreement are satisfied.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Company.

INFORMATION ON THE VENDOR

The Vendor is 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: 295). The Vendor is principally engaged in the investment in and development of photovoltaic power plants and trading of equipment related to photovoltaic power stations, properties investment, trading of life-like plants in the PRC.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding, and holds the entire equity interest of KPI, which is principally engaged in investment and holding of the Properties.

The Properties comprise:

- (a) the whole 10th Floor of Wings Building situated on 110–116 Queen’s Road Central and 53–61 Stanley Street, Central, Hong Kong with gross area of approximately 3,390 square feet; and
- (b) workshop no. 5 on 4th Floor, Fullagar Industrial Building situated on 234 Aberdeen Main Road, Hong Kong with gross area of approximately 1,402 square feet.

As at the date of this announcement, both of the Properties are currently being rented out to different tenants. The tenants of both of the Properties are Independent Third Parties.

Set out below is the financial information of the Target Group:

(i) Unaudited financial information of the Target Group for the eleven months ended 30 November 2016:

	For the eleven months ended 30 November 2016
	<i>Approximate HK\$’000</i>
	(unaudited)
Turnover	1,297
Loss before taxation	(4,143)
Loss after taxation	(4,143)

	As at 30 November 2016 <i>Approximate HK\$'000</i> (unaudited)
Total asset value	103,433
Net asset value	102,948

(ii) Unaudited financial information of the Target Group for the years ended 31 December 2014 and 2015:

	For the year ended 31 December 2014 <i>Approximate HK\$'000</i> (unaudited) <i>(Note 1)</i>	For the year ended 31 December 2015 <i>Approximate HK\$'000</i> (unaudited)
Turnover	2,127	1,545
Profit before taxation	2,899	66,443 <i>(Note 2)</i>
Profit after taxation	2,899	66,443 <i>(Note 2)</i>

	As at 31 December 2014 <i>Approximate HK\$'000</i> (unaudited)	As at 31 December 2015 <i>Approximate HK\$'000</i> (unaudited)
Total asset value	72,522	112,580
Net asset value	71,610	107,091

Notes:

1. The financial information of the Target Group as at 31 December 2014 included the financial information of its then subsidiary, Coast Holdings Limited, which was disposed by the Target Company on 30 June 2015.
2. The unaudited profit before taxation and profit after taxation amount of approximately HK\$66,443,000 included an one-off gain of approximately HK\$60,460,000 by the Target Company of its disposal of its then subsidiary Coast Holdings Limited which was completed on 30 June 2015.

REASONS FOR ENTERING INTO THE AGREEMENT

The Group is principally engaged in manufacturing and sales of garment products, property investment and securities investment.

As the Group has been engaging in property investment, it has been looking for suitable property investment opportunities. The Board (with Ms. Kwan Shan abstained from voting at the meeting of the Board held in connection with the transaction contemplated with the Acquisition) considers that the Acquisition can not only broaden the Group's property investment portfolio, but also enhance and generate stable income stream to the Group. Having considered the Consideration is made with reference to the market transactions in the vicinity with similar commercial properties, subject to the satisfaction of the conditions precedent to the Agreement, which included but not limited to the due diligence review of the Target Group, the Board considers that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

Shareholders and potential investors of the Company should note that the completion of the Acquisition is subject to the conditions precedent to be fulfilled and/or waived (as the case may be) and therefore, may or may not take place. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

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| “Acquisition” | the purchase of the Sale Share pursuant to the terms and conditions of the Agreement |
| “Agreement” | the agreement dated 28 December 2016 and entered into between the Purchaser and the Vendor regarding the sale and purchase of the Sale Share |

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Far East Holdings International Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 36)
“Completion Date”	the day when the completion of the sale and purchase of the Sale Share in accordance with the terms and conditions of the Agreement
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Consideration”	HK\$53,000,000, being the total consideration for the Acquisition pursuant to the Agreement
“Deposit”	a refundable deposit in the sum of HK\$2,650,000, being 5% of the Consideration and payable by the Purchaser to the Vendor as deposit, which is interest-free
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company
“Intergroup Balances”	a net amount of HK\$43,692,339 due to the Target Company by several members of the Vendor’s Group as at 30 November 2016, which were unsecured, interest-free and repayable on demand and remain outstanding as at the date of the Agreement
“KPI”	Kingston Property Investment Limited, a company incorporated in Hong Kong, whose entire issued share capital are legally and beneficially owned by the Target Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2017 or such other date to be mutually agreed in writing between the Purchaser and the Vendor
“percentage ratio”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“Properties”	collectively, (a) the whole 10th Floor of Wings Building situated on 110–116 Queen’s Road Central and 53–61 Stanley Street, Central, Hong Kong with gross area of approximately 3,390 square feet; and (b) workshop no 5 on 4th Floor, Fullagar Industrial Building situated on 234 Aberdeen Main Road, Hong Kong with gross area of approximately 1,402 square feet
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Joy Wide Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly owned subsidiary of the Company
“Sale Share”	one ordinary share of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Agreement and as at Completion
“Shareholder(s)”	holders of Shares
“Share(s)”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Lead Power Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and KPI

“Vendor” Kong Sun Holdings 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: 295)

“Vendor’s Group” the Vendor and its subsidiaries

By Order of the Board
Far East Holdings International Limited
Yu Pak Yan, Peter
Executive Director

Hong Kong, 28 December 2016

At the date of this announcement, the Board comprises five Directors, of which two are executive Directors, namely, Mr. Yu Pak Yan, Peter and Mr. Fok Chi Tak; and three are independent non-executive Directors, namely, Mr. Chan Ming Sun, Jonathan, Dr. Wong Yun Kuen and Ms. Kwan Shan.