
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Far East Holdings International Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF EQUITY INTEREST IN BEIJING KAILAN
AND
NOTICE OF EGM**

Financial Advisor to the Company



A notice convening the EGM of the Company to be held at The Penthouse, 24/F., Far East Consortium Building, 121 Des Voeux Road Central, Central, Hong Kong on Wednesday, 13 November 2013 at 4:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

23 October 2013

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DEFINITIONS

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

“Beijing Kailan”	北京凱蘭航空技術有限公司 (Beijing Kailan Aviation Technology Co., Ltd*), a sino-foreign equity joint venture enterprise established under the laws of the PRC and owned as to approximately 79.98% by the Purchaser and as to approximately 20.02% by the Vendor as at the Latest Practicable Date
“Beijing Kailan Group”	Beijing Kailan and its subsidiaries
“Board”	the board of Directors
“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”	the completion of the registration of the change of business with the relevant PRC authority for the Disposal pursuant to the Disposal Agreement and the date of Completion shall be construed as the date upon which Beijing Kailan obtains a new business licence
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interests by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the equity transfer agreement dated 30 September 2013 entered into between the Vendor and the Purchaser in relation to the Disposal
“EGM”	the extraordinary general meeting of the Company to be convened on Wednesday, 13 November 2013 to consider, and if thought fit, approve the Disposal and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 October 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“PRC”	The People’s Republic of China
“Purchaser”	中國航空器材集團公司 (China Aviation Supplies Holding Company*), a state-owned enterprise established under the laws of the PRC and holds approximately 79.98% of the equity interest in Beijing Kailan as at the Latest Practicable Date
“Sale Interests”	approximately 20.02% of the equity interests in Beijing Kailan to be disposed by the Vendor to the Purchaser pursuant to the Disposal Agreement
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (國務院國有資產監督管理委員會)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Jubilee Star Limited (禧星有限公司), a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Working Day”	means a day which (other than a Saturday or a Sunday or a public holiday) on which banks in the PRC are generally open for normal banking business
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this circular, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1:HK\$1.2673. No representation is made that any amount in RMB could have been or could be converted into HK\$ at such an exchange rate or any other exchange rates.

* For identification purposes only

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. Derek Chiu

Mr. Richard Yen

(Managing Director and Chief Executive Officer)

Mr. Ip Ngai Sang

Non-executive Director:

Mr. Desmond Chiu

Independent non-executive Directors:

Dr. Lam Lee G.

Mr. Eugene Yun Hang Wang

Mr. Lee Kwan Hung

Registered office:

16th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

Principal office:

Room 2101–2102, 21st Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

23 October 2013

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF EQUITY INTEREST IN BEIJING KAILAN**

INTRODUCTION

Reference is made to the Company's announcement dated 30 September 2013, in which the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement on 30 September 2013, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Interests at a consideration of RMB40.50 million (equivalent to approximately HK\$51.33 million).

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, disclosure and shareholders' approval requirements as set out in Chapter 14 of the Listing Rules. None of the Shareholders has any direct or indirect material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting on the resolution regarding the Disposal Agreement and the transactions

LETTER FROM THE BOARD

contemplated thereunder. The purpose of this circular is to provide the Shareholders with, among other things, details of the Disposal Agreement, further information of the Group and a notice of the EGM as set out on pages EGM-1 to EGM-2 of this circular and other information in accordance with the Listing Rules.

DISPOSAL AGREEMENT

Date

30 September 2013

Parties

- (i) the Purchaser : 中國航空器材集團公司 (China Aviation Supplies Holding Company*)
- (ii) the Vendor : Jubilee Star Limited (禧星有限公司), an indirect wholly-owned subsidiary of the Company

As at the Latest Practicable Date, the Company and the Purchaser own approximately 20.02% and 79.98% of the equity interest of Beijing Kailan respectively. The Purchaser was established as a stated-owned enterprise under the laws of the PRC and engaged in aviation related business. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its associates are third parties independent of the Company and its connected persons.

Assets to be disposed of

The Sale Interests represent approximately 20.02% of the entire equity interest of Beijing Kailan as at the Latest Practicable Date.

Consideration of the Disposal

Pursuant to the Disposal Agreement, the consideration for the Disposal is RMB40.50 million (equivalent to approximately HK\$51.33 million) and shall be payable by the Purchaser to the Company in cash within 10 Working Days from the date of Completion.

The consideration has been arrived at after arm's length negotiation between the parties with reference to the audited consolidated net asset of Beijing Kailan of approximately RMB187.27 million (equivalent to approximately HK\$237.33 million) as at 31 December 2012, adjusted by the equity interest of 20.02% in Beijing Kailan indirectly owned by the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

Conditions precedent

The Disposal Agreement shall become effective subject to and conditional upon the fulfillment of the following conditions:

- (1) the Shareholders passing an ordinary resolution in respect of the Disposal Agreement and the transactions contemplated thereunder in the EGM in accordance with the requirements of the Listing Rules;
- (2) the Purchaser having completed all necessary internal approval procedures and obtained all necessary approval and consents in respect of the signing and execution of the Disposal Agreement and the transactions contemplated thereunder;
- (3) the Purchaser having signed the new memorandum and articles of association of Beijing Kailan to be adopted after the Completion;
- (4) the two directors nominated by the Vendor to the board of directors of Beijing Kailan having signed resignation letters, agreeing to resign from directorship of Beijing Kailan with effect from the effective date of the Disposal Agreement;
- (5) the Purchaser having obtained documentation from the SASAC in relation to the Disposal according to the relevant rules and regulations on stated-owned asset supervision and management in the PRC; and
- (6) the approval of the Disposal Agreement by the relevant approval authority and there is no substantial amendment by the relevant approval authority to the terms and conditions under the Disposal Agreement (If the relevant approval authority considers the approval of the Disposal Agreement be conditional upon the amendment of a term or certain terms in the Disposal Agreement, both parties will need to give their consent to such amendments in writing).

In the event that any of the conditions precedent as mentioned above are not fulfilled after 180 days of the date of signing of the Disposal Agreement (or such later date as the parties to the Disposal Agreement may agree), either the Vendor or the Purchaser may terminate the Disposal Agreement by notifying the other party by notice in writing, upon which the Vendor and the Purchaser shall not be bound to proceed with the transfer of the Sale Interests; and Disposal Agreement shall cease to have any effect.

Completion of the Disposal

Upon the Disposal Agreement becomes effective, the Purchaser shall undertake to complete the vetting procedures in relation to the registration of the change of business arising from the Disposal and deliver to the Vendor the relevant evidence to demonstrate the completion of the Disposal.

Completion of the Disposal shall take place on the day on which the Purchaser has obtained a new business license for Beijing Kailan.

LETTER FROM THE BOARD

INFORMATION OF BEIJING KAILAN

Beijing Kailan was established as a limited liability company on 12 April 1993 under the laws of the PRC and was subsequently transformed into a sino-foreign joint venture on 14 May 2008 with a total investment amount and registered capital of RMB400.00 million and approximately RMB153.41 million respectively. As at the Latest Practicable Date, Beijing Kailan is owned as to approximately 20.02% and 79.98% by the Vendor and the Purchaser respectively.

Beijing Kailan Group is principally engaged in aviation related business. The Group has contributed RMB30.71 million of the registered capital of Beijing Kailan pursuant to the joint venture agreement dated 18 September 2007, representing approximately 20.02% of the existing registered capital of Beijing Kailan.

Set out below is the key financial information of Beijing Kailan Group based on its audited consolidated financial statements for each of the two years ended 31 December 2011 and 31 December 2012 respectively:

	For the year ended 31 December 2011 (Audited) RMB	For the year ended 31 December 2012 (Audited) RMB
Profit before tax	1,688,636	7,313,716
Profit after tax	1,131,015	5,740,143
	As at 31 December 2011 (Audited) RMB	As at 31 December 2012 (Audited) RMB
Net assets	181,532,112	187,272,255

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Company is an investment holding company. The Group's major business activities include aviation maintenance services and manufacturing and sales of garment products.

Since the joint venture agreement dated 18 September 2007, the Company has invested an aggregate of approximately RMB38.00 million in Beijing Kailan with an expectation on the growth of aviation industry in the PRC. However, the financial performance of Beijing Kailan Group was far below the expectation of the Company. For the year ended 31 December 2009 to the year ended 31 December 2012, the audited consolidated net profit after tax of Beijing Kailan Group ranged approximately from RMB1.12 million to RMB5.74 million only.

LETTER FROM THE BOARD

Although the demand for aviation equipment, parts and maintenance services has grown gradually in the PRC in recent years, this industry is becoming more competitive. More players are entering the market each year while existing players are expanding their breadth of offerings. Furthermore, price sensitivity for parts and maintenance is increasing rapidly in the industry, and the revenue growth and profit margin are greatly affected by higher material, fuel, and labor costs.

It is the view of the Board that the financial performance of Beijing Kailan Group is not satisfactory and may not be able to meet the Company's expectation in the near future. The Disposal provides the Company with an opportunity to dispose of its investment in Beijing Kailan at a fair value with reference to the net asset value of Beijing Kailan and the Board considers it appropriate to exit this investment at this time. The Group will continue to search for potential investment opportunities and the proceeds from the Disposal are intended to be used for future investments should opportunities arise.

The Directors consider that the terms of the Disposal Agreement are negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

The investment in Beijing Kailan was classified by the Company as "Interest in a joint venture" which is accounted for using the equity method of accounting in the consolidated financial statements of the Company. Upon Completion, the Company will no longer have any interest in Beijing Kailan, which will cease to be a joint venture of the Company and its financial results will no longer be accounted for in the consolidated financial statements of the Company.

The Group expects to recognize a disposal gain (before legal and professional fees and withholding tax) of approximately HK\$6.41 million from the Disposal, which is calculated on the basis of the carrying value of the investment in Beijing Kailan of HK\$44.92 million on the audited consolidated financial statements of the Company as at 31 December 2012 and the proceeds of the Disposal of RMB40.50 million (equivalent to approximately HK\$51.33 million).

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction to the Company and is subject to the applicable reporting, disclosure and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any direct or indirect material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting on the resolution regarding the Disposal Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

EGM

The EGM will be convened by the Company at The Penthouse, 24/F., Far East Consortium Building, 121 Des Voeux Road Central, Central, Hong Kong at 4:00 p.m. on Wednesday, 13 November 2013 for the purposes of considering, and if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder by way of poll.

The notice of EGM is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the offices of the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM in person.

RECOMMENDATION

The Directors consider that the terms of the Disposal Agreement have been negotiated on an arm's length basis and are on normal commercial terms which are fair and reasonable and the entering into the Disposal Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board would recommend the Shareholders to vote in favour of the resolution for approving the Disposal Agreement and the transactions contemplated thereunder at the EGM.

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
Far East Holdings International Limited
Richard Yen
Managing Director

INDEBTEDNESS STATEMENT

At the close of business on 31 August 2013, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had outstanding at that date a short term loan of approximately HK\$4,226,000 which was secured by all the securities and deposits of the Group held by the lending financial institution.

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 31 August 2013 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account of its presently available financial resources, including funds internally generated from operation and the available financing facilities, the Group will have sufficient working capital for its business for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company. The Group's existing major business activities include aviation maintenance services and manufacturing and sales of garment products.

For the six months ended 30 June 2013, the Group recorded a loss of HK\$9.43 million.

During the same period, the garment products business of the Group contributed revenue of approximately HK\$7.93 million, representing 1.98% decrease comparing to the same period in 2012 and loss before tax of HK\$0.88 million. The macro environment of the garment industry continues to face challenges such as increasing material costs and labor costs. The market conditions in Japan and Europe have yet to improve and demand for children's wear remains low. Pricing pressure of our garment products business continues to mount as the United States currency appreciates against other currencies except the RMB.

For the six months ended 30 June 2013, the unaudited profit attributable to shareholders of Beijing Kailan was approximately RMB1.77 million (30 June 2012: RMB1.20 million). Although the demand for aviation equipment, parts and maintenance services has grown gradually in the PRC in recent years, this industry is becoming more competitive. More players are entering the market each year while existing players are expanding their breadth of offerings. Furthermore, price sensitivity for parts and maintenance is increasing rapidly in the industry, and the revenue growth and profit margin are greatly affected by higher material, fuel, and labor costs. It is the view of the Board that the financial performance of Beijing

Kailan Group is not satisfactory and may not be able to meet the Company's expectation in the near future. The Disposal provides the Company with an opportunity to dispose of its investment in Beijing Kailan.

The Company recognises the need to change and adapt while the market environment continues to evolve. Therefore, the management is looking for investment opportunities in other industries that may provide a better growth prospect. Nevertheless, the Company continues to have faith and focus on opportunities in the PRC.

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 herein or this circular misleading.

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares and underlying shares of the Company:

Name of Director	Number of Shares				Equity ⁽³⁾ derivatives (share options)	Total	Approximate ⁽⁴⁾ percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests				
Deacon Te Ken Chiu, J.P. (“ Deacon Chiu, J.P. ”)	20,848,664	4,175,160 ⁽¹⁾	1,869,366 ⁽²⁾	—	26,893,190	5.920%	
Mr. Derek Chiu	88,440	—	—	3,179,797	3,268,237	0.720%	
Mr. Richard Yen (“ Mr. Yen ”)	—	—	—	4,542,568	4,542,568	1.000%	
Mr. Ip Ngai Sang (“ Mr. Ip ”)	—	—	—	1,817,027	1,817,027	0.400%	
Mr. Desmond Chiu	4,000	—	—	—	4,000	0.001%	
Dr. Lam Lee G. (“ Dr. Lam ”)	—	—	—	1,817,027	1,817,027	0.400%	
Mr. Eugene Yun Hang Wang (“ Mr. Wang ”)	—	—	—	1,817,027	1,817,027	0.400%	
Mr. Lee Kwan Hung (“ Mr. Lee ”)	—	—	—	1,817,027	1,817,027	0.400%	

Notes:

- (1) These Shares were held by Madam Chiu Ju Ching Lan, spouse of Deacon Chiu, J.P.. By virtue of the SFO, Deacon Chiu, J.P. was deemed to be interested in the Shares held by Madam Chiu Ju Ching Lan.
- (2) These Shares were held by the various companies which were wholly and beneficially owned by Deacon Chiu, J.P.. By virtue of the SFO, Deacon Chiu, J.P. was deemed to be interested in the Shares held by the various companies.
- (3) The interest of the Directors in the share options (being regarded as unlisted physically settled equity derivatives) of the Company.
- (4) The percentage is calculated on the basis of 454,256,829 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS OF THE SHAREHOLDERS PURSUANT TO THE SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions 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 or, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital:

Long positions in the Shares and underlying Shares

	Number of shares				Total	Approximate ⁽³⁾ percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests			
Mr. Duncan Chiu	100,169,369	—	—	100,169,369	22.05%	
Mr. Daniel Tat Jung Chiu	4,840,000	—	22,880,088 ⁽¹⁾	27,720,088	6.10%	
Madam Chiu Ju Ching Lan	4,175,160	22,718,030 ⁽²⁾	—	26,893,190	5.92%	

Notes:

- (1) Out of the 22,880,088 Shares, 4,400,000 Shares were held by Cape York Investments Limited (“**Cape York**”), 50% of which was owned by Mr. Daniel Tat Jung Chiu, and the remaining 18,480,088 Shares were held by Gorich Holdings Limited (“**Gorich**”), which was wholly-owned by Mr. Daniel Tat Jung Chiu. By virtue of the SFO, Mr. Daniel Tat Jung Chiu was deemed to be interested in the Shares held by Cape York and Gorich.
- (2) These Shares were held by Deacon Chiu, J.P., spouse of Madam Chiu Ju Ching Lan. By virtue of the SFO, Madam Chiu Ju Ching Lan was deemed to be interested in the Shares held by Deacon Chiu, J.P.. The interests of Deacon Chiu, J.P. in the Company was stated under the section headed “DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE” above.
- (3) The percentage is calculated on the basis of 454,256,829 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (other than Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital.

COMPETING BUSINESS INTERESTS OF DIRECTORS

At the Latest Practicable Date, none of the Directors or their respective associates had any business or interest apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2012 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group or to which any member of the Group may become a party.

MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (1) the Disposal Agreement;
- (2) the disposal agreement dated 24 May 2013 entered into between the Company and Mr. Chu Kar Cheong (“**Mr. Chu**”) pursuant to which Mr. Chu conditionally agreed to acquire and the Company conditionally agreed to sell the 221 shares of Market Talent Limited held by the Company at a cash consideration of HK\$2,800,000;
- (3) the underwriting agreement dated 14 December 2012 entered into between the Company and Sun Hung Kai International Limited as the underwriter in relation to the open offer of the Company at a subscription price of HK\$0.20 per Share on the basis of one Share for every two Shares. The open offer was completed and a total of 151,418,943 offer shares were issued on 31 January 2013, resulting in gross proceeds of approximately HK\$30.30 million to the Company;
- (4) the sale and purchase agreement dated 13 July 2012 entered into between the Company and Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 35), pursuant to which the Company conditionally agreed to dispose of the entire issued share capital of Cathay Motion Picture Studios Limited (“**Cathay Motion**”), a wholly-owned subsidiary of the Company, and assign its debt, being HK\$9,351,306 due to the Company by Cathay Motion, at an aggregate consideration of HK\$8,500,000, which consists of HK\$1 being the sale shares consideration and HK\$8,499,999 being the debt consideration; and
- (5) the underwriting agreement dated 29 November 2011 entered into between Power Profit Far East Limited (“**Power Profit**”), a wholly-owned subsidiary of the Company, other selling shareholders, First Credit Holdings Limited, Mr. Sin Kwok Lam, being the covenantors, Mr. Tse Young Lai, Altus Capital Limited, being the sponsor, and Shenyin Wanguo Capital (H.K.) Limited, being the lead manager, pursuant to which Power Profit agreed to offer an aggregate of 53,033,479 shares of First Credit Holdings Limited at an indicative range of placing price of not more than HK\$0.38 and not less than HK\$0.30 per share of First Credit Holdings Limited at a consideration of not less than HK\$15.91 million and not more than HK\$20.15 million.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal office of the Company at Room 2101–2102, 21st Floor, 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 EGM:

- the memorandum and articles of association of the Company;
- the material contracts referred to in the section headed “Material Contracts” in this appendix;
- the annual reports of the Company for each of the two years ended 31 December 2011 and 31 December 2012 and the interim report of the Company for the period ended 30 June 2013; and
- this circular.

MISCELLANEOUS

- The Company Secretary of the Company is Ms. Wong Po Ling Pauline (“**Ms. Wong**”). Ms. Wong is an associate member of the Hong Kong Institute of Chartered Secretaries.
- 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, 21st Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.
- The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- The English text of this circular prevails over the Chinese text in case of inconsistency.

NOTICE OF EGM



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 EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Far East Holdings International Limited (the “**Company**”) will be held at The Penthouse, 24/F., Far East Consortium Building, 121 Des Voeux Road Central, Central, Hong Kong on Wednesday, 13 November 2013, at 4:00 p.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (1) the disposal agreement (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) dated 30 September 2013 entered into between 中國航空器材集團公司 (China Aviation Supplies Holding Company*), as the purchaser, and Jubilee Star Limited, an indirect wholly-owned subsidiary of the Company, as the vendor in relation to the disposal of the approximately 20.02% of the equity interests in 北京凱蘭航空技術有限公司 (Beijing Kailan Aviation Technology Co., Ltd*) at a total consideration of RMB40.50 million and the transactions contemplated thereunder, be and hereby approved, confirmed and ratified.

* *For identification purpose only*”

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

Hong Kong, 23 October 2013

NOTICE OF EGM

Registered Office:

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

Head Office & Principal Place of Business:

Room 2101–2102, 21st Floor, 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 four are executive Directors, namely, Deacon Te Ken Chiu, J.P., Mr. Derek Chiu, Mr. Richard Yen and Mr. Ip Ngai Sang, one is non-executive Director, namely, Mr. Desmond Chiu; and three are independent non-executive Directors, namely, Dr. Lam Lee G., Mr. Eugene Yun Hang Wang and Mr. Lee Kwan Hung.
8. The voting on the resolution will be conducted by way of poll.