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If you are in doubt as to any aspect of this circular or as to the action to be taken, 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)

- (I) MAJOR DISPOSAL IN RELATION TO DISPOSAL OF
HOMEBASE MEDIA GROUP LIMITED;**
**(II) MAJOR TRANSACTION IN RELATION TO THE SUBSCRIPTION
OF SHARES IN MARKET TALENT LIMITED;**

AND

- (III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

A notice convening an extraordinary general meeting of Far East Holdings International Limited to be held at 24th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Monday, 25 July 2011 at 3:00 p.m. or any adjournment thereof is set out on pages EGM – 1 to EGM – 2 of this circular. Whether or not you are able to attend and vote at the meeting, you are requested to complete the enclosed proxy form and return it to the branch share registrar of the Company, Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting(s) should you so wish.

30 June 2011

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DEFINITIONS

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

“Agreement”	the sale and purchase and subscription agreement (as supplemented by the Supplemental Agreement) dated 20 May 2011 entered into between the Company, Mr. Chu and Market Talent in relation to the Disposal and the Subscription
“AMX Asia”	AMX Asia Limited, a company incorporated in Hong Kong with limited liability and legally and beneficially wholly-owned by Mr. Chu as at the Latest Practicable Date
“Board”	the board of Directors
“business day(s)”	a day (other than a Saturday, Sunday and public holidays) 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 and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	means the completion of the Disposal and the Subscription
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Consideration Price”	HK\$76,697.9, being the price per Consideration Share as determined in accordance with the formula as set out in section “The Subscription” in the “Letter from the Board”
“Consideration Share(s)”	104 new shares of Market Talent to be allotted and issued to the Company or its nominees
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Company to Market Talent pursuant to the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened on 25 July 2011 to consider, and if thought fit, approve the Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by Market Talent, HomeBase Group and AMX Asia

DEFINITIONS

“Group”	the Company and its subsidiaries
“HomeBase Media”	HomeBase Media Group Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“HomeBase Group”	HomeBase Media and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	28 June 2011, being the latest practicable date for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Market Talent”	Market Talent Limited, a company incorporated in the Cayman Islands with limited liability, and legally and beneficially wholly-owned by Mr. Chu as at the Latest Practicable Date
“Mr. Chu”	Mr. Chu Kar Cheong, the guarantor for the performance of Market Talent under the Agreement. As at the Latest Practicable Date, Mr. Chu is also the ultimate beneficial owner of the entire issue share capital of Market Talent and AMX Asia
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reorganization”	the reorganization of the corporate structure of Market Talent and AMX Asia such that immediately following the completion of the Reorganization, AMX Asia will be wholly-owned by Market Talent
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the HomeBase Group to the Company of approximately HK\$96.4 million as at the date of the Agreement free from all encumbrances on or at any time prior to the Completion
“Sale Share”	1 ordinary share of HK\$1 each, representing the entire issued share capital of HomeBase Media
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of Subscription Shares by the Company pursuant to the Agreement
“Subscription Price”	HK\$76,697.9, being the price per Subscription Share as determined in accordance with the formula as set out in section “The Subscription” in the “Letter from the Board”
“Subscription Share(s)”	117 new shares of Market Talent to be allotted and issued to the Company or its nominees
“Supplemental Agreement”	the supplemental sale and purchase and subscription agreement dated 17 June 2011 entered into between the Company, Mr. Chu and Market Talent in relation to the Disposal and the Subscription
“%”	per cent
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



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

Non-executive Directors:

Mr. Derek Chiu

Mr. Desmond Chiu

Independent non-executive Directors:

Dr. Lee G. Lam

Mr. Eugene Yun Hang Wang

Mr. Andrew Chun Wah Fan

Registered office:

16th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

*Head office and principal place of
business:*

Room 2101-2102, 21st Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

30 June 2011

To the Shareholders

Dear Sir or Madam,

**(I) MAJOR DISPOSAL IN RELATION TO DISPOSAL OF
HOMEBASE MEDIA GROUP LIMITED;
(II) MAJOR TRANSACTION IN RELATION TO THE SUBSCRIPTION
OF SHARES IN MARKET TALENT LIMITED;**

AND

(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 20 May 2011 and 17 June 2011, in which the Board announced that the Company, Market Talent and Mr. Chu entered into the Agreement (as supplemented by the Supplemental Agreement), pursuant to which the Company conditionally agreed to sell and Market Talent conditionally agreed to purchase the Sale Share and the Sale Loan at an aggregate consideration of HK\$8,000,000 by allotment and issue of Consideration Shares. In addition, the Company conditionally agreed to subscribe for and Market Talent conditionally agreed to allot and issue Subscription Shares at a subscription money of HK\$9,000,000 pursuant to the Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details in relation to, among other things, (i) the Agreement regarding the Disposal and the Subscription; (ii) the financial information of the Group; (iii) the financial information of AMX Asia; (iv) pro forma statement of financial position of the Enlarged Group; and (v) the notice of the EGM.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date

20 May 2011

Parties

Vendor: The Company

Purchaser: Market Talent

Guarantor: Mr. Chu

Market Talent is a company incorporated in the Cayman Islands with limited liability and is an investment holding company.

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

THE DISPOSAL

Assets to be disposed of

The Sale Share, representing the entire issued share capital of HomeBase Media, and the Sale Loan.

As at the Latest Practicable Date, HomeBase Media is a wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

Consideration of the Disposal

Pursuant to the Agreement, the consideration for the Disposal is HK\$8,000,000, which is determined with reference to (i) the appraised value using the asset-based approach of nominal value as at 31 December 2010 as stipulated in the valuation report prepared by an independent third party valuer; (ii) the audited net liabilities of HomeBase Group of approximately HK\$96.4 million as at 31 December 2010; and (iii) the continual loss of HomeBase Group. The consideration will be satisfied by way of allotment and issue of the Consideration Shares by Market Talent, which shall rank *pari passu* with respect to all other issued share capital in Market Talent.

LETTER FROM THE BOARD

THE SUBSCRIPTION

Assets to be acquired

Pursuant to the Agreement, the Company conditionally agreed to subscribe or procure its nominees to subscribe and Market Talent conditionally agreed to allot and issue the Subscription Shares to the Company.

Consideration of the Subscription

The subscription money of the Subscription shall be HK\$9,000,000, which will be payable in cash. The subscription money was determined after arm's length negotiation between the Company and Market Talent after considering (i) the prospects of the combined business of AMX Asia and HomeBase Group achieving synergy effects between them; and (ii) the prevailing price-to-earnings multiple of comparable companies in the market.

The Consideration Price and the Subscription Price

The Consideration Price and the Subscription Price will be determined with reference to (i) the audited profit of before taxation AMX Asia for the year ended 31 March 2011 prepared in accordance with Small and Medium-sized Entity Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants; and (ii) the prevailing price-to-earnings multiple of market comparable in the industry. The Consideration Price and the Subscription Price shall be computed in accordance with the following formula:

$$\frac{A \times 10}{B} = C$$

where,	A	=	HK\$7,669,793, being the audited profit before taxation of AMX Asia prepared in accordance with Small and Medium-sized Entity Financial Reporting Standards for the year ended 31 March 2011
	B	=	1,000, being the total number of shares of Market Talent legally and beneficially held by Mr. Chu after completion of the Reorganization
	C	=	HK\$76,697.9, the Consideration Price or the Subscription Price

Corporate Structure

As at the Latest Practicable Date, HomeBase Media is a wholly-owned subsidiary of the Company.

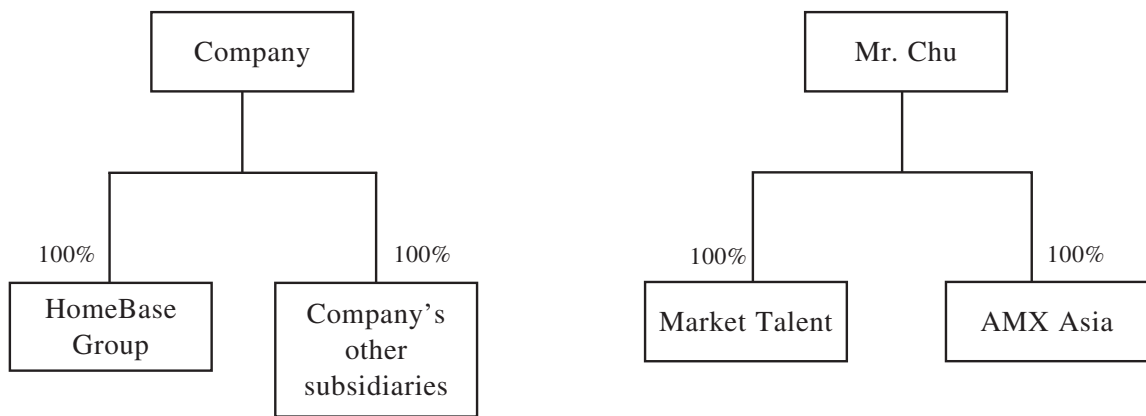
Upon Completion, Market Talent will issue Consideration Shares and Subscription Shares to the Company and the number of such shares will be derived from the aggregate consideration of the Disposal and the Subscription divisible by the Consideration Price or the Subscription Price. However, in all circumstances, the total number of the Consideration Shares and the Subscription Shares to be allotted and issued to the Company is capped at and shall not be more than 20% of the issued share capital of Market

LETTER FROM THE BOARD

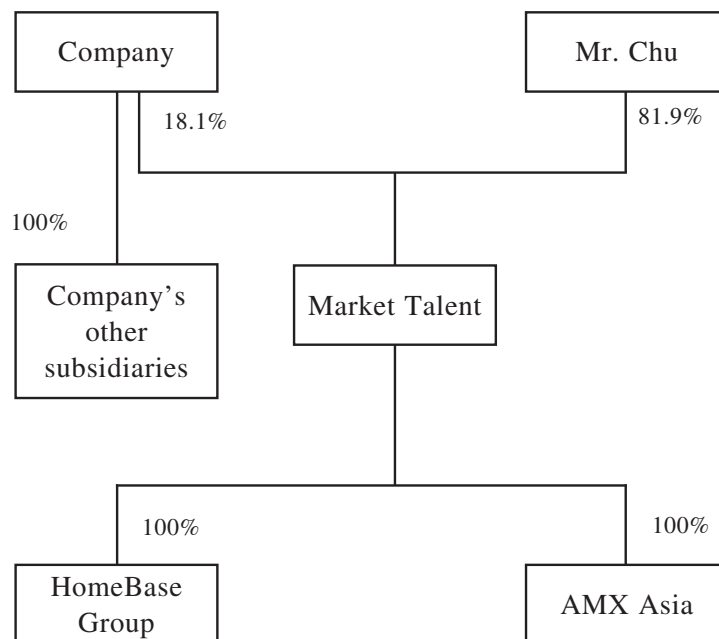
Talent as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares. Based on the formula as set out above, the Consideration Price or the Subscription Price is HK\$76,697.9. As such, the number of Consideration Shares and Subscription Shares are 104 shares and 117 shares of Market Talent respectively, which in aggregate accounts for approximately 18.1% of the share capital as enlarged by the allotment and issue of the Consideration Shares and Subscription Shares. After Completion, HomeBase Media and AMX Asia will become a wholly-owned subsidiary of Market Talent.

The following diagrams illustrate the structure of the Group and Market Talent as at the Latest Practicable Date and immediately after the Completion.

As at the Latest Practicable Date:



Immediately after the Completion:



LETTER FROM THE BOARD

Conditions Precedent

Completion shall be subject to and conditional upon the fulfillment or waiver (if applicable) of the following conditions:

- (i) the Company having satisfied with the results of the due diligence review to be conducted, including but not limited to the satisfaction of the financial, legal and operational aspects of AMX Asia;
- (ii) Market Talent having satisfied with the results of the due diligence review to be conducted, including but not limited to the satisfaction of the financial, legal and operational aspects of HomeBase Group;
- (iii) the approval of the Agreement and transactions contemplated thereunder by the Shareholders at the EGM in accordance with the Listing Rules;
- (iv) all other consents, licences and approvals on the part of the Company, HomeBase Media, Market Talent and Mr. Chu in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (v) the Company having obtained the audited financial statements of AMX Asia for the year ended 31 March 2011 showing the profit before taxation of AMX Asia to be not less than HK\$5 million;
- (vi) the warranties of the Company and Market Talent remaining true and accurate; and
- (vii) the Reorganization having been completed to the satisfaction of the Company.

In the event the abovementioned conditions precedent are not fulfilled (or conditions precedent (i) or (ii) above not being waived by the Company or by Market Talent respectively) on or before 31 August 2011 (or such later date as the parties to the Agreement 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.

As at the Latest Practicable Date, condition precedent (v) has been fulfilled.

Completion

Completion shall take place on the date falling two business days (or such other date as the Company and Market Talent may agree) after all conditions precedent to the Agreement being fulfilled (or being waived).

LETTER FROM THE BOARD

INFORMATION ON HOMEBASE GROUP

As at the Latest Practicable Date, HomeBase Media is a wholly-owned subsidiary of the Company and has 1 issued share of HK\$1 each. HomeBase Group is principally engaged in advertising and development of background music equipment, provision of media and advertising services and provision of cross-platform entertainment marketing.

Set out below is the financial information of HomeBase Group as extracted from the audited consolidated financial statements for the two years ended 31 December 2010 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2009	2010
	<i>(app. HK\$ million)</i>	<i>(app. HK\$ million)</i>
	(audited)	(audited)
Revenue	5.4	8.1
Net loss before tax	14.4	52.8
Net loss after tax	14.4	52.8

	As at 31 December	
	2009	2010
	<i>(app. HK\$ million)</i>	<i>(app. HK\$ million)</i>
	(audited)	(audited)
Total assets	49.0	17.0
Total liabilities	88.8	113.6
Net liabilities	39.8	96.4

LETTER FROM THE BOARD

INFORMATION ON AMX ASIA

AMX Asia is principally engaged in the business of trading of electronic products and provision of on-demand video services and solutions. As at the Latest Practicable Date, Mr. Chu is the sole ultimate beneficial owner of AMX Asia.

Set out below is the financial information of AMX Asia as extracted from the audited financial statements for the two years ended 31 March 2011 prepared in accordance with Small and Medium-sized Entity Financial Reporting Standard issued by Hong Kong Institute of Certified Public Accountants:

	For the year ended 31 March	
	2010	2011
	<i>(app. HK\$ million)</i>	<i>(app. HK\$ million)</i>
	(audited)	(audited)
Revenue	58.6	84.5
Net profit before tax	1.2	7.7
Net profit after tax	1.2	6.4

	As at 31 March	
	2010	2011
	<i>(app. HK\$ million)</i>	<i>(app. HK\$ million)</i>
	(audited)	(audited)
Total assets	24.0	30.3
Total liabilities	19.7	23.9
Net assets	4.3	6.4

REASONS AND BENEFITS FOR THE DISPOSAL AND SUBSCRIPTION

The Company's principal business is to invest in potential businesses in the PRC. Its subsidiaries and associates are engaged in information technology, media, manufacturing and financial services.

As HomeBase Group (i) has been suffering from substantial loss from its operations; and (ii) has an audited net liabilities of approximately HK\$96.4 million as at 31 December 2010, the Company has been seeking for an industry partner which could form a strategic alliance with HomeBase Group with a view to enhancing and turning around its business and financial position.

AMX Asia has been engaged in audio visual equipment and audio visual information technology ("AVIT") solutions for 7 years with established track record, and has built a solid online video platform and customers' base. In addition, the average industry experience of AMX Asia's key management team is over 10 years.

After the Disposal and Subscription, the Company, through Market Talent, will indirectly hold approximately 18.1% of the interests in HomeBase Group and AMX Asia.

LETTER FROM THE BOARD

The Directors believe that by cooperating with AMX Asia, HomeBase Group will benefit from their experienced management team, and synergy effects will be achieved between HomeBase Group's online music platform and AMX Asia's distribution of AVIT equipment and provision of AVIT solutions, thereby improving the financial performance of HomeBase Group. As such, the Directors believe that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND SUBSCRIPTION

Upon Completion, HomeBase Media and its subsidiaries will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the Group's financial statements. Immediately after the Completion, investment in Market Talent will become an available-for-sale investment of the Group.

As set out in the unaudited pro forma statement of financial position of the Enlarged Group in Appendix III to this circular, assuming the Disposal and the Subscription were completed on 31 December 2010, the total assets of the Enlarged Group as at 31 December 2010 would be approximately HK\$435.1 million, a decrease of approximately HK\$9.1 million as compared with the Group as at 31 December 2010. On the other hand, the total liabilities of the Enlarged Group as at 31 December 2010 would be approximately HK\$8.5 million, with a decrease of HK\$17.2 million resulting from the Disposal and Subscription.

The Group expects to recognize a gain from the Disposal of approximately HK\$8 million, which is calculated on the basis of (i) audited net liabilities of HomeBase Group of approximately HK\$96.4 million as at 31 December 2010; (ii) net of the consideration of HK\$8,000,000 received for the Disposal; and (iii) the Sale Loan of HK\$96.4 million.

LISTING RULES IMPLICATION

As the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Disposal is over 25% but less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Chapter 14 of the Listing Rules. As the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Subscription is over 25% but less than 100%, the Subscription constitutes a major transaction of the Company pursuant to Chapter 14 of the Listing Rules. Pursuant to Rule 14.24, in the case of a transaction involving both an acquisition and a disposal, the Stock Exchange will apply the percentage ratios to both the acquisition and the disposal and the transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to that classification. Accordingly, each of the Disposal and the Subscription constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

EGM AND RECOMMENDATION

The EGM will be held by the Company for the Shareholders to consider, and if thought fit, passing the resolutions to approve the Agreement and the transactions contemplated thereunder. After considering the above, the Directors are in the opinion that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, thereby recommending the Shareholders to vote in favor of the transactions contemplated under the Agreement.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders and its associates has a material interest in the transactions contemplated under the Agreement, accordingly no Shareholder is required to abstain from voting on the relevant resolution to be proposed at the EGM.

You will find on pages EGM – 1 to EGM – 2 of this circular a notice of EGM to be held at 3:00 p.m. on Monday, 25 July 2011 at 24th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong at which an ordinary resolution will be proposed to consider, and, if thought fit, to approve the Agreement and the transactions contemplated thereunder by way of poll.

There is enclosed a form of proxy for use at the EGM. You are requested to complete the form of proxy and return it to the principal office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

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).

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
By order of the Board
Derek Chiu
Director

1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position.

The audited consolidated financial statements of the Group for the years ended 31 December 2010, 2009 and 2008 together with the relevant notes can be found on pages 26 to 96 of the annual report of the Company for the year ended 31 December 2010, pages 26 to 101 of the annual report of the Company for the year ended 31 December 2009 and pages 27 to 105 of the annual report of the Company for the year ended 31 December 2008.

Please also see below the hyperlinks to the said annual reports:

<http://www.hkexnews.hk/listedco/listconews/sehk/20110428/LTN20110428470.pdf>

<http://www.hkexnews.hk/listedco/listconews/sehk/20100429/LTN201004291289.pdf>

<http://www.hkexnews.hk/listedco/listconews/sehk/20090430/LTN20090430113.pdf>

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

At the close of business on 15 May 2011, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding other loans of approximately HK\$5,255,000. In addition, the Group had outstanding at that date obligations under finance leases of approximately HK\$1,332,000 which was secured on certain of the Group's motor vehicles.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 15 May 2011 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL OF THE GROUP

After taking into account the expected Completion of the Disposal and Subscription and the present internal financial resources available, and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As HomeBase Group (i) has been suffering from substantial loss from its operations; and (ii) has an audited net liabilities of approximately HK\$96.4 million as at 31 December 2010, the Company has been seeking for an industry partner which could turn around its business and financial position. In addition, the Company has been seeking for new business opportunities to improve the Group's future profitability.

As such, through the Disposal and the Subscription, the Group could participate in the business of AMX Asia, which has presented an attractive business opportunity to the Group.

Nowadays, with the continual merging of audio, video and information technology in the era of digital world, AMX Asia is well positioned and offers a wide array of products under AMX brands that integrate audio and video, lighting, HVAC with information technology. With AMX Asia's state of art controller and user friendly interface, people can use AMX's products to integrate these digital systems at their own finger tips. As this industry is only at its initial growth stage, an explosive growth is foreseeable. In addition, it is expected that the next wave of technology will be driven by video on demand integrating with traditional AV equipment such as TV, radio, and other home electrical appliances such as air conditioner and etc. AMX Asia will continue to capitalise on its strengths and position itself to capture the opportunities arising from new wave of technology.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest audited consolidated financial statements of the Group have been made up.

The following is the text of a report received from the reporting accountant of AMX Asia, Li, Tang, Chen & Co., in respect of the financial information of AMX Asia for the purpose of incorporation into this circular. In this section, reference to the page numbers are those appeared in the audited accounts of AMX Asia.

1. AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2011**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AMX ASIA LIMITED**
*(incorporated in Hong Kong with limited liability)***REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of AMX Asia Limited ("the Company") set out on pages 4 to 16, which comprise the balance sheet as at 31st March, 2011, and the income statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The sole director is responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the sole director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, section 141D of the Hong Kong Companies Ordinance requires that the balance sheet together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141D of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN 900 (Clarified) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements of the Company for the year ended 31st March, 2011 are prepared, in all material respects, in accordance with the SME-FRS. In addition, in our opinion the balance sheet together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st March, 2011 according to the best of our information and explanations given to us, and as shown by the books of the Company.

REPORT ON OTHER MATTERS UNDER SECTION 141D OF THE HONG KONG COMPANIES ORDINANCE

We report that we have obtained all the information and explanations which we have required.

Li, Tang, Chen & Co.

Certified Public Accountants (Practising)

Hong Kong, 15 June, 2011

2. AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2010**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AMX ASIA LIMITED**

(incorporated in Hong Kong with limited liability)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AMX Asia Limited (“the Company”) set out on pages 4 to 15, which comprise the balance sheet as at 31st March, 2010, and the income statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The sole director is responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the sole director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, section 141D of the Hong Kong Companies Ordinance requires that the balance sheet together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141D of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN 900 (Clarified) “Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard” issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the SME-FRS. In addition, in our opinion the balance sheet together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at 31st March, 2010 according to the best of our information and explanations given to us, and as shown by the books of the Company.

REPORT ON OTHER MATTERS UNDER SECTION 141D OF THE HONG KONG COMPANIES ORDINANCE

We report that we have obtained all the information and explanations which we have required.

Li, Tang, Chen & Co.

Certified Public Accountants (Practising)

Hong Kong, 15th November, 2010

3. AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2009**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AMX ASIA LIMITED**

(incorporated in Hong Kong with limited liability)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AMX Asia Limited (“the Company”) set out on pages 4 to 16, which comprise the balance sheet as at 31st March, 2009, and the income statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The sole director is responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the sole director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, section 141D of the Hong Kong Companies Ordinance requires that the balance sheet together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141D of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN 900 (Clarified) “Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard” issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the SME-FRS. In addition, in our opinion the balance sheet together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at 31st March, 2009 according to the best of our information and explanations given to us, and as shown by the books of the Company.

REPORT ON OTHER MATTERS UNDER SECTION 141D OF THE HONG KONG COMPANIES ORDINANCE

We report that we have obtained all the information and explanations which we have required.

Li, Tang, Chen & Co.

Certified Public Accountants (Practising)

Hong Kong, 13th November, 2009

4. AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	<i>Note</i>	<i>HK\$</i>	2011 <i>HK\$</i>	2010 <i>HK\$</i>
NON-CURRENT ASSETS				
Property, plant and equipment	6		1,753,151	2,036,437
Long term investment	7		1,373,426	–
			<u>3,126,577</u>	<u>2,036,437</u>
CURRENT ASSETS				
Inventories	8	4,184,098		7,861,554
Deposits, prepayments and temporary payments		2,574,692		4,684,272
Accounts receivable		10,865,770		5,020,013
Tax recoverable	5(b)	–		286,132
Pledged bank time deposits	12	1,000,436		2,068,237
Cash and bank balances		7,282,048		2,017,435
		<u>25,907,044</u>		<u>21,937,643</u>
CURRENT LIABILITIES				
Trust receipt loans		11,480,700		10,054,460
Bank overdraft (unsecured)		535,239		21,915
Bank overdraft (secured)	12	–		289,357
Bank loans (unsecured)	9	1,986,498		2,152,307
Bank loans (secured)	9 & 12	1,766,890		–
Customers' deposits		162,801		383,261
Amount due to sole director	10	57,260		458,761
Accounts payable and accrued expenses		3,608,822		4,767,309
Current portion of obligation under finance lease	11	11,400		11,400
Provision for profits tax		1,259,460		–
		<u>20,869,070</u>		<u>18,138,770</u>
NET CURRENT ASSETS			<u>5,037,974</u>	<u>3,798,873</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,164,551	5,835,310
NON-CURRENT LIABILITIES				
Bank loans (unsecured)	9	1,018,205		1,504,703
Bank loans (secured)	9 & 12	2,067,886		–
Obligation under finance lease	11	19,950		31,350
			<u>3,106,041</u>	<u>1,536,053</u>
NET ASSETS			<u>5,058,510</u>	<u>4,299,257</u>

	<i>Note</i>	2011 <i>HK\$</i>	2010 <i>HK\$</i>
EQUITY			
Share capital			
Authorised:			
10,000 shares of HK\$1 each		<u>10,000</u>	<u>10,000</u>
Issued and fully paid:			
200 shares of HK\$1 each		200	200
Unappropriated profits		<u>5,058,310</u>	<u>4,299,057</u>
TOTAL EQUITY		<u>5,058,510</u>	<u>4,299,257</u>

The financial statements on pages II – 7 to II – 18 were approved and authorised for issue by the sole director on 15th June, 2011

**INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2011**

	<i>Note</i>	2011 <i>HK\$</i>	2010 <i>HK\$</i>
REVENUES	2	84,527,742	58,566,330
COST OF SALES		<u>(65,892,890)</u>	<u>(46,789,771)</u>
GROSS PROFIT		18,634,852	11,776,559
OTHER INCOME AND GAIN	2	249,357	184,702
ADMINISTRATIVE AND OPERATING EXPENSES		<u>(10,270,767)</u>	<u>(10,300,460)</u>
FINANCE COSTS	3	<u>(943,649)</u>	<u>(453,334)</u>
PROFIT BEFORE TAXATION	4	7,669,793	1,207,467
INCOME TAX EXPENSE	5(a)	<u>(1,311,540)</u>	<u>(52,132)</u>
PROFIT FOR THE YEAR		<u><u>6,358,253</u></u>	<u><u>1,155,335</u></u>
DIVIDEND			
Interim dividend paid of HK\$27,995 (2010: HK\$18,500) per share		<u><u>5,599,000</u></u>	<u><u>3,700,000</u></u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2011**

	Share capital <i>HK\$</i>	Unappropriated profits <i>HK\$</i>	Total <i>HK\$</i>
Balance at 1st April, 2009	200	6,843,722	6,843,922
Profit for the year	–	1,155,335	1,155,335
Dividend paid	–	(3,700,000)	(3,700,000)
	<hr/>	<hr/>	<hr/>
Balance at 31st March, 2010	200	4,299,057	4,299,257
Profit for the year	–	6,358,253	6,358,253
Dividend paid	–	(5,599,000)	(5,599,000)
	<hr/>	<hr/>	<hr/>
Balance at 31st March, 2011	<u>200</u>	<u>5,058,310</u>	<u>5,058,510</u>

NOTES ON THE FINANCIAL STATEMENTS**REPORTING ENTITY**

AMX Asia Limited is a company incorporated in Hong Kong with limited liability. The company's registered office is located at Room 1306, 13/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong. The principal activity of the company is trading of electronic products.

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company qualifies under the Hong Kong Companies Ordinance to prepare and present its financial statements in accordance with section 141D of that Ordinance. The company's shareholders have unanimously agreed in writing to apply section 141D with respect to the company's financial statements for the year ended 31st March, 2011.

The financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

a) Revenue recognition:

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following bases:

- i) Revenue from the sale of goods is recognised on the transfer of ownership which generally coincides with the time of delivery.
- ii) Maintenance service income is recognised in the year in which the services are rendered.
- iii) Bank interest income is recognised as it accrues using the effective interest method.

b) Borrowing costs:

Borrowing costs are recognised as an expense in the period in which they are incurred.

c) Foreign exchange:

Foreign currency transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the income statement.

d) Taxation:

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not provided.

e) **Property, plant and equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Furniture and fixtures	20% per annum
Office equipment	20% per annum

f) **Long-term investment:**

Long-term investments is stated at cost less accumulated impairment losses.

g) **Impairment of assets:**

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimated used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

h) **Inventories:**

Inventories are stated at the lower of cost (using the weighted average cost formula) and net realisable value. In arriving at net realisable value, an allowance has been made for deterioration and obsolescence.

i) **Trade and other receivables:**

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

j) **Leases:**

Leases that transfer substantially all the rewards and risks of ownership of assets to the company, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum leased payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

k) Related parties:

For the purposes of these financial statements, a party is considered to be related to the company if:

- i) the party has the ability, directly or indirectly or indirectly through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the association;
- ii) the company and the party are subject to common control;
- iii) the party is an associate of the company or a jointly venture in which the company is a venture;
- iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- v) the party is a close family member of party referred to in (i) or is any entity under the control, joint control or significant influence of such individuals; or
- vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

l) Retirement benefits scheme:

The company joins a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the company in an independently administered fund. The employer's contributions vest fully with the employees when contributed into the MPF Scheme.

2. REVENUE AND OTHER INCOME AND GAIN

An analysis of the company's revenues and other income and gain is as follows:

	2011	2010
	<i>HK\$</i>	<i>HK\$</i>
Revenues		
Sales of goods	83,847,044	58,008,696
Maintenance service income	680,698	557,634
	<u>84,527,742</u>	<u>58,566,330</u>
Other income and gain		
Exchange gain	162,996	141,971
Interest income	54,223	10,917
Sundry income	32,138	31,814
	<u>249,357</u>	<u>184,702</u>

3. FINANCE COSTS

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Interest on bank loans and overdrafts	418,502	134,139
Interest on bills	525,147	319,195
	<u>943,649</u>	<u>453,334</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Operating leases – rental on land and buildings	1,596,988	1,821,982
Staff costs	2,996,692	2,624,694
Mandatory Provident Fund contribution	86,076	90,163
Costs of inventories sold	65,892,890	46,789,771
Depreciation		
– owned assets	637,541	562,619
– leased assets	11,400	11,400
	648,941	574,019
Auditors' remuneration	32,000	22,000
Property, plant and equipment written off	92,948	–
	<u> </u>	<u> </u>

5. INCOME TAX EXPENSE

- a) Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the years ended 31st March, 2011 and 31st March, 2010.

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Tax charge for the year	1,312,000	53,000
Overprovision in prior year	(460)	(868)
	<u>1,311,540</u>	<u>52,132</u>

- b) Tax recoverable represents the excess of the provisional profits tax paid over the estimate tax liability.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>HK\$</i>	Office equipment <i>HK\$</i>	Total <i>HK\$</i>
At 31.3.2010			
Cost	508,296	2,473,429	2,981,725
Accumulated depreciation	(264,706)	(680,582)	(945,288)
Net book value	<u>243,590</u>	<u>1,792,847</u>	<u>2,036,437</u>
Net book value at 1.4.2010	243,590	1,792,847	2,036,437
Additions	382,798	75,805	458,603
Written off	(92,948)	–	(92,948)
Depreciation	(159,870)	(489,071)	(648,941)
Net book value at 31.3.2011	<u>373,570</u>	<u>1,379,581</u>	<u>1,753,151</u>
At 31.3.2011			
Cost	638,317	2,549,234	3,187,551
Accumulated depreciation	(264,747)	(1,169,653)	(1,434,400)
Net book value	<u>373,570</u>	<u>1,379,581</u>	<u>1,753,151</u>

Note:

- i) The total cost of property, plant and equipment written off during the year ended 31st March, 2011 was HK\$252,777 (2010: Nil).
- ii) The carrying amount of assets held under finance lease was HK\$22,800 (2010: HK\$34,200).

7. LONG-TERM INVESTMENT

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Investment in Jade Global Select Universal Life Insurance Policy	<u>1,373,426</u>	<u>–</u>

8. INVENTORIES

Inventories comprise entirely of stock in trade.

9. BANK LOANS

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Bank loans (unsecured):		
HK\$756,620 1 year loan		
– fully repayable in June, 2010	–	193,980
HK\$1,000,000 1 month loan		
– fully repayable in May, 2010	–	1,000,000
HK\$500,000 1 month loan		
– fully repayable in June, 2010	–	500,000
HK\$1,000,000 1 month loan		
– fully repayable in May, 2011	1,000,000	–
HK\$500,000 1 month loan		
– fully repayable in June, 2011	500,000	–
HK\$2,000,000 4 years loan		
– fully repayable in February, 2014	1,504,703	1,963,030
	<u>3,004,703</u>	<u>3,657,010</u>
Less: Current portion shown under current liabilities	1,986,498	2,152,307
	<u>1,018,205</u>	<u>1,504,703</u>
Bank loans (secured):		
US\$158,511 1 month loan		
– fully repayable in April, 2011	1,232,153	–
HK\$2,000,000 5 years loan		
– fully repayable in June, 2015	1,700,000	–
US\$128,248 7 years loan		
– fully repayable in June, 2017	902,623	–
	<u>3,834,776</u>	–
Less: Current portion shown under current liabilities	1,766,890	–
	<u>2,067,886</u>	<u>–</u>

10. AMOUNT DUE TO SOLE DIRECTOR

This represents interest-free advances which are unsecured and have no fixed terms of repayment.

11. OBLIGATION UNDER FINANCE LEASE

The present value of lease payments under finance lease is as follows:

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Not later than one year	11,400	11,400
Later than one year	19,950	31,350
	<u>31,350</u>	<u>42,750</u>

12. PLEDGE OF ASSETS

The company has factored certain of its accounts receivable of HK\$1,239,504 (2010: Nil) to a bank to secure banking facilities granted to the company.

The company pledged its fixed deposits with a bank amounting to HK\$1,000,436 (2010: HK\$2,068,237) and long-term investment (2010: Nil) in favour of a bank to secure general banking facilities granted to the company.

13. DIRECTOR'S REMUNERATION

Director's remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2011	2010
	<i>HK\$</i>	<i>HK\$</i>
Fees	Nil	Nil
Other emoluments	840,000	865,000
Mandatory Provident Fund contribution	12,000	12,000
	<u>852,000</u>	<u>877,000</u>

14. RELATED PARTY TRANSACTIONS

The sole director of the company has executed guarantees in favour of banks to secure general banking facilities granted to the company.

During the year, the company sold and purchased goods to and from its related company, South China House of Technology Limited, amounting to HK\$521,460 (2010: HK\$506,964) and Nil (2010: HK\$22,600).

During the year, the company sold goods its related company, South China House of Technology (Distribution) Limited, amounting to HK\$2,449,530 (2010: Nil).

Included in accounts receivable was an amount of HK\$121,045 (2010: HK\$178,886) due from a related company, South China House of Technology Limited which represents sales of goods.

Included in accounts receivable was an amount of HK\$2,448,981 (2010: Nil) due from a related company, South China House of Technology (Distribution) Limited which represents trade debts from sales of goods.

During the year, the company received maintenance service income from its related company, South China House of Technology Limited, amounting to HK\$3,900 (2010: Nil).

The balance with the sole director is fully described in note (10) on the financial statements.

The company's key management personnel include only the sole director. Details of sole director's remuneration are fully described in note (13) on the financial statements.

In the opinion of the sole director, the above-mentioned transactions were conducted on normal commercial terms.

15. OPERATING LEASE COMMITMENTS

The company lease certain of its office properties under operating lease arrangement. Lease for properties are negotiated for term of approximately two (2010: three) years.

As at the balance sheet date, the company had total commitments for minimum lease payments under non-cancellable operating lease in respect of land and buildings which fall due as follows:

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Land and buildings lease expiring:		
– within one year	404,544	594,062
– in the second to fifth years, inclusive	251,716	–
	<u>656,260</u>	<u>594,062</u>

5. AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2010

BALANCE SHEET AS AT 31ST MARCH 2010

	<i>Note</i>	<i>HK\$</i>	2010 <i>HK\$</i>	2009 <i>HK\$</i>
NON-CURRENT ASSETS				
Property, plant and equipment	6		2,036,437	556,596
CURRENT ASSETS				
Inventories	7	7,861,554		16,264,815
Deposits and prepayments and temporary payments		4,684,272		1,174,473
Accounts receivable		5,020,013		2,407,305
Tax recoverable	5(b)	286,132		258,839
Pledged bank time deposits (secured)	11	2,068,237		2,004,500
Cash and bank balances		2,017,435		5,631,532
		<u>21,937,643</u>		<u>27,741,464</u>
CURRENT LIABILITIES				
Trust receipt loans		10,054,460		4,782,081
Other loans payable		–		4,978,542
Bank overdraft (unsecured)		21,915		–
Bank overdraft (secured)	11	289,357		–
Bank loans (unsecured)	8	2,152,307		203,228
Customers' deposits		383,261		9,000
Amount due to sole director	9	458,761		5,022,449
Accounts payable and accrued expenses		4,767,309		6,404,688
Current portion of obligation under finance lease	10	11,400		11,400
		<u>18,138,770</u>		<u>21,411,388</u>
NET CURRENT ASSETS			<u>3,798,873</u>	<u>6,330,076</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,835,310	6,886,672
NON-CURRENT LIABILITIES				
Bank loans (unsecured)	8	1,504,703		–
Obligation under finance lease	10	31,350		42,750
			<u>1,536,053</u>	<u>42,750</u>
NET ASSETS			<u>6,843,922</u>	<u>4,299,257</u>

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
EQUITY		
Share capital		
Authorised:		
10,000 shares of HK\$1 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:		
200 shares of HK\$1 each	200	200
Unappropriated profits	<u>4,299,057</u>	<u>6,843,722</u>
TOTAL EQUITY	<u>4,299,257</u>	<u>6,843,922</u>

The financial statements on pages II – 19 to II – 28 were approved and authorised for issue by the sole director on 15 November, 2010

**INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2010**

	<i>Note</i>	2010 <i>HK\$</i>	2009 <i>HK\$</i>
REVENUES	2	58,566,330	48,603,751
COST OF SALES		<u>(46,789,771)</u>	<u>(37,370,063)</u>
GROSS PROFIT		11,776,559	11,233,688
OTHER INCOME AND GAIN	2	184,702	159,447
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		<u>(100,300,460)</u>	<u>(8,838,587)</u>
FINANCE COSTS	3	<u>(453,334)</u>	<u>(411,367)</u>
PROFIT BEFORE TAXATION	4	1,207,467	2,143,181
INCOME TAX EXPENSE	5(a)	<u>(52,132)</u>	<u>(336,956)</u>
PROFIT FOR THE YEAR		<u><u>1,155,335</u></u>	<u><u>1,806,225</u></u>
DIVIDEND			
Interim dividend paid of HK\$18,500 (2009: Nil) per share		<u><u>3,700,000</u></u>	<u><u>Nil</u></u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2010

	Share capital <i>HK\$</i>	Unappropriated profits <i>HK\$</i>	Total <i>HK\$</i>
Balance at 1st April, 2008	2	5,037,497	5,037,499
Issue of shares	198	–	198
Profit for the year	–	1,806,225	1,806,225
Balance at 31st March, 2009	200	6,843,722	6,843,922
Profit for the year	–	1,155,335	1,155,335
Dividend paid	–	(3,700,000)	(3,700,000)
Balance at 31st March, 2010	<u>200</u>	<u>4,299,057</u>	<u>4,299,257</u>

NOTES ON THE FINANCIAL STATEMENTS**REPORTING ENTITY**

AMX Asia limited is a company incorporated in Hong Kong with limited liability. The company's registered office is located at Unit 1206-1209, I2/F., Two Chinachern Exchange Square, 338 King's Road, North Point, Hong Kong. The principal activity of the company is trading of electronic products.

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company qualifies under the Hong Kong Companies Ordinance to prepare and present its financial statements in accordance with section 141D of that Ordinance. The company's shareholders have unanimously agreed in writing to apply section 141D with respect to the company's financial statements for the year ended 31st March, 2010.

The financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

a) Revenue recognition:

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following bases:

- i) Revenue from the sale of goods is recognised on the transfer of ownership which generally coincides with the time of delivery.
- ii) Maintenance service income is recognised in the year in which the services are rendered.
- iii) Bank interest income is recognised as it accrues using the effective interest method.

b) Borrowing costs:

Borrowing costs are recognised as an expense in the period in which they are incurred.

c) Foreign exchange:

Foreign currency transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the income statement.

d) Taxation:

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not provided.

e) **Property, plant and equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Furniture and fixtures	20% per annum
Office equipment	20% per annum

f) **Impairment of assets:**

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimated used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

g) **Inventories:**

Inventories are stated at the lower of cost (using the weighted average cost formula) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

h) **Trade and other receivables:**

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

i) **Leases:**

Leases that transfer substantially all the rewards and risks of ownership of assets to the company, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum leased payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

j) **Related parties:**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals.

k) **Retirement benefits scheme:**

The company joins a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the company in an independently administered fund. The employer’s contributions vest fully with the employees when contributed into the MPF Scheme.

2. REVENUE AND OTHER INCOME AND GAIN

An analysis of the company’s revenues and other income and gain is as follows:

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Revenues		
Sales of goods	58,008,696	48,240,764
Maintenance service income	557,634	362,987
	<u>58,566,330</u>	<u>48,603,751</u>
Other income and gain		
Exchange gain	141,971	–
Interest income	10,917	152,568
Sundry income	31,814	6,879
	<u>184,702</u>	<u>159,447</u>

3. FINANCE COSTS

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Interest on bank loans and overdraft	134,139	14,037
Interest on bills	319,195	397,330
	<u>453,334</u>	<u>411,367</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Operating leases – rental on land and buildings	1,821,982	989,356
Staff costs	2,624,694	2,446,533
Mandatory Provident Fund contribution	90,163	83,459
Costs of inventories sold	46,789,771	37,370,063
Depreciation		
– owned assets	562,619	156,116
– leased assets	11,400	11,400
	574,019	167,516
Auditors’ remuneration	22,000	20,000
Loss on disposal of property, plant and equipment	–	5,936
	<u>–</u>	<u>5,936</u>

5. INCOME TAX EXPENSE

- a) Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the years ended 31st March, 2010 and 31st March, 2009.

	2010 HK\$	2009 HK\$
Tax charge for the year	53,000	340,000
Overprovision in prior year	(868)	(3,044)
	<u>52,132</u>	<u>336,956</u>

- b) Tax recoverable represents the excess of the provisional profits tax paid over the estimate tax liability.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
At 31.3.2009			
Cost	504,808	423,057	927,865
Accumulated depreciation	(177,604)	(193,665)	(371,269)
Net book value	<u>327,204</u>	<u>229,392</u>	<u>556,596</u>
Net book value at 1.4.2009	327,204	229,392	556,596
Additions	3,488	2,050,372	2,053,860
Depreciation	(87,102)	(486,917)	(574,019)
Net book value at 31.3.2010	<u>243,590</u>	<u>1,792,847</u>	<u>2,036,437</u>
At 31.3.2010			
Cost	508,296	2,473,429	2,981,725
Accumulated depreciation	(264,706)	(680,582)	(945,288)
Net book value	<u>243,590</u>	<u>1,792,847</u>	<u>2,036,437</u>

Note:

- i) The total cost of property, plant and equipment disposed of during the year ended 31st March, 2010 was HK\$NiI (2009: HK\$10,070).
- ii) The carrying amount of assets held under finance lease was HK\$34,200 (2009: HK\$45,600)

7. INVENTORIES

Inventories comprise entirely of stock in trade.

8. BANK LOANS (UNSECURED)

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
HK\$756,620 1 year loan		
– fully repayable in June, 2010	193,980	–
HK\$600,000 1 year loan		
– fully repayable in July, 2009	–	203,228
HK\$1,000,000 1 month loan		
– fully repayable in May, 2010	1,000,000	–
HK\$500,000 1 month loan		
– fully repayable in June, 2010	500,000	–
HK\$2,000,000 4 years loan		
– fully repayable in February, 2014	1,963,030	–
	<u>3,657,010</u>	<u>203,228</u>
Less: Current portion shown under current liabilities	2,152,307	203,228
	<u>1,504,703</u>	<u>–</u>

9. AMOUNT DUE TO SOLE DIRECTOR

This represents interest-free advances which are unsecured and have no fixed terms of repayment.

10. OBLIGATION UNDER FINANCE LEASE

The present value of lease payments under finance lease are as follows:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Not later than one year	11,400	11,400
Later than one year	31,350	42,750
	<u>42,750</u>	<u>54,150</u>

11. PLEDGE OF ASSETS

The company has factored certain of its accounts receivable of Nil (2009: HK\$746,910) to a bank to secure banking facilities granted to the company.

The company pledged its fixed deposits with a bank amounting to HK\$2,068,237 (2009: HK\$2,004,500) in favour of a bank to secure general banking facilities granted to the company.

12. DIRECTOR'S REMUNERATION

Director's remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Fees	Nil	Nil
Other emoluments	865,000	620,000
Mandatory Provident Fund Contribution	12,000	9,000
	<u>877,000</u>	<u>629,000</u>

13. RELATED PARTY TRANSACTIONS

The sole director of the company has executed guarantees in favour of banks to secure general banking facilities granted to the company.

During the year, the company sold and purchased goods to and from its related company, South China House of Technology Limited, amounting to HK\$506,964 (2009: HK\$742,593) and HK\$22,600 (2009: Nil).

Included in accounts receivable was an amount of HK\$178,886 (2009: HK\$277,026) due from a related company, South China House of Technology Limited which represents sales of goods.

The balance with the sole director is fully described in note (9) on the financial statements.

The company's key management personnel include only the sole director. Details of sole director's remuneration are fully described in note (12) on the financial statements.

In the opinion of the sole director, the above-mentioned transactions were conducted on normal commercial terms.

14. OPERATING LEASE COMMITMENTS

The company lease certain of its office properties under operating lease arrangement. Lease for properties are negotiated for term of approximately three years.

As at the balance sheet date, the company had total commitments for minimum lease payments under non-cancellable operating lease in respect of land and buildings which fall due as follows:

	2010	2009
	<i>HK\$</i>	<i>HK\$</i>
Land and buildings lease expiring:		
- within one year	594,062	759,420
- in the second to fifth years, inclusive	—	596,687
	<u>594,062</u>	<u>1,356,107</u>

6. AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	<i>Notes</i>	<i>HK\$</i>	2009 <i>HK\$</i>	2008 <i>HK\$</i>
NON-CURRENT ASSETS				
Property, plant and equipment	6		556,596	142,457
CURRENT ASSETS				
Inventories	7	16,264,815		10,736,587
Deposits and prepayments and temporary payments		1,174,473		541,147
Amount due from sole director	8	–		2
Accounts receivable		2,407,305		5,380,393
Tax recoverable	1(d)	258,839		–
Pledged bank time deposit (secured)		2,004,500		–
Cash and bank balances		5,631,532		751,151
		<u>27,741,464</u>		<u>17,409,280</u>
CURRENT LIABILITIES				
Bills payable		4,782,081		–
Other loan payable		4,978,542		10,236,404
Bank loan (unsecured)	9	203,228		–
Customers' deposits and temporary receipt		9,000		38,120
Amount due to sole director	10	5,022,449		–
Accounts payable and accrued expenses		6,404,688		1,217,884
Current portion of obligation under finance lease	11	11,400		5,830
Provision for taxation		–		1,016,000
		<u>21,411,388</u>		<u>12,514,238</u>
NET CURRENT ASSETS				
			<u>6,330,076</u>	<u>4,895,042</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
			6,886,672	5,037,499
NON-CURRENT LIABILITY				
Obligation under finance lease	11		42,750	–
NET ASSETS				
			<u>6,843,922</u>	<u>5,037,499</u>

BALANCE SHEET AS AT 31ST MARCH, 2009

	<i>Note</i>	2009 <i>HK\$</i>	2008 <i>HK\$</i>
EQUITY			
Share capital	12	200	2
Unappropriated profits		<u>6,843,722</u>	<u>5,037,497</u>
TOTAL EQUITY		<u><u>6,843,922</u></u>	<u><u>5,037,499</u></u>

The financial statements on pages II – 29 to II – 39 were approved and authorised for issue by the sole director on 13 November, 2009.

**INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2009**

	<i>Note</i>	2009 <i>HK\$</i>	2008 <i>HK\$</i>
REVENUES	2	48,603,751	47,873,955
COST OF SALES		<u>(37,370,063)</u>	<u>(38,558,064)</u>
GROSS PROFIT		11,233,688	9,315,891
OTHER INCOME	2	159,447	294,553
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		<u>(8,838,587)</u>	<u>(4,885,967)</u>
FINANCE COSTS	3	<u>(411,367)</u>	<u>(521,312)</u>
PROFIT BEFORE TAXATION	4	2,143,181	4,203,165
INCOME TAX EXPENSE	5	<u>(336,956)</u>	<u>(710,000)</u>
PROFIT FOR THE YEAR		<u><u>1,806,225</u></u>	<u><u>3,493,165</u></u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2009**

	Share capital <i>HK\$</i>	Unappropriated profits <i>HK\$</i>	Total <i>HK\$</i>
Balance at 1st April, 2007	2	1,544,332	1,544,334
Profit for the year	—	3,493,165	3,493,165
Balance at 31st March, 2008	2	5,037,497	5,037,499
Issue of shares	198	—	198
Profit for the year	—	1,806,225	1,806,225
Balance at 31st March, 2009	<u>200</u>	<u>6,843,722</u>	<u>6,843,922</u>

NOTES ON THE FINANCIAL STATEMENTS**REPORTING ENTITY**

AMX Asia limited is a company incorporated in Hong Kong with limited liability. The company's registered office is located at Unit 1206-1209, 12/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. The principal activity of the company is trading of electronic products.

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company qualifies under the Hong Kong Companies Ordinance to prepare and present its financial statements in accordance with section 14ID of that Ordinance. The company's shareholders have unanimously agreed in writing to apply section 14ID with respect to the company's financial statements for the year ended 31st March, 2009.

The financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

a) Revenue recognition:

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following bases:

- i) Revenue from the sale of goods is recognised on the transfer of ownership which generally coincides with the time of delivery.
- ii) Maintenance service income is recognised in the year in which the services are rendered.
- iii) Bank interest income is recognised as it accrues using the effective interest method.

b) Borrowing costs:

Borrowing costs are recognised as an expense in the period in which they are incurred.

c) Foreign exchange:

Foreign currency transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the income statement.

d) Taxation:

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balances sheet date.

Deferred tax is not provided.

e) **Property, plant and equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Furniture and fixtures	20% per annum
Office equipment	20% per annum

f) **Impairment of assets:**

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimated used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

g) **Inventories:**

Inventories are stated at the lower of cost (using the weighted average cost formula) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

h) **Trade and other receivables:**

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

i) **Leases:**

Leases that transfer substantially all the rewards and risks of ownership of assets to the company, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum leased payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

j) **Related parties:**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals.

k) **Retirement benefits scheme:**

The company joins a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the company in an independently administered fund. The employer's contributions vest fully with the employees when contributed into the MPF Scheme.

2. REVENUE AND OTHER INCOME

An analysis of the company's revenues and other income is as follows:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Revenues		
Sales of goods	48,240,764	47,626,823
Maintenance service income	362,987	247,132
	<u>48,603,751</u>	<u>47,873,955</u>
Other income		
Advertising sponsorship income	–	205,783
Interest income	152,568	73,924
Sundry income	6,879	14,846
	<u>159,447</u>	<u>294,553</u>

3. FINANCE COSTS

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Interest on bank loans and overdraft	14,037	9,121
Interest on bills	397,330	512,191
	<u>411,367</u>	<u>521,312</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Operating leases – rental on land and buildings	989,356	424,758
Staff costs	2,446,533	1,910,791
Mandatory Provident Fund contribution	83,459	61,047
Costs of inventories sold	37,370,063	38,558,064
Depreciation		
– owned assets	156,115	66,314
– leased assets	11,400	2,014
Auditors' remuneration	20,000	18,000
Loss on disposal of property, plant and equipment	5,936	–
	<u>37,992,257</u>	<u>39,948,988</u>

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the years ended 31st March, 2009 and 31st March, 2008.

	2009 HK\$	2008 HK\$
Tax charge for the year	340,000	710,000
Overprovision in prior year	(3,044)	–
	<u>336,956</u>	<u>710,000</u>

Tax recoverable represents the excess of the provisional profits tax paid over the estimate tax liability.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Net book value at 1.4.2007 (<i>note i</i>)	39,444	95,188	134,632
Additions	3,650	72,503	76,153
Depreciation	(21,720)	(46,608)	(68,328)
Net book value at 31.3.2008	<u>21,374</u>	<u>121,083</u>	<u>142,457</u>
At 31.3.2008			
Cost	111,165	237,059	348,224
Accumulated depreciation	(89,791)	(115,976)	(205,767)
Net book value	<u>21,374</u>	<u>121,083</u>	<u>142,457</u>
Net book value at 1.4.2008	21,374	121,083	142,457
Additions	393,643	196,068	589,711
Depreciation	(87,813)	(79,703)	(167,516)
Disposal	–	(8,056)	(8,056)
Net book value at 31.3.2009	<u>327,204</u>	<u>229,392</u>	<u>556,596</u>
At 31.3.2009			
Cost	504,808	423,057	927,864
Accumulated depreciation	(177,604)	(193,665)	(371,268)
Net book value	<u>327,204</u>	<u>229,392</u>	<u>556,596</u>

Note:

i) The analysis of net book value at 1st April, 2007 was as follows:

	Furniture and fixtures	Office equipment	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Cost	107,515	164,556	272,071
Accumulated depreciation	(68,071)	(69,368)	(137,439)
Net book value	<u>39,444</u>	<u>95,188</u>	<u>134,632</u>

ii) The total cost of property, plant and equipment disposed of during the year ended 31st March, 2009 was HK\$10,070 (2008: Nil).

iii) The carrying amount of assets held under finance lease was HK\$45,600 (2008: HK\$8,056).

7. INVENTORIES

Inventories comprise entirely of stock in trade.

8. AMOUNT DUE FROM SOLE DIRECTOR

Information disclosed pursuant to section 161B of the Hong Kong Companies Ordinance:

Name of borrower:	Mr. Chu Kar Cheong
Position:	Director
Lender:	The company
Terms of the advance:	
– Duration	Not specified
– Interest rate	Nil
– Security	None
Balance of relevant advance:	
At 31.3.2008	<u>HK\$2</u>
At 31.3.2009	<u>Nil</u>
Maximum balance outstanding during the year	<u>HK\$2</u>
Provision at 31.3.2009	<u>Nil</u>

9. BANK LOAN (UNSECURED)

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
HK\$600,000 1 year loan – fully repayable in July 2009 Current portion	203,228	–

10. AMOUNT DUE TO SOLE DIRECTOR

This represents interest-free advances which are unsecured and have no fixed terms of repayment.

11. OBLIGATION UNDER FINANCE LEASE

The present value of lease payments under finance lease are as follows:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Not later than one year	11,400	5,830
Later than one year	42,750	–
	<u>54,150</u>	<u>5,830</u>

12. SHARE CAPITAL

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Authorised: 10,000 shares of HK\$1 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid: 200 (2008: 2) shares of HK\$1 each	<u>200</u>	<u>2</u>

On 19th January, 2009, 198 additional shares of HK\$1 each were issued at par for cash to provide the additional working capital for the company.

13. PLEDGE OF ASSETS

The company has factored certain of its accounts receivable of HK\$746,910 (2008: HK\$622,956) to a bank to secure banking facilities granted to the company.

The company pledged its fixed deposits with a bank amounting to HK\$2,004,500 (2008: Nil) in favour of a bank to secure general banking facilities granted to the company.

14. DIRECTOR'S REMUNERATION

Director's remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Fees	Nil	Nil
Other emoluments	620,000	Nil
Mandatory Provident Fund contribution	9,000	Nil
	<u>629,000</u>	<u>Nil</u>

15. RELATED PARTY TRANSACTIONS

The sole director of the company have executed guarantees in favour of banks to secure general banking facilities granted to the company.

During the year, the company sold goods to its related company, South China House of Technology Limited, amounting to HK\$742,593 (2008: HK\$Nil).

Included in accounts receivable was an amount of HK\$277,026 (2008: Nil) due from a related company, South China House of Technology Limited which represents sales of goods.

The balance with the sole director are fully described in notes (8) and (10) on the financial statements.

The company's key management personnel includes only the sole director. Details of sole director's remuneration are fully decried in note (14) on the financial statements.

In the opinion of the sole director, the above-mentioned transactions were conducted on normal commercial terms.

16. OPERATING LEASE COMMITMENTS

The company lease certain of its office properties under operating lease arrangement. Lease for properties are negotiated for term of approximately three years.

As at the balance sheet date, the company had total commitments for minimum lease payments under non-cancellable operating lease in respect of land and buildings which fall due as follows:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Land and buildings lease expiring:		
– within one year	759,420	57,000
– in the second to fifth years, inclusive	596,687	–
	<u>1,356,107</u>	<u>57,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS ON AMX ASIA**For the year ended 31 March 2011***Financial review*

AMX Asia recorded an audited turnover of approximately HK\$84.5 million for the year ended 31 March 2011, representing an increase of approximately 44.2% from approximately HK\$58.6 million for the year ended 31 March 2010. Such increase was due to higher demand in its product and total solution service, given the continual integration of audio, video and information technology, thereby stimulating the demand for hardware upgrades and total solution services..

Net profit for the year amounted to approximately HK\$6.4 million for the year ended 31 March 2011 as compared to the net profit of approximately HK\$1.2 million for the year ended 31 March 2010. The increase in net profit was mainly due to the improvement in sales of AMX Asia and cost cutting measures.

Cash and cash equivalents as at 31 March 2011 were approximately HK\$7.3 million (2010: approximately HK\$2.0 million).

As at 31 March 2011, AMX Asia's gearing ratio was approximately 372.7% (2010: approximately 325.6%), based on total bank and other loans of approximately HK\$18.9 million (2010: approximately HK\$14.0 million) and total equity of AMX Asia of approximately HK\$5.1 million (2010: approximately HK\$4.3 million).

Business review and prospects

During the year ended 31 March 2011, AMX Asia had been involved in the audio visual equipment and audio visual information technology solutions. As demand in online video is accelerating, AMX Asia continued to develop its business in this area leveraging on its strengths.

Significant investment and its future plans

During the year ended 31 March 2011, AMX Asia had not made any significant investment nor have any future plans for material investments.

Material acquisitions or disposals

During the year ended 31 March 2011, AMX Asia had no material acquisitions or disposals.

Contingent liabilities

As at 31 March 2011, AMX Asia had no contingent liabilities.

Charges on assets

As at 31 March 2011, AMX Asia had pledged accounts receivable of approximately HK\$1.2 million to a bank to secure a banking facility granted to AMX Asia. AMX Asia had also pledged its fixed deposits with a bank amounting to approximately HK\$1.0 million and long-term investment in life insurance policy for key management in favor of a bank to secure general banking facilities granted to AMX Asia.

Save as disclosed above, AMX Asia had not made other charges on assets as at 31 March 2011.

Employees and remuneration policies

AMX Asia had 12 employees as at 31 March 2011. The remuneration was determined with reference to the staff's duties and responsibilities and the prevailing market rate.

Exposure to fluctuations in exchange rates

During the year ended 31 March 2011, AMX Asia had not used any financial instruments for hedging the fluctuations in exchange rates. The management of AMX Asia monitored the exchange rate closely to minimize the currency risk.

For the year ended 31 March 2010*Financial review*

AMX Asia recorded an audited turnover of approximately HK\$58.6 million for the year ended 31 March 2010, representing an increase of approximately 20.6% from approximately HK\$48.6 million for the year ended 31 March 2009. Such increase was due to the strong recovery from 2008 financial crisis and the expansion of sales network in other countries in Asia.

Net profit for the year amounted to approximately HK\$1.2 million for the year ended 31 March 2010 as compared to the net profit of approximately HK\$1.8 million for the year ended 31 March 2009. The drop in net profit was mainly due to an increase in administrative and other operating expenses.

Cash and cash equivalents as at 31 March 2010 were approximately HK\$2.0 million (2009: approximately HK\$5.6 million).

As at 31 March 2010, AMX Asia's gearing ratio was approximately 325.6% (2009: approximately 147.1%), based on total bank and other loans of approximately HK\$14.0 million (2009: approximately HK\$10.0 million) and total equity of AMX Asia of approximately HK\$4.3 million (2009: approximately HK\$6.8 million).

Business review and prospects

AMX Asia had been engaged in providing AVIT solutions to their system integrators and ultimately their clients by merging audio, video and information technology. As demand in AMX Asia's AVIT solutions was facing strong growth, AMX Asia continued to expand its product portfolio by providing solutions integrating audio and video, lighting, HVAC drifting into IT environment.

Significant investment and its future plans

During the year ended 31 March 2010, AMX Asia had not made any significant investment nor had any future plans for material investments.

Material acquisitions or disposals

During the year ended 31 March 2010, AMX Asia had no material acquisitions or disposals.

Contingent liabilities

As at 31 March 2010, AMX Asia had no contingent liabilities.

Charges on assets

As at 31 March 2010, AMX Asia had pledged its fixed deposits with a bank amounting to approximately HK\$2.1 million in favor of a bank to secure general banking facilities granted to AMX Asia.

Save as disclosed above, the AMX Asia had not made other charges on assets as at 31 March 2010.

Employees and remuneration policies

AMX Asia had 14 employees as at 31 March 2010. The remuneration was determined with reference to the staff's duties and responsibilities and the prevailing market rate.

Exposure to fluctuations in exchange rates

During the year ended 31 March 2010, AMX Asia had not used any financial instruments for hedging the fluctuations in exchange rates. The management of AMX Asia monitored the exchange rate closely to minimize the currency risk.

For the year ended 31 March 2009*Financial review*

AMX Asia recorded an audited turnover of approximately HK\$48.6 million for the year ended 31 March 2009, representing an increase of approximately 1.5% from approximately HK\$47.9 million for the year ended 31 March 2008. The small increase was due to the adverse effect of global financial crisis in 2008 which slowed down the sales growth because of lower demand in corporate information technology spending.

Net profit for the year amounted to approximately HK\$1.8 million for the year ended 31 March 2009 as compared to a profit of approximately HK\$3.5 million for the year ended 31 March 2008.

Cash and cash equivalents of AMX Asia as at 31 March 2009 were approximately HK\$5.6 million (2008: approximately HK\$0.8 million).

As at 31 March 2009, AMX Asia's gearing ratio was approximately 147.1% (2008: approximately 204.0%), based on total bank and other loans of approximately HK\$10.0 million (2008: approximately HK\$10.2 million) and total equity of AMX Asia of approximately HK\$6.8 million (2008: approximately HK\$5.0 million).

Business review and prospects

AMX Asia had been engaged in providing AVIT solutions to their system integrators and ultimately their clients by merging audio, video and information technology. AMX Asia continued to explore market opportunities which could leverage its strengths in information technology.

Significant investment and its future plans

During the year ended 31 March 2009, AMX Asia had not made any significant investment nor have any future plans for material investments.

Material acquisitions or disposals

During the year ended 31 March 2009, AMX Asia had no material acquisitions or disposals.

Contingent liabilities

As at 31 March 2009, AMX Asia had no contingent liabilities.

Charges on assets

As at 31 March 2009, AMX Asia had pledged accounts receivable of approximately HK\$0.7 million to a bank to secure a banking facility granted to AMX Asia. AMX Asia had also pledged its fixed deposits with a bank amounting to approximately HK\$2.0 million in favor of a bank to secure general banking facilities granted to AMX Asia.

Save as disclosed above, the AMX Asia had not made other charges on assets as at 31 March 2009.

Employees and remuneration policies

AMX Asia had 14 employees as at 31 March 2009. The remuneration was determined with reference to the staff's duties and responsibilities and the prevailing market rate.

Exposure to fluctuations in exchange rates

During the year ended 31 March 2009, AMX Asia had not used any financial instruments for hedging the fluctuations in exchange rates. The management of AMX Asia monitored the exchange rate closely to minimize the currency risk.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP AFTER THE COMPLETION
OF THE DISPOSAL AND SUBSCRIPTION**

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF FAR EAST HOLDINGS INTERNATIONAL LIMITED

We report on the unaudited pro forma financial information of Far East Holdings International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed transaction in relation to the disposal of a subsidiary, Homebase Media Group Limited ("Homebase Media") ("Disposal") and the subscription of shares in Market Talent Limited ("Subscription") might have affected the financial position of the Group, for inclusion in Appendix III of the circular dated 30 June 2011 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages III – 3 to III – 4 of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP AFTER THE COMPLETION
OF THE DISPOSAL AND SUBSCRIPTION**

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 December 2010 or any future date.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2011

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP AFTER THE COMPLETION
OF THE DISPOSAL AND SUBSCRIPTION**

The unaudited pro forma statement of assets and liabilities of the Group has been prepared based on the consolidated statement of financial position of the Group as at 31 December 2010 as set out in Appendix I to this circular and has been adjusted for the effect of the Disposal and Subscription to illustrate how the Disposal and Subscription might have affected the financial position of the Group as if the Disposal and Subscription took place on 31 December 2010.

The unaudited pro forma statement of assets and liabilities has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Disposal and Subscription been completed as at 31 December 2010 or at any future date.

	The Group				Proforma Financial
	as at	Pro forma	Pro forma	Pro forma	Information
	31.12.2010	Adjustment 1	Adjustment 2	Adjustment 3	as at
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>31.12.2010</i>
					<i>HK\$'000</i>
Non-current assets					
Investment properties	18,755				18,755
Property, plant and equipment	18,315	(8,594)			9,721
Prepaid lease payments	1,003				1,003
Interests in jointly controlled entities	39,918				39,918
Available-for-sale investments	298,644		8,000	9,000	315,644
Other non-current assets	5,506				5,506
	382,141				390,547
Current Assets					
Prepaid lease payments	33				33
Held-for-trading investments	11,067				11,067
Inventories	4,712				4,712
Trade and other receivables	5,033	(2,390)			2,643
Amount due from a non-controlling interest	4,146				4,146
Amount due from a related company	9				9
Deposits held at financial institutions	4,951				4,951
Pledged bank deposits	2,541	(2,501)			40
Bank balances and cash	29,558	(3,624)		(9,000)	16,934
	62,050				44,535

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP AFTER THE COMPLETION
OF THE DISPOSAL AND SUBSCRIPTION**

	The Group as at 31.12.2010 <i>HK\$'000</i>	Pro forma Adjustment 1 <i>HK\$'000</i>	Pro forma Adjustment 2 <i>HK\$'000</i>	Pro forma Adjustment 3 <i>HK\$'000</i>	The Group as at 31.12.2010 <i>HK\$'000</i>
Current liabilities					
Trade and other payables	(16,870)	13,311			(3,559)
Amounts due to directors	(1,617)	945			(672)
Amounts due to non-controlling interests	(1,242)				(1,242)
Amount due to a related company	(1,136)				(1,136)
Tax liabilities	(39)				(39)
Bank and other loans	(2,952)	2,952			–
Dividend payable to a non-controlling interest	(380)				(380)
Obligations under finance leases					
– due within one year	(479)				(479)
	<u>(24,715)</u>				<u>(7,507)</u>
Net current assets	<u>37,335</u>				<u>37,028</u>
Total assets less current liabilities	<u>419,476</u>				<u>427,575</u>
Non-current liabilities					
Obligations under finance leases					
– due after one year	(951)				(951)
	<u>(951)</u>				<u>(951)</u>
Net assets	<u><u>418,525</u></u>				<u><u>426,624</u></u>

Notes:

- Adjustments to reflect the exclusion of the assets and liabilities of HomeBase Media and its subsidiaries as at 31 December 2010, assuming the Disposal had taken place on 31 December 2010.
- Adjustments to reflect the consideration received by the Group amounting to HK\$8,000,000 in the form of shares allotted by Market Talent Limited for the Disposal. The fair value of HK\$8,000,000 is determined with reference to (i) the value using the asset-based approach, (ii) the amount due to the Company of approximately HK\$96.4 million as at 31 December 2010 as stipulated in the valuation report prepared by an independent third party valuer and (iii) the continual loss of HomeBase Media and its subsidiaries.
- According to the Agreement, the Company conditionally agreed to subscribe for the Subscription Shares at a consideration of HK\$9,000,000 which will be payable in cash. The adjustment is to reflect the Subscription. After the Disposal and Subscription, the Company will hold approximately 18.1% of the interests in Market Talent Limited according to the formula as stipulated in the Agreement and the Company cannot exercise significant influence to Market Talent Limited. Accordingly, the investment in Market Talent Limited is classified as available-for-sale investment to the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular 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 maintained by 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				Percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Total interests	
Deacon Te Ken Chiu, J.P.	20,848,664	4,175,160 ⁽¹⁾	1,869,366	26,893,190	8.88%
Mr. Dennis Chiu	7,040,088	–	4,400,000 ⁽²⁾	11,440,088	3.78%
Mr. Derek Chiu	88,440	–	–	88,440	0.03%
Mr. Desmond Chiu	4,000	–	–	4,000	0.001%
Mr. Duncan Chiu	61,210,932	–	–	61,210,932	20.21%

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 Cape York Investments Limited (“Cape York”), a company owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu equally.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor 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 Part XV of the SFO) which (i) 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 (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange.

(ii) 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.

(iii) 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

- (i) As at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors under the section headed "Directors' Interests in Shares", the following shareholders had notified the Company of interest in shares of the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Substantial Shareholder	Capacity	Number of Ordinary shares held	Percentage of issued share capital of the Company
Madam Ju Ching Lan ⁽¹⁾	Beneficial owner and spouse	26,893,190	8.88%
Gorich Holdings Limited ("Gorich") ⁽²⁾	Beneficial owner	18,480,088	6.10%
Max Point Holdings Limited ("Max Point") ⁽³⁾	Beneficial owner	15,528,480	5.13%
Mr. Chan Wai Ki ⁽³⁾	Corporation	15,528,480	5.13%

Notes:

- (1) Out of the 26,893,190 shares, 22,718,030 shares are held by Deacon Te Ken Chiu J.P.. Madam Ju Ching Lan is the spouse of Deacon Te Ken Chiu J.P.. The interests of Deacon Te Ken Chiu J.P. in the Company is stated under the section headed "Director's Interests" above.
- (2) Gorich is wholly-owned by Mr. Daniel Tat Jung Chiu, who also holds the directorship of Gorich.
- (3) The entire share capital of Max Point is beneficially owned by Mr. Chan Wai Ki.
- (4) All interests disclosed above represent long positions in the Shares.

Save as disclosed herein, as at the Latest Practicable Date, none of the Director was a Director or employee of a company which had an interest or short position in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

- (ii) As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than members of the Group) were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the following members of the Group (other than the Company) and the amount of each of such person's interest in such securities were as follows:

Name of member of the Group	Name of substantial shareholders	Class of share capital	Percentage of shareholding
Jiangsu Bang Bang Silky Fashion Manufacturer Co., Ltd.*	江蘇長江口開發集團有限公司	registered capital	40%
Panlong Investments (Holdings) Company Limited	Silver Union Investment Limited	ordinary shares	49%

* *The unofficial English transliterations or translations are for identification purposes only.*

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than a Director or chief executive of the Company) known to the Directors who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.

3. LITIGATION

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

4. EXPERTS AND CONSENTS

The qualification of the experts who have given opinion or advice in this circular is as follows:

Name	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants
Li, Tang, Chen & Co.	Certified Public Accountants

Each of Deloitte Touche Tohmatsu and Li, Tang, Chen & Co. has given and has not withdrawn its written consent to the issue of this circular with copies of its reports or letters (as the case may be) and the references to its name included herein in the form and context in which it is included.

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Li, Tang, Chen & Co. did not have any shareholding, direct or indirect, in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group, nor did they have any direct or indirect interest in any assets which had been, since 31 December 2010, being the date of the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by a leased to any member of the Enlarged Group.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business had been entered into by any members of the Group after the date falling two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the sale and purchase agreement dated 26 May 2011 entered into between the Company and Keen Insight Limited in relation to the disposal of 25 million shares of Chinasoft International Limited; and
- (ii) the sale and purchase agreement dated 22 February 2010 entered into between River Joy Limited, a wholly-owned subsidiary of the Company and Federal Profit Company Limited in relation to the disposal of a property.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders during normal business hours at the principal office of the Company in Hong Kong at Room 2101-2102, 21/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on weekdays other than Saturdays and public holidays up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts as referred to in the paragraph 5 headed “Material Contracts” in this Appendix to this circular;
- (c) the written consents referred to in the paragraph 4 headed “Experts and Consents” in this Appendix to this circular;
- (d) annual reports of the Group for the two financial years ended 31 December 2009 and 31 December 2010;
- (e) the accountants’ report of AMX Asia and the report regarding unaudited pro forma financial position of the Enlarged Group, the text of which is set out in Appendix II and Appendix III to this circular;
- (f) the Agreement and the Supplemental Agreement; and
- (g) this circular.

7. 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 2101-2102, 21/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 at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The qualified accountant and secretary of the Company is Mr. Hung Kwong Lui, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (d) In the event of any inconsistency, the English text of this circular shall prevail over Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Far East Holdings International Limited (the “**Company**”) will be held at 24th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Monday, 25 July 2011 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“**THAT**

- (a) the sale and purchase and subscription agreement dated 20 May 2011 (the “**Agreement**”) (as supplemented by the supplemental sale and purchase and subscription agreement dated 17 June 2011) entered into among the Company as vendor, Market Talent Limited (“**Market Talent**”) as purchaser and Mr. Chu Kar Cheong (“**Mr. Chu**”) as guarantor (a copy of which having been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) in respect of (i) the sale and purchase (the “**Disposal**”) of the entire issued share capital of HomeBase Media Group Limited (“**HomeBase Media**” and together with its subsidiaries “**HomeBase Group**”); (ii) all obligations, liabilities and debts owing or incurred by HomeBase Group to the Company on or at any time prior to the completion of the Agreement, at an aggregate consideration of HK\$8,000,000 (the “**Consideration**”) by allotment and issue of 104 new shares of Market Talent to the Company or its nominees and (ii) the subscription (the “**Subscription**”) for 117 new shares of Market Talent at an aggregate subscription money of HK\$9,000,000 (the “**Subscription Price**”) and the matters contemplated thereby under be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company, (or any two directors of the Company if the affixation of the common seal is required), be and is/are hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the Agreement and matters contemplated thereunder.”

By order of the Board
Far East Holdings International Limited
Derek Chiu
Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

16th Floor,
Far East Consortium Building,
121 Des Voeux Road Central
Hong Kong

Head office & principal place of business:

Room 2101-2102, 21/F,
Far East Consortium Building,
121 Des Voeux Road Central
Hong Kong

Notes:

1. A form of proxy for use at the extraordinary general meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.
3. Any member entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged at the office of the Company at the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the extraordinary general meeting.
5. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the extraordinary general meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. As at the date of this notice, 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.
8. The voting on the resolution will be conducted by way of poll.