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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in Far East Holdings International Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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**

**DISPOSAL OF PROPERTY**

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This circular is provided for the information of the shareholders of Far East Holdings International Limited only.

3 August 2007

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## DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Far East Holdings International Limited, a company incorporated in Hong Kong, and the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Property
“Disposal”	the disposal of the Property by the Vendor pursuant to the Provisional Agreement
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	30 July 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Lower Ground Floor to 3rd Floor, Kwai Chung Fa Yuen, Nos. 50-56 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong
“Provisional Agreement”	the provisional agreement dated 19 July 2007 entered into between the Vendor and Purchaser in relation to the Disposal
“Purchaser”	Star Way Properties Limited, a company incorporated in Hong Kong with limited liability
“Shareholder(s)”	holders of ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Peterfame Company Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“%”	per cent or percentage

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Deacon Te Ken Chiu, *J.P.* (*Chairman*)

Mr. Duncan Chiu

*(Managing Director and Chief Executive Officer)*

Mr. Dennis Chiu

*Registered office:*

16th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

*Non-executive Directors:*

Tan Sri Dato' David Chiu

Mr. Daniel Tat Jung Chiu

Mr. Derek Chiu

Mr. Desmond Chiu

Ms. Margaret Chiu

Ms. Min Tang

*Head office and principal place of  
business:*

Room 1802-1804, 18th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

*Independent Non-executive Directors:*

Dr. Lee G. Lam

Mr. Ryan Yen Hwung Fong

Mr. Hing Wah Yim

3 August 2007

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF PROPERTY**

#### **INTRODUCTION**

The Board announces that on 19 July 2007, the Provisional Agreement was entered into between the Vendor and Purchaser. Pursuant to the Provisional Agreement, the Vendor will sell and the Purchaser will purchase the Property upon the terms contained therein, the Vendor and Purchaser entered into the formal agreement on 30 July 2007 which would set out the terms of the Disposal in more detail, was consistent with the Provisional Agreement.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company. As far as the Directors are aware, the Purchaser is an investment holding company.

### INFORMATION OF THE PROPERTY

The Property is located at Lower Ground Floor to 3rd Floor, Kwai Chung Fa Yuen, Nos. 50-56 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong. The Property is a commercial property with a gross floor area of 11,279 sq.ft.. The Property was purchased on 3rd June 1983. The Vendor shall sell and the Purchaser shall acquire the Property on an "as is" basis.

The property was the subject of three tenancy which attracted rental of HK\$204,733 and HK\$373,189 for the two financial years ended 31 December 2005 and 31 December 2006 respectively. The latest tenancy will expire on 14 October 2009. The Property is not the subject of any mortgage.

### CONSIDERATION AND PAYMENT TERMS

The consideration for the Disposal of HK\$27,600,000 has been determined after arm length negotiations between the Vendor and the Purchaser by reference of nearby properties. On the above basis, the Directors consider the terms of the Disposal to be fair and reasonable and in the interests of the Shareholders as a whole.

According to the audited consolidated financial statements of the Company for the year ended 31 December 2006, the fair value of the Property as at 31 December 2006 was HK\$20,300,000. The Disposal would enable the Company to recognize a gain of HK\$7,300,000 (before selling expenses).

The consideration for the Disposal shall be payable to the Vendor in cash in the following manner:

- (a) an initial deposit in the sum of HK\$1,000,000 has been paid by the Purchaser upon signing of the Provisional Agreement;
- (b) a further deposit of HK\$1,760,000 was paid by the Purchaser upon signing of the formal agreement for sale and purchase on 30 July 2007; and
- (c) the balance of purchase price shall be paid by Purchaser upon completion on or before 31 August 2007 as the Vendor solicitors in the sum of HK\$24,840,000.

### COMPLETION

Pursuant to the Provisional Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the Property on or before 30 July 2007. Completion of the sale and purchase of the Property shall take place on or before 31 August 2007. Upon completion, the Purchaser agrees to purchase the Property subject to the existing tenancy.

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## LETTER FROM THE BOARD

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### REASONS FOR THE DISPOSAL

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.

With the recent upturn property market conditions, the Directors consider that it is now a good opportunity for the Group to dispose of the Property and recognize the profits arising therefrom to provide working capital for the Group in view of the present property market in Hong Kong. The Directors are of the view that Disposal is on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The audited net profit both before and after taxation and extraordinary items attributable to the Property was approximately HK\$2,735,000 and HK\$2,257,000 respectively for the year ended 31 December 2005. It included an increase in fair value of investment property amounting to HK\$2,900,000.

The audited net profit before and after taxation and extraordinary items attributable to the Property was approximately HK\$189,000 and HK\$133,000 respectively for the year ended 31 December 2006.

Although the Disposal will result in a disposal of an asset (i.e. the Property), the Company will be receiving proceeds from the Disposal and accordingly the Directors do not expect that there will be any material effect on the assets and earnings of the Company after completion of the Disposal. It is expected that there will be also no effect on the liabilities of the Company in respect of the Disposal.

### USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds from the Disposal of approximately HK\$27,200,000 is intended for working capital purpose of the Company.

### GENERAL

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I – General Information to this circular.

Yours faithfully  
By order of the Board  
**Duncan Chiu**  
*Managing Director and Chief Executive Officer*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (1) DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares or underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) *Long positions of Directors' interests in shares of the Company*

Name of director	Number of ordinary shares of the Company held					Total interests	Percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Other interests			
Deacon Te Ken Chiu, J.P.	10,424,332	2,087,580 <sup>(1)</sup>	1,612,683	2,341,733 <sup>(5)</sup>	16,466,328	15.04%	
Tan Sri Dato' David Chiu	1,870,000	–	6,168,800 <sup>(2)</sup>	–	8,038,800	7.34%	
Ms. Margaret Chiu	1,100,000	–	–	–	1,100,000	1.01%	
Mr. Dennis Chiu	3,520,044	–	2,200,000 <sup>(3)</sup>	1,170,866 <sup>(5)</sup>	6,890,910	6.30%	
Mr. Daniel Tat Jung Chiu	2,420,000	–	11,440,044 <sup>(4)</sup>	–	13,860,044	12.66%	
Mr. Derek Chiu	44,220	–	–	–	44,220	0.04%	
Mr. Desmond Chiu	782,000	–	–	–	782,000	0.71%	
Mr. Duncan Chiu	28,503,578	–	–	7,706,773 <sup>(5)</sup>	36,210,351	33.08%	

*Notes:*

- (1) These shares are held by Madam Ching Lan Ju Chiu, wife of Deacon Te Ken Chiu, *J.P.*
- (2) These shares are held by Rocket High Investments Limited, a company wholly-owned by Tan Sri Dato' David Chiu.
- (3) These shares are held by Cape York Investments Limited ("Cape York"), a company owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu equally.
- (4) Of the 11,440,044 shares, 2,200,000 shares are held by Cape York, and the remaining 9,240,044 shares are held by Gorich Holdings Limited, a company wholly-owned by Mr. Daniel Tat Jung Chiu.
- (5) Details of the interests of directors and chief executives of the Company in the underlying shares of equity derivatives in respect of options granted to them are stated in the "Directors' interests in share options of the Company" section.

The interests of the Directors or chief executive of the Company, and their respective associates, in the underlying shares of the Company which may be issued pursuant to exercise of the share options granted to the Directors by the Company are set out in the paragraph headed "Directors' interests in share options of the Company" below.

*(ii) Directors' interests in share options of the Company*

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company, and their respective associates, in the underlying shares of the Company which may be issued pursuant to exercise of the share options granted to the Directors pursuant to the Company's share option scheme were as follows:

Name of Grantee	Number of Shares Options		Exercise price HK\$	Grant date	Exercisable period
	Outstanding as at 1/1/2007	Outstanding as at the Latest Practicable Date			
Deacon Te Ken Chiu, <i>J.P.</i>	2,341,733	2,341,733	1.153	21/7/2005	21/7/2005-20/7/2015
Mr. Dennis Chiu	1,170,866	1,170,866	1.153	21/7/2005	21/7/2005-20/7/2015
Mr. Duncan Chiu	3,746,773	3,746,773	1.153	21/7/2005	21/7/2005-20/7/2015
	1,980,000	1,980,000	1.2182	21/4/2006	23/5/2006-22/5/2016
	1,980,000	1,980,000	1.2182	21/4/2006	23/5/2007-22/5/2017
Aggregate for directors	11,219,372	11,219,372			
Aggregate for employees	468,348	468,348	1.153	21/7/2005	21/7/2005-20/7/2015
	825,000	825,000	1.2182	21/4/2006	23/5/2006-22/5/2016
	825,000	825,000	1.2182	21/4/2006	23/5/2007-22/5/2017
	<u>13,337,720</u>	<u>13,337,720</u>			



Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listing Companies in the Listing Rules, to be notified to the Company and the Stock Exchange.

(iii) *Service contracts*

None of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company as at the Latest Practicable Date.

(iv) *Competing interest*

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or is likely to compete with the business of the Group.

**(2) SUBSTANTIAL SHAREHOLDERS' INTERESTS AND PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO**

**SUBSTANTIAL SHAREHOLDERS**

At Latest Practical Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors under the section headed "Directors' Interests", the following shareholders had notified the Company of any interest, directly or indirectly, in 5% or more of the issued share capital of the Company:

Name of Substantial Shareholder	Number of ordinary shares of the Company held	Percentage of issued share capital of the Company
Gorich Holdings Limited ("Gorich") <sup>(1)</sup>	9,240,044	8.44%
Max Point Holdings Limited ("Max Point") <sup>(2)</sup>	7,764,240	7.09%
Rocket High Investments Limited ("Rocket") <sup>(3)</sup>	6,168,800	5.64%
Virtual Dragon International Limited ("Virtual Dragon") <sup>(4)</sup>	5,611,760	5.13%

*Notes:*

- (1) Gorich is wholly-owned by Mr. Daniel Tat Jung Chiu. The interests of Mr. Daniel Tat Jung Chiu in the Company is stated under the section headed "Directors' Interests" above.
- (2) The entire share capital of Max Point is beneficially owned by Mr. Chan Wai Ki.
- (3) Rocket is wholly-owned by Tan Sri Dato' David Chiu. The interests of Tan Sri Dato' David Chiu in the Company is stated under the section headed "Directors' Interests" above.
- (4) These shares are held by Peace View Company Limited ("Peace View"), a wholly-owned subsidiary of Far East Consortium Limited ("FEC"). On 28 March 2001, FEC had entered into a Sale of Shares Agreement with Virtual Dragon to dispose of its entire equity interests in Peace View to Virtual Dragon.
- (5) All interests disclosed above represent long positions in the ordinary shares of the Company.

Save as disclosed above, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital at the Latest Practical Date.

**3. LITIGATION**

Neither the Company nor any other members of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

**4. GENERAL**

- (a) The registered office of the Company is at 16/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong and the head office and the principal place of business of the Company in Hong Kong is at Room 1802-04, 18/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.
- (b) The Company's Hong Kong share registrar and transfer office is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company as well as the qualified accountant of the Company is Mr. Hung Kwong Lui, who is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom.
- (d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.